Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	992 360 194
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	ELEKTROSKANDIA NORWAY HOLDING AS
Forretningsadresse:	Fugleåsen 6 1405 LANGHUS

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Kaj Eikrem
Dato for fastsettelse av årsregnskapet:	20.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert

År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 22.06.2023

Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	2	265 000	422 000
Sum kostnader		**265 000**	**422 000**
Driftsresultat		**-265 000**	**-422 000**
Finansinntekter og finanskostnader			
Annen finansinntekt		69 403 000	70 001 000
Sum finansinntekter		**69 403 000**	**70 001 000**
Nedskrivning av finansielle eiendeler	7	0	551 350 000
Rentekostnad til foretak i samme konsern	10	0	14 203 000
Annen finanskostnad		2 000	5 000
Sum finanskostnader		**2 000**	**565 558 000**
Netto finans		**69 401 000**	**-495 557 000**
Ordinært resultat før skattekostnad		**69 136 000**	**-495 979 000**
Skattekostnad på ordinært resultat	9	15 210 000	12 181 000
Ordinært resultat etter skattekostnad		**53 926 000**	**-508 160 000**
Årsresultat		**53 926 000**	**-508 160 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital	8	53 926 000	-508 160 000
Sum overføringer og disponeringer		**53 926 000**	**-508 160 000**

Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	9	5 809 000	9 605 000
Sum immaterielle eiendeler		**5 809 000**	**9 605 000**
Finansielle anleggsmidler			
Investering i datterselskap	7	652 894 000	652 895 000
Sum finansielle anleggsmidler		**652 894 000**	**652 895 000**
Sum anleggsmidler		**658 703 000**	**662 500 000**
Omløpsmidler			
Varer			
Fordringer			
Konsernfordringer	4	207 653 000	150 004 000
Sum fordringer		**207 653 000**	**150 004 000**
Sum omløpsmidler		**207 653 000**	**150 004 000**
SUM EIENDELER		**866 356 000**	**812 504 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	3,8	41 004 000	41 004 000
Annen innskutt egenkapital	8	1 510 432 000	1 510 432 000
Sum innskutt egenkapital		**1 551 436 000**	**1 551 436 000**
Opptjent egenkapital			
Annen egenkapital	8	-696 713 000	-750 639 000
Sum opptjent egenkapital		**-696 713 000**	**-750 639 000**

Balanse

Beløp i: NOK	**Note**	**2021**	**2020**
Sum egenkapital		**854 723 000**	**800 797 000**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Betalbar skatt	9	11 413 000	11 447 000
Kortsiktig konserngjeld	5	95 000	136 000
Annen kortsiktig gjeld	5	125 000	124 000
Sum kortsiktig gjeld		**11 633 000**	**11 707 000**
Sum gjeld		**11 633 000**	**11 707 000**
SUM EGENKAPITAL OG GJELD		**866 356 000**	**812 504 000**

Elektroskandia Norway Holding AS
Org.nr: 992360194

Årsrapport for 2021

Årsberetning

Årsregnskap
- Resultatregnskap
- Balanse
- Kontantstrømoppstilling
- Noter

Revisjonsberetning

Elektroskandia Norway Holding AS
Org.nr: 992360194

Årsberetning 2021

Elektroskandia Norway Holding AS

Adresse: Fugleåsen 6, 1405 Langhus
Org.nr: 992360194 MVA

Virksomhetens art
Elektroskandia Norway Holding AS ble stiftet den 18.02.2008 og eier alle aksjene i Elektroskandia Norge AS. Selskapet har forretningslokale på Fugleåsen 6, 1405 Langhus.

Selskapet eies 100% av Rexel Holding Netherlands b.v i Nederland, mens det øverste morselskapet er Rexel SA i Frankrike.

Rettvisende oversikt
Styret mener at årsregnskapet gir et rettvisende bilde av Elektroskandia Norway Holding AS's eiendeler og gjeld, finansielle stilling og resultat.

Elektroskandia Norway Holding AS baserer sin inntjening på konsernbidrag/utbytte fra datterselskapet Elektroskandia Norge AS.

Resultat før skattekostnad ble 69 MNOK og selskapets egenkapital er på 855 MNOK. Økningen skyldes mottatt konsernbidrag fra datterselskap. Egenkapitalandel er på 99%.

Kontantstrøm fra drift er -70 MNOK mot et driftsresultat på -0,3 MNOK. Differansen skyldes utbetalt skatt og tidsavgrensingsposter. Det forventes at kontantstrøm fra drift vil bedres over resultatet de nærmeste årene.

Selskapet vurderer likviditeten i konsernet som god, og det er ikke besluttet å innføre tiltak som endrer likviditetsrisikoen.

Redegjørelse for foretakets utsikter
Driftsselskapet Elektroskandia Norge AS leverer elektro/tekniske produkter inn mot bygg- og anleggsektoren. Det forventes ingen volum vekst i markedet i 2022 basert på Euro Construct og Prognosesenteret. I de delene hvor Elektroskandia opererer er det forventet en lavere vekst enn totalmarkedet, med en stigende vekst i 2023 og 2024.

Selskapet har utarbeidet en forretningsplan for kommende 3 år som skal sikre konsernet grunnlag for fortsatt drift og resultatutvikling, og som tar høyde for de endrede markedsutsiktene og fremtidig rentenivå.

Fortsatt drift
I samsvar med regnskapsloven § 3-3 bekreftes det at forutsetningene for fortsatt drift er til stede.
Til grunn for antagelsen ligger konsernets forretningsplan for kommende 3 år. Covid-19 har ikke hatt noen vesentlig innvirkning på selskapet drift.

Elektroskandia Norway Holding AS
Org.nr: 992360194

Resultatdisponering
Resultatet i Elektroskandia Norway Holding AS på 53 926 TNOK foreslås disponert som følger:

Beløp vises i tusen kr

Overføringer fra annen egenkapital	53 926

Arbeidsmiljø og ansatte
Elektroskandia Norway Holding AS har ingen ansatte og det er ikke utbetalt lønn eller annen godtgjørelse til styret eller daglig leder.
Bedriften forurenser ikke det ytre miljø.
Det er tegnet forsiring for styrets medlemmer og daglig leder for deres mulige ansvar overfor foretaket og tredje parter, premien er kr. 47.200.

Likestilling
Selskapets styre består av 0 kvinner og 3 menn. Både styret og ledelsen er bevist på de samfunnsmessige forventningene om tiltak for å fremme likestilling i styret. Det er for øyeblikket ikke iverksatt konkrete tiltak for å fremme dette arbeidet.

Oslo, 18. mai 2022
Styret for Elektroskandia Norway Holding AS

Edouard Pichon	Jan Wilhelmsen	Laurent Amat
Styrets leder	Administrerende direktør/styremedlem	Styremedlem

Elektroskandia Norway Holding AS
Org.nr: 992360194

Resultatregnskap

Beløp vises i tusen kr	Note	2021	2020
Driftskostnader			
Annen driftskostnad	2	265	422
Driftsresultat		-265	-422
Finansinntekter og finanskostnader			
Annen finansinntekt		103	201
Konsernbidrag		69 300	69 800
Nedskrivning av finansielle eiendeler	7	0	551 350
Rentekostnad til foretak i samme konsern	10	0	14 203
Annen finanskostnad		2	5
Netto finansposter		69 401	-495 557
Ordinært resultat før skattekostnad		69 136	-495 979
Skattekostnad på ordinært resultat	9	15 210	12 182
Årsresultat		**53 926**	**-508 160**
Overføringer og disponeringer			
Overføring til/fra annen egenkapital	8	53 926	-508 160

Elektroskandia Norway Holding AS
Org.nr: 992360194

Balanse pr. 31. desember

Beløp vises i tusen kr	Note	2021	2020
Anleggsmidler			
Immaterielle Eiendeler			
Utsatt Skattefordel	9	5 809	9 605
Sum Immaterielle Eiendeler		5 809	9 605
Finansielle anleggsmidler			
Investeringer i datterselskap	7	652 894	652 895
Sum finansielle anleggsmidler		652 894	652 895
Sum anleggsmidler		658 703	662 500
Omløpsmidler			
Fordringer			
Fordringer på selskaper i samme konsern	4	138 353	80 204
Konsernbidrag	4	69 300	69 800
Sum fordringer		207 653	150 004
Sum omløpsmidler		207 653	150 004
Sum eiendeler		866 356	812 504

Elektroskandia Norway Holding AS
Org.nr: 992360194

Balanse pr. 31. desember

Beløp vises i tusen kr	Note	2021	2020
Egenkapital			
Innskutt egenkapital			
Aksjekapital	3, 8	41 004	41 004
Annen innskutt egenkapital	8	1 510 432	1 510 432
Sum innskutt egenkapital		1 551 436	1 551 436
Opptjent egenkapital			
Annen egenkapital	8	-696 713	-750 639
Sum opptjent egenkapital		-696 713	-750 639
Sum egenkapital		854 723	800 797
Gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	6	0	0
Sum annen langsiktig gjeld		0	0
Kortsiktig gjeld			
Betalbar skatt	9	11 413	11 447
Gjeld til foretak i samme konsern	5	95	136
Annen kortsiktig gjeld	5	125	124
Sum kortsiktig gjeld		11 633	11 707
Sum gjeld		11 633	11 707
Sum egenkapital og gjeld		866 356	812 504

Oslo, 18. mai 2022

	Jan Wilhelmsen	Laurent Amat
Edouard Alexandre Pichon	Jan Wilhelmsen	Laurent Amat
Styrets leder	Administrerende direktør/styremedlem	Styremedlem

Elektroskandia Norway Holding AS
Org.nr: 992360194

Balanse pr. 31. desember

Beløp vises i tusen kr	Note	2021	2020

Elektroskandia Norway Holding AS
Org.nr: 992360194

Kontantstrømoppstilling

Beløp vises i tusen kr	Note	2021	2020
Kontantstrømmer fra operasjonelle aktiviteter			
Resultat før skattekostnad		69 136	-495 979
Periodens betalte skatt		-11 447	-1 941
Andre tidsavgrensingsposter		-58 189	-17 030
Nedskrivning aksjer i datterselskap		0	551 350
Poster klassifisert som investerings-/finansieringsaktiviteter		-69 300	-69 800
Netto kontantstrøm fra operasjonelle aktiviteter		-69 800	-33 400
Kontantstrømmer fra finansieringsaktiviteter			
Nedbetaling av lån		0	-250 000
Økning egenkapital		0	264 400
Mottatt konsernbidrag		69 800	19 000
Netto kontantstrøm fra finansieringsaktiviteter		69 800	33 400
Netto endring i likvider i året		0	0
Kontanter og bankinnskudd per. 31.12		0	0

Elektroskandia Norway Holding AS
Org.nr: 992360194

Noter til regnskapet for 2021

Beløp vises i tusen kr

Note 1 - Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med regnskapslovens bestemmelser og god regnskapsskikk i Norge.

Konsolidering
Det er ikke utarbeidet konsernregnskap for Elektroskandia Norway Holding AS da dette er en del av et større fransk konsern. Konsernselskapet er Rexel Group, 13 boulevard du Fort du Vaux, 75017 Paris, France. Konsernselskapet kan utleveres ved å henvende seg på telefon +33 1 42 85 85 00, email; investisseurs@rexel.com eller gå inn på www.rexel.com.

Datterselskap
Datterselskapet og tilknyttede selskaper vurderes etter kostmetoden i selskapsregnskapet. Investeringen er vurdert til anskaffelseskost for aksjene med mindre nedskrivning har vært nødvendig. Det er foretatt nedskrivning til virkelig verdi når verdifall skyldes årsaker som ikke kan antas å være forbigående og det må anses nødvendig etter god regnskapsskikk. Nedskrivninger er reversert når grunnlaget for nedskrivning ikke lenger er til stede.

Utbytte og andre utdelinger er inntektsført samme år som det er avsatt i datterselskapet. Overstiger utbytte andel av tilbakeholdt resultat etter kjøpet, representerer den overskytende del tilbakebetaling av investert kapital, og utdelingene er fratrukket investeringens verdi i balansen.

Valuta
Pengeposter i utenlandsk valuta er vurdert til kursen ved regnskapsårets slutt.

Kortsiktige plasseringer
Kortsiktige plasseringer (aksjer og andeler vurdert som omløpsmidler) vurderes til laveste av anskaffelseskost og virkelig verdi på balansedagen. Mottatt utbytte og andre utdelinger fra selskapene inntektsføres som annen finansinntekt.

Skatter
Skattekostnad består av betalbar skatt og endring i utsatt skatt. Utsatt skatt/skattefordel er beregnet på alle forskjeller mellom regnskapsmessig og skattemessig verdi på eiendeler og gjeld. Utsatt skatt er beregnet med 22 % på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt skattemessig underskudd til fremføring ved utgangen av regnskapsåret. Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at denne kan bli nyttiggjort.
Betalbar skatt og utsatt skatt er regnskapsført direkte mot egenkapitalen i den grad skattepostene relaterer seg til egenkapitaltransaksjoner.

I den grad konsernbidraget ikke er resultatført er skatteeffekten av konsernbidraget ført direkte mot investering i balansen.

Kontantstrømoppstilling
Kontantstrømoppstillingen er utarbeidet etter den indirekte metode. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer.

Elektroskandia Norway Holding AS
Org.nr: 992360194

Noter til regnskapet for 2021

Beløp vises i tusen kr

Note 2 - Lønnskostnader, antall ansatte, lån til ansatte og godtgjørelse til revisor

Selskapet har i regnskapsåret sysselsatt totalt 0 årsverk.

Ytelser til ledende personer

Elektroskandia Norway Holding AS har ikke ansatte og ikke lønnskostnader, heller ikke ytelser til ledende personer eller styret.

Godtgjørelse til revisor er fordelt på følgende:	**2021**	**2020**
Revisjon	207	238
Sum	207	238

Merverdiavgift er ikke inkludert i revisjonshonoraret.

Note 3 - Aksjekapital og aksjonærinformasjon

Aksjekapitalen består av:

	Antall	**Pålydende**	**Balanseført**
Ordinære	201 000	204 kr	41 004

Oversikt over aksjonærene i selskapet pr. 31.12:

	Ordinære aksjer	**Eier-andel**	**Stemme-andel**
Rexel Holding Netherlands BV	201 000	100 %	100 %

Note 4 - Fordring på selskap i samme konsern

	2021	**2020**
Fordring på datterselskap (konsernbidrag)	69 300	69 800
Kortsiktig lån til datterselskap (konsernkonto i bank)	138 353	80 204
Andre fordringer	0	0
Sum	207 653	150 004

Alle fordringene i selskapet har forfall innen ett år.

Note 5 - Annen kortsiktig gjeld

	2021	**2020**
Gjeld til foretak i samme konsern	95	136
Andre påløpte kostnader	125	124
Sum	220	260

All kortsiktig gjeld i selskapet har forfall innen ett år.

Elektroskandia Norway Holding AS
Org.nr: 992360194

Noter til regnskapet for 2021
Beløp vises i tusen kr

Note 6 - Langsiktig gjeld i samme konsern

	2021	2020
Langsiktig gjeld til morselskap i Frankrike	0	0

Lånet er innfridd i juni 2020.

Note 7 - Datterselskap, tilknyttet selskap m v

Selskap	Ervervet	Kontor	Eier-/ stemme-andel	EK siste år (100 %)	Resultat siste år (100 %)
Elektroskandia Norge AS	01-04-2008	Oslo	100 %	286 242	51 987

Note 8 - Egenkapital

	Aksjekapital	Annen innskutt egenkapital	Annen egenkapital	Sum
Egenkapital 01.01.	41 004	1 510 432	-750 639	800 797
Årsresultat	0	0	53 926	53 926
Egenkapital 31.12.	41 004	1 510 432	-696 713	854 723

Elektroskandia Norway Holding AS
Org.nr: 992360194

Noter til regnskapet for 2021
Beløp vises i tusen kr

Note 9 - Skatt

Årets skattekostnad fordeler seg på:	**2021**	**2020**
Betalbar skatt	11 413	11 447
Endring i utsatt skatt	3 797	735
Årets totale skattekostnad	15 210	12 182

Beregning av årets skattegrunnlag:	**2021**	**2020**
Ordinært resultat før skattekostnad	69 136	-495 979
Permanente forskjeller	0	551 350
Endring i midlertidig forskjeller	-17 258	-3 341
Årets skattegrunnlag	51 878	52 030
Betalbar skatt (22%) av årets skattegrunnlag	11 413	11 447

Oversikt over midlertidig forskjeller	**2021**	**2020**
Ikke fradragsberettigede renter per 31.12	26 403	43 661
22% Utsatt Skattefordel	5 809	9 605

Oversikt over permanente forskjeller	**2021**	**2020**
Nedskrivning aksjer i datterselskap	0	551 350
Renteinntekt/rentekostnad på utlignet skatt	0	0
Sum permanente forskjeller	0	551 350

Forklaring til hvorfor årets skattekostnad ikke utgjør 22% av resultat før skatt	**2021**
22% skatt av resultat før skatt	15 210
Endring utsatt skatt (22%)	-3 797
Permanente forskjeller (22%)	0
Beregnet skattekostnad	11 413
Effektiv skattesats *)	17 %

*) Skattekostnad i forhold til resultat før skatt

Note 10 - Transaksjoner med nærstående parter

	2021	**2020**
Netto operasjonelle transaksjoner med morselskap	-45	-184
Netto finansielle transaksjoner med morselskap	-12	-14 203

Annual Report Elektroskandia Norway Holding AS 2021

Final Audit Report 2022-06-16

Created:	2022-05-20
By:	kaj.eikrem@elektroskandia.no
Status:	Signed
Transaction ID:	CBJCHBCAABAA695xl2X5DZCkhuPE5O7bo0NvUa5TqlvS

"Annual Report Elektroskandia Norway Holding AS 2021" History

Document created by kaj.eikrem@elektroskandia.no
2022-05-20 - 5:42:09 AM GMT- IP address: 92.220.118.13

Document emailed to Laurent Amat (laurent.amat@elektroskandia.no) for signature
2022-05-20 - 5:45:44 AM GMT

Email viewed by Laurent Amat (laurent.amat@elektroskandia.no)
2022-05-21 - 11:11:27 AM GMT- IP address: 172.225.69.105

Email viewed by Laurent Amat (laurent.amat@elektroskandia.no)
2022-06-09 - 11:01:01 PM GMT- IP address: 104.28.31.33

Email viewed by Laurent Amat (laurent.amat@elektroskandia.no)
2022-06-14 - 7:37:01 PM GMT- IP address: 85.164.200.127

Document e-signed by Laurent Amat (laurent.amat@elektroskandia.no)
Signature Date: 2022-06-14 - 7:37:38 PM GMT - Time Source: server- IP address: 85.164.200.127

Document emailed to Jan Wilhelmsen (jan.wilhelmsen@elektroskandia.no) for signature
2022-06-14 - 7:37:40 PM GMT

Email viewed by Jan Wilhelmsen (jan.wilhelmsen@elektroskandia.no)
2022-06-15 - 6:45:46 AM GMT- IP address: 85.164.50.69

Document e-signed by Jan Wilhelmsen (jan.wilhelmsen@elektroskandia.no)
Signature Date: 2022-06-15 - 6:47:21 AM GMT - Time Source: server- IP address: 85.164.50.69

Document emailed to Edouard Pichon (edouard.pichon@rexel.com) for signature
2022-06-15 - 6:47:23 AM GMT

Email viewed by Edouard Pichon (edouard.pichon@rexel.com)
2022-06-16 - 2:06:28 PM GMT- IP address: 85.115.62.180

Document e-signed by Edouard Pichon (edouard.pichon@rexel.com)
Signature Date: 2022-06-16 - 2:06:45 PM GMT - Time Source: server- IP address: 85.115.62.180

Agreement completed.
2022-06-16 - 2:06:45 PM GMT

Til generalforsamlingen i Elektroskandia Norway Holding AS

Uavhengig revisors beretning

Uttalelse om årsregnskapet

Konklusjon

Vi har revidert Elektroskandia Norway Holding AS' årsregnskap som består av balanse per 31. desember 2021, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening

- oppfyller årsregnskapet gjeldende lovkrav, og
- gir årsregnskapet et rettvisende bilde av selskapets finansielle stilling per 31. desember 2021, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet slik det kreves i lov, forskrift og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av the International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Styret og daglig leder (ledelsen) er ansvarlige for øvrig informasjon som er publisert sammen med årsregnskapet. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Vår konklusjon om årsregnskapet ovenfor dekker ikke øvrig informasjon.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon. Formålet er å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom den øvrige informasjonen og årsregnskapet og den kunnskap vi har opparbeidet oss under revisjonen av årsregnskapet, eller hvorvidt øvrig informasjon ellers fremstår som vesentlig feil. Vi har plikt til å rapportere dersom øvrig informasjon fremstår som vesentlig feil. Vi har ingenting å rapportere i så henseende.

Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

For videre beskrivelse av revisors oppgaver og plikter vises det til:
https://revisorforeningen.no/revisjonsberetninger

Oslo, 18. mai 2022
PricewaterhouseCoopers AS

Jone Bauge
Statsautorisert revisor
(elektronisk signert)

Securely signed with Brevio

Revisjonsberetning

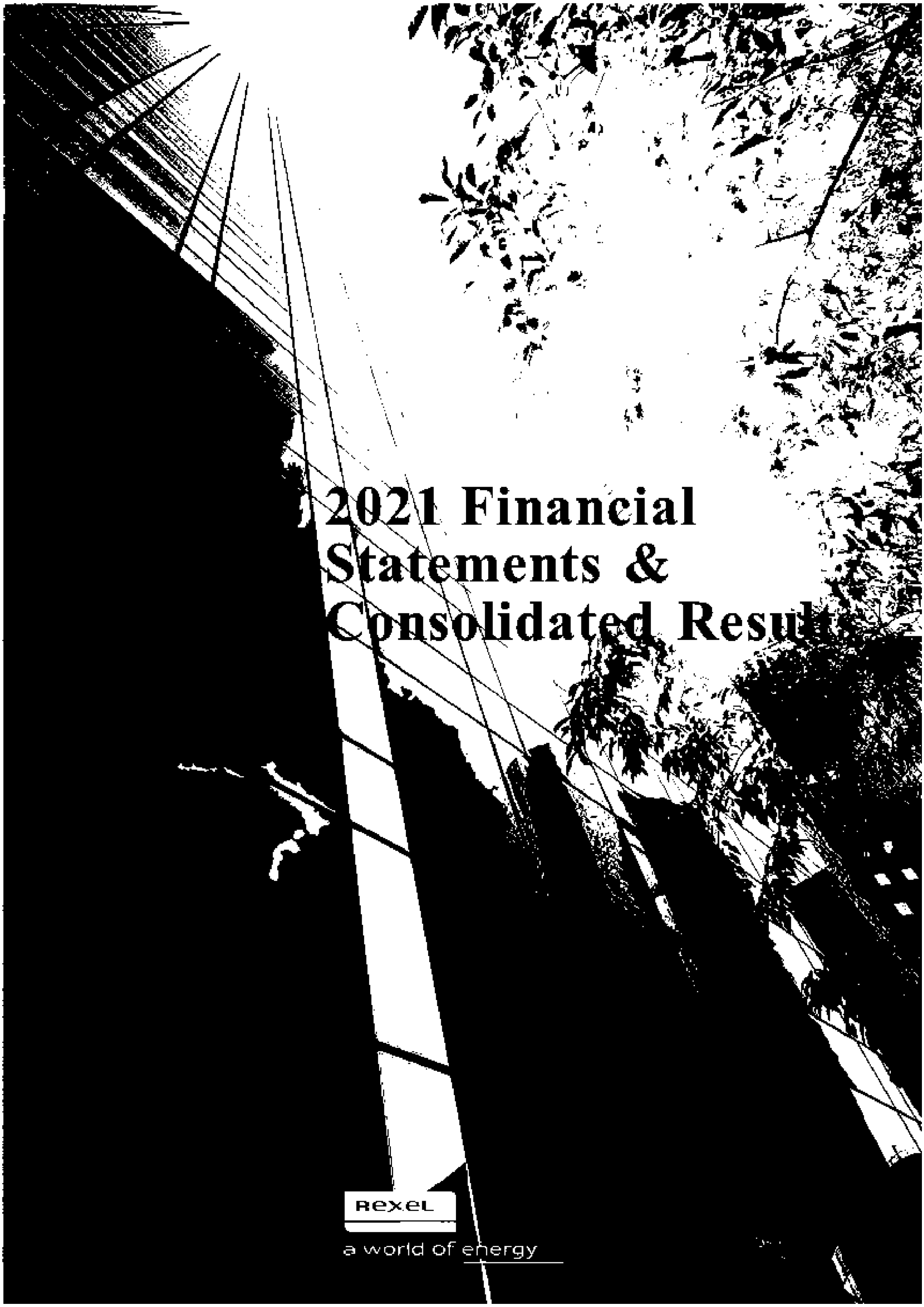
Signers:

Name	***Method***	***Date***
Bauge, Jone	BANKID_MOBILE	2022-06-17 12:22

This document package contains:

- *Closing page (this page)*
- *The original document(s)*
- *The electronic signatures. These are not visible in the document, but are electronically integrated.*

This file is sealed with a digital signature. The seal is a guarantee for the authenticity of the document.


2021 Financial
Statements &
Consolidated Results
Rexel
a world of energy

Société Anonyme (corporation)
with share capital of € 1,528,582,455
Registered office: 13 boulevard du Fort de Vaux - CS 60002
75017 PARIS - France
479 973 513 R.C.S. Paris

2021 Financial Statements

& Consolidated Results

This document is a free translation from French to English of Rexel's original financial information for the year ended December 31, 2021 and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the original financial information for the year ended December 31, 2021, the French version will prevail.

I. Consolidated Results

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.

1.1 FINANCIAL POSITION OF THE GROUP

1.1.1 Group Overview

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

In 2021, the Group recorded consolidated sales of €14,690.2 million, of which €8,273.8 million were generated in Europe (56% of sales), €5,122.6 million in North America (35% of sales) and €1,293.8 million in Asia - Pacific (9% of sales).

The Group’s activities in Europe (56% 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 and Luxembourg.

The Group’s activities in North America (35% of Group sales) are in the United States and Canada. The United States account for 77% of Group sales in this region, and Canada for 23%.

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

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

1.1.2 Significant events of the reporting period

In 2021, the Group experienced a strong sales growth in a constrained environment marked by product scarcity and price increases, showing its ability to fully capture market recovery driven by electrification and energy transition and to ensure business continuity for its customers.

Rexel also resumed its external growth policy and finalized five acquisitions of which the two main following ones in North America:

- Mayer, a major distributor of electrical products and services in the Eastern part of the USA;
- A Utility distribution business in Canada.

Moreover, Rexel issued two sustainability-linked bonds, respectively of €400 and €600 million in order to extend its debt maturity profile, optimize its overall cost of financing and also to demonstrate its environmental engagement.

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.

Significant acquisitions

In 2021, Rexel completed two significant acquisitions:

• On November 8, 2021, the Group acquired Mayer Electric Supply Company, Inc., a major distributor of electrical products and services in the USA. Mayer operates in 68 branches located in 12 states in the Eastern part of the USA and posted 2021 annual sales of US$1.3 billion;

• On February 1, 2021, Rexel acquired a Utility distribution business in Canada, focusing on utility hydro end-users and contractors with annual sales of circa €45 million.

In 2020, the Group did not proceed to any significant acquisitions.

Divestments

In 2021, the Group finalized the following disposals:

• On March 1, 2021 Rexel completed the disposal of an electrical equipment distributor to DIY customers in France (2020 sales of €32.5 million);

• On October 3rd, 2021 Rexel finalized the disposal of Rexel Arabia Electrical Supplies, a distributor operating in the Kingdom of Saudi Arabia (2020 sales of €15.1 million).

In 2020, two divestments were closed down by the Group:

• Gexpro Services business (distribution of c.parts products to OEM industries) divestment in the USA was finalized on February 28, 2020;

• The Spanish export business was disposed of on February 19, 2020.

Excluding the effects of exchange rate fluctuations

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

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

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

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

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

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

- On a constant and actual number of working days basis, which means excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales.

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

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

	YEAR ENDED DECEMBER 31	
(in millions of euros)	**2021**	**2020**
Operating income before other income and other expenses	**956.4**	**526.5**
Changes in scope of consolidation	—	10.0
Foreign exchange effects	—	(0.6)
Non-recurring effect related to copper	(57.8)	(10.5)
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	7.3	10.5
Adjusted EBITA on a constant basis	**906.0**	**536.0**

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 of net income with net recurring income:

	YEAR ENDED DECEMBER 31	
(in millions of euros)	**2021**	**2020**
Net income (as reported)	**597.6**	**(261.3)**
Non-recurring copper effect	(57.8)	(10.6)
Other expense & income	44.6	529.9
Financial expense	22.6	(4.2)
Tax expense	(32.1)	24.0
Recurring net income	**575.0**	**277.7**
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)	304,019	303,485
Fully diluted earnings per share (in euros)	**1.89**	**0.91**

1.2 COMPARISON OF FINANCIAL RESULTS AS OF DECEMBER 31, 2021 AND AS OF DECEMBER 31, 2020

1.2.1 Rexel Group's consolidated financial results

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

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

	YEAR ENDED DECEMBER 31					
	2021		2020		Δ %	
	Reported	Adjusted	Reported	On a constant basis, adjusted	Reported	On a constant basis, adjusted
Sales	**14,690.2**	**14,690.2**	**12,592.5**	**12,749.0**	**16.7 %**	**15.2 %**
Same-day basis						*15.6 %*
Gross profit	3,871.6	3,812.5	3,103.4	3,122.6	24.8 %	22.1 %
as a % of sales	*26.4 %*	*26.0 %*	*24.6 %*	*24.5 %*		
Operating expenses	(2,607.1)	(2,605.9)	(2,282.5)	(2,299.7)	14.2 %	13.3 %
Depreciation	(300.7)	(300.7)	(283.9)	(286.9)	5.9 %	4.8 %
Distribution and administrative expenses before amortization of intangible assets	(2,907.8)	(2,906.6)	(2,566.4)	(2,586.6)	13.3 %	12.4 %
as a % of sales	*(19.8)%*	*(19.8)%*	*(20.4)%*	*(20.3)%*		
EBITA	**963.7**	**906.0**	**537.0**	**536.0**	**79.5 %**	**69.0 %**
as a % of sales	***6.6 %***	***6.2 %***	***4.3 %***	***4.2 %***		
Amortization of intangible assets (1)	(7.3)	—	(10.5)	—	(30.3)%	—
Operating income before other income and expenses	**956.4**	—	**526.5**	—	**81.6 %**	—
Other income and expenses	(44.6)	—	(529.9)	—	(91.6)%	—
Operating income/(loss)	**911.8**	—	**(3.4)**	—	**n.a.**	—
Net financial expenses	(133.1)	—	(117.2)	—	13.6 %	—
Share of profit / (loss) in associates	(0.3)	—	—		n.a.	—
Pre tax income/(loss)	**778.4**	—	**(120.6)**	—	**n.a.**	
Income taxes	(180.8)	—	(140.7)	—	28.5 %	—
Net income/(loss)	**597.6**	—	**(261.3)**	—	**n.a.**	—
Effective tax rate	*23.2 %*	—	*n.a*	—	—	—

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

Sales

In 2021, Rexel's consolidated sales amounted to €14,690.2 million, as compared to €12,592.5 million in 2020.

On a reported basis, sales were up 16.7% year-on-year, including a neutral foreign exchange currency impact and a positive net scope effect of 1.2%:

- The positive net effect from the change in structure amounted to €150.8 million, mainly resulting from the acquisition of Mayer in the US and a Utility distribution business in Canada in 2021 offsetting the disposal of Gexpro Services in the US occured in 2020.

On a constant and same-day basis, sales increased by 15.6%, supported by a very favorable pricing environment both on cable and non-cable products. By geography, North America increased by 16.6%, Europe increased by 16.4% while Asia - Pacific increased by 7.5%.

On a constant and actual number of working days basis, sales increased by 15.2%.

After having demonstrated its resilience during the Covid-19 crisis in 2020, Rexel posted in 2021 a strong performance fostered by price inflation in a constrained environment, with the business still impacted by persistent supply chain tensions that disrupted activity both at our suppliers and at our customers. This unprecedented situation of supply chain tensions and product scarcity represents an opportunity for Rexel, allowing the Group to leverage its competencies (data driven, pricing tools to manage volatility, purchasing strategy...) to maximize customer satisfaction and ensure business continuity.

Starting from the first quarter of 2021, Rexel sales were above pre-crisis level, illustrating the Group's ability to capture the recovery. In the second quarter of 2021, sales were up 32.3% year-on-year, marked by a favorable comparable base since the second quarter of 2020 was the most impacted by the pandemic (down 17.7% on a constant and same-day basis). In the the second half of 2021, the Group benefited from on-going recovery with volume accelerating in the fourth quarter on the backdrop of product scarcity.

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

	Q1	Q2	Q3	Q4	YEAR ENDED DECEMBER 31, 2021
Growth on a constant and same-days basis	8.6 %	32.3 %	11.5 %	12.2 %	15.6 %
Number of working days effect	(2.1)%	1.6 %	(0.1)%	(0.4)%	(0.4)%
Growth on a constant and actual-day basis	***6.5 %***	***33.9 %***	***11.4 %***	***11.8 %***	***15.2 %***
Changes in scope effect	(0.7)%	0.1 %	0.1 %	4.9 %	1.2 %
Foreign exchange effect	(2.3)%	(1.4)%	0.9 %	2.7 %	— %
Total scope and currency effect	***(3.0)%***	***(1.3)%***	***1.0 %***	***7.6 %***	***1.2 %***
Growth on a reported basis (1)	**3.3 %**	**32.1 %**	**12.6 %**	**20.3 %**	**16.7 %**

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

In addition, the Group benefited from further growth in digitalization, with digital sales now representing 23.7% of Group sales, as compared to 21.5% in 2020, on a constant basis.

Gross profit

In 2021, gross profit amounted to €3,871.6 million, up 24.8%, on a reported basis, as compared to €3,103.4 million in 2020.

The sales growth in 2021 translated into an adjusted gross margin improvement of 146 basis points year-on-year, on a constant basis, at 26.0% of sales, including a non recurring impact of 80 basis point on non-cable-products inventory price inflation. Adjusted gross profit increased by 22.1% on a constant basis.

Distribution & administrative expenses before amortization of intangible assets

In 2021, distribution and administrative expenses before amortization of intangible assets amounted to €2,907.8 million, up 13.3% on a reported basis, as compared to €2,566.4 million in 2020.

On a constant basis, adjusted distribution and administrative expenses increased by 12.4%, mainly impacted by:

- An unfavorable base effect on personnel costs mainly due to covid-related Government subsidies in 2020;
- Exceptional variable pay as a result of overachievement of business targets in 2021 linked to non recurring impact on non cable products inventory price inflation (degradation of circa 40 basis points).

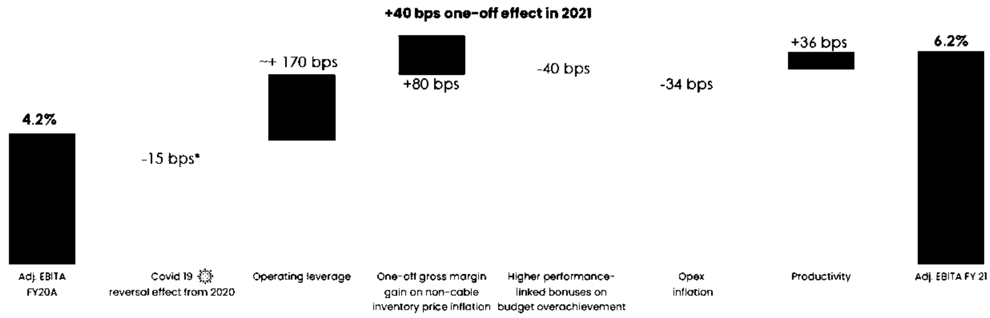
Distribution and administrative expenses before amortization of intangible assets represented 19.8% of sales in 2021 as compared to 20.3% of sales in 2020, reflecting the significant sales growth and higher productivity.

EBITA

In 2021, as a result, EBITA stood at €963.7 million, up 79.5%, on a reported basis, as compared to €537.0 million in 2020, including a negative foreign exchange currency impact of €0.6 million and a positive net scope effect of €10.0 million.

On a constant basis, adjusted EBITA increased by 69.0% to €906.0 million and adjusted EBITA margin stood at 6.2% of sales, up 196 basis points year on year, demonstrating the result of the Group profound transformation over the last 5 years and notably the digital transformation that translated into above-market sales growth, improved customer services and higher productivity. It also includes 40 basis points of positive one-off effects from non-cable products inventory price inflation, net of higher performance-linked bonuses.

The chart below displays the adjusted EBITA evolution:



* including 60 basis points of government subsidies net of 45 basis points of lower volume related rebate.

Other income and expenses

In 2021, other income and expenses represented a net expense of €44.6 million, consisting mainly of:

- €23.4 million of impaired trade receivables in connection with the discontinuation of a non-core contract in China in 2021 and legal investigations initiated as a result;
- €9.8 million acquisition-related costs mostly in connection with Mayer Electric Supply in the USA and to a lesser extent, with a Utility distribution business in Canada;
- €7.3 million write-down of right-of-use and other fixed assets in Spain;
- €6.3 million of restructuring costs.

In 2020, other income and expenses represented a net expense of €529.9 million, consisting mainly of:

- €486.0 million goodwill impairment, of which €162.4 million on the UK, €108.2 million on the USA, €75.2 million on Canada, €74.6 million on Germany, €40.5 million on Australia, €17.5 million on Norway, due to economic environment downturn as a result of the Covid-19 health crisis;
- €32.5 million fair value adjustments of assets held for sale in connection with the expected divestment of Rexel Arabia Electrical Supplies and an electrical distribution to DIY customers business in France.
- €26.1 million restructuring plans mostly incurred in China, Germany, the US, Sweden, and the UK;

Partly offset by

- €5.7 million disposal gains of Gexpro Services business in USA and a Spanish export business;
- €13.7 million gain mainly related to real estate properties divestments.

Net Financial expenses

Net financial expenses were €133.1 million in 2021 compared to €117.2 million in 2020, of which €40.4 million related to lease interest expenses (compared to €42.7 million in 2020).

In 2021, net financial expenses included a €22.6 million one-off expense related to the early redemption of the 2.75% 600 million senior notes due 2026 (€17.5 million loss) and the 2.125% 500 million senior notes due 2025 (€5.1 million loss). In 2020, the early repayment of the €300 million senior notes due 2024 resulted in a €4.2 million gain.

Net financial expenses on borrowings, excluding the above one-offs, stood at €70.1 million, down €8.6 million in 2021 compared to 2020 mainly due to the reduced average gross debt.

Effective interest rate of the gross financial debt stood at 2.42% down 3 basis points, year-on-year.

Lease interest expenses were down €2.3 million to €40.4 million due to the drop of the effective interest rate of lease liabilities (4.0% in 2021 versus 4.2% in 2020).

Income tax

Income tax expense was €180.8 million in 2021 compared to €140.7 million in 2020.

In 2021, income tax expense included a €32.2 million gain related to the deferred tax asset recognition in countries with tax losses carried forward (UK, Germany and New Zealand) as a result of better-than-expected future taxable income. In 2020, tax expense comprised a €28.4 million loss on the deferred tax asset write-down, due to uncertainty around their future recoverability on the backdrop of the Covid-19 crisis.

Excluding these non-recurring items, tax expense increased from €112.3 million in 2020 to €213.0 million in 2021 driven by strong post Covid-19 business recovery.

The effective tax rate stood at 23.2% in 2021 due to the €32.2 million one-off deferred tax gain. In 2020, the effective tax rate was negative due to the €124.9 million unfavorable effect of the non-tax deductible goodwill impairment loss.

Excluding one-offs, the effective tax rate decreased to 27.3% in 2021 from 30.7% in 2020, notably reflecting the decrease in the French tax rate from 32.2% to 28.4%. These one-offs consist in (i) the €32.2 million deferred tax gain in 2021, (ii) the €28.4 million deferred tax loss in 2020 and (iii) the €124.9 million effect on the non-tax deductible goodwill impairment loss in 2020.

Net income/(loss)

As a result of the above items, net income stood at €597.6 million in 2021, as compared to a net loss of €261.3 million in 2020.

Recurring net income stood at €575.0 million in 2021, up +107.0% compared to last year, corresponding to earnings per share of €1.89 (€0.91 in 2020).

1.2.2 Europe (56% of Group sales)

	YEAR ENDED DECEMBER 31					
	2021		2020		Δ %	
	Reported	Adjusted	Reported	On a constant basis, adjusted	Reported	On a constant basis, adjusted
Sales	**8,273.8**	**8,273.8**	**7,083.3**	**7,103.6**	**16.8 %**	**16.5 %**
Same-day basis						*16.4 %*
Gross profit	2,308.9	2,272.2	1,899.8	1,902.9	21.5 %	19.4 %
as a % of sales	*27.9 %*	*27.5 %*	*26.8 %*	*26.8 %*		
Operating expenses	(1,516.5)	(1,515.2)	(1,361.4)	(1,363.9)	11.4 %	11.1 %
Depreciation	(170.6)	(170.6)	(158.6)	(159.3)	7.5 %	7.1 %
Distribution and administrative expenses before amortization of intangible assets	(1,687.1)	(1,685.8)	(1,520.1)	(1,523.2)	11.0 %	10.7 %
as a % of sales	*(20.4)%*	*(20.4)%*	*(21.5)%*	*(21.4)%*		
EBITA	**621.8**	**586.4**	**379.8**	**379.7**	**63.7 %**	**54.4 %**
as a % of sales	*7.5 %*	*7.1 %*	*5.4 %*	*5.3 %*		

Sales

In 2021, sales in Europe amounted to €8,273.8 million, up 16.8% on a reported basis, as compared to €7,083.3 million in 2020.

Exchange rate variations accounted for a increase of €46.3 million, mainly due to the appreciation of the British Pound and Swedish Krona against the euro.

The negative effect of divestments on the sales was €25.9 million.

On a constant and same-day basis, sales increased by 16.4% as compared to 2020, positioning Rexel above pre-crisis level in both volume and price (+11.8% as compared to 2019). Digital sales represented 33.9% of Europe sales (up 253 basis points year on year), resulting in an increase of 25.8% as compared to 2020.

On a constant and actual number of working days basis, sales increased by 16.5%, impacted by a slight favorable calendar impact of 0.1 percentage point.

In **France**, sales amounted to €3,178.4 million in 2021, an increase of 21.3% as compared to 2020 on a constant and same-day basis (+13.6% as compared to 2019), mainly driven by an increased number of active customers, market shares gain. In the fourth quarter of 2021, sales were up 8.1%, sustained by an acceleration of price increases as well as robust activity in HVAC solutions, residential (renovation) and commercial segments, as compared to the fourth quarter of 2020.

In **Scandinavia** sales amounted to €1,081.5 million in 2021, an increase of 6.5% from 2020 on a constant and same-day basis (+10.3% as compared to 2019), with Sweden up 7.3% vs 2020 as the result of action plans to promote Small & Medium installers activity. In the fourth quarter of 2021, sales in Scandinavia were up 9.1% as compared to the fourth quarter of 2020.

In **the Netherlands**, sales amounted to €373.0 million in 2021, an increase by 13.2% from 2020 on a constant and same-day basis (+14.7% vs 2019), driven by a well orientation of all end-markets. In the fourth quarter of 2021, sales in Netherlands were up 16.8% as compared to the fourth quarter of 2020.

In **Belgium and Luxembourg**, sales amounted to €496.3 million in 2021, up 11.4% on a constant and same-day basis (+12.6% vs 2019). In the fourth quarter of 2021, sales in Belgium and Luxembourg were up 1.6% as compared to the fourth quarter of 2020, marked by the end of subsidies in Flanders in Photovoltaic products. The underlying business accelerated, supported by price increases on both cable and non cable products

In **Germany**, sales stood at €817.1 million in 2021, a 17.9% increase compared to 2020 on a constant and same-day basis (+25.5% vs 2019), reflecting strong demand in the proximity business and in the industry end-market. In the fourth quarter of 2021, sales in Germany were up 15.1% as compared to the fourth quarter of 2020.

In the **United-Kingdom**, sales amounted to €728.0 million in 2021, an increase of 16.8% from 2020 (-3.6% vs 2019) on a constant and same-day basis, reflecting the recovery with acceleration within the year after the extended lockdown in place in the first quarter of 2021. Residential and proximity business were well oriented (Denmans up 17.2% in 2021). In the fourth quarter of 2021, sales increased by 12.1% as compared to the fourth quarter of 2020 notably thanks to a public contract with the UK government (contribution +6.2% as compared to the fourth quarter of 2020).

In **Switzerland** and **Austria**, sales amounted respectively to €546.1 million and €476.0 million in 2021. Sales in Switzerland increased by 10.1% from 2020, on a constant and same-day basis, reflecting notably a recovery in the industrial market and price increase, especially in the fourth quarter (sales up 10.1%). Sales in Austria increased by 24.7% from 2020, on a constant and same-day basis driven by all segment and very strong year driven by proximity (residential & commercial). In the fourth quarter of 2021, sales in Austria were up 16.2% as compared to the fourth quarter of 2020 notably driven by a strong industrial demand.

Gross profit

In 2021, on a constant basis, adjusted gross profit increased by 19.4% and adjusted gross margin increased by 68 basis points to 27.5% of sales, also above its pre-crisis level (27.3% in 2019), leveraging strong pricing management along with positive country mix.

Distribution & administrative expenses before amortization of intangible assets

On a constant basis, adjusted distribution and administrative expenses before amortization of intangible assets increased by 10.7% in 2021, representing 20.4% of sales in 2021, a 107 basis points improvement as compared to 2020, benefiting from robust sales growth and digital productivity.

EBITA

In 2021, as a result, on a reported basis, EBITA amounted to €621.8 million, up 63.7% as compared to €379.8 million in 2020, including a positive foreign exchange currency impact of €1.2 million.

On a constant basis, adjusted EBITA increased by 54.4% as compared to 2020 and adjusted EBITA margin increased by 174 basis points to 7.1% of sales, including 20 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 (35% of Group sales)

	YEAR ENDED DECEMBER 31					
	2021		2020		Δ %	
	Reported	Adjusted	Reported	On a constant basis, adjusted	Reported	On a constant basis, adjusted
Sales	**5,122.6**	**5,122.6**	**4,342.0**	**4,441.5**	18.0 %	15.3 %
Same-day basis						*16.6 %*
Gross profit	1,331.4	1,309.1	1,002.2	1,011.1	32.8 %	29.5 %
as a % of sales	*26.0 %*	*25.6 %*	*23.1 %*	*22.8 %*		
Operating expenses	(891.7)	(891.7)	(752.2)	(761.3)	18.5 %	17.1 %
Depreciation	(82.4)	(82.4)	(81.4)	(82.6)	1.2 %	(0.2)%
Distribution and administrative expenses before amortization of intangible assets	(974.1)	(974.1)	(833.6)	(843.9)	16.8 %	15.4 %
as a % of sales	*(19.0)%*	*(19.0)%*	*(19.2)%*	*(19.0)%*		
EBITA	**357.3**	**335.0**	**168.6**	**167.2**	**111.9 %**	**100.4 %**
as a % of sales	*7.0 %*	*6.5 %*	*3.9 %*	*3.8 %*		

Sales

In 2021, sales in North America amounted to €5,122.6 million, up 18.0%, on a reported basis, as compared to €4,342.0 million in 2020.

Exchange rate variations accounted for a decrease of €83.6 million, mainly due to the depreciation of the US dollar against the euro.

The positive net effect of change in structure of €183.0 million was associated to the acquisition of Mayer in the US and a Utility distribution business in Canada offsetting the disposal of Gexpro Services in the US.

On a constant and same-day basis, sales increased by 16.6% as compared to 2020, above their pre-crisis level (+2.9% vs 2019) despite lower volumes. Digital sales represented 12.1% of North America sales (including Mayer), up 170 basis points year on year, resulting in an increase of 34.3% as compared to 2020.

In **the United States**, sales stood at €3,930.5 million in 2021, a 16.6% increase from 2020 on a constant and same-day basis. Sales were above the pre-crisis level in 2019 with an acceleration in the fourth quarter 2021 (+11.4% vs 2019) as compared to the third quarter 2021 (+2.8% vs 2019), with the three all-end-markets above pre-crisis level. The Northeast, Southeast, Mountain Plains and Florida faced a sequential improvement sustained by commercial activity when sales in the Southeast, the Midwest and Gulf Central were mainly driven by strong demand in industry.

In **Canada**, sales amounted to €1,192.1 million in 2021, a 16.5% increase from 2020 on a constant and same-day basis, mainly driven by higher volume from the western part of the country thanks to proximity business and industrial projects and offsetting lower activity in the Quebec province impacted by a lesser level of commercial project. In the fourth quarter of 2021, sales in Canada were up 12.7% as compared to the fourth quarter of 2020 notably helped by a strong performance of the newly acquired Utility distribution business, above expectation.

Gross profit

On a constant basis, adjusted gross profit increased by 29.5% and adjusted gross margin increased by 279 basis points to 25.6% of sales, benefiting from pricing initiatives, a one-off effect reflecting price inflation on non-cable products, increased project selectivity and favorable business mix (more Proximity than Project business).

Distribution & administrative expenses before amortization of intangible assets

On a constant basis, adjusted distribution and administrative expenses before amortization of intangible assets increased by 15.4%, representing 19.0% of sales in 2021, stable year-on-year as a result of positive effect from sales growth and structural measures offsetting higher variable pay in 2021.

EBITA

In 2021, as a result, EBITA amounted to €357.3 million, up 111.9%, on a reported basis, as compared to €168.6 million in 2020, including a negative foreign exchange currency impact of €2.7 million.

On a constant basis, adjusted EBITA increased by 100.4% from 2020 and adjusted EBITA margin increased by 278 basis points to 6.5% of sales, including 100 basis points of positive one-off effects from non-cable products price inflation, net of higher performance-linked bonuses.

1.2.4 Asia - Pacific (9% of Group sales)

	YEAR ENDED DECEMBER 31					
	2021		**2020**		**Δ %**	
	Reported	**Adjusted**	**Reported**	**On a constant basis, adjusted**	**Reported**	**On a constant basis, adjusted**
Sales	**1,293.8**	**1,293.8**	**1,167.2**	**1,203.9**	**10.9 %**	**7.5 %**
Same-day basis						*7.5 %*
Gross profit	231.3	231.3	200.8	208.0	15.2 %	11.2 %
as a % of sales	*17.9 %*	*17.9 %*	*17.2 %*	*17.3 %*		
Operating expenses	(172.9)	(172.9)	(153.1)	(158.7)	12.9 %	8.9 %
Depreciation	(27.6)	(27.6)	(25.8)	(26.9)	7.0 %	2.5 %
Distribution and administrative expenses before amortization of intangible assets	(200.5)	(200.5)	(178.9)	(185.6)	12.1 %	8.0 %
as a % of sales	*(15.5)%*	*(15.5)%*	*(15.3)%*	*(15.4)%*		
EBITA	**30.8**	**30.8**	**21.9**	**22.3**	**40.8 %**	**37.9 %**
as a % of sales	*2.4 %*	*2.4 %*	*1.9 %*	*1.9 %*		

Sales

In 2021, sales in Asia - Pacific amounted to €1,293.8 million, up 10.9%, on a reported basis, as compared to €1,167.2 million in 2020.

Exchange rate variations accounted for a positive effect of €43.1 million, mainly due to the appreciation of almost all currencies against the euro.

The negative effect of divestments on the sales was €6.4 million.

On a constant and same-day basis, sales increased by 7.5% as compared to 2020, positioning Rexel above the pre-crisis level in both volume and price. Digital sales represented 4.7% of Asia-Pacific sales (up 34 basis points year on year), resulting in an increase of 16.0% as compared to 2020.

In **Australia**, sales amounted to €543.6 million in 2021, up 7.3%, on a constant and same-day basis. After a solid performance in the first semester, supported by small and medium contractors, the country was impacted during the third quarter of 2021 by lockdowns in large cities. In the fourth quarter of 2021 sales increased by 10.6% as compared to the fourth quarter of 2020 mainly due to the reopening of the country. The recovery was driven by industrial activity and the small & medium installers activity as well as a better pricing contribution.

In **China**, sales amounted to €543.0 million in 2021, a 4.2% increase compared to 2020, on a constant and same-day basis. After a strong increase of 60.1% in the first quarter of 2021 as compared to the first quarter of 2020, driven by better macro environment and government spending in infrastructure and automation as well as favorable base effect as the pandemic started earlier in China in 2020, the performance was affected by the termination of a non-core large aerospace contract. Restated for this effect, sales were up 18.4% in 2021 as compared to 2020 benefiting from better pricing environment offsetting lower volume growth. Activity remains impacted by scarcity of industrial products.

Gross profit

In 2021, on a constant basis, adjusted gross profit increased by 11.2% and adjusted gross margin increased by 60 basis-point to 17.9% of sales, with increased adjusted gross margin in Pacific offsetting negative business mix in China.

Distribution & administrative expenses before amortization of intangible assets

On a constant basis, adjusted distribution and administrative expenses before amortization of intangible assets increased by 8.0% as compared to 2020, representing 15.5% of sales in 2021, a 7 basis-point deterioration as compared to 2020.

EBITA

In 2021, as a result, EBITA amounted to €30.8 million, up 40.8%, on a reported basis, as compared to €21.9 million in 2020.

On a constant basis, adjusted EBITA increased by 37.9% from 2020 and adjusted EBITA margin increased by 52 basis points to 2.4% of sales, driven by better profitability in Pacific.

1.2.5 Other operations

	YEAR ENDED DECEMBER 31		
	2021	**2020**	**Δ %**
	Reported	**Reported**	**Reported**
Sales	—	—	—
Gross profit	—	0.6	—
Operating expenses	(26.1)	(15.7)	65.6 %
Depreciation	(20.1)	(18.1)	11.4 %
Distribution and administrative expenses	(46.2)	(33.8)	36.7 %
EBITA	**(46.2)**	**(33.2)**	**(39.2)%**

This segment mostly includes unallocated centrally-hosted expenses and projects. In 2021, EBITA was negative by €46.2 million compared to €33.2 million in 2020, mainly due to higher centrally-hosted projects and long-term incentives.

2. LIQUIDITY AND CAPITAL RESOURCES

2.1 CASH FLOW

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

	YEAR ENDED DECEMBER 31		
(in millions of euros)	**2021**	**2020**	Change
Operating cash flow before interest and taxes	1,181.8	739.5	*442.3*
Financial interest on borrowings paid (1)	(56.1)	(66.5)	*10.4*
Income tax paid	(199.0)	(88.5)	*(110.4)*
Operating cash flow before change in working capital	**926.7**	**584.4**	***342.3***
Change in working capital requirements	(209.0)	122.5	*(331.5)*
Net cash flow from operating activities	**717.7**	**706.9**	***10.8***
Net cash flow from investing activities	**(542.3)**	**67.6**	***(609.9)***
o.w. Operating capital expenditures (2)	*(103.2)*	*(76.6)*	*(26.7)*
Net cash flow from financing activities (3)	**(299.7)**	**(580.2)**	***280.4***
Net cash flow	**(124.3)**	**194.4**	***(318.7)***
Operating cash flow	1,181.8	739.5	*442.3*
Repayment of lease liabilities	(188.9)	(172.3)	*(16.5)*
Change in working capital requirements	(209.0)	122.5	*(331.5)*
Operating capital expenditures	(103.2)	(76.6)	*(26.7)*
Free cash flow before interest and taxes	**680.6**	**613.0**	***67.5***
Financial interest on borrowings paid	(56.1)	(66.5)	*10.4*
Income tax paid	(199.0)	(88.5)	*(110.4)*
Free cash flow after interest and taxes	**425.5**	**458.0**	***(32.5)***

(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 €717.7 million in 2021 compared to €706.9 million in 2020.

Operating cash flow

Operating cash flow before interest, income tax and changes increased from €739.5 million in 2020 to €1,181.8 million in 2021 as the result of EBITA increase driven by sales growth and digital transformation.

Interest and taxes

Net interest paid decreased from €66.5 million in 2020 to €56.1 million in 2021 reflecting lower effective interest rate in 2021 as compared to 2020 and the reduction of the average indebtedness.

Income tax paid increased by €110.4 million from €88.5 million in 2020 to €199.0 million in 2021 mainly driven by higher taxable income in 2021 following the strong post Covid-19 crisis recovery.

Change in working capital requirements

Change in working capital requirements accounted for an outflow of €209.0 million in 2021, as compared to a €122.5 million inflow in 2020, mainly to support the sales recovery. In 2021, net inventories and net trade receivables contributed respectively for a €349.3 million and a €158.7 million outflows to change in working capital requirements (respectively a €113.6 million and a €87.4 million inflows in 2020), driven by the high level of sales in an environment marked by product scarcity and price increases. Net trade payables contributed for a €183.9 million inflow in 2021 as compared to a €150.1 million outflow in 2020. The change in non trade working capital represented an inflow of €115.5 million, mostly due to the non-recurring high level of variable pay and customer rebates outstanding.

Working capital requirements as of December 31, 2021

	As of DECEMBER 31	
	2021	**2020**
Working capital requirement as a % of sales [1] at:		
Constant basis	10.8 %	10.8 %
of which Trade Working capital	13.6 %	13.1 %
	Number of days	Number of days
Net inventories	58.3	52.6
Net receivables	44.9	46.0
Net Payables	54.7	54.5

(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 10.8% as of December 31, 2021, stable year-on-year, as a result of an improving non trade working capital (variable bonus payable) offset by a deterioration of trade working capital. Indeed, the better collection of trade receivables (one day decrease of sales outstanding) was largely offset by a 5.7 days increase in days of inventories, reflecting strengthened safety stock notably to sustain sales growth perspectives on the backdrop of product shortage.

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 €542.3 million outflow in 2021, as compared to €67.6 million inflow in 2020.

	YEAR ENDED DECEMBER 31	
(in millions of euros)	**2021**	**2020**
Acquisitions of operating fixed assets	*(103.0)*	*(112.0)*
Proceed from disposal of operating fixed assets	*6.1*	*33.0*
Net change in debts and receivables on fixed assets	*(6.3)*	*2.4*
Net cash flow from capital expenditures	**(103.2)**	**(76.6)**
Acquisition of subsidiaries, net of cash acquired	*(426.3)*	*(5.0)*
Proceeds from disposal of subsidiaries, net of cash disposed of	*(9.6)*	*153.5*
Net cash flow from financial investments	**(435.9)**	**148.5**
Net change in long-term investments	**(3.1)**	**(4.3)**
Net cash flow from investing activities	**(542.3)**	**67.6**

Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €103.2 million in 2021, as compared to €76.6 million in 2020.

In 2021, gross capital expenditures represented 0.7% of sales and stood at €103.0 million (€112.0 million in 2020). IT and Digital projects represented 50% of the total gross capex in 2021 (57% in 2020). Disposals of fixed assets were €6.1 million (€33.0 million in 2020) mainly driven by real estate properties disposals.

Acquisitions and disposals of subsidiaries

Net cash flow from financial investments accounted for an outflow of €435.9 million in 2021 mainly reflecting the purchase price of Mayer Electrical Supply Company in the USA (€361.5 million) and a Utility distribution business in Canada (€40.5 million).

2.1.3 Cash flow from financing activities

In 2021, net cash flow from financing activities represented a net cash outflow of €299.7 million, mainly resulting from the:

- Repayment of the respectively of €500 and €600 million senior notes due 2025 and 2026 including a redemption premium of 19.5 million;
- €188.9 million lease liabilities repayment; and
- Dividend distribution of €139.6 million.

Partly offset by the:

- €400 million and €600 million issuance of senior notes due 2028 with coupons of 2.125% for an amount net of transaction costs of €989.9 million;
- €108.0 million decrease in credit facilities and other borrowings.

In 2020, net cash flow from financing activities represented a net cash outflow of €580.2 million, mainly resulting from the:

- Repayment of the €300 million senior notes due 2024 for a total amount of €303.9 million including a redemption premium of €3.9 million;
- €172.3 million lease liabilities repayment;
- €93.0 million decrease in assigned receivables associated with securitization programs.

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 December 31, 2021, Rexel's consolidated net debt amounted to €1,551.2 million, up €216.3 million as compared to December31, 2020, consisting of the following items:

	As of DECEMBER 31					
	2021			2020		
(in millions of Euros)	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Senior notes	—	999.5	999.5	—	1,105.5	1,105.5
Securitization	605.0	300.0	905.0	0.4	818.0	818.4
Bank loans	36.7	0.3	37.0	8.1	0.3	8.5
Commercial paper	125.5	—	125.5	50.0	—	50.0
Bank overdrafts and other credit facilities	68.7	—	68.7	58.6	—	58.6
Accrued interests	5.1	—	5.1	3.6	—	3.6
Less transaction costs	(3.6)	(9.2)	(12.9)	(3.7)	(8.6)	(12.3)
Total financial debt and accrued interest	**837.5**	**1,290.5**	**2,128.0**	**117.0**	**1,915.2**	**2,032.2**
Cash and cash equivalents			(573.5)			(685.4)
Accrued interest receivable			(1.4)			(0.8)
Debt hedge derivatives			(2.0)			(11.1)
Net financial debt			**1,551.2**			**1,334.9**

Senior Notes

In 2021, Rexel issued two sustainability-linked bonds, respectively of €400 and €600 million with the aim of extending its debt maturity profile and optimizing its overall cost of financing.

These notes are subjected to sustainability performance targets:

- a 23% reduction in greenhouse gas emissions related to the consumption of products sold per euro of turnover (scope 3) by December 31, 2023 from a 2016 baseline; and
- a 23.7% reduction in greenhouse gas emissions related to energy consumption (scope 1 & 2) in its operations by December 31, 2023 from a 2016 baseline.

The notes bear interest at 2.125% annually and matures in 2028. The interest rate of the notes shall be increased by 25 basis points per annum from 2024, if the Group does not achieve the sustainability performance targets.

Proceeds received from these issuances were used to early repay the €500 and €600 million notes respectively due 2025 and 2026.

At December 31, 2021, the Group's liquidity amounted to €1,264.6 million (€1,459.5 million at December 31, 2020), consisting of the following items:

	DECEMBER 31	
In millions of Euros	2021	2020
Cash and cash equivalents	573.5	685.4
Bank overdrafts	(68.7)	(58.6)
Commercial paper	(125.5)	(50.0)
Undrawn Senior credit agreement	850.0	850.0
Bilateral facilities	35.3	32.6
Liquidity	**1,264.6**	**1,459.5**

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 1.37x as of December 31, 2021 (as compared to 2.14x as December 31, 2020).

At December 31, 2021, Rexel's ratings by the financial rating agencies were as follows:

	DECEMBER 31, 2021	
Rating agency	Moody's	Standard & Poor's
Long-term rating	Ba2	BB
Short-term rating		B
Outlook	Stable	Positive

3. OUTLOOK

3.1 COMPARISON BETWEEN THE REXEL GROUP 2021 FORECASTS AND ACHIEVEMENTS

For 2021, Rexel had expressed the following forecast, on the basis of the assumptions set forth in the Universal Registration Document filed with the Autorité des marchés financiers on March 11, 2021 under number D.21-0111. Rexel targeted, at comparable scope of consolidation and exchange rates:

- Same day sales growth of between 5% and 7%;
- An adjusted EBITA margin of circa 5%;
- Free cash flow conversion above 60%.

Rexel issued two successive trading updates on June 29, 2021 and January 12, 2022, raising its guidance for the full-year 2021:

- Same day sales growth of 15.3% (previous guidance: in the 12-15% range)
- Adjusted Ebita margin of 6.2% in FY 2021 (previous guidance: 5.7%)

On February 11, 2022, Rexel released its 2021 full year results, above its objectives:

- Same day sales increased by 15.6% in full-year 2021;
- Adjusted EBITA margin stood at 6.2%;

3.2 REXEL 2022 FORECASTS

In 2022, Rexel will continue to operate in favorable market conditions:

- Non-cable inflation continuing, adding to carry-over pricing impact

- Robust volume environment :
  – Room for additional growth in the USA
  – Continued high level of demand in Europe
  – Record-high backlogs (US, France, Canada, UK…)

Labor and product availability will remain a factor at least in the first part of the year.

Leveraging its transformation and enhanced efficiency, Rexel targets for 2022, at comparable scope of consolidation and exchange rates (assuming no severe deterioration of the sanitary environment):

- Same-day sales growth of between 4% and 6%

- An adjusted EBITA margin above 6%

- Free cash flow conversion above 60%

The above forecasts were prepared on the basis of the accounting principles adopted by the Group to prepare its consolidated financial statements for the financial year ended December 31, 2021. 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 and in particular, the uncertainty surrounding the potential effects of the coronavirus epidemic on the business. The Rexel Group can give no assurances and provide no guarantee that the above forecasts will be met.

3.3 STRATEGIC UPDATE

An updated strategic roadmap, will be presented at a Capital Market Day to be held at the Group's biggest branch in Zurich on June 16, 2022.

4. DIVIDEND POLICY

The Board of Directors may propose a dividend distribution to the Shareholders' Meeting. Dividends that have not been claimed within five years after their payment date are transferred to the French State.

Rexel's medium-term objective is to generate a solid available cash flow before interest and taxes, thanks to a low capital intensity and a tight management of the working capital requirement, allowing for, inter alia, the funding of an attractive dividend representing at least 40% of the recurring net result.

In respect of the financial year ended on December 31, 2021, the Board of Directors will submit a proposal to the Shareholders' Meeting to be held on April 21, 2022, to distribute an amount of €0.75 per share, deducted from premium, payable in cash in early June 2022, in order to enable Rexel to comply with its commitments as regards the distribution of dividends to the shareholders.

Rexel has distributed the following amounts in respect of the last three financial years:

YEAR	TOTAL AMOUNTS DISTRIBUTED	AMOUNT DISTRIBUTED PER SHARE
2021	€228,827,270	€0.75 (*)
2020	€139,577,132	€0.46
2019	—	—

(*) Amount subject to the approval of the shareholders upon the Shareholders' Meeting.

5. SIGNIFICANT CHANGES IN THE ISSUER'S FINANCIAL OR COMMERCIAL POSITION

At the issuance date of the 2021 financial statements and consolidated results, there have been no subsequent events after December 31, 2021 that would have a significant impact on Rexel's financial situation.

6. INFORMATION ON PAYMENTS TERMS GRANTED TO SUPPLIERS AND CUSTOMERS OF REXEL

Invoices received or issued, unpaid or overdue as at December 31, 2021 (article D.441-4 I of the French Commercial Code)

	ARTICLE D.441-4 I. 1°: INVOICES RECEIVED, UNPAID AS OF DECEMBER 31, 2021	ARTICLE D.441-4 I. 2°: INVOICES ISSUED, UNPAID AS OF DECEMBER 31, 2021
(A) Overdue invoices		
Number of invoices concerned	8	1
Total amount of invoices concerned (including taxes) (in thousands of euros)	21	31
Percentage of total purchases for the year (excluding taxes)	0.1%	
Percentage of sales for the year (excluding taxes)		0.8%
(B) Invoices excluded from (A) relating to payables and receivables in dispute or not recognized		
Number of excluded invoices	2	
Total amount of excluded invoices (including taxes) (in thousands of euros)	7	
(C) Benchmark payment terms used (contractual or statutory terms – article L.441-6 or article L.443-1 of the Commercial Code)		
Payment terms used to calculate overdue payments	Contractual terms: 30 days average Statutory terms: NA	Contractual terms: 30 days average Statutory terms: NA

7. COMPANY RESULTS OVER THE LAST FIVE YEARS (AS REQUIRED BY ARTICLE R. 225-102 OF THE FRENCH COMMERCIAL DECREEE)

	JANUARY 1ST TO DECEMBER 31					
(in euros)	2017	2018	2019	2020	2021	
Share capital at year end						
a) Share capital	1,516,715,885	1,519,944,495	1,520,510,065	1,522,125,530	1,528,582,455	
b) Number of issued shares	303,343,177	303,988,899	304,102,013	304,425,106	305,716,491	
c) Number of convertible bonds	—	—	—	—	—	
Income statement information						
a) Sales, excluding sales taxes	1,900,545	2,234,707	1,256,921	1,437,674	4,027,503	
b) Net income before taxes, depreciation and provisions	(70,780,934)	(27,864,731)	(74,281,399)	(44,758,027)	(84,032,760)	
c) Income taxes	(86,022,026)	(54,447,774)	(58,111,590)	(46,428,531)	(22,918,786)	
d) Net income	14,281,261	26,018,952	(14,542,954)	(6,783,866)	(53,245,790)	
e) Amount distributed	126,851,362	132,965,266	—	139,577,760	228,827,269	(1)
Earnings per share						
a) Earnings per share after taxes but before depreciation and provisions	0.05	0.09	(0.05)	0.01	0.01	
b) Earnings per share after taxes, depreciation and provisions	0.05	0.09	(0.05)	(0.02)	(0.02)	
c) Amount paid per share	0.42	0.44	—	0.46	0.75	(1)
Personnel						
a) Number of employees	—	—	—	—	—	
b) Total remuneration	—	—	—	—	—	
c) Total social charges and other personnel related expenses	—	—	—	—	—	

(1) Proposed distribution to be voted at the annual general meeting April 21, 2022

II. Consolidated financial statements

TABLE OF CONTENTS

Consolidated Statement of Profit or Loss

(in millions of euros)	Note	FOR THE YEAR ENDED DECEMBER 31 2021	2020
Sales	5	**14,690.2**	**12,592.5**
Cost of goods sold		(10,818.6)	(9,489.0)
Gross profit	6	**3,871.6**	**3,103.4**
Distribution and administrative expenses	7	(2,915.2)	(2,576.9)
Operating income before other income and expenses		**956.4**	**526.5**
Other income	8	12.4	25.0
Other expenses	8	(57.0)	(554.9)
Operating income		**911.8**	**(3.4)**
Financial income		3.3	3.8
Interest expense on borrowings		(52.4)	(65.7)
Non-recurring redemption gain (loss)		(22.6)	4.2
Other financial expenses		(61.4)	(59.5)
Net financial expenses	9	**(133.1)**	**(117.2)**
Share of profit / (loss) of associates		(0.3)	—
Net income before income tax		**778.4**	**(120.6)**
Income tax	10	(180.8)	(140.7)
Net income		**597.6**	**(261.3)**

Portion attributable:			
to the equity holders of the parent		*597.2*	*(261.2)*
to non-controlling interests		*0.5*	*(0.1)*
Earnings per share:			
Basic earnings per share (in euros)	11	*1.97*	*(0.86)*
Fully diluted earnings per share (in euros)	11	*1.96*	*(0.86)*

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

Consolidated Statement of Comprehensive Income

(in millions of euros)	Note	FOR THE YEAR ENDED DECEMBER 31 2021	2020
Net income		**597.6**	**(261.3)**
Items to be reclassified to profit or loss in subsequent periods			
Net gain / (loss) on net investment hedges		(26.8)	5.2
Income tax		7.6	(1.7)
Net gain / (loss) on net investment hedges, net of tax		**(19.2)**	**3.5**
Foreign currency translation adjustment		188.2	(148.8)
Income tax		(4.1)	4.3
Foreign currency translation adjustment, net of tax		**184.1**	**(144.5)**
Net gain / (loss) on cash flow hedges		12.0	(5.7)
Income tax		(3.4)	1.3
Net gain / (loss) on cash flow hedges, net of tax		**8.6**	**(4.4)**
Items not to be reclassified to profit or loss in subsequent periods			
Net gain/ (loss) on remeasurements of net defined benefit liability	17.3	122.6	(44.7)
Income tax		(11.1)	5.8
Net gain/ (loss) on remeasurements of net defined benefit liability, net of tax		**111.5**	**(38.9)**
Other comprehensive income / (loss) for the period, net of tax		**285.0**	**(184.3)**
Total comprehensive income / (loss) for the period, net of tax		**882.7**	**(445.6)**
Portion attributable:			
to the equity holders of the parent		*882.4*	*(445.5)*
to non-controlling interests		*0.3*	—

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

Consolidated Balance Sheet

(in millions of euros)		AS OF DECEMBER 31	
ASSETS	**Note**	**2021**	**2020**
Goodwill	12.1	3,401.7	3,192.2
Intangible assets	12.1	1,159.0	997.5
Property, plant and equipment	12.3	271.9	253.3
Right-of-use assets	12.4	1,047.1	895.5
Long-term investments	12.5	56.6	41.3
Deferred tax assets	10.3	63.9	29.7
Total non-current assets		**6,000.2**	**5,409.5**
Inventories	13.1	2,057.2	1,511.1
Trade accounts receivable	13.2	2,353.2	1,899.7
Current tax assets		10.5	4.8
Other accounts receivable	13.3	559.2	448.9
Assets held for sale		—	3.7
Cash and cash equivalents	18.1	573.5	685.4
Total current assets		**5,553.5**	**4,553.7**
Total assets		**11,553.7**	**9,963.2**

(in millions of euros)		AS OF DECEMBER 31	
EQUITY AND LIABILITIES	**Note**	**2021**	**2020**
Share capital	14	1,528.6	1,522.1
Share premium	14	1,289.8	1,450.5
Reserves and retained earnings		1,741.9	822.5
Total equity attributable to equity holders of the parent		**4,560.4**	**3,795.1**
Non-controlling interests		0.5	(0.4)
Total equity		**4,560.8**	**3,794.8**
Interest bearing debt (non-current part)	18.1	1,290.5	1,915.2
Lease liabilities (non-current part)	12.4	975.1	837.0
Net employee defined benefit liabilities	17.2	208.9	320.9
Deferred tax liabilities	10.3	229.9	184.1
Provisions and other non-current liabilities	16	35.0	46.7
Total non-current liabilities		**2,739.5**	**3,303.9**
Interest bearing debt (current part)	18.1	832.4	113.3
Accrued interest	18.1	5.1	3.6
Lease liabilities (current part)	12.4	193.7	168.7
Trade accounts payable		2,170.0	1,807.3
Income tax payable		44.6	17.1
Other current liabilities	19	1,007.5	741.0
Liabilities directly associated with the assets held for sale		—	13.6
Total current liabilities		**4,253.4**	**2,864.5**
Total liabilities		**6,992.9**	**6,168.4**
Total equity and liabilities		**11,553.7**	**9,963.2**

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

Consolidated Statement of Cash Flows

(in millions of euros)		FOR THE YEAR ENDED DECEMBER 31	
CASH FLOWS FROM OPERATING ACTIVITIES	**Note**	**2021**	**2020**
Operating income		911.8	(3.4)
Depreciation, amortization and impairment of assets and assets write off	7 - 8	315.6	812.8
Employee benefits		(11.3)	(29.6)
Change in other provisions		(6.5)	13.0
Other non-cash operating items		12.5	(10.7)
Financial interest paid on borrowings		(56.1)	(66.5)
Interest on lease liabilities	12.4	(40.4)	(42.7)
Income tax paid		(199.0)	(88.5)
Operating cash flows before change in working capital requirements		**926.7**	**584.4**
Change in inventories		(349.3)	113.6
Change in trade receivables		(158.7)	87.4
Change in trade payables		183.9	(150.1)
Change in other working capital items		115.1	71.6
Change in working capital requirements		***(209.0)***	***122.5***
Net cash from operating activities		**717.7**	**706.9**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of tangible and intangible assets		(109.3)	(109.6)
Proceeds from disposal of tangible and intangible assets		6.1	33.0
Acquisitions of businesses or affiliates, net of cash acquired	4.1	(426.3)	(5.0)
Proceeds from disposal of businesses or affiliates, net of cash disposed of		(9.6)	153.5
Change in long-term investments		(3.1)	(4.3)
Net cash from investing activities		**(542.3)**	**67.6**
CASH FLOWS FROM FINANCING ACTIVITIES			
Disposal / (Purchase) of treasury shares		3.8	4.0
Acquisition of non-controlling interests		—	(14.7)
Issuance of senior notes net of transaction costs	18.2	989.9	—
Early repayment of senior notes	18.2	(1,119.6)	(303.9)
Net change in credit facilities, commercial papers, other financial borrowings	18.2	108.0	(0.2)
Net change in securitization	18.2	46.7	(93.0)
Repayment of lease liabilities	12.4	(188.9)	(172.3)
Dividends paid	15	(139.6)	—
Net cash from financing activities		**(299.7)**	**(580.2)**
Net (decrease) / increase in cash and cash equivalents		**(124.3)**	**194.4**
Cash and cash equivalents at the beginning of the period	18.1	685.4	514.3
Effect of exchange rate changes on cash and cash equivalents		12.4	(22.0)
Cash and cash equivalents reclassified to assets held for sale		—	(1.3)
Cash and cash equivalents at the end of the period	18.1	**573.5**	**685.4**

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

Consolidated Statement of Changes in Equity

(in millions of euros)

FOR THE YEAR ENDED DECEMBER 31, 2020	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, 2020		**1,520.5**	**1,451.2**	**1,404.4**	**57.1**	**(4.7)**	**(198.6)**	**4,230.1**	**5.2**	**4,235.3**
Net income		—	—	(261.2)	—	—	—	(261.2)	(0.1)	(261.3)
Other comprehensive income		—	—	—	(141.0)	(4.4)	(38.9)	(184.3)	—	(184.3)
Total comprehensive income for the period		—	—	**(261.2)**	**(141.0)**	**(4.4)**	**(38.9)**	**(445.5)**	—	**(445.6)**
Cash dividends	15	—	—	—	—	—	—	—	—	—
Allocation of free shares and free shares cancelled		1.6	(0.7)	(0.9)	—	—	—	—	—	—
Share-based payments	7	—	—	11.3	—	—	—	11.3	—	11.3
Acquisition of non controlling interests		—	—	(8.7)	(0.4)	—	—	(9.1)	(5.6)	(14.7)
Disposal of subsidiaries		—	—	—	4.5	—	—	4.5	—	4.5
Disposal / (Purchase) of treasury shares		—	—	3.8	—	—	—	3.8	—	3.8
Balance at December 31, 2020		**1,522.1**	**1,450.5**	**1,148.7**	**(79.7)**	**(9.1)**	**(237.5)**	**3,795.2**	**(0.4)**	**3,794.8**

FOR THE YEAR ENDED DECEMBER 31, 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		—	—	597.2	—	—	—	597.2	0.5	597.6
Other comprehensive income		—	—	—	165.1	8.6	111.5	285.2	(0.2)	285.0
Total comprehensive income for the period		—	—	**597.2**	**165.1**	**8.6**	**111.5**	**882.4**	**0.3**	**882.7**
Cash dividends	15	—	(139.6)	—	—	—	—	(139.6)	—	(139.6)
Share premium transfer to retained earnings		—	(21.3)	21.3	—	—	—	—	—	—
Allocation of free shares and free shares cancelled		6.5	0.2	(6.6)	—	—	—	—	—	—
Share-based payments	7	—	—	18.4	—	—	—	18.4	—	18.4
Disposal of subsidiaries		—	—	—	(0.2)	—	—	(0.2)	0.6	0.3
Disposal / (Purchase) of treasury shares		—	—	4.1	—	—	—	4.1	—	4.1
Balance at December 31, 2021		**1,528.6**	**1,289.8**	**1,783.3**	**85.2**	**(0.4)**	**(126.1)**	**4,560.4**	**0.5**	**4,560.8**

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

Accompanying Notes

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).

These consolidated financial statements cover the period from January 1 to December 31, 2021 and were authorized for issue by the Board of Directors on February 10, 2022.

2. Significant events of the reporting period

In 2021, the Group:

- experienced a strong recovery of its business and overachieved pre Covid-19 crisis sales and operating performance in an environment marked by product scarcity and price inflation.
- completed two main acquisitions in North America (see note 4.1):
  - Mayer, a major distributor of electrical products and services in the Eastern part of the USA. The company operates in 68 branches located in 12 states and posted annual sales of around US$1.3 billion in 2021;
  - a Canadian Utility distribution business focusing on utility hydro end-users and utility contractors with annual sales of €45 million in 2021.
- issued two sustainability-linked bonds, respectively of €400 and €600 million in order to extend its debt maturity profile and to optimize the overall cost of financing (see note 18.1.1).

3. Basis of preparation

3.1 Basis of preparation of the financial statements

The consolidated financial statements (hereafter referred to as "the financial statements") such as reported for the year ended December 31, 2021 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as the standards of the International Accounting Standards Board (IASB) which are in force at December 31, 2021.

IFRS as adopted by the European Union can be consulted on the European Commission's website (www.efrag.org).

The financial statements are presented in euros and all values are rounded to the nearest tenth of a million, unless otherwise stated.

3.2 Basis of Consolidation

The consolidated financial statements include the financial statements for Rexel S.A., parent company of the Group, its direct and indirect subsidiaries.

3.2.1 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The functional currency of Rexel and the presentation currency of the Group's financial statements are the euro.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate prevailing at that date. Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities that are measured at cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation are translated into euro at foreign exchange rates prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated into euro at rates approximating the foreign exchange rates ruling at the dates of the transactions. All resulting translation differences are recognized as a separate component of equity (foreign currency translation reserve).

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on disposal.

3.2.2 Use of judgements and estimates

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.

Main estimates and judgments made by the Group which have significant effect on the financial statements are described in the following notes:

- Business combinations (notes 4.1 and 12.1);
- Impairment of goodwill and intangible assets (note 12.2);

- Measurement of share-based payments (note 7);
- Employee benefits (note 17);
- Provisions and contingent liabilities (notes 16 and 22);
- Supplier rebates (notes 6 and 13.2);
- Lease contracts (note 12.4);
- Recognition of deferred tax assets (note 10.3);
- Climate change risk.

Climate change risks result both from more frequent extreme climatic event exposures and energy transitioning. The Group believes that financial impacts due to direct damages from extreme climatic events to its facilities remain limited due to its decentralized organization and its widespread geographic footprint.

Energy transitioning requires the adoption of low-carbon economic model. Rexel, as a distributor of electrical equipment and a player of energy efficiency, should benefit from steady increasing electrical usages fostered by regulatory changes and public investment plans.

4. Changes in Group structure

4.1 Business combinations

A business combination is a transaction or other event in which the Group obtains control of one or more businesses. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends and interests) or generating other income from ordinary activities. Business combinations are accounted for using the acquisition method:

– Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair value;

– The Group measures the non-controlling interests either at fair value, or at the proportionate share of the acquiree's identifiable net assets. This option is available for all business combinations based on a case-by-case analysis of each transaction.

Goodwill is determined at the acquisition date as the difference between:

– The fair value of the consideration transferred, including any contingent consideration (earn-out), plus the amount of any non-controlling interests; and

– The net of the acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

The subsidiaries are fully consolidated from the date on which control is obtained.

Costs attributable to the acquisition are expensed within "other expenses" in the period in which they are incurred.

Any contingent considerations (earn out) is recognized at acquisition-date fair value and remeasured within "other income or expenses" in the income statement at each reporting date.

Initial estimates of consideration transferred, fair values of assets acquired and liabilities assumed are finalized within twelve months after the date of acquisition and any adjustments are accounted for as retroactive adjustments to goodwill. Beyond this twelve-month period, any adjustment is directly recognized in the income statement.

The table below shows the purchase price allocation to identifiable assets acquired and liabilities assumed for the entities acquired in 2021:

(in millions of euros)

Net assets acquired and consideration transferred	MAYER	CANADA UTILITY DISTRIBUTION BUSINESS	OTHER	TOTAL
Customer relationships and customer contracts	55.6	15.6	0.2	71.4
Distribution networks	70.0	—	0.3	70.3
Right-of-use assets	91.6	—	—	91.6
Other fixed assets	16.8	0.2	0.9	18.0
Other non current assets	3.4	—	4.1	7.5
Current assets	330.0	8.3	0.7	339.0
Net financial debt	2.2	—	0.2	2.4
Other non current liabilities	(33.6)	—	—	(33.6)
Lease liabilities	(91.6)	—	—	(91.6)
Current liabilities	(146.9)	(2.4)	(2.2)	(151.4)
Net asset acquired (except goodwill acquired)	**297.5**	**21.7**	**4.3**	**323.6**
Goodwill acquired	66.1	18.8	12.9	97.8
Consideration transferred	**363.6**	**40.5**	**17.3**	**421.4**
Cash acquired	(2.2)	—	(1.3)	(3.5)
Payments for acquisition of a group of net assets not yet consolidated	—	—	8.4	8.4
Net cash paid for acquisitions	**361.5**	**40.5**	**24.3**	**426.3**

Mayer Electrical Supply company (USA)

On November 8, 2021, the Group acquired Mayer Electric Supply Company, Inc. ("Mayer"), a major distributor of electrical products and services in the USA. Mayer operates in 68 branches located in 12 states in the Eastern part of the USA and posted 2021 sales of €1.1 billion (US$1.3 billion).

The Group acquired the full ownership in the company for a total consideration of €363.6 million.

As of December 31, 2021, the purchase price allocation was recognized on a provisional basis: fair value measurement of inventories and trade receivables is in progress and should be finalized in the first half of 2022.

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

- distribution networks of €70.0 million with an indefinite useful life;
- customer contracts of €55.6 million with a useful life of 9 years;
- preliminary goodwill of €66.1 million.

This entity contributed for €8.4 million to the EBITA for the period ended December 31, 2021.

Canadian utility distribution business

On February 1, 2021, the Group finalized the acquisition of a Canadian distribution business focusing on utility hydro end-users and utility contractor for a total consideration of €40.5 million. This business posted sales of €45 million in 2021.

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

- customer relationships and customer contracts of €15.6 million with a useful life of 7.5 years;
- goodwill of €18.8 million.

This business contributed for €3.4 million to the EBITA for the period ended December 31, 2021.

Other acquisitions

In 2021, the Group also completed the following acquisitions for an overall consideration of €17.3 million:

- 100% ownership interest in Freshmile Services, an electrical vehicle charging station operator offering both services and supervision software headquartered in France;

- A 25% ownership interest in Trace Software International, a French company specialized in the development of software solutions and services dedicated to the commercial building. This investment is accounted for under the equity method.

On December 31, 2021, the Group also purchased the assets of Winkle Electric, a US-based electrical distributor specialized in industrial automation operating two branches in the North East, for an aggregate price of €8.4 million, of which €7.5 million were cashed-out at the transaction date. Due to the late acquisition date and the low materiality of this business relative to the group total assets, this investment was not consolidated at the reporting date and is recognized in "Other long term investment" (see note 12.5).

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

In 2020, the Group did not proceed to any significant business combination.

4.2 Divestments

In 2021, two sale transactions were closed down by the Group. They were recognized as Assets Held for Sale as of December 31, 2020:

- Disposal of an electrical equipment distributor to DIY customers in France resulting in a €2.4 million gain (see note 8). This entity posted sales of €32.5 million in 2020;
- Disposal of Rexel Arabia Electrical Supplies, a distributor operating in the Kingdom of Saudi Arabia that posted sales of €15.1 million in 2020. The disposal gain was €0.4 million as part of the accumulated foreign currency transaction adjustment recycled into profit and loss.

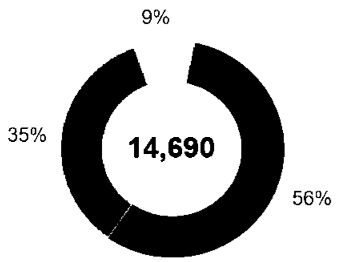
In 2020, the disposal of Gexpro Services and Suministros Erka S.L.U. (affiliate incorporated in Spain) were closed down by the Group. The two transactions resulted in a gain of respectively €4.2 million and €1.4 million recognized in other income (see note 8).

5. Segment reporting

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

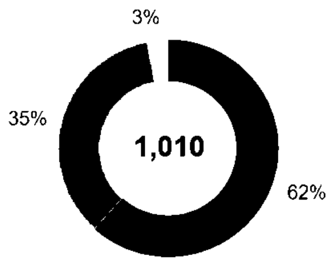
The Group's financial reporting is reviewed monthly by the Chief Executive Officer and the Chief Financial Officer acting together as Chief operating decision maker within the meaning of IFRS 8 "Operating Segments".

2021 SALES (in million of euros)
by operating segment



Europe
North America
Asia-Pacific

2021 EBITA (in million of euros)
by operating segment



(in millions of euros)	2021					
FOR THE YEAR ENDED DECEMBER 31	EUROPE	NORTH AMERICA	ASIA-PACIFIC	**TOTAL OPERATING SEGMENTS**	CORPORATE OVERHEAD AND OTHER RECONCILING ITEMS	**TOTAL GROUP**
Warehouse sales	7,894.1	3,530.6	1,219.3	**12,644.1**	—	**12,644.1**
Direct sales	622.3	1,629.4	75.7	**2,327.4**	—	**2,327.4**
Rebates, discount and services	(242.7)	(37.4)	(1.2)	**(281.3)**	—	**(281.3)**
Sales to external customers	**8,273.8**	**5,122.6**	**1,293.8**	**14,690.2**	—	**14,690.2**
EBITA (1)	621.8	357.3	30.8	**1,010.0**	(46.2)	**963.7**
Goodwill impairment	—	—	—	—	—	—
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**

(in millions of euros)	2020					
FOR THE YEAR ENDED DECEMBER 31	EUROPE	NORTH AMERICA	ASIA-PACIFIC	**TOTAL OPERATING SEGMENTS**	CORPORATE OVERHEAD AND OTHER RECONCILING ITEMS	**TOTAL GROUP**
Warehouse sales	6,731.1	2,759.1	1,038.0	**10,528.3**	—	**10,528.3**
Direct sales	562.9	1,612.6	130.2	**2,305.7**	—	**2,305.7**
Rebates, discount and services	(210.8)	(29.7)	(1.1)	**(241.6)**	—	**(241.6)**
Sales to external customers	**7,083.3**	**4,342.0**	**1,167.2**	**12,592.5**	—	**12,592.5**
EBITA (1)	379.8	168.6	21.9	**570.2**	(33.2)	**537.0**
Goodwill impairment	(257.1)	(183.4)	(45.5)	**(486.0)**	—	**(486.0)**
AS OF DECEMBER 31						
Working capital	651.3	558.7	122.7	**1,332.8**	(18.3)	**1,314.5**
Goodwill	2,005.3	1,113.4	73.4	**3,192.2**	—	**3,192.2**

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

The reconciliation of EBITA with the Group's consolidated net income before tax breakdown as follows:

	FOR THE YEAR ENDED DECEMBER 31	
(in millions of euros)	**2021**	**2020**
EBITA	**963.7**	**537.0**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(7.3)	(10.5)
Other income and other expenses	(44.6)	(529.9)
Net financial expenses	(133.1)	(117.2)
Net income before tax	**778.4**	**(120.6)**

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

	AS OF DECEMBER 31	
(in millions of euros)	**2021**	**2020**
Working capital	1,785.9	1,314.5
Goodwill	3,401.7	3,192.2
Total allocated assets & liabilities	**5,187.7**	**4,506.6**
Liabilities included in allocated working capital	3,174.7	2,542.5
Other non-current assets	2,534.6	2,187.6
Deferred tax assets	63.9	29.7
Current tax assets	10.5	4.8
Other current assets	3.3	0.8
Assets classified as held for sale	—	3.7
Derivatives	5.5	2.0
Cash and cash equivalents	573.5	685.4
Group total assets	**11,553.7**	**9,963.2**

6. Gross profit

Sales

Rexel's performance obligations consist mainly of delivery of electrical products and associated transportation services to ship the products to the customer's site. Due to the nature of its business, contracts with customers are generally entered into for a period of less than one year.

Sales are recognized at the point in time when the control of the goods is transferred to the customer generally on delivery or shipment of the products.

Rexel's performance obligations are fulfilled through warehouse sales or direct sales:

- Warehouse sales consist in goods delivered directly from Rexel's inventory locations to customers.
- Direct sales are arrangements with customers whereby the Group engages a third-party supplier to ship the products directly to the customer, based on Rexel's purchase order with the customer, without any physical transfer to and from the Group's warehouse. For the vast majority of its direct sales transactions, the Group acts as a principal as:
  - it is ultimately responsible for fulfillment of the customer's order and has discretion in establishing pricing;
  - it obtains controls of the goods at the point in time they are shipped by the third-party supplier but does not transfer control of the products to the customer until they are delivered to the customer's site;
  - also, it has inventory risk relating to the specified goods as it bears the risk of loss during the transit and the risk of return from the customer subsequent to the delivery.

In very limited instances where these conditions are not fulfilled, the Group is deemed to act as an agent and recognizes commission income for the excess of the amount invoiced to the customer and the amount charged by the supplier.

Volume rebates are retrospectively provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts and recognizes a refund liability for the expected future rebates.

Certain arrangements provide customers with a right to return the goods within a specified period. For goods that are expected to be returned, instead of sales, the Group recognizes a refund liability. To estimate the variable consideration for the expected goods returned, the Group applies the most likely amount method. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

Cost of good sold

Cost of goods sold corresponds to the cost of purchases net of supplier rebates and commercial income, changes in inventory (including impairments), discounting revenue, exchange gains and losses on goods purchases, logistics costs and other costs.

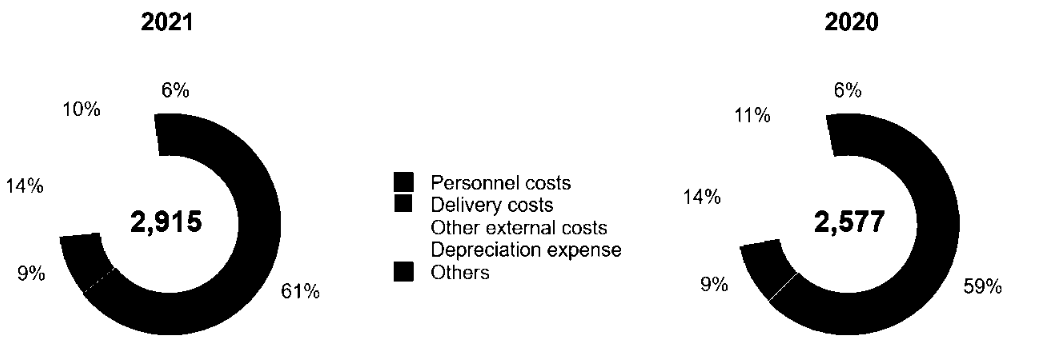
In line with industry practice, Rexel enters into annual agreements with a number of suppliers whereby volume-based rebates, marketing support and other discounts are received in connection with the purchase of goods for resale from these suppliers. Part of volume-based rebates are determined by reference to guaranteed rates of rebate (unconditional rebates). These are calculated through a mechanical process with minimal judgement. Another part of volume-based rebates is subject to stepped targets, the rebate percentage increasing as volumes purchased reach agreed targets within a set period of time (conditional rebates). The majority of suppliers' rebate agreements apply to annual purchases eligible to rebates. Determination of the rebate amount is based on the most likely amount method which relies on estimate of purchases subject to rebates by category of products. They are accrued within other accounts receivable and recognized as a deduction of cost of goods or as a deduction of inventory for the goods in stock at the balance sheet date. Marketing support is recognized in the cost of goods sold once all relevant performance criteria have been met.

Domestic Sales

Digital Sales*

*Web and EDI (Electronic Data Interchange) solutions sales

7. Distribution & administrative expenses



(in millions of euros)		FOR THE YEAR ENDED DECEMBER 31 2021	2020
Personnel costs	(1)	(1,771.2)	(1,526.4)
Delivery costs		(269.3)	(241.3)
Other external costs		(413.5)	(359.1)
Depreciation expense	(2)	(300.7)	(283.9)
Building and occupancy costs		(114.2)	(107.2)
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities		(7.3)	(10.5)
Bad debt expense	(3)	(39.0)	(48.5)
Total distribution and administrative expenses		**(2,915.2)**	**(2,576.9)**

(1) 2020 personnel costs included the effects of temporary workforce reduction as part of partial unemployment measures and government grants recognized for €37.6 million as a result of the Covid-19 crisis.

(2) Including depreciation expense of right-of-use assets for €192.0 million for the year ended December 31, 2021 (€178.5 million for the year ended December 31, 2020) (see note 12.4).

(3) Including (i) a provision for expected credit losses and losses on receivables written-off of €26.6 million for the year ended December 31, 2021 (€39.8 million for the year ended December 31, 2020) and (ii) customer credit insurance premiums net of recoveries.

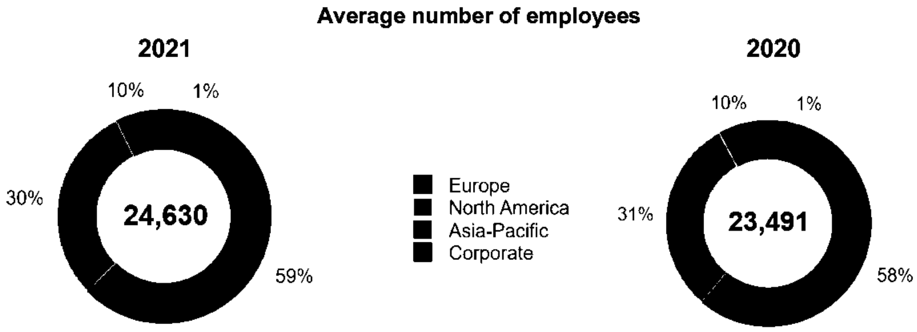
Personnel costs

Personnel costs include short-term benefits and long-term benefits.

- Short-term benefits (wages, salaries, social security contributions, compensated absences, profit-sharing and bonuses) are expected to be settled before twelve months after the end of the reporting period.They are recognized within current liabilities and expensed when the service is provided by the employees;
- Post employment and long-term benefits are described in note 17;
- Other employee expenses mainly include temporary work and external personnel.

		FOR THE YEAR ENDED DECEMBER 31	
(in millions of euros)		**2021**	**2020**
Salaries and social security charges		(1,693.5)	(1,503.0)
Share-based payments		(18.6)	(11.3)
Pension and other post-retirement benefits-defined benefit plans		(16.4)	(15.6)
Other employee expenses	(1)	(42.7)	3.5
Total personnel costs		**(1,771.2)**	**(1,526.4)**

(1) in 2020, including government grants recognized for €37.6 million as a result of the Covid-19 crisis.



Group average number of employees breakdown as follows:

	FOR THE YEAR ENDED DECEMBER 31	
	2021	**2020**
Europe	14,602	13,571
North America	7,410	7,291
Asia-Pacific	2,427	2,465
Total operating segments	**24,439**	**23,327**
Corporate	191	164
Group average number of employees	**24,630**	**23,491**

The average number of full-time equivalent employees for the year ended December 31, 2020 included the effect of temporary workforce reduction as part of partial unemployment measures implemented as a response to the Covid-19 crisis.

Share-based payments

Rexel has bonus share programs in place allowing employees to receive shares of the Group parent company.

These bonus shares may be restricted shares (subject to a 3-year service condition without any performance condition) or performance shares (subject to performance conditions in addition to service condition). Performance conditions are based on the (i) average growth of EBITA value, (ii) average oganic sales growth, (iii) average ratio free cash flow before interest and tax to EBITDAaL (Earnings Before Interests, Tax, Depreciation, Amortization and after Leases) and (iv) Rexel share market performance compared to peers.

These programs are qualified as equity-settled plans. The fair value of bonus shares granted to employees is recognized as a personnel expense in the income statement with a corresponding increase in equity over the vesting period of the bonus shares. Fair value is measured at grant date based on the share price after deducting (i) the effect of restrictions attached to the dividend rights until the delivery date of the shares and (ii) the discount in relation with the market conditions attached to the bonus shares.

The terms and conditions of the shareholder-approved employee free share plans operated by the Group at December 31, 2021 were as follows:

Plan	2017	2018	2019	2020	2021	
Grant date	5/23/2017	5/24/2018	5/23/2019	9/28/2020	4/22/2021	10/20/2021
Delivery date	5/24/2021	5/25/2021	5/24/2022	9/29/2023	4/23/2024	10/21/2024
Fair value per share (in euros)	12.48	10.71	8.74	8.48	15.36	15.98
Adjusted number of shares granted(1)	**1,938,858**	**2,000,471**	**2,207,425**	**1,608,555**	**1,928,625**	**53,450**
Number of shares cancelled since the origin	(951,728)	(1,181,718)	(301,841)	(69,864)	(47,417)	—
Number of shares delivered since the origin	(987,130)	(818,753)	—	—	—	—
Total maximum number of shares granted at December 31, 2021	—	—	**1,905,584**	**1,538,691**	**1,881,208**	**53,450**

(1) Number of shares have been adjusted to restore the initial value attributed to the beneficiaries following share premium distributions.

Expenses related to share based payment are summarized as follows:

	FOR THE YEAR ENDED DECEMBER 31	
(in millions of euros)	**2021**	**2020**
Plans issued in 2016	—	(0.5)
Plans issued in 2017	(0.4)	(2.7)
Plans issued in 2018	(1.1)	(2.8)
Plans issued in 2019	(7.2)	(4.1)
Plans issued in 2020	(4.1)	(0.9)
Plans issued in 2021	(5.7)	—
Expense related to employee share purchase plan	(0.2)	(0.4)
Total share-based payment expenses	**(18.6)**	**(11.3)**

8. Other income & other expenses

Other operating income and expenses include:

- irrespective of their amount: gains and losses on asset disposals, asset impairment and write-offs, expenses arising from the restructuring or integration of acquired companies, separation costs, acquisition related costs from business combinations, gains or losses on earn out or settlement gain or loss on defined benefit;
- significant items such as disputes.

These items are presented separately in the income statement in order to allow the Chief Executive Officer and the Chief Financial Officer - acting together as Chief operating decision maker within the meaning of IFRS 8 "Operating Segments" - to assess the trading performance of the business segments.

		FOR THE YEAR ENDED DECEMBER 31	
(in millions of euros)		**2021**	**2020**
Gains on disposal of fixed assets	(1)	3.8	13.7
Release of unused provisions		3.2	0.7
Gain on disposal of investments in consolidated companies	(2)	2.9	5.7
Gain on lease terminations		1.7	4.0
Gains on earn-out		0.6	0.4
Other operating income		0.3	0.5
Total other income		**12.4**	**25.0**
Acquisition costs	(3)	(9.8)	(1.5)
Restructuring costs	(4)	(6.3)	(26.1)
Impairment of goodwill and intangible assets with indefinite useful life	(5)	—	(486.0)
Impairment of other assets	(6)	(7.6)	(0.8)
Fair value adjustments of assets held for sale	(7)	—	(32.5)
Losses on non-current assets disposed of		(3.2)	(1.8)
Litigations	(8)	(26.0)	(0.4)
Other operating expenses		(4.1)	(5.8)
Total other expenses		**(57.0)**	**(554.9)**

(1) Mainly including gains on real estate properties divestments.

(2) In 2021, including a €2.4 million disposal gain of the electrical equipment distributor to DIY customers in France. In 2020, disposal gains were related to (i) Gexpro Services for €4.2 million and (ii) to the Spanish export business for €1.4 million (see note 4.2).

(3) In 2021, acquisition-related costs mostly in connection with Mayer in the USA and the utility distribution business in Canada.

(4) In 2020, including the effect of restructuring plans mostly incurred in China, Germany, US, Sweden, and the UK.

(5) In 2020, consisting in goodwill impairment losses mainly allocated to the United Kingdom (€162.4 million), USA (€108.2 million), Canada (€75.2 million), Germany (€74.6 million), Australia (€40.5 million) and to Norway (€17.5 million) (see note 12.2).

(6) In 2021, mainly including the effect of impairment of right-of-use assets and other fixed assets in Spain for respectively €4.8 million (see note 12.4) and €2.5 million (see note 12.3).

(7) In 2020, consisting in fair value adjustments of assets held for sale of (i) €21.5 million related to the expected sale of an electrical distributor to DIY customers in France and (ii) €11.1 million related to Rexel Arabia Electrical Supplies (see note 4.2).

(8) In 2021, including €23.4 million impaired trade receivables in connection with the discontinuation of a non-core contract in China and legal investigations initiated as a result.

9. Net financial expenses

Net financial expenses comprise:

- interest payable on borrowings and interest receivable on invested funds calculated using the effective interest rate method;
- foreign exchange gains and losses, and gains and losses on hedging instruments that are recognized in profit or loss;
- net financial expense on employee benefits obligation;
- derecognition gain and losses on financial debt extinction;
- interest expense component on lease liabilities; and
- losses on derecognized trade receivables assigned under off-balance sheet securitization and factoring programs.

		FOR THE YEAR ENDED DECEMBER 31	
(in millions of euros)		**2021**	**2020**
Interest income on cash and cash equivalents		1.2	1.5
Interest income on receivables and loans		2.0	2.2
Financial income		**3.3**	**3.8**
Interest expense on financial debt (stated at amortized cost)		(47.0)	(61.0)
Interest gain / (expense) on interest rate derivatives		(6.2)	(0.8)
Change in fair value of interest rate derivatives through profit and loss		0.9	(3.9)
Interest expense on borrowings		**(52.4)**	**(65.7)**
Non-recurring redemption gain (loss)	(1)	**(22.6)**	**4.2**
Foreign exchange gain (loss)		*0.1*	*2.1*
Change in fair value of exchange rate derivatives through profit and loss		*(0.3)*	*1.5*
Net foreign exchange gain (loss)		(0.2)	3.6
Net financial expense on employee benefit obligations		(7.3)	(8.0)
Interest on lease liabilities		(40.4)	(42.7)
Others	(2)	(13.6)	(12.4)
Other financial expenses		**(61.4)**	**(59.5)**
Net financial expenses		**(133.1)**	**(117.2)**

(1) In 2021, early redemptions related derecognition loss of the 2.75% 600 million senior notes due 2026 and the 2.125% 500 million senior notes due 2025. In 2020, early redemption related gain of the 2.625% €300million senior notes due 2024 (see note 18.1.1).

(2) Mainly interests on derecognized trade receivables.

10. Income tax

Income tax represents the aggregate amount of current and deferred taxes included in the calculation of net income (loss) for the period. Income tax is recognized in the statement of income unless it relates to a business combination or to items recognized directly in equity or in other comprehensive income.

Current tax is:	Deferred tax is:
– the expected tax payable on the taxable income for the year; – calculated using tax rates enacted or substantively enacted at the balance sheet date; and – inclusive of any adjustment to tax payable in respect of previous years.	– provided using the balance sheet liability method; – based on temporary differences between financial statements' carrying amounts of assets and liabilities and their respective income tax bases; and – based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at balance sheet date.

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same tax jurisdiction and the Group intends to settle its current tax assets end liabilities on a net basis.
A net deferred tax asset is recognized only to the extent it is probable that taxable profits will be available in the next five years to recover this asset.

Rexel and its French subsidiaries have formed a tax Group from January 1, 2005. Rexel uses tax consolidation in other tax jurisdictions where similar options exist.

10.1 Income tax expense

		FOR THE YEAR ENDED DECEMBER 31	
(in millions of euros)		**2021**	**2020**
Current tax		(221.5)	(101.9)
Deferred tax	(1)	43.0	(40.0)
Prior year adjustments on current tax or deferred tax		(2.2)	1.2
Total income tax expense		**(180.8)**	**(140.7)**

(1) Of which €32.2 million gain in 2021 in connection with (i) €26.5 million deferred tax asset recognition on prior year tax losses in the UK, Germany and New-Zealand (€28.4 m deferred tax asset impairment in 2020) (see note 10.2) and (ii) €5.7 million deferred tax assets remeasurement in the UK due to change in tax rate enacted in 2021.

10.2 Effective tax rate

		FOR THE YEAR ENDED DECEMBER 31			
(in millions of euros)		**2021**		**2020**	
Income before tax and before share of profit in associates		778.4		(120.6)	
French legal tax rate			*28.41 %*		*32.02 %*
Income tax calculated at the legal tax rate		(221.1)		38.6	
Differences of tax rates between French and foreign jurisdictions		26.1	*(3.3)%*	(7.6)	
Changes in tax rates		5.4	*(0.7)%*	10.2	
(Current year losses unrecognized), prior year losses recognized	(1)	27.0	*(3.5)%*	(41.7)	
(Non-deductible expenses), tax exempt revenues	(2)	(8.1)	*1.0 %*	(133.5)	
Others		(10.0)	*1.3 %*	(6.6)	
Actual income tax expense		**(180.8)**	**23.2 %**	**(140.7)**	**n.a**

(1) In 2021, including deferred tax asset recognition on prior year tax losses as a result of improved future taxable profits in Germany (€13.0 million), the UK (€10.1 million) and New Zealand (€3.4 million). In 2020, including deferred tax assets write-down of €28.4 million in 2020 in the UK (€14.2 million), Germany (€10.5 million) and New Zealand (3.2 million) due to uncertainty around financial prospects in the backdrop of the covid-19 crisis.

(2) Of which €124.9 million non tax-deductible goodwill impairment related effect in 2020.

10.3 Deferred tax assets and liabilities

Changes in net deferred tax assets / (liabilities) are as follows:

(in millions of euros)		2021	2020
Net deferred tax at the beginning of the year		**(154.3)**	**(124.5)**
Change in consolidation scope	(1)	(33.6)	1.0
Deferred tax income (expense)		39.2	(45.5)
Other comprehensive income		(11.0)	9.7
Currency translation adjustment		(5.5)	6.4
Other changes		(0.7)	(1.5)
Net deferred tax at the end of the year		**(166.0)**	**(154.3)**

(1) Mainly reflecting the effect of Mayer's acquisition (see note 4.1).

Analysis of deferred tax assets and liabilities by nature is as follows:

	AS OF DECEMBER 31	
(in millions of euros)	2021	2020
Intangible assets	(333.1)	(290.6)
Property, plant and equipment	(0.9)	(6.3)
Leases	31.3	28.3
Financial assets	8.9	10.5
Trade accounts receivable	20.8	13.1
Inventories	9.9	18.3
Employee benefits	72.8	88.1
Provisions	11.3	10.5
Financing fees	1.5	1.2
Other items	(10.7)	(9.2)
Tax losses carried forward	210.3	191.0
Deferred tax assets / (liabilities), before allowance	**22.2**	**54.9**
Valuation allowance on deferred tax assets	(188.2)	(209.3)
Net deferred tax assets / (liabilities)	**(166.0)**	**(154.4)**
of which deferred tax assets	*63.9*	*29.7*
of which deferred tax liabilities	*(229.9)*	*(184.1)*

As of December 31, 2021, deferred tax assets arising on tax losses carried forward that are not expected to be used within five years were subject to a valuation allowance mostly in Spain (€247 million), the United Kingdom (€207 million), Germany (€173 million) and Italy (€78 million). The expiry date of such tax losses carried forward is as follows:

	AS OF DECEMBER 31	
(in millions of euros)	2021	2020
One year	9.0	3.0
Two years	1.8	3.6
Three years	0.5	2.9
Four years	—	0.9
Five years	1.6	—
Thereafter	715.6	783.6
Total tax losses carried forward (tax basis) subject to a valuation allowance	**728.5**	**794.0**

10.4 Uncertain income tax treatments

In accordance with IFRIC 23 – Uncertainty over Income Tax Treatments, tax assets or liabilities should be recognized if there is uncertainty over their income tax treatment. The Group recognizes a tax liability whenever it considers the relevant tax authorities are unlikely to accept a given tax treatment and does not take into account the probability that this would not be detected by the tax authorities. Conversely, a tax receivable is recognized if the Group considers the relevant tax authorities are likely to refund tax paid. Assets and liabilities for which tax treatments are uncertain are estimated on a case-by-case basis depending on the most likely amount.

Manudax liquidation loss

In 2019, Manudax, a dormant affiliate of Rexel Holding Netherlands "RHNL" (formerly known as Hagemeyer NV) was liquidated and RHNL claimed the liquidation loss in its tax return. In 2020, the Dutch Tax Authorities challenged the amount of the deductible liquidation loss and asserted that it should be adjusted downwards by €19.3 million. In 2021, RHNL received a tax reassessment of €4.8 million corresponding to the disputed amount of the liquidation loss. The Group believes that this reassessment has no solid ground but, as a precautionary measure, decided to pay the disputed amount and filed an objection letter to the tax authorities to contest the reassessment. If finally, the Tax Authorities would maintain their position then RHNL would decide to bring this matter before the Court. The Group believes that the matter will be resolved favorably in its interest and has therefore not recorded a provision on this reassessment.

11. Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options and bonus shares granted to employees. The number of potential dilutive shares does not take into account the bonus shares whose allocation is subject to future performance or market conditions not yet met at the balance sheet date.

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

	FOR THE YEAR ENDED DECEMBER 31,	
	2021	**2020**
Net income attributed to ordinary shareholders (in millions of euros)	**597.2**	**(261.2)**
Weighted average number of issued common shares adjusted for non-dilutive potential shares (in thousands)	303,365	302,293
Basic earning per share (in euros)	**1.97**	**(0.86)**
Dilutive potential shares (in thousands)	654	1,192
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)	304,019	303,485
Fully diluted earnings per share (in euros)	**1.96**	**(0.86)**

12. Long-term assets

12.1 Goodwill and intangible assets

Goodwill

Goodwill arising in a business combination represents a payment made in anticipation of future economic benefits arising from assets that are not capable of being identified individually and accounted for separately, such as market shares, the value of workforce, the potential to develop existing business assets and expected synergies from the combination. In the wholesale distribution sector, these synergies notably include those expected in terms of purchasing, logistics, network and administration.

Goodwill is allocated to cash-generating units (CGUs).

Goodwill is determined for as described in note 4.1.

Goodwill associated with an operation disposed of is included in the carrying amount of this operation when determining the gain or loss on the disposal. The amount of goodwill attributed to this operation is measured based on the relative values of (i) the operation disposed of and (ii) the portion of the cash-generating unit retained.

Impairment test for goodwill is described paragraph 12.2.

Other intangible assets with indefinite useful life

- Strategic partnerships acquired in business combinations arising from contractual rights. Their valuation is determined on the basis of a discounted cash flow model.
- Distribution networks considered separable assets as they could be franchised. They correspond to the value added to each branch through the existence of a network and include notably banners and catalogues. Their measurement is performed using the royalty relief method based on royalty rates used for franchise contracts, taking their profitability into account. The royalty rate ranges from 0.4% to 1.0% of sales depending on each country.

Strategic partnerships and distribution networks are regarded as having an indefinite useful life when there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group.

Impairment test for other intangible assets with indefinite useful life is described in paragraph 12.2.

Software and other intangible assets

Software and other intangible assets are initially stated at cost or, when they are part of a business combination, at fair value. They are depreciated on a straight-line basis over their estimated useful lives.

Estimated useful life of software range from 3 to 10 years.

Other intangible assets mainly include customer relationships, recognized when an acquired entity establishes relationships with key customers through contracts. They are measured using an excess profit method.

Estimated useful lives is based on historical attrition ranging from 5 to 15 years.

(in millions of euros)	STRATEGIC PARTNERSHIPS	DISTRIBUTION NETWORKS	SOFTWARE AND OTHER INTANGIBLE ASSETS	**TOTAL INTANGIBLE ASSETS**	**GOODWILL**
Gross carrying amount as of January 1, 2020	**185.6**	**662.5**	**757.1**	**1,605.2**	**4,463.3**
Change in consolidation scope	—	—	(0.2)	**(0.2)**	**(4.0)**
Additions	—	—	55.5	**55.5**	—
Disposals	—	—	(23.0)	**(23.0)**	—
Currency translation adjustment	—	(20.6)	(21.5)	**(42.1)**	**(123.7)**
Other changes	—	—	(0.9)	**(0.9)**	**(11.8)**
Gross carrying amount as of December 31, 2020	**185.6**	**641.9**	**766.9**	**1,594.4**	**4,323.8**
Change in consolidation scope (1)	—	70.3	73.6	**143.8**	**97.8**
Additions	—	—	44.9	**44.9**	—
Disposals	—	—	(15.3)	**(15.3)**	—
Currency translation adjustment	—	25.5	26.1	**51.5**	**149.4**
Other changes	—	—	1.5	**1.5**	—
Gross carrying amount as of December 31, 2021	**185.6**	**737.6**	**897.6**	**1,820.8**	**4,571.1**
Accumulated amortization and depreciation as of January 1, 2020	—	**(29.1)**	**(548.6)**	**(577.7)**	**(677.8)**
Change in consolidation scope	—	—	0.6	**0.6**	—
Amortization expense	—	—	(60.0)	**(60.0)**	—
Impairment losses	—	—	—	—	**(486.0)**
Release	—	—	22.0	**22.0**	—
Currency translation adjustment	—	0.2	17.0	**17.2**	**25.6**
Other changes	—	—	0.9	**0.9**	**6.5**
Accumulated amortization and depreciation as of December 31, 2020	—	**(28.9)**	**(568.0)**	**(596.9)**	**(1,131.6)**
Change in consolidation scope	—	—	(1.3)	**(1.3)**	—
Amortization expense	—	—	(59.7)	**(59.7)**	—
Release	—	—	14.1	**14.1**	—
Currency translation adjustment	—	(0.3)	(18.1)	**(18.4)**	**(37.7)**
Other changes	—	—	0.4	**0.4**	—
Accumulated amortization and depreciation as of December 31, 2021	—	**(29.2)**	**(632.6)**	**(661.8)**	**(1,169.4)**
Carrying amount as of January 1, 2020	**185.6**	**633.3**	**208.5**	**1,027.5**	**3,785.5**
Carrying amount as of December 31, 2020	**185.6**	**613.0**	**198.9**	**997.5**	**3,192.2**
Carrying amount as of December 31, 2021	**185.6**	**708.4**	**265.0**	**1,159.0**	**3,401.7**

(1) Mainly reflecting the effect of Mayer and Canada utility distribution business' acquisitions (see note 4.1).

Software and other intangible assets mainly include:

- software for a carrying amount of €127.9 million as of December 31, 2021 (€128.6 million as of December 31, 2020);
- customer relationships for a carrying amount of €76.8 million as of December 31, 2021 (€10.2 million as of December 31, 2020).

The table below sets forth the allocation of goodwill and intangible assets with indefinite useful life by cash generating unit:

(in millions of euros)		As of December 31, 2021			As of December 31, 2020		
CGU	GEOGRAPHIC SEGMENT	GOODWILL	INTANGIBLE ASSETS	TOTAL	GOODWILL	INTANGIBLE ASSETS	TOTAL
France	Europe	1,079.8	169.4	1,249.2	1,066.8	169.4	1,236.2
United States	North America	879.6	223.2	1,102.8	749.5	139.7	889.2
Canada	North America	415.5	70.4	485.9	363.9	64.8	428.7
Switzerland	Europe	290.1	40.8	330.9	277.5	39.0	316.5
Sweden	Europe	180.6	18.3	198.9	184.5	18.7	203.2
Austria	Europe	89.8	13.0	102.8	89.8	13.0	102.8
Australia	Asia-Pacific	62.4	24.8	87.2	61.3	24.4	85.7
Belgium	Europe	79.4	—	79.4	79.4	—	79.4
United Kingdom	Europe	14.6	60.9	75.5	13.7	56.9	70.6
Germany	Europe	23.6	51.7	75.3	23.6	51.7	75.3
Norway	Europe	50.6	12.4	63.0	48.3	11.8	60.1
Other		235.9	209.2	445.0	234.1	209.2	443.2
	Total	**3,401.7**	**894.1**	**4,295.8**	**3,192.2**	**798.7**	**3,990.8**

12.2 Impairment testing

Goodwill and other intangible assets with indefinite useful life are not amortized but subject to an impairment test at least once a year, in December, or as soon as there is an indication that it may be impaired (material adverse changes of a lasting nature affecting the economic environment or the assumptions and objective made at the time of acquisition).

Impairment test is performed at the country level, which represents the lowest level at which operations are monitored by management for the purpose of measuring return on investment.

Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is determined based on value in use. The calculation of the value in use is based on a discounted cash flow model. Cash flows are derived from the strategic plan prepared during the yearly budget process in November 2021 for the next two years and also include an extrapolation of three additional years and a normative terminal value. Prospects include the favorable effect expected from continuously increasing electrical usages as a result of climate change containment policies and energy transitioning boosted by the European green deal and US stimulus that should bring additional growth opportunities. A long-term growth rate based on inflation forecasts has been used for the calculation of the terminal value. Cash-flows were discounted on the basis of the weighted average cost of capital net of tax calculated for each country. Country-specific risk is incorporated by applying individual risk-free rates and equity risk premium. The weighted average cost of capital reflects the time value of money and the specific risks of the assets, not already factored in the projected cash-flow, by taking into account the capital structure and the financing terms and conditions of a standard market participant.

Impairment losses are recognized in the income statement (in "Other expenses"). Impairment losses in respect of goodwill may not be reversed. If a change in the useful life assessment (from indefinite to finite) is identified during the annual review, the modification is made on a prospective basis.

Value-in-use key assumptions

- EBITA Margin

EBITA margin is set on a country by country basis based on both historical and expected performance, Rexel's market share and characteristics of the local market and by reference to other cash generating units within the Group with similar profile.

- Discount rate and long term growth rate

The following after tax discount rates and long term growth rate were used to estimate the value-in-use of the CGUs:

	As of December 31, 2021			As of December 31, 2020		
CGU	DISCOUNT RATE (WACC)	LONG TERM GROWTH RATE (g)	WACC - (g)	DISCOUNT RATE (WACC)	LONG TERM GROWTH RATE (g)	WACC - (g)
France	8.2 %	1.3 %	6.9 %	8.0 %	1.6 %	6.4 %
United States	8.2 %	2.3 %	5.9 %	8.3 %	2.2 %	6.1 %
Canada	8.4 %	2.0 %	6.4 %	8.3 %	2.0 %	6.3 %
Switzerland	7.5 %	1.0 %	6.5 %	7.6 %	1.0 %	6.6 %
Sweden	8.4 %	1.9 %	6.5 %	8.0 %	1.8 %	6.2 %
Austria	8.1 %	2.0 %	6.1 %	8.1 %	2.0 %	6.1 %
Australia	10.0 %	2.4 %	7.6 %	9.8 %	2.4 %	7.4 %
Belgium	7.9 %	1.8 %	6.1 %	7.4 %	1.7 %	5.7 %
United Kingdom	8.0 %	2.0 %	6.0 %	7.9 %	2.0 %	5.9 %
Germany	7.2 %	2.0 %	5.2 %	7.1 %	2.0 %	5.1 %
Norway	7.6 %	2.0 %	5.6 %	7.5 %	2.0 %	5.5 %
Other	7.9% to 15.7%	1.4% to 4.0%	6.0% to 11.7%	7.8% to 15.6%	1.4% to 4.0%	6.4% to 11.6%

Result of the impairment tests

As of December 31, 2021, no goodwill impairment was recognized as of December 31, 2021.

As of December 31, 2020, the goodwill impairment loss of €486.0 million recognized as a consequence of the Covid-19 health crisis were allocated to the following cash generating units:

(in millions of euros)		**2020**
CGU	GEOGRAPHIC SEGMENT	GOODWILL IMPAIRMENT
United Kingdom	Europe	162.4
United States	North America	108.2
Canada	North America	75.2
Germany	Europe	74.6
Australia	Asia-Pacific	40.5
Norway	Europe	17.5
Other		7.6
Total		**486.0**

Sensitivity analysis

The table below summarizes the impact on cash generating units where a change of 50 bps in EBITA margin, discount rate or long term growth rate would lead on the recognition of an impairment expense:

(in millions of euros)

CGU	GOODWILL AND INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE	EBITA MARGIN (-50 bps)	DISCOUNT RATE (+50 bps)	LONG TERM GROWTH RATE (-50 bps)
Germany	75.3	(10.6)	—	—
Norway	63.0	(7.0)	—	—
Other	445.0	(1.3)	—	—
Total		**(18.9)**	—	—

12.3 Property, plant & equipment

Property, plant and equipment acquired are initially stated at cost, including all expenses directly attributable to the acquisition.

Property, plant and equipment acquired as part of a business combination are recognized at fair value, separately from goodwill.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives.

The estimated useful lives are as follows:

- Commercial and office buildings 20 to 35 years;
- Building improvements and operating equipment 5 to 10 years;
- Transportation equipment 3 to 8 years;
- Computers and hardware 3 to 5 years.

Land is not depreciated.

(in millions of euros)	LAND & BUILDINGS	PLANT & EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL PROPERTY, PLANT AND EQUIPMENT
Gross carrying amount as of January 1, 2020	**181.9**	**668.7**	**36.0**	**886.6**
Change in consolidation scope	0.3	0.1	0.2	**0.6**
Additions	2.1	47.7	6.8	**56.6**
Disposals	(13.9)	(39.1)	(1.5)	**(54.6)**
Currency translation adjustment	(3.3)	(13.1)	(0.4)	**(16.7)**
Other changes	(2.3)	(0.6)	(2.9)	**(5.8)**
Gross carrying amount as of December 31, 2020	**164.8**	**663.7**	**38.2**	**866.7**
Change in consolidation scope	12.3	4.6	0.2	**17.1**
Additions	2.6	41.8	13.7	**58.1**
Disposals	(6.1)	(37.2)	(0.3)	**(43.6)**
Currency translation adjustment	5.0	16.4	0.9	**22.2**
Other changes	(0.1)	3.8	(5.7)	**(2.0)**
Gross carrying amount as of December 31, 2021	**178.4**	**693.1**	**47.0**	**918.6**
Accumulated amortization and depreciation as of January 1, 2020	**(106.5)**	**(482.3)**	**(24.5)**	**(613.4)**
Depreciation expense	(5.0)	(48.7)	(2.1)	**(55.9)**
Release	4.5	36.5	0.4	**41.3**
Currency translation adjustment	1.7	8.4	—	**10.2**
Other changes	2.3	2.0	—	**4.3**
Accumulated amortization and depreciation as of December 31, 2020	**(103.1)**	**(484.1)**	**(26.2)**	**(613.4)**
Depreciation expense	(4.8)	(49.5)	(2.0)	**(56.3)**
Impairment losses (1)	(2.3)	(0.2)	—	**(2.6)**
Release	4.0	35.1	0.2	**39.3**
Currency translation adjustment	(3.0)	(10.8)	(0.1)	**(13.8)**
Other changes	—	0.1	—	**0.1**
Accumulated amortization and depreciation as of December 31, 2021	**(109.1)**	**(509.5)**	**(28.1)**	**(646.7)**
Carrying amount as of January 1, 2020	**75.4**	**186.3**	**11.6**	**273.3**
Carrying amount as of December 31, 2020	**61.7**	**179.6**	**12.0**	**253.3**
Carrying amount as of December 31, 2021	**69.3**	**183.7**	**18.9**	**271.9**

(1) Reflecting fixed assets impairment in Spain (see note 8).

12.4 Leases

The Group applies a single recognition and measurement model for all leases except for short-term leases and leases of low-value assets. The Group recognizes right-of-use assets representing the right to use the underlying assets and lease liabilities to make lease payments.

Right-of-use assets

- At the commencement date, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
- The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.
- Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease term

- Lease term represents the non-cancellable term of the lease, together with any periods covered by an option to extend or to terminate the lease if it is reasonably certain to be exercised.
- Relevant factors that create an economic incentive to exercise a renewal option are considered on a site by site basis among which: the cost of relocation (including the effect of potential business disruptions on operations resulting from a lease termination), the attractiveness of the location, and the investments in leasehold improvements.
- After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (i.e. adverse changes in the attractiveness of the location or business strategy change).
- Amendments to IFRS 16 “Covid-19-Related Rent concessions beyond June 30, 2021":

  The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification and Rexel elected to apply this practical expedient. This additional one-year exemption did not have a significant impact on the Group’s financial statements at 31 December 2021.

Lease liabilities

- At the commencement date, lease liabilities are measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees if any. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.
- Variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.
- After the commencement date, lease liabilities increase to reflect the accretion of interest and reduced for the lease payments made. Lease liabilities carrying can also be remeasured if there is a modification (a change in the lease term, in the in-substance fixed lease payments or in the assessment to purchase the underlying asset).

Discount rate

- At the commencement date, and as the implicit interest rate of lease agreement is not readily available in the contracts, the Group uses the incremental borrowing rate (IBR) to measure the present value of lease liabilities.
- IBR is determined by reference to the 7-year currency swap applicable to each of the Group’s entities in their own functional currencies after adding back the Group’s credit spread. The Group credit spread is derived from the cost of issuing senior notes which is the primary source of funding of the Group.

Short-term leases and leases of low-value assets exemptions

The Group applies recognition exemptions for:

- short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).
- low-value assets to leases of office equipment (including copiers, printers, lap-tops) that are individually considered of low value.

Lease payments on short-term leases and leases of low-value assets are recognized as part of the distribution and administrative expenses on a straight-line basis over the lease term.

Set out below are the carrying amounts of right-of-use assets recognized and changes of the period:

(in millions of euros)	PROPERTIES	OTHER EQUIPMENTS	TOTAL RIGHT-OF-USE
As of January 1, 2020	**827.9**	**70.3**	**898.2**
Change in consolidation scope	(0.1)	(0.6)	**(0.8)**
Additions	166.3	41.8	**208.1**
Depreciation expenses and impairment	(144.5)	(34.5)	**(179.0)**
Currency translation adjustment	(28.2)	(2.9)	**(31.1)**
As of December 31, 2020	**821.4**	**74.1**	**895.5**
Change in consolidation scope (1)	81.6	10.1	**91.7**
Additions	188.2	31.2	**219.5**
Depreciation expenses and impairment (2)	(159.9)	(37.1)	**(197.0)**
Currency translation adjustment	34.3	3.2	**37.5**
As of December 31, 2021	**965.7**	**81.5**	**1,047.1**

(1) Mainly reflecting the effect of Mayer's acquisition (see note 4.1).

(2) Including right-of-use impairment in Spain of €4.8 million (see note 8).

Set out below are the carrying amounts of lease liabilities recognized and changes of the period:

	AS OF DECEMBER 31, 2021			AS OF DECEMBER 31, 2020		
(in millions of euros)	CURRENT	NON-CURRENT	**TOTAL**	CURRENT	NON-CURRENT	**TOTAL**
Properties	158.2	921.9	**1,080.1**	137.6	789.2	**926.8**
Others equipments	35.5	53.1	**88.7**	31.1	47.9	**78.9**
Total lease liabilities	**193.7**	**975.1**	**1,168.8**	**168.7**	**837.0**	**1,005.7**

(in millions of euros)	**2021**	**2020**
As of January 1	**1,005.7**	**1,010.0**
Change in scope (1)	91.8	(0.5)
Additions	218.0	203.8
Interest expenses	40.4	42.7
Payments	(229.2)	(215.0)
Currency translation adjustment	42.1	(35.3)
As of December 31	**1,168.8**	**1,005.7**

(1) Mainly reflecting the effect of Mayer's acquisition (see note 4.1).

Set out below are the lease liabilities maturity of the period:

	DUE WITHIN						
(in millions of euros)	One year	Two years	Three years	Four years	Five years	Thereafter	Total
As of December 31, 2021	193.7	179.7	158.1	133.5	105.4	398.3	**1,168.8**
As of December 31, 2020	168.7	152.9	133.7	115.4	99.0	336.0	**1,005.7**

Set out below are the amounts recognized in profit or loss for the year ended December 31, 2021 and for the year ended December 31, 2020:

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31 2021	2020	Statement of Profit and Loss classification
Depreciation of right-of-use assets	(192.0)	(178.5)	Depreciation expenses (note 7)
Interest on lease liabilities	(40.4)	(42.7)	Other financial expenses (note 9)
Rent on short term and low-value assets leases	(13.3)	(16.2)	Building and occupancy costs (note 7)
Impairment of assets	(5.0)	(0.4)	Other expenses (note 8)
Net gain on lease termination	1.7	4.0	Other income (note 8)
Total amount recognized in P&L	**(248.9)**	**(233.8)**	

12.5 Long-term investments

(in millions of euros)		AS OF DECEMBER 31 2021	2020
Deposits		41.7	31.9
Derivatives		1.7	9.1
Loans		0.4	—
Other long-term investments	(1)	12.8	0.2
Long-term investments		**56.6**	**41.3**

(1) Including purchase price of Winkle Electric investment (see note 4.1).

13. Current assets

13.1 Inventories

Inventories are mainly composed of goods held for resale and are initially stated at cost.

At each reporting date, inventories are stated at the lower of (i) cost and (ii) net realizable value.

- Cost is calculated by reference to a first-in first-out basis, including freight in costs, net of any purchase rebates.
- Net realizable value is the estimated selling price at balance sheet date, less the estimated selling expenses, taking into account technical or marketing obsolescence and risks related to slow moving inventory.

(in millions of euros)	AS OF DECEMBER 31 2021	2020
Cost	2,157.7	1,591.7
Allowance	(100.5)	(80.6)
Inventories	**2,057.2**	**1,511.1**

Changes in the carrying amount of inventories:

(in millions of euros)		AS OF DECEMBER 31 2021	2020
As of January 1,		**1,511.1**	**1,696.9**
Change in consolidation scope	(1)	120.9	0.2
Change in inventories at cost		371.5	(97.1)
Impairment net of release		(20.6)	(16.4)
Currency translation adjustment		74.3	(57.1)
Other changes		—	(15.3)
As of December 31,		**2,057.2**	**1,511.1**

(1) Mainly reflecting the effect of Mayer's acquisition (see note 4.1).

13.2 Trade accounts receivable

Trade receivables are initially measured at amortized cost which is reflected by the principal amount.

Impairment losses are recognized for expected credit losses (ECLs) to take into account credit risk. The Group applies a simplified approach:

- For non-defaulted receivables (when contractual payments are less than 30 days or non-due) ECLs are based the historical ratio of credit loss to sales;
- For defaulted receivables (when contractual payments are 30 days past-due), ECLs are based on a standard ageing matrix for defaulted receivables.

An additional allowance may be recognized on a case-by-case basis when there is objective evidence that the Group is unlikely to receive the outstanding contractual amounts in full.

Derecognition of trade receivables

Rexel runs several on-going securitization and factoring programs which allow the Group to assign eligible trade receivables and receive cash payments in exchange.

Trade receivables are derecognized from the balance sheet when the Group has transferred (i) its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows to a third party under a 'pass-through' arrangement and (ii) substantially all the risks and rewards attached to the receivables.

When the Group evaluates that all the risks and rewards of the asset have not been transferred, the transferred receivables are still recognized in the balance sheet with an associated liability for the cash received in exchange of the assigned receivables.

Receivables in connection to securitization and factoring programs are disclosed note 18.

	AS OF DECEMBER 31	
(in millions of euros)	**2021**	**2020**
Nominal value	2,481.8	2,001.5
Impairment losses	(128.6)	(101.8)
Trade accounts receivable	**2,353.2**	**1,899.7**

Trade accounts receivable includes sales taxes collected on behalf of tax authorities that, in certain circumstances, may be recovered when the client defaults. Recoverable taxes amounted to €278.3 million as of December 31, 2021 (€234.3 million as of December 31, 2020).

The Group has implemented credit insurance programs in certain significant countries. Trade accounts receivable covered by these programs amounted to €912.3 million as of December 31, 2021 (€808.8 million as of December 31, 2020).

Also, in some countries, the Group benefits from additional guarantees according to the specificities of local jurisdictions, notably in the United States and in Canada. Trade accounts receivable covered by these guarantees represented €116.8 million as of December 31, 2021 (€174.9 million as of December 31, 2020).

Impairment losses on trade accounts receivable

(in millions of euros)		**2021**	**2020**
As of January 1,		**(101.8)**	**(98.0)**
Change in consolidation scope		(1.9)	(0.1)
Net allowance	(1)	(50.0)	(39.8)
Write off		31.8	34.7
Foreign exchange movement		(5.1)	2.1
Other changes		(1.7)	(0.6)
As of December 31,		**(128.6)**	**(101.8)**

(1) In 2021, including a provision for expected credit losses and losses on receivables written-off of €26.6 million recognized in distribution and administrative expenses (€39.8 million for the year ended December 31, 2020) and 23.4m€ impaired trade receivables in China (see note 8).

As of December 31, 2021, all receivables are subject to an impairment loss estimated on aging-based matrix for €32.7 million as of December 31, 2021 (€30.8 million as of December 31, 2020).

In addition, trade receivables were subject to impairment losses estimated on an individual basis following the assessment of the customer default risk for €89.5 million (€66.9 million as of December 31, 2020).

Aging of receivables is detailed as follows:

(in millions of euros)	Non due	From 1 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	Above 180 days	Total
2021	2,018.1	319.1	77.1	27.7	25.0	14.7	**2,481.8**
2020	1,669.3	207.9	55.7	21.4	20.9	26.4	**2,001.5**

13.3 Other accounts receivable

		AS OF DECEMBER 31	
(in millions of euros)		**2021**	**2020**
Suppliers' rebates and services	(1)	336.9	255.8
VAT receivable and other sales taxes		23.5	20.3
Prepaid expenses		34.1	33.3
Derivatives		5.5	2.0
Other receivables		159.2	137.4
Total other accounts receivable		**559.2**	**448.9**

(1) Suppliers' rebates and services income recognized for the year ended December 31, 2021 were €980.5 million (€786.0 million for the year ended December 31, 2020).

14. Share capital and premium

Rexel's share capital is composed of ordinary shares, with a par value of €5.

Purchases of company treasury shares including those acquired through a liquidity agreement are recognized as a reduction in equity. Any gains or losses connected with the purchase, sale or cancellation of these shares are recognized directly in equity without affecting the income statement.

14.1 Changes in share capital and issuance premium

The following table shows changes in the share capital and issuance premium:

			(in millions of euros)	
		NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUM
As of January 1, 2020		**304,102,013**	**1,520.5**	**1,451.2**
Issuance of shares in connection with free shares plans	(1)	323,093	1.6	—
Allocation of free shares		—	—	(5.9)
Free shares cancelled		—	—	5.3
As of December 31, 2020		**304,425,106**	**1,522.1**	**1,450.5**
Issuance of shares in connection with free shares plans	(2)	1,103,051	5.5	—
Employee share purchase plan		188,334	0.9	0.2
Allocation of free shares		—	—	(10.4)
Free shares cancelled		—	—	10.4
Cash dividends		—	—	(139.6)
Share premium transfer to retained earnings		—	—	(21.3)
As of December 31, 2021		**305,716,491**	**1,528.6**	**1,289.8**

(1) Issuance of 323,093 shares in connection with the 2016 bonus shares plan ("4+0 Plan").

(2) Issuance of 1,103,051 shares in connection with the 2017 and 2018 bonus shares plans.

14.2 Capital Management and treasury shares

The Group has a share repurchase plan approved in its Shareholders' Meeting of April 22, 2021 for a period of 18 months (ending October 22, 2022) with a maximum purchase amount of €250 million at a maximum share price of €30 and a number of shares representing up to 10% of the share capital.

The objectives of this program in decreasing order of priority are as follows:

- Ensuring liquidity and activity in the market for the shares through an investment services provider;
- Setting up any stock option plan of the Company, allotment of free shares or any other granting, allotment or sale of shares to the employees or the Corporate officer of the Company;
- Retaining and delivering shares further to an exchange or as a consideration in the context of external growth transactions within the limit of 5% of the share capital of Rexel;
- Granting shares in connection with the exercise of rights attached to securities conferring access to Rexel shares;
- Cancelling all or part of any shares so repurchased;
- Any other actions that comply with applicable regulations in force.

In connection with this share repurchase plan, Rexel entered into an agreement with a financial institution to promote the liquidity of Rexel shares on the market, in compliance with the Autorité des Marchés Financiers (AMF) requirements, for an amount of €20.1 million as of December 31, 2021 (€18.3 million as of December 31, 2020).

As of December 31, 2021, Rexel held in aggregate 613,465 treasury shares (1,148,482 as of December 31, 2020), of which 417,171 shares to serve its free share plans, valued at an average price of €14.41 per share (€12.64 per share as of December 31, 2020) that were recognized as a reduction in shareholders' equity, for a total of €8.8 million (€14.5 million as of December 31, 2020).

Net capital gains realized on the sale of treasury shares in 2021 amounted to €1.7 million net of tax and were recognized as increase in shareholders' equity (net capital gains of €1.2 million in 2020).

15. Dividends

Dividends are recognized as a liability in the period in which the distribution has been approved by the shareholders.

	FOR THE YEAR ENDED DECEMBER 31	
	2021	**2020**
Dividends per share (in euros)	0.46	—
Dividends paid in cash through share premium distribution (in millions of euros)	139.6	—

16. Provisions and other non-current liabilities

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and when the amount can be estimated reliably.

If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Provision for restructuring

A restructuring is a program that is planned and controlled by management that materially changes either the scope of the business or the manner in which that business is conducted.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for. Restructuring expenses are presented in “Other expenses” and principally include personnel costs (severance payments, early retirement costs, notice period not worked), branch closure costs and indemnities for the breach of non-cancellable agreements.

Provisions for litigation and claims

Provisions for litigation and claims include estimated costs for risks, disputes (including personnel disputes), litigation and third party claims, and the probable costs associated with warranties given by the Group in the context of the disposal of non-current assets or subsidiaries.

Any accepted assessment is recorded as a liability when the amount can be reasonably estimated.

		AS OF DECEMBER 31	
(in millions of euros)		**2021**	**2020**
Provisions		25.1	32.8
Derivatives		3.0	6.5
Other non-current liabilities	(1)	6.9	7.3
Provisions and other non-current liabilities		**35.0**	**46.7**

(1) Including employee profit sharing related payables in France in the amount of €6.9 million (€7.3 million at December 31, 2020).

The variation in provisions is detailed in the table below:

(in millions of euros)	RESTRUCTURING (1)	OTHER LITIGATION & CLAIMS (2)	LEASED ASSETS RESTORATION (3)	**TOTAL PROVISIONS**
As of January 1, 2020	**9.1**	**14.6**	**2.4**	**26.2**
Increase	21.4	9.5	0.9	**31.8**
Use	(10.8)	(3.1)	(1.1)	**(14.9)**
Release	(0.4)	(0.2)	—	**(0.6)**
Currency translation adjustment	—	(0.1)	(0.1)	**(0.1)**
Other changes	(7.3)	(2.2)	—	**(9.5)**
As of December 31, 2020	**12.1**	**18.6**	**2.1**	**32.8**
Increase	2.4	6.8	—	**9.2**
Use	(8.6)	(2.7)	(0.5)	**(11.8)**
Release	(2.6)	(1.3)	—	**(3.9)**
Currency translation adjustment	0.1	0.1	0.1	**0.3**
Other changes	1.8	(3.3)	—	**(1.5)**
As of December 31, 2021	**5.3**	**18.2**	**1.6**	**25.1**

(1) Provisions for reorganization and business transformation programs. These restructuring plans are associated with branch closures, optimization of distribution centers and back office reorganization. Provisions for restructuring activities undertaken at December 31, 2021, mainly concerned Europe for €3.7 million (€9.6 million in 2020), Asia-Pacific for €1.1 million (€1.5 million in 2020) and North America for €0.5 million (€1.0 million in 2020).

(2) In 2021, other litigation and claims amounted to €18.2 million (€18.6 million in 2020), of which €2.7 million relating to litigation with French social security authorities (€2.7 million in 2020), €4.0 million to employee claims (€3.6 million in 2020) and €1.6 million to trade disputes (€2.2 million in 2020).

(3) In 2021, provisions for lease assets restoration incurred mainly in the United-Kingdom for €0.4 million (€0.9 million in 2020), in Switzerland for €0.9 million (€0.8 million in 2020) and in Belgium for €0.3 million.

17. Post-employment and long-term benefits

In accordance with the laws and practices of each country, the Group participates in post-employment benefits and other long-term benefits (during employment) offering pensions, lump-sum payments on retirement, jubilees, early retirement benefits, and health care and life insurance benefits in favor of former employees, including retired employees.

These benefits are classified as either:

- defined contribution plans recognized as an expense in profit and loss in personnel costs and will have no legal or constructive obligation to pay further contributions; or
- defined benefit plans when the Group guarantees a future level of benefits.

Group's net obligation

The Group's net obligation in respect of defined post-employment benefit plans and of long-term benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods.

As per IFRS-IC Interpretation IAS 19 "Attributing Benefit to Periods of Service" (May 2021), when the rights of an employee are capped, the recognition of the obligation start when the service actually grants rights and not over the entire period of employment. This interpretation did not have a significant impact on the Group's financial statements at December 31, 2021.

Benefit is discounted to determine its present value.

Discount rates are set by reference to market yields on high quality corporate bonds (AA rated-bonds by at least one of the top three rating agencies: Standard & Poor's, Moody's and Fitch) with a similar duration to the underlying obligation. Each future year expected benefit payments are discounted by the corresponding of the yield curve and when there is no deep market in bonds with a sufficiently long maturity to match the maturity of the benefit payments, the discount rate is estimated by extrapolating current market rates along the yield curve. Then a single discount rate is calculated that, when applied to all cash flows, results in the same interest cost as the application of the individual rates would have produced.

The calculation is performed periodically by an independent actuary using the projected unit credit method.

In addition, for post employment benefit plans:

- The liability recognized in the balance sheet in respect of defined benefit schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets;
- When the calculation results in plan assets exceeding liability, the recognized asset is limited to the present value of any currently available future refunds from the plan or reductions in future contributions to the plan;
- When the benefits of a plan are improved (reduced), the portion of the increased (decreased) benefit relating to past service by employees is recognized immediately as an expense (income) in the income statement. The current and past service costs as well as administrative costs paid from registered pension plans' assets are presented in the income statement as part of the distribution and administrative expenses. The net interest expenses (income) relating to the discounting of the net funded position (defined benefit obligation less plan assets) is presented in the income statement as part of the net financial expenses.

Remeasurements

Remeasurements including (i) actuarial gains and losses, (ii) actual return on plan assets including administrative expenses allocated to manage plan assets and (iii) changes in the effect of the asset ceiling are recognized in:

- Other comprehensive income for post-employments benefits;
- Distribution and administrative expenses for other long-term benefits.

17.1 Defined benefit plans description

The most significant funded defined benefit pension plans sponsored by the Group are in the United Kingdom, in Switzerland and in Canada. Related funds are managed through independent vehicles.

In the United Kingdom, Rexel operates deferred final salary defined benefits through the *Rexel UK Pension Scheme* fund. All sections under this plan are closed to new entrants with effect of April 5, 2002. Accrued benefits and pensions are subject to indexation. Statutory funding objectives are agreed between the Trustee board and the company. In that respect, the Trustee board carries out a full valuation of the Scheme at least every three years, after which a recovery plan of contributions is agreed with the company to restore any funding deficit. The most recent full valuation was performed on April 5, 2020. The Trustee board is also responsible for determining the investment strategy of the plan.

In Switzerland, Rexel provides a second pillar pension plan for its employees. Assets are managed through a pension fund "*Pension Kasse", the Elektro Material Pension Plan*. The plan runs under a contribution-based pension plan agreement with guaranteed return, thus qualifying as a defined benefit plan. The Pension Board *"Conseil de Fondation"* is responsible to set up adequate company's and employee's contribution and asset allocation strategy that seeks to meet at least guaranteed return. A full valuation of this plan is performed each year.

In Canada, defined benefit pension plans mainly include:

- The Employees' Plan which is a registered plan and has both defined benefit and defined contribution provisions. The defined benefit provision of the plan has a career average type formula. This plan was closed to new entrants on January 1, 2000.
- The Executives' Pension Plan and the Supplementary Executives' Retirement Plan ("SERP") which provide retirees with a pension based on a percentage of their prior earnings. The Executives' Plan is a final average earnings defined benefit registered plan. The SERP has two provisions: the first provides benefit in excess of the limits of the Executives' Plan and the second portion provides a term annuity upon retirement based on a notional account.

A full actuarial valuation of Canadian plans is performed every three years. The most recent valuations were performed in 2021 for the Employees' Plan and in 2019 for the Executives' Plans.

17.2 Employee Benefit Plan information

The change in the present value of the obligation in respect of defined benefit plans is as follows:

	DEFINED BENEFIT OBLIGATIONS				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
As of January 1, 2020	**546.3**	**258.7**	**250.2**	**210.1**	**1,265.3**
Service cost	—	2.2	7.2	6.0	15.4
Interest cost	10.3	7.5	0.6	2.6	21.0
Benefit payments	(15.6)	(12.4)	(7.6)	(9.3)	(44.9)
Employee contributions	—	0.4	4.3	0.4	5.1
Change in consolidation scope	—	—	—	(0.6)	(0.6)
Currency translation adjustment	(29.7)	(17.5)	1.1	(2.3)	(48.4)
Past service cost / settlement and other	0.2	—	—	—	0.2
Remeasurements					
Effect of change in demographic assumptions	—	—	—	(1.2)	(1.2)
Effect of change in financial assumptions	57.5	21.5	(1.1)	8.4	86.4
Effect of experience adjustments	(10.5)	(1.4)	2.6	1.6	(7.6)
As of December 31, 2020	**558.6**	**258.9**	**257.4**	**215.7**	**1,290.6**
Service cost	—	2.3	7.2	6.4	15.8
Interest cost	8.6	6.4	0.6	2.0	17.7
Benefit payments	(17.4)	(13.5)	(10.2)	(8.9)	(50.0)
Employee contributions	—	0.4	4.4	0.4	5.1
Currency translation adjustment	37.8	21.7	11.0	2.2	72.7
Past service cost / settlement and other	—	—	—	0.9	0.9
Remeasurements					
Effect of change in demographic assumptions	(15.0)	—	(11.0)	—	(25.9)
Effect of change in financial assumptions	(22.7)	(15.1)	(8.7)	(12.2)	(58.7)
Effect of experience adjustments	(5.7)	(1.0)	2.6	(4.8)	(9.0)
As of December 31, 2021	**544.2**	**260.2**	**253.3**	**201.7**	**1,259.3**

The change in the fair value of the defined benefit plan assets breaks down as follows:

	PLAN ASSETS				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
As of January 1, 2020	**411.4**	**193.2**	**247.5**	**101.0**	**953.1**
Employer contributions	18.9	6.6	8.5	11.2	45.3
Employee contributions	—	0.4	4.3	0.4	5.1
Interest income	5.6	5.7	0.7	1.2	13.1
Benefit payments	(15.6)	(12.4)	(7.6)	(9.3)	(44.9)
Currency translation adjustment	(22.4)	(13.0)	1.1	(0.4)	(34.6)
Return on plan assets excluding interest income (1)	23.8	7.2	0.3	1.5	32.7
As of December 31, 2020	**421.8**	**187.6**	**254.9**	**105.5**	**969.7**
Employer contributions	7.1	6.9	6.5	7.2	27.8
Employee contributions	—	0.4	4.4	0.4	5.1
Interest income	4.3	4.7	0.7	0.9	10.5
Benefit payments	(17.4)	(13.5)	(10.2)	(8.9)	(50.0)
Currency translation adjustment	30.1	16.5	10.8	0.5	58.0
Return on plan assets excluding interest income (1)	36.0	14.1	(16.5)	(4.3)	29.2
As of December 31, 2021	**481.8**	**216.6**	**250.6**	**101.3**	**1,050.4**

(1) of which €(39.6) million of asset ceiling on the Switzerland plan (€(12.0) million in 2020).

The change in the net liability / (asset) breaks down as follows:

	NET LIABILITY / (ASSET)				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
As of January 1, 2020	**134.9**	**65.5**	**2.7**	**109.1**	**312.1**
Service cost	—	2.2	7.2	6.0	15.4
Interest cost	4.7	1.8	—	1.5	7.9
Past service cost/settlement and other	0.2	—	—	—	0.2
Employer contributions	(18.9)	(6.6)	(8.5)	(11.2)	(45.3)
Change in consolidation scope	—	—	—	(0.6)	(0.6)
Currency translation adjustment	(7.3)	(4.6)	—	(1.9)	(13.7)
Remeasurements	23.3	12.9	1.2	7.4	44.9
As of December 31, 2020	**136.8**	**71.4**	**2.5**	**110.2**	**320.9**
Service cost	—	2.3	7.2	6.4	15.8
Interest cost	4.4	1.7	(0.1)	1.2	7.2
Past service cost/settlement and other	—	—	—	0.9	0.9
Employer contributions	(7.1)	(6.9)	(6.5)	(7.2)	(27.8)
Currency translation adjustment	7.7	5.2	0.1	1.8	14.7
Remeasurements	(79.4)	(30.1)	(0.6)	(12.8)	(122.8)
As of December 31, 2021	**62.4**	**43.5**	**2.7**	**100.4**	**208.9**

The reconciliation of the liability recognized on the balance sheet and the present value of the obligation in respect of defined benefit plans is as follows:

	LIABILITY RECONCILIATION				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
For the year ended December 31, 2020					
Defined benefit obligations	558.6	258.9	257.4	215.7	1,290.6
of which Funded schemes	*558.1*	*236.8*	*254.9*	*126.4*	*1,176.2*
of which Unfunded schemes	*0.4*	*22.1*	*2.5*	*89.3*	*114.4*
Fair value of plan assets	(421.8)	(187.6)	(254.9)	(105.5)	(969.7)
Recognized net liability for defined benefit obligations	**136.8**	**71.4**	**2.5**	**110.2**	**320.9**
For the year ended December 31, 2021					
Defined benefit obligations	544.2	260.2	253.3	201.7	1,259.3
of which Funded schemes	*543.7*	*237.9*	*250.7*	*118.3*	*1,150.6*
of which Unfunded schemes	*0.5*	*22.2*	*2.6*	*83.4*	*108.7*
Fair value of plan assets	(481.8)	(216.6)	(250.6)	(101.3)	(1,050.4)
Recognized net liability for defined benefit obligations	**62.4**	**43.5**	**2.7**	**100.4**	**208.9**

17.3 Re-measurements of the net defined benefit liability

	OTHER COMPREHENSIVE INCOME				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Return on plan assets excluding interest income and asset ceiling	(23.7)	(7.2)	(0.3)	(1.4)	(32.7)
Effect of change in demographic assumptions	—	—	—	(1.2)	(1.2)
Effect of change in financial assumptions	57.5	21.5	(1.1)	8.3	86.2
Effect of experience adjustments	(10.5)	(1.4)	2.5	1.8	(7.6)
OCI recognized for the year ended December 31, 2020	**23.3**	**12.9**	**1.1**	**7.4**	**44.7**
Return on plan assets excluding interest income and asset ceiling	(36.0)	(14.1)	16.5	4.3	(29.3)
Effect of change in demographic assumptions	(15.0)	—	(10.8)	—	(25.8)
Effect of change in financial assumptions	(22.7)	(15.0)	(8.7)	(12.0)	(58.4)
Effect of experience adjustments	(5.7)	(1.0)	2.3	(4.7)	(9.1)
OCI recognized for the year ended December 31, 2021	**(79.4)**	**(30.1)**	**(0.7)**	**(12.4)**	**(122.6)**

17.4 Employee Benefit expense

The expense recognized in the consolidated income statement breaks down as follows:

		EXPENSE				
(in millions of euros)		UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Service costs	(1)	—	2.2	7.2	6.0	15.4
Past service costs	(3)	0.2	—	—	—	0.2
Net Interest expense	(2)	4.7	1.8	—	1.5	8.0
Other	(1)	—	0.1	0.1	—	0.2
Expense recognized for the year ended December 31, 2020		**4.9**	**4.1**	**7.3**	**7.5**	**23.7**
Service costs	(1)	—	2.3	7.2	6.4	15.8
Past service costs	(1)	—	—	—	0.9	0.9
Net Interest expense	(2)	4.4	1.7	—	1.2	7.3
Other	(1)	—	—	0.1	(0.3)	(0.3)
Expense recognized for the year ended December 31, 2021		**4.4**	**4.0**	**7.2**	**8.1**	**23.7**

(1) Recognized as personnel costs (see note 7).

(2) Recognized as net financial expenses (see note 9).

(3) Recognized as other expenses.

There have been no significant plan amendments or settlements for the years ended December 31, 2021 and December 31, 2020.

17.5 Plan asset allocation

	PLAN ASSETS CLASS		
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND
Cash and cash equivalents	5.0	0.9	14.4
Equity instruments (quoted in an active market)	12.6	81.8	104.7
Debt instruments (quoted in an active market)	71.5	102.0	99.5
Real estate	—	—	62.7
Investment funds	328.0	—	—
Asset held by insurance company	4.2	2.9	1.3
Other	0.3	—	2.2
As of December 31, 2020	**421.8**	**187.6**	**284.8**
Cash and cash equivalents	3.0	1.0	14.5
Equity instruments (quoted in an active market)	19.4	94.8	125.5
Debt instruments (quoted in an active market)	101.7	87.0	108.0
Real estate	—	—	69.1
Investment funds	353.5	—	—
Asset held by insurance company	4.0	33.9	3.3
Other	0.4	—	2.9
As of December 31, 2021	**481.8**	**216.7**	**323.4**

17.6 Actuarial assumptions

The main actuarial assumptions are as follows:

	UNITED KINGDOM		CANADA		SWITZERLAND	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Average plan duration (in years)	16	17	12	13	14	15
Discount rate (in %)	1.75	1.50	2.90	2.40	0.50	0.25
Future salary increases (in %)	N/A	N/A	3.00	3.00	0.50	0.50

17.7 Post-employment plan risks

In order to identify and deal with the risks in relation to the management of pension and other post-retirement plans, a pension committee made up by Finance and Human Resources representatives, meets on a quarterly basis. This pension committee, supported by experts, reviews, in particular, the funding of pension plans, and the performance of the pension plan's assets. It is informed of any material event in relation to the benefits granted to employees, the financial impact in relation to the plans, or changes in the regulations. The committee reports to Audit Committee on a yearly basis.

The Group's major defined benefit plans are subject to funding requirements that mainly fluctuate based on interest rates, performance of plan assets and changes in local regulations. Depending on changes in the above parameters, the Group may be required to make additional contributions to the pension funds in a defined time frame.

- Volatility in discount rates and inflation

The defined benefit liability is calculated by discounting future expected cash flows. Discount rates are determined based upon bonds yield prevailing at the measurement date which may fluctuate from one period to another. In addition, accrued benefits and pension annuities are usually subject to salary increase and conditional or unconditional indexation which vary depending on inflation level. Any change in the above parameters may adversely affect the defined benefit liability and the service cost, and thus triggers additional contributions to comply with local minimum funding requirements.

- Volatility in asset values

Plan assets mainly include equities, fixed incomes securities and other assets which values are subject to market volatility. A downturn in financial markets would result in an increase of the net liability and, therefore, in reduced funding ratios requiring additional contributions from the Group in a defined time frame.

Sensitivity analysis

	SENSITIVITY TO A 50 BASIS POINTS DECREASE IN DISCOUNT RATE				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Service cost	—	0.1	0.5	0.3	1.1
Defined Benefit Obligation	45.7	16.2	19.3	12.5	93.6

	SENSITIVITY TO A 10% DOWNTURN IN FINANCIAL MARKET				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Plan assets	(1.9)	(9.5)	(12.5)	(0.5)	(24.5)

Risk Management

To mitigate risks identified above, the Group has already implemented or is currently setting up the following actions which include changes in the design of the defined benefit schemes as well as financial measures:

- Closure of defined benefits schemes, where appropriate, and move to defined contribution plans, with frozen benefit rights;
- Rationalization of benefits including the level of pension benefits, conversion rate factors and indexation caps;
- Selective additional cash contributions to increase funding level, on top of regular contributions;
- Inflation and Interest rate hedging;
- Adoption of investment strategies that broadly match the nature of the liabilities, with a progressive alignment of asset allocation and pension plans duration;
- Regular meetings with trustees;
- Periodic review of investment performance by independent advisors to monitor investment volatility.

17.8 Expected cash flows

	EXPECTED CASH FLOW				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Expected benefit payments for 2022	18.6	13.5	10.7	15.5	58.2
Expected benefit payments for 2023	17.8	13.8	8.9	9.2	49.7
Expected benefit payments for 2024	18.3	14.1	10.3	11.2	53.9
Expected benefit payments for 2025	19.5	14.4	8.5	10.9	53.3
Expected benefit payments for 2026 and after	127.9	89.3	53.4	69.5	339.9
Expected employer contributions for 2022	9.5	7.1	6.8	6.6	30.0

18. Financing and financial risk management

18.1 Net financial debt

The definition of the Group for the net financial debt is the following:

- gross financial debt (loans and borrowings, bank overdraft and derivative financial instruments);
- less cash and cash equivalents (cash balance and demand deposits with banks and other short-term highly liquid investments subject to an insignificant risk of change in value).

At initial recognition, gross debt is recognized at fair value though profit and loss. Loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Transaction costs and debt premiums are included in the amortized cost using the EIR calculation and, in effect, amortized through financial expenses over the life of the instrument. Loan and borrowing transaction costs comprise (i) fees and commissions paid to agents and advisers, (ii) levies by regulatory agencies and securities exchanges, and (iii) transfer taxes and duties. These costs do not comprise debt premiums, or allocations of internal administrative or overhead expenses.

Gains and losses are recognized in financial result when the liabilities are derecognized.

Cash and cash equivalents are carried at fair value through profit and loss.

The classification of financial instruments is explained in note 18.3.

As of December 31, 2021, Rexel's consolidated net debt stood at €1,551.2 million, consisting of the following items:

		As of December 31, 2021			As of December 31, 2020		
(in millions of euros)		CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Senior notes		—	999.5	999.5	—	1,105.5	1,105.5
Securitization		605.0	300.0	905.0	0.4	818.0	818.4
Bank loans		36.7	0.3	37.0	8.1	0.3	8.5
Commercial paper		125.5	—	125.5	50.0	—	50.0
Bank overdrafts and other credit facilities		68.7	—	68.7	58.6	—	58.6
Accrued interests	(1)	5.1	—	5.1	3.6	—	3.6
Less transaction costs		(3.6)	(9.2)	(12.9)	(3.7)	(8.6)	(12.3)
Total financial debt and accrued interest		***837.5***	***1,290.5***	***2,128.0***	***117.0***	***1,915.2***	***2,032.2***
Cash and cash equivalents				(573.5)			(685.4)
Accrued interest receivable				(1.4)			(0.8)
Debt hedge derivatives	(2)			(2.0)			(11.1)
Net financial debt				**1,551.2**			**1,334.9**

(1) Of which accrued interests on Senior Notes for €2.2 million as of December 31, 2021 (€1.2 million as of December 31, 2020).

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

18.1.1 Senior notes

Main components of existing senior notes are detailed as follows:

				CARRYING AMOUNT AS OF DECEMBER 31	
(in millions of euros)	NOMINAL AMOUNT	DUE DATE	NOMINAL INTEREST RATE	**2021**	**2020**
2021 Sustainability linked senior notes (November)	600.0	December 2028	2.125 %	600.4	—
2021 Sustainability linked senior notes (May)	400.0	June 2028	2.125 %	399.1	—
2019 Senior notes	600.0	June 2026	2.750 %	—	600.7
2017 Senior notes	500.0	June 2025	2.125 %	—	504.9
TOTAL				**999.5**	**1,105.5**

€600 million senior sustainability-linked notes due 2028

On November 10, 2021, Rexel issued €600 million of unsecured senior sustainability-linked notes. The notes were issued at 100% of their nominal amount and bear interest at 2.125% annually.

The notes rank pari passu with Rexel's senior credit facility and other senior unsecured notes. Rexel pays interest on the notes semi-annually on June 15 and December 15, starting from June 15, 2022. The notes mature on December 15, 2028 and are listed on the Luxembourg Stock Exchange.

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

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

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

€400 million senior sustainability-linked notes due 2028

On May 5, 2021, Rexel issued €300 million of unsecured senior sustainability-linked notes. The notes were issued at 100% of their nominal amount and bear interest at 2.125% annually. On May 18, 2021, the Group placed additional €100 million notes at a price of 100.875% of nominal (i.e. an issuance price of €100.9 million). The additional notes are fully fungible with the previously issued notes and have identical terms and conditions.

The notes rank pari passu with Rexel's senior credit facility and other senior unsecured notes. Rexel pays interest on the notes semi-annually on June 15 and December 15, starting from December 15, 2021. The notes mature on June 15, 2028 and are listed on the Luxembourg Stock Exchange.

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

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

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

Sustainability performance targets:

The €400 million senior notes and the €600 million notes due 2028 are subjected to sustainability performance targets:

– a 23% reduction in greenhouse gas emissions related to the consumption of products sold, per euro of turnover (scope 3) by December 31, 2023 from a 2016 baseline; and

– a 23.7% reduction in greenhouse gas emissions related to energy consumption (scope 1 & 2) in its operations by December 31, 2023 from a 2016 baseline.

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

As of December 31, 2021, the Group considers that these sustainability performance targets will be achieved.

<u>€500 million notes due 2025 (early redeemed in May 2021)</u>

On May 2021, proceeds from the issuance of the €400 million senior notes due 2028 together with available cash, were used to redeem its €500 million notes for a total amount of €505.3 million, including the applicable premium of €5.3 million.

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

<u>€600 million notes due 2026 (early redeemed in November 2021)</u>

On November 2021, proceeds from the issuance of the €600 million senior notes due 2028 were used to redeem its €600 million notes for a total amount of €614.2 million, including the applicable premium of €14.2 million.

A loss of €17.5 million has been recognized in the net financial expenses including the early redemption premium, unamortized transaction costs (€3.7 million) and a gain associated to fair value hedge adjustments (€0.4 million).

18.1.2 Securitization programs

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

MAIN PROGRAMS	COMMITMENT AS OF DECEMBER 31, 2021	AMOUNT OF RECEIVABLES ASSIGNED AS OF DECEMBER 31, 2021	AMOUNT DRAWN DOWN AS OF DECEMBER 31, 2021	BALANCE AS OF DECEMBER 31 2021	2020	MATURITY
	(in millions of currency)			*(in millions of euros)*		
France	€300.0	€458.8	€300.0	300.0	300.0	12/16/2023
Europe (excl. France)	€219.0	€333.1	€220.2	220.2	185.1	8/16/2022
United States - on balance sheet	US$290.0	US$500.7	US$290.0	256.0	225.1	9/20/2022
United States - off balance sheet	US$225.0	US$224.2	US$224.2	197.9	138.2	9/20/2022
Canada	C$185.0	C$286.0	C$185.0	128.5	107.8	9/19/2022
TOTAL				**1,102.7**	**956.3**	
Of which:	–	on balance sheet:		905.0	818.4	
	–	off balance sheet:		197.9	138.2	

The total outstanding amount authorized for these securitization programs was €1,102.7 million and was totally used as of December 31, 2021.

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

<u>On balance sheet programs</u>

Rexel runs several on-going securitization programs which enable it to assign receivables to special purpose vehicles in exchange of cash payment amounting to the value of the receivables minus an amount committed to guarantee their recovery, which latter amount is only reimbursed, in whole or in part, after complete payment of the receivables.

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. Under certain programs, Rexel also has the option of contributing its receivables in exchange for subscribing the securitization vehicle's subordinated notes.

Relevant subsidiaries remain responsible for the collection of receivables once assigned and retains a significant part of the late payment and credit risks. As a consequence, these receivables assignment programs do not qualify for derecognition under IFRS 9 requirements. Therefore, assigned receivables remain classified as assets on the Group's balance sheet on the line "Trade accounts receivable" whereas the financing received is shown as financial debt.

Off Balance sheet program

The Group also entered into an agreement with Ester Finance Titrisation (the purchaser), a French subsidiary of CALYON, to sell a participating interest in eligible trade receivables of Rexel's US subsidiaries under a *Receivables Participation Agreement* ("RPA"). This agreement was amended in 2016 and allows the Group to assign eligible receivables and receive cash consideration up to a maximum amount of US$225 million. The maturity of this program was extended to September 2022.

The purchase price of the receivables is equal to the face value of the receivables sold less a discount including a credit risk premium and the funding cost. Under the RPA, the Group is liable for collecting the receivables on behalf of the purchaser and receives servicing fees as remuneration of this obligation. As part of this transaction, the Group entered into a Collateral and Intercreditor Agreement to secure the performance of its obligations under the RPA. The obligations of the Group under the RPA guarantee the transfer of cash collected by the Group on behalf of the purchaser, as well as the payment of expenses and allowances due by the Group. However, these guarantees do not include any compensation obligation in relation to unrecovered receivables.

As a result of this agreement, credit risk, interest risk and late payments risk attached to the receivables assigned in relation to the Ester program are transferred to the purchaser through the credit and funding discounts. The dilution risk is not considered for risks and rewards analysis as this risk is not attached to the receivables but is analyzed as a risk of misuse of the securitization program as disputed receivables are not eligible to the program or as a risk attached to the servicing of the receivables that is guaranteed by a collateral.

Therefore, receivables sold under this agreement are derecognized from the balance-sheet at the transfer date and the difference between the sale price and the carrying value of these receivables is recorded in the income statement as a financial expense.

As of December 31, 2021, derecognized receivables totaled €197.9 million (€138.2 million as of December 31, 2020) and the discounting loss was recorded as a financial expense for €5.3 million (€5.7 million in 2020). Cash collected under the servicing agreement in relation to derecognized receivables and not yet transferred to the purchaser totaled €25.2 million and was recognized in financial liabilities (€23.6 million as of December 31, 2020).

The Group did not retain any interests in the receivables sold under this program.

Covenant

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 December 31, 2021, Rexel had satisfied all of these covenants. All the programs are on-going programs and therefore are not subject to seasonality other than seasonality arising in the ordinary course of business.

18.1.3 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 December 31, 2021, Rexel derecognized the trade receivables sold to the factor for €68.6 million (€74.2 million as of December 31, 2020). Cash collected on behalf of the factor in relation with the transferred receivables was recognized in financial liabilities for €20.4 million as of December 31, 2021 (€25.8 million as of December 31, 2020).

18.1.4 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 December 31, 2021, the company had issued €125.5 million of commercial paper (€50.0 million as of December 31, 2020).

18.1.5 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 December 31, 2021, Bank Acceptance Drafts were derecognized from the balance sheet for €70.6 million (€74.5 million as of December 31, 2020).

18.1.6 Cash and cash equivalents

	AS OF DECEMBER 31	
(in millions of euros)	**2021**	**2020**
Cash at bank	572.6	684.5
Cash in hand	0.9	0.9
Cash and cash equivalents	**573.5**	**685.4**

18.2 Change in net financial debt

As of December 31, 2021, and December 31, 2020, the change in net financial debt was as follows:

(in millions of euros)	**2021**	**2020**
As of January 1,	**1,334.9**	**1,945.9**
Issuance of senior notes net of transaction costs	989.9	—
Repayment of senior notes	(1,119.6)	(303.9)
Transaction costs and refinancing costs	—	(0.4)
Net change in credit facilities, commercial papers and other financial borrowings	108.0	0.2
Net change in credit facilities	***(21.8)***	***(304.1)***
Net change in securitization	46.7	(93.0)
Net change in financial liabilities	**24.9**	**(397.1)**
Change in cash and cash equivalents	124.3	(194.4)
Effect of exchange rate changes on net financial debt	36.9	(24.7)
Effect of acquisition	1.1	—
Amortization of transaction costs	3.7	4.3
Non recurring redemption costs/ (gain)	22.6	(4.2)
Effect of assets held for sale classification	—	1.3
Other changes	2.7	3.9
As of December 31,	**1,551.2**	**1,334.9**

18.3 Market risks and financial instruments

The financial risks for which the Group is exposed are mainly interest rate risk and foreign exchange risk. In order to manage its exposure to market risks, Rexel use derivative financial instruments such as forward currency contracts or interest rate swap.

Derivative financial instruments are initially recognized at fair value. Most interest and foreign currency exchange rate derivatives used by the Group are designated as hedging instruments.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Change in fair value from one period to the next are recognized differently on whether the instrument is designated for accounting purposes as (i) a fair value hedge of an asset or a liability or an unrecognized firm commitment, (ii) a cash flow hedge or (iii) a hedge of net investment in a foreign operation.

(i) Fair value hedges

- Consist in hedging the variability of the fair value hedged item measured at amortized cost including fixed rate indebtedness such as senior notes;
- Changes in fair value of the hedging instrument are recognized in the income statement such as the change in value of the hedged item which is symmetrically recognized in the income statement for the period. Except for the ineffective part of the hedge, these two revaluations offset each other within the same line items in the income statement;
- For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining life of the hedging instrument using the effective interest rate method. When the hedged item is derecognized, the unamortized fair value is recorded immediately in profit or loss.

(ii) Cash flow hedges

- Consist in hedging the variability in cash flows of a recognized asset or liability, or a highly probable forecasted transaction;
- The effective part of any gain or loss on the derivative financial instrument is recognized in the cash-flow hedge reserve as other comprehensive income. The ineffective part is recognized immediately in profit or loss;
- When the forecasted transaction subsequently results in the recognition of a non-financial asset or liability, the associated cumulative gain (loss) is removed from the cash-flow hedge reserve and included in the initial cost or other carrying amount of the non-financial asset or liability;
- For cash flow hedges, other than those described in the previous paragraph, the associated cumulative gain (loss) is reclassified from the cash-flow hedge reserve to profit or loss under the same line item as the hedged item – i.e. under “Operating income and expenses” for cash flows from operations and under “Financial income and expense” otherwise – when the hedged cash flow occurs;
- If the hedged relationship is no longer expected to take place, the cumulative unrealized gain (loss) recognized as other comprehensive income is immediately reclassified to profit or loss.

(iii) Net investment in foreign operations hedges

- Consist in hedging the exchange rate risk relating to the equity of an investment in a consolidated subsidiary.
- Changes in fair value of the effective portion are recognized directly in other comprehensive income under "net gain/ (loss) on net investment hedges". The ineffective portion is recognized immediately in "Financial income and expenses". Gains and losses accumulated in equity are recognized in the income statement when the foreign operation is disposed of.

Derivatives that do not qualify for hedge accounting are accounted for as trading instruments and changes in their fair value are recognised in the income statement.

The Group has applied the amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement”and IFRS 7 “Financial Instruments: Disclosures”.

Rexel has conducted a Group-wide project to identify all contracts that could be affected by this reform and amended all the contracts where necessary its counterparties for the purpose of taking these index changes into account.

Hedging derivative instruments indexed to a benchmark rate are presented below. As of December 31, 2021, the Group’s exposure to financial instruments indexed to floating rates with a maturity date beyond the implementation date of the reform is low. The potential impact on financial information of the replacement of an existing benchmark rate by another will take effect as soon as Phase 2 of the benchmark interest rate reform is adopted.

As allowed by these amendments the Group did not to take into account uncertainties about the future of benchmark interest rates in assessing the effectiveness of hedging relationships.

18.3.1 Interest rate risk

Rexel is exposed to interest rate risk through its indebtedness and cash management. Hedged items include borrowings, cash and cash equivalents and highly probable forecasted transactions derived from the budget. The risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s interest-bearing debt, including senior notes, securitization and factoring arrangements, credit facilities and commercial paper. The risk component is limited to the risk-free interest rate, excluding credit spread and other financing components.

In order to hedge its exposure to changing interest rates, the Group has adopted an interest rate hedging strategy aimed at maintaining a 80% hedging ratio on a one-year rolling basis, 50% on a two-year rolling basis, 25% on a three-year rolling basis of its net financial debt at fixed or capped rates with the remainder at variable interest rates with a flexibility of +/- 20%. To manage this, the Group mainly enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The breakdown of financial debt between fixed and variable rates, before and after hedging, is as follows:

	AS OF DECEMBER 31	
(in millions of euros)	**2021**	**2020**
Senior Notes and other fixed rate debt	987.0	1,086.9
Floating to fixed rate swaps	1,072.8	812.7
Fixed to floating rate swaps	(600.0)	(550.0)
Sub total fixed or capped rate instruments	***1,459.8***	***1,349.6***
Floating rate debt before hedging	1,137.6	933.4
Floating to fixed rate swaps	(1,072.8)	(812.7)
Fixed to floating rate swaps	600.0	550.0
Cash and cash equivalents	(573.5)	(685.4)
Sub total floating rate debt instruments	***91.4***	***(14.7)***
Total net financial debt	**1,551.2**	**1,334.9**

Fair value hedge derivatives

As of December 31, 2021, the portfolio of interest rate swaps used as hedge for exposure of changes in fair value of its senior notes disclosed in note 18.1.1 is as follows:

Swaps paying variable rate

	TOTAL NOTIONAL AMOUNT *(in millions of currency)*	TOTAL NOTIONAL AMOUNT *(in millions of euros)*	MATURITY	WEIGHTED AVERAGE FIXED RATE RECEIVED	FLOATING RATE PAID	FAIR VALUE [(1)] *(in millions of euros)*
Euro	250.0	250.0	June 2022	0.54 %	Euribor 3M	1.4
	50.0	50.0	June 2023	0.31 %	Euribor 3M	0.6
	300.0	300.0	June 2028	(0.02)%	Euribor 3M	(1.4)
Total		**600.0**				**0.6**

(1) Derivative instruments are presented at fair value, including accrued interest receivable for €0.2 million.

As of December 31, 2020, the portfolio was as follows:

Swaps paying variable rate

	TOTAL NOTIONAL AMOUNT *(in millions of currency)*	TOTAL NOTIONAL AMOUNT *(in millions of euros)*	MATURITY	WEIGHTED AVERAGE FIXED RATE RECEIVED	FLOATING RATE PAID	FAIR VALUE [(1)] *(in millions of euros)*
Euro	500.0	500.0	June 2022	0.57 %	Euribor 3M	8.1
	50.0	50.0	June 2023	0.31 %	Euribor 3M	1.1
Total		**550.0**				**9.1**

(1) Derivative instruments are presented at fair value, including accrued interest receivable for €0.3 million.

Fair value change of the hedging swaps and senior notes were as follows:

	FOR THE YEAR ENDED DECEMBER 31	
(in millions of euros)	**2021**	**2020**
Fair value change of the hedging swaps	(4.8)	(2.9)
Fair value change of the senior notes	1.3	0.2

Cash-flow hedge derivatives

In accordance with the policy described above, the Group has entered into several fixed interest rate swap contracts.

Cash-flow hedge swaps mature until January 2025. The Group intends to renew a significant portion of these swaps in order to hedge the variability of future interest expense related to its floating interest debt mainly associated with securitization programs, in accordance with the strategy described above. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning trends of the interest rates linked to those currencies.

Interest rate swap contracts classified as cash flow hedges were as follows:

As of December 31, 2021:

Swaps paying fixed rate

	TOTAL NOTIONAL AMOUNT *(in millions of currency)*	TOTAL NOTIONAL AMOUNT *(in millions of euros)*	MATURITY	FLOATING RATE RECEIVED	WEIGHTED AVERAGE FIXED RATE PAID (RECEIVED)	FAIR VALUE[1] *(in millions of euros)*
American dollar	100.0	88.3	January 2022	Libor USD 3M	2.54%	(0.5)
	125.0	110.4	April 2023	Libor USD 3M	1.47%	(1.5)
	200.0	176.6	December 2023	Libor USD 3M	0.74%	0.5
	100.0	88.3	January 2025	Libor USD 3M	1.01%	0.4
Canadian dollar	90.0	62.5	March 2022	CDOR 3M	1.70%	(0.2)
	20.0	13.9	January 2023	CDOR 3M	1.11%	—
	50.0	34.7	December 2024	CDOR 3M	1.77%	—
Australian dollar	75.0	48.0	June 2023	BBSW AUD 3M	0.65%	(0.1)
Swiss franc	100.0	96.8	March 2022	Libor CHF 3M	(0.75%)	—
	160.0	154.9	December 2022	Saron	(0.67%)	—
	50.0	48.4	November 2024	Saron	(0.28%)	(0.3)
Euro	150.0	150.0	March 2023	Euribor 3M	(0.53%)	0.1
Total		**1,072.8**				**(1.6)**

(1) Derivative instruments are presented at fair value, including accrued interest payable for €1.0 million.

As of December 31, 2020

Swaps paying fixed rate

	TOTAL NOTIONAL AMOUNT (in millions of currency)	TOTAL NOTIONAL AMOUNT (in millions of euros)	MATURITY	FLOATING RATE RECEIVED	WEIGHTED AVERAGE FIXED RATE PAID (RECEIVED)	FAIR VALUE(1) (in milllions of euros)
American dollar	250.0	203.7	December 2021	Libor USD 3M	2.88%	(5.2)
	100.0	81.5	January 2022	Libor USD 3M	2.54%	(2.0)
	125.0	101.9	April 2023	Libor USD 3M	1.47%	(3.0)
Canadian dollar	50.0	32.0	August 2021	CDOR 3M	2.34%	(0.3)
	90.0	57.6	March 2022	CDOR 3M	1.70%	(0.9)
Australian dollar	75.0	47.2	June 2023	BBSW AUD 3M	0.65%	(0.6)
Swiss franc	100.0	92.6	March 2022	Libor CHF 3M	(0.75%)	—
	50.0	46.3	October 2021	Libor CHF 3M	(0.43%)	(0.1)
Euro	150.0	150.0	March 2023	Euribor 3M	(0.53)%	—
Total		**812.7**				**(12.2)**

(1) Derivative instruments are presented at fair value, including accrued interest receivable for €1.4 million.

The change in fair value of the cash flow hedging instruments for the year ended December 31, 2021 was recorded as a €11.6 million increase in cash-flow hedge reserve before tax (€5.4 million decrease for the year ended December 31, 2020). The ineffectiveness recognized in profit and loss in 2021 was immaterial.

Sensitivity to interest rate variation

As of December 31, 2021, a 1% increase in interest rates on variable debt after effective interest rate hedging would lead to an increase in the current annual interest expense estimated to €6.0 million and a €13.3 million gain related to the change in fair value of the hedging instruments of which a €0.8 million in the net financial expenses and €12.5 million in other comprehensive income.

18.3.2 Foreign exchange risk

The Group's financing policy is to centralize external borrowings and to provide financing to its foreign subsidiaries in their own functional currencies. The foreign currency risk arises principally from intercompany financings denominated in currencies other than euro and is managed at corporate level. In order to neutralize foreign exchange risk exposure, the Group's parent company incurs external indebtedness in foreign currencies other than euro or enters into foreign exchange derivatives (forward contracts or exchange rate swaps).

For the year ended December 31, 2021, unrealized exchange loss in other comprehensive income related to external borrowings qualified as net investment hedges accounted for €26.8 million before tax.

As of December 31, 2021, the notional value of foreign exchange derivatives was €477.1 million (€700.1 million of forward sales and €223.0 million of forward purchases). Forward contracts are recognized at their fair value for a net positive amount of €1.7 million. The change in fair value of forward contracts for the year ended December 31, 2021 was recorded as a financial loss of €0.3 million.

Sensitivity to changes in foreign exchange rates

On an annual basis, a 5% increase (or decrease) of the euro against the main currencies (US dollar, Canadian dollar, Australian dollar and British Pound) would lead to a decrease (increase) in sales of €321.0 million and a decrease (increase) in operating income before other income and other expenses of €19.7 million.

The Group's financial liabilities and shareholders' equity are likewise included on its consolidated balance sheet after conversion at the financial year-end exchange rate. Thus, a 5% appreciation (depreciation) of the euro against the other currencies as compared to the closing exchange rates as of December 31, 2021 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €40.0 million and €137.7 million respectively.

Financial debt per repayment currency

The table below presents the financial debt's sensitivity to exchange rate changes for each repayment currency:

(in millions of euros)	EURO	US DOLLAR	CANADIAN DOLLAR	AUSTRALIAN DOLLAR	NORWEGIAN KRONE	SWEDISH KRONA	BRITISH POUND	SWISS FRANC	CHINESE RENMINBI	OTHER	**TOTAL**
Financial liabilities	1,553.6	285.0	128.5	0.4	—	0.1	107.2	(11.0)	53.2	9.1	2,126.1
Cash and cash equivalents	(354.7)	(161.8)	(9.8)	32.9	(5.0)	(17.5)	(6.4)	(38.5)	(4.7)	(9.4)	(574.9)
Net financial position before hedging	**1,198.9**	**123.2**	**118.7**	**33.3**	**(5.0)**	**(17.4)**	**100.8**	**(49.5)**	**48.5**	**(0.3)**	**1,551.2**
Impact of hedges	(447.4)	352.8	(13.9)	1.4	(9.8)	15.4	(221.2)	319.4	3.1	0.2	—
Net financial position after hedging	**751.5**	**476.0**	**104.8**	**34.7**	**(14.8)**	**(2.0)**	**(120.4)**	**269.9**	**51.6**	**(0.1)**	**1,551.2**
Impact of a 5% increase in exchange rates	—	*23.8*	*5.2*	*1.7*	*(0.7)*	*(0.1)*	*(6.0)*	*13.5*	*2.6*	—	*40.0*

18.3.3 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 December 31, 2021, the remaining contractual cash-flows in relation to financial indebtedness and derivative instruments, including interest owed, are as follows:

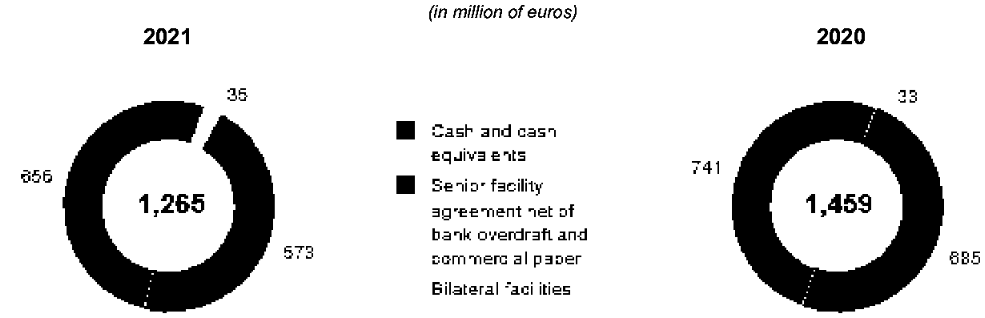
	DUE WITHIN						
(in millions of euros)	One year	Two years	Three years	Four years	Five years	Thereafter	Total
Senior notes	—	—	—	—	—	999.5	999.5
Securitization	605.0	300.0	—	—	—	—	905.0
Others	236.1	0.1	0.1	0.1	0.1	—	236.3
Total gross financial debt before transaction costs	**841.1**	**300.1**	**0.1**	**0.1**	**0.1**	**999.5**	**2,140.8**
Interests owed in relation to financial indebtedness	32.1	26.0	23.5	21.4	21.3	37.3	161.6
Interests owed (to receive) on derivatives	(0.6)	(1.7)	(0.4)	0.6	0.8	1.6	0.3
Total	**872.6**	**324.4**	**23.2**	**22.1**	**22.2**	**1,038.4**	**2,302.7**

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.

Securitization programs mature in 2022 and 2023 as a result of amendments executed in 2019 and 2020. 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.

As of December 31, 2021, Group's liquidity stood at €1,264.6 million (€1,459.5 million as of December 2020) and exceeds the repayment obligation of its financial indebtedness due in the next twelve months. It breaks down as follows:

Group's liquidity
(in million of euros)



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.

This Senior Facility Agreement matures in 2025 for €829 million and in 2024 for €21 million.

Interest and margin

This facility bears interest at a rate determined in reference to (i) EURIBOR rate when funds are made available in Euro, LIBOR rate for other currencies and EONIA rate for swingline loans, (ii) an applicable margin ranges from 0.60% to 2.25% depending on the leverage ratio, (iii) other costs such as mandatory costs or utilization and non-utilization fees. As from 3 January 2022, EONIA is replaced by ESTR plus 8.5 basis points.

Leverage ratio

This facility is subject to the ratio of to (i) adjusted total net debt relative to (ii) adjusted EBITDA and determined on a pre IFRS 16 basis:

"Adjusted EBITDA" means, in relation to a measurement period, consolidated operating income without double counting before other income (or expenses) as defined in the relevant consolidated accounts of the Group:

- Including the last 12 months of Adjusted EBITDA of any Subsidiary acquired in that measurement period *pro rata* the participation of the Group;
- Including proceeds related to commodity price derivatives entered into to hedge exposure to the price fluctuation of certain commodities which do not qualify for cash flow hedge accounting as per applicable IFRS;
- After adding back EBITDA of assets held for sale and not taking into account EBITDA of assets sold during the measurement period;
- After adding back net operational depreciation/amortization;
- Taking no account of any expense referable to equity settled share based compensation of employees or management, to the extent the balance of it is taken in account into financial indebtedness;
- After adding back non-cash employee share, incentive or remuneration scheme costs entered into as part of equity-based remuneration of employees of the Group, as well as legal profit sharing, to the extent the balance of it is taken into account in financial indebtedness;
- Excluding the non-recurring impact of the evolution of the copper prices as disclosed in the press release published in connection with the consolidated financial statements for such measurement period;
- After adding back any other restructuring and/or acquisition costs relating to any permitted acquisition.

"Adjusted total net debt" means:

- Any indebtedness for or in respect of interest bearing debt (whether or not in cash or in kind, both current and non-current) but which shall:
  - Exclude any upfront, legal, advisory costs related to the implementation of such debt as well as the financial charges accounted for as a result of the repayment of any outstanding debt of the borrower;
  - Exclude intragroup loans between members of the Group;
  - Include any indebtedness for or in respect of any amount payable in respect of securities issued by any member of the Group which are not mandatorily redeemable in shares; and
  - Include any other amount raised under any other transaction accounted for as borrowing under the accounting standards;
- Any indebtedness for or in respect of accrued interest (including capitalized interest and any payment in kind) other than in respect of intragroup loans between members of the Group; less
- Cash and cash equivalents.

This ratio may exceed 3.50 on three accounting dates during the life of the Senior Facility Agreement, being specified that only two of such three accounting dates may be consecutive, and provided that (i) such ratio does not exceed 3.75 times on two accounting dates during the life of the Senior Facility Agreement and (ii) such ratio does not exceed 3.90 times on one accounting date during the life of the Senior Facility Agreement.

As of December 31, 2021, this credit facility was undrawn.

Other facilities

Rexel can also access to a €35.3 million bilateral term loan agreement (US$ 40.0 million) with Wells Fargo Bank internation which matures in June 2024.

As of December 31, 2021, this facility was undrawn.

The trade accounts payables, amounting to €2,170.0 million as of December 31 2021 (€1,807.3 million as of December 31, 2020), are due in less than one year and are funded through recurring positive free cash flow from operating activities.

18.3.4 Counterparty risk

The financial instruments that could expose the Group to counterparty risk are mainly trade accounts receivable, cash and cash equivalents and derivative instruments.

Credit risk with respect to trade accounts receivable is limited due to the large number of customers, the diversity of their activities (contractors, manufacturers, municipalities) and their geographical spread in France and abroad. In addition, credit insurance programs have been implemented within the Group.

Counterparty risk concerning cash, cash equivalents and derivatives instruments is likewise limited by the quality of the relevant counterparties, which are the Group's traditional banking partners for its financing and are almost exclusively based in Europe.

As of December 31, 2021, the maximum risk corresponding to the total accounts receivable amounted to €2,353.2 million (€1,899.7 million as of December 31, 2020) and is detailed in note 13.2 Trade accounts receivable.

The outstanding amount was €580.7 million as of December 31, 2021 (€696.6 million as of December 31, 2020), which equals the net book value of the aforementioned items.

The maximum counterparty risk on the Group's other financial assets was €538.1 million (€479.0 million as of December 31, 2020) and mainly corresponds to supplier discounts receivable.

18.4 Carrying amount and fair value of financial instruments by accounting category

The following table shows the carrying amounts and fair values of financial assets and liabilities in the balance sheet by accounting category as defined in IFRS 9 and the related fair value hierarchy as defined in IFRS 13:

AS OF DECEMBER 31, 2021		ACCOUNTING CATEGORIES					
(in millions of euros)	Note	Measured at fair value through profit or loss	Measured at fair value through OCI	Stated at amortized cost	CARRYING AMOUNT	FAIR VALUE	Fair value hierarchy (1)
ASSETS							
Derivative instruments	12.5/ 13.3	6.1	1.2	—	7.2	7.2	2
Deposits	12.5	—	—	41.7	41.7	41.7	
Loans	12.5	—	—	0.4	0.4	0.4	
Trade accounts receivable	13.2	—	—	2,353.2	2,353.2	2,353.2	
Supplier rebates receivable	13.3	—	—	336.9	336.9	336.9	
Other accounts receivable	13.3	—	—	159.2	159.2	159.2	
Cash and cash equivalents	18.1	573.5	—	—	573.5	573.5	
LIABILITIES							
Senior notes	18.1	—	—	999.5	999.5	1,007.2	1
Other financial debts, including accrued interest	18.1	—	—	1,128.5	1,128.5	1,128.5	
Derivative instruments	16/ 19	4.1	1.6	—	5.7	5.7	2
Trade accounts payable		—	—	2,170.0	2,170.0	2,170.0	
Customer rebates payable	19	—	—	203.3	203.3	203.3	
Other liabilities	19	—	—	338.7	338.7	338.7	

AS OF DECEMBER 31, 2020		ACCOUNTING CATEGORIES					
(in millions of euros)	Note	Measured at fair value through profit or loss	Measured at fair value through OCI	Stated at amortized cost	CARRYING AMOUNT	FAIR VALUE	Fair value hierarchy (1)
ASSETS							
Derivative instruments	12.5/ 13.3	11.2	—	—	11.2	11.2	2
Deposits	12.5	—	—	31.9	31.9	31.9	
Trade accounts receivable	13.2	—	—	1,899.7	1,899.7	1,899.7	
Supplier rebates receivable	13.3	—	—	255.8	255.8	255.8	
Other accounts receivable	13.3	—	—	137.4	137.4	137.4	
Cash and cash equivalents	18.1	685.4	—	—	685.4	685.4	
LIABILITIES							
Senior notes	18.1	—	—	1,105.5	1,105.5	1,113.9	1
Other financial debts, including accrued interest	18.1	—	—	926.7	926.7	926.7	
Derivative instruments	16/ 19	0.2	12.2	—	12.4	12.4	2
Trade accounts payable		—	—	1,807.3	1,807.3	1,807.3	
Customer rebates payable	19	—	—	161.7	161.7	161.7	
Other liabilities	19	—	—	263.5	263.5	263.5	

(1) Fair value hierarchy:

Level 1: quoted market prices (current bid prices for financial assets/current ask prices for financial liabilities) and cash

Level 2: internal model using observable factors

19. Other current liabilities

(in millions of euros)	AS OF DECEMBER 31 2021	2020
Customer rebates payable	203.3	161.7
Personal and social obligations	385.1	235.8
VAT payable and other sales tax	70.4	68.3
Derivatives	2.7	5.9
Other liabilities	338.7	263.5
Deferred income	7.3	5.7
Total other current liabilities	**1,007.5**	**741.0**

20. Related party transactions

Expenses relating to compensation of the Executive Committee members of the Group are as follows:

(in millions of euros)		FOR THE YEAR ENDED DECEMBER 31 2021	2020
Salaries and other short-term benefits	(1)	11.3	6.1
Post-employment benefits (service costs)		0.4	0.3
Indemnities at termination of contract		0.7	1.3
Free shares and stocks options	(2)	3.9	1.8

(1) comprising social security contributions and payroll taxes paid by the Group.

(2) Share-based payment expense is detailed in note 7.

In the event of a breach of employment contract, the Group could have to compensate the Executive Committee members a total amount of €12.9 million.

21. Statutory auditors fees

The table below is provided in accordance with regulation n° 2016-09 of the French Accounting Standard Authority (ANC) and sets forth the fees paid to statutory auditors in connection with their engagement in the parent company and the French subsidiaries. Amounts are exclusive of VAT and out-of pocket expense.

	PWC Audit		KPMG Audit		Total	
(in millions of euros)	2021	2020	2021	2020	2021	2020
Audit services	0.9	0.9	0.9	1.0	1.8	1.9
Non audit services	0.2	0.2	0.2	—	0.4	0.2
Total	**1.1**	**1.1**	**1.1**	**1.0**	**2.2**	**2.1**

Other related services include the fees related to mandatory services performed in accordance with French regulation, as well as comfort letters and CSR report.

22. Contingent liabilities

Rexel Group is subject to legal, administrative and regulatory proceedings in the normal course of its business. A provision is recognized in the balance sheet when it is probable that an outflow of economic benefits from Rexel or one of its subsidiaries will be required to settle the obligation and when the amount can be estimated reliably.

The principal proceedings are set out below:

Asbestos litigation

The Group is party to several proceedings relating to exposure to asbestos-containing materials in the United States. The Group believes that the risk of it being ordered to pay significant amounts in connection with these proceedings is limited, and that these lawsuits will not therefore have, individually or as a whole, a material adverse effect on its financial condition or results of operations, since the claims may be rejected or settled for amounts partially or fully covered by Rexel's insurance policies. Considering the wide range of these claims, the different stages in the proceedings, the number of defendants and the absence of any individual claim, the Group cannot precisely assess the financial consequences that may result from these proceedings.

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 (Paris magistrate's court). 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.

At this point, Rexel is not party to the proceedings and therefore is not aware of the practices that it might be accused of. While information has been released in the press, it does not allow to determine the offences that Rexel could be accused of.

It is therefore not possible to date to evaluate the degree of probability of formal indictments being made against Rexel nor of a possible adverse judgment and thus to evaluate the financial risk which Rexel is potentially exposed to.

Slovakia, Poland and Baltics

The agreements entered into with Würth group in 2016 in connection with the disposal of operations in Slovakia, Poland and the Baltics provide for indemnification of any damage and liability incurred by the purchaser. The aggregate liability for indemnification shall not exceed €8 million. This warranty had not been called as of the balance sheet date.

23. Events after the reporting period

At the presentation date of the consolidated financial statements there have been no subsequent events after December 31, 2021 that would have a significant impact on Rexel's financial situation.

24. New Accounting Pronouncements

In March 2021, the IFRS Interpretation Committee (IFRS-IC) issued an interpretation on IAS 38 "Configuration or Customization Costs in a Cloud Computing Arrangement". This interpretation clarifies the steps which entities should consider in accounting for such configuration or customization costs. The Interpretation Committee observed that, in a SaaS arrangement, the customer often would not recognize an intangible asset because it does not control the software being configured or customized and those configuration or customization activities do not create a resource controlled by the customer that is separate from the software. Rather, the customer recognizes the costs as an expense when it receives the configuration or customization services.

- If the contract to deliver the configuration or customization services to the customer is with the supplier of the application software and the services are not separately identifiable from the customer's right to receive access to the supplier's application software, then the customer recognizes the costs as an expense over the term of the contract.
- If the contract to deliver the configuration or customization services to the customer is with a third-party supplier, the customer recognizes the costs as an expense when the third-party supplier configures or customizes the application software.

The Group is currently assessing the potential impacts of this IFRS-IC decision and has identified different categories of cloud computing arrangements:

- Standard SaaS arrangements with no or few configuration or customization costs and
- Hybrid cloud computing contracts in connection with the implementation of ERPs requiring significant configuration and customization costs. These arrangements require in depth analyses to determine whether an intangible asset should be recognized. Given the complexity of these agreements, the Group expects to finalize its analyses in 2022.

The Group has not applied early the following standards and amendments which application is mandatory for the periods beginning on or after January 1, 2022:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current” (not yet adopted by the European Union);
- Amendments to IAS 1 - Disclosure of Accounting Policies.
- Amendments to IAS 16 “Property, Plant & Equipment – Proceeds before Intended Use”;
- Amendments to IAS 37 “Onerous Contract – Cost of fulfilling a Contract”;
- Annual improvements to IFRS Standards 2018-2020.

The Group does not expect any significant impact from these new standard and amendments.

25. Consolidated entities as of 31 December 2021

	HEAD OFFICE	% INTEREST
FRANCE		
Holding companies and Group services companies		
Rexel	Paris	Parent company
Rexel Développement S.A.S.	Paris	100.00
Rexel Amérique Latine S.A.S.	Paris	100.00
Operating companies		
Rexel France S.A.S.	Paris	100.00
Espace Elec S.A.S.	Ajaccio	100.00
Bizline S.A.S.	Paris	100.00
BCCT	Paris	100.00
Conectis S.A.S.	Paris	100.00
Francofa Eurodis S.A.S.	Neuilly-Plaisance	100.00
La Boîte Electrique	Paris	100.00
Esabora Digital Services	Paris	100.00
Sofinther	Bouguenais	100.00
Cordia	Mitry-Mory	100.00
Freshmile Services S.A.S.	Entzheim	100.00
EUROPE		
Germany		
Rexel GmbH	Munich	100.00
Rexel Germany GmbH & Co KG	Munich	100.00
Rexel Germany Verwaltungs GmbH	Munich	100.00
Rexel Germany Beteiligungs GmbH	Munich	100.00
Silstar Deutschland GmbH	Emmerich am Rhein	100.00
Rexel Industrial Solutions GmbH	Munich	100.00
United Kingdom		
Rexel Senate Ltd.	Birmingham	100.00
Denmans Electrical Wholesalers Ltd.	Birmingham	100.00
Senate Group Ltd.	Birmingham	100.00
Rexel (UK) Holdings Ltd.	Birmingham	100.00
Rexel (UK) Ltd.	Birmingham	100.00
Newey & Eyre Ltd.	Birmingham	100.00
Parker Merchanting Limited	Birmingham	100.00
WF Electrical Plc	Birmingham	100.00
Warrior (1979) Ltd.	Birmingham	100.00
Rexel UK Pension Trustees Ltd.	Birmingham	100.00
J&N Wade Limited	Birmingham	100.00
Clearlight Electrical Company	Birmingham	100.00
Sweden		
Rexel Sverige AB	Älvsjö	100.00
Moel AB	Bredaryd	100.00
Austria		
Rexel Central Europe Holding GmbH	Vienna	100.00
Rexel Austria GmbH	Vienna	100.00
Comtech IT Solutions GmbH	Annaberg	100.00
The Netherlands		
Rexel Nederland B.V.	Zoetermeer	100.00
Rexel Holding Netherlands B.V.	Hoofddorp	100.00

	HEAD OFFICE	% INTEREST
Rexel Holding Benelux B.V.	Hoofddorp	100.00
S. Van Westerborg & Zonen B.V.	Hoofddorp	100.00
Italy		
Rexel Italia SpA	Milano	100.00
Spain		
Rexel Spain, S.L.U.	Madrid	100.00
Belgium		
Rexel Belgium S.A.	Zellik	100.00
Portugal		
Rexel Distribuição de Material Electrico S.A.	Lisboa	100.00
Ireland		
M Kelliher 1998 Ltd.	Tralee	100.00
Switzerland		
Elektro Material AG	Zurich	100.00
Digitalfeld AG	Zurich	88.66
Luxembourg		
Rexel Luxembourg S.A.	Luxembourg	100.00
REXEL RE S.A.	Luxembourg	100.00
Slovenia		
Elektronabava d.o.o.	Ljubljana	100.00
Russia		
OOO Elektroskandia Rus	St. Petersburg	100.00
Finland		
Rexel Finland Oy	Hyvinkää	100.00
Norway		
Elektroskandia Norge AS	Langhus	100.00
Elektroskandia Norway Holding AS	Langhus	100.00
NORTH AMERICA		
United States		
Rexel USA, Inc.	Dallas	100.00
Mayer Electric Supply Company, Inc.	Birmingham	100.00
SKRLA LLC	Dallas	100.00
SPT Holdings Inc.	Dallas	100.00
Rexel of America LLC	Dallas	100.00
Rexel Patriot Acquisition, LLC	Dallas	100.00
Canada		
Rexel North America Inc.	St Laurent	100.00
Rexel Canada Electrical Inc.	Mississauga	100.00
Rogers Electrical Wholesale Limited	North Bedeque	100.00
ASIA PACIFIC		
Hong Kong SAR		
Huazhang Electric Automation Holding Co. Ltd.	Hong Kong	100.00
China		
Rexel Ouneng (Beijing) Technology Co. Ltd.	Beijing	100.00
Rexel Electric Co. Ltd.	Shanghai	100.00
Zhejiang Huazhang Automation Equipment Co. Ltd.	Huanzhou	100.00
Rexel Integrated Solutions (Shanghai) Co. Ltd.	Shanghai	100.00
Rexel China Management Co. Ltd.	Shanghai	100.00
Suzhou Xidian Co. Ltd.	Suzhou	100.00
Beijing Zhongheng Hengxin Automation Equipment Co. Ltd.	Beijing	100.00

	HEAD OFFICE	% INTEREST
Henan Qixin Automation Equipment Co. Ltd.	Zhengzhou	100.00
Shanghai Suhua Industrial Control Equipment Co. Ltd.	Shanghai	100.00
LinElec Business Consulting (Shanghai) Limited	Shanghai	100.00
Zhonghao (Shanghai) Technology Co. Ltd.	Shanghai	100.00
Jinan Rexel Enterprise Management Service Co., Ltd.	Jinan	100.00
India		
Rexel India Private Limited	Pune	100.00
Australia		
Rexel Holdings Australia Pty Ltd.	Sydney	100.00
Rexel Electrical Supplies Pty Ltd.	Sydney	100.00
Australian Regional Wholesalers Pty Ltd.	Sydney	100.00
New Zealand		
Rexel New Zealand Limited	Auckland	100.00
Redeal Pensions Ltd.	Auckland	100.00
Kingdom Saudi Arabia		
Rexel Services KSA LLC	Riyadh	100.00
United Arab Emirates		
Redco FZE	Jebel Ali	100.00
Rexel Emirates LLC	Abu Dhabi	90.00

III. Statutory auditors' report

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing 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' report on the consolidated financial statements

For the year ended December 31, 2021

Rexel S.A.

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

To the Annual General Meeting of Rexel S.A.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Rexel S.A. ("the Group") for the year ended December 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1st, 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

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

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

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of the recoverable amount of goodwill and other intangible assets with indefinite useful lives

Notes 12.1 and 12.2 to the consolidated financial statements

Description of risk

As of December 31, 2021, goodwill and other intangible assets with indefinite useful lives were recorded in the balance sheet for a net carrying amount of €3,401.7 million and €894.1 million, respectively, representing 37% of the Group's total assets. An impairment test for these assets is performed at least once a year at the level of the cash-generating units (CGU) to which they have been allocated. As described in the Note 12.2 to the consolidated financial statements, an impairment exists when the carrying value of a cash-generating unit exceeds its recoverable amount, which is determined based on value in use.

The value in use of a CGU (country) is measured based on discounted future cash flows and requires a significant degree of judgment from management, especially for the determination of revenue and EBITA margin forecasts as well as the selection of discount rates and long-term growth rates.

As of December 31, 2021, no goodwill impairment was recognised.

Accordingly, we deemed the measurement of the recoverable amount of goodwill and other intangible assets with indefinite useful lives to be a key audit matter, due to: the weighting of these assets in the consolidated balance sheet, and the inherent uncertainty of specific inputs, in particular the likelihood of achieving forecast results included in the recoverable amount measurement.

How our audit addressed this risk

We gained an understanding of the Group's budget process from which projected cash-flows used for the impairment test are based.

For CGUs which have been identified by the Group in the sensitivity analysis, we performed the following:

- Assessed the components of the carrying value of a CGU to which the Group has allocated goodwill.
- Assessed the consistency of projected cash-flow with the economic environments in which the Group's subsidiaries operate as well as the reliability of the assumptions process in particular by analyzing any differences between past cash-flow projections and actual cash flows.

- Assessed, with the assistance of our valuation experts, the reasonableness of the long-term growth rates as well as discount rates applied to the projected cash flows of the various CGUs.
- Corroborated, including through interviews with management, the reasonableness of the main data and assumptions underlying projected cash-flow (sales growth, EBITA margin).
- Tested the mathematical accuracy of the discounted cash-flow model used and the sensitivity analyses.
- Verified that the Notes 12.1 and 12.2 to the consolidated financial statements included the appropriate disclosures.

Suppliers rebates

Notes 6, 13.1 and 13.3 to the consolidated financial statements

Description of risk

The Group enters into contract with its suppliers, through which it benefits from rebates, generally on an annual basis, based on the volumes of goods purchased and the performance of certain specific commercial actions. These rebates may be conditional or not on the achievement of pre-defined purchasing targets (unconditional or conditional rebates).

These rebates are recorded as reduction of the cost of goods sold.

We deemed the recognition of suppliers' rebates to be a key audit matter, due to:

- The significance of suppliers' rebates
- The variety of contracts
- The estimates required in terms of determining the purchasing data to which contract clauses apply to calculate receivables at the year-end closing date
- And their impact on the valuation of inventories.

How our audit addressed this risk

We analyzed the internal control procedures relating to the follow-up of rebates on contracts signed with suppliers and to estimate rebates in order to determine the cost of goods sold.

We also performed the following procedures:

- Analyzed, on a sample basis, the contracts signed with suppliers as well as the proper application of the terms and conditions of those contracts when used to determine rebates recognized during the year, particularly in terms of the purchases volumes and including the estimate of suppliers rebates receivables at year-end ;
- Reconciled, on a sample basis, the purchases amount with the data used to calculate rebates receivables at year-end, as well as with any purchasing confirmations received from suppliers, and assessed the fulfillment of any conditional targets in terms of purchases volumes;
- Assessed the recoverability of supplier rebate receivables and verified that there are no aged uncollected receivables;
- Analyzed the rebates collected during the year related to the prior year rebates receivable to assess the reliability of management estimates;
- Verified, on a sample basis, the appropriate allocation of suppliers rebates to the valuation of inventories.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (code de commerce) is included in the Group's information given in the management report, it being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and this information should be reported on by an independent third party.

Report on Other Legal and Regulatory Requirements

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

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the chief executive officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Rexel S.A. by the Annual General Meeting held on May 16, 2012 for PricewaterhouseCoopers Audit and May 25, 2016 for KPMG Audit.

As at December 31, 2021, PricewaterhouseCoopers Audit and KPMG Audit were in the 10th year and 6th year of total uninterrupted engagement, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris La Défense, February 14, 2022

The Statutory Auditors

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