Financial report

First half 2023

Rexel

a world of energy

Société Anonyme (corporation)
with share capital of €1,517,066,325
Registered office: 13 boulevard du Fort de Vaux - CS 60002
75017 PARIS - France
479 973 513 R.C.S. Paris

First Half 2023

Financial report

This document is a free translation from French to English of Rexel’s original financial information for the year ended June 30, 2023, 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, 2023, the French version will prevail.

I. Interim Management report

TABLE OF CONTENTS

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.

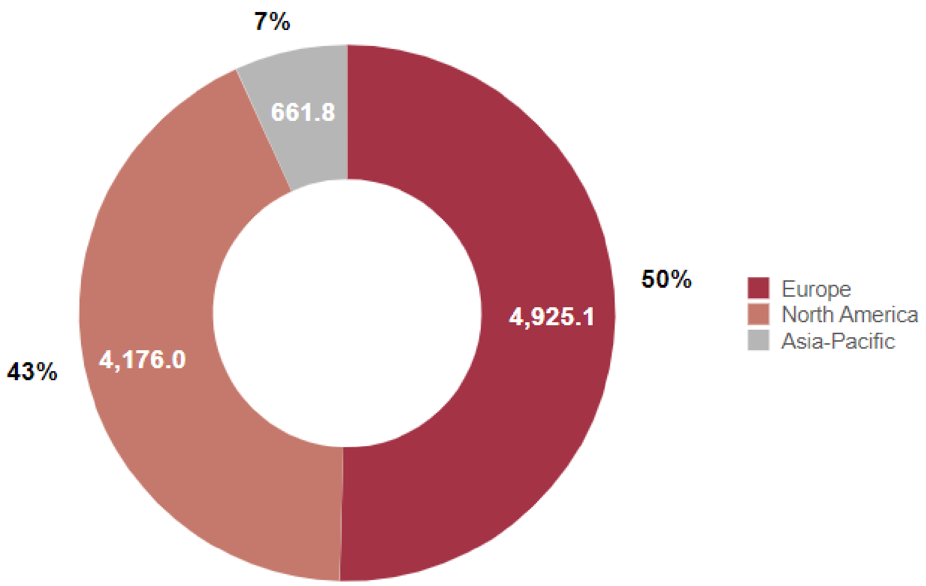
The activity report analyses the financial results, liquidity and financial resources of the Group for the period ended June 30, 2023.

1.1 FINANCIAL POSITION OF THE GROUP

1.1.1 Group Overview

Rexel 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 2023, the Group recorded consolidated sales of €9,763.0 million in the following geographies:



The Group's activities in Europe (50.4% of Group sales) are in France (39.0% of Group sales in this region), the United Kingdom, Germany, Sweden, Switzerland, Belgium, Austria, the Netherlands, Finland, Ireland, Italy, Slovenia and Luxembourg.

The Group's activities in North America (42.8% of Group sales) are in the United States and Canada representing 82.1% and 17.9% of Group sales respectively in this region.

The Group's activities in Asia-Pacific (6.8% of Group sales) are in Australia (43.9% of Group sales in this region), China (40.8%), New Zealand, India and Middle East.

1.1.2 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 cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters.

1.1.3 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 19% 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.

1.1.4 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.

Effects of acquisitions and disposals

The Group adjusts its prior year results to give effect of the acquisitions & disposals of the current year. 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 2022 have been mainly adjusted for:

Acquisitions	Operating segment	Effective reporting start date	Prior-year adjusted reporting period
Horizon Solutions	North America	August 1, 2022	January 1, 2022 - June 30, 2022
Trilec	Europe	July 1, 2022	January 1, 2022 - June 30, 2022
Buckles-Smith	North America	January 1, 2023	January 1, 2022 - June 30, 2022
Lineman's Testing Laboratories (LTL)	North America	January 1, 2023	January 1, 2022 - June 30, 2022
Disposals	**Operating segment**	**Effective reporting disposal date**	**Prior-year adjusted reporting period**
Spanish and Portuguese businesses	Europe	October 30, 2022	January 1, 2022 - June 30, 2022
Russian business	Europe	February 28, 2022	January 1, 2022 - February 28, 2022
Norwegian business	Europe	February 28, 2023	March 1, 2022 - June 30, 2022

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.

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 1.1.3 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.

Effects of different numbers of working days in each period on sales

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

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

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

The Group uses the "EBITA" and "Adjusted EBITA" measures to monitor its performance. Neither EBITA nor Adjusted EBITA is an accepted accounting measure under IFRS.

The table below reconciles reported operating income before other income and other expenses to Adjusted EBITA on a constant basis.

	PERIOD ENDED JUNE 30	
(in millions of euros)	**2023**	**2022**
Operating income before other income and other expenses	**685.1**	**703.0**
Changes in scope of consolidation	—	11.9
Foreign exchange effects	—	(2.0)
Non-recurring copper effect	6.8	(4.3)
Amortization of the intangible assets (1)	10.5	5.7
Adjusted EBITA on a constant basis	**702.3**	**714.3**

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

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 recurring net income. The table below presents the reconciliation from reported net income to net recurring income:

	PERIOD ENDED JUNE 30	
(in millions of euros)	**2023**	**2022**
Net income (as reported)	**428.4**	**459.8**
Non-recurring copper effect (on a reported structure)	6.8	(5.0)
Other expense & income	25.1	19.4
Financial expense	—	—
Tax expense	(5.1)	(3.1)
Recurring net income	**455.1**	**471.1**
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)	302,247	304,979
Fully diluted earnings per share on recurring net income (in euros)	**1.51**	**1.54**

1.2 COMPARISON OF FINANCIAL RESULTS AS OF JUNE 30, 2023 AND AS OF JUNE 30, 2022

1.2.1 Rexel Group's consolidated financial results

The following table sets out Rexel's consolidated income statement for the first half of 2023 and the first half of 2022, 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 1.1.3.

	PERIOD ENDED JUNE 30			PERIOD ENDED JUNE 30		
	2023	2022	Δ %	2023	2022	Δ %
(in millions of euros)		**Reported**		**Adjusted**		**On a constant basis, adjusted**
Sales	**9,763.0**	**9,082.8**	**7.5 %**	**9,763.0**	**9,027.8**	**8.1 %**
Same-day basis						*8.1 %*
Gross profit	2,516.5	2,404.6	4.7 %	2,523.2	2,397.7	5.2 %
as a % of sales	*25.8 %*	*26.5 %*		*25.8 %*	*26.6 %*	
Operating expenses	(1,651.2)	(1,532.1)	7.8 %	(1,651.0)	(1,520.9)	8.6 %
Depreciation	(169.8)	(163.8)	3.7 %	(169.8)	(162.4)	4.5 %
Distribution and administrative expenses before amortization of intangible assets	(1,821.0)	(1,695.9)	7.4 %	(1,820.9)	(1,683.3)	8.2 %
as a % of sales	*(18.7)%*	*(18.7)%*		*(18.7)%*	*(18.6)%*	
EBITA	**695.5**	**708.7**	**(1.9)%**	**702.3**	**714.3**	**(1.7)%**
as a % of sales	***7.1 %***	***7.8 %***		***7.2 %***	***7.9 %***	
Amortization of intangible assets (1)	(10.5)	(5.7)	84.8 %			
Operating income before other income and expenses	**685.1**	**703.0**	**(2.6)%**			
Other income and expenses	(25.1)	(19.4)	29.3 %			
Operating income/(loss)	**660.0**	**683.6**	**(3.5)%**			
Net financial expenses	(75.7)	(51.9)	45.9 %			
Share of profit / (loss) in associates	—	(0.1)	n.a.			
Pre tax income/(loss)	**584.3**	**631.7**	**(7.5)%**			
Income taxes	(155.9)	(171.9)	(9.3)%			
Effective tax rate	26.7 %	27.2 %				
Net income	**428.4**	**459.8**	**(6.8)%**			

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

Sales

In the first half of 2023, Rexel's consolidated sales amounted to €9,763.0 million, as compared to €9,082.8 million in the first half of 2022.

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

	Q1	Q2	PERIOD ENDED JUNE 30, 2023
Growth on a constant and same-days basis	10.1 %	6.2 %	8.1 %
Number of working days effect	1.0 %	(0.9)%	0.0 %
Growth on a constant and actual-day basis (1)	***11.1 %***	***5.2 %***	***8.1 %***
Changes in scope effect	0.5 %	(0.4)%	0.1 %
Foreign exchange effect	0.7 %	(2.0)%	(0.7)%
Total scope and currency effect	***1.3 %***	***(2.4)%***	***(0.6)%***
Growth on a reported basis	**12.6 %**	**2.8 %**	**7.5 %**

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

On a reported basis, sales were up 7.5% year-on-year, including:

- A positive net scope effect of €6.4 million (0.1% of the first-half-of-2022 sales) resulting mainly from the acquisitions of Buckles-Smith and Horizon Solutions in the US, Trilec in Belgium as well as LTL in Canada, offsetting the disposals of businesses including in Norway, Spain, and to a lesser extent, in Portugal and Russia; and
- A negative currency effect of €(61.4) million ((0.7)% of the first-half-of-2022 sales), mainly due to the depreciation of the Canadian dollar and the Swedish Krona.

In the first half of 2023, sales increased by 8.1% on a constant and actual number of working days basis.

On a constant and same-day basis, sales increased by 8.1%, driven by selling price increase (4.4%) and volume growth (3.7%). By geography area, North America increased by 6.5%, Europe increased by 10.5% and Asia-Pacific increased by 2.0%.

Same-day sales growth benefited from higher demand for energy solutions and electrification trends, emphasized by the sales of four categories of products ("electrification products"), including Solar, Electric Vehicle charging infrastructure (EV), Heating, Ventilation and Air-Conditioning (HVAC), and Industrial Automation.

Sales volume of electrification products grew by 22.8% on a constant and actual-days basis, from €1,714.6 million in the first half of 2022 to €2,104.9 million in the first half of 2023.

Digital sales penetration represented 27.5% of Group sales in the first half of 2023, as compared to 24.5% in the first half of 2022, on a constant basis.

Gross profit

In the first half of 2023, gross profit amounted to €2,516.5 million, up 4.7%, on a reported basis, as compared to €2,404.6 million in the first half of 2022.

On a constant basis, adjusted gross margin stood at 25.8% of sales, down 71 basis points ("bps") year-on-year. In the first half of 2022, gross margin was positively impacted by inventory inflation on non-cable products.

Distribution & administrative expenses before amortization of intangible assets

In the first half of 2023, distribution and administrative expenses before amortization of intangible assets amounted to €1,821.0 million, up 7.4% on a reported basis, as compared to €1,695.9 million in the first half of 2022 and up 8.2% on a constant and adjusted basis.

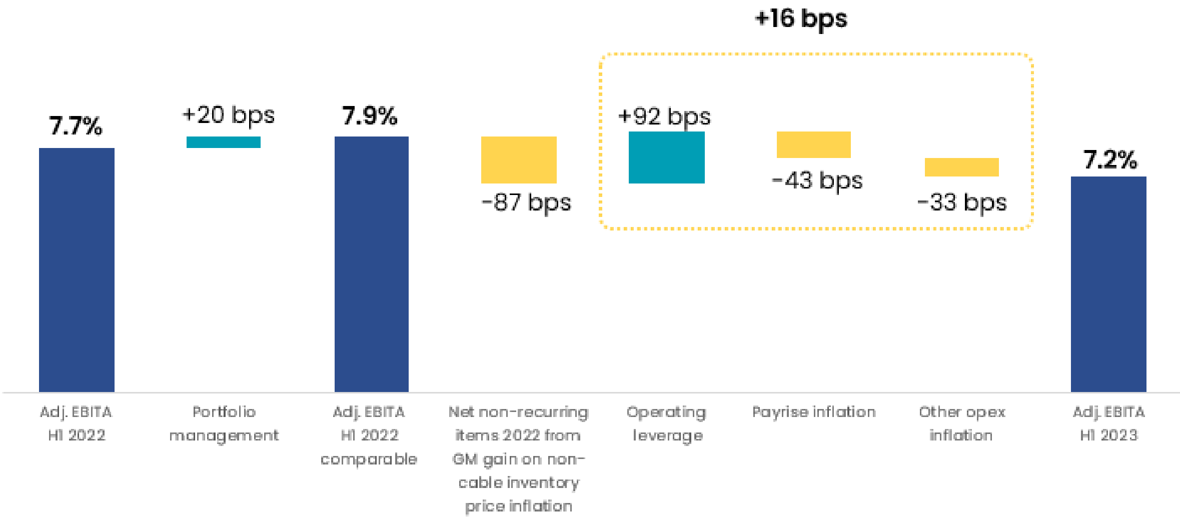
Distribution and administrative expenses before amortization of intangible assets represented 18.7% of sales in the first half of 2023 as compared to 18.6% of sales in the first half of 2022, reflecting higher efficient organization to partly compensate inflation on employee benefits and transportation costs.

EBITA

In the first half of 2023, EBITA stood at €695.5 million, down 1.9%, on a reported basis, as compared to €708.7 million in the first half of 2022 including a positive net scope effect of €11.9 million and a negative foreign exchange currency impact of €(2.0) million.

On a constant basis, adjusted EBITA decreased by 1.7% to €702.3 million and adjusted EBITA margin stood at 7.2% of sales, down 72 bps year-on-year.

Restated for the 87 bps non-recurring items from inventory price inflation on non-cable products, net of higher performance linked bonuses that positively impacted the first half of 2022, the adjusted EBITA margin was up 16 bps in the first half of 2023. As detailed below, this improvement reflects the robust activity coupled with our more efficient organization and action plans that more than offset overall opex inflation:



Restated for the 87 bps non-recurring items that impacted positively the first semester of 2022, the +16 bps progression in the first semester of 2023 notably included:

- A positive operating leverage impact of +92 bps, from robust activity and active management of internal action plans; and
- An opex inflation impact of (76) bps due to overall inflation of +4.0% including +5.3% from wage increases and +3.8% from other operational expenses.

Other income and expenses

In the first half of 2023, other income and expenses represented a net expense of €25.1 million, of which:

- €13.5 million disposal loss of the Norwegian business;
- €7.0 million of acquisition related costs including Wasco and Buckles-Smith; and
- €4.2 million of restructuring and integration costs.

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 IT development costs;
- €3.0 million disposal loss of the Russian investment; and
- €2.4 million restructuring & integration costs.

Net financial expenses

Net financial expenses were €75.7 million in the first half of 2023 (€51.9 million in the first half of 2022), out of which €26.7 million related to lease interest expenses (€21.6 million in the first half of 2022).

Excluding lease interest expenses, net financial expenses stood at €49.0 million in the first half of 2023, up €18.7 million year-on-year reflecting mainly the rise in interest rates and, to a lesser extent, the growing use of securitization programs.

Effective interest rate of the gross financial debt stood at 3.39%, from 2.01% in June 2022.

Income tax

Income tax expense decreased to €155.9 million from €171.9 million in the first half of 2022, mainly resulting from lower pre-tax income.

Effective tax rate stood at 26.7% in the first half of 2023 compared to 27.2% in the first half of 2022.

Net income

As a result of the above items, net income stood at €428.4 million in the first half of 2023, as compared to €459.8 million in the first half of 2022.

Recurring net income stood at €455.1 million in the first half of 2023 resulting in earnings per share of €1.51 (€1.54 in the first half of 2022).

1.2.2 Europe (50% of Group sales)

	PERIOD ENDED JUNE 30			PERIOD ENDED JUNE 30		
	2023	2022	Δ %	2023	2022	Δ %
(in millions of euros)	**Reported**			**Adjusted**	**On a constant basis, adjusted**	
Sales	**4,925.1**	**4,655.0**	**5.8 %**	**4,925.1**	**4,470.1**	**10.2 %**
Same-day basis						*10.5 %*
Gross profit	1,366.0	1,311.5	4.2 %	1,367.1	1,269.8	7.7 %
as a % of sales	*27.7 %*	*28.2 %*		*27.8 %*	*28.4 %*	
Operating expenses	(886.7)	(832.7)	6.5 %	(886.6)	(796.5)	11.3 %
Depreciation	(91.5)	(87.4)	4.7 %	(91.5)	(85.0)	7.6 %
Distribution and administrative expenses before amortization of intangible assets	(978.1)	(920.0)	6.3 %	(978.0)	(881.5)	10.9 %
as a % of sales	*(19.9)%*	*(19.8)%*		*(19.9)%*	*(19.7)%*	
EBITA	**387.9**	**391.4**	**(0.9)%**	**389.1**	**388.3**	**0.2 %**
as a % of sales	*7.9 %*	*8.4 %*		*7.9 %*	*8.7 %*	

Sales

In the first half of 2023, sales in Europe amounted to €4,925.1 million, up 5.8% on a reported basis, as compared to €4,655.0 million in the first half of 2022, including:

- A foreign exchange currency effect of €(29.9) million ((0.6)% of the first-half-of-2022 area sales), mainly due to the depreciation of the Swedish krona and the British pound against the euro, partly offset by the appreciation of the Swiss franc against the euro; and
- A net negative effect of change in scope of €(155.0) million ((3.3)% of the first-half-of-2022 area sales) mainly due to the disposals of Spanish and Norwegian businesses, partly offset by the acquisition of Trilec in Belgium.

On a constant and actual-day basis, sales increased by 10.2%, impacted by a slight unfavorable calendar impact of circa 30 bps.

Sales performance included a positive price effect of 7.1% and volume effect was positive at 3.4%.

Sales of electrification products amounted to €945.3 million in the first half of 2023, up 42.4%, on a constant basis, as compared to €663.7 million in the first half of 2022. The rise is mainly driven by the sales of solar products, up 122.2% year-on-year. Sales of electrification products represented 19.2% the area sales in the first half of 2023.

Digital sales represented 37.2% of Europe sales in the first half of 2023 (up 202 bps year-on-year), resulting in an increase in volume of 16.5% as compared to the first half of 2022.

The table below highlights the main contributors to the segment sales:

(in millions of euros)	PERIOD ENDED JUNE 30 2023 Reported	Δ % Same days
Europe	**4,925.1**	**10.5 %**
France	1,918.4	9.7 %
Benelux	629.5	11.0 %
Germany	552.3	18.0 %
Nordics	519.5	11.6 %
United Kingdom	416.4	2.5 %

In **France**, sales performance benefited from positive trends in all markets especially with high single digit progression in Industry, Commercial and HVAC end markets. Sales growth was also supported by an acceleration of Solar activity in the second quarter of 2023. Digital penetration improved to 31.6% of sales from 28.6% in the first half of 2022.

In **Benelux**, sales growth was mainly linked to positive volume on electrification products, fueled by solar.

In **Germany**, sales growth was supported by all three end-markets, especially the residential that was boosted by Solar demand.

In **Nordics**, sales performance was driven by the Industrial activity as well as accelerating electrification trends.

In the **United Kingdom**, sales performance faced a difficult comparable base due to lower revenue generated with the Department of Education (school air filtration and CO2 equipment), offset by positive trends especially in the industrial market and also the residential one.

Gross profit

In the first half of 2023, on a constant basis, adjusted gross profit increased by 7.7% and adjusted gross margin decreased by 65 bps to 27.8% of sales from a 28.4% adjusted gross margin boosted by inventory price inflation in the first half of 2022.

Distribution & administrative expenses before amortization of intangible assets

On a constant basis, adjusted distribution and administrative expenses before amortization of intangible assets increased by 10.9% in the first half of 2023, representing 19.9% of sales in the first half of 2023, a 14-bps deterioration as compared to the first half of 2022.

EBITA

In the first half of 2023, as a result, on a reported basis, EBITA amounted to €387.9 million, down 0.9% as compared to €391.4 million in the first half of 2022, including a negative foreign exchange currency impact of €(1.2) million.

On a constant basis, adjusted EBITA increased by 0.2% as compared to the first half of 2022 and adjusted EBITA margin decreased by 79 bps at 7.9% of sales.

Restated for 2022 non-recurring items adjusted EBITA margin improved by 10 bps as a result of internal actions implementation such as cost control, supplier initiatives and better product mix that more than offset inflation.

1.2.3 North America (43% of Group sales)

(in millions of euros)	PERIOD ENDED JUNE 30 2023	2022	Δ %	PERIOD ENDED JUNE 30 2023	2022	Δ %
	Reported			Adjusted		On a constant basis, adjusted
Sales	**4,176.0**	**3,750.7**	11.3 %	**4,176.0**	**3,915.1**	6.7 %
Same-day basis						*6.5 %*
Gross profit	1,025.9	964.3	6.4 %	1,031.5	1,005.6	2.6 %
as a % of sales	*24.6 %*	*25.7 %*		*24.7 %*	*25.7 %*	
Operating expenses	(659.0)	(591.1)	11.5 %	(659.0)	(621.2)	6.1 %
Depreciation	(55.3)	(51.3)	7.9 %	(55.3)	(53.0)	4.4 %
Distribution and administrative expenses before amortization of intangible assets	(714.4)	(642.4)	11.2 %	(714.4)	(674.2)	6.0 %
as a % of sales	*(17.1)%*	*(17.1)%*		*(17.1)%*	*(17.2)%*	
EBITA	**311.6**	**321.9**	**(3.2)%**	**317.2**	**331.4**	**(4.3)%**
as a % of sales	*7.5 %*	*8.6 %*		*7.6 %*	*8.5 %*	

Sales

In the first half of 2023, sales in North America amounted to €4,176.0 million, up 11.3%, on a reported basis, as compared to €3,750.7 million in the first half of 2022, including:

- A slightly positive foreign exchange currency effect of €3.1 million (0.1% of the first-half-of-2022 area sales), due to the appreciation of the US dollar against the euro, partly offset by the depreciation of the Canadian dollars against the euro.
- A positive effect of change in scope of €161.3 million (4.3% of the first-half-of-2022 area sales), linked to the acquisitions of Buckles-Smith and Horizon Solutions in the US, and, to a lesser extent, LTL in Canada.

On a constant and same-day basis, sales increased by 6.5% as compared to the first half of 2022.

Sales performance included a positive price effect of 2.0%. Volume effect was positive at 4.5%.

Digital sales represented 19.3% of North America's sales, up 389 bps year-on-year, resulting in an increase of 33.5% in volume as compared to the first half of 2022.

The table below highlights the contributions to the segment sales:

(in millions of euros)	PERIOD ENDED JUNE 30 2023	Δ %
	Reported	Same days
North America	**4,176.0**	**6.5 %**
United States	3,427.9	6.3 %
Canada	748.1	7.1 %

In the **United States**, sales performance was driven by robust demand in Commercial and Industrial end-markets, offsetting negative trends in residential activity. By region, performance in California & Gulf Central offset lower demand in Northwest. The backlog at the end of June 2023 remains high, still representing 3 months of sales.

In **Canada**, sales benefited from industrial end-market performance and specifically from Oil & Gas, petrochemical and mining.

Gross profit

On a constant basis, adjusted gross profit increased by 2.6% and adjusted gross margin decreased by 99 bps to 24.7% of sales mostly linked to last year one-off from inventory inflation.

Distribution & administrative expenses before amortization of intangible assets

On a constant basis, adjusted distribution and administrative expenses before amortization of intangible assets increased by 6.0%, representing 17.1% of sales in the first half of 2023, an 11-bps improvement as compared to the first half of 2022.

EBITA

In the first half of 2023, as a result, EBITA amounted to €311.6 million, down 3.2%, on a reported basis, as compared to €321.9 million in the first half of 2022, including a foreign exchange currency impact of €0.1 million and a positive effect of change in scope of €12.0 million mainly resulting from the acquisitions of Buckles-Smith and Horizon Solutions.

On a constant basis, adjusted EBITA decreased by 4.3% from the first half of 2022 and adjusted EBITA margin decreased by 87 bps to 7.6% of sales. Restated for 2022 non-recurring items, adjusted EBITA margin increased by 13 bps reflecting the implementation of actions such as pricing management, synergies on acquisitions and improved inventories management.

1.2.4 Asia - Pacific (7% of Group sales)

	PERIOD ENDED JUNE 30			PERIOD ENDED JUNE 30		
	2023	**2022**	Δ %	**2023**	**2022**	Δ %
(in millions of euros)	**Reported**			**Adjusted**	**On a constant basis, adjusted**	
Sales	**661.8**	**677.1**	**(2.3)%**	**661.8**	**642.6**	**3.0 %**
Same-day basis						*2.0 %*
Gross profit	124.5	128.9	(3.4)%	124.5	122.2	1.9 %
as a % of sales	*18.8 %*	*19.0 %*		*18.8 %*	*19.0 %*	
Operating expenses	(96.2)	(105.0)	(8.4)%	(96.2)	(99.9)	(3.7)%
Depreciation	(13.2)	(14.7)	(9.7)%	(13.2)	(13.9)	(4.9)%
Distribution and administrative expenses before amortization of intangible assets	(109.5)	(119.7)	(8.5)%	(109.5)	(113.8)	(3.8)%
as a % of sales	*(16.5)%*	*(17.7)%*		*(16.5)%*	*(17.7)%*	
EBITA	**15.1**	**9.2**	**63.9 %**	**15.1**	**8.4**	**79.1 %**
as a % of sales	*2.3 %*	*1.4 %*		*2.3 %*	*1.3 %*	

Sales

In the first half of 2023, sales in Asia-Pacific amounted to €661.8 million, down 2.3%, on a reported basis, as compared to €677.1 million in the first half of 2022, including a negative foreign exchange currency effect of €(34.6) million ((5.1)% of the first-half-of-2022 area sales), mainly due to the depreciation of the Australian dollar and the yuan against the euro.

On a constant and same-day basis, sales increased by 2.0% as compared to the first half of 2022. Sales performance included a positive price effect of 0.7% and a positive volume effect of 1.2%.

Digital sales represented 7.2% of Asia-Pacific sales (up 246 bps year-on-year), resulting in an increase of 56.9% as compared to the first half of 2022.

The table below highlights the main contributors to the segment sales:

	PERIOD ENDED JUNE 30	
	2023	∆ %
(in millions of euros)	**Reported**	**Same days**
Asia - Pacific	**661.8**	**2.0 %**
Australia	290.8	6.9 %
China	270.3	(2.4)%

In **Australia**, sales growth was driven by all three end-markets.

In **China**, sales performance was impacted by higher selectivity of customers.

Gross profit

In the first half of 2023, on a constant basis, adjusted gross profit increased by 1.9% and adjusted gross margin decreased by 21 bps to 18.8% of sales.

Distribution & administrative expenses before amortization of intangible assets

On a constant basis, adjusted distribution and administrative expenses before amortization of intangible assets decreased by 3.8% as compared to the first half of 2022, representing 16.5% of sales in the first half of 2023, a 118 bps deterioration as compared to the first half of 2022.

EBITA

In the first half of 2023, as a result, EBITA amounted to €15.1 million, up 63.9%, on a reported basis, as compared to €9.2 million in the first half of 2022.

On a constant basis, adjusted EBITA increased by 79.1% from the first half of 2022 and adjusted EBITA margin increased by 97 bps to 2.3% of sales, highly driven by a solid performance in Asia as compared to the first half of 2022. Restated for non-recurring items, adjusted EBITA margin up 101 bps, as the result of better credit control leading to reduced bad debt level.

1.2.5 Other operations

	PERIOD ENDED JUNE 30		
(in millions of euros)	2023	**2022**	∆ %
Sales	—	—	—
Gross profit	—	—	—
Operating expenses	(9.2)	(3.3)	179.9 %
Depreciation	(9.8)	(10.5)	(7.0)%
Distribution and administrative expenses	**(19.0)**	**(13.8)**	**37.6 %**
EBITA	**(19.0)**	**(13.8)**	**37.6 %**

This segment mostly includes unallocated centrally hosted expenses and projects. In the first half of 2023, EBITA was negative by €19.0 million compared to €13.8 million in the first half of 2022, mainly due to increases in IT and digital transformation expenses as well as in share-based-payment expenses.

2. LIQUIDITY AND CAPITAL RESOURCES

2.1 CASH FLOW

The following table sets out Rexel's cash flow statement for the first half of 2023 and the first half of 2022 together with a reconciliation of free cash flow before and after interest and income tax paid.

	PERIOD ENDED JUNE 30		
(in millions of euros)	**2023**	**2022**	Change
Operating cash flow before interest and taxes	827.0	841.1	*(14.1)*
Financial interest on borrowings paid [(1)]	(44.4)	(24.2)	*(20.2)*
Income tax paid	(184.2)	(160.9)	*(23.3)*
Operating cash flow before change in working capital	**598.4**	**655.9**	***(57.5)***
Change in working capital requirements	(402.7)	(454.4)	*51.8*
Net cash flow from operating activities	**195.7**	**201.5**	***(5.8)***
Net cash flow from investing activities	**(139.7)**	**(47.1)**	***(92.6)***
o.w. Operating capital expenditures [(2)]	*(74.5)*	*(54.6)*	*(19.8)*
Net cash flow from financing activities [(3)]	**(192.3)**	**(204.7)**	***12.4***
Net cash flow	**(136.3)**	**(50.3)**	***(86.0)***
Operating cash flow before interest and taxes	827.0	841.1	*(14.1)*
Repayment of lease liabilities	(107.6)	(100.5)	*(7.1)*
Change in working capital requirements	(402.7)	(454.4)	*51.8*
Operating capital expenditures	(74.5)	(54.6)	*(19.8)*
Free cash flow before interest and taxes	**242.3**	**231.5**	***10.8***
Financial interest on borrowings paid	(44.4)	(24.2)	*(20.2)*
Income tax paid	(184.2)	(160.9)	*(23.3)*
Free cash flow after interest and taxes	**13.6**	**46.3**	***(32.7)***

(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 €195.7 million in the first half of 2023 compared to €201.5 million in the first half of 2022.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements slightly decreased by 1.7% from €841.1 million in the first half of 2022 to €827.0 million in the first half of 2023, thus reflecting the evolution of EBITA.

Interest and taxes

Net interest paid stood at €44.4 million in the first half of 2023, up from €24.2 million in the first half of 2022 reflecting higher interest rates and, to a lesser extent, increase in the use of securitization programs.

Income tax paid increased by €23.3 million from €160.9 million in the first half of 2022 to €184.2 million in the first half of 2023 mainly due to an unfavorable base effect: income tax installments paid in the first half of 2023 being due based on all-time highest taxable income in 2022.

Change in working capital requirements

Change in working capital requirements reflected mainly sales growth and accounted for an outflow of €402.7 million in the first half of 2023 (€454.4 million in the first half of 2022).

- Net inventories contributed for a €193.2 million outflow (€252.9 million in the first half of 2022);
- Net trade receivables contributed for a €317.6 million outflow (€523.0 million in the first half of 2022);

- Net trade payables contributed for a €256.6 million inflow (€406.7 million in the first half of 2022); and
- Change in non-trade working capital represented an outflow of €148.5 million (€85.2 million in the first half of 2022), including cash-out of 2022 performance linked bonuses and commissions, and a guarantee paid under judicial investigation in France.

Working capital requirements

	As of JUNE 30	
	2023	**2022**
Working capital requirements as a % of sales (1) at: constant basis	13.8%	13.0%
of which Trade Working capital	15.1%	15.2%
	Number of days	Number of days
Net inventories	59.5	59.6
Net trade receivables	47.0	47.1
Net trade payables	53.5	55.4

(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 stood at 13.8% as of June 30, 2023, a 77 bps improvement as compared to June 30, 2022, mainly driven by the decrease of change in trade receivables.

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 €139.7 million outflow in the first half of 2023, as compared to €47.1 million outflow in the first half of 2022.

	PERIOD ENDED JUNE 30	
(in millions of euros)	**2023**	**2022**
Acquisitions of operating fixed assets	*(62.2)*	*(53.3)*
Proceed from disposal of operating fixed assets	*0.2*	*2.9*
Net change in debts and receivables on fixed assets	*(12.5)*	*(4.2)*
Net cash flow from capital expenditures	**(74.5)**	**(54.6)**
Acquisition of subsidiaries, net of cash acquired	*(194.2)*	*(1.3)*
Proceeds from disposal of subsidiaries, net of cash disposed of	*130.7*	*(1.8)*
Net cash flow from financial investments	**(63.5)**	**(3.1)**
Net change in long-term investments	**(1.8)**	**10.6**
Net cash flow from investing activities	**(139.7)**	**(47.1)**

Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €74.5 million in the first half of 2023, as compared to €54.6 million in the first half of 2022.

In the first half of 2023, gross capital expenditures represented 0.6% of sales and stood at €62.2 million (€53.3 million in the first half of 2022). The increase is mainly due to investments in logistic centers (up €34.8 million year-on-year). IT and Digital projects represented €26.4 million in the first half of 2023 (€25.7 million in the first half of 2022).

Acquisitions and disposals of subsidiaries

Net cash flow from financial investments accounted for an outflow of €63.5 million in the first half of 2023, reflecting mainly:

- Acquisitions of which Buckles-Smith (US) and Lineman's Testing Laboratories (Canada) for a total of €194.2 million; offset by

- Proceeds received from the divestments of the Norwegian business (€130.7 million) in March 2023.

Net cash flow from financial investments accounted for an outflow of €3.1 million in the first half of 2022, mainly reflecting the acquisition of a business specialized in the commercialization of products, services and solutions to energy distributors in Canada.

2.1.3 Cash flow from financing activities

In the first half of 2023, net cash flow from financing activities represented a net cash outflow of €192.3 million, mainly resulting from the:

- €107.6 million lease liabilities repayment;
- €362.3 million dividend distribution;
- €42.3 million share buy-back programs; and
- Partly offset by higher recourse to commercial papers, and other financial borrowings for €305.2 million.

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 dividend distribution;
- €100.5 million lease liabilities repayment;

Partly offset by the:

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

2.2 SOURCES OF FINANCING

In addition to the cash from operations, the Group's main sources of financing are bond issuances, securitization programs and multilateral credit lines. As of June 30, 2023, Rexel's consolidated net debt amounted to €1,901.6 million, up €443.2 million as compared to December 31, 2022, consisting of the following items:

	As of JUNE 30 **2023**			As of DECEMBER 31 **2022**		
(in millions of euros)	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Senior notes	—	956.4	956.4	—	953.2	953.2
Securitization	360.0	834.5	1,194.5	360.0	823.5	1,183.5
Medium term notes and bank loans	139.5	0.2	139.7	62.3	0.2	62.5
Commercial paper	249.4	—	249.4	45.0	—	45.0
Bank overdrafts and other credit facilities	90.2	—	90.2	75.1	—	75.1
Accrued interests	3.0	—	3.0	2.4	—	2.4
Less transaction costs	(1.5)	(8.1)	(9.6)	(2.3)	(8.4)	(10.7)
Total financial debt and accrued interest	**840.6**	**1,783.1**	**2,623.7**	**542.4**	**1,768.6**	**2,311.0**
Cash and cash equivalents			(761.9)			(895.4)
Accrued interest receivable			(3.2)			(3.5)
Debt hedge derivatives			42.9			46.3
Net financial debt			**1,901.6**			**1,458.4**

As of June 30, 2023, the Group's liquidity amounted to €1,309.0 million (€1,662.8 million as of December 31, 2022), consisting of the following items:

(in millions of euros)	JUNE 30 **2023**	DECEMBER 31 **2022**
Cash and cash equivalents	761.9	895.4
Bank overdrafts	(90.2)	(75.1)
Commercial paper	(249.4)	(45.0)
Undrawn Senior credit agreement	850.0	850.0
Bilateral facilities	36.8	37.5
Liquidity	**1,309.0**	**1,662.8**

Senior Credit Facility Agreement

Under the Senior Credit Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as of June 30 and December 31 of each year. The leverage ratio, as calculated under the terms of the senior credit agreement, stood at 1.26x as of June 30, 2023 (0.96x as of December 31, 2022), stable year-on-year. The effect of Wasco acquisition on leverage ratio is estimated at +0.28x for June 30, 2023.

As of June 30, 2023, Rexel's ratings by the financial rating agencies were as follows:

	As of JUNE 30, 2023	
Rating agency	Moody's	Standard & Poor's
Long-term rating	Ba1	BB+
Short-term rating	-	B
Outlook	Stable	Stable

3. PENDING ACQUISITION

In May 2023, Rexel announced Wasco contemplated acquisition, one of the leading distributors of Heating, Ventillation and Air-Conditioning (HVAC) products and services in the Netherlands.

Owned by Gilde Equity Management, Wasco operates 35 branches and two distribution centers in the Netherlands, and generated sales of circa €540 million over the last twelve months through end-April 2023, including 60% through digital channels.

With an enterprise value of €485 million, the transaction will leave Rexel's indebtedness ratio below 2 times EBITDA after Leases.

The acquisition remains subject to approval by the European competition authority. It is expected to close in the second half of 2023.

4. OUTLOOK

Following stronger than projected activity, Rexel upgrades its full year guidance. The Group anticipates for 2023, at comparable scope of consolidation and exchange rates:

- Same day sales growth in the upper end of the initial range (previously 2% and 6%);
- An adjusted EBITA[1] margin of between 6.6% and 6.9% (previously 6.3% - 6.7%); and
- Free cash flow conversion[2] above 60% (unchanged).

(1) Excluding (i) amortization of PPA and (ii) the non-recurring effect related to changes in copper-based cable prices. (2) FCF Before interest and tax/EBITDAaL

5. EVENTS AFTER THE REPORTING PERIOD

At the presentation date of the consolidated financial statements there have been no subsequent events to June 30, 2023, that would have a significant impact on Rexel's financial situation.

II. Condensed consolidated financial statements as of June 30, 2023

(unaudited[1])

1. The condensed consolidated interim financial statements as of June 30, 2023, have been subjected to a limited review by Rexel's statutory auditors. The statutory auditors' review report on 2023 half year information is presented after the condensed consolidated interim financial statements.

TABLE OF CONTENTS

Consolidated Statement of Profit or Loss (unaudited)

(in millions of euros)	Note	FOR THE PERIOD ENDED JUNE 30, 2023	2022
Sales	4	**9,763.0**	**9,082.8**
Cost of goods sold		(7,246.4)	(6,678.2)
Gross profit	5	**2,516.5**	**2,404.6**
Distribution and administrative expenses	6	(1,831.4)	(1,701.5)
Operating income before other income and expenses		**685.1**	**703.0**
Other income	7	0.9	2.1
Other expenses	7	(26.0)	(21.5)
Operating income		**660.0**	**683.6**
Financial income		4.3	2.2
Interest expense on borrowings		(40.7)	(21.5)
Other financial expenses		(39.3)	(32.6)
Net financial expenses	8	**(75.7)**	**(51.9)**
Share of profit / (loss) of associates		—	(0.1)
Net income before income tax		**584.3**	**631.7**
Income tax	9	(155.9)	(171.9)
Net income		**428.4**	**459.8**

Portion attributable:			
to the equity holders of the parent		*428.4*	*459.8*
to non-controlling interests		—	—
Earnings per share:			
Basic earnings per share (in euros)	10	*1.42*	*1.52*
Fully diluted earnings per share (in euros)	10	*1.42*	*1.51*

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,	
(in millions of euros)	**Note**	**2023**	**2022**
Net income		**428.4**	**459.8**
Items to be reclassified to profit or loss in subsequent periods			
Net gain / (loss) on net investment hedges		6.0	(26.1)
Income tax		(1.6)	6.7
Net gain / (loss) on net investment hedges, net of tax		**4.5**	**(19.4)**
Foreign currency translation adjustment		(67.8)	182.7
Income tax		4.2	(6.4)
Foreign currency translation adjustment, net of tax		**(63.6)**	**176.3**
Net gain / (loss) on cash flow hedges		(1.5)	20.5
Income tax		0.4	(5.3)
Net gain / (loss) on cash flow hedges, net of tax		**(1.1)**	**15.2**
Items not to be reclassified to profit or loss in subsequent periods			
Net gain/ (loss) on remeasurements of net defined benefit liability	12	14.6	74.2
Income tax		0.6	(11.0)
Net gain/ (loss) on remeasurements of net defined benefit liability, net of tax		**15.2**	**63.3**
Other comprehensive income / (loss) for the period, net of tax		**(45.0)**	**235.4**
Total comprehensive income / (loss) for the period, net of tax		**383.3**	**695.2**
Portion attributable:			
to the equity holders of the parent		*383.3*	*695.2*
to non-controlling interests		*—*	*—*

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

Consolidated Balance Sheet (unaudited)

(in millions of euros) **ASSETS**	**Note**	AS OF JUNE 30, **2023**	AS OF DECEMBER 31, **2022**
Goodwill		3,517.8	3,454.5
Intangible assets		1,233.4	1,167.4
Property, plant and equipment		315.1	306.8
Right-of-use assets		1,147.9	1,123.1
Long-term investments		70.7	66.5
Deferred tax assets		64.7	63.5
Total non-current assets		**6,349.6**	**6,181.8**
Inventories		2,467.9	2,275.4
Trade accounts receivable		2,945.6	2,617.0
Current tax assets		13.2	9.9
Other accounts receivable		772.0	743.3
Assets held for sale	3	—	186.8
Cash and cash equivalents	14.1	761.9	895.4
Total current assets		**6,960.5**	**6,727.9**
Total assets		**13,310.1**	**12,909.7**

(in millions of euros) **EQUITY AND LIABILITIES**	**Note**	AS OF JUNE 30, **2023**	AS OF DECEMBER 31, **2022**
Share capital		1,517.1	1,517.1
Share premium		643.5	1,015.8
Reserves and retained earnings		3,165.0	2,748.9
Total equity attributable to equity holders of the parent		**5,325.6**	**5,281.8**
Non-controlling interests		0.1	0.1
Total equity		**5,325.7**	**5,281.8**
Interest bearing debt (non-current part)	14.1	1,783.1	1,768.6
Lease liabilities (non-current part)	13	1,061.6	1,039.5
Net employee defined benefit liabilities	12	142.5	164.1
Deferred tax liabilities		250.5	232.4
Provisions and other non-current liabilities		82.6	79.4
Total non-current liabilities		**3,320.3**	**3,284.0**
Interest bearing debt (current part)	14.1	837.7	540.0
Accrued interest	14.1	3.0	2.4
Lease liabilities (current part)	13	210.7	203.6
Trade accounts payable		2,615.7	2,371.8
Income tax payable		23.8	50.1
Other current liabilities		973.2	1,088.3
Liabilities directly associated with the assets held for sale	3	—	87.6
Total current liabilities		**4,664.1**	**4,343.9**
Total liabilities		**7,984.5**	**7,627.8**
Total equity and liabilities		**13,310.1**	**12,909.7**

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**	**2023**	**2022**
Operating income		660.0	683.6
Depreciation, amortization and impairment of assets and assets write off		180.3	179.1
Employee benefits		(12.9)	(10.9)
Changes in other provisions		(0.5)	(0.3)
Other non-cash operating items		26.9	11.2
Financial interest paid on borrowings		(44.4)	(24.2)
Interest on lease liabilities	13	(26.7)	(21.6)
Income tax paid		(184.2)	(160.9)
Operating cash flows before change in working capital requirements		**598.4**	**655.9**
Changes in inventories		(193.2)	(252.9)
Changes in trade receivables		(317.6)	(523.0)
Changes in trade payables		256.6	406.7
Changes in other working capital items		(148.5)	(85.3)
Changes in working capital requirements		***(402.7)***	***(454.4)***
Net cash from operating activities		**195.7**	**201.5**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of tangible and intangible assets		(74.7)	(57.5)
Proceeds from disposal of tangible and intangible assets		0.2	2.9
Acquisitions of businesses or affiliates, net of cash acquired	3.1	(194.2)	(1.3)
Proceeds from disposal of businesses or affiliates, net of cash disposed of	3.4	130.7	(1.8)
Change in long-term investments		(1.8)	10.6
Net cash from investing activities		**(139.7)**	**(47.1)**
CASH FLOWS FROM FINANCING ACTIVITIES			
(Purchase) / Disposal of treasury shares		(41.3)	(15.6)
Net change in credit facilities, commercial papers, other financial borrowings	14.2	305.2	79.4
Net change in securitization	14.2	13.6	62.0
Repayment of lease liabilities	13	(107.6)	(100.5)
Dividends paid	11	(362.3)	(230.1)
Net cash from financing activities		**(192.3)**	**(204.7)**
Net (decrease) / increase in cash and cash equivalents		**(136.3)**	**(50.3)**
Cash and cash equivalents at the beginning of the period	14.1	895.4	573.5
Effect of exchange rate changes on cash and cash equivalents		1.2	(15.9)
Cash and cash equivalents reclassified to assets held for sale		1.6	(1.2)
Cash and cash equivalents at the end of the period	14.1	**761.9**	**506.0**

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, 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
(Purchase) / Disposal of treasury shares		—	—	(15.6)	—	—	—	(15.6)	—	(15.6)
Other changes [(1)]		—	—	0.4	—	—	—	0.4	(0.4)	—
Balance as of 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**

FOR THE PERIOD ENDED JUNE 30, 2023	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 as of January 1, 2023		**1,517.1**	**1,015.8**	**2,716.8**	**126.4**	**16.9**	**(111.2)**	**5,281.8**	**0.1**	**5,281.8**
Net income		—	—	428.4	—	—	—	428.4	—	428.4
Other comprehensive income		—	—	—	(59.1)	(1.1)	15.2	(45.0)	—	(45.0)
Total comprehensive income for the period		**—**	**—**	**428.4**	**(59.1)**	**(1.1)**	**15.2**	**383.3**	**—**	**383.3**
Cash dividends	11	—	(362.3)	—	—	—	—	(362.3)	—	(362.3)
Allocation of free shares, net of forfeitures		—	(10.0)	10.0	—	—	—	—	—	—
Share-based payments		—	—	13.1	—	—	—	13.1	—	13.1
Disposal of subsidiaries		—	—	(0.7)	51.2	—	0.7	51.2		51.2
(Purchase) / Disposal of treasury shares		—	—	(41.5)	—	—	—	(41.5)	—	(41.5)
Balance as of June 30, 2023		**1,517.1**	**643.5**	**3,126.2**	**118.4**	**15.8**	**(95.3)**	**5,325.6**	**0.1**	**5,325.7**

(1) "Other changes" include changes in Group structure and transactions with non-controlling interests.

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

Accompanying Notes (unaudited)

1. General information

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel 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 account policies

2.1 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, 2023. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and are also compliant with the standards of the IASB in force as of June 30, 2023. In particular, they 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, 2022, and included in the Universal Registration Document filed with the Autorité des Marchés Financiers on March 9, 2023 under number D.23-0078.

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, 2023.

2.2 Basis of preparation

The condensed financial statements as of June 30, 2023, 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 policies applied in these interim financial statements are consistent with those applied in the Group's consolidated financial statements as at and for the year ended December 31, 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group:

- IFRS 17 "Insurance Contracts", the Group does not manage for any insurance contracts that fall into the scope of IFRS 17;

- Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments to IAS 8);
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021);
- Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (Amendments to IAS 1).

3. Changes in Group structure

3.1 Business combinations

In the first half of 2023, the Group completed the acquisition of Buckles-Smith Electric Company, Lineman's Testing Laboratories and a few other minor acquisitions.

Buckles-Smith Electric Company

On January 5, 2023, the Group purchased for an aggregate price of €158.7 million the shares of Buckles-Smith Electric Company, an industrial automation player and authorized reseller of Rockwell automation solutions with 6 branches in California.

As of June 30, 2023, the purchase price allocation was recognized on a provisional basis: fair value measurement of inventories and trade receivable is in progress and should be finalized in the second half of 2023.

As part of the purchase price allocation, the Group recognized:

- customer relationships with a useful life of 10 years;
- a distribution network with indefinite useful life;
- a distribution agreement with a useful life of 14 years;
- a residual preliminary goodwill of €62.5 million.

Lineman's Testing Laboratories "LTL" (Canada)

On January 17, 2023, Rexel Canada purchased for an aggregate price of €20.9 million the shares of "LTL", a utility business with a set of services, products and solutions with 2 branches.

As part of the purchase price allocation, the Group recognized a preliminary goodwill of €18.8 million.

The purchase price allocation should be finalized in the second half of 2023.

Other acquisitions

In the first half of 2023, the Group also acquired the two following companies for an overall consideration of €23.4 million:

- Teche Electric Supply LLC (USA) - an electrical distributor operating in the Gulf Central Region;
- Piscaer - a family-owned distributor operating in Belgium.

Purchase price allocation analysis

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**	BUCKLES SMITH	LTL	OTHER	TOTAL
Distribution agreement	49.7	—	—	49.7
Customer relationships	19.7	—	—	19.7
Distribution network	16.9	—	—	16.9
Right-of-use assets	8.1	—	3.5	11.6
Other fixed assets	0.5	0.3	1.0	1.8
Other non current assets	0.3	—	—	0.3
Current assets	33.5	5.1	14.1	52.7
Net financial debt	6.4	(0.6)	0.9	6.7
Deferred tax liabilities	(22.0)	—	—	(22.1)
Lease liabilities	(8.1)	—	(3.5)	(11.6)
Current liabilities	(8.6)	(2.7)	(5.2)	(16.5)
Net asset acquired (except goodwill acquired)	**96.1**	**2.0**	**10.9**	**109.1**
Goodwill acquired	62.5	18.8	12.5	93.8
Consideration transferred	**158.7**	**20.9**	**23.4**	**202.9**
Cash acquired	(6.4)	(0.1)	(0.9)	(7.5)
Deferred payments	—	(1.7)	0.5	(1.2)
Net cash paid for acquisitions	**152.2**	**19.1**	**22.9**	**194.2**

3.2 Finalization of the purchase price allocation of Horizon Solutions LLC

In the first half of 2023, Rexel finalized the purchase price allocation of Horizon Solutions, which was acquired on August 1, 2022, as follows:

(in millions of euros)

Net assets acquired and consideration transferred	AS OF DECEMBER, 31 2022	ADJUSTMENTS OF THE PERIOD	**AS OF JUNE 30, 2023**
Customer relationships and customer contracts	37.1	—	37.1
Distribution networks	13.7	—	13.7
Right-of-use assets	10.7	—	10.7
Other intangible or fixed assets	1.1	—	1.1
Other non-current assets	0.3	—	0.3
Current assets	52.7	(1.6)	51.1
Net financial debt	1.4	—	1.4
Lease liabilities	(10.7)	—	(10.7)
Current liabilities	(20.7)	—	(20.7)
Net asset acquired (except goodwill acquired)	**85.6**	**(1.6)**	**84.0**
Goodwill acquired	30.7	1.6	32.3
Consideration transferred	**116.2**	**—**	**116.2**

3.3 Pending acquisitions

In May 2023, Rexel announced the acquisition of Wasco, one of the leading distributors of Heating, Ventillation and Air-Conditioning (HVAC) products and services in the Netherlands.

Owned by Gilde Equity Management, Wasco operates 35 branches and two distribution centers in the Netherlands, and generated sales of circa €540 million over the last twelve months through end-April 2023, including 60% through digital channels.

With an enterprise value of €485 million, the transaction will leave Rexel's indebtedness ratio below 2 times EBITDA after Leases.

The acquisition remains subject to approval by the competition authority, i.e. the European Commission. It is expected to close in the second half of 2023.

3.4 Divestment from Rexel Elektroskandia Norge (Rexel Norway)

On March 1, 2023, Rexel completed the sale of Rexel Norway to Kesko for an overall consideration of €120.1 million. As part of the transaction, Rexel also received €18.1 million in relation with the repayment by the acquirer of intercompany current account due by Rexel Norway to the Group. The Group recognized a disposal loss of €13.5 million, including transaction costs (see note 7).

Rexel Norway assets were presented in assets classified as held for sale as of December 31, 2022.

4. 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 for the period ended 2023 is as follows:

SALES
by operating segment

EBITA
by operating segment

(in millions of euros)	2023					
FOR THE PERIOD ENDED JUNE 30,	EUROPE	NORTH AMERICA	ASIA-PACIFIC	**TOTAL OPERATING SEGMENTS**	CORPORATE OVERHEAD AND OTHER RECONCILING ITEMS	**TOTAL GROUP**
Warehouse sales	4,712.0	2,737.7	643.0	**8,092.7**	—	**8,092.7**
Direct sales	353.5	1,463.0	18.8	**1,835.3**	—	**1,835.3**
Rebates, discount and services	(140.4)	(24.7)	—	**(165.1)**	—	**(165.1)**
Sales to external customers	**4,925.1**	**4,176.0**	**661.8**	9,763.0	**—**	9,763.0
EBITA [1]	387.9	311.6	15.1	**714.5**	(19.0)	**695.5**
AS OF JUNE 30,				**—**		
Working capital	1,133.1	1,201.5	207.1	**2,541.7**	46.6	**2,588.3**
Goodwill	1,903.9	1,519.2	94.6	**3,517.8**	—	**3,517.8**

(in millions of euros)	2022					
FOR THE PERIOD ENDED JUNE 30,	EUROPE	NORTH AMERICA	ASIA-PACIFIC	**TOTAL OPERATING SEGMENTS**	CORPORATE OVERHEAD AND OTHER RECONCILING ITEMS	**TOTAL GROUP**
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 DECEMBER 31,						
Working capital	794.8	1,166.7	162.0	**2,123.5**	38.7	**2,162.2**
Goodwill	1,908.3	1,446.0	100.1	**3,454.5**	—	**3,454.5**

(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 as follows:

(in millions of euros)	FOR THE PERIOD ENDED JUNE 30, 2023	2022
EBITA	**695.5**	**708.7**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(10.5)	(5.7)
Other income and other expenses	(25.1)	(19.4)
Net financial expenses	(75.7)	(51.9)
Share on profit / (loss) in associates	—	(0.1)
Net income before tax	**584.3**	**631.7**

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

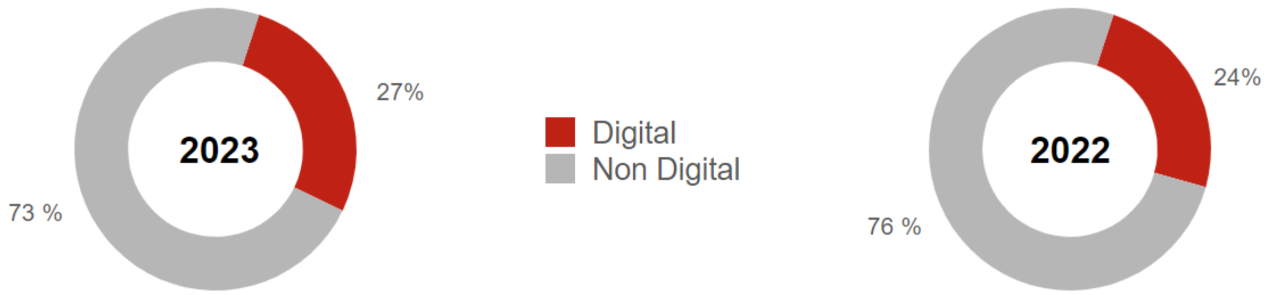
(in millions of euros)	AS OF JUNE 30, 2023	AS OF DECEMBER 31, 2022
Working capital	2,588.3	2,162.2
Goodwill	3,517.8	3,454.5
Total allocated assets & liabilities	**6,106.1**	**5,616.7**
Liabilities included in allocated working capital	3,588.9	3,459.3
Other non-current assets	2,767.1	2,663.8
Deferred tax assets	64.7	63.5
Current tax assets	13.2	9.9
Other current assets	4.1	4.6
Assets classified as held for sale	—	186.8
Derivatives	4.2	9.6
Cash and cash equivalents	761.9	895.4
Group total assets	**13,310.1**	**12,909.7**

5. Gross profit

Domestic and digital sales for the half year were as follows:

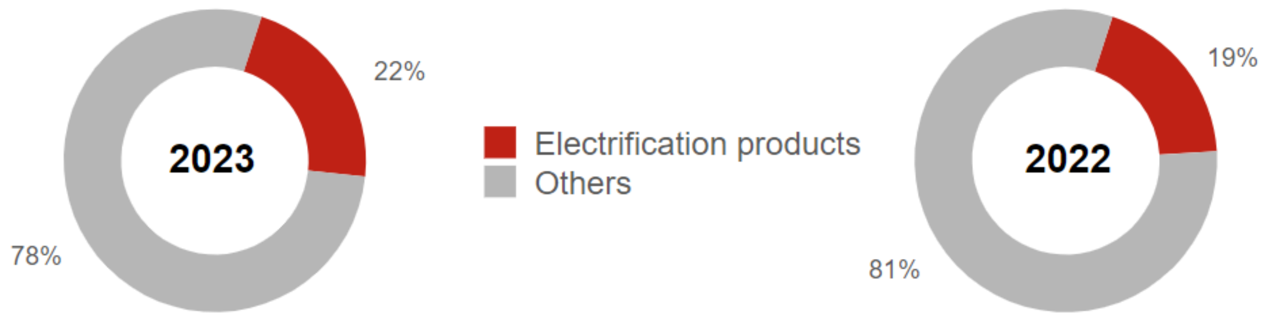
Domestic Sales

Digital Sales*



*Web, Self-checkout (Scan & Go) and EDI (Electronic Data Interchange) solutions sales.

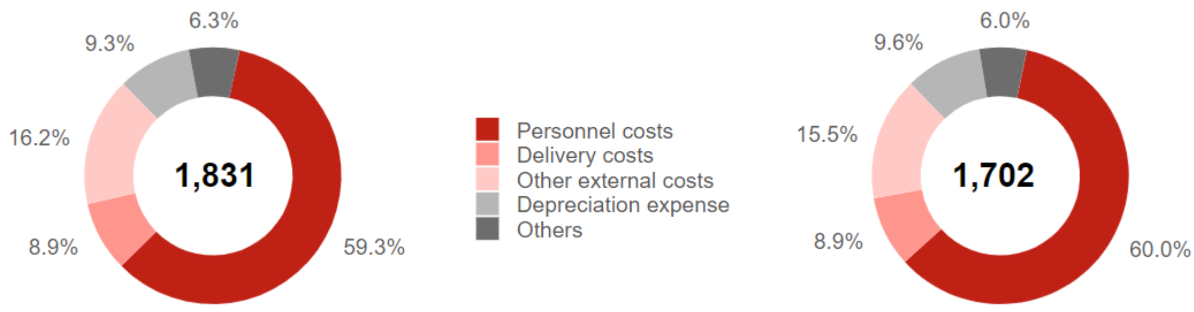
Electrification products Sales*



*Solar, Electric Vehicle charging infrastructure, HVAC and Industrial Automation

6. Distribution & administrative expenses

Distribution and administrative expenses for the half year were as follows:



2023 **2022**

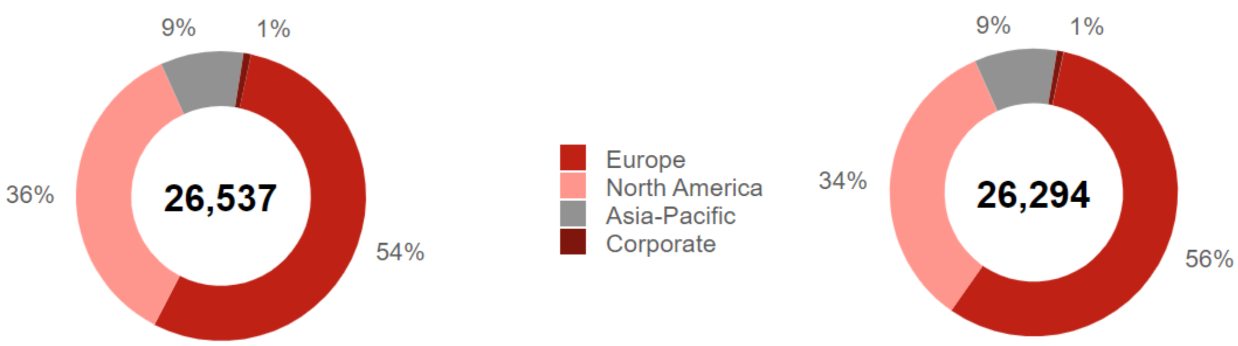
(in millions of euros)		FOR THE PERIOD ENDED JUNE 30, 2023	2022
Personnel costs		(1,086.1)	(1,020.4)
Delivery costs		(162.1)	(151.7)
Other external costs		(297.2)	(264.1)
Depreciation expense	(1)	(169.8)	(163.8)
Building and occupancy costs		(82.9)	(71.1)
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities		(10.5)	(5.7)
Bad debt expense	(2)	(22.7)	(24.9)
Total distribution and administrative expenses		**(1,831.4)**	**(1,701.5)**

(1) Including depreciation expense of right-of-use assets of €113.4 million in 2023 (€107.6 million in 2022).

(2) Including (i) a provision for expected credit losses and losses on receivables written-off of €18.3 million in 2023 (€20.5 million in 2022) and (ii) customer credit insurance premiums net of recoveries.

Average number of employees

2023 **2022**



Group average number of employees breakdown as follows:

	FOR THE PERIOD ENDED JUNE 30,	
	2023	2022
Europe	14,402	14,821
North America	9,453	8,842
Asia-Pacific	2,459	2,434
Total operating segments	**26,314**	**26,097**
Corporate	223	197
Group average number of employees (1)	**26,537**	**26,294**

(1) mainly reflecting the effect of the disposals in Europe and of the acquisitions in North America .

Share-based payments

On April 20, 2023, Rexel entered into a free share plan amounting to a maximum of 2,115,712 shares. According to this plan, the beneficiaries will be eligible to receive Rexel shares three years after the grant date (April 21, 2026) 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 21, 2026	April 21, 2026	
Share fair value at grant date April 20, 2023	*16.59*	*18.38*	***16.93***
Maximum number of shares granted on April 20, 2023	**1,715,572**	**400,140**	**2,115,712**

7. Other income & other expenses

(in millions of euros)		FOR THE PERIOD ENDED JUNE 30, 2023	2022
Gains on disposal of fixed assets		0.1	—
Gain on lease terminations		0.2	0.7
Other operating income		0.6	1.4
Total other income		**0.9**	**2.1**
Disposal loss of the Norwegian business		(13.5)	—
Disposal loss of the Russian business		—	(3.0)
Acquisition-related costs	(1)	(7.0)	(1.1)
Restructuring and integration costs		(4.2)	(2.4)
Impairment loss on intangible assets	(2)	—	(9.8)
Losses on non-current assets disposed of		(0.6)	(0.3)
Litigation costs		(0.4)	(2.2)
Other operating expenses		(0.3)	(2.7)
Total other expenses		**(26.0)**	**(21.5)**

(1) Mainly related to the acquisition of Wasco and Buckles-Smith in the first half of 2023 (see notes 3.1 and 3.3).

(2) Of which IT development costs write-down.

8. Net financial expenses

(in millions of euros)		FOR THE PERIOD ENDED JUNE 30, 2023	2022
Interest income on cash and cash equivalents		2.9	0.6
Interest income on receivables and loans		1.4	1.6
Financial income		**4.3**	**2.2**
Interest expense on financial debt (stated at amortized cost)		(46.0)	(22.2)
Interest gain / (expense) on interest rate derivatives		5.4	1.0
Change in fair value of interest rate derivatives through profit and loss		(0.2)	(0.3)
Interest expense on borrowings		**(40.7)**	**(21.5)**
Foreign exchange gain (loss)		*1.4*	*14.4*
Change in fair value of exchange rate derivatives through profit and loss		*0.1*	*(15.3)*
Net foreign exchange gain (loss)		1.4	(0.9)
Net financial expense on employee benefit obligations		(4.4)	(3.0)
Interest on lease liabilities		(26.7)	(21.6)
Others	(1)	(9.5)	(7.0)
Other financial expenses		**(39.3)**	**(32.6)**
Net financial expenses		**(75.7)**	**(51.9)**

(1) Mainly interests on derecognized trade receivables.

9. Income tax

Income tax expense for an interim period is calculated based on the average estimated tax rate for the 2023 financial year to the interim income before taxes. The effective tax rate for the period ending June 30, 2023, is 26.7% (27.2% for the period ended June 30, 2022).

10. 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, 2023	2022
Net income attributed to ordinary shareholders (in millions of euros)	**428.4**	**459.8**
Weighted average number of issued common shares adjusted for non-dilutive potential shares (in thousands)	302,247	303,512
Basic earnings per share (in euros)	**1.42**	**1.52**
Dilutive potential shares (in thousands)	—	1,468
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)	302,247	304,979
Fully diluted earnings per share (in euros)	**1.42**	**1.51**

11. Dividends

Dividends are deducted from equity in the period where the distribution is approved by the annual shareholders' meeting.

	FOR THE PERIOD ENDED JUNE 30,	
	2023	**2022**
Dividends per share (in euros)	1.20	0.75
Dividends paid in cash through share premium distribution (in millions of euros)	362.3	230.1

12. Post-employment and long-term benefits

As of June 30, 2023, the major Group's defined benefit plan obligations were re-measured including pension plans in Canada, Switzerland and the United Kingdom. The impacts of actuarial changes were estimated based on a sensitivity analysis that considered changes in discount rates and differences between actual and expected plan asset performance.

For the period ended June 30, 2023, remeasurement of pension and post-retirement benefits accounted for a gain of 14.6 million before tax that was recognized in other comprehensive income (74.2 million for the period ended June 30, 2022). This gain resulted mainly from changes in discount rates as of June 30, 2023, such as presented below:

Discount rate (in %)	**As of June 30, 2023**	**As of Dec. 31, 2022**	**As of June 30, 2022**
The United Kingdom	5.25	4.75	3.75
Canada	4.90	5.10	5.20
Switzerland	1.75	2.25	2.25

13. Lease liabilities

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

(in millions of euros)	**2023**	**2022**
As of January 1	**1,243.1**	**1,168.8**
Change in scope	11.6	(5.1)
Additions	139.0	152.0
Interest expenses	26.7	21.6
Payments	(134.3)	(122.2)
Currency translation adjustment	(13.8)	47.1
As of June 30	**1,272.3**	**1,262.3**

Set out below are the amounts recognized in profit or loss for the periods ended June 30, 2023, and 2022:

	FOR THE PERIOD ENDED JUNE 30,		
(in millions of euros)	2023	2022	**Statement of Profit and Loss classification**
Depreciation of right-of-use assets	(113.4)	(107.6)	Depreciation expenses (note 6)
Interest on lease liabilities	(26.7)	(21.6)	Other financial expenses (note 8)
Rent on short term and low-value assets leases	(9.5)	(7.8)	
Net gain on lease termination	0.2	0.7	Other income (note 7)
Total amount recognized in P&L	**(149.5)**	**(136.3)**	

14. Financing and financial risk management

14.1 Net financial debt

As of June 30, 2023, Rexel's consolidated net debt stood at €1,901.6 million, consisting of the following items:

		As of June 30, 2023			As of December 31, 2022		
(in millions of euros)		CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Senior notes		—	956.4	956.4	—	953.2	953.2
Securitization		360.0	834.5	1,194.5	360.0	823.5	1,183.5
Medium term notes and bank loans		139.5	0.2	139.7	62.3	0.2	62.5
Commercial paper		249.4	—	249.4	45.0	—	45.0
Bank overdrafts and other credit facilities		90.2	—	90.2	75.1	—	75.1
Accrued interests	(1)	3.0	—	3.0	2.4	—	2.4
Less transaction costs		(1.5)	(8.1)	(9.6)	(2.3)	(8.4)	(10.7)
Total financial debt and accrued interest		***840.6***	***1,783.1***	***2,623.7***	***542.4***	***1,768.6***	***2,311.0***
Cash and cash equivalents				(761.9)			(895.4)
Accrued interest receivable				(3.2)			(3.5)
Debt hedge derivatives	(2)			42.9			46.3
Net financial debt				**1,901.6**			**1,458.4**

(1) Of which accrued interests on Senior Notes for €0.9 million as of June 30, 2023 (€0.9 million as of December 31, 2022).

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

14.1.1 Senior notes

				CARRYING AMOUNT	
(in millions of euros)	NOMINAL AMOUNT	DUE DATE	NOMINAL INTEREST RATE	AS OF JUNE 30, 2023	AS OF DEC. 31, **2022**
2021 Sustainability linked senior notes (November)	600.0	December 2028	2.125 %	600.0	599.3
2021 Sustainability linked senior notes (May)	400.0	June 2028	2.125 %	356.4	353.9
TOTAL				**956.4**	**953.2**

14.1.2 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, 2023, 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	AS OF JUNE 30, 2023			AS OF JUNE 30,	AS OF DEC. 31,	
	COMMITMENT	AMOUNT OF RECEIVABLES ASSIGNED	AMOUNT DRAWN DOWN	2023	2022	MATURITY
	(in millions of currency)			*(in millions of euros)*		
France	€360.0	€495.9	€360.0	360.0	360.0	12/16/2023
Europe (excl. France)	€219.0	€353.0	€218.3	218.3	216.2	7/19/2025
United States - on balance sheet	US$500.0	US$791.2	US$500.0	460.2	468.8	8/3/2025
United States - off balance sheet	US$225.0	US$223.8	US$223.8	206.0	210.9	8/3/2025
Canada	C$225.0	C$320.7	C$225.0	156.1	138.5	1/19/2026
TOTAL				**1,400.4**	**1,394.4**	
Of which:	–	on balance sheet:		1,194.5	1,183.5	
	–	off balance sheet:		206.0	210.9	

The total outstanding amount authorized for these securitization programs was €1,400.4 million and was totally used as of June 30, 2023.

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

14.1.3 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, 2023, Rexel derecognized the trade receivables sold to the factor for €82.0 million (€84.1 million as of December 31, 2022). Cash collected on behalf of the factor in relation with the transferred receivables was recognized in financial liabilities for €26.2 million as of June 30, 2023 (€18.5 million as of December 31, 2022).

14.1.4 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, 2023, the company had issued €249.4 million of commercial paper (€45.0 million as of December 31, 2022).

14.1.5 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, 2023, Bank Acceptance Drafts were derecognized from the balance sheet for €76.3 million (€68.2 million as of December 31, 2022).

14.2 Change in net financial debt

As of June 30, 2023, and June 30, 2022, the change in net financial debt was as follows:

(in millions of euros)	2023	2022
As of January 1,	**1,458.4**	**1,551.2**
Net change in credit facilities, commercial papers and other financial borrowings	305.2	79.8
Transaction costs and refinancing costs	—	(0.4)
Net change in credit facilities	***305.2***	***79.4***
Net change in securitization	13.6	62.0
Net change in financial liabilities	**318.9**	**141.5**
Change in cash and cash equivalents	136.3	50.3
Effect of exchange rate changes on net financial debt	(12.6)	64.4
Effect of acquisition	0.7	(0.2)
Amortization of transaction costs	1.2	1.9
Effect of assets held for sale classification	(1.6)	1.2
Other changes	0.2	1.0
As of June 30,	**1,901.6**	**1,811.3**

14.3 Liquidity Risk

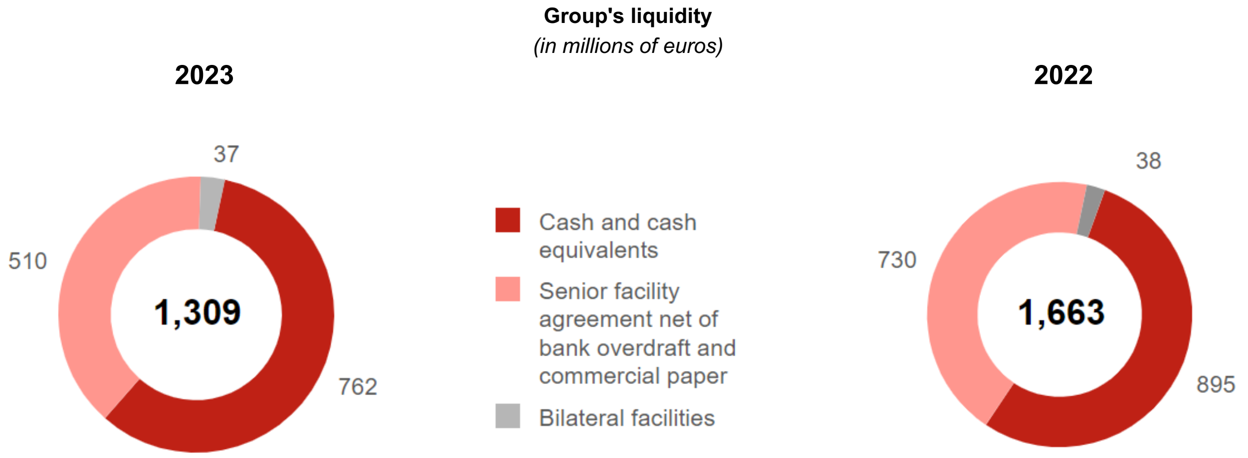
The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its financial liabilities when they are due. The Group aims to maintain the level of its cash and cash equivalents and available credit facilities at an amount in excess of its cash outflows on financial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

As of June 30, 2023, the remaining contractual cash-flows in relation to financial indebtedness and derivative instruments, including interest owed, are as follows:

	DUE WITHIN						
(in millions of euros)	One year	Two years	Three years	Four years	Five years	Thereafter	**Total**
Senior notes [1]	—	—	—	—	356.4	600.0	956.4
Securitization	360.0	460.2	374.3	—	—	—	1,194.5
Others	482.2	0.1	0.1	0.1	—	—	482.3
Total gross financial debt before transaction costs	**842.1**	**460.2**	**374.4**	**0.1**	**356.5**	**600.0**	**2,633.3**
Interests owed in relation to financial indebtedness	89.2	65.8	28.9	21.3	20.9	5.8	231.9
Interests owed (to receive) on derivatives	(5.4)	5.4	9.4	8.1	7.6		25.1
Total	**925.9**	**531.4**	**412.7**	**29.5**	**385.0**	**605.8**	**2,890.3**

(1) Senior notes due 2028.

As of June 30, 2023, Group's liquidity stood at €1,309.0 million (€1,662.8 million as of December 2022) and exceeds the repayment obligation of its financial indebtedness due in the next twelve months. It breaks down as follows:



Senior Facility Agreement

The Senior Facility Agreement initially executed on March 15, 2013 subsequently amended - the latest amendment being dated January 31, 2018 - provides multicurrency revolving credit facility for an aggregate maximum initial amount of €850 million with BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING BANK N.V., French branch, Natixis and Société Générale as Mandated Lead Arrangers and Bookrunners. Facilities can also be drawn down through swingline loans for an aggregate amount of €137.8 million.

The Senior Facilty Agreement expires partly in 2024 for €21 million and in 2025 for the remaining (€829 million).

As of June 30, 2023, this credit facility was undrawn.

Other facilities

Rexel can also access to a €36.8 million bilateral term loan agreement (US$ 40.0 million) with Wells Fargo Bank international expiring in June 2024.

As of June 30, 2023, this facility was undrawn.

Trade accounts payables, amounting to €2,615.7 million as of June 30, 2023 (€2,371.8 million as of December 31, 2022), are due in less than one year and are funded through recurring positive free cash flow from operating activities.

15. Carrying amount and fair value of financial instruments by accounting category

As of June 30, 2023, the Group held the following classes of financial instruments measured at fair value:

(in millions of euros)	AS OF JUNE 30 2023 Carrying amount	AS OF JUNE 30 2023 Fair value	AS OF DECEMBER 31, 2022 Carrying amount	AS OF DECEMBER 31, 2022 Fair value	IFRS13 Hierarchy
Financial assets					
Hedging derivatives	22.3	22.3	25.3	25.3	Level 2
Financial Liabilities					
Senior notes	956.4	878.7	953.2	870.4	Level 1
Hedging derivatives	43.8	43.8	48.2	48.2	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.

16. 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 cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters.

17. Contingent liabilities

For the period ended June 30, 2023, there was no significant change relating to the contingent liabilities disclosed in the financial statements as of December 31, 2022 with a material impact on Rexel's financial position or profitability.

18. Events after the reporting period

At the presentation date of the consolidated financial statements there have been no subsequent events to June 30, 2023 that would have a significant impact on Rexel's financial situation.

III. Statutory auditors' report

This is a free translation into English of the statutory auditors' review report on the 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 S.A.
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, 2023)

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, 2023,
- 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.

French original signed by the statutory auditors

PricewaterhouseCoopers Audit
Pierre Clavié

KPMG S.A.
Eric Jacquet

IV. Responsibility statement

Responsibility statement for the 2023 half-year financial statements

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, 2023

Guillaume Texier
Chief Executive Officer of Rexel

REXEL