HALF YEAR FINANCIAL REPORT

Six-month period ended June 30, 2022

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

Life Is On | Schneider Electric

1. Consolidated statement of income

(in millions of euros except for earnings per share)	Note	First half 2022	First half 2021
Revenue	**3**	**16,077**	**13,774**
Cost of sales		(9,542)	(8,070)
Gross profit		**6,535**	**5,704**
Research and development	4	(515)	(375)
Selling, general and administrative expenses		(3,238)	(2,967)
Adjusted EBITA *	**3**	**2,782**	**2,362**
Other operating income and expenses	5	(304)	35
Restructuring costs		(85)	(121)
EBITA **		**2,393**	**2,276**
Amortization and impairment of purchase accounting intangibles	6	(206)	(180)
Operating income		**2,187**	**2,096**
Interest income		7	4
Interest expenses		(49)	(53)
Finance costs, net		**(42)**	**(49)**
Other financial income and expenses	7	(61)	(29)
Net financial income/(loss)		**(103)**	**(78)**
Profit from continuing operations before income tax		**2,084**	**2,018**
Income tax expenses	8	(565)	(484)
Share of profit/(loss) of associates	10	33	53
PROFIT FOR THE PERIOD		**1,552**	**1,587**
attributable to owners of the parent		*1,519*	*1,556*
attributable to non-controlling interests		*33*	*31*
Basic earnings (attributable to owners of the parent) per share (in euros per share)		2.73	2.8
Diluted earnings (attributable to owners of the parent) per share (in euros per share)		2.69	2.78

** 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 2022	First half 2021
Profit for the period		**1,552**	**1,587**
Other comprehensive income:			
Translation adjustment		1,551	778
Revaluation of assets and liabilities due to hyperinflation		106	-
Cash-flow hedges		(1)	148
Income tax effect of cash flow hedges		8	(4)
Net gains/(losses) on financial assets		17	(1)
Income tax effect of gains/(losses) on financial assets		(4)	-
Actuarial gains/(losses) on defined benefit plans	13	509	131
Income tax effect of actuarial gains/(losses) on defined benefit plans		(103)	(30)
Other comprehensive income for the period, net of tax		**2,083**	**1,022**
of which to be recycled in income statement		*1,678*	*922*
of which not to be recycled in income statement		*406*	*100*
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**3,635**	**2,609**
attributable to owners of the parent		*3,461*	*2,392*
attributable to non-controlling interests		*174*	*217*

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 2022	First half 2021
Profit for the period		**1,552**	**1,587**
Share of (profit)/losses of associates		(33)	(53)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment		388	341
Amortization of intangible assets other than goodwill		355	326
Impairment losses and fair value adjustments on non-current assets		167	(19)
Increase/(decrease) in provisions		48	30
Losses/(gains) on disposals of business and assets		6	(74)
Difference between tax paid and tax expense		37	(66)
Other non-cash adjustments		58	64
Net cash provided by operating activities		**2,578**	**2,136**
Decrease/(increase) in accounts receivables		(480)	(283)
Decrease/(increase) in inventories and work in progress		(455)	(626)
(Decrease)/increase in accounts payables		(165)	304
Decrease/(increase) in other current assets and liabilities		(589)	(73)
Change in working capital requirement		**(1,689)**	**(678)**
TOTAL I - CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		**889**	**1,458**
Purchases of property, plant and equipment		(318)	(230)
Proceeds from disposals of property, plant and equipment		34	29
Purchases of intangible assets		(164)	(178)
Net cash used by investment in operating assets		**(448)**	**(379)**
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	(350)	(3,958)
Dividends received from associated companies		40	22
Other long-term investments		6	(5)
Increase in long-term pension assets		(52)	(34)
Sub-total		**(356)**	**(3,975)**
TOTAL II - CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**(804)**	**(4,354)**
Issuance of bonds		-	-
Repayment of bonds		-	-
Sale/(purchase) of own shares		(219)	-
Increase/(decrease) in other financial debt		2,171	819
Increase/(decrease) of share capital		-	-
Transaction with non-controlling interests		(65)	-
Dividends paid to Schneider Electric's shareholders		(1,618)	(1,447)
Dividends paid to non-controlling interests		(32)	(42)
TOTAL III - CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**237**	**(670)**
TOTAL IV - NET FOREIGN EXCHANGE DIFFERENCE		**63**	**199**
TOTAL V - IMPACT OF RECLASSIFICATION OF ITEMS HELD FOR SALE		**(105)**	**-**
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I +II +III +IV +V		**280**	**(3,367)**
Net cash and cash equivalents, beginning of the period	15	2,463	6,762
Increase/(decrease) in cash and cash equivalents		280	(3,367)
NET CASH AND CASH EQUIVALENTS, END OF THE PERIOD	15	2,743	3,395

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

3. Consolidated balance sheet

Assets

(in millions of euros)	Note	June 30, 2022	Dec. 31, 2021
NON-CURRENT ASSETS:			
Goodwill, net	9	26,137	24,723
Intangible assets, net		6,721	6,486
Property, plant and equipment, net		3,945	3,826
Investments in associates and joint ventures	10	1,249	1,234
Non-current financial assets	11	1,538	1,034
Deferred tax assets		1,844	1,820
TOTAL NON-CURRENT ASSETS		**41,434**	**39,123**
CURRENT ASSETS:			
Inventories and work in progress		4,531	3,971
Trade and other operating receivables		7,822	6,829
Other receivables and prepaid expenses		2,286	1,998
Current financial assets		4	4
Cash and cash equivalents	15	3,033	2,622
TOTAL CURRENT ASSETS		**17,676**	**15,424**
Assets held for sale	1	483	-
TOTAL ASSETS		**59,593**	**54,547**

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

Liabilities

(in millions of euros)	Note	June 30, 2022	Dec. 31, 2021
EQUITY:	**12**		
Share capital		2,277	2,276
Additional paid in capital		2,459	2,456
Retained earnings		19,873	19,694
Translation reserve		1,530	14
Equity attributable to owners of the parent		**26,139**	**24,440**
Non-controlling interests		3,770	3,669
TOTAL EQUITY		**29,909**	**28,109**
NON-CURRENT LIABILITIES:			
Pensions and other post-employment benefit obligations	13	1,274	1,395
Other non-current provisions	14	1,173	1,091
Non-current financial liabilities	15	7,064	7,554
Deferred tax liabilities		1,099	997
Other non-current liabilities		1,156	1,179
TOTAL NON-CURRENT LIABILITIES		**11,766**	**12,216**
CURRENT LIABILITIES:			
Trade and other operating payables		6,019	5,715
Accrued taxes and payroll costs		3,391	3,694
Current provisions	14	1,016	933
Other current liabilities		1,924	1,685
Current debt	15	5,182	2,195
TOTAL CURRENT LIABILITIES		**17,532**	**14,222**
Liabilities held for sale	1	386	-
TOTAL EQUITY AND LIABILITIES		**59,593**	**54,547**

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	Retained earnings	Translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total
Dec. 31, 2020	**567,069**	**2,268**	**2,248**	**17,648**	**(1,541)**	**20,623**	**3,104**	**23,727**
Profit for the year	-	-	-	3,204		**3,204**	69	**3,273**
Other comprehensive income	-	-	-	453	1,555	**2,008**	331	**2,339**
Comprehensive income for the year	**-**	**-**	**-**	**3,657**	**1,555**	**5,212**	**400**	**5,612**
Capital increase	1,964	8	208	-	-	**216**	-	**216**
Exercise of performance shares	-	-	-	-	-	**-**	-	**-**
Dividends	-	-	-	(1,447)	-	**(1,447)**	(138)	**(1,585)**
Change in treasury shares	-	-	-	(262)	-	**(262)**	-	**(262)**
Share-based compensation expense	-	-	-	145	-	**145**	16	**161**
Other	-	-	-	(47)	-	**(47)**	287	**240**
Dec. 31, 2021	**569,033**	**2,276**	**2,456**	**19,694**	**14**	**24,440**	**3,669**	**28,109**
Profit for the period	-	-	-	1,519	-	**1,519**	33	**1,552**
Other comprehensive income	-	-	-	426	1,516	**1,942**	141	**2,083**
Comprehensive income for the period	**-**	**-**	**-**	**1,945**	**1,516**	**3,461**	**174**	**3,635**
Capital increase	285	1	3	-	-	**4**	-	**4**
Exercise of performance shares	-	-	-	-	-	**-**	-	**-**
Dividends	-	-	-	(1,618)	-	**(1,618)**	(32)	**(1,650)**
Change in treasury shares	-	-	-	(219)	-	**(219)**	-	**(219)**
Share-based compensation expense	-	-	-	71	-	**71**	5	**76**
Other	-	-	-	-	-	**-**	(46)	**(46)**
June 30, 2022	**569,318**	**2,277**	**2,459**	**19,873**	**1,530**	**26,139**	**3,770**	**29,909**

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, 2022, were drawn up by the boards of directors on July 27, 2022.

NOTE 1 Summary of accounting policies

1.1- Accounting standards and basis of preparation

The consolidated financial statements for the six months ended June 30, 2022 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, 2021 annual consolidated financial statements included in the Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) under no. D.22-0171, except for the application of standards, interpretations and amendments being mandatory as of January 1, 2022, the accounting principles used for the preparation of the condensed interim consolidated financial statements are identical to those used for the preparation of the consolidated financial statements for the fiscal year ended December 31, 2021.

The interim consolidated financial statements have been prepared in compliance with the international accounting standards (IFRS) as adopted by the European Union as of January 1, 2022. The same accounting methods were used as for the consolidated financial statements for the year ended December 31, 2021.

Standards, interpretations and amendments endorsed by the European Union whose application is mandatory as of January 1, 2022

Standards and interpretations applicable during the period without material impact on the consolidated financial statements as of June 30, 2022

- amendments to IFRS 3 - *Business Combinations: Reference to the Conceptual Framework*;
- amendments to IAS 16 - *Property, Plant and Equipment: Proceeds before Intended Use*;
- amendments to IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract*;
- Annual Improvements to IFRS Standards 2018–2020.

IAS 38 - *Configuration or Customization Costs in a Cloud Computing Arrangement*

The group has considered the impact of the IFRIC agenda decision issued in April 2021 when accounting for costs of configuring or customizing a supplier's application software in a Software as a Service (SaaS) arrangement. This decision clarifies if those costs should be expensed, either immediately or over the contract duration, or capitalized. The group initiated an inventory of those costs and amounts previously capitalized in the first half of 2022. This review has no significant impact on the consolidated financial statements of the Group at this stage of the analysis, and, given the limited impact, no restatement was made to the opening balance sheet. Further analysis will be performed during the second half of 2022 to ensure all those costs were captured in the current inventory.

Amendments to IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract*

On May 14th, 2020, the IASB issued amendments to IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets* to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a directly related cost approach. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. These amendments had no significant impact on the consolidated financial statements of the Group.

Standards and interpretations that have not yet been adopted by the European Union as of June 30, 2022 or that were not mandatory as of January 1, 2022

- standards adopted by the European Union:
  - amendments to IAS 1 - *Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies*;
  - amendments to IAS 8 - *Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*;
  - IFRS 17 - *Insurance Contracts; including Amendments to IFRS 17*;
- standards not yet adopted by the European Union:
  - amendments to IAS 1 - *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; Classification of Liabilities as Current or Non-current -Deferral of Effective Date*;
  - amendments to IAS 12 - *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*;
  - amendments to IFRS 17 - *Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information*;

Use of estimates

The preparation of the financial statements requires Group or subsidiary Management to make estimates and use certain assumptions which have a significant impact on the carrying amounts of assets and liabilities recorded in the consolidated balance sheet, the notes related to these assets and liabilities, the profit and expense items in the income statement and the commitments relating to the period-end. Subsequent results may differ.

The significant judgments exercised by the Group or subsidiary Management are identical to those described in the consolidated financial statements for the fiscal year ended December 31, 2021.

Basis of preperation and measurement of the first half-year information accordance with IAS 34 - *Interim Financial Reporting*

The segment information corresponds to the information required by IAS 34 - *Interim Financial Reporting*

The Group's activities may be affected by significant changes in the economic situation. Therefore, its interim results are not necessarily indicative of those to be expected for the fiscal year as a whole.

The income tax expense for the period is calculated by applying the estimated effective income tax rate for the fiscal year, based on the information available as of the interim reporting date, to the different categories of profit.

1.2- Main events of the period

Application of IAS 29 - *Financial Reporting in Hyperinflationary Economies*

IAS 29 requires the non-monetary assets and liabilities and income statements of countries with hyperinflationary economies to be restated to reflect the changes in the general purchasing power of their functional currency, thereby generating a profit or loss on the net monetary position which is recognized in net income within Other financial income and expenses. In addition, the financial statements of the subsidiaries in these countries are translated at the closing exchange rate of the reporting period concerned, in accordance with IAS 21. In 2022, all the necessary conditions were met to consider Türkiye as a hyperinflationary country within the meaning of IFRS. The Group has applied IAS 29 to Argentina in its financial statements from January 1, 2018 and to Türkiye in its financial statements from January 1, 2022.

Application of IFRS 5 - *Non-current assets held for sale and discontinued operations*

Eurotherm

On June 8, 2022, the Group entered into an agreement with Watlow Electric Manufacturing Company, a global producer of complete industrial thermal systems for the sale of its "Eurotherm" business unit.

Eurotherm is a global provider of temperature, power control, and measurement solutions, with a headcount of about 650 people. This activity is reported within the reporting segment *Industrial Automation*.

The proposed transaction is subject to certain conditions, including customary regulatory approvals and employee consultation processes (including in respect of the French Eurotherm business, for which the parties have entered into exclusive negotiations). Subject to the satisfaction of these conditions, the transaction is expected to complete before the end of 2022.

In accordance with IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities have been classified as "Assets held for sale" and "Liabilities held for sale", for EUR 146 million and EUR 50 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 86 million.

Russia

Since February 24, 2022 Schneider Electric has put on hold new investments in Russia and Belarus as well as international shipments of new orders destined for these countries. For full year 2021, the Group generated approximately 2% of its total sales from Russia, Belarus was insignificant.

Schneider Electric signed a binding agreement on July 3, 2022 to sell 100% of its shares in its main Russia and Belarus subsidiaries. Closing of the transaction is subject to regulatory approvals and satisfaction of other closing conditions. For operations not divested as part of this transaction, Schneider Electric will engage in an orderly shutdown or disposition.

The transaction, once closed, will result in a loss of control by Schneider Electric over the business, based on the terms of the agreement, which include a call option exercisable by the Group four years after completion, based on fair value.

In accordance with IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, assets and liabilities of the subsidiaries were classified respectively as assets and liabilities held for sale as of June 30, 2022 and measured at the lower of net carrying amount and fair value less costs to sell. A resulting impairment of EUR 173 million was recognized within Other Operating Income and Expense.

The buyer has a commitment to repay EUR 83 million of existing receivables to Schneider Electric by end 2023. Based on management judgment, there are no indicators that the Group will not recover its receivable.

Assets held for sale include mainly working capital (trade receivables and inventories) and EUR 105 million of cash and cash equivalents. Cash and cash equivalents held for sale and agreed payment terms of the receivables owed to the Group take into consideration the Group's objective to set up a viable business and support employees throughout the process. Liabilities held for sale include mainly working capital (trade payables and other operating creditors).

The Group will reverse at transaction close, through the Income Statement, the currency translation reserve for a non-cash amount, estimated to be a gain of EUR 6 million as of June 30, 2022.

NOTE 2 Changes in the scope of consolidation

2.1- Scope variations

Main acquisitions of the period

EV Connect Inc.

On June 21, 2022, the Group completed the purchase of a 95.52% controlling stake in EV Connect Inc. which is fully consolidated as of June 30, 2022, and reports within *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 4.48% of minority interests in 2027. The related debt has been recognized in "Other non-current liabilities". The purchase accounting as per IFRS 3R is not completed as of June 30, 2022.

IGE+XAO

On February 16, 2022, the boards of directors of Schneider Electric SE and of IGE+XAO SA approved the terms of the merger of IGE+XAO into Schneider Electric. This merger is in line with the intention to position IGE+XAO as an operational entity of Software Division within the *Energy Management* reporting segment. The annual general meetings of shareholders of IGE+XAO and Schneider Electric SE held respectively on May 4 and May 5, 2022, approved the merger of IGE+XAO into Schneider Electric, on the basis of an exchange ratio of 5 Schneider Electric shares for 3 IGE+XAO shares. The merger leading to the dissolution without liquidation of IGE+XAO was effective on May 5, 2022, with a retroactive effect for accounting and tax purposes as from January 1st, 2022.

Follow-up on acquisitions and divestments transacted in 2021 with effect in 2022

OSIsoft LLC.

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

The purchase accounting as per IFRS 3R was not completed as of December 31, 2021, and led to the recognition of identifiable intangible assets (technology for EUR 998 million, customer relationship for EUR 288 million and trademark for EUR 150 million) and to a decrease in contract liabilities for EUR 71 million from remeasurement at fair value of deferred revenue. The preliminary goodwill recognized at acquisition date amounted to EUR 3,001 million.

The purchase accounting is complete as of June 30, 2022, which resulted in minor adjustments. The final goodwill recognized and converted into Euros using the exchange rate at the acquisition date amounts to EUR 2,988 million.

ETAP

On June 28, 2021, the Group 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 of USD 260 million (EUR 218 million at the acquisition date), fully paid in cash. ETAP is consolidated within the *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 20% minority interests in 2025. The related debt is recognized in "Other non-current liabilities".

The purchase accounting as per IFRS 3R is complete as of June 30, 2022. ETAP carrying value at acquisition date for net identifiable assets is EUR 13 million. The net adjustment of the acquired balance sheet is EUR 26 million, resulting mainly from the booking of an amount of identifiable intangible assets (technology, customer relationship and trademark).

The goodwill recognized amounts to USD 310 million (EUR 261 million at the acquisition date) and includes the forward agreement for the acquisition of the remaining 20% minority interests in 2025.

Qmerit

On December 20, 2021, the Group acquired 85.85% of the capital of Qmerit, fully consolidated in the *Energy Management* reporting segment. Qmerit is accelerating the shift away from traditional fossil fuel-powered systems, toward more sustainable, resilient electric technologies. The Group holds an agreement to acquire the remaining 14.15% minority interests in 2026. The related debt has been recognized in "Other non-current liabilities".

The purchase accounting as per IFRS 3R is not completed as of June 30, 2022. The net adjustment of the opening balance sheet, resulting mainly from the booking of a preliminary amount of identifiable intangible assets (customer relationship and trademark), led to the recognition of a EUR 269 million preliminary goodwill at acquisition date.

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

Changes in the scope of consolidation at June 30, 2022, decreased the Group's cash position by a net EUR 350 million outflow, as described below:

(in millions of euros)	First half 2022	First half 2021
Acquisitions	(379)	(4,048)
Disposals	29	90
FINANCIAL INVESTMENTS NET OF DISPOSALS	**(350)**	**(3,958)**

In 2022, the cash outflow from acquisitions is mainly due to EV Connect (Note 2.1) and other individually immaterial acquisitions.

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 2022

(in millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	Total
Revenue	12,307	3,770		16,077
Adjusted EBITA	2,506	685	(409)	2,782
Adjusted EBITA (%)	*20.4%*	*18.2%*		17.3%

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%**

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 2022

(in millions of euros)	Western Europe	Asia-Pacific	North America	Rest of the World	Total
Revenue by country market	4,046	4,911	4,933	2,187	16,077
Non-current assets as of June 30, 2022	15,641	5,709	14,338	1,115	36,803

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**

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

(in millions of euros)	First half 2022		First half 2021	
Revenue - Mature countries	9,423	*59%*	8,021	*58%*
Revenue - New economies	6,654	*41%*	5,753	*42%*
TOTAL	**16,077**	**100%**	**13,774**	**100%**

NOTE 4 Research and development

Research and development costs are as follows:

(in millions of euros)	First half 2022	First half 2021
Research and development costs in costs of sales	(211)	(181)
Research and development costs in R&D costs *	(515)	(375)
Capitalized development costs	(157)	(162)
TOTAL RESEARCH AND DEVELOPMENT COSTS **	**(883)**	**(718)**

** Including EUR 20 million of research and development tax credit in first half 2022 and EUR 17 million in first half 2021*

*** Excluding amortization of development costs capitalized*

Amortization expenses of capitalized development amounted to EUR 119 million in the first half of 2022 and EUR 118 million in the first half of 2021.

NOTE 5 Other operating income and expenses

Other operating income and expenses are as follows:

(in millions of euros)	First half 2022	First half 2021
Gains/(losses) on asset disposals	3	(3)
Gains/(losses) on business disposals & asset impairment	(231)	77
Costs of acquisitions and integrations	(64)	(66)
Other	(12)	27
OTHER OPERATING INCOME AND EXPENSES	**(304)**	**35**

In 2022, the losses on business disposals and asset impairment are mainly made of EUR 173 million impairment of assets held for sale described in Note 1 (Russia divestment) as well as working capital impairments (mainly inventories and receivables) from the Group's exposure to Russia.

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

NOTE 6 Amortization and impairment of purchase accounting intangibles

(in millions of euros)	First half 2022	First half 2021
Amortization of purchase accounting intangible assets	(206)	(180)
Impairment losses of purchase accounting intangible assets	-	-
AMORTIZATION AND IMPAIRMENT OF PURCHASE ACCOUNTING INTANGIBLES	**(206)**	**(180)**

The amortization of purchase accounting intangible assets increased in 2022 due to the acquisition performed in 2021 and described in Note 2.1 (mainly OSIsoft).

NOTE 7 Other financial income and expenses

(in millions of euros)	First half 2022	First half 2021
Exchange gains and losses, net	3	(6)
(Loss) / Gain on net monetary position	(13)	4
Financial component of defined benefit plan costs	(18)	(19)
Impairment losses and fair value adjustments on non-current assets	7	19
Financial interests - IFRS16	(18)	(19)
Other financial expenses	(22)	(8)
OTHER FINANCIAL INCOME AND EXPENSES	**(61)**	**(29)**

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 2022	First half 2021
Current taxes	(611)	(508)
Deferred taxes	46	24
INCOME TAX (EXPENSE)/BENEFIT	**(565)**	**(484)**

8.2- Tax reconciliation

(in millions of euros)	First half 2022	First half 2021
Profit attributable to owners of the parent	**1,519**	**1,556**
Income tax (expense)/benefit	(565)	(484)
Non-controlling interests	(33)	(31)
Share of profit of associates	33	53
Profit before tax	**2,084**	**2,018**
Geographical weighted average Group tax rate	23.2%	22.9%
Theoretical income tax expense	**(482)**	**(461)**
Reconciling items:		
Tax credits and other tax reductions	4	8
Impact of tax losses	1	4
Other permanent differences	(88)	(35)
INCOME TAX (EXPENSE)/BENEFIT	**(565)**	**(484)**
EFFECTIVE TAX RATE	**27.1%**	**24.0%**
PROJECTED EFFECTIVE TAX RATE WITHOUT RUSSIA DISPOSAL	**25.0%**	

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, 2022	Dec. 31, 2021
Net goodwill at opening	**24,723**	**19,956**
Acquisitions	200	3,717
Disposals	(7)	(118)
Reclassifications	(72)	-
Translation adjustment	1,293	1,168
NET GOODWILL AT THE END OF PERIOD	**26,137**	**24,723**
including cumulative impairment	*(367)*	*(367)*

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

The reclassification relates to the application of IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations* on Eurotherm assets.

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 39 million for the six-month period ended June 30, 2022 compared to EUR 50 million for the six-month period ended June 30, 2021.

NOTE 11 Financial assets

11.1- Non-current financial assets

Non-current financial assets amount to EUR 1,538 million as of June 30, 2022, and mainly comprise unlisted financial assets and overfunded pension plans.

11.2- Current financial assets

Current financial assets amount to EUR 4 million as of June 30, 2022 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, 2022 upon exercise of performance shares grant.

Based upon the assumptions described in the notes to the 2021 consolidated financial statements, the expense recorded under "Selling, general and administrative expenses" for stock option or stock grant plans totaled EUR 73 million in the six-month period ended June 30, 2022 (EUR 83 million in the six-month period ended June 30, 2021). An additional EUR 3 million expense was recorder under "Share of profit/(loss) of associates".

These expenses were offset under "Retained earnings" in Shareholders' equity.

The Group carried out a capital increase during the first half of the year in connection with the merger of Schneider Electric SE with IGE+XAO (Note 2.1). The shares issued were exchanged for IGE+XAO shares according to the parity of 5 Schneider Electric shares for 3 IGE+XAO shares.

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, 2021	**809**	**216**	**1,025**
Net cost recognized in the statement of income	42	8	50
Service cost	*26*	*6*	*32*
Curtailments and settlements	-	-	-
Past service cost	-	-	-
Interest cost	*100*	*2*	*102*
Interest income	*(84)*	-	*(84)*
Benefits paid	(21)	(12)	(33)
Employer contributions	(52)	-	(52)
Actuarial (gains) and losses recognized in equity	(483)	(26)	(509)
Translation adjustment	36	14	50
Change in the scope of consolidation and other	34	1	35
June 30, 2022	**365**	**201**	**566**
Surplus of plans recognized as assets	**(708)**	**-**	**(708)**
Provisions recognized as liabilities	**1,073**	**201**	**1,274**

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, 2022, plan assets exceed the value of obligations subject to this guarantee and thus it 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, 2021	**270**	**147**	**675**	**350**	**160**	**422**	**2,024**
of which long-term portion	*169*	*104*	*150*	*315*	*12*	*341*	*1,091*
Additions	11	11	147	3	50	72	294
Utilizations	(13)	(12)	(88)	(5)	(55)	(74)	(247)
Reversals of surplus provisions	-	-	(12)	-	(1)	(4)	(17)
Translation adjustments	13	11	22	24	1	31	102
Changes in the scope of consolidation and other	(14)	5	(11)	3	(11)	61	33
June 30, 2022	**267**	**162**	**733**	**375**	**144**	**508**	**2,189**
of which long-term portion	*168*	*117*	*183*	*338*	*11*	*356*	*1,173*

NOTE 15 Net debt

Net debt breaks down as follows:

(in millions of euros)	June 30, 2022	Dec. 31, 2021
Bonds	8,302	8,234
Other borrowings	39	51
Short-term portion of bonds	(1,269)	(706)
Short-term portion of long-term debt	(8)	(25)
NON-CURRENT FINANCIAL LIABILITIES	**7,064**	**7,554**
Commercial paper	2,940	950
Accrued interest	34	38
Other short-term borrowings	641	317
Drawdown of funds from lines of credit	-	-
Bank overdrafts	290	159
Short-term portion of convertible and non-convertible bonds	1,269	706
Short-term portion of long-term debt	8	25
CURRENT DEBT	**5,182**	**2,195**
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	**12,246**	**9,749**
CASH AND CASH EQUIVALENTS	**(3,033)**	**(2,622)**
NET DEBT	**9,213**	**7,127**

Cash and cash equivalents net of bank overdrafts totaled EUR 2,743 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, 2022 for a total amount of EUR 50 million, compared with EUR 50 million during the six-month period ended June 30, 2021.

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 valued at fair value, except the long-term debt which amounts to EUR 7,064 million as at June 30, 2022.

As at June 30, 2022, Schneider Electric has a total liquidity of EUR 6 billion, including cash & cash equivalents of EUR 3 billion in addition to undrawn available committed credit lines of EUR 3 billion.

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

NOTE 16 Derivative instruments

June 30, 2022

(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	652	(335)	(14)	9	(23)	(14)
Forwards contracts	CFH	< 2 years	56	(28)	(2)	1	(3)	(2)
Forwards contracts	CFH	> 2 years	6	(6)	-	-	-	-
Forwards contracts	FVH	< 1 year	895	(218)	(39)	10	(49)	1
Forwards contracts	NIH	< 1 year	424	-	(18)	-	(18)	(18)
Forwards contracts	Trading	< 1 year	312	(1,188)	14	19	(5)	14
Cross currency swaps	CFH	< 1 year	87	(47)	-	5	(5)	-
Cross currency swaps	NIH	< 1 year	818	-	(94)	-	(94)	(92)
TOTAL FX DERIVATIVES			**3,250**	**(1,822)**	**(153)**	**44**	**(197)**	**(111)**
Forwards contracts	CFH	< 1 year	-	513	(66)	-	(66)	(66)
Commodities derivatives			**-**	**513**	**(66)**	**-**	**(66)**	**(66)**
Options	CFH	< 1 year	-	-	-	-	-	-
Shares derivatives			**-**	**-**	**-**	**-**	**-**	**-**
TOTAL			**3,250**	**(1,309)**	**(219)**	**44**	**(263)**	**(177)**

Dec. 31, 2021

(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	393	(305)	2	12	(10)	-
Forwards contracts	CFH	< 2 years	55	(24)	-	1	(1)	-
Forwards contracts	CFH	> 2 years	3	(3)	-	-	-	-
Forwards contracts	FVH	< 1 year	1,005	(539)	(22)	12	(34)	-
Forwards contracts	NIH	< 1 year	410	-	(10)	-	(10)	(10)
Forwards contracts	Trading	< 1 year	456	(2,402)	11	14	(3)	-
Cross currency swaps	CFH	< 1 year	88	(39)	(3)	2	(5)	1
Cross currency swaps	NIH	< 2 years	750	-	(41)	-	(41)	(39)
TOTAL FX DERIVATIVES			**3,160**	**(3,312)**	**(63)**	**41**	**(104)**	**(48)**
Forwards contracts	CFH	< 1 year	-	(400)	7	7	-	7
Commodities derivatives			**-**	**(400)**	**7**	**7**	**-**	**7**
Options	CFH	< 1 year	-	-	-	-	-	-
Shares derivatives			**-**	**-**	**-**	**-**	**-**	**-**
TOTAL			**3,160**	**(3,712)**	**(56)**	**48**	**(104)**	**(41)**

16.1- Foreign currency

Since a significant proportion of affiliates' transactions are denominated in currencies other than the affiliates' 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, 2022.

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

Guarantees given and received

Guarantees given and received amounted to EUR 4,282 million and EUR 86 million, respectively, as of June 30, 2022.

Contingent liabilities

As previously disclosed, investigations were conducted in September 2018 by the French judicial and French Competition Authority (Autorité de la concurrence) at Schneider Electric's head office and other premises concerning the sale of electrical products through commercial distribution activities in France.

On July 4, 2022, Schneider Electric received a statement of objections (notification de griefs) from the French Competition Authority alleging that the pricing autonomy of some distributors in the French market would have been limited, in breach of competition rules.

Schneider Electric strongly disagrees with the allegations of the statement of objections and will submit its response to the French Competition Authority in due course.

This statement of objections is the first step of an adversarial procedure and is without prejudice to the final assessment that will be made independently by the board (College) of the French Competition Authority.

Should the French Competition Authority deny Schneider Electric's arguments and conclude, after examining the substance of the matter, that anti-competitive practices have been involved, it has broad discretion to determine on a case-by-case basis the financial fines it may impose in accordance with the principles of proportionality and individuality. In light of the difficulty in assessing the extent to which the French Competition Authority takes into account the arguments of Schneider Electric in its defense as well as the multiple factors contributing to the determination of a fine, it is not possible to reliably estimate the amount of any potential fine that might be incurred in the event of an adverse decision, even though it might have a significant impact on the Group. In this context, no provision has been made at this stage of the investigation.

Schneider Electric has other contingent liabilities relating to legal, arbitration or regulatory proceedings arising in the normal course of its business. Known or ongoing claims and litigation involving the Group or its subsidiaries were reviewed at the date on which the condensed interim consolidated financial statements were approved for issue. Based on the advice of legal counsel, all provisions deemed necessary have been made to cover the related risks.

NOTE 19 Subsequent events

Issuance of shares to employees

Every year, Schneider Electric gives its employees the opportunity to become group shareholders thanks to employee share issues. Employees in countries that meet legal and fiscal requirements have been proposed the classic plan.

Under the classic plan, employees may purchase Schneider Electric shares at a 15% discount to the price quoted for the shares on the stock market. Employees must then hold their shares for five years, except in certain cases provided for by law. The share-based payment expense recorded in accordance with IFRS 2 is measured by reference to the fair value of the discount on the locked-up shares. The lock-up cost is determined on the basis of a two-step strategy that involves first selling the locked-up shares on the forward market and then purchasing the same number of shares on the spot market (i.e., shares that may be sold at any time) using a bullet loan.

This strategy is designed to reflect the cost the employee would incur during the lock-up period to avoid the risk of carrying the shares subscribed under the classic plan. The borrowing cost corresponds to the cost of borrowing for the employees concerned, as they are the sole potential buyers in this market. It is based on the average interest rate charged by banks for an ordinary, non-revolving personal loan with a maximum maturity of five years granted to a natural person with an average credit risk rating.

On May 10, 2022, Schneider Electric gave its employees the opportunity to purchase shares at a price of EUR 117.51 per share, as part of its commitment to employee share ownership. This represented a 15% discount to the reference price of EUR 138.26 calculated as the average opening price quoted for the share during the 20 days preceding the Chief Executive Officer's decision to launch the employee share issue.

Altogether, 1.78 million shares were subscribed, increasing the Company's capital by EUR 209 million as of July 6, 2022.

Autogrid

On July 20, 2022, the Group completed the acquisition of Autogrid, a U.S. based climate-artificial intelligence (AI) pioneer to accelerate energy transition.

MANAGEMENT REPORT FOR THE PERIOD ENDED JUNE 30, 2022

Consolidated financial statements

Main events of the period

Main acquisitions of the period

EV Connect Inc.

On June 21, 2022, the Group completed the purchase of a 95.52% controlling stake in EV Connect Inc. which is fully consolidated as of June 30, 2022, and reports within *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 4.48% of minority interests in 2027. The related debt has been recognized in "Other non-current liabilities". The purchase accounting as per IFRS 3R is not completed as of June 30, 2022.

IGE+XAO

On February 16, 2022, the boards of directors of Schneider Electric SE and of IGE+XAO SA approved the terms of the merger of IGE+XAO into Schneider Electric. This merger is in line with the intention to position IGE+XAO as an operational entity of Software Division within the *Energy Management* reporting segment. The annual general meetings of shareholders of IGE+XAO and Schneider Electric SE held respectively on May 4 and May 5, 2022, approved the merger of IGE+XAO into Schneider Electric, on the basis of an exchange ratio of 5 Schneider Electric shares for 3 IGE+XAO shares. The merger leading to the dissolution without liquidation of IGE+XAO was effective on May 5, 2022, with a retroactive effect for accounting and tax purposes as from January 1st, 2022.

Follow-up on acquisitions and divestments transacted in 2021 with effect in 2022

OSIsoft LLC.

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

The purchase accounting as per IFRS 3R was not completed as of December 31, 2021, and led to the recognition of identifiable intangible assets (technology for EUR 998 million, customer relationship for EUR 288 million and trademark for EUR 150 million) and to a decrease in contract liabilities for EUR 71 million from remeasurement at fair value of deferred revenue. The preliminary goodwill recognized at acquisition date amounted to EUR 3,001 million.

The purchase accounting is complete as of June 30, 2022, which resulted in minor adjustments. The final goodwill recognized and converted into Euros using the exchange rate at the acquisition date amounts to EUR 2,988 million.

ETAP

On June 28, 2021, the Group 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 of USD 260 million (EUR 218 million at the acquisition date), fully paid in cash. ETAP is consolidated within the *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 20% minority interests in 2025. The related debt is recognized in "Other non-current liabilities".

The purchase accounting as per IFRS 3R is complete as of June 30, 2022. ETAP carrying value at acquisition date for net identifiable assets is EUR 13 million. The net adjustment of the acquired balance sheet is EUR 26 million, resulting mainly from the booking of an amount of identifiable intangible assets (technology, customer relationship and trademark).

The goodwill recognized amounts to USD 310 million (EUR 261 million at the acquisition date) and includes the forward agreement for the acquisition of the remaining 20% minority interests in 2025.

Qmerit

On December 20, 2021, the Group acquired 85.85% of the capital of Qmerit, fully consolidated in the *Energy Management* reporting segment. Qmerit is accelerating the shift away from traditional fossil fuel-powered systems, toward more sustainable, resilient electric technologies. The Group holds an agreement to acquire the remaining 14.15% minority interests in 2026. The related debt has been recognized in "Other non-current liabilities".

The purchase accounting as per IFRS 3R is not completed as of June 30, 2022. The net adjustment of the opening balance sheet, resulting mainly from the booking of a preliminary amount of identifiable intangible assets (customer relationship and trademark), led to the recognition of a EUR 269 million preliminary goodwill at acquisition date.

Application of IFRS 5 - *Non-current assets held for sale and discontinued operations*

Eurotherm

On June 8, 2022, the Group entered into an agreement with Watlow Electric Manufacturing Company, a global producer of complete industrial thermal systems for the sale of its "Eurotherm" business unit.

Eurotherm is a global provider of temperature, power control, and measurement solutions, with a headcount of about 650 people. This activity is reported within the reporting segment *Industrial Automation*.

The proposed transaction is subject to certain conditions, including customary regulatory approvals and employee consultation processes (including in respect of the French Eurotherm business, for which the parties have entered into exclusive negotiations). Subject to the satisfaction of these conditions, the transaction is expected to complete before the end of 2022.

In accordance with IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities have been classified as "Assets held for sale" and "Liabilities held for sale", for EUR 146 million and EUR 50 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 86 million.

Russia

Since February 24, 2022 Schneider Electric has put on hold new investments in Russia and Belarus as well as international shipments of new orders destined for these countries. For full year 2021, the Group generated approximately 2% of its total sales from Russia, Belarus was insignificant.

Schneider Electric signed a binding agreement on July 3, 2022 to sell 100% of its shares in its main Russia and Belarus subsidiaries. Closing of the transaction is subject to regulatory approvals and satisfaction of other closing conditions. For operations not divested as part of this transaction, Schneider Electric will engage in an orderly shutdown or disposition.

The transaction, once closed, will result in a loss of control by Schneider Electric over the business, based on the terms of the agreement, which include a call option exercisable by the Group four years after completion, based on fair value.

In accordance with IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, assets and liabilities of the subsidiaries were classified respectively as assets and liabilities held for sale as of June 30, 2022 and measured at the lower of net carrying amount and fair value less costs to sell. A resulting impairment of EUR 173 million was recognized within Other Operating Income and Expense.

The buyer has a commitment to repay EUR 83 million of existing receivables to Schneider Electric by end 2023. Based on management judgment, there are no indicators that the Group will not recover its receivable.

Assets held for sale include mainly working capital (trade receivables and inventories) and EUR 105 million of cash and cash equivalents. Cash and cash equivalents held for sale and agreed payment terms of the receivables owed to the Group take into consideration the Group's objective to set up a viable business and support employees throughout the process. Liabilities held for sale include mainly working capital (trade payables and other operating creditors).

The Group will reverse at transaction close, through the Income Statement, the currency translation reserve for a non-cash amount, estimated to be a gain of EUR 6 million as of June 30, 2022.

Application of IAS 29 - *Financial Reporting in Hyperinflationary Economies*

IAS 29 requires the non-monetary assets and liabilities and income statements of countries with hyperinflationary economies to be restated to reflect the changes in the general purchasing power of their functional currency, thereby generating a profit or loss on the net monetary position which is recognized in net income within Other financial income and expenses. In addition, the financial statements of the subsidiaries in these countries are translated at the closing exchange rate of the reporting period concerned, in accordance with IAS 21. In 2022, all the necessary conditions were met to consider Türkiye as a hyperinflationary country within the meaning of IFRS. The Group has applied IAS 29 to Argentina in its financial statements from January 1, 2018 and to Türkiye in its financial statements from January 1, 2022.

Business and Statement of Income highlights

Exchange rate changes

Fluctuations in the Euro exchange rate had a positive impact on the six-month period ended June 30, 2022, increasing consolidated revenue by EUR 749 million due mainly to the evolution observed in US Dollar, Chinese Yuan, Indian Rupia and Brazilian Real compared to the Euro and a positive impact increasing adjusted EBITA by EUR 144 million.

Results of Operations

The following table sets forth our results of operations for the six-month period ended June 30, 2022 and 2021:

(in millions of euros except for earnings per share)	First half 2022	First half 2021	Variance
Revenue	**16,077**	**13,774**	**16.7%**
Cost of sales	(9,542)	(8,070)	18.2%
Gross profit	**6,535**	**5,704**	**14.6%**
% Gross profit	**40.6%**	**41.4%**	**(1.9)%**
Research and development	(515)	(375)	37.3%
Selling, general and administrative expenses	(3,238)	(2,967)	9.1%
EBITA adjusted *	**2,782**	**2,362**	**17.8%**
% EBITA adjusted	**17.3%**	**17.1%**	**1.2%**
Other operating income and expenses	(304)	35	(968.6)%
Restructuring costs	(85)	(121)	(29.8)%
EBITA **	**2,393**	**2,276**	**5.1%**
% EBITA	**14.9%**	**16.5%**	**(9.7)%**
Amortization and impairment of purchase accounting intangibles	(206)	(180)	14.4%
Operating income	**2,187**	**2,096**	**4.3%**
% Operating income	**13.6%**	**15.2%**	**(10.5)%**
Interest income	7	4	75.0%
Interest expense	(49)	(53)	(7.5)%
Finance costs, net	**(42)**	**(49)**	**(14.3)%**
Other financial income and expense	(61)	(29)	110.3%
Net financial income/(loss)	**(103)**	**(78)**	**32.1%**
Profit from continuing operations before income tax	**2,084**	**2,018**	**3.3%**
Income tax expense	(565)	(484)	16.7%
Share of profit/(loss) of associates	33	53	(37.7)%
PROFIT FOR THE PERIOD	**1,552**	**1,587**	**(2.2)%**
attributable to owners of the parent	*1,519*	*1,556*	(2.4)%
attributable to non-controlling interests	*33*	*31*	*6.5%*
Basic earnings (attributable to owners of the parent) per share (in euros per share)	2.73	2.8	(2.5)%
Diluted earnings (attributable to owners of the parent) per share (in euros per share)	2.69	2.78	(3.2)%

** 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.*

Revenue

Consolidated revenue totaled EUR 16,077 million for the period ended June 30, 2022, up 16.7% on a current structure and currency basis from the year-earlier period.

Organic growth was positive for 10.1%, acquisitions and disposals accounted for 0.6% and the currency effect for 5.5%.

Breakdown by business

The following table sets forth our revenue by business segment for the six-month periods ended June 30, 2022 and 2021:

(in millions of euros)	Energy Management	Industrial Automation	Total
First half 2022	12,307	3,770	**16,077**
First half 2021	10,487	3,287	**13,774**

Energy Management (77% of H1 2022 revenues) was up 10.8% organically for the first half of 2022, with double-digit growth across all regions except Asia Pacific which was impacted by lockdowns in China during the second quarter. Rest of the World grew strongly, though impacted by Russia. Sales growth was supported by price actions taken in the second half of 2021 and in the first half of 2022. There continued to be pressures on supply chain primarily related to electronic components. There was strong growth in the residential buildings market and demand for the Group's offers in non-residential buildings also remained strong. Data Center & Networks showed double-digit growth with continued strong demand across the end-market. The Infrastructure end-market saw continued demand in electrical utilities, while sales growth was impacted by a high base of comparison. There was strong demand in Water and Wastewater (WWW), while Transportation demand was down slightly. In industrial end-markets, growth was strongest in discrete automation, particularly in OEMs. Excluding Russia, later cycle industrial markets showed improvement with strong demand trends in Metal, Mining and Minerals (MMM) and Oil and Gas (O&G) along with sales growth in some geographies.

Industrial Automation (23% of H1 2022 revenues) was up 7.5% organically for the first half of 2022, with double-digit growth across all regions except Asia Pacific which was impacted by lockdowns in China during the second quarter. Rest of the World grew strongly, though impacted by Russia. Sales growth was supported by price actions taken in the second half of 2021 and in the first half of 2022, though impacted by supply chain pressures. Performance was contrasted between strong growth from sales into Discrete automation markets across multiple segments including hoisting, conveying, material handling. In Process & Hybrid markets, there was good demand in Consumer Packaged Goods (CPG) and WWW where the Group sells its automation offers in conjunction with energy management. Sales growth in Process industries was impacted by a slower recovery in mid-to-late cycle segments although with a strong demand recovery continuing in the first half of 2022.

Gross profit

Gross profit was up 7.2% organic with gross margin at 40.6% in the first half of 2022 with a combination of strong pricing offset by higher raw material prices and headwinds from freight, electronics and other inflationary costs in the supply chain. Sales volume was impacted by Russia and China.

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 37.3%, from EUR 375 million for the six-month period ended June 30, 2021 to EUR 515 million for the six-month period ended June 30, 2022. As a percentage of revenues, the net cost of research and development is increasing slightly to 3.2% of revenues for six-month period ended June 30, 2022 (2.7% for the six-month period ended June 30, 2021).

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 23.0% from EUR 718 million for the six-month period ended June 30, 2021 to EUR 883 million for the six-month period ended June 30, 2022. As a percentage of revenues, total research and development expenses increased slightly to 5.5% for the six-month period ended June 30, 2022 (5.2% for the six-month period ended June 30, 2021).

On the first semester 2022, the net positive impact of capitalized development costs and amortization of capitalized development costs amounts to EUR 38 million on operating income (EUR 44 million on the first semester 2021).

Selling, general and administrative expenses increased by 9.1% to EUR 3,238 million for the six-month period ended June 30, 2022 (EUR 2,967 million for the six-month period ended June 30, 2021). As a percentage of revenues, selling, general and administrative expenses decreased to 20.1% for the six-month period ended June 30, 2022 (21.5% for the six-month period ended June 30, 2021).

Combined, total support function costs (research and development expenses together with selling, general and administrative costs) totaled EUR 3,753 million for the six-month period ended June 30, 2022 compared to EUR 3,342 million for the six-month period ended June 30, 2021, an increase of 12.3%. Support functions costs to sales ratio decreased to 23.3% for the six-month period ended June 30, 2022 (24.3% for the six-month period ended June 30, 2021).

Other operating income and expenses

For the six-month period ended June 30, 2022, other operating income and expenses amounted to a net expense of EUR 304 million, mainly due to EUR 173 million impairment of assets held for sale in Russia (described in Note 1 of the Consolidated Financial Statements) as well as working capital impairments (mainly inventories and receivables) from the Group's exposure to Russia. 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, 2022, restructuring costs amounted to EUR 85 million compared to EUR 121 million for the six-month period ended June 30, 2021, as the Group implements its operational efficiency program.

Amortization and impairment of intangibles linked to acquisitions

For the six-month period ended June 30, 2022, amortization and impairment of intangibles linked to acquisitions amounted to EUR 206 million compared to EUR 180 million for the six-month period ended June 30, 2021. The increase was mostly driven by additional amortization linked with recent acquisitions (mainly OSIsoft).

EBITA and Adjusted EBITA

Adjusted EBITA is defined as EBITA before restructuring costs and before other operating income and expenses, which includes acquisition, integration and separation costs. EBITA is defined 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 2,782 million for the six-month period ended June 30, 2022, compared to EUR 2,362 million for the six-month period ended June 30, 2021, an increase of 17.8%. As a percentage of revenues, adjusted EBITA decreased from 17.3% for the six-month period ended June 30, 2021 to 17.1% for the six-month period ended June 30, 2022.

EBITA increased by 5.1% from EUR 2,276 million for the six-month period ended June 30, 2021 to EUR 2,393 million for the six-month period ended June 30, 2022. As a percentage of revenues, EBITA decreased to 14.9% for the six-month period ended June 30, 2022 (16.5% for the six-month period ended June 30, 2021).

Adjusted EBITA by business segment

The following table sets out adjusted EBITA by business segment:

First half 2022

(in millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	Total
Revenue	12,307	3,770		16,077
Adjusted EBITA	2,506	685	(409)	2,782
Adjusted EBITA (%)	*20.4%*	*18.2%*		17.3%

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%**

Energy Management adjusted EBITA for the six-month period ended June 30, 2022 reached EUR 2,506 million, or 20.4% of revenues down c.(10)bps organic (down (10)bps reported), mainly due to lower productivity (inclusive of inflationary costs of freight, electronics and others) and higher R&D and production labor inflation, which could only be partly offset by good volumes and net pricing.

Industrial Automation generated an adjusted EBITA of EUR 685 million, or 18.2% of revenues, down c.(50)bps organic (flat reported), mainly due to lower productivity (inclusive of inflationary costs of freight, electronics and others) and other inflation throughout the cost base, which could only be partly offset by good volumes and net pricing.

Central Functions & Digital Costs in the first semester 2022 amounted to EUR 409 million (EUR 382 million the first semester 2021), reducing slightly as a proportion of revenue to 2.5%. 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.

Operating income (EBIT)

Operating income or EBIT (Earnings Before Interest and Taxes), increased from EUR 2,096 million for the six-month period ended June 30, 2021 to 2,187 million for the six-month period ended June 30, 2022, an increase of 4.3%.

Net financial income/loss

Net financial loss amounted to EUR 103 million for the six-month period ended June 30, 2022, compared to EUR 78 million for the six-month period ended June 30, 2021.

This variation is explained by the decrease in the cost of net financial debt (EUR 42 million for the six-month period ended June 30, 2022, compared with EUR 49 million for the six-month period ended June 30, 2021) and the positive evolution on foreign exchange differences (EUR 3 million for the six-month period ended June 30, 2022, compared with EUR (6) million for the six-month period ended June 30, 2021), completely offset by the negative evolution on fair value adjustments on financial assets (EUR 7 million for the six-month period ended June 30, 2022, compared with EUR 19 million for the six-month period ended June 30, 2021) and by the negative effect of the adjustment booked on hyperinflationary countries' (Argentina from January 1, 2018, and Türkiye from January 1, 2022) financials based on IAS 29 to other financial income and expenses (EUR (13) million for the six-month period ended June 30, 2022, compared with EUR 4 million for the six-month period ended June 30, 2021).

Income tax expense

The effective tax rate increased compared with the 2021 period and totaled 27.1% for the six-month period ended June 30, 2022 following the impairments booked on Russian operations. The projected effective tax rate without Russia disposal totaled 25.0% for the six-month period ended June 30, 2022, compared with 24.0% million for the six-month period ended June 30, 2021. The corresponding income tax expense increased from EUR 484 million for the six-month period ended June 30, 2021 to EUR 565 million for the six-month period ended June 30, 2022.

Share of profit/ (loss) of associates

The share of associates was a EUR 33 million profit for the six-month period ended June 30, 2022, compared to EUR 53 million profit for the six-month period ended June 30, 2021.

Non-controlling interests

Non-controlling interests in net income for the six-month period ended June 30, 2022 totaled EUR 33 million, compared with EUR 31 million for the six-month period ended June 30, 2021. This represents the share in net income attributable to non-controlling interests.

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 1,519 million for the six-month period ended June 30, 2022, compared with EUR 1,556 million profit for the six-month period ended June 30, 2021.

Earnings per share

Basic earnings per share amounted to EUR 2.73 per share for the six-month period ended June 30, 2022 and EUR 2.80 per share for the six-month period ended June 30, 2021.

Comments to the consolidated Cash-flow

The following table sets forth our cash-flow statement for the six-month periods ended June 30, 2022 and 2021:

(in millions of euros)	Note	First half 2022	First half 2021
Profit for the period		**1,552**	**1,587**
Share of (profit)/losses of associates		(33)	(53)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment		388	341
Amortization of intangible assets other than goodwill		355	326
Impairment losses and fair value adjustments on non-current assets		167	(19)
Increase/(decrease) in provisions		48	30
Losses/(gains) on disposals of business and assets		6	(74)
Difference between tax paid and tax expense		37	(66)
Other non-cash adjustments		58	64
Net cash provided by operating activities		**2,578**	**2,136**
Decrease/(increase) in accounts receivables		(480)	(283)
Decrease/(increase) in inventories and work in progress		(455)	(626)
(Decrease)/increase in accounts payables		(165)	304
Decrease/(increase) in other current assets and liabilities		(589)	(73)
Change in working capital requirement		**(1,689)**	**(678)**
TOTAL I - CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		**889**	**1,458**
Purchases of property, plant and equipment		(318)	(230)
Proceeds from disposals of property, plant and equipment		34	29
Purchases of intangible assets		(164)	(178)
Net cash used by investment in operating assets		**(448)**	**(379)**
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	(350)	(3,958)
Dividends received from associated companies		40	22
Other long-term investments		6	(5)
Increase in long-term pension assets		(52)	(34)
Sub-total		**(356)**	**(3,975)**
TOTAL II - CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**(804)**	**(4,354)**
Issuance of bonds		-	-
Repayment of bonds		-	-
Sale/(purchase) of own shares		(219)	-
Increase/(decrease) in other financial debt		2,171	819
Increase/(decrease) of share capital		-	-
Transaction with non-controlling interests		(65)	-
Dividends paid to Schneider Electric's shareholders		(1,618)	(1,447)
Dividends paid to non-controlling interests		(32)	(42)
TOTAL III - CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**237**	**(670)**
TOTAL IV - NET FOREIGN EXCHANGE DIFFERENCE		**63**	**199**
TOTAL V - IMPACT OF RECLASSIFICATION OF ITEMS HELD FOR SALE		**(105)**	**-**
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I +II +III +IV +V		**280**	**(3,367)**
Net cash and cash equivalents, beginning of the period	15	2,463	6,762
Increase/(decrease) in cash and cash equivalents		280	(3,367)
NET CASH AND CASH EQUIVALENTS, END OF THE PERIOD	**15**	**2,743**	**3,395**

Operating Activities

Net cash provided by operating activities before changes in working capital requirement reached EUR 2,578 million for the six-month period ended June 30, 2022, compared with EUR 2,136 million for the six-month period ended June 30, 2021. It represents 16.0% of revenues for first half 2022 (15.5% of revenues from first half 2021).

Change in working capital requirement consumed EUR 1,689 million in cash in the six-month period ended June 30, 2022, compared with EUR 678 million consumed in the six-month period ended June 30, 2021, as the balance of trade receivables and payables increased compared to the levels seen at the end of 2021, and inventory was built up in order to meet strong demand and to mitigate supply issues.

In all, net cash provided by operating activities amounts to EUR 889 million in the six-month period ended June 30, 2022 (EUR 1,458 million in the six-month period ended June 30, 2021).

Investing Activities

Net capital expenditure, which includes capitalized development projects, increased to EUR 448 million for the six-month period ended June 30, 2022, compared with EUR 379 million for the six-month period ended June 30, 2021. As a percentage of revenues, it remained stable at 2.8% in the first half of 2022, compared to 2.7% in the first half of 2021.

The acquisitions net of disposals represented a cash out of EUR 350 million (net of acquired cash) for the six-month period ended June 30, 2022, mainly due to the acquisition of EV Connect. It totaled EUR 3,958 million for the six-month period ended June 30, 2021, mainly linked with the acquisition of OSIsoft. The main scope movements are described in Note 2.1 of the Consolidated Financial Statements.

Financing Activities

Net cash inflow from financing activities amounted to EUR 237 million during the six-month period ended June 30, 2022, compared to cash outflow of EUR 670 million during the six-month period ended June 30, 2021, mainly due to the evolution of net debt.

The dividend paid by Schneider Electric SE was EUR 1,618 million in 2022, compared with EUR 1,447 million in 2021.

Claims, litigations and other risks

Main risks and areas of uncertainty for the second half of 2022

The main risks and areas of uncertainty for the second half of the year are the same as those outlined in Chapter 3, paragraph 3.4 (Key Risks) of the 2021 Universal Registration Document filed with AMF on March 29, 2022.

Guarantees given and received

Guarantees given and received amounted to EUR 4,282 million and EUR 86 million, respectively, as of June 30, 2022.

Contingent liabilities

As previously disclosed, investigations were conducted in September 2018 by the French judicial and French Competition Authority (Autorité de la concurrence) at Schneider Electric's head office and other premises concerning the sale of electrical products through commercial distribution activities in France.

On July 4, 2022, Schneider Electric received a statement of objections (notification de griefs) from the French Competition Authority alleging that the pricing autonomy of some distributors in the French market would have been limited, in breach of competition rules.

Schneider Electric strongly disagrees with the allegations of the statement of objections and will submit its response to the French Competition Authority in due course.

This statement of objections is the first step of an adversarial procedure and is without prejudice to the final assessment that will be made independently by the board (College) of the French Competition Authority.

Should the French Competition Authority deny Schneider Electric's arguments and conclude, after examining the substance of the matter, that anti-competitive practices have been involved, it has broad discretion to determine on a case-by-case basis the financial fines it may impose in accordance with the principles of proportionality and individuality. In light of the difficulty in assessing the extent to which the French Competition Authority takes into account the arguments of Schneider Electric in its defense as well as the multiple factors contributing to the determination of a fine, it is not possible to reliably estimate the amount of any potential fine that might be incurred in the event of an adverse decision, even though it might have a significant impact on the Group. In this context, no provision has been made at this stage of the investigation.

Schneider Electric has other contingent liabilities relating to legal, arbitration or regulatory proceedings arising in the normal course of its business. Known or ongoing claims and litigation involving the Group or its subsidiaries were reviewed at the date on which the condensed interim consolidated financial statements were approved for issue. Based on the advice of legal counsel, all provisions deemed necessary have been made to cover the related risks.

No other significant event occurred since the 2021 Universal Registration Document publication date (Risk Factors described in the Universal Registration Document – Chapter 3).

Transactions with related parties

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

Subsequent events

Issuance of shares to employees

Every year, Schneider Electric gives its employees the opportunity to become group shareholders thanks to employee share issues. Employees in countries that meet legal and fiscal requirements have been proposed the classic plan.

Under the classic plan, employees may purchase Schneider Electric shares at a 15% discount to the price quoted for the shares on the stock market. Employees must then hold their shares for five years, except in certain cases provided for by law. The share-based payment expense recorded in accordance with IFRS 2 is measured by reference to the fair value of the discount on the locked-up shares. The lock-up cost is determined on the basis of a two-step strategy that involves first selling the locked-up shares on the forward market and then purchasing the same number of shares on the spot market (i.e., shares that may be sold at any time) using a bullet loan.

This strategy is designed to reflect the cost the employee would incur during the lock-up period to avoid the risk of carrying the shares subscribed under the classic plan. The borrowing cost corresponds to the cost of borrowing for the employees concerned, as they are the sole potential buyers in this market. It is based on the average interest rate charged by banks for an ordinary, non-revolving personal loan with a maximum maturity of five years granted to a natural person with an average credit risk rating.

On May 10, 2022, Schneider Electric gave its employees the opportunity to purchase shares at a price of EUR 117.51 per share, as part of its commitment to employee share ownership. This represented a 15% discount to the reference price of EUR 138.26 calculated as the average opening price quoted for the share during the 20 days preceding the Chief Executive Officer's decision to launch the employee share issue.

Altogether, 1.78 million shares were subscribed, increasing the Company's capital by EUR 209 million as of July 6, 2022.

Autogrid

On July 20, 2022, the Group completed the acquisition of Autogrid, a U.S. based climate-artificial intelligence (AI) pioneer to accelerate energy transition.

Expected trends in H2 2022

- A continuation of strong and dynamic market demand, including further recovery in late-cycle segments
- Gradual easing in supply chains though pressures on electronics remain
- Strong recovery in China post-Q2 impacts
- Continued inflationary pressures
- Despite the overall inflationary environment, and current supply chain pressures, the Group aspires to be net price positive for the full year (including impacts of freight and electronics)

2022 Target upgraded

The Group acknowledges the ongoing economic/geopolitical uncertainties and the strong inflationary pressures now at unprecedented levels. Considering the continued strong demand environment and the Group's effort to address these uncertainties with agility, the Group upgrades its FY 2022 target, as follows:

2022 Adjusted EBITA growth of between +11% and +15% organic (previously between +9% and +13% organic).

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

- Revenue growth of +9% to +11% organic (previously +7% to +9% organic)
- Adjusted EBITA margin up +30bps to +60bps organic (unchanged)

This implies Adjusted EBITA margin of around 17.7% to 18.0% (including scope based on transactions completed to-date and FX based on current estimation).

2022-2024 Targets and long-term ambitions as announced in 2021 capital markets day

2022 – 2024 Targets:

- Organic revenue growth of between +5% to +8%, on average
- A yearly organic improvement of between +30 bps to +70 bps in adjusted EBITA margin
- c. €4 billion Free Cash Flow by 2024

Longer-term ambitions:

- Organic revenue growth of 5%+ on average across the economic cycle
- Opportunity to further expand adjusted EBITA margin and Free Cash Flow beyond 2024: Operational leverage and continued evolution of business mix to positively impact margins

Attestation

I hereby certify that, to the best of my knowledge, the condensed half-year consolidated financial statements as at June 30, 2022, 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 27, 2022

Jean-Pascal TRICOIRE

Chairman of the Board of Directors and CEO

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

Period from January 1 to June 30, 2022

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 SE, for the period from January 1 to June 30, 2022,
- the verification of the information presented in the half-yearly management report.

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.

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.

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.

The Statutory Auditors

French original signed by

Mazars
Paris La Défense, le 27 juillet 2022

PricewaterhouseCoopers Audit
Neuilly-Sur-Seine, le 27 juillet 2022

Juliette Decoux-Guillemot
Partner

Mathieu Mougard
Partner

Séverine Scheer
Partner

Jean-Christophe Georghiou
Partner