HALF YEAR FINANCIAL REPORT

Six-month period ended June 30, 2021

Condensed Consolidated Financial Statements
Half-Year Management Report
CEO Attestation
Statutory Auditors' Review Report

1. Consolidated statement of income

(in millions of euros except for earnings per share)	Note	First half 2021	First half 2020
Revenue	**3**	**13,774**	**11,575**
Cost of sales		(8,070)	(6,954)
Gross profit		**5,704**	**4,621**
Research and development	4	(375)	(344)
Selling, general and administrative expenses		(2,967)	(2,701)
Adjusted EBITA *	**3**	**2,362**	**1,576**
Other operating income and expenses	5	35	(69)
Restructuring costs		(121)	(221)
EBITA **		**2,276**	**1,286**
Amortization and impairment of purchase accounting intangibles	6	(180)	(86)
Operating income		**2,096**	**1,200**
Interest income		4	17
Interest expenses		(53)	(80)
Finance costs, net		**(49)**	**(63)**
Other financial income and expenses	7	(29)	(109)
Net financial income/(loss)		**(78)**	**(172)**
Profit from continuing operations before income tax		**2,018**	**1,028**
Income tax expenses	8	(484)	(247)
Share of profit/(loss) of associates	10	53	40
PROFIT FOR THE PERIOD		**1,587**	**821**
attributable to owners of the parent		*1,556*	*775*
attributable to non controlling interests		*31*	*46*
Basic earnings (attributable to owners of the parent) per share (in euros per share)		2.80	1.40
Diluted earnings (attributable to owners of the parent) per share (in euros per share)		2.78	1.39

** Adjusted EBITA (Earnings Before Interest, Taxes, Amortization of Purchase Accounting Intangibles). Adjusted EBITA corresponds to the operating income before amortization and impairment of purchase accounting intangible assets, before goodwill impairment, other operating income and expenses and restructuring costs.*

*** EBITA (Earnings Before Interest, Taxes and Amortization of Purchase Accounting Intangibles). EBITA corresponds to the operating income before amortization and impairment of purchase accounting intangible assets and before goodwill impairment.*

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

Other comprehensive income

(in millions of euros)	Note	First half 2021	First half 2020
Profit for the period		**1,587**	**821**
Other comprehensive income:			
Translation adjustment		778	(528)
Cash-flow hedges		148	2
Income tax effect of cash flow hedges		(4)	-
Net gains/(losses) on financial assets		(1)	(6)
Income tax effect of gains/(losses) on financial assets		-	-
Actuarial gains/(losses) on defined benefit plans	13	131	(107)
Income tax effect of actuarial gains/(losses) on defined benefit plans		(30)	15
Other comprehensive income for the period, net of tax		**1,022**	**(624)**
of which to be recycled in income statement		*922*	*(526)*
of which not to be recycled in income statement		*100*	*(98)*
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**2,609**	**197**
attributable to owners of the parent		*2,392*	*203*
attributable to non-controlling interests		*217*	*(6)*

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

2. Consolidated statement of cash flows

(in millions of euros)	Note	First half 2021	First half 2020
Profit for the period		**1,587**	**821**
Share of (profit)/losses of associates		(53)	(40)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment		341	348
Amortization of intangible assets other than goodwill		326	230
Impairment losses and fair value adjustments on financial assets		(19)	45
Increase/(decrease) in provisions		30	132
Losses/(gains) on disposals of assets		(74)	(9)
Difference between tax paid and tax expense		(66)	(121)
Other non-cash adjustments		64	53
Net cash provided by operating activities		**2,136**	**1,459**
Decrease/(increase) in accounts receivables		(283)	628
Decrease/(increase) in inventories and work in progress		(626)	(481)
(Decrease)/increase in accounts payables		304	31
Decrease/(increase) in other current assets and liabilities		(73)	(333)
Change in working capital requirement		**(678)**	**(155)**
TOTAL I - CASH FLOWS FROM OPERATING ACTIVITIES		**1,458**	**1,304**
Purchases of property, plant and equipment		(230)	(225)
Proceeds from disposals of property, plant and equipment		29	28
Purchases of intangible assets		(178)	(142)
Net cash used by investment in operating assets		**(379)**	**(339)**
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	(3,958)	(140)
Other long-term investments		17	16
Increase in long-term pension assets		(34)	(37)
Sub-total		**(3,975)**	**(161)**
TOTAL II - CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**(4,354)**	**(500)**
Issuance of bonds		-	1,786
Repayment of bonds		-	-
Sale/(purchase) of own shares		-	(50)
Increase/(decrease) in other financial debt		819	1,113
Increase/(decrease) of share capital		-	-
Dividends paid to Schneider Electric's shareholders		(1,447)	(1,413)
Dividends paid to non-controlling interests		(42)	(14)
TOTAL III - CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**(670)**	**1,422**
TOTAL IV - NET FOREIGN EXCHANGE DIFFERENCE		**199**	**(92)**
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I +II +III +IV		**(3,367)**	**2,134**
Net cash and cash equivalents, beginning of the period	15	6,762	3,395
Increase/(decrease) in cash and cash equivalents		(3,367)	2,134
NET CASH AND CASH EQUIVALENTS, END OF THE PERIOD	**15**	**3,395**	**5,529**

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

3. Consolidated balance sheet

Assets

(in millions of euros)	Note	June 30,2021	Dec. 31, 2020
NON-CURRENT ASSETS:			
Goodwill, net	9	23,787	19,956
Intangible assets, net		6,451	5,033
Property, plant and equipment, net		3,694	3,619
Investments in associates and joint ventures	10	791	598
Non-current financial assets	11	817	776
Deferred tax assets		1,996	1,984
TOTAL NON-CURRENT ASSETS		**37,536**	**31,966**
CURRENT ASSETS:			
Inventories and work in progress		3,561	2,883
Trade and other operating receivables		6,179	5,626
Other receivables and prepaid expenses		2,025	2,094
Current financial assets		17	18
Cash and cash equivalents	15	3,572	6,895
TOTAL CURRENT ASSETS		**15,354**	**17,516**
TOTAL ASSETS		**52,890**	**49,482**

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

Liabilities

(in millions of euros)	Note	June 30,2021	Dec. 31, 2020
EQUITY:	**12**		
Share capital		2,268	2,268
Additional paid in capital		2,248	2,248
Retained earnings		18,042	17,648
Translation reserve		(889)	(1,541)
Equity attributable to owners of the parent		**21,669**	**20,623**
Non controlling interests		3,672	3,104
TOTAL EQUITY		**25,341**	**23,727**
NON-CURRENT LIABILITIES:			
Pensions and other post-employment benefit obligations	13	1,623	1,708
Other non-current provisions	14	1,052	930
Non-current financial liabilities	15	8,222	8,196
Deferred tax liabilities		904	917
Other non-current liabilities		1,243	1,109
TOTAL NON-CURRENT LIABILITIES		**13,044**	**12,860**
CURRENT LIABILITIES:			
Trade and other operating payables		5,243	4,664
Accrued taxes and payroll costs		3,524	3,413
Current provisions	14	1,014	1,000
Other current liabilities		1,501	1,558
Current debt	15	3,223	2,260
TOTAL CURRENT LIABILITIES		**14,505**	**12,895**
TOTAL EQUITY AND LIABILITIES		**52,890**	**49,482**

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

4. Consolidated statement of changes in equity

(in millions of euros)	**Number of shares (thousands)**	**Capital**	**Additional paid-in capital**	**Treasury Shares**	**Retained earnings**	**Trans-lation reserve**	**Equity attributable to owners of the parent**	**Non-controlling interests**	**Total**
Dec. 31, 2019	**582,069**	**2,328**	**3,134**	**(3,248)**	**19,282**	**65**	**21,561**	**1,579**	**23,140**
Profit for the year					2,126		**2,126**	112	**2,238**
Other comprehensive income					(249)	(1,606)	**(1,855)**	(43)	**(1,898)**
Comprehensive income for the year	-	-	-	-	**1,877**	**(1,606)**	**271**	**69**	**340**
Capital increase			43				**43**		**43**
Exercise of performance shares							-		-
Dividends					(1,413)		**(1,413)**	(112)	**(1,525)**
Change in treasury shares	(15,000)	(60)	(929)	(50)	989		**(50)**		**(50)**
Share-based compensation expense					140		**140**	5	**145**
Other					71		**71**	1,563	**1,634**
Dec. 31, 2020	**567,069**	**2,268**	**2,248**	**(3,298)**	**20,946**	**(1,541)**	**20,623**	**3,104**	**23,727**
Profit for the period					1,556		**1,556**	31	**1,587**
Other comprehensive income					184	652	**836**	186	**1,022**
Comprehensive income for the period	-	-	-	-	**1,740**	**652**	**2,392**	**217**	**2,609**
Capital increase							-		-
Exercise of performance shares							-		-
Dividends					(1,447)		**(1,447)**	(42)	**(1,489)**
Change in treasury shares				-			-		-
Share-based compensation expense					76		**76**	7	**83**
Other					25		**25**	386	**411**
June 30, 2021	**567,069**	**2,268**	**2,248**	**(3,298)**	**21,340**	**(889)**	**21,669**	**3,672**	**25,341**

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

5. Notes to the consolidated financial statements

Contents

All amounts in millions of euros unless otherwise indicated.

The following notes are an integral part of the consolidated financial statements.

The Schneider Electric Group's consolidated financial statements for the financial half year ended June 30, 2021 were drawn up by the boards of directors on July 29, 2021.

NOTE 1 Summary of accounting policies

Accounting standards and basis of preparation

The consolidated financial statements for the six months ended June 30, 2021 have been prepared in accordance with IAS 34 - *Interim Financial Reporting*. As condensed financial statements, they do not include all the disclosures required by International Financial Reporting Standards (IFRS) and should be read in conjunction with the December 31, 2020 annual consolidated financial statements included in the Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) under no. D.21-0178, except for the differences in accounting treatment between the annual and interim financial statements described below.

The interim consolidated financial statements have been prepared in compliance with the international accounting standards adopted by the European Union as of June 30, 2021. The same accounting methods were used as for the consolidated financial statements for the year ended December 31, 2020.

The Group did not apply the following standards and interpretations that have not yet been adopted by the European Union as of June 30, 2021 or that were not mandatory for January 1, 2021:

- standards adopted by the European Union:
  - amendments to IFRS 3 - *Business Combinations*;
  - amendments to IAS 16 - *Property, Plant and Equipment*;
  - amendments to IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*;
  - Annual Improvements 2018-2020;
- standards not yet adopted by the European Union:
  - IFRS 17 - *Insurance Contracts*
  - amendments to IAS 1 - *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*;
  - amendments to IAS 1 - *Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies*;
  - amendments to IFRS 16 - *Covid-19-Related Rent Concessions beyond 30 June 2021*;
  - amendments to IAS 8 - *Accounting policies, Changes in Accounting Estimates and Errors*;
  - amendments to IAS 12 - *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.

Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 4 - Reform of benchmark interest rates (IBOR) - Phase 1 & 2

On September 26, 2019, the IASB issued an amendment to IFRS 9, IAS 39, IFRS 7 and IFRS 4 related to the reform of interest rate benchmarks used as the basis for valuation of many financial instruments. This amendment is divided into two phases:

- phase 1, applicable starting January 1, 2020, allows uncertainties about the future of reference rates to be disregarded while assessing the effectiveness of hedging relationships and/or while evaluating the highly probable nature of the hedged risk;
- phase 2, applicable starting January 1, 2021, requires the accounting impacts of the effective replacement of benchmarks to be specified. The application of phase 2 has no impact for the Group in the absence of any effective change in the benchmark indexes in the Group's contracts as of June 30, 2021. The transition to the new benchmarks will not have a material impact on the Group financial statements.

Covid 19-Related Rent Concessions amendments to IFRS 16 - *Leases*

On May, 28, 2020, the IASB issued Covid-19-Related Rent Concessions amendment to IFRS 16 - *Leases*. The amendment provides relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic.

On March, 31, 2021, the IASB published a second amendment to IFRS 16, extending by one year the period of application of the Covid-19-Related Rent Concessions amendment to IFRS 16 - *Leases* published in May 2020. The amendment applied to annual reporting periods beginning on or after January, 1, 2021.

As a practical expedient authorized by the amendment, the Group elected, for the concessions that meet the amendment's criteria, not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

This amendment had no significant impact on the consolidated financial statements of the Group.

Seasonal variations

The Group faces seasonal variations on its activities that may impact the level of revenue from one quarter to another. Therefore, the half-year results do not necessarily reflect full year performance.

Income tax expense

Current and deferred taxes for interim periods are calculated by applying the estimated effective tax rate of the Group for the current year to pre-tax profit for the period.

NOTE 2 Changes in the scope of consolidation

2.1- Scope variations

Acquisitions & disposals of the period

Acquisitions

OSIsoft LLC.

As announced on March 19, 2021, Schneider Electric's majority-owned subsidiary, AVEVA Group Plc, has successfully completed the acquisition of OSIsoft, for a consideration of EUR 4.5 billion (USD 5.1 billion). OSIsoft is fully consolidated since the acquisition date, and reports within the *Industrial Automation* reporting segment.

The total consideration paid amounted to EUR 4.5 billion (USD 5.1 billion) and was funded by EUR 3.9 billion (USD 4.4 billion) of cash, and by a EUR 0.5 billion (USD 0.6 billion) issue of 13,655,570 ordinary shares from AVEVA Group Plc to Estudillo Holdings Corp.

The purchase accounting as per IFRS 3R is not completed as of June 30, 2021. The net adjustment of the opening balance sheet is EUR 1,462 million, resulting mainly from the booking of a preliminary amount of identifiable intangible assets (technology, customer relationship and trademark). The preliminary goodwill recognized amounts to EUR 3,006 million at acquisition date.

ETAP

On June 28, 2021, the Group successfully completed the transaction to purchase a controlling stake in Operation Technology Inc. ("ETAP"). As of June 30, 2021, the Group has acquired 80% of the capital of ETAP for a consideration paid of EUR 217 million, which is fully consolidated within *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 20% of minority interests in 2025. The related debt has been recognised in "Other non-current liabilities". The purchase accounting as per IFRS 3R resulting from the acquisition is not completed at the closing date.

Disposals

On April 27, 2021, the Group announced the signing of the agreement to divest the Cable Support business which was consolidated within *Energy Management* reporting segment. The transaction was finalized, on June 30, 2021.

Follow-up on acquisitions and divestments occurred in 2020 with significant effect in 2021

Acquisitions

RIB Software SE

On February 13, 2020, the Group announced its intention to launch a voluntary public tender for the acquisition of 100% of the shares of RIB Software SE for a total valuation of EUR 1.5 billion. On March 25, 2020, the Group acquired approximately 9.99% of the capital of the company, outside the takeover offer. On July 10, 2020, the Group announced the successful completion of the voluntary public takeover offer. As of December 31, 2020, the Group owned 87.64% of the capital of RIB Software, fully consolidated within *Energy Management* reporting segment. The Group held a put option agreement on 9.1% of minority interests, valued at EUR 137 million, with a maturity date in 2024.

On June 10, 2021, the Group purchased 9.1% of the non-controlling interests for a consideration of EUR 223 million. The previous put agreement and related debt have been cancelled.

On July 5, 2021, the Group submitted the formal request to RIB Software SE that the General Meeting of RIB Software SE shall resolve to transfer the shares of the remaining shareholders (minority shareholders) to Schneider Electric Investment AG for an appropriate cash compensation (so-called squeeze out under stock corporation law).

The purchase accounting resulting from the acquisition is completed at the closing date. As of June 30, 2021, the net purchase accounting adjustments amount to EUR 211 million, and resulted mainly in the identification of intangible assets (technologies, trademark and customer relationship). The Goodwill recognized amounts to EUR 1,132 million as of June 30, 2021.

ProLeit

On August 4, 2020, the Group acquired ProLeiT AG, fully consolidated in *Industrial Automation* reporting segment since August 1, 2020. As of June 30, 2021, the Group recognized intangible assets for a preliminary amount of EUR 29 million (technologies, trademark and customer relationship), and an amount of Goodwill of EUR 104 million.

Larsen & Toubro

On May 1st, 2018, Schneider Electric, partnering with Temasek, a global investment company headquartered in Singapore, reached an agreement to buy Larsen & Toubro's Electrical & Automation business.

On August 31, 2020, the Group completed the transaction to combine Schneider Electric India's Low Voltage and Industrial Automation Products business and Larsen and Toubro ("L&T") Electrical and Automation business, for a consideration paid of EUR 1,571 million. Temasek took 35% stake in the combined business for EUR 530 million. The partnership with Temasek resulted in the dilution of the Group's interests within Schneider Electric India's Low Voltage and Industrial Automation Products business, and in the recognition of a gain of EUR 191 million in the Group's share of equity in 2020.

L&T is fully consolidated since September 1, 2020, and reports within both *Energy Management* and *Industrial Automation* reporting segments.

The purchase accounting as per IFRS 3R is not completed as of June 30, 2021. The net adjustment of the opening balance sheet is EUR 251 million, resulting mainly from the booking of a preliminary amount of identifiable intangible assets (mainly customer relationship, technology and trademark), and the assessment of some contingent liabilities (mainly related to risks identified on contracts and environmental risks). The preliminary Goodwill recognized amounts to EUR 1,103 million as of June 30,2021.

Planon

On December 17, 2020, the Group has successfully completed the strategic minority investment in Planon Beheer B.V. (Planon), a leading software provider in Building & Workplace management. As of June 30, 2021, the Group held 25.0% interests in Planon and consolidated it under the equity method.

2.2- Impact of changes in the scope of consolidation on the Group cash flow

Changes in the scope of consolidation at June 30, 2021, decreased the Group's cash position by a net EUR 3,958 million outflow, as described below:

(in millions of euros)	First half 2021	First half 2020
Acquisitions	(4,048)	(157)
Disposals	90	17
FINANCIAL INVESTMENTS NET OF DISPOSALS	**(3,958)**	**(140)**

In 2021, the cash outflow from acquisitions is mainly related to the acquisition of OSIsoft. The main scope movements are described in Note 2.1.

NOTE 3 Segment information

The Group is structured into two reporting segments and organized as follow:

Energy Management leverages a complete end-to-end technology offering enabled by EcoStruxure. The Group's go-to-market is oriented to address customer needs across its four end-markets of Buildings, Data Centers, Industry and Infrastructure, supported by a worldwide partner network.

Industrial Automation includes Industrial Automation and Industrial Control activities, across discrete, process & hybrid industries.

Expenses related to General Management that cannot be allocated to a particular segment are presented under "Central functions & digital costs".

The board of directors has been identified as the main "decision-making body" for allocating resources and evaluating segment performance. The data shared with the latter is presented by reporting segments, further detailed by operating segment for *Energy Management*. Performance and decisions on the allocation of resources are assessed by the board of directors notably based on Adjusted EBITA.

Share-based payment is presented under "Central functions & digital costs".

The board of directors does not review assets and liabilities by operating segment.

The same accounting principles governing the consolidated financial statements apply to segment data. Details are provided in the Management report.

3.1- Information by reporting segment

First half 2021

(in millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	Total
Revenue	10,487	3,287		**13,774**
Adjusted EBITA	2,145	599	(382)	**2,362**
Adjusted EBITA (%)	*20.5%*	*18.2%*		**17.1%**

First half 2020

(in millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	Total
Revenue	8,755	2,820		**11,575**
Adjusted EBITA	1,494	429	(347)	**1,576**
Adjusted EBITA (%)	*17.1%*	*15.2%*		**13.6%**

3.2- Information by region

The geographic regions covered by the Group are:

- Western Europe,
- North America (including Mexico),
- Asia-Pacific,
- Rest of the World (Eastern Europe, Middle East, Africa, South America).

Non-current assets include net goodwill, net intangible assets and net property, plant and equipment.

First half 2021

(in millions of euros)	Western Europe	Asia-Pacific	North America	Rest of the World	Total
Revenue by country market	3,670	4,296	3,878	1,930	**13,774**
Non-current assets as of June 30, 2021	12,785	5,669	14,147	1,331	**33,932**

First half 2020

(in millions of euros)	Western Europe	Asia-Pacific	North America	Rest of the World	Total
Revenue by country market	3,038	3,350	3,482	1,705	**11,575**
Non-current assets as of June 30, 2020	11,339	4,105	9,939	1,254	**26,637**

Moreover, the Group follows the share of new economies in revenue:

(in millions of euros)	First half 2021		First half 2020	
Revenue - Mature countries	8,021	*58%*	6,926	*60%*
Revenue - New economies	5,753	*42%*	4,649	*40%*
TOTAL	**13,774**	**100%**	**11,575**	**100%**

NOTE 4 Research and development

Research and development costs are as follows:

(in millions of euros)	First half 2021	First half 2020
Research and development costs in costs of sales	(181)	(187)
Research and development costs in R&D costs *	(375)	(344)
Capitalized development costs	(162)	(134)
TOTAL RESEARCH AND DEVELOPMENT COSTS **	**(718)**	**(665)**

** Including EUR 17 million of research and development tax credit in first half 2021 and EUR 20 million in first half 2020*

*** Excluding amortization of development costs capitalized*

Amortization expenses of capitalized development amounted to EUR 118 million in the first half of 2021 and EUR 125 million in the first half of 2020.

NOTE 5 Other operating income and expenses

Other operating income and expenses are as follows:

(in millions of euros)	First half 2021	First half 2020
Gains/(losses) on asset disposals	(3)	1
Gains/(losses) on business disposals & asset impairment	77	1
Costs of acquisitions and integrations	(66)	(71)
Other	27	-
OTHER OPERATING INCOME AND EXPENSES	**35**	**(69)**

In 2021, the gain on business disposal is mainly related to the disposal of Cable Support business described in Note 2.

NOTE 6 Amortization and impairment of purchase accounting intangibles

(in millions of euros)	First half 2021	First half 2020
Amortization expenses of purchase accounting intangible assets	(180)	(87)
Impairment losses of purchase accounting intangible assets	-	-
AMORTIZATION AND IMPAIRMENT OF PURCHASE ACCOUNTING INTANGIBLES	**(180)**	**(87)**

The amortization expenses of purchase accounting intangible assets increased in 2021 due to the acquisition performed on the last twelve months and described in Note 2.1.

NOTE 7 Other financial income and expenses

(in millions of euros)	First half 2021	First half 2020
Exchange gains and losses, net	(2)	(17)
Financial component of defined benefit plan costs	(19)	(24)
Fair value adjustment of financial assets	19	(13)
Other financial expenses, net	(27)	(55)
OTHER FINANCIAL INCOME AND EXPENSES	**(29)**	**(109)**

NOTE 8 Income tax expense

When regulatory requirements are met, Group entities file consolidated tax returns. Schneider Electric SE has chosen this option for the French subsidiaries it controls directly or indirectly through Schneider Electric Industries SAS.

8.1- Analysis of income tax expense

(in millions of euros)	First half 2021	First half 2020
Current taxes	(508)	(337)
Deferred taxes	24	90
INCOME TAX (EXPENSE)/BENEFIT	**(484)**	**(247)**

8.2- Tax reconciliation

(in millions of euros)	First half 2021	First half 2020
Profit attributable to owners of the parent	**1,556**	**775**
Income tax (expense)/benefit	(484)	(247)
Non-controlling interests	(31)	(46)
Share of profit of associates	53	40
Profit before tax	**2,018**	**1,028**
Geographical weighted average Group tax rate	22.9%	21.2%
Theoretical income tax expense	**(461)**	**(218)**
Reconciling items :		
Tax credits and other tax reductions	8	13
Impact of tax losses	4	(31)
Other permanent differences	(35)	(11)
INCOME TAX (EXPENSE)/BENEFIT	**(484)**	**(247)**
EFFECTIVE TAX RATE	**24.0%**	**24.0%**

Theoretical tax expense from continuing operations is reconciled above from the Company's weighted-average global tax rate (rather than from the French domestic statutory tax rate), as the Company's consolidated income from continuing operations is predominantly generated outside of France.

NOTE 9 Goodwill

The main changes during the period are summarized in the following table:

(in millions of euros)	June 30,2021	Dec. 31, 2020
Net goodwill at opening	**19,956**	**18,719**
Acquisitions	3,421	2,287
Disposals	(19)	-
Reclassifications	-	-
Translation adjustment	429	(1,050)
NET GOODWILL AT END OF PERIOD	**23,787**	**19,956**
including cumulative impairment	*(366)*	*(367)*

Goodwill generated by acquisitions made during the period totaled EUR 3,421 million, mainly from OSIsoft LLC preliminary goodwill for EUR 3,006 million.

All acquisitions and disposals with an impact on goodwill are described in Note 2.1.

NOTE 10 Investments in associates

The variations of the period correspond mainly to the share of profit and loss of investment in associates.

Main contributor is Delixi Sub-Group investment with a net result of EUR 50 million for the six-month period ended June 30, 2021 compared to EUR 40 million for the six-month period ended June 30, 2020.

NOTE 11 Financial assets

11.1- Non-current financial assets

Non-current financial assets amount to EUR 817 million as of June 30, 2021, and mainly comprise unlisted financial assets and overfunded pension plans.

11.2- Current financial assets

Current financial assets amount to EUR 17 million as of June 30, 2021 and mainly comprise non-monetary short-term investments.

NOTE 12 Shareholder's equity

No Schneider Electric SE shares were issued during the six-month period ended June 30, 2021 upon exercise of performance shares grant.

Based upon the assumptions described in the notes to the 2020 consolidated financial statements, the expense recorded under "Selling, general and administrative expenses" for stock option or stock grant plans totaled EUR 83 million in the six-month period ended June 30, 2021 (EUR 76 million in the six-month period ended June 30, 2020). This expense was booked as an adjustment to "Retained earnings" in Shareholders' equity.

NOTE 13 Pensions and other post-employment benefit obligations

Changes in provisions for pensions and other post-employment benefit obligations were as follows:

(in millions of euros)	Pensions and termination benefits	Other post-employment and long-term benefits	Provisions for pensions and other post-employment benefits
Dec. 31, 2020	**1,348**	**214**	**1,562**
Net cost recognized in the statement of income	43	9	52
Service cost	*26*	*7*	*33*
Curtailments and settlements	-	-	-
Past service cost	-	-	-
Interest cost	*76*	*2*	*78*
Interest income	*(59)*	-	*(59)*
Benefits paid	(19)	(11)	(30)
Employer contributions	(34)	-	(34)
Actuarial gains and losses recognized in equity	(131)	-	(131)
Translation adjustment	11	4	15
Change in the scope of consolidation and other	(9)	-	(9)
June 30, 2021	**1,209**	**216**	**1,425**
Surplus of plans recognized as assets	**(198)**	**-**	**(198)**
Provisions recognized as liabilities	**1,407**	**216**	**1,623**

Following the agreement reached with the Trustee of the Invensys Pension Scheme in the UK on February 7, 2014, Schneider Electric SE guaranteed all obligations of the Invensys subsidiaries which participate in the Scheme, up to a maximum amount of GBP 1.75 billion. At June 30, 2021, plan assets exceed the value of obligations subject to this guarantee and thus this guarantee cannot be called.

The pension net assets are included in other non-current financial assets.

NOTE 14 Provisions for contingencies and charges

(in millions of euros)	Economic risks	Customer risks	Products risks	Environmental risks	Restructuring	Other risks	Provisions
Dec. 31, 2020	**275**	**154**	**630**	**259**	**250**	**362**	**1,930**
of which long-term portion	*161*	*103*	*137*	*226*	*15*	*288*	*930*
Additions	15	11	110	3	67	48	254
Utilizations	(10)	(11)	(78)	(7)	(81)	(40)	(227)
Reversals of surplus provisions	-	-	(7)	-	(2)	(7)	(16)
Translation adjustments	5	4	11	7	3	9	39
Changes in the scope of consolidation and other	(4)	4	(5)	75	(1)	17	86
June 30, 2021	**281**	**162**	**661**	**337**	**236**	**389**	**2,066**
of which long-term portion	*170*	*114*	*144*	*304*	*18*	*302*	*1,052*

"Changes in scope of consolidation and other" mainly relate to the booking of environmental provisions in the context of current ongoing Purchase Price Allocations.

NOTE 15 Net debt

Net debt breaks down as follows:

(in millions of euros)	June 30,2021	Dec. 31, 2020
Bonds	8,798	8,773
Other borrowings	30	32
Short-term portion of bonds	(600)	(600)
Short-term portion of long-term debt	(6)	(9)
NON-CURRENT FINANCIAL LIABILITIES	**8,222**	**8,196**
Commercial paper	2,250	1,302
Accrued interest	46	43
Other short-term borrowings	144	173
Drawdown of funds from lines of credit	-	-
Bank overdrafts	177	133
Short-term portion of convertible and non-convertible bonds	600	600
Short-term portion of long-term debt	6	9
CURRENT DEBT	**3,223**	**2,260**
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	**11,445**	**10,456**
CASH AND CASH EQUIVALENTS	**(3,572)**	**(6,895)**
NET DEBT	**7,873**	**3,561**

Cash and cash equivalents net of bank overdrafts totaled EUR 3,395 million, corresponding to the amount reported in the consolidated cash flow statement.

Non-recourse factoring of trade receivables was realized during the six-month period ended June 30, 2021 for a total amount of EUR 50 million, compared with EUR 25 million during the six-month period ended June 30, 2020.

Marketable securities generally consist of highly liquid instruments traded on regulated markets that are readily convertible into known amounts of cash, such as commercial paper, mutual funds and equivalents.

All the financial instruments are usually evaluated at fair value, except the long-term debt. The non-current financial liabilities contain bonds for which fair value as at June 30, 2021 is EUR 8,828 million.

As at June 30, 2021, Schneider Electric has a total liquidity of EUR 6.2 billion, including cash & cash equivalents of EUR 3.6 billion in addition to undrawn available committed credit lines of EUR 2.6 billion.

Loan agreements related to the Group's long-term debt do not include any rating triggers.

NOTE 16 Derivative instruments

June 30, 2021

(in millions of euros)	Accounting qualification	Maturity	Nominal sales	Nominal purchases	Fair Value	Carrying amount in assets	Carrying amount in liabilities	Of which carrying amounts in OCI
Forwards contracts	CFH	< 1 year	(386)	232	4	8	(5)	-
Forwards contracts	CFH	< 2 years	(14)	27	-	1	(1)	-
Forwards contracts	CFH	> 2 years	(7)	1	-	-	-	-
Forwards contracts	FVH	< 1 year	(1,038)	599	(10)	6	(16)	-
Forwards contracts	NIH	< 1 year	(397)	-	(4)	-	(4)	-
Forwards contracts	Trading	< 1 year	(664)	1,989	1	6	(5)	-
Cross currency swaps	CFH	< 1 year	-	109	(8)	-	(8)	1
Cross currency swaps	NIH	< 2 years	(715)	-	(13)	-	(13)	(12)
TOTAL FX DERIVATIVES			**(3,221)**	**2,957**	**(30)**	**21**	**(52)**	**(11)**
Forwards contracts	CFH	< 1 year	-	350	19	19	-	19
Commodities derivatives			**-**	**350**	**19**	**19**	**-**	**19**
Options	CFH	< 1 year	-	1	-	-	-	-
Shares derivatives			**-**	**1**	**-**	**-**	**-**	**-**
TOTAL			**(3,221)**	**3,308**	**(11)**	**40**	**(52)**	**8**

Dec. 31, 2020

(in millions of euros)	Accounting qualification	Maturity	Nominal sales	Nominal purchases	Fair Value	Carrying amount in assets	Carrying amount in liabilities	Carrying amounts in OCI
Forwards contracts	CFH	< 1 year	(242)	147	1	10	(9)	1
Forwards contracts	CFH	< 2 years	(19)	24	-	1	(1)	-
Forwards contracts	CFH	> 2 years	(7)	1	-	-	-	-
Forwards contracts	FVH	< 1 year	(997)	1,098	25	30	(5)	1
Forwards contracts	NIH	< 1 year	(1,102)	-	21	21	-	22
Forwards contracts	Trading	< 1 year	(536)	2,425	7	11	(4)	-
Cross currency swaps	CFH	< 1 year	-	159	11	11	-	-
TOTAL FX DERIVATIVES			**(2,903)**	**3,854**	**65**	**84**	**(19)**	**24**
Forwards contracts	CFH	< 1 year	-	249	23	23	-	23
Commodities derivatives			**-**	**249**	**23**	**23**	**-**	**23**
Options	CFH	< 1 year	-	1	1	1	-	1
Shares derivatives			**-**	**1**	**1**	**1**	**-**	**1**
TOTAL			**(2,903)**	**4,104**	**89**	**108**	**(19)**	**48**

16.1- Foreign currency

Since a significant proportion of affiliates' transactions are denominated in currencies other than the affiliate's functional currency, the Group is exposed to currency risks. If the Group is not able to hedge these risks, fluctuations in exchange rates between the functional currency and other currencies can have a significant impact on its results and distort year-on-year performance comparisons. As a result, the Group uses derivative instruments to hedge its exposure to exchange rates mainly through FX forwards and natural hedges. Furthermore, some long-term loans and borrowings granted to the affiliates are considered as net investment in foreign operations according to IAS 21.

Schneider Electric's currency hedging policy is to protect its subsidiaries against risks on transactions denominated in a currency other than their functional currency.

16.2- Interest rate

Interest rate risk on borrowings is managed at the Group level, based on consolidated debt and taking into consideration market conditions to optimize overall borrowing costs. The Group uses derivative instruments to hedge its exposure to interest rates through swaps.

The Group didn't use any derivative instrument to hedge its exposure to interest rates during the six-month period ended June 30, 2021.

16.3- Raw materials

The Group is exposed to fluctuations in energy and raw material prices, in particular steel, copper, aluminum, silver, lead, nickel, zinc and plastics. If the Group is not able to hedge, compensate for or pass on to customers any such increased costs, this could have an adverse impact on its financial results. The Group has, however, implemented certain procedures to limit exposure to rising non-ferrous and precious raw material prices. The Purchasing departments of the operating units report their purchasing forecasts to the Corporate Finance and Treasury department. Purchase commitments are hedged using forward contracts, swaps and, to a lesser extent, options.

16.4- Counterparty risk

Financial transactions are entered into with carefully selected counterparties. Banking counterparties are chosen according to the customary criteria, including the credit rating issued by an independent rating agency.

Group policy consists of diversifying counterparty risks and periodic controls are performed to check compliance with the related rules. In addition, the Group takes out substantial credit insurance and uses other types of guarantees to limit the risk of losses on trade account receivables.

NOTE 17 Related parties transactions

17.1- Associates

These are primarily companies over which the Group has significant influence. They are accounted under the equity method. Transactions with these related parties are carried out on arm's length terms and were not material during the period.

17.2- Related parties with significant influence

No transactions were carried out during the period with Board members.

NOTE 18 Commitments and contingent liabilities

18.1- Guarantees given and received

Guarantees given and received amounted to EUR 3,863 million and EUR 55 million, respectively, as of June 30, 2021.

18.2- Contingent liabilities

The Group has not been advised to date of any claim/allegations related to the investigation conducted in France by French public agencies. The Group is fully cooperating with the French authorities on this matters.

NOTE 19 Subsequent events

Uplight

On March 3, 2021, the Group announced an agreement to acquire a strategic minority stake of 30% in Uplight, Inc. ("Uplight"), the technology partner of energy providers transitioning to clean energy. The transaction was closed on July 27, 2021.

MANAGEMENT REPORT FOR THE PERIOD ENDED JUNE 30, 2021

Consolidated financial statements

Business and Statement of Income highlights

Acquisitions & disposals of the period

Acquisitions

OSIsoft LLC.

As announced on March 19, 2021, Schneider Electric's majority-owned subsidiary, AVEVA Group Plc, has successfully completed the acquisition of OSIsoft, for a consideration of EUR 4.5 billion (USD 5.1 billion). OSIsoft is fully consolidated since the acquisition date, and reports within the *Industrial Automation* reporting segment.

The total consideration paid amounted to EUR 4.5 billion (USD 5.1 billion) and was funded by EUR 3.9 billion (USD 4.4 billion) of cash, and by a EUR 0.5 billion (USD 0.6 billion) issue of 13,655,570 ordinary shares from AVEVA Group Plc to Estudillo Holdings Corp.

The purchase accounting as per IFRS 3R is not completed as of June 30, 2021. The net adjustment of the opening balance sheet is EUR 1,462 million, resulting mainly from the booking of a preliminary amount of identifiable intangible assets (technology, customer relationship and trademark). The preliminary goodwill recognized amounts to EUR 3,006 million at acquisition date.

ETAP

On June 28, 2021, the Group successfully completed the transaction to purchase a controlling stake in Operation Technology Inc. ("ETAP"). As of June 30, 2021, the Group has acquired 80% of the capital of ETAP for a consideration paid of EUR 217 million, which is fully consolidated within *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 20% of minority interests in 2025. The related debt has been recognised in "Other non-current liabilities". The purchase accounting as per IFRS 3R resulting from the acquisition is not completed at the closing date.

Disposals

On April 27, 2021, the Group announced the signing of the agreement to divest the Cable Support business which was consolidated within *Energy Management* reporting segment. The transaction was finalized, on June 30, 2021.

Follow-up on acquisitions and divestments occurred in 2020 with significant effect in 2021

Acquisitions

RIB Software SE

On February 13, 2020, the Group announced its intention to launch a voluntary public tender for the acquisition of 100% of the shares of RIB Software SE for a total valuation of EUR 1.5 billion. On March 25, 2020, the Group acquired approximately 9.99% of the capital of the company, outside the takeover offer. On July 10, 2020, the Group announced the successful completion of the voluntary public takeover offer. As of December 31, 2020, the Group owned 87.64% of the capital of RIB Software, fully consolidated within *Energy Management* reporting segment. The Group held a put option agreement on 9.1% of minority interests, valued at EUR 137 million, with a maturity date in 2024.

On June 10, 2021, the Group purchased 9.1% of the non-controlling interests for a consideration of EUR 223 million. The previous put agreement and related debt have been cancelled.

On July 5, 2021, the Group submitted the formal request to RIB Software SE that the General Meeting of RIB Software SE shall resolve to transfer the shares of the remaining shareholders (minority shareholders) to Schneider Electric Investment AG for an appropriate cash compensation (so-called squeeze out under stock corporation law).

The purchase accounting resulting from the acquisition is completed at the closing date. As of June 30, 2021, the net purchase accounting adjustments amount to EUR 211 million, and resulted mainly in the identification of intangible assets (technologies, trademark and customer relationship). The Goodwill recognized amounts to EUR 1,132 million as of June 30, 2021.

ProLeit

On August 4, 2020, the Group acquired ProLeiT AG, fully consolidated in *Industrial Automation* reporting segment since August 1, 2020. As of June 30, 2021, the Group recognized intangible assets for a preliminary amount of EUR 29 million (technologies, trademark and customer relationship), and an amount of Goodwill of EUR 104 million.

Larsen & Toubro

On May 1st, 2018, Schneider Electric, partnering with Temasek, a global investment company headquartered in Singapore, reached an agreement to buy Larsen & Toubro's Electrical & Automation business.

On August 31, 2020, the Group completed the transaction to combine Schneider Electric India's Low Voltage and Industrial Automation Products business and Larsen and Toubro ("L&T") Electrical and Automation business, for a consideration paid of EUR 1,571 million. Temasek took 35% stake in the combined business for EUR 530 million. The partnership with Temasek resulted in the dilution of the Group's interests within Schneider Electric India's Low Voltage and Industrial Automation Products business, and in the recognition of a gain of EUR 191 million in the Group's share of equity in 2020.

L&T is fully consolidated since September 1, 2020, and reports within both *Energy Management* and *Industrial Automation* reporting segments.

The purchase accounting as per IFRS 3R is not completed as of June 30, 2021. The net adjustment of the opening balance sheet is EUR 251 million, resulting mainly from the booking of a preliminary amount of identifiable intangible assets (mainly customer relationship, technology and trademark), and the assessment of some contingent liabilities (mainly related to risks identified on contracts and environmental risks). The preliminary Goodwill recognized amounts to EUR 1,103 million as of June 30,2021.

Planon

On December 17, 2020, the Group has successfully completed the strategic minority investment in Planon Beheer B.V. (Planon), a leading software provider in Building & Workplace management. As of June 30, 2021, the Group held 25.0% interests in Planon and consolidated it under the equity method.

Exchange rate changes

Fluctuations in the euro exchange rate had a negative impact on the six-month period ended June 30, 2021, decreasing consolidated revenue by EUR (472) million due mainly to the negative effect of multiple currencies (mainly US Dollar, Turkish Lira, Russian Ruble) compared to the Euro and a negative impact decreasing adjusted EBITA by EUR (88) million.

Results of Operations

The following table sets forth our results of operations for the six-month period ended June 30, 2021 and 2020:

(in millions of euros except for earnings per share)	First half 2021	First half 2020	Variance
Revenue	**13,774**	**11,575**	**19.0%**
Cost of sales	(8,070)	(6,954)	16.0%
Gross profit	**5,704**	**4,621**	**23.4%**
% Gross profit	**41.4%**	**39.9%**	**3.8%**
Research and development	(375)	(344)	9.0%
Selling, general and administrative expenses	(2,967)	(2,701)	9.8%
EBITA adjusted *	**2,362**	**1,576**	**49.9%**
% EBITA adjusted	**17.1%**	**13.6%**	**25.7%**
Other operating income and expenses	35	(69)	(150.7)%
Restructuring costs	(121)	(221)	(45.2)%
EBITA **	**2,276**	**1,286**	**77.0%**
% EBITA	**16.5%**	**11.1%**	**48.6%**
Amortization and impairment of purchase accounting intangibles	(180)	(86)	109.3%
Operating income	**2,096**	**1,200**	**74.7%**
% Operating income	**15.2%**	**10.4%**	**46.2%**
Interest income	4	17	(76.5)%
Interest expense	(53)	(80)	(33.8)%
Finance costs, net	**(49)**	**(63)**	**(22.2)%**
Other financial income and expense	(29)	(109)	(73.4)%
Net financial income/(loss)	**(78)**	**(172)**	**(54.7)%**
Profit from continuing operations before income tax	**2,018**	**1,028**	**96.3%**
Income tax expense	(484)	(247)	96.0%
Share of profit/(loss) of associates	53	40	32.5%
PROFIT FOR THE PERIOD	**1,587**	**821**	**93.3%**
attributable to owners of the parent	*1,556*	*775*	*100.8%*
attributable to non controlling interests	*31*	*46*	*(32.6)%*
Basic earnings (attributable to owners of the parent) per share (in euros per share)	2.8	1.4	100.0%
Diluted earnings (attributable to owners of the parent) per share (in euros per share)	2.78	1.39	100.0%

** Adjusted EBITA (Earnings Before Interest, Taxes, Amortization of Purchase Accounting Intangibles). Adjusted EBITA corresponds to operating profit before amortization expenses and impairment loss of purchase accounting intangible assets, before goodwill impairment, other operating income and expenses and restructuring costs.*

*** EBITA (Earnings Before Interest, Taxes and Amortization of Purchase Accounting Intangibles). EBITA corresponds to operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment.*

Revenue

Consolidated revenue totaled EUR 13,774 million for the period ended June 30, 2021, up 19.0% on a current structure and currency basis from the year-earlier period.

Organic growth was positive for 18.7%, acquisitions and disposals accounted for 5.1% and the currency effect for (4.8)%.

Breakdown by business

The following table sets forth our revenue by business segment for the six-month periods ended June 30, 2021 and 2020:

(in millions of euros)	Energy Management	Industrial Automation	Total
First half 2021	10,487	3,287	**13,774**
First half 2020	8,755	2,820	**11,575**

Energy Management (76% of half year revenues) was up 19.8% organically for the first half of 2021, with strong underlying demand sustained throughout the period, further supported by the impact of price increases on products made in the second half of 2020 and early 2021. By end-market, Residential buildings remains a strong market due to consumer spending, low interest rates and fiscal support in several countries. There was good performance in Non-Residential buildings, specifically in Hospitals, Healthcare, Life Science and Warehouse/Distribution. Data Center & Networks continued to benefit from internet growth, localization trends and the global reach of the Group. Infrastructure saw continued underlying demand in transportation and electrical utilities segments, supported by ongoing trends surrounding the digitization of the grid and the need for sustainability, with several customer wins for microgrid offers. Industry saw strong traction with OEMs and in electro-intensive industries including Consumer Packaged Goods (CPG) and Metal, Mining and Minerals (MMM). In Oil & Gas, performance was still down year-on-year, but with improving trends. Field services sales grew double-digit with improved site access and on-site support.

Industrial Automation (24% of half year revenues) was up 15.4% organically for the first half of 2021, with performance contrasted between Discrete automation and Process & Hybrid end markets. Sales into Discrete end-markets grew double-digit, led by OEM demand and a manufacturing recovery in most of the geographies. The impact of ongoing electronic component supply pressures impacted the growth of certain product lines. Growth in sales into Process & Hybrid end-markets was weaker by contrast, although starting to show the initial signs of recovery in select countries. By segment, there was good demand in CPG and MMM, where the Group sells its automation offers in conjunction with Energy Management. There was continued good traction in Field Services.

Gross margin

Gross margin increased to EUR 5,704 million for the six-month period ended June 30, 2021 (EUR 4,621 million for the six-month period ended June 30, 2020) mainly linked to an increase in revenue. As a percentage of revenues, gross profit is improving to 41.4% in first half of 2021 from 39.9% in first half of 2020, mainly driven by productivity and a positive mix impact.

Support Function costs: Research and development and selling, general and administrative expenses

Research and development expenses, net of capitalized development costs and excluding research and development costs booked in costs of sales, increased by 9.0%, from EUR 344 million for the six-month period ended June 30, 2020 to EUR 375 million for the six-month period ended June 30, 2021. As a percentage of revenues, the net cost of research and development is decreasing slightly to 2.7% of revenues for six-month period ended June 30, 2021 (3.0% for the six-month period ended June 30, 2020).

Total research and development expenses, including capitalized development costs and development costs reported as cost of sales (see Note 4 to the Consolidated Financial Statements) increased by 8.0% from EUR 665 million for the six-month period ended June 30, 2020 to EUR 718 million for the six-month period ended June 30, 2021. As a percentage of revenues, total research and development expenses decreased slightly to 5.2% for the six-month period ended June 30, 2021 (5.7% for the six-month period ended June 30, 2020).

On the first semester 2021, the net positive impact of capitalized development costs and amortization of capitalized development costs amounts to EUR 44 million on operating income (EUR 9 million on the first semester 2020).

Selling, general and administrative expenses increased by 9.8% to EUR 2,967 million for the six-month period ended June 30, 2021 (EUR 2,701 million for the six-month period ended June 30, 2020). As a percentage of revenues, selling, general and administrative expenses decreased to 21.5% for the six-month period ended June 30, 2021 (23.3% for the six-month period ended June 30, 2020).

Combined, total support function costs (research and development expenses together with selling, general and administrative costs) totaled EUR 3,342 million for the six-month period ended June 30, 2021 compared to EUR 3,045 million for the six-month period ended June 30, 2020, an increase of 9.7%. Support functions costs to sales ratio decreased to 24.3% for the six-month period ended June 30, 2021 (26.3% for the six-month period ended June 30, 2020).

Other operating income and expenses

For the six-month period ended June 30, 2021, other operating income and expenses amounted to a net expense of EUR 35 million, mainly due to the gain on sale of Cable Support activity and to a slight decrease of costs of acquisitions.

Restructuring costs

For the six-month period ended June 30, 2021, restructuring costs amounted to EUR 121 million compared to EUR 221 million for the six-month period ended June 30, 2020, as the Group implements its operational efficiency program.

Amortization and impairment of intangibles linked to acquisitions

For the six-month period ended June 30, 2021, amortization and impairment of intangibles linked to acquisitions amounted to EUR 180 million compared to EUR 86 million for the six-month period ended June 30, 2020. The increase was mostly driven by additional amortization linked with acquisitions completed in H2 2020 and H1 2021, including RIB Software, L&T E&A division and OSIsoft.

EBITA and Adjusted EBITA

We define adjusted EBITA as EBITA before restructuring costs and before other operating income and expenses, which includes acquisition, integration and separation costs. We define EBITA as earnings before interest, taxes and amortization of purchase accounting intangibles. EBITA comprises operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment.

Adjusted EBITA amounted to EUR 2,362 million for the six-month period ended June 30, 2021, compared to EUR 1,576 million for the six-month period ended June 30, 2020, an increase of 49.9%. As a percentage of revenues, adjusted EBITA improved from 13.6% for the six-month period ended June 30, 2020 to 17.1% for the six-month period ended June 30, 2021.

EBITA increased by 77.0% from EUR 1,286 million for the six-month period ended June 30, 2020 to EUR 2,276 million for the six-month period ended June 30, 2021. As a percentage of revenues, EBITA increased to 16.5% for the six-month period ended June 30, 2021 (11.1% for the six-month period ended June 30, 2020).

Adjusted EBITA by business segment

The following table sets out adjusted EBITA by business segment:

First half 2021

(in millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	Total
Revenue	10,487	3,287		13,774
Adjusted EBITA	2,145	599	(382)	2,362
Adjusted EBITA (%)	*20.5%*	*18.2%*		17.1%

First half 2020

(in millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	Total
Revenue	8,755	2,820		**11,575**
Adjusted EBITA	1,494	429	(347)	**1,576**
Adjusted EBITA (%)	*17.1%*	*15.2%*		**13.6%**

Energy Management adjusted EBITA for the six-month period ended June 30, 2021 reached EUR 2,145 million, or 20.5% of revenues up c. 330 bps organic (up 340 bps reported, and c. 250 bps organic versus the first semester 2019), due mainly to the increase in volume, a good level of industrial productivity in the first semester 2021, and a positive impact from mix.

Industrial Automation generated an adjusted EBITA of EUR 599 million, or 18.2% of revenues, up c. 320 bps organic (and 300 bps reported, and c. 120 bps organic versus the first semester 2019), due mainly to the increase in volume, and a good level of industrial productivity in the first semester 2021.

Central Functions & Digital Costs in the first semester 2021 amounted to €382 million (€347 million the first semester 2020), reducing slightly as a proportion of revenue to 2.8%. Investment in the Group's strategic priorities increased year-over-year, while the Corporate cost element continued to be an area of focus and remained under tight control, representing around 0.8% of Group revenues in the first semester 2021.

Operating income (EBIT)

Operating income or EBIT (Earnings Before Interest and Taxes), increased from EUR 1,200 million for the six-month period ended June 30, 2020 to 2,096 million for the six-month period ended June 30, 2021, an increase of 74.7%.

Net financial income/loss

Net financial loss amounted to EUR 78 million for the six-month period ended June 30, 2021, compared to EUR 172 million for the six-month period ended June 30, 2020.

This variation is explained by the decrease of cost of net financial debt to EUR 49 million for the six-month period ended June 30, 2021, compared with EUR 63 million for the six-month period ended June 30, 2020, and by a positive fair value adjustment of financial asset of EUR 19 million for the six-month period ended June 30, 2021, compared with a negative fair value of EUR 13 million loss for the six-month period ended June 30, 2020. The other financial income and expenses amounts to EUR (27) million for the six-month period ended June, 30, 2021, compared with EUR (55) million for the six-month period ended June, 30, 2020.

Income tax expense

The effective tax rate was stable compared to the 2020 period, and totaled 24.0% for the six-month period ended June 30, 2021. The corresponding income tax expense increased from EUR 247 million for the six-month period ended June 30, 2020 to EUR 484 million for the six-month period ended June 30, 2021.

Share of profit/ (loss) of associates

The share of associates was a EUR 53 million profit for the six-month period ended June 30, 2021, compared to EUR 40 million profit for the six-month period ended June 30, 2020.

Non-controlling interests

Minority interests in net income for the six-month period ended June 30, 2021 totaled EUR 31 million, compared with EUR 46 million for the six-month period ended June 30, 2020. This represents the share in net income attributable, in large part, to the minority interests of AVEVA Group Plc.

Profit for the period (to owners of the parent)

Profit for the period attributable to the equity holders of our parent company amounted to EUR 1,556 million for the six-month period ended June 30, 2021, compared with EUR 775 million profit for the six-month period ended June 30, 2020.

Earnings per share

Earnings per share amounted to EUR 2.80 per share for the six-month period ended June 30, 2021 and EUR 1.40 per share for the six-month period ended June 30, 2020.

Comments to the consolidated Cash-flow

The following table sets forth our cash-flow statement for the six-month period ended June 30, 2021 and 2020:

(in millions of euros)	Note	First half 2021	First half 2020
Profit for the period		**1,587**	**821**
Share of (profit)/losses of associates		(53)	(40)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment		341	348
Amortization of intangible assets other than goodwill		326	230
Impairment losses and fair value adjustments on financial assets		(19)	45
Increase/(decrease) in provisions		30	132
Losses/(gains) on disposals of assets		(74)	(9)
Difference between tax paid and tax expense		(66)	(121)
Other non-cash adjustments		64	53
Net cash provided by operating activities		**2,136**	**1,459**
Decrease/(increase) in accounts receivables		(283)	628
Decrease/(increase) in inventories and work in progress		(626)	(481)
(Decrease)/increase in accounts payables		304	31
Decrease/(increase) in other current assets and liabilities		(73)	(333)
Change in working capital requirement		**(678)**	**(155)**
TOTAL I - CASH FLOWS FROM OPERATING ACTIVITIES		**1,458**	**1,304**
Purchases of property, plant and equipment		(230)	(225)
Proceeds from disposals of property, plant and equipment		29	28
Purchases of intangible assets		(178)	(142)
Net cash used by investment in operating assets		**(379)**	**(339)**
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	(3,958)	(140)
Other long-term investments		17	16
Increase in long-term pension assets		(34)	(37)
Sub-total		**(3,975)**	**(161)**
TOTAL II - CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**(4,354)**	**(500)**
Issuance of bonds		-	1,786
Repayment of bonds		-	-
Sale/(purchase) of own shares		-	(50)
Increase/(decrease) in other financial debt		819	1,113
Increase/(decrease) of share capital		-	-
Dividends paid to Schneider Electric's shareholders		(1,447)	(1,413)
Dividends paid to non-controlling interests		(42)	(14)
TOTAL III - CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**(670)**	**1,422**
TOTAL IV - NET FOREIGN EXCHANGE DIFFERENCE		**199**	**(92)**
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I +II +III +IV		**(3,367)**	**2,134**
Net cash and cash equivalents, beginning of the period	15	6,762	3,395
Increase/(decrease) in cash and cash equivalents		(3,367)	2,134
NET CASH AND CASH EQUIVALENTS, END OF THE PERIOD	**15**	**3,395**	**5,529**

Operating Activities

Net cash provided by operating activities before changes in operating assets and liabilities reached EUR 2,136 million for the six-month period ended June 30, 2021, compared with EUR 1,459 million for the six-month period ended June 30, 2020. It represents 15.5% of revenues for first half 2021 (12.6% of revenues from first half 2020).

Change in working capital requirement consumed EUR 679 million in cash in the six-month period ended June 30, 2021, compared with EUR 155 million consumed in the six-month period ended June 30, 2020, as the balance of trade receivables and payables rebounded from the lower levels seen at the end of 2020, and inventory was built up in order to meet strong demand.

In all, net cash provided by operating activities increased to EUR 1,458 million in the six-month period ended June 30, 2021 (EUR 1,304 million in the six-month period ended June 30, 2020).

Investing Activities

Net capital expenditure, which includes capitalized development projects, increased to EUR 379 million for the six-month period ended June 30, 2021, compared with EUR 339 million for the six-month period ended June 30, 2020, representing 2.7% of sales on first half of 2021, (3.0% in the first half of 2020).

The acquisitions net of disposals represented a cash out of EUR 3,958 million (net of acquired cash) for the six-month period ended June 30, 2021, compared with EUR 140 million for the six-month period ended June 30, 2020. The main scope movements are described above.

Financing Activities

Net cash flow from financing activities amounted to EUR (670) million during the six-month period ended June 30, 2021, compared with EUR 1,422 million during the six-month period ended June 30, 2020, mainly due to changes in commercial papers.

The annual dividend paid by the Group in 2021 amounted to EUR 1,447 million compared with EUR 1,413 million in 2020.

Significant events of the period

There was no major event other than the ones described above.

Main risks and areas of uncertainty for the second half of 2021

The main risks and areas of uncertainty for the second half of the year are the same as those outlined in Chapter 1, paragraph 9.1 (Risk Factors) of the 2020 Universal Registration Document filed with AMF on March 23, 2021.

Claims, litigations and other risks

No significant event occurred since the 2020 Universal Registration Document publication date (Risk Factors described in the Universal Registration Document – page 49).

Transactions with related parties

These transactions are described in Note 17 to the interim consolidated financial statements.

2021 Target

In the second semester 2021, the Group expects a continuation of strong and dynamic market demand, including further recovery in late-cycle segments. All regions and all four end-markets that the Group sells into are expected to contribute to growth in the second semester 2021. The Group acknowledges ongoing uncertainties in the markets in which it operates, including those linked to rising COVID-19 infections in many countries, alongside the potential impact of continuing global supply chain pressures. Additionally, the Group expects to face increased input costs, including in relation to raw materials, freight, and the sourcing of electronic components.

The Group upgrades its target (assuming no further deterioration linked to COVID-19 leading to significant economic disruption) as follows:

2021 Adjusted EBITA growth of between +19% and +24% organic. (previously between +14% and +20% organic)

The target would be achieved through a combination of organic revenue growth and margin improvement, currently expected to be:

- Revenue growth of +11% to +13% organic (previously +8% to +11% organic)
- Adjusted EBITA margin up +120bps to +150bps organic (previously +90bps to +130bps organic)

This implies an Adjusted EBITA margin of around 16.9% to 17.2% (including scope based on transactions completed to-date and FX based on current estimation).

Attestation

I hereby certify that, to the best of my knowledge, the condensed half-year consolidated financial statements as at June 30, 2021, have been prepared in accordance with the applicable accounting standards and present fairly the assets and liabilities, the financial position and the income of the Company and the entities included in the scope of consolidation, and that the half-year management report attached provides an accurate overview of the significant events of the first six months of the financial year with their impact on the half-year consolidated financial statements, together with the major transactions with related parties and a description of the main risks and uncertainties for the remaining six months of the financial year.

Rueil-Malmaison, July 29, 2021

On behalf of the Board of Directors,

Jean-Pascal TRICOIRE

Chairman of the Board of Directors and CEO

Statutory Auditors' Review Report on the first half-yearly financial information

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users.

This report includes information relating to the specific verification of information given in the Group's half-yearly management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Schneider Electric S.E., for the period from January 1 to June 30, 2021,
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed 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 our procedures.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements
   We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
   Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 standard of the IFRSs as adopted by the European Union applicable to interim financial information.
2. Specific verification
   We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.
   We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Courbevoie and Paris-La Défense, July 29, 2021

The statutory auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres
Loïc Wallaert	Mathieu Mougard	Alexandre Resten