Condensed Management Report for the six months ending June 30, 2024

1. KEY DATA FOR THE FIRST HALF OF 2024

- Revenue: up 10.4%, reaching €1,559.3 million, +10.2% at constant exchange rates.
- Adjusted Corporate EBITDA: (€8.8 million) in H1 2024 vs €152.5 million in H1 2023.
- Net profit(loss): (€170.6 million) in H1 2024 vs (€24.4 million) in H1 2023.

	Half-year ended June 30				
All data in million euros, unless stated otherwise	**H1 2024**	**H1 2023 restated***	**H1 2023**	**% Change**	**% Change at constant perimeter and currency**
Number of rental days (million) (1)	35,2	33,4	33,4	5,5%	5,5%
Average Fleet (thousand) (1)	266,7	250,9	250,9	6,3%	6,3%
Financial Utilization rate (1)	72,6%	73,6%	73,6%	*-1,0pt*	*-1,0pt*
Total revenues	1.559,3	1.412,1	1.412,1	10,4%	10,2%
Adjusted Corporate EBITDA	(8,8)	152,5	152,5	-105,8%	-105,8%
Adjusted Corporate EBITDA Margin	*-0,6%*	*10,8%*	*10,8%*	*-11,4pt*	*-11,4pt*
Operating Income	(42,5)	95,8	95,8		
Net profit/loss	(170,6)	(24,4)	(30,0)		

* see Note 2.4 in the Interim Consolidated Financial Statements

2. HIGHLIGHTS OF THE FIRST HALF OF 2024

A revenue growth of 10.4%, driven by a continuous growth in all the Group channels. An inflationary impact on costs, as well as a deterioration of the second hand market has resulted in an increase of the fleet and variable cost. These cost increases have not been passed onto the consumer, as the revenue growth is mainly driven by volumes.

3. ANALYSIS OF OPERATING RESULTS

3.1. Key management indicators

	Half-year ended June 30		
All data in million euros, unless stated otherwise	**2024**	**2023**	**Change**
Total Revenues*	**1,559.3**	**1,412.1**	**10.4%**
Vehicle rental revenue*	**1,493.0**	**1,352.6**	**10.4%**
Rental days volume (in thousands)	35.2	33.4	5.5%
Average rental duration (in days)	7.3	7.5	(3.5%)
Average fleet size (in thousands) (1)	266.7	250.9	6.3%
Average revenue per unit per month (in €) (2)	889.1	898.6	(1.1%)
Average fleet costs per unit per month (in €) (3)	-363	-289	25.5%
Fleet utilization rate (in %) (4)	72.6%	73.6%	*(1.0)pt*
Margin after Direct costs	**377.8**	**522.0**	**(27.6%)**
Margin after Direct costs in % of revenue	*24.2%*	*37.0%*	*(12.7)pt*

(1) Average fleet during the period is calculated as the number of days in the period during which the fleet was available (period during which the Group held the vehicles), divided by the number of days of the same period, multiplied by the number of vehicles in the fleet during the period.

(2) Average revenue per unit per month corresponds to the vehicle rental revenue, divided by the average fleet for the period; the average fleet for the period itself is divided by the number of months for the period.

(3) Average fleet costs per unit per month corresponds to total fleet cost (fleet holding and operating costs), excluding interest expense included in the expenses for the fleet vehicle operating leases and insurance costs, divided by the average fleet during the period. The average fleet during the period is then divided by the number of months during the period.

(4) The fleet utilization rate corresponds to the rental day volume as a percentage of the number of days the fleet is considered financially available. The fleet's financial-availability period represents the period during which the Group holds the vehicles.

3.2. Comparison of Operating Results

Analysis in this section is based on the Group's income statement, prepared in accordance with IFRS standards. The bridge between IFRS standards data and management data are prepared in order to reflect and clarify the presentation of Group economic performance.

In M€	As of June 30, 2024 Incl. IFRS 16	As of June 30, 2023 Incl. IFRS 16 Restated*	As of June 30, 2023 Incl. IFRS 16
Revenue	**1,559.3**	**1,412.1**	**1,412.1**
Fleet holding costs	(549.3)	(374.9)	(374.9)
Fleet operating, rental and revenue related costs	(546.0)	(457.1)	(457.1)
Personnel costs	(270.4)	(251.7)	(251.7)
Network and head office overhead costs	(137.2)	(126.1)	(126.1)
Non-fleet depreciation, amortization and impairment expense	(88.3)	(81.5)	(81.5)
Other income	3.4	0.0	0.0
Current operating income	**(28.6)**	**120.9**	**120.9**
Impairment of non-current asset	(0.0)	(0.1)	(0.1)
Other non-recurring income and expense	(14.0)	(25.0)	(25.0)
Operating income	**(42.5)**	**95.8**	**95.8**
Net financing costs	**(122.6)**	**(104.0)**	**(104.0)**
Profit/(loss) before tax	**(165.1)**	**(8.2)**	**(8.2)**
Income tax benefit/(expense)	(5.5)	(16.3)	(21.9)
Net profit/(loss) for the period	**(170.6)**	**(24.4)**	**(30.0)**

* see Note 2.4 in the Interim Consolidated Financial Statements

IFRS Income Statement

The table below presents a reconciliation of current operating income to adjusted corporate EBITDA and adjusted consolidated EBITDA. Adjusted consolidated EBITDA and adjusted corporate EBITDA are historically presented because the Group believes that these measures provide readers with important additional information for evaluating Group performance. Indeed, the Group believes that rating agencies will consider that adjusted consolidated EBITDA and adjusted corporate EBITDA are useful indicators for measuring the Group's capacity to meet its debt-service obligations. IFRS does not recognize adjusted consolidated EBITDA or adjusted corporate EBITDA. Therefore, these indicators should not be viewed as alternatives to operating income or net profit, nor should they be considered indicators of operating results or of cash flows as measures of liquidity.

	Half-Year ended June 30	
	2024	2023
Adj consolidated EBITDA	**524.2**	**515.5**
Net Fleet depreciation and total fleet financing costs (1)	(533.1)	(363.0)
Adj corporate EBITDA	**(8.8)**	**152.5**
Non fleet amortization, depreciation and impairment expense	(88.3)	(81.5)
Reversal of net fleet financing expenses (2)	68.6	49.8
Current operating income	**(28.6)**	**120.9**

(1) Notably including expenses related to operating leases for fleet vehicles comprise depreciation, interest and, in some cases, a small management fee. For contracts that do not provide a breakdown of rent payments in accordance with these expenses, the Group makes estimates on the basis of data provided by the lessors. Furthermore, because interest expense for operating leases is essentially a fleet financing cost, Europcar management reviews fleet holding costs and Group adjusted operating income net of this expense.

(2) As set forth in the IFRS consolidated income statement.

3.2.1 Revenue

In the first half of 2024, revenue totaled €1,559.3 million, up by 10.4% compared to 2023, with strong positive performance within the direct and indirect channels entirely driven by volume effects. EMG revenues are also positively impacted by price optimization strategy in the Business to Business channel.

3.2.2 Cost lines

Fleet holding costs

Fleet holding costs include fleet depreciation expenses (vehicles acquired and financed through funding recorded on the statement of financial position) and payments on operating leases for vehicles including their financial component, in compliance with accounting standards (e.g., vehicles financed through leasing). Rental payments under operating leases include a component of financial interest.

In the first half of 2024, these costs totaled €549.3 million compared to €374.9 million in 2023, mainly due inflation effects on the total cost of ownership of the vehicles impacting depreciation and, challenging second hand market. The average fleet of vehicles of 266.7k units is 6% higher to the first half of 2023 on a like for like basis.

Fleet operating, rental and revenue-related costs

In the first half of 2024, these costs totaled €546 million compared to 457.1 million in the first half of 2023, as a result of higher costs in relation to badly damaged vehicles, reconditioning and maintenance costs, along with an inflation effect on cost of services from external providers and increases in airport and railway fixed fees.

Personnel costs

In the first half of 2024, personnel costs totaled €270.4 million compared to €251.7 million in the first half of 2023, an increase mainly driven by wages growth.

Network and head offices overheads costs

In the first half of 2024, network and headquarters overhead costs totaled €137.2 million compared to €126.1 million in 2023, mostly due to IT costs increasing which is in line with the Group strategy. Moreover, network overheads costs slightly increased because of the inflation and the Group implementation of performance strategy.

3.2.3 Adjusted Corporate EBITDA

In the first half of 2024, Adjusted Corporate EBITDA totaled (€8.8 million), compared to €152.5 million in the first half of 2023, mainly due to fleet costs increasing caused by inflation, worsening second hand market and the Group strategy initiatives implementation. The corporate EBITDA margin in percentage of revenue reached -0.6%, compared to 10.8% in the first half of 2023.

3.2.4 Other non-recurring expenses

Other non-recurring expenses represent an expense of €14.0 million for the first half of 2024, principally made of restructuring costs and including external consultant fees in relation to Group transformation.

3.2.5 Net financing costs

Net fleet and non-fleet financing costs amounted to a net expense of €122.6 million in the first half of 2024 compared to an expense of €104.0 million in the first half of 2023. This increase is mainly due to higher volume of the debt recorded in the balance sheet as of June 2024 compared to June 2023 and due to higher interest rates, partially covered by hedging instruments.

3.2.6 Income tax

On June 30, 2024, income tax expense amounted to €5.5 million. The effective tax rate for the first half of 2024 is not representative due to the low earnings and the country mix (positive and negative contributions at different tax rates).

3.2.7 Net result

Net result in the first half of 2024 amounted to a loss of (€170.6 million), compared to a loss of (€24.4 million) for the first half of 2023 mainly due to the Adjusted corporate EBITDA fall through.

4. NET DEBT AND MANAGEMENT CASH-FLOW STATEMENT

4.1. Total net debt

As of June 30, 2024, Group corporate debt (excluding IFRS 16) amounted to €363 million, compared with €257 million as of June 30, 2023 and €347 million as of December 31, 2023.

The Group recorded corporate cash (excluding undrawn corporate facilities) of (€196 million) as of June 30, 2024 versus (€271 million) as of December 31, 2023.

As of the same date, total fleet net debt (excluding IFRS 16), amounted to €3,921 million as of June 30, 2024, compared with €3,241 million as of December 31, 2023.

The table below presents the Group net debt:

(in millions of €)	**As of June 30, 2024 (unaudited)**
State guaranteed loans(A)	169
Senior Revolving Credit Facilities and Term loan(B)	808
Earn-out	24
Other corporate debt (mainly overdrafts and Term loan interests)	5
FCT Junior Notes, accrued interest, capitalized costs of financing agreements and other costs reclassified from corporate to fleet debt(C),(D)	(708)
Corporate Gross Debt recognized on balance sheet	**298**
Corporate cash held by operating and holding entities and short-term investments(E)	(209)
Corporate Net Debt recognized on balance-sheet	**88**
EC Finance Notes(F)	500
Senior Asset Revolving Facility	2,012
FCT Junior Notes accrued interest, capitalized costs of financing agreements and other costs reclassified from corporate to fleet debt	708
Fleet financing in the UK, Australia and other fleet financing facilities	821
Gross Fleet Debt recognized on the balance sheet	**4,130**
Fleet cash held by fleet-owning entities and short-term investments(E)	(209)
Net Fleet Debt recognized on the balance sheet	**3,921**
IFRS 16 Leases	732
Total Group Net Debt recognized on the balance sheet	**4,654**

(A) For the purpose of consolidating the Group's liquidity to allow it to address its vehicle financing needs and its corporate needs related to the impacts of the Covid-19 pandemic, on May 2, 2020, the Group negotiated a €220 million loan, 90% guaranteed by the French government. This loan had an initial maturity of one year which was extended to five years on April 23, 2021, and will be used to meet the Group's general requirements. During the second quarter of 2020, the Group also negotiated state guaranteed loans from the Spanish government (70% guarantee) amounting to €101 million. These loans, with a three-year maturity that was extended by three years to 2026 in March 2021, are intended to finance the working capital requirements of the borrower and/or finance the vehicle fleet in Spain.

(B) On 2022, the 30th of November, the group refinanced its corporate debt Term Loan and Revolving Credit Facility ("RCF") for respectively €500m and €170m. In 2024, the RCF was extended to €342.5m. As of June 2024, €308m was drawn under the RCF.

(C) Revenue from the FCT Junior Notes subscribed by ECI provides overall credit enhancement and, as applicable, the remuneration of the FCT accounts (in the event of a negative interest rate being applicable to these accounts), as well as additional liquidity requirement. FCT Junior Notes are used only to finance the fleet debt requirement. FCT Junior Notes are subscribed by ECI using available cash or drawings under the RCF.

(D) For countries where fleet costs are not financed through dedicated entities (e.g. Securitifleet entities), the cash used to finance the fleet (which could have been financed by fleet debt) is restated from the corporate debt to impact the fleet debt.

(E) Short-term investments include bond investments made by the Group's two captive insurers and considered to be liquid due to their maturities.

(F) On October 7, 2021, EC Finance Plc issued the EC Finance Notes (green bond) for a total amount of €500 million due 2026.

4.2. Analysis of corporate operating free cash flow

4.2.1. Overview

The Group uses corporate free cash flow as its liquidity indicator. The Group believes that corporate operating free cash flow is a useful indicator because it measures the Group's liquidity on the basis of its operating activities, including net financing costs on borrowings dedicated to fleet financing, without taking into account (i) past disbursements for debt refinancing, (ii) exceptional costs that are not representative of trends in Group operating results, and (iii) cash flows related to the fleet. These cash flows are analyzed separately because the Group makes vehicle acquisitions through asset-backed financing.

The table below shows the calculation of corporate operating free cash flows, as well as the regrouping of certain items deemed significant for the analysis of Group cash flow, including cash flow related to changes in the rental fleet, in fleet-related trade receivables and payables, and in fleet-related financing and other working capital facilities used principally for fleet-related needs.

This presentation differs from the IFRS statement of cash flows, mainly because of analytic regrouping and the inclusion of items that do not affect cash flows that vary based on the financial data used as the starting point (in this case, adjusted Corporate EBITDA, as presented below, compared with pre-tax profit in the IFRS statement of cash flows).

	For the six months ended June 30, (unaudited)	
Management Cash Flows (in millions of €)	**2024**	**2023**
Adjusted Corporate EBITDA	**(9)**	**153**
Other non-recurring income and expenses	(13)	(25)
Acquisitions of intangible assets and property, plant and equipment (net of proceeds from disposals)	(51)	(42)
Changes in non-fleet working capital and provisions	74	36
Income taxes received/(paid)	(29)	(38)
Reintegration of leases (IFRS 16)	(60)	(54)
Corporate operating free cash flow	**(88)**	**29**
Interest paid on corporate financing	(29)	(20)
Cash flow after payment of interest on corporate financing	**(117)**	**10**
Change in cash in fleet	29	7
Cash and cash equivalents increase/(decrease) before effect of foreign exchange conversions	**(88)**	**(37)**
Cash and cash equivalents at beginning of period	441	396
Effect of foreign exchange conversions	4	(1)
Cash and cash equivalents at end of period	**357**	**357**

4.2.2. Corporate operating free cash flow

• Adjusted corporate EBITDA amounted to a loss of €9 million in the first half of 2024, compared to an income of €153 million in the first half of 2023.

• Other non-recurring income and expenses corresponded to an expense of €13 million in the first half of 2024, compared to an expense of €25 million in the first half of 2023.

• Acquisition of intangible assets and property, plant and equipment totaled €51 million in the first half of 2024 compared to €42 million in the first half of 2023, relating mainly to the continuing digital transformation of the Group.

• Changes in non-fleet working capital and provisions amounted to €74 million in 2024, compared to €36 million in the first half of 2023, relating mainly to both increase of trade payables and decrease of trade receivables.

• Income tax outflows in the first half of 2024 amounted to €29 million, compared to a €38 million outflow in the first half of 2023.

4.2.3. Other components of the management cash flow statement

• Payment of corporate interest totaled €29 million in the first half of 2024 compared with €20 million in 2023, in relation to the higher RCF drawings.

• Changes in cash in the fleet totaled €29 million in the first half of 2024 compared to €7 million in H1 2023. It is related primarily to the acquisition and disposal of the fleet and the draws on the Senior Credit Facilities and main local lines of credit to finance rental fleet financing needs.

5. LEGAL DISCLAIMER & FORWARD-LOOKING STATEMENT

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