Financial forecasts

FINANCIAL SITUATION OF UNEMPLOYMENT INSURANCE BY 2028

3 March 2026

SYNTHESIS

The Unemployment insurance deficit is expected to reach -€2.1 billion in 2026, in a context marked by State decisions cutting Unédic's revenues, even as the first repayment deadlines for the "COVID" debt are coming.

Faced with a gloomy economic outlook, the Unemployment insurance remains faced with the challenge of reducing its debt. The measures decided by the State in 2023 still weigh heavily on the scheme's ability to absorb the debt accumulated during the COVID-19 crisis.

A further increase in unemployment as defined by the ILO is expected for 2026 (8.1% compared to 7.9% in 2025), before a gradual decline in 2027 (7.8%) and 2028 (7.7%). Despite the deterioration of the labour market, the number of jobseekers receiving unemployment insurance benefits is expected to remain contained by the effects of the regulatory changes that have taken place since 2021: 2.6 million in 2026, a stable level compared to 2025. In 2027 and 2028, this number is expected to decline, mainly due to the improvement in the economic situation.

The level of compensation expenditure is expected to remain high: €38 billion in 2026 after €37.2 billion in 2025. In the following two years, expenditure on benefits is expected to fall only moderately to €37.5 billion in 2028. In addition, there would be other expenses of the scheme, and in particular the financing of France Travail, whose weight would increase from 11.5% of the contributions actually received by Unédic in 2025 to 12.0% in 2028. Total Unemployment insurance expenditure, after stagnating in 2025 (€45.3 billion), is expected to increase in 2026 (€46.3 billion) and 2027 (€46.6 billion), before falling back in 2028 (€46.2 billion).

In terms of revenue, Unemployment insurance would still suffer the consequences of the air hole caused by the State's decisions. After €3.35 billion in 2025, the slightest compensation for exemptions will reduce Unédic's revenues in 2026 by €4.1 billion. The legislation does not mention such levies for the years 2027 and 2028. CSG revenues will also be penalised by the change in the base of social security contributions for self-employed workers (€800 million in 2026, then €400 million each year thereafter). Under constraints, the revenues actually collected by Unédic would therefore be €45.3 billion in 2025, €44.2 billion in 2026 and, in the absence of levies by the State, €49.4 billion in 2027 and €51 billion in 2028.

The balance of Unemployment insurance would reflect the constraints weighing on revenues, at the same time as the pressures on spending. Breaking even in 2025, it would deteriorate significantly in 2026 (-€2.1 billion), before returning to surplus in 2027 (+€2.8 billion) and 2028 (+€4.8 billion), assuming that the State does not levy on the scheme's revenues.

The debt of the unemployment insurance scheme is affected by these developments, with an increase in the level of debt in 2026 to €61.5 billion, compared to €59.4 billion in 2025. In 2026, the Unemployment insurance will be forced to refinance the debt it had contracted at low rates at the time of the COVID crisis, this time in a context of high rates. Debt reduction would resume in 2027, for a level of debt expected to reach €53.9 billion in 2028, once again assuming no State levy. If the levies decided between 2023 and 2026 had not taken place, Unédic's debt would have reached a level of €41.9 billion at the end of 2028, compared with the "pre-COVID" debt, which amounted to €36.8 billion at the end of 2019.

Notes:

Unédic's growth and inflation assumptions are based on the Consensus Forecasts, an average of the forecasts of around twenty institutes and banks published each month. This forecast is based on the Consensus Forecasts published in February 2026.

The 2026 Finance Bill (PLF) and the 2026 Social Security Bill (PLFSS) are included in this forecasting exercise, including the suspension of the pension reform between September 2026 and December 2027.

The potential effects of the Full Employment Act (i.e., loi pour le Plein emploi), which provides for extended registration with France Travail in 2025, particularly for RSA (i.e., Revenu de solidarité active) recipients, are included in this forecasting exercise. However, they are subject to revision in the future in the light of changes in available data.

The financial forecast for 2027 is fraught with considerable uncertainty insofar as it is based not only on a GDP growth trajectory that extends far into the future, but also on the assumption of no government intervention on revenues.

The financial forecasts presented here do not take into account at this stage the effects of the amendment concluded on 25 February 2026 by the social partners as part of the negotiations on the unemployment insurance scheme.

1. MACROECONOMIC SITUATION: WEAK LABOUR MARKET AND RISING UNEMPLOYMENT

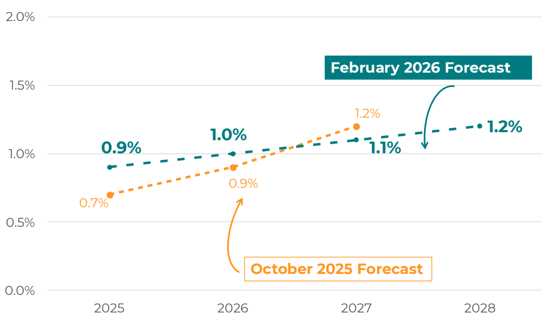
THE PROSPECT OF FIRMER GROWTH IS POSTPONED

GDP grew by +0.9% in 2025 (after +1.1% in 2024), **slightly higher than previously expected** (*Chart 1)*, thanks in particular to a stronger-than-expected 3rd quarter (+0.5% quarter-on-quarter). However, this pace was not maintained: the year 2025 ended with more modest growth in the 4th quarter (+0.2% quarter-on-quarter), giving a moderate boost to growth in 2026 with an increase of +0.5% at the end of 2025.

In 2026, economic activity is expected to remain close to that recorded at the end of 2025, so that **GDP is expected to increase by +1.0% over the year according to the Consensus Forecasts** (in annual variation). Slightly higher than that used in the Unédic forecast of last October *(Table 1)*, this forecast is in line with those of the government, the Banque de France and the IMF. However, it appears cautious in view of the outlook posted by Insee, which envisages a growth gain of +1.0% by the end of the 2nd quarter of 2026[1].

Economic growth is then expected to strengthen very gradually, reaching +1.1% in 2027 and +1.2% in 2028 (year-on-year). The 2027-2028 trajectory remains subject to various uncertainties (electoral issues in France, etc.); it must therefore be considered with caution.

CHART 1 – GDP GROWTH ASSUMPTIONS



Sources: Insee for observed data, Consensus Forecasts, Unédic financial forecasts from February 2026.

TABLE 1 – COMPARISON OF DIFFERENT GDP FORECAST SOURCES

GDP growth in volume	2025	2026	2027	2028
Unédic (February 2026 Consensus)	**0,9%**	**1,0%**	**1,1%**	**1,2%**
Government (PLF 2026; Oct. 2025)	0,7%	1,0%	1,2%	1,3%
IMF (January 2026)	0,8%	1,0%	1,2%	
Banque de France (December 2025)	0,8%	1,0%	1,0%	1,1%
Insee (December 2025)	0,9%			
Unédic forecast of October 2025	*0,7%*	*0,9%*	*1,2%*	

Sources: Consensus Forecasts, 2026 Finance Bill (PLF) for the government, IMF World Economic Outlook, December macroeconomic projections for the Banque de France, December Economic Outlook from Insee; Unédic's financial forecasts from February 2026.

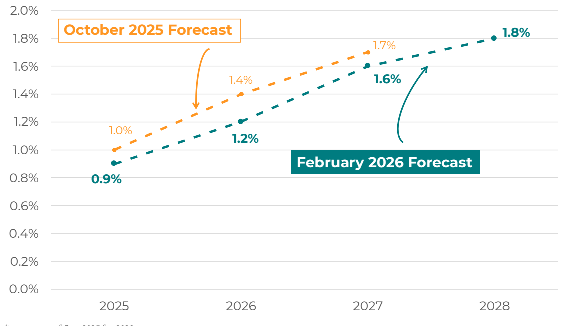
[1] INSEE (Dec. 2025), Economic Outlook: "Moderate consolidation and renewed growth"

MODEST IN 2025, INFLATION WOULD RECOVER VERY GRADUALLY IN THE FORECAST

Inflation as measured by the Consumer Price Index (CPI) slowed significantly in 2025 to +0.9% (after +2.0% in 2024), its slowest increase since 2017 – with the exception of 2020. The acceleration in prices expected for the 2nd half of 2025 did not materialize in the end, and inflation was slowed throughout the year by various factors including weak wage dynamics, the reduction in regulated electricity tariffs in February 2025 and price competition in the telephone sector.

The downward effect of the latter two elements is expected to continue to fade in the coming months, so that **prices would rise very gradually in the future, with inflation reaching +1.2% in 2026, then +1.6% in 2027 and finally +1.8% in 2028** *(Chart 2 and Table 2)*.

CHART 2 – INFLATION ASSUMPTIONS (CONSUMER PRICE INDEX)



Sources: Insee for observed data, Consensus Forecasts, Unédic financial forecasts from February 2026.

TABLE 2 – COMPARISON OF DIFFERENT SOURCES OF INFLATION FORECASTS

Inflation (CPI)	2025	2026	2027	2028
Unédic (February 2026 Consensus)	**0,9%**	**1,2%**	**1,6%**	**1,8%**
Government (PLF Oct. 2025; except tabac)	1,1%	1,3%	1,75%	1,75%
Insee (December 2025)	1,0%			
Unédic forecast of Octobre 2025 (CPI)	*1,0%*	*1,4%*	*1,7%*	

* Consensus of Oct. 2025 for 2028

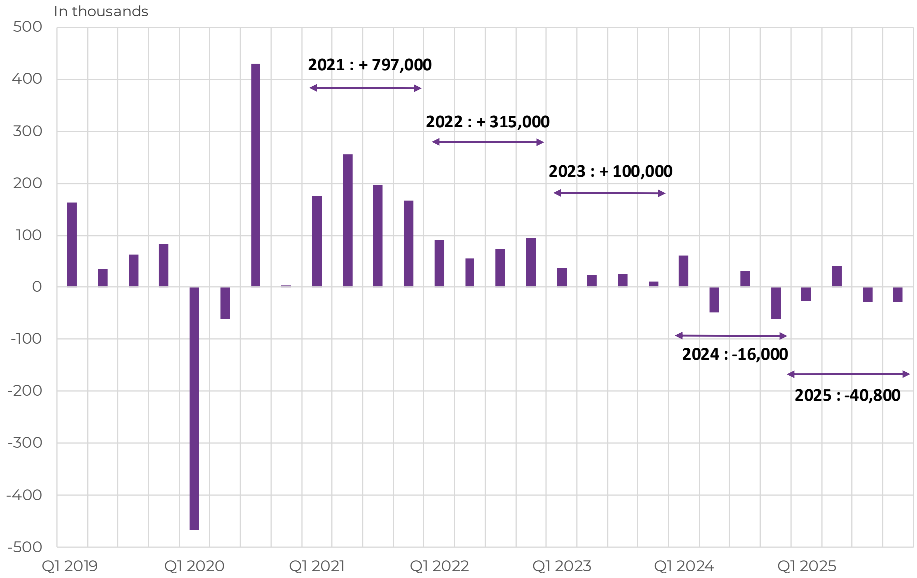
Sources: Consensus Forecasts, 2026 Finance Bill (PLF) for the government, IMF World Economic Outlook, December macroeconomic projections for the Banque de France, December Economic Outlook from Insee; Unédic's financial forecasts from February 2026.

PRIVATE EMPLOYMENT: STABILISATION OF EMPLOYMENT IN 2026, FOLLOWED BY A VERY GRADUAL RECOVERY

Private salaried employment recorded a second consecutive year of decline in its workforce in 2025 with nearly -41,000 net job losses according to provisional data from Insee, after already -16,000 net job losses in 2024 (year-on-year). In 2025, only the 2nd quarter stood out favourably with a positive balance, while the 1st, 3rd and 4th quarters ended with net losses of between -25,000 and -30,000 jobs (in quarterly variation) *(Chart 3)*.

According to provisional data published at the beginning of February, **almost all major sectors of activity will have experienced a decline in their workforce in 2025**. Only the non-market tertiary sector is expected to maintain a slightly positive annual balance. Conversely, the construction sector recorded the 12th consecutive quarter of a decline in its workforce in the 4th quarter of 2025, with -51,000 net destructions accumulated between 1 January 2023 and 31 December 2025. Industry is estimated to have lost -15,000 net jobs over the last five quarters.

CHART 3 - QUARTERLY CHANGE IN PRIVATE SECTOR EMPLOYMENT (AT THE END OF THE QUARTER)



Sources: Insee, Unédic financial forecasts from February 2026.
Last update: 4th quarter 2025.

The evolution of the usual leading employment indicators gives rise to mixed interpretations.
The downward trajectory initiated by temporary employment in 2022 came to a halt in 2025, but was not reversed, as the number of temporary workers at the end of the month hovered around 700,000 throughout the year. In addition, the employment climate remains below its long-term average, while the business climate has moved closer to it, reflecting a form of wait-and-see attitude on the part of employers in their hiring decisions.

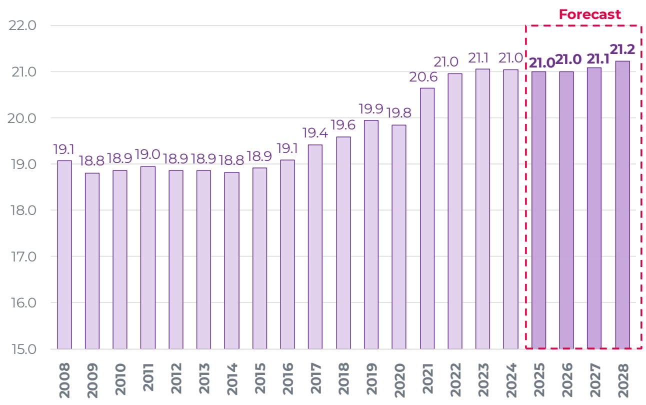
The political environment and employment policy measures had several effects on employment in 2025. Firstly, **employment may have suffered from a form of wait-and-see attitude in the 4th quarter of 2025 in the context of political uncertainty and the delay in the adoption of the Finance Bill (PLF)** for 2026. This could be particularly the case in the non-market tertiary sector, raising hopes of a slight rebound in the 1st quarter of 2026, as was the case a year earlier in comparable circumstances. Secondly, the reduction in the apprenticeship hiring bonus and the increased contribution of companies regarding their tuition fees contributed to reducing apprenticeship entries in 2025 by nearly 5% cumulatively between January and November 2025 compared to the same period in 2024. Apprenticeships contributed to the decline in employment in 2025, a first since 2017. With no change in the framework, **apprenticeship entries are expected to decline further in 2026,** weighing on the volume of salaried employment[2]. Finally, **the suspension of the pension reform between September 2026 and December 2027 should result in a slower increase in the working population during the last months of 2026 and throughout 2027**, affecting the number of people in employment and unemployed.

In doing so, and given the pace of economic activity, **the volume of salaried employment affiliated to the Unemployment insurance is expected to stabilise in 2026** at around 21.0 million people at the end of 2026 *(Chart 4A)*. **The improvement is expected to materialize gradually from 2027 onwards, allowing the return of net employment gains on an annual basis with +78,000 net creations expected in 2027 and +142,000 in 2028** *(Chart 4B)*.

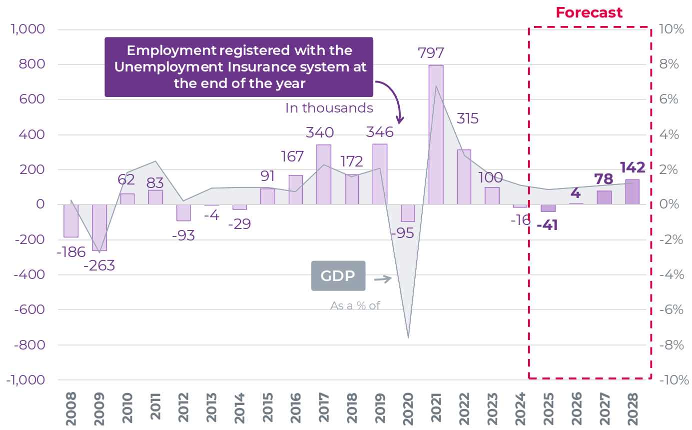
[2] This forecast does not include the new scale which is the subject of a decree to be published, and which aims to reduce the amount of the bonus for the recruitment of apprentices preparing for a higher education diploma. This reduction would be heavier for companies with more than 250 employees.

CHARTS 4A AND 4B – CHANGE AND LEVEL OF EMPLOYMENT REGISTERED WITH UNEMPLOYMENT INSURANCE

A – YEAR-END LEVEL, IN MILLIONS



B – ANNUAL CHANGE, IN THOUSANDS



Sources: GDP: Insee, Consensus Forecasts, employment registered with the Unemployment insurance system; Unédic's financial forecasts for February 2026 based on salaried employment data co-produced by Insee, Urssaf Caisse Nationale and DARES.
Scope: employment registered with the Unemployment insurance system. France excluding Mayotte. Seasonally adjusted data (CVS).

UNEMPLOYMENT AND UNEMPLOYMENT BENEFITS: THE DETERIORATION RECORDED IN RECENT MONTHS IS EXPECTED TO CONTINUE IN THE SHORT TERM

The evolution of the number of jobseekers at the end of the month (DEFM) **has been bumpy since the end of 2024, with an overall upward trend** *(Chart 5A)*. **This dynamic can be explained in part by cyclical factors, linked to the slowdown in employment, but also by operational factors, in connection with the changes made by France Travail to the updating process, and above all by regulatory factors, with the entry into force in January 2025 of the Full Employment Act, then in June 2025 of the so-called "sanction – remobilization" decree.**

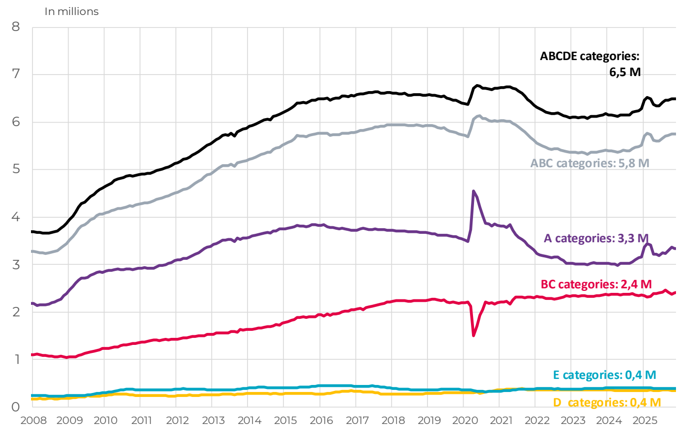
Overall, the number of people registered in categories A, B and C increased by +260,000 people in 2025. This figure drops to +165,000 if we consider the number of students excluding RSA beneficiaries and young people in CEJ, AIJ and Pacea; and even +72,000 if we neutralize the consequences of the so-called sanction – remobilization decree[3].

In addition, the evolution of the number of people enrolled in categories F (*i.e.* social pathway) and G (*i.e.* waiting) observed in 2025 confirms that the Full Employment Act should only produce its effects on the working population very gradually *(Chart 5B)*. People registered in categories F and G are not required to update themselves with France Travail or to complete the 15 hours of weekly activity attesting to their job search. These registrants are therefore likely not to be counted as assets under the ILO in the short term and may become so in the future.

[3] Les inscrits à France Travail (données trimestrielles)

CHARTS 5A AND 5B – NUMBER OF PEOPLE REGISTERED WITH FRANCE TRAVAIL BY CATEGORY

A – NUMBER OF JOBSEEKERS AT THE END OF THE MONTH (SEASONALLY ADJUSTED DATA)



Source: France Travail, Dares, Unédic financial forecasts from February 2026.
Coverage: France excluding Mayotte.
Latest figures: December 2026

B – NUMBER OF PEOPLE REGISTERED AT THE END OF THE MONTH IN CATEGORIES F & G (RAW DATA)

Source: France Travail, Dares, Unédic financial forecasts from February 2026.
Coverage: France excluding Mayotte.
Latest figures: December 2026

After hovering around 7.4% in 2024, **the ILO unemployment rate increased significantly in 2025 to reach 7.9% at the end of the year from 7.3% a year earlier.** In the space of a year, the number of ILO unemployed has increased by +224,000 people to reach 2.5 million at the end of 2025. The decline in salaried employment recorded at the same time (-40,800 net job losses) contributes moderately, but most of the increase seems to be attributable to the working population, as evidenced by the sharp increase in the activity rate: +0.8 points in 2025 (compared to +0.3 points for the employment rate).

In addition, Insee estimates that the groups concerned by the Full Employment Act (RSA beneficiaries and young people monitored by the Local Missions) have contributed to the increase in the activity rate by 0.14 points and the unemployment rate by 0.15 points in 2025[4].

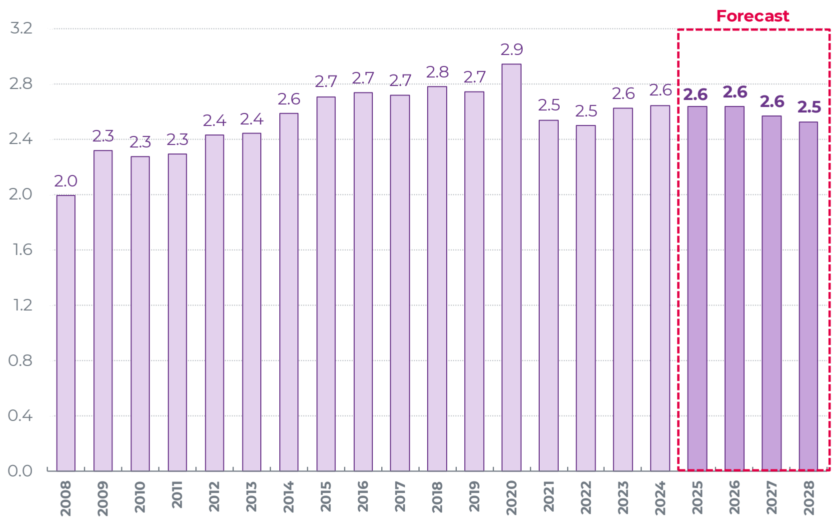
The unemployment rate is expected to continue to rise in the coming months to 8.1% at the end of 2026, in a context of a still sluggish labour market. **It is expected to decrease in 2027 to 7.8% as a result of the moderate recovery in employment and the weaker dynamism of the working population in connection with the suspension of the pension reform**. **However, the decline is expected to continue thereafter and the unemployment rate is expected to reach 7.7% at the end of 2028**, thanks to the expected acceleration in the creation of salaried employment *(Table 3)*.

The number of unemployed people receiving benefits increased by +122,000 in 2023 and +23,000 in 2024 as the 2019-2021 reform of the Unemployment Insurance reached its cruising speed, and while the 2023 reform (known as the "countercyclicality" reform) came into force. It is expected that the effects of the 2023 reform will be widely deployed from 2025 onwards to reach cruising speed in 2027. They would gradually be replaced by the effects of the 2024 agreement. In practice, **the expected decrease in the number of unemployed people receiving benefits would be -10,000 people at the end of 2025** (year-on-year). **In 2026, despite the deterioration of the labour market, the number of unemployed people receiving benefits is expected to remain contained at 2.6 million people due to the effects of the regulatory changes that have taken place since 2021.**

[4] In the Q4 2025, the unemployment rate stood at 7.9%, up by 0.2 points over the quarter and by 0.6 points over the year

The regulatory effects would stabilise over the forecast horizon, since the 2023 reform, known as "countercyclicality", would complete its ramp-up in 2027, and the 2024 unemployment insurance agreement in 2028.
The decline in the number of unemployed people receiving benefits expected in 2027 and 2028 would then be mainly due to the improvement in the economic situation. The suspension of the pension reform would also contribute to this in 2027 through the reduced dynamism of the working population induced by this measure. Ultimately, the number of unemployed people receiving benefits is expected to fall to 2.5 million by the end of 2028 *(Chart 6)*.

CHART 6 – NUMBER OF UNEMPLOYED RECEIVING UNEMPLOYMENT INSURANCE BENEFITS, YEAR-END LEVEL, IN MILLIONS



Sources: France Travail, Unédic financial forecasts from February 2026.
Scope: unemployment receiving ARE, AREF, ASP and ATI benefits. France. Seasonally adjusted data (CVS).

WAGE BILL HELD BACK IN THE SHORT TERM BY EMPLOYMENT AND THE IMPACT OF LOW INFLATION ON WAGES

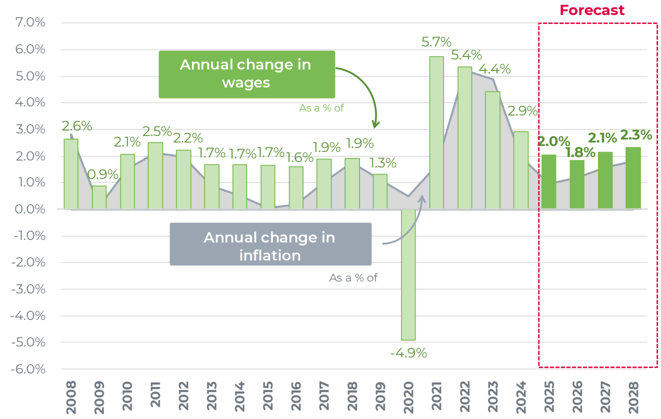
The wage bill forecast by Unédic in its macroeconomic and financial forecasting exercise corresponds to the wage bill subject to social security contributions. The forecast of the average salary per capita (SMPT) therefore also relates to an SMPT subject to contributions.

The fall in inflation initiated in 2023 is now affecting nominal wage growth, through more moderate individual or collective increases and lower increases in the minimum wage. However, the development of inflation is only reflected in nominal wages with a delay and in a partial way. Recent productivity gains, particularly in 2023 and 2024, have contributed to a more sustained increase in nominal wages relative to inflation, allowing for positive real wage gains. **In 2025, wages are expected to grow by +2.0%** (year-on-year), **significantly outpacing the rise in inflation (+0.9%)**.

The gap between wages and inflation is expected to narrow in the coming years, reducing real wage gains *(Chart 7A)*. **Nominal wages are expected to grow by +1.8% in 2026, then by +2.1% in 2027 and +2.3% in 2028**.

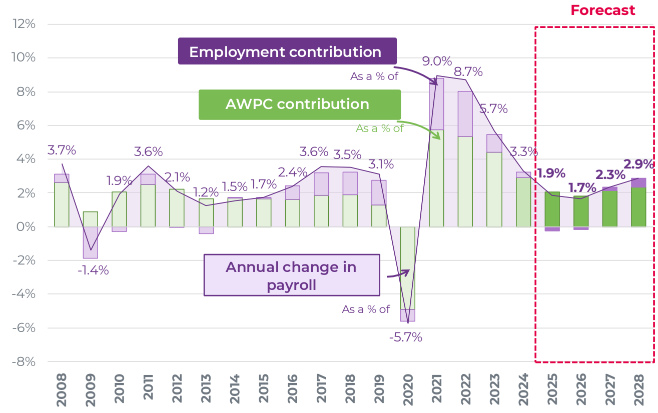
The wage bill is expected to slow down in 2025 by +1.9% (after +3.3% in 2024, year-on-year) **as a result of the slowdown in wages and the contraction in employment. These mechanisms are expected to continue in 2026, leading to a further slowdown in the wage bill to 1.7%** (year-on-year). **Helped by the return of a positive contribution from employment and stronger wage growth, the wage bill is expected to recover in the medium term to grow by +2.3% in 2027 and +2.9% in 2028** (year-on-year) *(Chart 7B)*.

CHART 7A – CHANGE IN AVERAGE WAGE PER CAPITA (AWPC) SUBJECT TO CONTRIBUTIONS



Sources: Urssaf Caisse Nationale, Insee, Consensus Forecasts, Unédic financial forecasts from February 2026.

CHART 7B – CHANGE IN PAYROLL SUBJECT TO CONTRIBUTIONS



Sources: Urssaf Caisse Nationale for the AWPC and the payroll, Insee for employment, Unédic financial forecasts from February 2026.
Scope: payroll subject to social security contributions in the competitive sector.

TABLE 3 – SUMMARY OF MACROECONOMIC ASSUMPTIONS AND FORECASTS

	2023	2024	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Growth, Prices and Wages						
GDP	**+1.6%**	**+1.1%**	**+0.9%**	**+1.0%**	**+1.1%**	**+1.2%**
CPI inflation	+4.9%	+2.0%	+0.9%	+1.2%	+1.6%	+1.8%
Average wage per capita (AWPC) in competitive sector	+4.4%	+2.9%	+2.0%	+1.8%	+2.1%	+2.3%
Employment and payroll						
Employment registered with Unemployment Insurance						
Average annual percentage change	**+1.1%**	**+0.3%**	**-0.3%**	**-0.2%**	**+0.2%**	**+0.5%**
Average annual level	21,018,000	21,086,000	21,031,000	20,999,000	21,039,000	21,153,000
Level at the end of the year	21,058,000	21,042,000	21,001,000	21,005,000	21,083,000	21,226,000
Year-on-year at year-end	+100,000	-16,000	-41,000	+4,000	+78,000	+142,000
Payroll in the competitive sector	**+5.7%**	**+3.3%**	**+1.9%**	**+1.7%**	**+2.3%**	**+2.9%**
Unemployment						
Unemployed receiving Unemployment Insurance benefit (ARE, AREF, ASP, AREP, ATI)						
Average annual percentage change	**+4.3%**	**+2.3%**	**-0.5%**	**+0.9%**	**-2.1%**	**-1.9%**
Average annual level	2,581,000	2,640,000	2,626,000	2,649,000	2,592,000	2,543,000
Level at the end of the year	2,622,000	2,645,000	2,635,000	2,635,000	2,569,000	2,527,000
Year-on-year at year-end	+122,000	+23,000	-10,000	+0,000	-66,000	-42,000
ILO unemployment rate (end of the year)	**7.5%**	**7.3%**	**7.9%**	**8.1%**	**7.8%**	**7.7%**

Sources: Consensus Forecasts, Insee, Urssaf Caisse Nationale, France Travail, Unédic financial forecasts from February 2026.
Coverage: France excluding Mayotte, seasonally adjusted data (CVS) for affiliated employment and ILO unemployment; France as a whole, seasonally adjusted data (CVS) for unemployment benefit recipients.

2. FINANCIAL SITUATION BY 2028: THE DELEVERAGING OF THE REGIME THWARTED

AIR POCKET IN THE TRAJECTORY OF 2025 AND 2026 REVENUES: THE STATE'S DECISIONS ON THE FINANCING OF UNEMPLOYMENT INSURANCE IN QUESTION

The decree of 27 December 2023 provides that the financing of France Compétences and France Travail will result in less compensation for exemptions from Unemployment Insurance revenues of €12.05 billion between 2023 and 2026: €2.0 billion in 2023, €2.6 billion in 2024, €3.35 billion in 2025 and €4.1 billion in 2026. The legislative texts do not mention any lower compensations for the years 2027 and 2028.

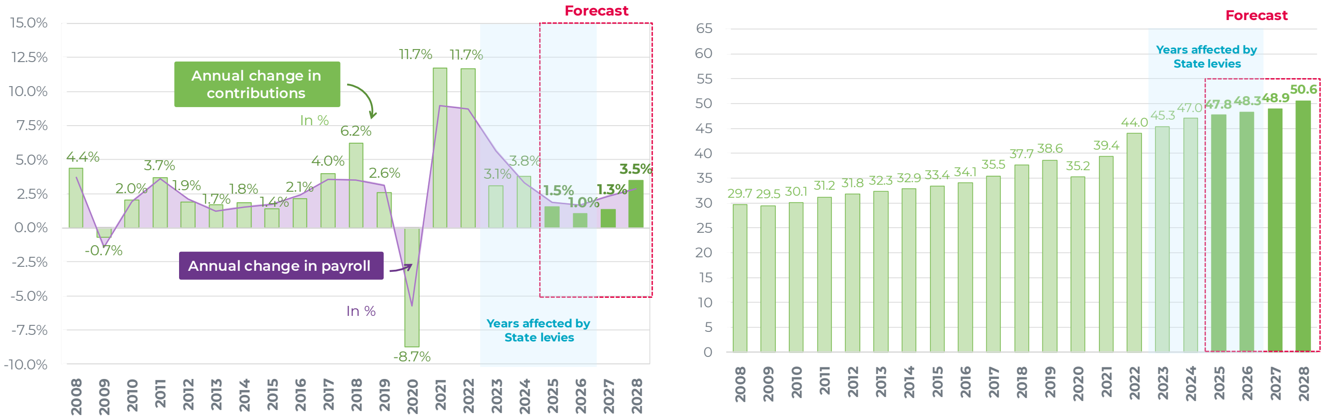
For Unédic, these provisions take the form of less compensation for the general reductions in employer contributions, and consequently a reduction in the revenue collected. In addition to these measures on contributions, CSG revenues (under the assumption of an allocation of 1.47 points of CSG Activity) will be penalised by the **change in the base of social security contributions for self-employed workers** effective since 1 January 2025, with an estimated loss of **around €800 million in 2026 given a "double" effect that year due to the special tax return procedures for the self-employed, then to €400 million each year from 2027**.

In the absence of the less compensation and the loss of CSG for the self-employed, the payroll forecast would have resulted in an increase in unemployment insurance contributions *(Charts 8A and 8B),* including taking into account the reduction in the employer's contribution of 0.05 points effective since May 2025, concluded as part of the 2024 Unemployment Insurance Agreement.

However, taking into account the State levies and the losses on the CSG of the self-employed leads to a decrease in expected revenues *(Chart 9).* After €45.3 billion in 2025, revenues are expected to fall to €44.2 billion in 2026, a significant drop of nearly €1.1 billion. Revenues forecast for 2027 would rebound to €49.4 billion under the assumption of no State levy but with the loss of CSG Activity estimated *ex ante* at €400 million at cruising speed. In 2028, revenues are expected to increase by nearly €1.6 billion thanks to the change in the payroll expected (+2.9%).

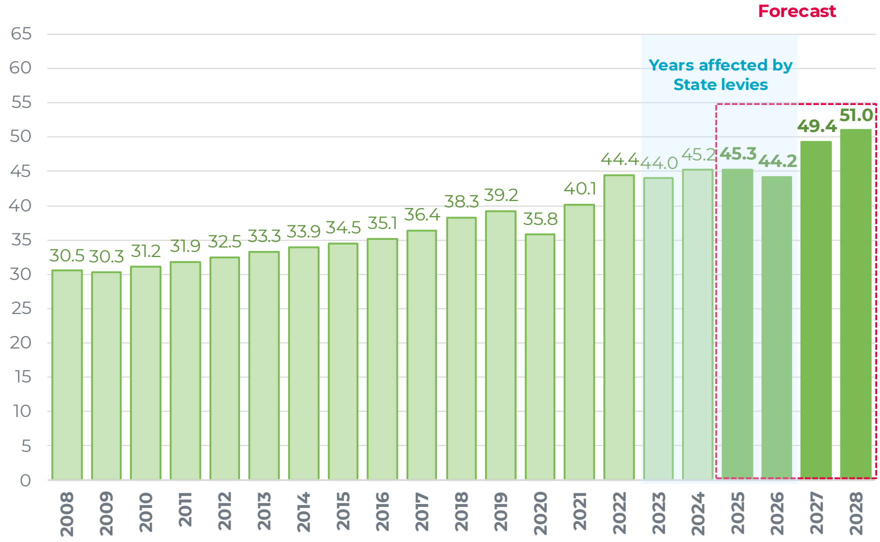
CHARTS 8A AND 8B – ESTIMATED UNEMPLOYMENT INSURANCE CONTRIBUTIONS EXCLUDING STATE LEVIES AND CSG LOSSES

A – ANNUAL CHANGE IN % B – LEVEL, IN € BILLION



Sources: Urssaf Caisse Nationale, Unédic, Unédic financial forecasts of February 2026
Scope: payroll subject to social security contributions in the competitive sector.
Note: the revenues for 2027 and 2028 are estimated under the assumption that no State levy will be made during these two years.

CHART 9 – TOTAL UNEMPLOYMENT INSURANCE REVENUE INCLUDING STATE LEVIES AND CSG LOSSES, IN € BILLION



Source: Unédic, Unédic financial forecasts from February 2026.
Note: the revenues for 2027 and 2028 are estimated under the assumption that no State levy will be made during these two years.

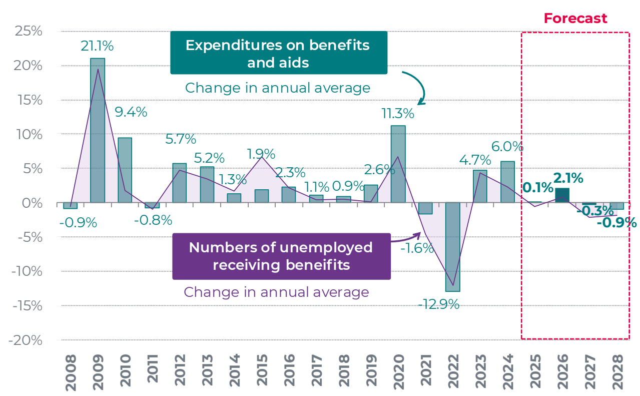
EXPENDITURE ON UNEMPLOYMENT BENEFITS AND AIDS WOULD REMAIN AT A HIGH LEVEL IN THE FORECAST

After increasing significantly in 2024, expenditure on benefits and aids stagnated at €37.2 billion in 2025. In forecast, they are expected to increase again in 2026 to €38.0 billion as a result of the number of beneficiaries still at a relatively high level, a further increase in CSP spending and, to a lesser extent, the increase in certain aids.

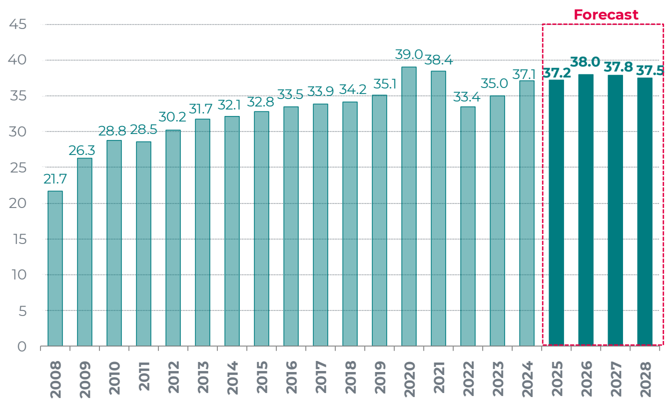
In 2027 and 2028, expenditure on benefits and aids is expected to decrease only marginally thanks to the decline in the number of unemployed receiving benefits and the decline in the CSP. The downward effect of these factors would be offset by the expected increase in per diems as inflation picks up. Expenditure on allowances and aid is expected to amount to €37.8 billion in 2027 and €37.5 billion in 2028 *(Charts 10A and 10B).*

CHARTS 10A AND 10B – UNEMPLOYMENT BENEFIT EXPENDITURE ON BENEFITS AND AID

A – ANNUAL CHANGE IN %



B – LEVEL, IN € BILLION



Sources: France Travail, Unédic, Unédic financial forecasts from February 2026.
Scope: France as a whole.

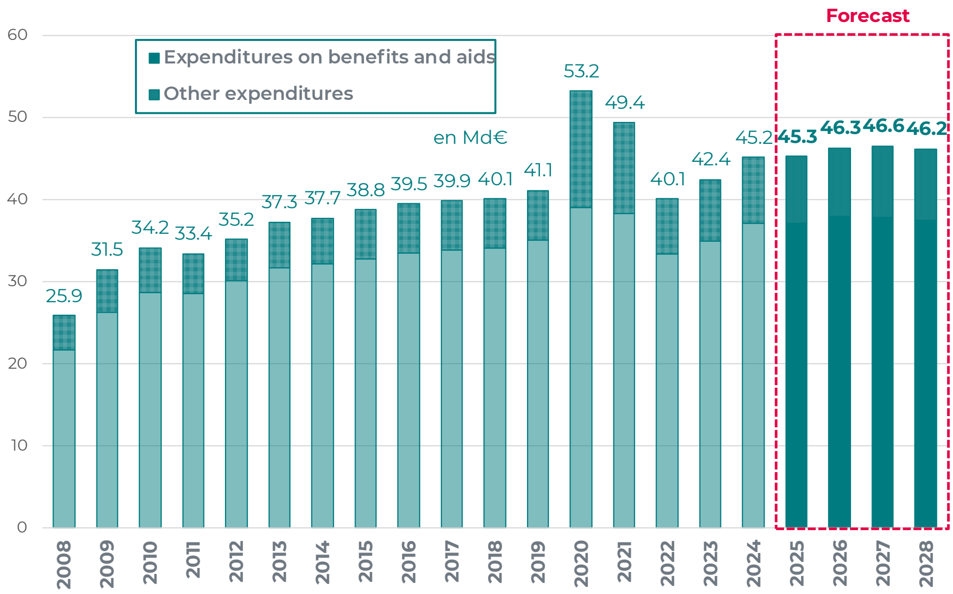
THE GROWING WEIGHT OF OTHER EXPENDITURE WOULD ALSO FUEL THE INCREASE IN TOTAL EXPENDITURE

Unédic does not only finance the compensation of jobseekers: it also finances a significant part of the operation of France Travail, contributes to the supplementary pension points of beneficiaries receiving benefits and provides nearly a third of the financing of short-time work allowances paid to employers. Part of the scheme's expenditure is also devoted to the interest charge, linked to the loans contracted by Unédic *(see below).*

Unédic's contribution to the financing of the France Travail operator up to 11% of unemployment insurance contributions is calculated on the basis of N-2 revenues, but before taking into account any compensation for general relief (or State levies). **In anticipation, the increase in this base automatically translates into an increase in the funding allocated to France Travail**, whose weight in total expenditure continues to grow. Indeed, by relating the operator's financing to the contributions actually received by Unédic (i.e. after State levies), this rate would correspond to 11.5% of revenues in 2025, 11.6% in 2026, 11.8% in 2027 and 12.0% in 2028.

As well as compensation expenditure, the total expenditure of the scheme increased significantly in 2024 to reach €45.2 billion (after €42.4 billion in 2023). **They are expected to stagnate at €45.3 billion in 2025 but are expected to increase more significantly in 2026 given the increase in compensation expenditure** *(Chart 11).* In 2027, total expenditure is expected to increase, but more moderately: despite the decline in compensation expenditure, interest expenditure is expected to increase. Finally, a slight reduction in spending is expected in 2028 to €46.2 billion due to a further decrease in compensation spending.

CHART 11 – TOTAL EXPENDITURE, INCLUDING UNEMPLOYMENT EXPENDITURE ON BENEFITS AND AIDS, IN € BILLION



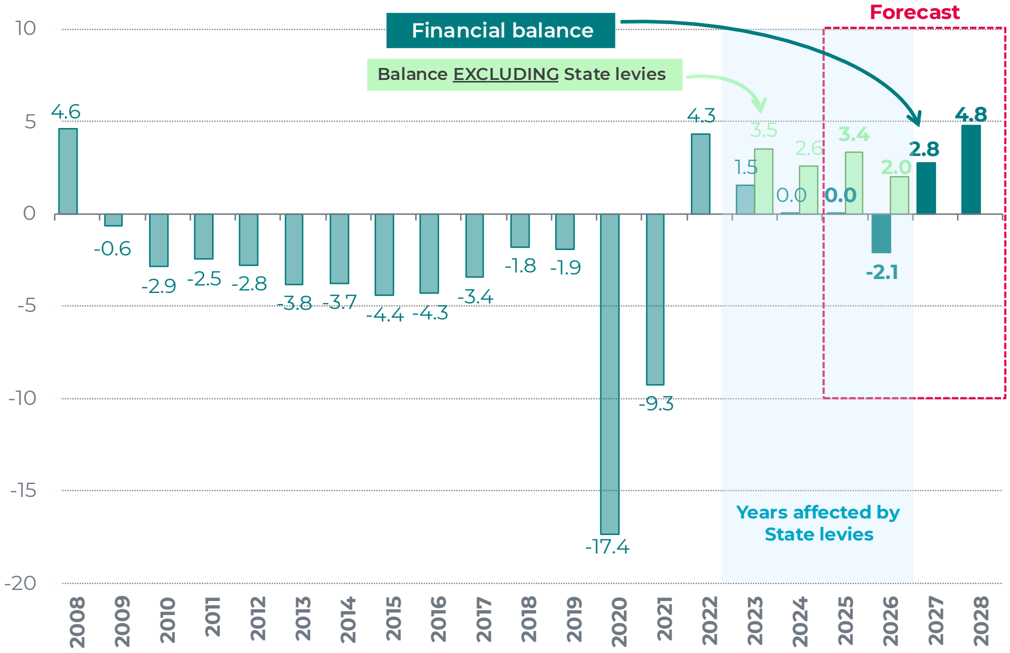
Source: Unédic, Unédic financial forecasts from February 2026.
Scope: France as a whole.

THE MACROECONOMIC CONTEXT AND THE STATE'S DECISIONS COMPROMISE THE FINANCIAL BALANCE OF UNÉDIC

In 2025, the financial balance of the scheme is expected to remain in balance once again, at €0.0 billion *(Chart 12)* despite the strong constraints on revenues. Without the State levies, the balance would have been positive by +€3.4 billion.

The financial balance is expected to deteriorate significantly and fall into negative territory at -€2.1 billion in 2026: revenues will contract by nearly €1.1 billion while total expenditure will increase by nearly €1.0 billion. The forecast of a **positive financial balance of +€2.8 billion in 2027 and +€4.8 billion in 2028 is based on the assumption that there will be no State levy from 2027 *onwards*** *(Chart 12)***.** However, these levies would continue to weigh on the balance of the scheme through the additional interest expenses incurred *(see below).*

CHART 12 – UNEMPLOYMENT INSURANCE FINANCIAL BALANCE, IN € BILLION

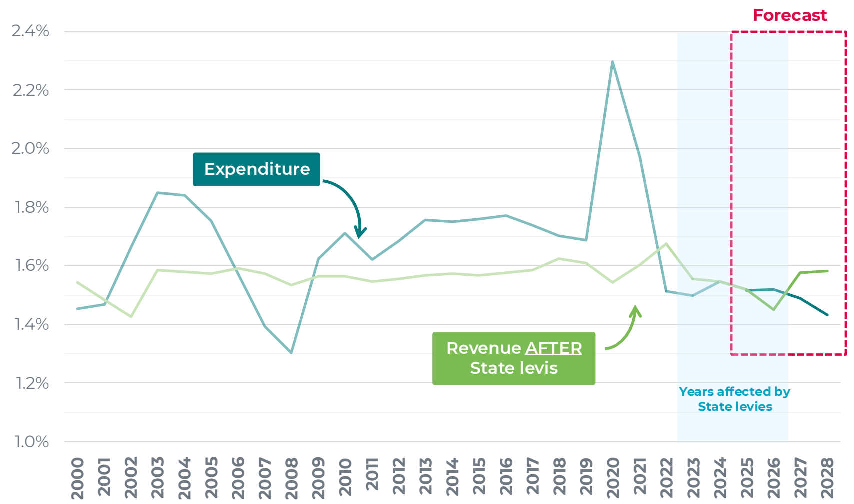


Source: Unédic, Unédic financial forecasts from February 2026.
Note: the financial balances for 2027 and 2028 are estimated under the assumption that no State levies will be made in those years.
Interpretation: in 2026, the projected balance is -€2.1 billion. Without the €4.1 billion in State levies, the balance would be +€2.0 billion in 2026.

Expressed as a proportion of GDP, Unédic's revenues are expected to reach a low point of 1.45% of GDP in 2026. This decrease in the share of Unédic's actual revenues in GDP is explained by the various regulatory measures introduced since 2023, such as the less compensation for the general reductions, the change in the CSG base for self-employed workers, which has a "double" effect in 2026, and the 0.05-point reduction in the employer's contribution as of May 2025.

From 2027, under the assumption of no State levy, revenues would return to their historical average of 1.6% of GDP. Spending, on the other hand, is expected to remain around 1.5% of GDP until 2027 and to approach 1.43% in 2028. **Thus, the weight of unemployment insurance in the economy is expected to return to its 2008 level** *(Chart 13)***.**

CHART 13 – UNEMPLOYMENT INSURANCE EXPENDITURE AND REVENUE INCLUDING STATE LEVIES, AS A % OF GDP



Source: Unédic, Unédic financial forecasts from February 2026.
Note: the revenues for 2027 and 2028 are estimated under the assumption that no State levy will be made in those years.

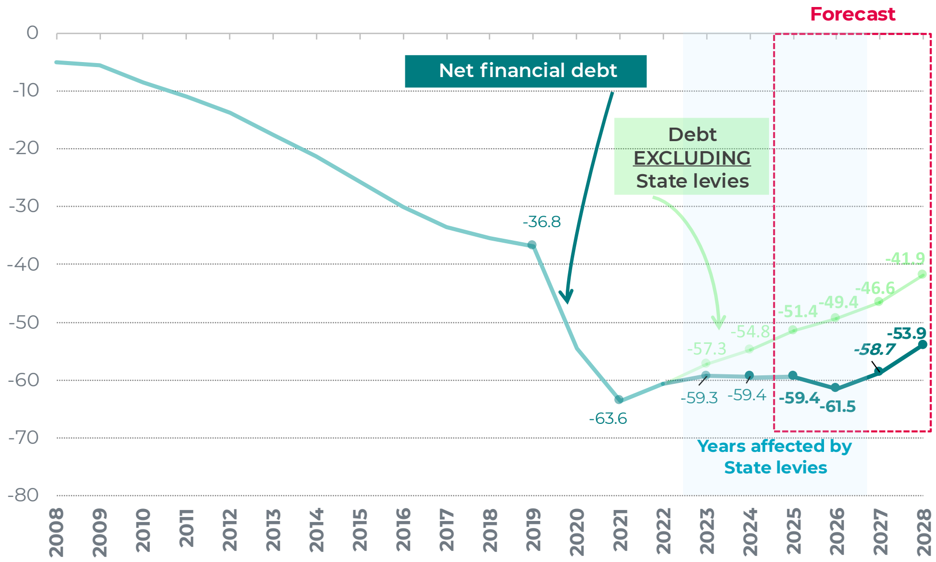
THE SCHEME'S DEBT WOULD RISE AGAIN IN 2026

The debt of the unemployment insurance scheme had reached a high point in 2021 at €63.6 billion. This was followed by two years of positive balance in 2022 and 2023, then two years of balanced balance in 2024 and 2025, bringing debt down to €59.4 billion at the end of 2025.

It is expected to widen again in 2026, under the effect of the deterioration in the balance, to reach €61.5 billion, before being absorbed again in 2027 and 2028 to reach €53.9 billion at the end of the forecast (assuming no State levt in 2027 and 2028) *(Chart 14)*.

Without the State levies made between 2023 and 2026, debt would have reached €41.9 billion at the end of 2028, close to the pre-COVID-19 crisis level (€36.9 billion).

CHART 14 – UNEMPLOYMENT INSURANCE SCHEME DEBT, IN € BILLION



Source: Unédic, Unédic financial forecasts from February 2026.
Note: the net financial debt for 2027 and 2028 are estimated under the assumption that no government levy will be made in those years.

TABLE 4 – UNÉDIC'S REVENUE AND EXPENDITURE FOR THE YEARS 2023 TO 2028, IN € BILLION

In € Billions, on 31 December	2023	2024	2025 Provisional	2026 Forecast	2027 Forecast	2028 Forecast
Revenue	**44.0**	**45.2**	**45.3**	**44.2**	**49.4**	**51.0**
Unemployment Insurance contributions	43.3	44.4	44.4	43.4	48.5	50.2
of which Main contribution	26.6	27.2	26.8	26.3	30.6	31.8
of which General social contribution (CSG)	16.8	17.3	17.6	17.1	17.9	18.4
Other income	0.7	0.8	0.9	0.9	0.9	0.8
Expenditure	**42.4**	**45.2**	**45.3**	**46.3**	**46.6**	**46.2**
Gross unemployment benefits and aids*	35.0	37.1	37.2	38.0	37.8	37.5
Furlough programme	0.1	0.1	0.1	0.0	0.0	0.0
Pension funds	2.4	2.5	2.4	2.5	2.5	2.5
Other expenses	4.9	5.5	5.6	5.9	6.2	6.2
of which France Travail** funding	*4.3*	*4.8*	*5.0*	*5.2*	*5.3*	*5.2*
of which net interest expense	0.5	0.6	0.5	0.6	0.9	0.9
Financial balance	**1.5**	**0.0**	**0.0**	**-2.1**	**2.8**	**4.8**
Net financial debt***	**-59.3**	**-59.4**	**-59.4**	**-61.5**	**-58.7**	**-53.9**

** In particular: ARCE, CSP bonus*
*** Under the assumption that France Travail is still funded at 11% of N-2 revenues before State levies.*
**** Net financial debt excluding France Travail's current account. Please note: the net financial debt shown in the table for the years up to 2024 corresponds to that shown in the Unédic financial report.*
Source: Unédic, Unédic financial forecasts from February 2026.
Note: revenues, financial balance and net financial debt for 2027 and 2028 are estimated under the assumption that no State levy will be made in those years.

INCREASING INTEREST EXPENSES

The management of the unemployment insurance scheme is based on a countercyclical model, designed to mitigate the effects of economic fluctuations: the use of debt in times of slowdown must be compensated by a deleveraging in a recovery phase. Since 2023, thanks to an improvement in the economic situation, priority should therefore have been given to debt reduction in order to restore the full capacity of the scheme to play its role as an economic and social shock absorber, in anticipation of future phases of cyclical deterioration. The lower compensation of exemptions on revenues (€12.05 billion between 2023 and 2026) has deprived the scheme of the resources that should have contributed to its debt reduction and has even led it to take on debt: €14 billion in bond issues will be issued between 2025 and 2026, to make up for the slightest compensation, the associated interest burden and the overfunding of France Travail resulting from these drawdowns.

In 2023 and 2024, the guarantees granted by the State on long-term bond issues, limited for these two years to €1 billion, did not make it possible to absorb these smaller compensations: Unédic was forced to finance the needs of the scheme by increasing recourse to short-term debt. This situation has led to a marked increase in the stock of short-term debt, well above the target (€4 to €5 billion), as well as an increase in related interest expenses, in a context of high interest rates decided by the European Central Bank (ECB) to curb inflation in the euro area.

Since 2025, long-term bond issuance has not only been used to finance the structural needs of the scheme - i.e. covering deficits and refinancing debt maturities - but also to reduce short-term debt that is considered too high. While this rebalancing of financing programmes allows for a gradual reduction in short-term debt, the increase in long-term debt issuance in an environment of higher interest rates generates a structural increase in interest expenditure.

For the year 2026, the Board of Directors on 4 February 2026 reaffirmed the need to increase the long-term bond issuance program to €10 billion, which represents a historically high volume outside the COVID-19 crisis period. This programme will make it possible to repay the first instalments of the debt contracted during the COVID-19 health crisis, which had been issued under particularly favourable conditions (sometimes at zero or even negative rates), mechanically increasing the scheme's debt burden for future years.

In total, Unédic's net interest expenditure is expected to reach €0.6 billion in 2026, then €0.9 billion in 2027 and 2028, bringing its weight to around 1.7% of revenue by 2028, compared to less than 1% until 2022.

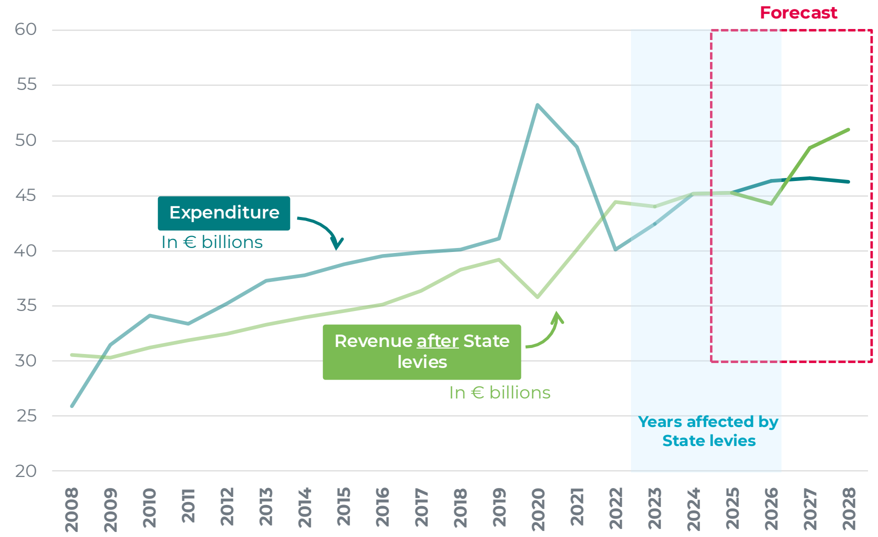
TABLE 5 – UNÉDIC'S DEBT AMORTISATION PROGRAMME, IN € BILLION

	2025	2026	2027	2028
Financial balance (before change in funding plan)	**0.0**	**-2.1**	**2.8**	**4.8**
Change in outstanding Medium/Long-Term debt	1.0	3.8	-0.3	-2.0
New Medium/Long-Term debt issuances	*4.0*	*10.0*	*5.0*	*3.0*
Medium/Long-Term debt reimbursments	*3.0*	*6.3*	*5.3*	*5.0*
Change in outstanding Short-Term debt	-1.0	-1.7	-2.5	-2.8
Change in cash	0.0	0.0	0.0	0.0
Change in net debt	0.0	2.1	-2.8	-4.8
Net debt	*59.4*	*61.5*	*58.7*	*53.9*

Source: Unédic, Unédic financial forecasts from February 2026
Note: Revenue, financial balance and net financial debt for 2027 and 2028 are estimated under the assumption that no State levy will be made in those years.

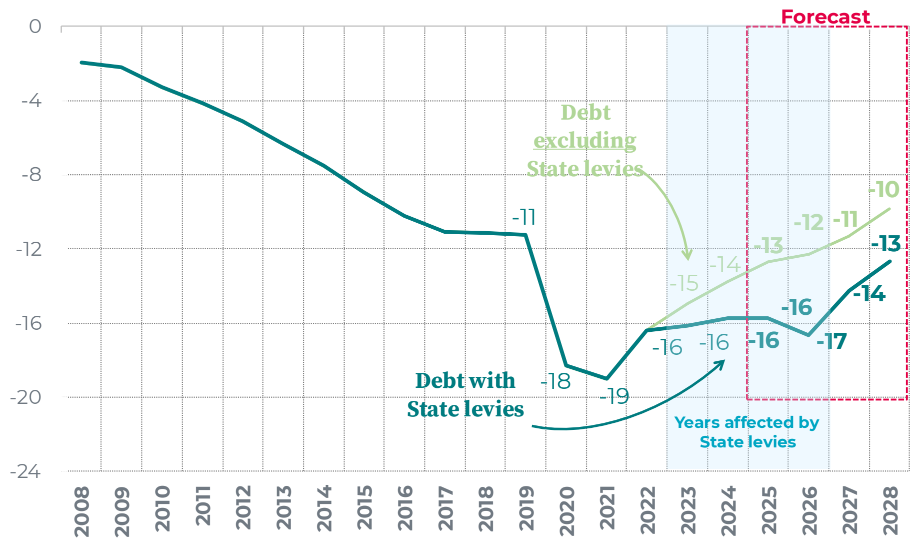
APPENDIX

CHART A – UNEMPLOYMENT INSURANCE EXPENDITURE AND REVENUE INCLUDING STATE LEVIES, IN € BILLION



Source: Unédic, Unédic financial forecasts from February 2026.
Note: the revenues for 2027 and 2028 are estimated under the assumption that no State levy will be made in those years.

CHART B – DEBT (WITH AND WITHOUT STATE LEVIES), EXPRESSED IN MONTHS OF REVENUE



Source: Unédic, Unédic financial forecasts from February 2026.
Note: the net financial debt for 2027 and 2028 are estimated under the assumption that no State levy will be made in those years.

FINANCIAL SITUATION OF UNEMPLOYMENT INSURANCE BY 2028

3 March 2026

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