

First half 2022 Financial report

REXEL

a world of energy



Société Anonyme (corporation)
with share capital of € 1,534,465,115
Registered office: 13 boulevard du Fort de Vaux - CS 60002
75017 PARIS - France
479 973 513 R.C.S. Paris

First Half 2022

Financial report

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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, 2022 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, 2022, the French version will prevail.

I. Interim Management report

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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.

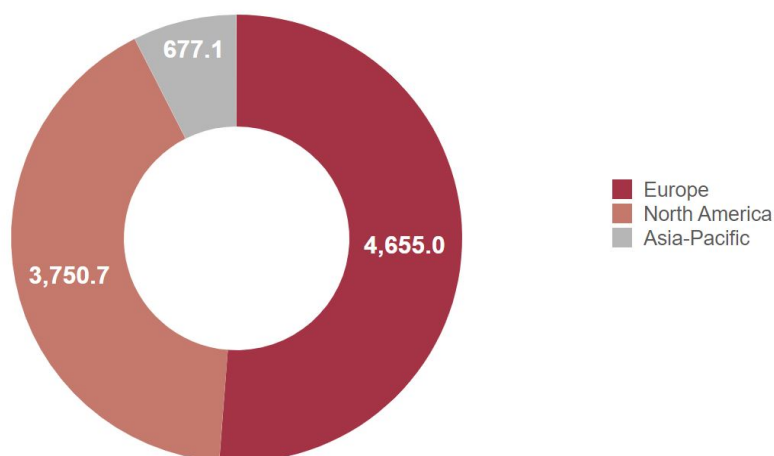
The activity report analyses the financial results, liquidity and financial resources of the Group for the period ended June 30, 2022.

1.1 FINANCIAL POSITION OF THE GROUP

1.1.1 Group overview

The Group is a worldwide expert 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 2022, the Group recorded consolidated sales of €9,082.8 million in the following geographies:



The Group’s activities in Europe (51% of Group sales) are in France (which accounts for 38% of Group sales in this region), the United Kingdom, Germany, Sweden, Switzerland, Belgium, Austria, the Netherlands, Norway, Finland, Spain, Ireland, Italy, Slovenia, Portugal, Russia (disposed of in March 2022) and Luxembourg.

The Group’s activities in North America (41% of Group sales) are in the United States and Canada representing 81% and 19% respectively of Group sales in this region.

The Group’s activities in Asia-Pacific (8% of Group sales) are in China (43% of Group sales in this region) and Australia (42% of Group sales in this region), New Zealand, India and Middle East.

1.1.2 Significant events of the reporting period

Results of operations

In the first half of 2022, the Group experienced robust sales growth of 13.9% on a constant and same day basis, driven by positive volumes and strong price inflation. Rexel recorded highest half-year ever EBITA and free cash-flow before interests and tax performance. Following better-than-expected start of the year 2022, Rexel announced, on June 16, 2022, it raised its 2022 full year sales and profitability targets (see paragraph 4 - Outlook).

Spain & Portugal

Rexel entered into exclusive negotiation with Sonepar for the disposal of its subsidiaries in Spain and Portugal. In 2021, the combined entities generated revenues of circa €170 million, employed 560 people and had 60 branches. This transaction, subject to the approval from the Spanish antitrust authority, is expected to close in the second half of 2022.

Russia

Rexel had limited exposure to Russia (€12 million of sales in 2021) and no exposure to Ukraine. Following the invasion of Ukraine and international sanctions taken against Russia, Rexel disposed of its Russian business on March 23, 2022 (see paragraph 1.2.1 Rexel Group's consolidated financial results - Other income and expense).

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 17% 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 the Group operates in. 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 as reasonable to measure the two effects.

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.

Accordingly, the comparable results of the first half of 2021 have been mainly restated for :

Change in consolidation scope		Effective date	2021 restatement period
Mayer	Acquisition	November 2021	January 1, 2021 - June 30, 2021
Electrical equipment distributor to DIY customers (France)	Divestment	March 2021	January 1, 2021 - February 28, 2021
Russian business	Divestment	March 2022	March 1, 2021 - June 30, 2021

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.

<i>(in millions of euros)</i>	PERIOD ENDED JUNE 30	
	2022	2021
Operating income before other income and other expenses	703.0	439.3
Changes in scope of consolidation	—	25.7
Foreign exchange effects	—	16.8
Non-recurring copper effect ⁽¹⁾	(5.0)	(54.2)
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	5.7	3.1
Adjusted EBITA on a constant basis	703.7	430.7

(1) of which €(9.9) million of non-recurring copper effect related to change in consolidation scope and to foreign exchange effects in 2021.

Rexel also uses the recurring net income measure to determine the level of dividends to be distributed according to its dividend policy: Rexel has committed to pay dividends representing at least 40% of the annual recurring net income. The table below presents the reconciliation of net income with net recurring income:

<i>(in millions of euros)</i>	PERIOD ENDED JUNE 30	
	2022	2021
Net income (as reported)	459.8	270.6
Non-recurring copper effect	(5.0)	(44.3)
Other expense & income	19.4	4.2
Financial expense	—	5.1
Tax effect	(3.1)	6.0
Recurring net income	471.1	241.7
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)	304,979	304,476
Fully diluted recurring earnings per share (in euros)	1.54	0.79

1.2 COMPARISON OF FINANCIAL RESULTS AS OF JUNE 30, 2022 AND AS OF JUNE 30, 2021

1.2.1 Rexel Group's consolidated financial results

The following table sets out Rexel's consolidated income statement for the first half of 2022 and the first half of 2021, 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						
	2022		2021		Δ %		
	Reported	Adjusted	Reported	On a constant basis, adjusted	Reported	On a constant basis, adjusted	
Sales	9,082.8	9,082.8	7,057.8	7,874.1	28.7 %	15.3 %	
	<i>Same-day basis</i>					<i>13.9 %</i>	
Gross profit	2,404.6	2,399.2	1,850.7	1,977.1	29.9 %	21.3 %	
	<i>as a % of sales</i>					<i>26.5 %</i>	<i>26.4 %</i>
Operating expenses	(1,532.1)	(1,531.7)	(1,262.5)	(1,387.9)	21.4 %	10.4 %	
Depreciation	(163.8)	(163.8)	(145.8)	(158.5)	12.3 %	3.3 %	
Distribution and administrative expenses before amortization of intangible assets	(1,695.9)	(1,695.5)	(1,408.3)	(1,546.4)	20.4 %	9.6 %	
	<i>as a % of sales</i>					<i>(18.7)%</i>	<i>(18.7)%</i>
EBITA	708.7	703.7	442.4	430.7	60.2 %	63.4 %	
	<i>as a % of sales</i>					<i>7.8 %</i>	<i>7.7 %</i>
Amortization of intangible assets (1)	(5.7)	—	(3.1)	—	80.9 %	—	
Operating income before other income and expenses	703.0	—	439.3	—	60.0 %	—	
Other income and expenses	(19.4)	—	(4.2)	—	n.a.	—	
Operating income/(loss)	683.6	—	435.1	—	57.1 %	—	
Net financial expenses	(51.9)	—	(59.8)	—	(13.2)%	—	
Share of profit / (loss) in associates	(0.1)	—	(0.1)	—	— %	—	
Pre tax income/(loss)	631.7	—	375.3	—	68.3 %	—	
Income taxes	(171.9)	—	(104.7)	—	64.2 %	—	
<i>Effective tax rate</i>	<i>27.2 %</i>	<i>—</i>	<i>27.9 %</i>	<i>—</i>	<i>—</i>	<i>—</i>	
Net income/(loss)	459.8	—	270.6	—	69.9 %	—	

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

Sales

	Q1	Q2	PERIOD ENDED JUNE 30
Reported sales 2021	3,331.2	3,725.1	7,057.8
+/- Net currency effect	3.1 %	4.7 %	4.0 %
+/- Net scope effect	7.2 %	7.9 %	7.6 %
= Comparable sales 2021	3,675.4	4,198.7	7,874.1
Constant - Actual day organic growth	19.1 %	12.1 %	15.3 %
+/- Calendar effect	3.1 %	0.1 %	1.4 %
Constant-same day growth	16.0 %	12.0 %	13.9 %
= Reported sales 2022	4,377.4	4,705.4	9,082.8
YoY change (reported basis)	31.4 %	26.3 %	28.7 %

In the first half of 2022, Rexel's consolidated sales amounted to €9,082.8 million, as compared to €7,057.8 million in the first half of 2021.

On a reported basis, sales were up 28.7% year-on-year, including:

- a positive foreign exchange currency effect of €280.9 million (4.0% of the first half of 2021 sales) mainly resulting from the appreciation of the US and Canadian dollars against the euro;
- a positive net effect from the change in scope €535.4 million (7.6% of the first half of 2021 sales) mainly resulting from the acquisition of Mayer in the US in November 2021.

On a constant and actual number of working days basis, sales increased by 15.3%.

On a constant and same-day basis, sales increased by 13.9%, including a positive impact of +3.1% from the change in copper-based cable prices (+4.6% in the first half of 2021).

By geography, North America increased by 19.2%, Europe increased by 11.9% while Asia-Pacific increased by 1.2%.

The first half of 2022 benefited from a favorable pricing environment on non-cable products in all geographies (+9.2% versus the first half of 2021). This robust activity was notably driven by strong volume growth in North America offsetting the situation in China (lockdown in April and May) and a more difficult volume base effect in Europe as the Group benefited from the post-Covid recovery in the first semester of 2021. At Group level, volumes increased by 1.7% versus the first half of 2021 in an environment that remains marked by labor and supply chain tensions.

In addition, Rexel strengthened its digitalization in all three geographies, with digital sales now representing 24.7% of Group sales, as compared to 22.7% in the first half of 2021, on a constant basis.

Gross profit

In the first half of 2022, gross profit amounted to €2,404.6 million, up 29.9%, on a reported basis, as compared to €1,850.7 million in the first half of 2021.

On a constant basis, adjusted gross margin increased by 131 basis points year-on-year, at 26.4% of sales, including a non-recurring impact on non-cable-products inventory price inflation of circa 109 basis points. Adjusted gross profit increased by 21.3% on a constant basis.

Distribution & administrative expenses before amortization of intangible assets

In the first half of 2022, distribution and administrative expenses before amortization of intangible assets amounted to €1,695.9 million, up 20.4% on a reported basis, as compared to €1,408.3 million in the first half of 2021.

On a constant basis, adjusted distribution and administrative expenses increased by 9.6%, mainly impacted by inflation on Salaries & Benefit and transportation costs along with higher performance-linked bonus.

Distribution and administrative expenses before amortization of intangible assets represented 18.7% of sales in the first half of 2022 as compared to 19.6% of sales in the first half of 2021.

EBITA

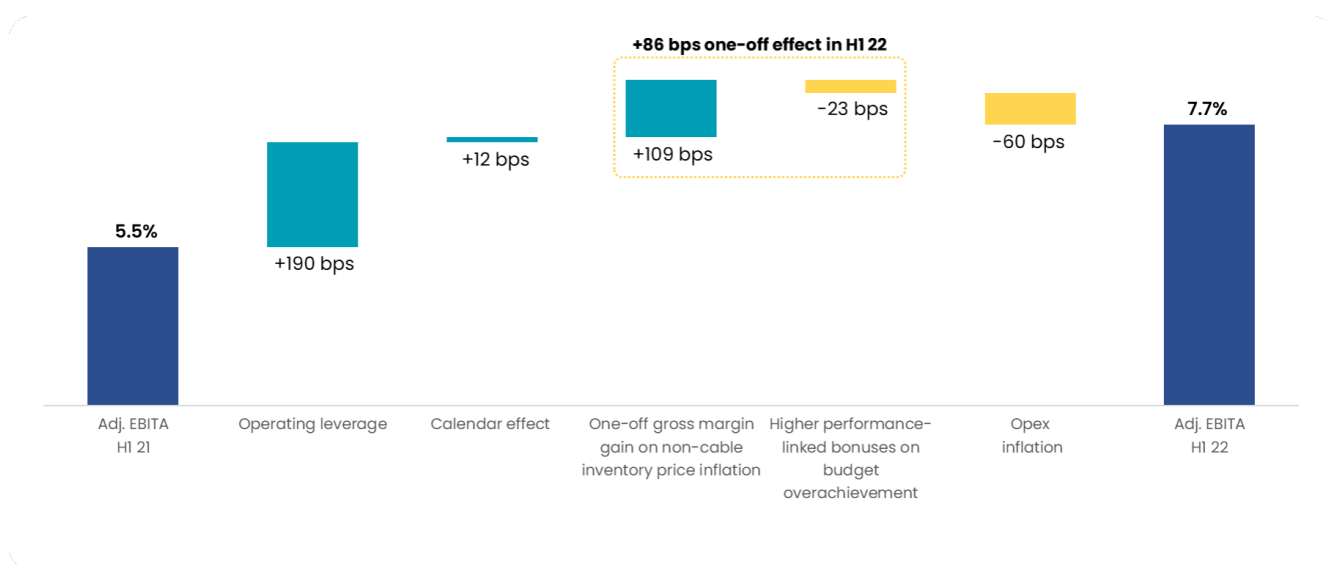
In the first half of 2022, as a result, EBITA stood at €708.7 million, up 60.2%, on a reported basis, as compared to €442.4 million in 2021, including a positive foreign exchange currency impact of €16.8 million and a positive net scope effect of €25.7 million.

On a constant basis, adjusted EBITA increased by 63.4% to €703.7 million and adjusted EBITA margin stood at 7.7% of sales, up 228 basis points year on year, supported by :

- Rexel's ability to pass through prices increases ;
- Synergies extracted from the recent acquisitions and more specifically Mayer in the US ;
- The result of the transformation and notably the digital transformation, which translates into above-market sales growth, improved customer service and higher productivity.

In the first half of 2022, adjusted EBITA included circa 86 basis points of positive one-off effects from non-cable products inventory price inflation, net of higher performance-related bonuses.

The chart below displays the adjusted EBITA evolution:



Other income and expenses

In the first half of 2022, other income and expenses represented a net expense of €19.4 million, consisting mainly of:

- €9.5 million write-down of some IT development costs;
- €3.0 million disposal loss of the Russian investment;
- €2.4 million restructuring & integration costs.

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

Net Financial expenses

Net financial expenses were €51.9 million in the first half of 2022 compared to €59.8 million in the first half of 2021. They included €21.6 million related to lease interest expenses (€20.0 million in the first half of 2021).

In the first half of 2021, net financial expenses included a €5.1 million one-off expense related to the early redemption of the 2.125% 500 million senior notes due 2025.

Net financial expenses on borrowings, excluding the above effects, stood at €30.3 million, down €4.4 million in the first half of 2022 compared to the first half of 2021. The effective interest rate of the gross financial debt stood at 2.0% down 40 bps mainly due to the senior notes refinancing at lower cost in November 2021.

Share of profit/(loss) of associates

In the first half of 2022, the share of loss of associates amounted for €0.1 million (stable versus the first half of 2021) as a result of the 24% equity investment in a French company specializing in electrical design solutions for commercial buildings.

Tax expense

In the first half of 2022, income tax expense increased to €171.9 million from €104.7 million in the first half of 2021 as a result of higher taxable income.

Effective tax rate stood at 27.2% in the first half 2022 as compared to 27.9% in the first half 2021 mainly due to the decrease in French legal tax rate.

Net income/(loss)

As a result of the above items, net income stood at €459.8 million in the first half of 2022, as compared to a net income of €270.6 million in the first half of 2021.

Recurring net income stood at 471.1 million in the first half of 2022, up +94.9% compared to the first half of 2021, corresponding to earnings per share of €1.54 (€0.79 in the first half of 2021).

1.2.2 Europe (51% of Group sales)

	PERIOD ENDED JUNE 30					
	2022		2021		Δ %	
	Reported	Adjusted	Reported	On a constant basis, adjusted	Reported	On a constant basis, adjusted
Sales	4,655.0	4,655.0	4,122.9	4,134.4	12.9 %	12.6 %
<i>Same-day basis</i>						11.9 %
Gross profit	1,311.5	1,308.6	1,151.5	1,129.6	13.9 %	15.8 %
<i>as a % of sales</i>	28.2 %	28.1 %	27.9 %	27.3 %		
Operating expenses	(832.7)	(832.4)	(760.9)	(761.9)	9.4 %	9.2 %
Depreciation	(87.4)	(87.4)	(83.5)	(84.0)	4.6 %	4.0 %
Distribution and administrative expenses before amortization of intangible assets	(920.0)	(919.7)	(844.4)	(845.9)	9.0 %	8.7 %
<i>as a % of sales</i>	(19.8)%	(19.8)%	(20.5)%	(20.5)%		
EBITA	391.4	388.8	307.1	283.7	27.5 %	37.1 %
<i>as a % of sales</i>	8.4 %	8.4 %	7.4 %	6.9 %		

Sales

In the first half of 2022, sales in Europe amounted to €4,655.0 million, up 12.9% on a reported basis, as compared to €4,122.9 million in the first half of 2021, including:

- a foreign exchange currency effect increase of €19.5 million, mainly due to the appreciation of the Swiss Franc and the British pound against the euro, partly offset by the depreciation of Swedish Krona.
- a negative effect of change in scope of €8.1 million, from the disposal of the Russian business in March 2022 and of a French electrical equipment distributor to DIY customers in March 2021.

On a constant and actual number of working days basis, sales increased by 12.6%, impacted by a slight favorable calendar impact of 0.7 percentage point.

On a constant and same-day basis, sales increased by 11.9% as compared to the first half of 2021, demonstrating a robust activity driven by proximity and renovation activities. This sales performance included positive impacts of +3.2% from the change in copper-based cable prices and +7.6% from the change in non-cable prices. Volume effect was positive at +1.1%.

Digital sales represented 34.9% of Europe sales (up 136 basis points year on year), resulting in an increase of 16.3% as compared to the first half of 2021.

In **France**, sales amounted to €1,762.5 million in the first half of 2022, an increase of 9.0% as compared to the first half of 2021 on a constant and same-day basis, mainly driven by an increased number of active customers, increased digital penetration and significant price increases, while volume were negative due to a very difficult comparable basis.

In **Scandinavia** sales amounted to €586.4 million in the first half of 2022, an increase of 10.8% from the first half of 2021 on a constant and same-day basis, with a slow start to the year, notably in Sweden, due to the pandemic. Activity was back in positive territory since March and were largely driven by the commercial markets along with a strong demand in photovoltaic products.

In **Germany**, sales stood at €467.7 million in the first half of 2022, a 16.2% increase compared to the first half of 2021 on a constant and same-day basis, gaining further market share. Demand is accelerating very strongly in photovoltaics as a result of efforts to increase the country's energy independence in the context of the war in Ukraine.

In the **United-Kingdom**, sales amounted to €419.1 million in the first half of 2022, an increase of 13.4% from the first half of 2021 on a constant and same-day basis, with the second quarter of 2022 lower than the first quarter from a more difficult base effect notably in the commercial business. The first half of 2022 benefited, until June, from a contract with the Department of education (School air filtration equipment and CO2 equipment) contributing for 510 basis points.

In **Belgium and Luxembourg**, sales amounted to €298.5 million in the first half of 2022, up 16.3% on a constant and same-day basis, boosted by robust growth in renewable energy products (EV, PV and HVAC).

In **Switzerland**, sales amounted to €293.0 million in the first half of 2022, an increase by 4.6% from the first half of 2021, on a constant and same-day basis, with a second quarter of 2022 lower than the first quarter of 2022 reflected in building installation and cables business.

In **the Netherlands**, sales amounted to €225.5 million in the first half of 2022, an increase by 16.7% from the first half of 2021 on a constant and same-day basis, boosted by renewable energy products in a context of rising prices.

Gross profit

In the first half of 2022, on a constant basis, adjusted gross profit increased by 15.8% and adjusted gross margin increased by 79 basis points to 28.1% of sales, from pricing power.

Distribution & administrative expenses before amortization of intangible assets

On a constant basis, adjusted distribution and administrative expenses before amortization of intangible assets increased by 8.7% in the first half of 2022, representing 19.8% of sales in the first half of 2022, a 70 basis points improvement as compared to the first half of 2021, despite higher operating expenses, notably linked to additional headcount and increased inflation.

EBITA

In the first half of 2022, as a result, on a reported basis, EBITA amounted to €391.4 million, up 27.5% as compared to €307.1 million in the first half of 2021, including a positive foreign exchange currency impact of €1.0 million.

On a constant basis, adjusted EBITA increased by 37.1% as compared to the first half of 2021 and adjusted EBITA margin increased by 149 basis points to 8.4% of sales, including circa 90 basis points of positive one-off effects from non-cable products inventory price inflation, net of higher performance-linked bonuses.

1.2.3 North America (41% of Group sales)

PERIOD ENDED JUNE 30							
		2022		2021		Δ %	
		Reported	Adjusted	Reported	On a constant basis, adjusted	On a constant basis, adjusted	
					Reported		
Sales		3,750.7	3,750.7	2,296.2	3,070.4	63.3 %	22.2 %
	<i>Same-day basis</i>						19.2 %
Gross profit		964.3	961.8	588.7	732.8	63.8 %	31.2 %
	<i>as a % of sales</i>	25.7 %	25.6 %	25.6 %	23.9 %		
Operating expenses		(591.1)	(591.1)	(391.1)	(511.7)	51.1 %	15.5 %
Depreciation		(51.3)	(51.3)	(39.0)	(50.8)	31.4 %	0.8 %
Distribution and administrative expenses before amortization of intangible assets		(642.4)	(642.4)	(430.2)	(562.6)	49.3 %	14.2 %
	<i>as a % of sales</i>	(17.1)%	(17.1)%	(18.7)%	(18.3)%		
EBITA		321.9	319.5	158.5	170.3	103.1 %	87.6 %
	<i>as a % of sales</i>	8.6 %	8.5 %	6.9 %	5.5 %		

Sales

In the first half of 2022, sales in North America amounted to €3,750.7 million, up 63.3%, on a reported basis, as compared to €2,296.2 million in the first half of 2021, including:

- a foreign exchange currency effect increase of €222.9 million due to the appreciation of the US and Canadian dollar against the euro.
- a positive effect of change in scope of €551.3 million associated with the acquisition of Mayer in the US in 2021.

On a constant and same-day basis, sales increased by 19.2% as compared to the first half of 2021, including positive volumes of +4.8%. Digital sales represented 16% of North America sales (including Mayer), up 368 basis points year on year, resulting in an increase of 56% as compared to the first half of 2021.

In **the United States**, sales stood at €3,034.6 million in the first half of 2022, a 20.4% increase from the first half of 2021 on a constant and same-day basis, with a backlog remaining very important, up +81% year-on-year at end of June year on year, representing circa 3 months of sales. The performance was sustained by growth in all the three end-markets, especially in industrial market and, to a lesser extent, commercial. The Mountain Plains and Gulf Central regions, notably driven by Oil & Gas, benefited from a strong overall momentum. On a constant basis and same-day basis, Mayer's sales were up 17% on a more difficult base effect as Mayer recovered earlier from Covid in 2021.

In **Canada**, sales amounted to €716.1 million in the first half of 2022, a 14.4% increase from the first half of 2021 on a constant and same-day basis, notably thanks to robust performance driven by industrial end-markets (O&G and mining specifically), offsetting stable demand in residential. Backlog is very strong, representing circa 4 months of sales.

Gross profit

On a constant basis, adjusted gross profit increased by 31.2% and adjusted gross margin increased by 178 basis points to 25.6% of sales, illustrating the benefits from Mayer's integration and the Group's capacity to pass through price increases as well as a positive channel mix (proximity versus project) in the US.

Distribution & administrative expenses before amortization of intangible assets

On a constant basis, adjusted distribution and administrative expenses before amortization of intangible assets increased by 14.2%, representing 17.1% of sales in the first half of 2022, a 120 basis points improvement as compared to the first half of 2021, despite higher performance-linked bonuses and headcount to support the volume effect on sales in North America

EBITA

In the first half of 2022, as a result, EBITA amounted to €321.9 million, up 103.1%, on a reported basis, as compared to €158.5 million in the first half of 2021, including a positive foreign exchange currency impact of €15.6 million.

On a constant basis, adjusted EBITA increased by 87.6% from the first half of 2021 and adjusted EBITA margin increased by 297 basis points to 8.5% of sales, benefiting from Mayer synergies (contributing for circa 65 basis points), the strong momentum in sales growth and a favorable calendar effect in the first half of 2022 (19 basis points), which will be reversed in the second half of 2022. It included circa 95 basis points of positive one-off effects from non-cable products price inflation, net of higher performance-linked bonuses.

1.2.4 Asia - Pacific (8% of Group sales)

	PERIOD ENDED JUNE 30					
	2022		2021		Δ %	
	Reported	Adjusted	Reported	On a constant basis, adjusted	Reported	On a constant basis, adjusted
Sales	677.1	677.1	638.7	669.3	6.0 %	1.2 %
<i>Same-day basis</i>						1.2 %
Gross profit	128.9	128.9	110.6	114.7	16.5 %	12.3 %
<i>as a % of sales</i>	19.0 %	19.0 %	17.3 %	17.1 %		
Operating expenses	(105.0)	(105.0)	(91.3)	(95.1)	15.0 %	10.4 %
Depreciation	(14.7)	(14.7)	(13.8)	(14.3)	5.9 %	2.5 %
Distribution and administrative expenses before amortization of intangible assets	(119.7)	(119.7)	(105.2)	(109.4)	13.8 %	9.3 %
<i>as a % of sales</i>	(17.7)%	(17.7)%	(16.5)%	(16.4)%		
EBITA	9.2	9.2	5.4	5.3	70.2 %	73.8 %
<i>as a % of sales</i>	1.4 %	1.4 %	0.8 %	0.8 %		

Sales

In the first half of 2022, sales in Asia-Pacific amounted to €677.1 million, up 6.0%, on a reported basis, as compared to €638.7 million in the first half of 2021 including:

- a positive effect of €38.5 million due to the appreciation of all currencies against the euro and more specifically the Chinese renminbi and the Australian dollar.
- a negative effect of change in scope of €7.8 million from divestments in 2021.

On a constant and same-day basis, sales increased by 1.2% as compared to the first half of 2021, with a negative performance registered in the second quarter of 2022 (-2.6% as compared to the second quarter of 2021) due to the severe lockdown because of Covid pandemic in China. Digital sales represented 4.7% of Asia-Pacific sales (up 46 basis points year on year), resulting in an increase of 12.6% as compared to the first half of 2021.

In **China**, sales amounted to €289.1 million in the first half of 2022, a (3.7)% decrease compared to the first half of 2021, on a constant and same-day basis. After a positive performance in the first quarter of 2021 supported by demand from municipalities, renewables and infrastructure & transportation, the country was impacted by the severe lockdown in April and May 2022 and product shortages. The activity was back in positive territory in June.

In **Australia**, sales amounted to €283.7 million in the first half of 2022, up 4.6%, on a constant and same-day basis thanks to robust demand in commercial and residential and despite a slow start to the year, impacted by difficult weather conditions notably in the New South Wales & Queensland regions as well as Covid-related staff shortages.

Gross profit

In the first half of 2022, on a constant basis, adjusted gross profit increased by 12.3% and adjusted gross margin increased by 189 basis-point to 19.0% of sales, resulting from improvement in Pacific and a positive mix effect as China sales, at lower margin, dropped due to the lockdown.

Distribution & administrative expenses before amortization of intangible assets

On a constant basis, adjusted distribution and administrative expenses before amortization of intangible assets increased by 9.3% as compared to the first half of 2021, representing 17.7% of sales in the first half of 2022, a 132 basis-point deterioration as compared to the first half of 2021.

EBITA

In the first half of 2022, as a result, EBITA amounted to €9.2 million, up 70.2%, on a reported basis, as compared to €5.4 million in the first half of 2021.

On a constant basis, adjusted EBITA increased by 73.8% from the first half of 2021 and adjusted EBITA margin increased by 57 basis points to 1.4% of sales.

1.2.5 Other operations

	PERIOD ENDED JUNE 30		
	2022	2021	Δ %
	Reported	Reported	Reported
Sales	—	—	—
Gross profit	—	—	—
Operating expenses	(3.3)	(19.1)	(82.8)%
Depreciation	(10.5)	(9.4)	12.0 %
Distribution and administrative expenses	(13.8)	(28.5)	(51.5)%
EBITA	(13.8)	(28.5)	51.6 %

In the first half of 2022, EBITA was negative by €13.8 million compared to €28.5 million in the first half of 2021, due to lower centrally-hosted projects.

2. LIQUIDITY AND CAPITAL RESOURCES

2.1 CASH FLOW

The following table sets out Rexel's cash flow statement for the first half of 2022 and the first half of 2021 together with a reconciliation of free cash flow before and after interest and income tax paid.

<i>(in millions of euros)</i>	PERIOD ENDED JUNE 30		
	2022	2021	Change
Operating cash flow before interest and taxes	841.1	556.1	285.0
Financial interest on borrowings paid ⁽¹⁾	(24.2)	(28.5)	4.3
Income tax paid	(160.9)	(57.1)	(103.9)
Operating cash flow before change in working capital	655.9	470.5	185.5
Change in working capital requirements	(454.4)	(299.1)	(155.3)
Net cash flow from operating activities	201.5	171.4	30.1
Net cash flow from investing activities	(47.1)	(121.0)	73.9
<i>o.w. Operating capital expenditures ⁽²⁾</i>	<i>(54.6)</i>	<i>(48.8)</i>	<i>(5.8)</i>
Net cash flow from financing activities ⁽³⁾	(204.7)	(274.7)	70.0
Net cash flow	(50.3)	(224.3)	174.0
Operating cash flow	841.1	556.1	285.0
Repayment of lease liabilities	(100.5)	(91.8)	(8.7)
Change in working capital requirements	(454.4)	(299.1)	(155.3)
Operating capital expenditures	(54.6)	(48.8)	(5.8)
Free cash flow before interest and taxes	231.5	116.3	115.1
Financial interest on borrowings paid	(24.2)	(28.5)	4.3
Income tax paid	(160.9)	(57.1)	(103.9)
Free cash flow after interest and taxes	46.3	30.7	15.6

(1) Excluding interest on lease liabilities.

(2) Net of disposals.

(3) Including lease liabilities repayment.

2.1.1 Cash flow from operating activities

Rexel's net cash flow from operating activities was an inflow of €201.5 million in the first half of 2022 compared to €171.4 million in the first half of 2021. The strong generation of operating cash flow was partly offset by i) the change in working capital to support the sales recovery in the context of disrupted global supply chain and ii) the non-recurring level of variable pay booked in 2021 and paid in 2022.

Operating cash flow

Operating cash flow before interest, income tax and changes increased from €556.1 million in the first half of 2021 to €841.1 million in the first half of 2022 as the result of EBITA increase driven by strong activity.

Interest and taxes

Net interest paid decreased from €28.5 million in the first half of 2021 to €24.2 million in the first half of 2022 reflecting lower effective interest rate due to the senior notes refinancing at lower cost in November 2021.

Income tax paid increased by €103.9 million from €57.1 million in the first half of 2021 to €160.9 million in the first half of 2022 mainly driven by higher performance. The first semester of 2021 also benefited from cash savings due to utilization of the remaining French tax losses carried forward.

Change in working capital requirements

Change in working capital requirements increased to €454.4 million in the first half of 2022 from €299.1 million in the first half of 2021, mainly as a result of sales increase and disrupted global supply chain.

In the first half of 2022, net inventories and net trade receivables contributed respectively for outflows of €252.9 million and €523.0 million to change in working capital requirements (respectively €250.6 million and 417.9 million in the first half of 2021, whereas the Group had to rebuild inventory level after Covid), while net trade payables contributed for a €406.7 million inflow as compared to a €340.9 million inflow as of June 30, 2021.

Other changes in working capital requirement represented an outflow of €86.5 million (€28.4 million inflow in the first half of 2021), mostly due to the high level of 2021 performance-related bonuses cashed-out in the first half of 2022.

Working capital requirements

	As of JUNE 30	
	2022	2021
Working capital requirement as a % of sales ⁽¹⁾ at:		
Constant basis	12.9 %	12.5 %
of which Trade Working capital	14.9 %	14.7 %
	Number of days	Number of days
Net inventories	58.7	56.3
Net receivables	46.8	48.7
Net Payables	55.7	56.0

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

As a percentage of sales over the last 12 months, on a constant basis, working capital requirements amounted for 12.9% as of June 30, 2022, a 35 basis points deterioration as compared to June 30, 2021, mainly driven by inventory increase (+2.4 days in days of inventories) to sustain sales growth in a disrupted global supply chain environment.

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 €47.1 million outflow in the first half of 2022, as compared to €121.0 million outflow in the first half of 2021.

(in millions of euros)	PERIOD ENDED JUNE 30	
	2022	2021
Acquisitions of operating fixed assets	(53.3)	(45.5)
Proceed from disposal of operating fixed assets	2.9	3.9
Net change in debts and receivables on fixed assets	(4.2)	(7.3)
Net cash flow from capital expenditures	(54.6)	(48.8)
Acquisition of subsidiaries, net of cash acquired	(1.3)	(56.8)
Proceeds from disposal of subsidiaries, net of cash disposed of	(1.8)	(11.2)
Net cash flow from financial investments	(3.1)	(68.0)
Net change in long-term investments	10.6	(4.2)
Net cash flow from investing activities	(47.1)	(121.0)

Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €54.6 million in the first half of 2022, as compared to €48.8 million in the first half of 2021.

In the first half of 2022, gross capital expenditures represented 0.6% (stable year on year) and stood at €53.3 million (€45.5 million in the first half of 2021). IT and Digital projects represented 48% of the total gross capex in the first half of 2022 (61% in the first half of 2021).

Acquisitions and disposals of subsidiaries

Net cash flow from financial investments accounted for an outflow of €3.1 million in the first half of 2022, as compared to 68.0 million outflow in the first half of 2021 mainly reflecting the acquisition of Utility distribution business in Canada.

2.1.3 Cash flow from financing activities

In the first half of 2022, net cash flow from financing activities represented a net cash outflow of €204.7 million, mainly resulting from the:

- €230.1 million of dividends payment;
- €100.5 million lease liabilities repayment;

Partly offset by the:

- €79.4 million decrease in credit facilities and other borrowings;
- €62.0 million decrease in securitization program.

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.

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. At June 30, 2022, Rexel's consolidated net financial debt amounted to €1,811.3 million, up €260.1 million as compared to December 31, 2021, consisting of the following items:

	As of JUNE 30			As of DECEMBER 31		
	2022			2021		
(in millions of Euros)	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Senior notes	—	967.9	967.9	—	999.5	999.5
Securitization	417.0	578.6	995.6	605.0	300.0	905.0
Bank loans	55.7	0.3	55.9	36.7	0.3	37.0
Commercial paper	158.4	—	158.4	125.5	—	125.5
Bank overdrafts and other credit facilities	103.9	—	103.9	68.7	—	68.7
Accrued interests	5.3	—	5.3	5.1	—	5.1
Less transaction costs	(1.3)	(10.1)	(11.4)	(3.6)	(9.2)	(12.9)
Total financial debt and accrued interest	739.1	1,536.7	2,275.7	837.5	1,290.5	2,128.0
Cash and cash equivalents			(506.0)			(573.5)
Accrued interest receivable			(3.5)			(1.4)
Debt hedge derivatives			45.1			(2.0)
Net financial debt			1,811.3			1,551.2

Liquidity and credit agencies ratings

At June 30, 2022, the Group's liquidity amounted to €1,132.2 million (€1,264.6 million at December 31, 2021), consisting of the following items:

<i>In millions of Euros</i>	JUNE 30	DECEMBER 31
	2022	2021
Cash and cash equivalents	506.0	573.5
Bank overdrafts	(103.9)	(68.7)
Commercial paper	(158.4)	(125.5)
Undrawn Senior credit agreement	850.0	850.0
Bilateral facilities	38.5	35.3
Liquidity	1,132.2	1,264.6

On May 9, 2022, Moody's has upgraded our Ba2 corporate family rating with a positive outlook from stable.

On July 18th, 2022, S&P has upgraded our corporate rating from BB positive outlook to BB+ stable outlook.

Senior Credit Facility Agreement

Under the Senior Credit Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as at June 30 and December 31 of each year. The indebtedness ratio, as calculated under the terms of the senior credit agreement, stood at 1.26x as of June 30, 2022 (as compared to 1.79x as June 30, 2021).

3. CONTINGENT LIABILITIES

On September 6, 2018, raids were performed in the offices of Rexel in relation to a judiciary investigation from the Tribunal de Grande Instance of Paris. This investigation, conducted with the assistance of the French Competition Authority, mainly deals with the mechanisms of price formation on the market of distribution of electrical equipment.

On July 4, 2022, Rexel received a statement of objections from the French Competition Authority. The Competition Authority's investigators believe that Rexel had implemented practices with some of its suppliers which purpose was allegedly to restrict its freedom to determine its resale prices. The statement of objection specifically targets the special price agreement ("dérogation") mechanism, which is a price reduction aimed at providing customers with the most competitive offer. This mechanism is a transparent practice that is known to all market players and is standard practice in the world of professional electrical equipment distribution.

Rexel is currently studying the statement of objections, which in no way prejudices the culpability of the companies involved and is the customary first step in contradictory proceedings before the Competition Authority. Rexel constantly strives to strictly comply with applicable laws and regulations and the Group will assert its position and its rights within the framework of this procedure.

As customary in the matter, the statement of objections does not contain any element making it possible to quantify the amount of a possible sanction. It is therefore not possible to date to evaluate the outcome of this procedure and the financial risk which Rexel is potentially exposed to.

4. OUTLOOK

2022 Strategic Update : Power Up 2025

On June 16, 2022, Rexel unveiled its upgraded 2022 financial targets as well as its 2022-2025 medium-term objectives.

After undergoing a profound transformation over the past five years that has enhanced the Group's resilience, Rexel is now well positioned for a new phase of profitable growth, driven both by further optimization of its core model and the development of a leadership position on topics shaping the future of the industry: ESG, energy transition solutions and advanced services.

These are encapsulated in a new company-wide plan called Power Up 2025 and captured in robust medium-term financial and environmental targets:

2022 guidance upgrade: Rexel is confident it will reach its upgraded 2022 objectives, following a better-than-expected start to the year in all geographies and higher inflation, in an environment that remains uncertain

- Same-day sales growth of between 7% and 9% (vs 4% to 6% previously)
- Adjusted EBITA margin of c. 6.7% including 50bps of positive one-off effects (vs above 6% previously)
- Free cash-flow conversion above 60%

2022-2025 four-year targets: Robust medium-term objectives

- Same-day sales growth of c. 4%-7% on a Compound Annual Growth Rate basis
- Adjusted EBITA margin of between 6.5% and 7% in 2025
- A well-balanced capital allocation with:
 - Capex to sales of c. 0.9% over the period
 - A yearly payout to shareholders of at least 40% of recurring net income
 - Bolt-on acquisitions adding up to €2 billion in sales over the period
 - Share buyback of around €400m over the period
- An indebtedness ratio of around 2x

More ambitious ESG targets

The Group's Scopes 1 and 2 targets are upgraded to a 60% reduction in CO2 emissions of our operations (vs. 2016) from -35% in absolute terms.

The Scope 3 target is raised to a 60% reduction in CO2 emissions from the use of products sold (vs. 2016) from -45% in intensity terms (equivalent to an upwards revision of our guidance to -45% from -31% in absolute terms).

The above forecasts were prepared on the basis of the accounting principles adopted by the Group to prepare its consolidated financial statements for the period ended June 30, 2022. Furthermore, these forecasts, and the underlying assumptions, were also established in application of the provisions of Delegated Regulation (EU) No 2019/980 and the ESMA recommendations relating to forecasts. They have been determined on the basis of data, assumptions and estimates that are considered reasonable by the Rexel Group's management. These data, assumptions and estimates may change as a result of uncertainties relating to, among other things, the economic, financial, accounting, competitive and regulatory environment, or other factors that are currently unknown to the Rexel Group as of the date of this document. In addition, the occurrence of some of the risks described in Chapter 2 "Risk factors" included in the Universal Registration Document for the financial year ended December 31, 2021 (filed with the AMF on March 10, 2022, under number D.22-083) could have an impact on the Group's ability to achieve these objectives. The Rexel Group can give no assurances and provide no guarantee that the above forecasts will be met.

5. EVENTS AFTER THE REPORTING PERIOD

At the presentation date of the consolidated financial statements there have been no subsequent events to June 30, 2022 that would have a significant impact on Rexel's financial situation other than the two below acquisitions:

Trilec

On July 4, 2022, the Group acquired for a consideration of €30 million a distributor of electrical products and services in Belgium. This business posted sales of €80 million in 2021.

Horizon Solutions LLC

On July 7, 2022, the Group signed a merger agreement for a total consideration of \$122 million to acquire a Rockwell authorized electrical distributor in the United States. This business posted sales of circa \$170 million in 2021.

This transaction is expected to be completed in the second half of 2022.

II. Condensed consolidated financial statements as of June 30, 2022

(unaudited¹)

1. The condensed consolidated interim financial statements as of June 30, 2022 have been subjected to a limited review by Rexel's statutory auditors. The statutory auditors' review report on 2022 half year information is presented after the condensed consolidated interim financial statements.

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Consolidated Statement of Profit or Loss (unaudited)

<i>(in millions of euros)</i>	FOR THE PERIOD ENDED JUNE 30		
	Note	2022	2021
Sales	5	9,082.8	7,057.8
Cost of goods sold		(6,678.2)	(5,207.1)
Gross profit		2,404.6	1,850.7
Distribution and administrative expenses	7	(1,701.5)	(1,411.4)
Operating income before other income and expenses		703.0	439.3
Other income	8	2.1	6.3
Other expenses	8	(21.5)	(10.5)
Operating income		683.6	435.1
Financial income	9	2.2	1.4
Interest expense on borrowings	9	(21.5)	(26.0)
Non-recurring redemption loss	9	—	(5.1)
Other financial expenses	9	(32.6)	(30.0)
Net financial expenses		(51.9)	(59.8)
Share of profit / (loss) of associates		(0.1)	(0.1)
Net income before income tax		631.7	375.3
Income tax	10	(171.9)	(104.7)
Net income		459.8	270.6
Portion attributable:			
<i>To the equity holders of the parent</i>		459.8	270.8
<i>To non-controlling interests</i>		—	(0.1)
Earnings per share:			
<i>Basic earnings per share (in euros)</i>	12	1.52	0.89
<i>Fully diluted earnings per share (in euros)</i>	12	1.51	0.89

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

Consolidated Statement of Comprehensive Income (unaudited)

		FOR THE PERIOD ENDED JUNE 30	
<i>(in millions of euros)</i>	Note	2022	2021
Net income		459.8	270.6
Items to be reclassified to profit or loss in subsequent periods			
Net gain / (loss) on net investment hedges		(26.1)	—
Income tax		6.7	—
Net gain / (loss) on net investment hedges, net of tax		(19.4)	—
Foreign currency translation adjustment		182.7	74.8
Income tax		(6.4)	(6.2)
Foreign currency translation adjustment, net of tax		176.3	68.6
Net gain / (loss) on cash flow hedges		20.5	5.8
Income tax		(5.3)	(1.6)
Net gain / (loss) on cash flow hedges, net of tax		15.2	4.2
Items not to be reclassified to profit or loss in subsequent periods			
Net gain/ (loss) on remeasurements of net defined benefit liability	14	74.2	66.9
Income tax		(11.0)	(6.5)
Net gain/ (loss) on remeasurements of net defined benefit liability, net of tax		63.3	60.3
Other comprehensive income / (loss) for the period, net of tax			
		235.4	133.1
Total comprehensive income / (loss) for the period, net of tax			
		695.2	403.8
Portion attributable:			
<i>To the equity holders of the parent</i>		695.2	404.0
<i>To non-controlling interests</i>		—	(0.3)

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

Consolidated Balance Sheet (unaudited)

(in millions of euros)

		AS OF JUNE 30	AS OF DECEMBER 31
ASSETS	Note	2022	2021
Goodwill		3,521.4	3,401.7
Intangible assets		1,167.8	1,159.0
Property, plant and equipment		275.1	271.9
Right-of-use assets		1,136.3	1,047.1
Long-term investments		52.3	56.6
Deferred tax assets		65.1	63.9
Total non-current assets		6,218.0	6,000.2
Inventories		2,356.2	2,057.2
Trade accounts receivable		2,880.7	2,353.2
Current tax assets		7.0	10.5
Other accounts receivable		651.4	559.2
Assets held for sale	13	124.1	—
Cash and cash equivalents	16	506.0	573.5
Total current assets		6,525.4	5,553.5
Total assets		12,743.4	11,553.7

(in millions of euros)

		AS OF JUNE 30	AS OF DECEMBER 31
EQUITY AND LIABILITIES	Note	2022	2021
Share capital		1,534.5	1,528.6
Share premium		1,064.3	1,289.8
Reserves and retained earnings		2,421.8	1,741.9
Total equity attributable to equity holders of the parent		5,020.6	4,560.4
Non-controlling interests		0.1	0.5
Total equity		5,020.6	4,560.8
Interest bearing debt (non-current part)	16	1,536.7	1,290.5
Lease liabilities (non-current part)	15	1,052.6	975.1
Net employee defined benefit liabilities	14	130.2	208.9
Deferred tax liabilities		277.9	229.9
Provisions and other non-current liabilities		62.3	35.0
Total non-current liabilities		3,059.7	2,739.5
Interest bearing debt (current part)	16	733.7	832.4
Accrued interest	16	5.3	5.1
Lease liabilities (current part)	15	209.7	193.7
Trade accounts payable		2,647.0	2,170.0
Income tax payable		33.7	44.6
Other current liabilities		952.4	1,007.5
Liabilities directly associated with the assets held for sale	13	81.2	—
Total current liabilities		4,663.0	4,253.4
Total liabilities		7,722.7	6,992.9
Total equity and liabilities		12,743.4	11,553.7

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

Consolidated Statement of Cash Flows (unaudited)

(in millions of euros)

FOR THE PERIOD ENDED JUNE 30

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2022	2021
Operating income		683.6	435.1
Depreciation, amortization and impairment of assets and assets write off	7 - 8	179.1	149.6
Employee benefits		(10.9)	(7.2)
Change in other provisions		(0.3)	(4.1)
Other non-cash operating items		11.2	2.6
Financial interest paid on borrowings		(24.2)	(28.5)
Interest on lease liabilities	15	(21.6)	(20.0)
Income tax paid		(160.9)	(57.1)
Operating cash flows before change in working capital requirements		655.9	470.5
Change in inventories		(252.9)	(250.6)
Change in trade receivables		(523.0)	(417.9)
Change in trade payables		406.7	340.9
Change in other working capital items		(85.3)	28.4
Change in working capital requirements		(454.4)	(299.1)
Net cash from operating activities		201.5	171.4
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of tangible and intangible assets		(57.5)	(52.8)
Proceeds from disposal of tangible and intangible assets		2.9	3.9
Acquisitions of businesses or affiliates, net of cash acquired	4.2	(1.3)	(56.8)
Proceeds from disposal of businesses or affiliates, net of cash disposed of		(1.8)	(11.2)
Change in long-term investments		10.6	(4.2)
Net cash from investing activities		(47.1)	(121.0)
CASH FLOWS FROM FINANCING ACTIVITIES			
Disposal / (Purchase) of treasury shares		(15.6)	2.9
Issuance of senior notes net of transaction costs	16.2	—	396.1
Early repayment of senior notes	16.2	—	(505.3)
Net change in credit facilities, commercial papers, other financial borrowings	16.2	79.4	58.3
Net change in securitization	16.2	62.0	4.8
Repayment of lease liabilities	15	(100.5)	(91.8)
Dividends paid	11	(230.1)	(139.6)
Net cash from financing activities		(204.7)	(274.7)
Net (decrease) / increase in cash and cash equivalents			
		(50.3)	(224.3)
Cash and cash equivalents at the beginning of the period		573.5	685.4
Effect of exchange rate changes on cash and cash equivalents		(15.9)	25.8
Cash and cash equivalents reclassified to assets held for sale	16.2	(1.2)	0.8
Cash and cash equivalents at the end of the period		506.0	487.7

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)

FOR THE PERIOD ENDED JUNE 30, 2021	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
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	11	—	(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
FOR THE PERIOD ENDED JUNE 30, 2022	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
Balance at January 1, 2022		1,528.6	1,289.8	1,783.3	85.2	(0.4)	(126.1)	4,560.4	0.5	4,560.8
Net income		—	—	459.8	—	—	—	459.8	—	459.8
Other comprehensive income		—	—	—	156.9	15.2	63.3	235.4	—	235.4
Total comprehensive income for the period		—	—	459.8	156.9	15.2	63.3	695.2	—	695.2
Cash dividends	11	—	(230.1)	—	—	—	—	(230.1)	—	(230.1)
Allocation of free shares and free shares cancelled		5.9	4.5	(10.4)	—	—	—	—	—	—
Share-based payments		—	—	9.4	—	—	—	9.4	—	9.4
Disposal of subsidiaries		—	—	—	0.9	—	—	0.9	—	0.9
Disposal / (Purchase) of treasury shares		—	—	(15.6)	—	—	—	(15.6)	—	(15.6)
Other changes		—	—	0.4	—	—	—	0.4	(0.4)	—
Balance at June 30, 2022		1,534.5	1,064.3	2,226.9	243.0	14.8	(62.8)	5,020.6	0.1	5,020.6

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

Accompanying Notes to the Consolidated Financial Statements (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 SA and its subsidiaries (hereafter referred to as “the Group” or “Rexel”).

The Group, headquartered in Paris, France, 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, renewable energies and energy management, 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 2022

Russia

As of December 31, 2021, Rexel had limited exposure to Russia (€12 million of sales in 2021) and none to Ukraine. Following the invasion of Ukraine and international sanctions taken against Russia, Rexel disposed of its Russian business through a Management Buy Out effective on March 23, 2022 (See note 4.3).

Spain & Portugal assets held for sale

Rexel entered into exclusive negotiation in preparation for the disposal of its operations in Spain and Portugal (See note 13).

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, 2022. 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, 2022. 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, 2021 and included in the Universal Registration Document filed with the Autorité des Marchés Financiers on March 10, 2022 under number D.22-0083.

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, 2022.

3.2 Basis of preparation

The condensed financial statements as of June 30, 2022 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 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.

The accounting principles and adopted methods are identical to those used as of December 31, 2021 and described in the notes to the consolidated financial statements for the financial year ended December 31, 2021, with the exception of the new IFRS Interpretation Committee (IFRS-IC) interpretation on cloud computing arrangements.

In March 2021, the IFRS-IC issued an interpretation clarifies the steps which entities should consider in accounting for such configuration or customization costs.

In the first half of 2022, the Group has conducted in-depth analyses to determine whether it has the control over on-cloud software and therefore, if configuration and customization costs meet the definition of intangible assets that are recognized on the balance sheet.

Following the assessment performed, the impact of the application of the decision IFRIC-IC on cloud computing arrangements is not material on the consolidated financial statements.

4. Changes in Group structure

4.1 Mayer Electrical supply company

On November 8, 2021, The Group acquired Mayer Electrical Supply Company, Inc. (hereafter referred to as "Mayer"). In the first half of 2022, Rexel finalized the purchase price allocation of Mayer as follows:

(in millions of euros)

	AS OF DECEMBER, 31 2021	ADJUSTMENTS OF THE PERIOD	AS OF JUNE 30, 2022
Net assets acquired and consideration transferred			
Customer relationships and customer contracts	55.6	—	55.6
Distribution networks	70.0	—	70.0
Right-of-use assets	91.6	—	91.6
Other intangible or fixed assets	16.8	—	16.8
Other non-current assets	3.4	(0.5)	2.9
Current assets ⁽¹⁾	330.0	(2.7)	327.4
Net financial debt	2.2	0.4	2.6
Other non-current liabilities	(33.6)	—	(33.6)
Lease liabilities	(91.6)	—	(91.6)
Current liabilities	(146.9)	0.1	(146.8)
Net asset acquired (except goodwill acquired)	297.5	(2.6)	294.9
Goodwill acquired	66.1	2.6	68.7
Consideration transferred	363.6	—	363.6

(1) Current assets remeasurement included mainly inventory obsolescence reserve of €6.7 million and an adjustment of prior year supplier rebates of €4.7 million.

4.2 Other acquisitions

The below table provides the purchase price allocation to other identifiable assets acquired and liabilities assumed at the acquisition date:

(in millions of euros)

Net assets acquired and consideration transferred	WINKLE	OTHER	TOTAL
Customer relationships and customer contracts	—	0.8	0.8
Right-of-use assets	0.6	2.6	3.3
Other intangible or fixed assets	0.1	0.1	0.1
Current assets	6.2	0.8	6.9
Net financial debt	(0.4)	—	(0.4)
Other non-current liabilities	0.5	—	0.5
Lease liabilities	(0.6)	(2.6)	(3.3)
Current liabilities	(2.1)	(0.6)	(2.7)
Net asset acquired (except goodwill acquired)	4.2	1.1	5.3
Goodwill acquired	4.2	—	4.2
Consideration transferred	8.4	1.1	9.5
Deferred payments	(8.4)	0.2	(8.2)
of which net cash paid for acquisitions in 2022	—	1.3	1.3

Winkle Electric (USA)

On December 31, 2021, the Group purchased for an aggregate price of €8.4 million the assets of Winkle Electric, a US-based electrical distributor specialized in industrial automation operating two branches in the North East of the US.

This investment and other acquisitions are non-material relative to the Group's total asset, sales and operating income.

In the first half of 2021, the Group acquired a Canadian utility distribution business, as well as an electrical vehicle charging station operator (Freshmile Services) and a minority interest in a company specialized in software development solutions for commercial buildings (Trace Software International), for an overall consideration of €56.8 million.

4.3 Divestments

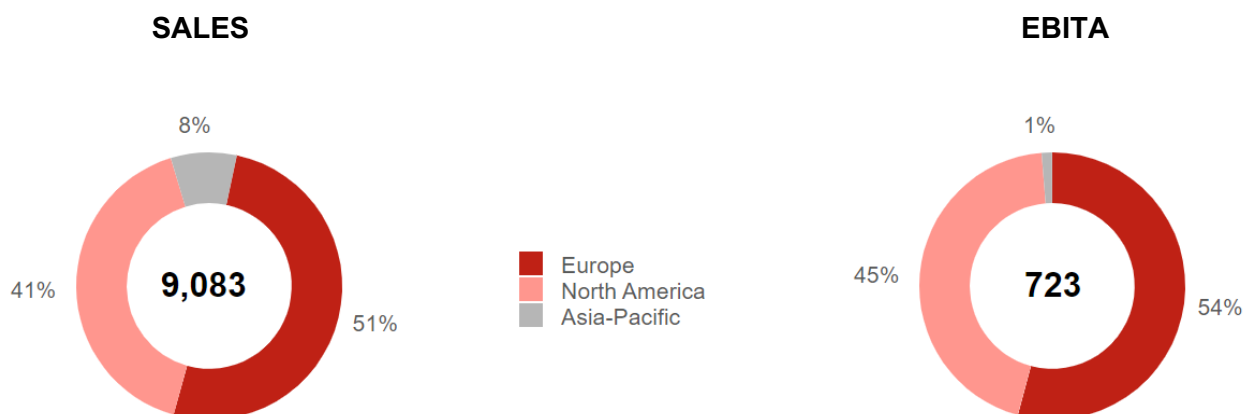
Following the invasion of Ukraine and international sanctions taken against Russia, Rexel disposed of its Russian business through a Management Buy Out that was effective on March 23, 2022. The divestment loss before tax was €3.0 million (see note 8).

5. Segment reporting

Segment information is presented by geographic segment (Europe, North America and Asia-Pacific) consistently with the Group's management reporting structure.

The Group's financial reporting is reviewed monthly by the Chief Executive Officer and the Chief Financial Officer acting together as Chief operating decision maker within the meaning of IFRS 8 "Operating Segments".

Sales and EBITA by operating segment or the period ended 2022 is as follows:



(in millions of euros)

	2022					
	EUROPE	NORTH AMERICA	ASIA-PACIFIC	TOTAL OPERATING SEGMENTS	CORPORATE OVERHEAD AND OTHER RECONCILING ITEMS	TOTAL GROUP
FOR THE PERIOD ENDED JUNE 30						
Warehouse sales	4,457.9	2,548.4	655.6	7,661.8	—	7,661.8
Direct sales	330.8	1,225.0	22.3	1,578.0	—	1,578.0
Rebates, discount and services	(133.7)	(22.6)	(0.7)	(157.0)	—	(157.0)
Sales to external customers	4,655.0	3,750.7	677.1	9,082.8	—	9,082.8
EBITA ⁽¹⁾	391.4	321.9	9.2	722.5	(13.8)	708.7
AS OF JUNE 30						
Working capital	963.7	1,136.7	183.7	2,284.0	8.3	2,292.4
Goodwill	2,031.0	1,412.0	78.4	3,521.4	—	3,521.4

(in millions of euros)

	2021					
	EUROPE	NORTH AMERICA	ASIA-PACIFIC	TOTAL OPERATING SEGMENTS	CORPORATE OVERHEAD 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
EBITA ⁽¹⁾	307.1	158.5	5.4	471.0	(28.5)	442.4
AS OF DECEMBER 31						
Working capital	748.8	894.8	145.0	1,788.6	(2.7)	1,785.9
Goodwill	2,030.3	1,295.1	76.3	3,401.7	—	3,401.7

(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 net income before tax breakdown is as follows:

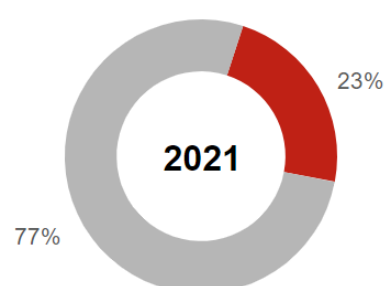
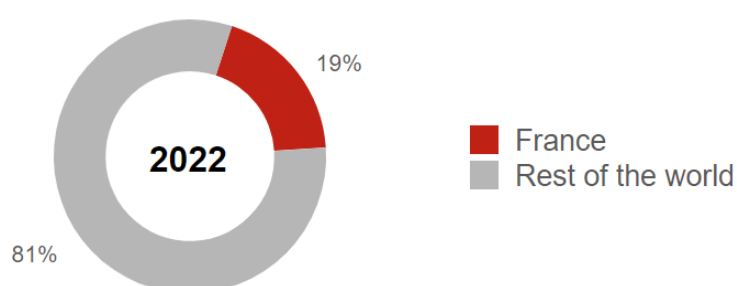
<i>(in millions of euros)</i>	FOR THE PERIOD ENDED JUNE 30	
	2022	2021
EBITA	708.7	442.4
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(5.7)	(3.1)
Other income and other expenses	(19.4)	(4.2)
Net financial expenses	(51.9)	(59.8)
Share on profit / (Loss) in associates	(0.1)	(0.1)
Net income before tax	631.7	375.3

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

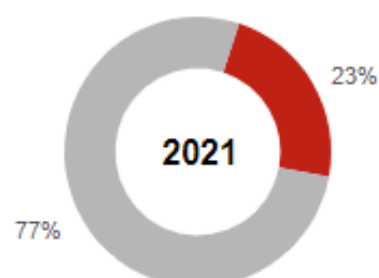
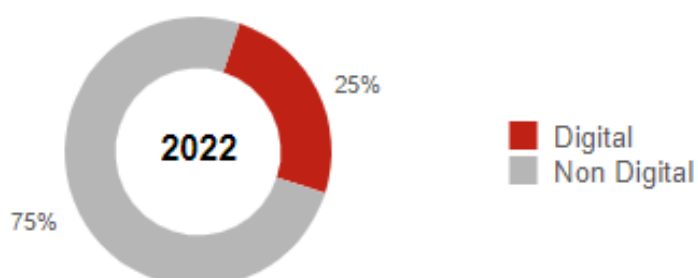
<i>(in millions of euros)</i>	AS OF JUNE 30	AS OF DECEMBER 31
	2022	2021
Working capital	2,292.4	1,785.9
Goodwill	3,521.4	3,401.7
Total allocated assets & liabilities	5,813.7	5,187.7
Liabilities included in allocated working capital	3,585.0	3,174.7
Other non-current assets	2,631.6	2,534.6
Deferred tax assets	65.1	63.9
Current tax assets	7.0	10.5
Other current assets	5.3	3.3
Assets classified as held for sale	124.1	—
Derivatives	5.6	5.5
Cash and cash equivalents	506.0	573.5
Group total assets	12,743.4	11,553.7

6. Domestic and digital sales

Domestic Sales (for the period ended June 30)

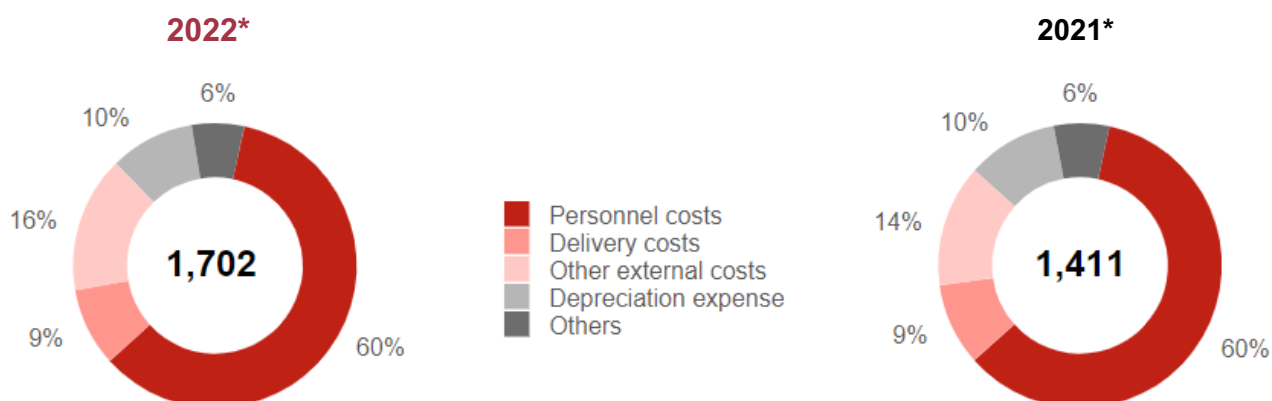


Digital Sales* (for the period ended June 30)



*Web and EDI (Electronic Data Interchange) solutions sales

7. Distribution & administrative expenses



* For the period ended June 30

(in millions of euros)	FOR THE PERIOD ENDED JUNE 30		
	2022	2021	
Personnel costs	(1)	(1,020.4)	(848.2)
Delivery costs		(151.7)	(131.8)
Other external costs		(264.1)	(196.5)
Depreciation expense	(2)	(163.8)	(145.8)
Building and occupancy costs		(71.1)	(57.5)
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities		(5.7)	(3.1)
Bad debt expense	(3)	(24.9)	(28.5)
Total distribution and administrative expenses		(1,701.5)	(1,411.4)

(1) Mainly reflecting the effect of Mayer's acquisition in November 2021 and higher performance-related bonuses.

(2) Including depreciation expense of right-of-use assets for €107.6 million for the period ended June 30, 2022 (€92.8 million for the period ended June 30, 2021).

(3) Including (i) a provision for expected credit losses and losses on receivables written-off of €20.5 million for the period ended June 30, 2022 (€22.0 million for the period ended June 30, 2021) and (ii) customer credit insurance premiums net of recoveries.

Average number of employees



* For the period ended June 30

Group average number of employees breakdown as follows:

		FOR THE PERIOD ENDED JUNE 30	
		2022	2021
Europe		14,821	14,490
North America	(1)	8,842	7,369
Asia-Pacific		2,434	2,424
Total operating segments		26,097	24,283
Corporate & central hosted functions		197	186
Group average number of employees		26,294	24,469

(1) Mainly reflecting the effect of Mayer's acquisition in November 2021.

Share-based payments

On April 21, 2022, Rexel entered into two free share plans amounting to a maximum of 1,931,440 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares three years after the grant date (April 22, 2025) with no subsequent restrictions.

The actual delivery of these bonus shares is subject the following vesting conditions:

Plan	Performance shares plan	Restricted shares plan	TOTAL
Vesting conditions	Three-year service condition from grant date and performance conditions based on financial and ESG targets as well as Rexel share market performance	Three year service condition from grant date without any performance conditions	
Delivery date	April 22, 2025	April 22, 2025	
Share fair value at grant date April 21, 2022	17.25	17.62	17.32
Maximum number of shares granted on April 21, 2022	1,588,140	343,300	1,931,440

8. Other income & other expenses

		FOR THE PERIOD ENDED JUNE 30	
		2022	2021
<i>(in millions of euros)</i>			
Gain on disposal of investments in consolidated companies	(1)	—	2.4
Gain on lease terminations		0.7	0.9
Other operating income		1.4	3.1
Total other income		2.1	6.3
Impairment loss on intangible assets	(2)	(9.8)	(0.7)
Disposal loss of the Russian business		(3.0)	—
Restructuring and integration costs		(2.4)	(3.5)
Acquisition costs		(1.1)	(1.0)
Litigation costs		(2.2)	—
Losses on non-current assets disposal		(0.3)	(2.3)
Other operating expenses		(2.7)	(3.1)
Total other expenses		(21.5)	(10.5)

(1) Including a €2.4 million disposal gain of the electrical equipment distributor to DIY customers in France.

(2) Write-down of some IT development costs in 2022.

9. Net financial expenses

<i>(in millions of euros)</i>	FOR THE PERIOD ENDED JUNE 30	
	2022	2021
Interest income on cash and cash equivalents	0.6	0.6
Interest income on receivables and loans	1.6	0.8
Financial income	2.2	1.4
Interest expense on financial debt (stated at amortized cost)	(22.2)	(22.2)
Interest gain / (expense) on interest rate derivatives	1.0	(2.7)
Change in fair value of interest rate derivatives through profit and loss	(0.3)	(1.2)
Interest expense on borrowings	(21.5)	(26.0)
Non-recurring redemption loss	(1)	(5.1)
<i>Foreign exchange gain (loss)</i>	14.4	1.3
<i>Change in fair value of exchange rate derivatives through profit and loss</i>	(15.3)	(0.8)
Net foreign exchange gain (loss)	(0.9)	0.4
Net financial expense on employee benefit obligations	(3.0)	(3.6)
Interest on lease liabilities	(21.6)	(20.0)
Others	(2)	(6.9)
Other financial expenses	(32.6)	(30.0)
Net financial expenses	(51.9)	(59.8)

(1) Relating to the repayment of the €500 million senior notes due 2025.

(2) Mainly interests on derecognized trade receivables.

10. Income tax

Income tax expense for an interim period is calculated based on the average estimated tax rate for the 2022 financial year to the interim income before taxes. The effective tax rate for the period ending June 30, 2022 is 27.2%, compared with 27.9% for the period ended June 30, 2021.

11. Dividends

On April 21, 2022, the Shareholders' meeting decided a cash distribution of €0.75 per share. The effective date of payment was June 7, 2022.

	FOR THE PERIOD ENDED JUNE 30	
	2022	2021
Dividends per share (in euros)	0.75	0.46
Dividends paid in cash through share premium distribution (in millions of euros)	230.1	139.6

12. 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,	
	2022	2021
Net income attributed to ordinary shareholders (in millions of euros)	459.8	270.8
Weighted average number of issued common shares adjusted for non-dilutive potential shares (in thousands)	303,512	303,127
Basic earnings per share (in euros)	1.52	0.89
Dilutive potential shares (in thousands)	(1) 1,468	1,349
- of which bonus shares (in thousands)	1,468	1,349
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)	304,979	304,476
Fully diluted earnings per share (in euros)	1.51	0.89

(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.

13. Assets held for sale

Following preliminary discussions initiated in the second quarter of 2022, Rexel entered into exclusive negotiations with Sonepar for the sale of its subsidiaries in Spain and Portugal, after having received a binding offer on July 12, 2022. This transaction, subject to the approval from the Spanish antitrust authority, is expected to close in the second half of 2022.

As the sale was deemed highly probable as of June 30, 2022, the group of assets to be disposed of has been reclassified as Assets Held for Sale on the balance sheet in accordance with IFRS 5.

The detail of assets and liabilities held for sale at the end of the reporting period is as follows:

<i>(in millions of euros)</i>	AS OF JUNE 30		
	2022		
Assets	SPAIN	PORTUGAL	TOTAL
Non-current assets	5.6	3.8	9.4
Current assets	98.5	14.9	113.4
Cash and cash equivalents	0.9	0.4	1.3
Total assets	105.0	19.1	124.1
Liabilities			
Lease liabilities	7.9	0.5	8.4
Non-current liabilities	0.2	—	0.2
Current liabilities	62.9	9.7	72.6
Total liabilities	71.0	10.2	81.2
Net assets held for sale	34.0	8.9	42.9

14. Post-employment and long-term benefits

As of June 30, 2022, the major Group's defined benefit plan obligations were re-measured including pension plans in Canada, in Switzerland, the United Kingdom and the euro zone. 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, 2022, remeasurement of pension and post-retirement benefits accounted for a gain of €74.2 million before tax that was recognized in other comprehensive income (versus a gain of €66.9 million for the period ended June 30, 2021). This gain resulted mainly from the changes in discount rates as of June 30, 2022 such as presented below:

<i>Discount rate (in %)</i>	As of June 30, 2022	As of Dec. 31, 2021	As of June 30, 2021
The United Kingdom	3.75	1.75	2.00
Canada	5.20	2.90	3.00
Switzerland	2.25	0.50	0.25
Euro zone	3.25	1.25	0.75

15. Lease liabilities

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

<i>(in millions of euros)</i>	2022	2021
As of January 1	1,168.8	1,005.7
Change in scope	3.2	(0.2)
Additions	152.1	104.5
Interest expenses	21.6	20.0
Payments	(122.2)	(111.8)
Effect of liabilities of assets held for sale classification	(8.4)	—
Currency translation adjustment	47.1	17.1
As of June 30	1,262.3	1,035.5

16. Financial liabilities

This note provides information on financial liabilities as of June 30, 2022. 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, 2022, Rexel's consolidated net debt stood at €1,811.3 million, consisting of the following items:

(in millions of euros)	As of June 30, 2022			As of December 31, 2021		
	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Senior notes	—	967.9	967.9	—	999.5	999.5
Securitization	417.0	578.6	995.6	605.0	300.0	905.0
Bank loans	55.7	0.3	55.9	36.7	0.3	37.0
Commercial paper	158.4	—	158.4	125.5	—	125.5
Bank overdrafts and other credit facilities	103.9	—	103.9	68.7	—	68.7
Accrued interests (1)	5.3	—	5.3	5.1	—	5.1
Less transaction costs	(1.3)	(10.1)	(11.4)	(3.6)	(9.2)	(12.9)
Total financial debt and accrued interest	739.1	1,536.7	2,275.7	837.5	1,290.5	2,128.0
Cash and cash equivalents			(506.0)			(573.5)
Accrued interest receivable			(3.5)			(1.4)
Debt hedge derivatives (2)			45.1			(2.0)
Net financial debt			1,811.3			1,551.2

(1) Of which accrued interests on Senior Notes for €0.9 million as of June 30, 2022 (€2.0 million as of June 30, 2021).

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

16.1.1 Senior notes

The carrying amount of the existing sustainability linked senior notes is detailed as follows:

(in millions of euros)	NOMINAL AMOUNT	DUE DATE	NOMINAL INTEREST RATE	CARRYING AMOUNT	
				AS OF JUNE 30 2022	AS OF DECEMBER 31 2021
2021 Sustainability linked senior notes (November)	600.0	December 2028	2.125 %	599.4	600.4
2021 Sustainability linked senior notes (May)	400.0	June 2028	2.125 %	368.5	399.1
TOTAL				967.9	999.5

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, 2022, 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 programs is provided in the table below:

MAIN PROGRAMS	COMMITMENT	AMOUNT OF	AMOUNT	BALANCE AS	BALANCE AS	MATURITY
	AS OF JUNE 30, 2022	RECEIVABLES ASSIGNED AS OF JUNE 30, 2022	DRAWN DOWN AS OF JUNE 30, 2022	OF JUNE 30 2022	OF DECEMBER 31 2021	
	<i>(in millions of currency)</i>			<i>(in millions of euros)</i>		
France ⁽¹⁾	€360.0	€464.1	€360.0	360.0	300.0	12/16/2023
Europe (excl. France) ⁽²⁾	€219.0	€343.7	€218.6	218.6	220.2	7/19/2025
United States - on balance sheet	US\$290.0	US\$518.5	US\$290.0	279.2	256.0	9/20/2022
United States - off balance sheet	US\$225.0	US\$225.0	US\$224.2	215.8	197.9	9/20/2022
Canada	C\$185.0	C\$292.4	C\$185.0	137.8	128.5	9/19/2022
TOTAL				1,211.4	1,102.7	
Of which:	–	on balance sheet:		995.6	905.0	
	–	off balance sheet:		215.8	197.9	

(1) Maximum commitment increased from €300 million to €360 million in 2022.

(2) In June 2022, Rexel amended its European securitization program to extend the maturity date to July 2025.

As of June 30, 2022, the total outstanding amount authorized for these securitization programs was €1,212.6 million of which €1,211.4 million were used.

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

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, 2022, Rexel derecognized the trade receivables sold to the factor for €67.1 million (€68.6 million as of December 31, 2021). Cash collected on behalf of the factor in relation with the transferred receivables was recognized in financial liabilities for €8.4 million as of June 30, 2022 (€20.4 million as of December 31, 2021).

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, 2022, the company had issued €158.4 million of commercial paper (€125.5 million as of December 31, 2021).

16.1.5 Promissory notes

In order to manage its credit risk in China, the Group discounts without 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, 2022, Bank Acceptance Drafts were derecognized from the balance sheet for €77.8 million (€70.6 million as of December 31, 2021).

16.2 Change in net financial debt

As of June 30, 2022, and June 30, 2021, the change in net financial debt was as follows:

<i>(in millions of euros)</i>	2022	2021
As of January 1,	1,551.2	1,334.9
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	79.8	58.3
Transaction costs and refinancing costs	(0.4)	—
Net change in credit facilities	79.4	(51.0)
Net change in securitization	62.0	4.8
Net change in financial liabilities	141.5	(46.2)
Change in cash and cash equivalents	50.3	224.3
Effect of exchange rate changes on net financial debt	64.4	1.8
Effect of acquisition	(0.2)	1.1
Amortization of transaction costs	1.9	1.9
Non recurring redemption costs/ (gain)	—	5.1
Effect of assets held for sale classification	1.2	(0.8)
Other changes	1.0	1.0
As of June 30,	1,811.3	1,523.0

16.3 Liquidity Risk

The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its financial 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:

<i>(in millions of euros)</i>	AS OF JUNE 30 2022	AS OF DECEMBER 31 2021
Due within		
One year	740.4	841.1
Two years	360.1	300.1
Three years	0.1	0.1
Four years	218.7	0.1
Five years	0.1	0.1
Thereafter	967.9	999.5
Total gross financial debt before transaction costs	2,287.2	2,140.9
Transaction costs	(11.4)	(12.9)
Gross financial debt	2,275.7	2,128.0

The €400 million senior notes issued in May 2021 and the €600 million notes issued in November 2021 respectively mature in June 2028 and December 2028.

The Senior Facility Agreement matures in 2025 for €829 million and in 2024 for €21 million and provides multicurrency revolving credit facility for an aggregate maximum initial 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, 2022, this facility was undrawn.

The €38.5 million bilateral term loan agreement (US\$ 40.0 million) with Wells Fargo Bank international matures in June 2024. As of June 30, 2022, this facility was undrawn.

Securitization programs mature between 2022 and 2025 as a result of amendments executed in 2020 and 2022. The financing under securitization 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.

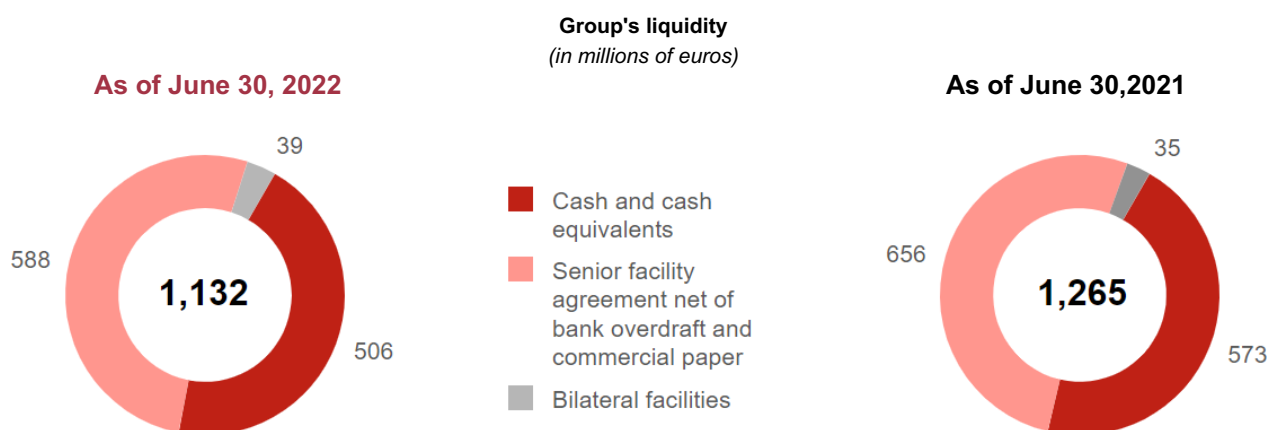
In addition, if the special purpose entities to which the receivables have been transferred were unable to issue short-term debt (commercial paper) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

Lease liabilities amounted to €1,262.3 million as of June 30, 2022 (€1,168.8 million as of December 31, 2021). The contractual repayment schedule of lease liabilities is as follows:

<i>(in millions of euros)</i>	AS OF JUNE 30 2022	AS OF DECEMBER 31 2021
Due within		
One year	209.7	193.7
Two years	202.2	179.7
Three years	156.2	158.1
Four years	132.7	133.5
Five years	111.1	105.4
Thereafter	450.4	398.3
Total lease liabilities	1,262.3	1,168.8

Trade accounts payable amounted to €2,647.0 million as of June 30, 2022 (€2,170.0 million as of December 31, 2021) and are due in less than one year.

As of June 30, 2022, Group's liquidity stood at €1,132.2 million (€1,264.6 million as of December 2021) and exceeds the repayment obligation of its financial indebtedness due in the next twelve months. It breaks down as follows:



17. Carrying amount and fair value of financial instrument

As of June 30, 2022, the Group held the following classes of financial instruments measured at fair value:

<i>(in millions of euros)</i>	AS OF JUNE 30 2022		AS OF DECEMBER 31 2021		IFRS13 Hierarchy
	Carrying amount	Fair value	Carrying amount	Fair value	
Financial assets					
Hedging derivatives	21.4	21.4	7.2	7.2	Level 2
Financial Liabilities					
Senior notes	967.9	780.2	999.5	1,007.2	Level 1
Hedging derivatives	46.4	46.4	5.7	5.7	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. Litigations

Antitrust investigation

On September 6, 2018, raids were performed in the offices of Rexel in relation to a judiciary investigation from the Tribunal de Grande Instance of Paris. This investigation, conducted with the assistance of the French Competition Authority, mainly deals with the mechanisms of price formation on the market of distribution of electrical equipment.

On July 4, 2022, Rexel received a statement of objections from the French Competition Authority. The Competition Authority's investigators believe that Rexel had implemented practices with some of its suppliers which purpose was allegedly to restrict its freedom to determine its resale prices. The statement of objection specifically targets the special price agreement ("dérogation") mechanism, which is a price reduction aimed at providing customers with the most competitive offer. This mechanism is a transparent practice that is known to all market players and is standard practice in the world of professional electrical equipment distribution.

Rexel is currently studying the statement of objections, which in no way prejudices the culpability of the companies involved and is the customary first step in contradictory proceedings before the Competition Authority. Rexel constantly strives to strictly comply with applicable laws and regulations and the Group will assert its position and its rights within the framework of this procedure.

As customary in the matter, the statement of objections does not contain any element making it possible to quantify the amount of a possible sanction. It is therefore not possible to date to evaluate the outcome of this procedure and the financial risk which Rexel is potentially exposed to.

20. Events after the reporting period

At the presentation date of the consolidated financial statements there have been no subsequent events to June 30, 2022 that would have a significant impact on Rexel's financial situation other than the two below acquisitions:

Trilec (Belgium)

On July 4, 2022, the Group acquired for a consideration of €30 million a distributor of electrical products and services in Belgium. This business posted sales of €80 million in 2021. This acquisition will be consolidated in the second half of 2022.

Horizon Solutions LLC (USA)

On July 7, 2022, the Group signed a merger agreement for a total consideration of \$122 million to acquire a Rockwell authorized electrical distributor in the United States. This business posted sales of circa \$170 million in 2021.

This transaction is expected to be completed in the second half of 2022.

III. Statutory auditors' review report on the interim financial information

This is a free translation into English of the statutory auditors' review report on the interim 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 interim management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

KPMG Audit
Tour EQHO
2, avenue Gambetta
CS60055
92066 Paris La Défense

Statutory auditors' review report on the interim financial information

Period from January 1st to June 30, 2022

Rexel S.A.

13 Boulevard du Fort de Vaux
CS 60002
75838 Paris Cedex 17

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, 2022,
- the verification of the information presented in the interim management report.

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 27, 2022
French original signed by

The Statutory Auditors

PricewaterhouseCoopers Audit

Amélie Wattel

Pierre Clavié

KPMG Audit
Département de KPMG S.A.

Eric Jacquet

IV. Responsibility statement

Responsibility statement

I hereby certify that, to my knowledge, the half-year financial statements have been prepared in accordance with applicable accounting standards and give a true view of the assets, financial condition and results of operations of the company and of all of the companies included in the scope of consolidation and that the half-year report on business operations provides an accurate description of the important events which have occurred in the first six months of the financial year, the impact of these events on the financial statements, the major transactions between related parties as well as the main risks and uncertainties for the six months remaining in the financial year.

Paris, July 27, 2022

Guillaume Texier
Chief Executive Officer of Rexel