ANNUAL FINANCIAL REPORT
For the year ended December 31, 2022

Consolidated Financial Statements
Annual Management Report

1. Consolidated statement of income

(in millions of euros except for earnings per share)	Note	Full Year 2022	Full Year 2021
Revenue	**3**	**34,176**	**28,905**
Cost of sales		(20,300)	(17,062)
Gross profit		**13,876**	**11,843**
Research and development	4	(1,040)	(855)
Selling, general and administrative expenses		(6,819)	(6,001)
Adjusted EBITA *	**3**	**6,017**	**4,987**
Other operating income and expenses	6	(433)	(21)
Restructuring costs		(227)	(225)
EBITA **		**5,357**	**4,741**
Amortization and impairment of purchase accounting intangibles	5	(424)	(410)
Operating income		**4,933**	**4,331**
Interest income		24	4
Interest expense		(130)	(99)
Finance costs, net		**(106)**	**(95)**
Other financial income and expense	7	(109)	(81)
Net financial income/(loss)		**(215)**	**(176)**
Profit from continuing operations before income tax		**4,718**	**4,155**
Income tax expense	8	(1,211)	(966)
Share of profit/(loss) of associates	12	29	84
PROFIT FOR THE YEAR		**3,536**	**3,273**
attributable to owners of the parent		*3,477*	*3,204*
attributable to non-controlling interests		*59*	*69*
Basic earnings (attributable to owners of the parent) per share (in euros per share)	19	6.23	5.76
Diluted earnings (attributable to owners of the parent) per share (in euros per share)	19	6.15	5.67

** Adjusted EBITA (Earnings Before Interest, Taxes, Amortization of Purchase Accounting Intangibles): Operating profit 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): Operating profit 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	Full Year 2022	Full Year 2021
Profit for the year		**3,536**	**3,273**
Other comprehensive income:			
Translation adjustment		631	1,839
Revaluation of assets and liabilities due to hyperinflation		44	-
Cash-flow hedges		36	130
Income tax effect of cash flow hedges	19	(4)	(7)
Gains and losses recorded in equity with recycling		**707**	**1,962**
Net gains/(losses) on financial assets		(8)	40
Income tax effect of gains/(losses) on financial assets	19	2	(9)
Actuarial gains/(losses) on defined benefit plans	20	137	451
Income tax effect of actuarial gains/(losses) on defined benefit plans	19	(25)	(105)
Gains and losses recorded in equity with no recycling		**106**	**377**
Other comprehensive income for the year, net of tax		**813**	**2,339**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,349**	**5,612**
attributable to owners of the parent		*4,284*	*5,212*
attributable to non-controlling interests		*65*	*400*

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

2. Consolidated statement of cash flows

(in millions of euros)	Note	Full Year 2022	Full Year 2021
Profit for the year		**3,536**	**3,273**
Share of (profit)/losses of associates		(29)	(84)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment	11	750	726
Amortization of intangible assets other than goodwill	10	732	688
Impairment losses on non-current assets		61	34
Increase/(decrease) in provisions	21	32	(54)
Losses/(gains) on disposals of business and assets		70	(184)
Difference between tax paid and tax expense		139	(38)
Other non-cash adjustments		102	108
Net cash provided by operating activities		**5,393**	**4,469**
Decrease/(increase) in accounts receivables		(305)	(577)
Decrease/(increase) in inventories and work in progress		(553)	(955)
(Decrease)/increase in accounts payable		73	418
Decrease/(increase) in other current assets and liabilities		(254)	261
Change in working capital requirement		**(1,039)**	**(853)**
TOTAL I - CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		**4,354**	**3,616**
Purchases of property, plant and equipment	11	(707)	(543)
Proceeds from disposals of property, plant and equipment		69	59
Purchases of intangible assets	10	(386)	(333)
Net cash used by investment in operating assets		**(1,024)**	**(817)**
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	(297)	(4,231)
Other long-term investments		40	16
Increase in long-term pension assets		(130)	(136)
Sub-total		**(387)**	**(4,351)**
TOTAL II - CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**(1,411)**	**(5,168)**
Issuance of bonds	22	1,092	-
Repayment of bonds	22	(829)	(600)
Sale/(purchase) of treasury shares		(219)	(262)
Increase/(decrease) in other financial debt		143	(444)
Increase/(decrease) of share capital	19	208	216
Transaction with non-controlling interests *	2	(73)	(418)
Dividends paid to Schneider Electric's shareholders	19	(1,618)	(1,447)
Dividends paid to non-controlling interests		(157)	(138)
TOTAL III - CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**(1,453)**	**(3,093)**
TOTAL IV - NET FOREIGN EXCHANGE DIFFERENCE		**(70)**	**346**
TOTAL V - IMPACT OF RECLASSIFICATION OF ITEMS HELD FOR SALE		**(20)**	**-**
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I + II + III + IV + V		**1,400**	**(4,299)**
Net cash and cash equivalents, beginning of the year	18	2,463	6,762
Increase/(decrease) in cash and cash equivalents		1,400	(4,299)
NET CASH AND CASH EQUIVALENTS, END OF THE YEAR	**18**	**3,863**	**2,463**

** In 2021, transactions with non-controlling interests mainly relates to RIB.*

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

3. Consolidated balance sheet

Assets

(in millions of euros)	Note	Dec. 31, 2022	Dec. 31, 2021
NON-CURRENT ASSETS:			
Goodwill, net	9	25,136	24,723
Intangible assets, net	10	6,373	6,486
Property, plant and equipment, net	11	3,935	3,826
Investments in associates and joint ventures	12	1,241	1,234
Non-current financial assets	13	1,125	1,034
Deferred tax assets	14	1,616	1,820
TOTAL NON-CURRENT ASSETS		**39,426**	**39,123**
CURRENT ASSETS:			
Inventories and work in progress	15	4,346	3,971
Trade and other operating receivables	16	7,514	6,829
Other receivables and prepaid expenses	17	2,155	1,998
Current financial assets		1	4
Cash and cash equivalents	18	3,986	2,622
TOTAL CURRENT ASSETS		**18,002**	**15,424**
Assets held for sale	1	940	-
TOTAL ASSETS		**58,368**	**54,547**

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

Liabilities

(in millions of euros)	Note	Dec. 31, 2022	Dec. 31, 2021
EQUITY:	**19**		
Share capital		2,284	2,276
Additional paid in capital		2,660	2,456
Retained earnings		19,812	19,694
Translation reserve		683	14
Equity attributable to owners of the parent		**25,439**	**24,440**
Non-controlling interests		655	3,669
TOTAL EQUITY		**26,094**	**28,109**
NON-CURRENT LIABILITIES:			
Pensions and other post-employment benefit obligations	20	1,186	1,395
Other non-current provisions	21	994	1,091
Non-current financial liabilities	22	7,330	7,554
Non-current purchase commitments over non-controlling interests	22	194	176
Deferred tax liabilities	14	885	997
Other non-current liabilities		865	1,003
TOTAL NON-CURRENT LIABILITIES		**11,454**	**12,216**
CURRENT LIABILITIES:			
Trade and other operating payables		6,254	5,715
Accrued taxes and payroll costs		3,787	3,694
Current provisions	21	1,036	933
Other current liabilities		1,887	1,685
Current financial debt	22	3,133	2,195
Current purchase commitments over non-controlling interests	22	4,554	-
TOTAL CURRENT LIABILITIES		**20,651**	**14,222**
Liabilities held for sale	1	169	-
TOTAL EQUITY AND LIABILITIES		**58,368**	**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**
Dividends	-	-	-	(1,447)	-	**(1,447)**	(138)	**(1,585)**
Purchase of 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 year	-	-	-	3,477		**3,477**	59	**3,536**
Other comprehensive income	-	-	-	138	669	**807**	6	**813**
Comprehensive income for the year	**-**	**-**	**-**	**3,615**	**669**	**4,284**	**65**	**4,349**
Capital increase	2,060	8	204	-	-	**212**	-	**212**
Dividends	-	-	-	(1,618)	-	**(1,618)**	(157)	**(1,775)**
Purchase of treasury shares	-	-	-	(219)	-	**(219)**	-	**(219)**
Share-based compensation expense	-	-	-	161	-	**161**	23	**184**
AVEVA minority interest buy out*	-	-	-	(1,881)	-	**(1,881)**	(2,907)	**(4,788)**
Other	-	-	-	60	-	**60**	(38)	**22**
Dec. 31, 2022	**571,093**	**2,284**	**2,660**	**19,812**	**683**	**25,439**	**655**	**26,094**

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

**For more information, please refer to the Note 2.*

5. Notes to the consolidated financial statements

Contents

Note 1	Summary of accounting policies	8
Note 2	Changes in the scope of consolidation	20
Note 3	Segment information	23
Note 4	Research and development expenditures	24
Note 5	Impairment losses, depreciation and amortization expenses	24
Note 6	Other operating income and expenses	24
Note 7	Other financial income and expenses	25
Note 8	Income tax expenses	25
Note 9	Goodwill	26
Note 10	Intangible assets	27
Note 11	Property, plant and equipment	28
Note 12	Investments in associates and joint ventures	30
Note 13	Non-current financial assets	31
Note 14	Deferred taxes by nature	32
Note 15	Inventories and work in progress	32
Note 16	Trade and other operating receivables	33
Note 17	Other receivables and prepaid expenses	34
Note 18	Cash and cash equivalents	34
Note 19	Shareholder's equity	34
Note 20	Pensions and other post-employment benefit obligations	37
Note 21	Provisions for contingencies and charges	41
Note 22	Total current and non-current financial liabilities	42
Note 23	Classification of financial instruments	45
Note 24	Employees	50
Note 25	Related party transactions	51
Note 26	Commitments and contingent liabilities	51
Note 27	Subsequent events	52
Note 28	Statutory Auditors' fees	52
Note 29	Consolidated companies	53

All amounts are 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 year ended December 31, 2022 were authorized for issue by the Board of Directors on February 15, 2023. They will be submitted to shareholders for approval at the Annual General Meeting of May 4, 2023.

The Group's main businesses are described in Chapter 1 of the Universal Registration Document.

NOTE 1 Summary of accounting policies

1.1- Accounting standards

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

The IFRS standards and interpretations as adopted by the European Union are available at the following website: https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/financial-reporting

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

The following standards and interpretations that were applicable during the period did not have a material impact on the consolidated financial statements as of December 31, 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 performed an inventory of those costs and amounts previously capitalized in 2022. This review has no significant impact on the consolidated financial statements of the Group, and, given the limited impact, no restatement was made to the opening balance sheet.

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, interpretations and amendments unendorsed by the European Union as of December 31, 2022 or whose application is not mandatory as of January 1, 2022

- standards adopted by the European Union:
  - amendments to IFRS 17 - *Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information*;
  - amendments to IAS 12 - *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*;
  - amendments to IAS 1 - *Presentation of Financial Statements. 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 and amendments - *Insurance Contracts*;
- standards not yet adopted by the European Union:
  - amendments to IAS 1 - *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; Deferral of Effective Date; Non-current Liabilities with Covenants*;
  - amendments to IFRS 16 - *Leases: Lease Liability in a Sale and Leaseback*;

The Group is currently assessing the potential effect on the Group's consolidated financial statements of the standards not yet applicable as of December 31, 2022. At this stage of analysis, the Group does not expect any material impact on its consolidated financial statements.

Climate-related matters

The potential impacts on the Group's assets and liabilities measurement as well as on significant judgements and estimates, from the climate-related matters, have been analysed through both climate transition risk and opportunities perspective and carbon neutral external commitments perspective. The Group is committed to net-zero CO_2 emissions in its operation by 2030, will be carbon neutral along the whole of its value chain by 2040 and net zero along the whole value chain by 2050.

To achieve its emission reduction objectives and meet net zero commitments taken, the Group has defined a roadmap and key actions to enable both its own operations and supply chain's decarbonization, leading to direct consequences on processes, site transition, R&D and investment priorities:

- Redesign of the investment monitoring and approval tool in December 2022 to support internal and external reporting, monitor investments on Zero-CO_2 sites and prioritize low-carbon investments;
- Significant investments on both industrial processes and real estate portfolio planned to decarbonize operations by 2030 (scopes 1 & 2) in line with company-wide energy climate targets (150 Zero-CO_2 sites by 2025, double energy productivity by 2030, 100% of electricity from renewables by 2030, shift 100% of corporate vehicle fleet to electric vehicles by 2030). Specifically on manufacturing and distribution centers, the Group has defined a priority list and planned to invest progressively on more electrification, sustainable and efficient systems (heat pumps, micro grids, solar panels, thermal insulation. . .) between 2023 and 2030 to achieve net-zero ready operations by 2030.
- Implementation of a process to follow carbon footprint evolution at an early stage of new product development to reduce the footprint of future generations of products. The Group committed on a step up in R&D in coming years, from an existing circa 5% of Group revenues dedicated to strategic R&D investment with a strong focus on sustainability. More than 6 billion of euros (absolute amount) have been invested in R&D between 2017 and 2021.

The actual and potential financial links and effects of the Group's external commitments or the specific climate risks identified are detailed as follows:

- No material impact to disclose, notably on evaluation and useful life of tangible assets or in the impairment tests performed at Group Level. The Group is not a capital-intensive company, majority of its sites are leased and not owned, and the individual residual value of its tangible assets in the most at-risk locations is not material. Additionally, the multi hub position of the Group with agile capacity to relocate its production in case of climate disaster is a way to significantly mitigate risks and potential effects. Also, the Group has a low dependence on water in its production processes, and its sites are slightly located in flood zones or coastal zones. Finally, the Group is on an opportunistic position regarding world's desire for electrification & other company's net zero commitments. The Group is currently working to improve the quantification of investments and additional costs needed as well as opportunities to achieve long-term net zero carbon commitments, taking into consideration several scenarios. The Group however identify no impairment risk as of December 2022.
- The Schneider Sustainability Impact (SSI), which includes a climate target, is used as a criterion in the annual variable compensation of the Corporate Officer and that of the 64,000 employees benefiting from such compensation (20% weight). In the same way, the Schneider Sustainability External & Relative Index (SSERI) is used for the long-term incentive plan granted to 3,000+ employees including the Corporate Officer (25% weight).
- To further tie climate-related issues to financial planning, Schneider successfully launched the first-ever sustainability-linked convertible bonds in 2020. This bond has been linked to three SSI targets by including the objective to save and avoid 800 million tonnes of CO_2 on the customers' end by 2025. In 2022, the Group has also linked its bank fundings with the SSI performance with the signature of a KPIs linked facility.

1.2- Basis of presentation

The financial statements have been prepared on a historical cost basis, except for the following:

- derivative instruments and certain financial assets, measured at fair value;
- assets held for sale - measured at the lower of carrying amount and fair value less costs to sell;
- defined benefit pension plans - plan assets measured at fair value.

Financial liabilities are measured using the amortized cost model. The book value of hedged assets and liabilities, under fair-value hedge, corresponds to their fair value, for the part corresponding to the hedged risk.

1.3- Use of estimates and assumptions

The preparation of financial statements requires the Group management and subsidiaries to make estimates and assumptions that are reflected in the amounts of assets and liabilities reported in the consolidated balance sheet, the revenues and expenses in the statement of income and the commitments created during the reporting period. Actual results may differ.

These assumptions and estimates mainly concern:

- the measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets (Note 1.8 and 1.9) and the measurement of impairment losses (Note 1.11);
- the measurement of the recoverable amount of non-current financial assets (Note 1.12 and 13);
- the realizable value of inventories and work in progress (Note 1.13);
- the recoverable amount of trade and other operating receivables (Note 1.14);
- the valuation of share-based payments (Note 1.20);
- the calculation of provisions or risk contingencies (Note 1.21);
- the measurement of pension and other post-employment benefit obligations (Note 1.19 and Note 20);
- the recoverability of deferred tax assets (Note 14);
- the measurement of provisions covering uncertainties over income tax treatment (Note 1.21);
- the estimation of the margin at completion for Construction contracts (Note 1.24);
- the assumptions retained to evaluate the lease liability (IFRS 16): lease term and discount rate (Note 1.10).

1.4- Consolidation principles

Subsidiaries, over which the Group exercises exclusive control, either directly or indirectly, are fully consolidated.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Accounting policies of subsidiaries, joint-venture and associates have been changed when necessary to ensure consistency with the policies adopted by the Group.

Group investments in entities controlled jointly with a limited number of partners, such as joint ventures and companies over which the Group has significant influence ("associates") are accounted for by the equity method. Significant influence is presumed to exist when more than 20% of voting rights are held by the Group.

Under equity method, the net assets and net result of a company are recognized pro rata to the interest held by the Group in the share capital.

On acquisition of an investment in a joint venture or an associate, goodwill relating to the joint venture or the associate is included in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceed its interest in the entity, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Companies acquired or sold during the year are included in or removed from the consolidated financial statements as of the date when effective control is acquired or relinquished.

Any acquisition or disposal of an interest in a subsidiary that doesn't change the control is considered as a shareholder transaction and must be recognized directly in equity.

A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners.

Intra-group transactions and balances are eliminated.

The list of consolidated main subsidiaries, joint ventures and associates can be found in Note 29.

The reporting date for all companies included in the scope of consolidation is December 31, with the exception of certain immaterial associates accounted for by the equity method. For the latter however, financial statements up to September 30 of the financial year have been used (maximum difference of three months in line with the standards).

1.5- Business combinations

Business combinations are accounted for using the acquisition method, in accordance with IFRS 3 - *Business Combinations*. Acquisition costs are presented under "Other operating income and expenses" in the statement of income.

All acquired assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date, the fair value can be adjusted during a measurement period that can last for up to 12 months from the date of acquisition.

The differential between the cost of acquisition excluding acquisition expenses and the Group's share in the fair value of assets and liabilities at the date of acquisition is recognized in goodwill. When the cost of acquisition is lower than the fair value of the identified assets and liabilities acquired, the badwill is immediately recognized in the statement of income.

Goodwill is allocated to Cash-Generating Units (CGUs) or groups of cash-generating units that benefit from business combination synergies.

Goodwill is not amortized, but tested for impairment at least annually and whenever there is an indication that it may be impaired (see Note 1.11 below). Any impairment losses are recognized under "Amortization and impairment of purchase accounting intangible".

The full goodwill method is applied at Group level, therefore, non-controlling interests are valued at fair value.

In accordance with IAS 32, put options granted to minority shareholders are recorded as financial liabilities at the option's estimated strike price.

The share in the net assets of subsidiaries is reclassified from "Non-controlling interests" to "Purchase commitments over non-controlling interests" and the differential between the value of the non-controlling interests and the liability, corresponding to the commitment, is recorded in equity.

1.6- Translation of the financial statements of foreign subsidiaries

The consolidated financial statements are prepared in euros.

The financial statements of subsidiaries that use another functional currency are translated into euros as follows:

- assets and liabilities are translated at the official closing rates;
- income statement, backlog and cash flow items are translated at average annual exchange rates.

The functional currency of an entity is the currency of the primary economic environment in which it carries out its operations. In most cases, the functional currency corresponds to the local currency. However, a functional currency other than the local currency can be retained for certain entities, if it represents the currency of the main transactions carried out by the entity and that it ensures faithful representation of its economic environment.

Translation adjustments are recorded in consolidated equity under "Translation reserve".

Upon exit from the scope of consolidation, the cumulative translation reserve of a company whose functional currency is not the euro are recycled in the income statement and are part of the gain or loss on disposal.

The Group applies IAS 29 - *Financial Reporting in Hyperinflationary Economies* to the Group's subsidiaries in countries with hyperinflationary economies (Argentina and Turkey). IAS 29 - *Financial Reporting in Hyperinflationary Economies* 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 Turkey 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 Turkey in its financial statements from January 1, 2022. The Group used the Consumer Price Index (CPI) for both Argentina and Turkey to remeasure its income statement items, cash flows and non-monetary assets and liabilities. This index was up 91% for Argentina and up 64% for Turkey compared with 2021.

1.7- Foreign currency transactions

Foreign currency transactions are recorded using the exchange rate in effect at the transaction date or at the hedging rate. At the balance sheet date, monetary items in foreign currency (e.g. payables, receivables, etc.) are translated into the functional currency of the entity at the closing rate or at the hedging rate. Gains or losses on translation of foreign currency transactions are recorded under “Net financial income/ (loss)”. Foreign currency hedging is described below, in Note 1.23.

However, certain long-term receivables and loans to subsidiaries are considered to be part of a net investment in a foreign operation, as defined by IAS 21 - *The Effects of Changes in Foreign Exchange Rates*. As such, the impact of exchange rate fluctuations is recorded in equity and recognized in the statement of income when the investment is sold or when the long-term receivable or loan is reimbursed.

1.8- Intangible assets

Intangible assets acquired separately or as part of a business combination

Intangible assets acquired separately are initially recognized in the balance sheet at historical cost. They are subsequently measured using the amortized cost model.

Intangible assets (mainly trademarks, technologies and customer relationships) acquired as part of business combinations are recognized in the balance sheet at fair value at the combination date, appraised externally for the most significant assets and internally for the rest, and that represents its historical cost in consolidation. The valuations are performed using generally accepted methods, based on future inflows.

Intangible assets are generally amortized on a straight-line basis over their useful life or, alternatively, over the period of legal protection. Amortized intangible assets are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Amortization expenses and impairment losses on intangible assets acquired in a business combination are presented on a separate statement of income line item, “Amortization and impairment of purchase accounting intangible” assets.

Trademarks

The trademarks are recognized at fair value at the acquisition date. The trademarks fair value is determined using the relief from royalty method.

Trademarks acquired as part of a business combination are not amortized when they are considered to have an indefinite life.

The criteria used to determine whether or not such trademarks have indefinite lives and, as the case may be, their lifespan, are as follows:

- brand awareness;
- outlook for the brand in light of the Group’s strategy for integrating the trademark into its existing portfolio.

Indefinite-lived trademarks are tested for impairment at least annually and whenever there is an indication they may be impaired. When necessary, an impairment loss is recorded.

Internally-generated intangible assets

Research and development costs

Research costs are expensed in the statement of income when incurred. Development costs for new projects are capitalized if, and only if:

- the project is clearly identified and the related costs are separately identified and reliably monitored;
- the project’s technical feasibility has been demonstrated and the Group has the intention and financial resources to complete the project and to use or sell the resulting products;
- the Group has allocated the necessary technical, financial and other resources to complete the development;
- it is probable that the future economic benefits attributable to the project will flow to the Group.

Development costs that do not meet these criteria are expensed in the financial year in which they are incurred.

Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Before the commercial launch, capitalized development projects are tested for impairment at least annually. From the date of the commercial launch, capitalized development projects are amortized over the lifespan of the underlying technology, which generally ranges from three to ten years. The amortization expenses of such capitalized projects are included in the cost of the related products and classified into “Cost of sales” when the products are sold.

As for development-related assets which are in the amortization period, they are tested for impairment in case an impairment risk has been identified.

Software implementation

External and internal costs relating to the implementation of Enterprise Resource Planning (ERP) applications are capitalized when they relate to the programming, coding and testing phase. They are amortized over the applications' useful lives.

1.9- Property, plant and equipment

Property, plant and equipment is primarily comprised of land, buildings and production equipment and is carried at acquisition cost, less accumulated depreciation and any accumulated impairment losses.

Each component of an item of property, plant and equipment with a useful life that differs from that of the whole item is depreciated separately on a straight-line basis. The main useful lives are as follows:

- buildings: 20 to 40 years;
- machinery and equipment: 3 to 10 years;
- other: 3 to 12 years.

The useful life of property, plant and equipment used in operating activities, such as production lines, reflects the related products' estimated life cycles.

Useful lives of items of property, plant and equipment are reviewed periodically and may be adjusted prospectively if appropriate. The depreciable amount of an asset is determined after deducting its residual value, when the residual value is material.

Depreciation is expensed in the period and included in the production cost of inventory or the cost of internally-generated intangible assets. It is recognized in the statement of income under "Cost of sales", "Research and development costs" or "Selling, general and administrative expenses", as the case may be.

Items of property, plant and equipment are tested for impairment whenever there is an indication they may be impaired. Impairment losses are charged to the statement of income under "Other operating income and expenses".

Since 2019, property, plant and equipment also includes right-of-use assets, in accordance with the recommended treatment in IFRS 16 - *Leases*, and as described in the following note.

1.10- Leases

Scope of the Group's contracts

The lease contracts identified within all the Group entities fall under the following categories:

- real estate: office buildings, factories, and warehouses;
- vehicles: cars and trucks;
- forklifts used mainly in factories or storage warehouses.

The Group has retained the exemption for low-value assets (i.e. assets with a cost lower than USD 5,000). Thus, the defined scope does not include small office or IT equipment, mobile phones or other small equipment, which all correspond to low-value equipment. Short-term contracts (i.e. less than 12 months without purchase option) are also exempted under the standard. In this case, for example, for occasional vehicle or accommodation rentals.

Rental obligation

At the inception date of the lease, the Group recognizes the lease liabilities, measured at the present value of the lease payments to be made over the term of the lease. The present value of payments is calculated mainly using the marginal borrowing rate of the contracting entity's country, at the contract starting date.

Rental payments include fixed payments (net of rental incentives receivable), variable payments based on an index or rate initially measured using the index or rate as at the commencement date and amounts that should be paid under residual value guarantees. Besides, the simplification allowing not to split services components has not been elected by the Group. Therefore, only the rents are taken into account in the lease payments.

Lease payments also include, when applicable, the exercise price of a purchase option reasonably certain to be exercised by the Group and the payment of penalties for the termination of a lease, if the term of the lease takes into account the fact that the Group has exercised the termination option.

Variable lease payments that are not dependent on an index or rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

After the start date of the contract, the amount of rental obligations is increased to reflect the increase in interest and reduced for lease payments made.

In addition, the carrying amount of the lease liabilities is revalued in the event of a reassessment or modification in the lease (e.g. change in the term of the lease, change in lease payments, application of annual indexation, etc.).

The obligation is recorded under other current and other non-current liabilities.

Right-of-use assets

The Group accounts for the assets related to the right-of-use on the lease starting date (i.e. the date on which the underlying asset is available).

Assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for the revaluation of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities, initial direct costs incurred and lease payments made on or before the effective date, minus lease inducements received. They are recognized as tangible assets, in the Balance Sheet.

Unless the Group is reasonably certain that it will become the owner of the leased asset at the end of the lease term, the recorded right-of-use assets are depreciated using the linear method over the shortest period of time between estimated life of the underlying asset and the duration of the lease. The assets related to the right-of-use are subject to depreciation.

Determining the duration of contracts

The duration of the Group's contracts varies according to geographies.

The real estate contracts have variable durations depending on the countries and local regulations. Vehicles and forklifts are generally contracted between 3 and 6 years.

In certain geographies, the Group's real estate contracts offer unilateral options for termination of contracts (particularly in France with contracts 3-6-9).

According to the recommendation of IFRIC, on a case-by-case analysis and based on Real Estate teams' expertise, experience strategy and projects, the Group is determining the most probable duration to perform our calculations.

In most of cases, the duration chosen is the enforceable duration of the real estate contracts, in particular on the most strategic buildings and factories.

1.11- Impairment of assets

The Group assesses the recoverable amount of its long-lived assets as follows:

- for all property, plant and equipment subject to depreciation and intangible assets subject to amortization, the Group carries out a review at each balance sheet date to assess whether there is any indication that they may be impaired. Indications of impairment are identified based on external or internal information. If such an indication exists, the Group tests the asset for impairment by comparing its carrying amount to the higher of fair value minus costs to sell and value in use;
- non-amortizable intangible assets and goodwill are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

Value in use is determined by discounting future cash flows that will be generated by the tested assets. These future cash flows are based on Group management's economic assumptions and operating forecasts presented in business plans over a period generally not exceeding five years, and then extrapolated based on a perpetuity growth rate. The discount rate corresponds to the Group's Weighted Average Cost of Capital (WACC) at the measurement date. The WACC stood at 7.8% at December 31, 2022 (6.8% at December 31, 2021). This rate is based on (i) a long-term interest rate of 1.1%, corresponding to the average interest rate for 10-year OAT treasury bonds over the past year, (ii) the average premium applied to financing obtained by the Group in 2022, and is completed by, for Cash-Generating Unit (CGU) WACC only, (iii) the weighted country risk premium for the Group's businesses in the countries in question.

The perpetuity growth rate is 2.0%, unchanged from the previous financial year.

Impairment tests are performed at the level of the CGU to which the asset belongs. A cash-generating unit is the smallest group of assets that generates cash inflows that are largely independent of the cash flows from other assets or groups of assets. The cash-generating units are *Low Voltage*, *Medium Voltage*, *Industrial Automation* and *Secure Power*. CGUs net assets were allocated to the CGUs at the lowest possible level on the basis of the CGU activities to which they belong; the assets belonging to several activities were allocated to each CGU (*Low Voltage*, *Medium Voltage* and *Industrial Automation* mainly).

The WACC used to determine the value in use of each CGU was 8.6% for *Low Voltage*, 8.9% for *Medium Voltage*, 8.7% for *Secure Power*, and 8.7% for *Industrial Automation*.

Goodwill is allocated when initially recognized. The CGU allocation is done on the same basis as used by Group management to monitor operations and assess synergies deriving from acquisitions.

When the recoverable amount of an asset or CGU is lower than its book value, an impairment loss is recognized for the excess of the book value over the recoverable value. The recoverable value is defined as the highest value between the value in use and the selling price less costs to sell. When the tested CGU comprises goodwill, any impairment losses are firstly deducted from goodwill.

1.12- Non-current financial assets

Investments in non-consolidated companies are initially recorded at their cost of acquisition and subsequently measured at fair value. The fair value of investments listed in an active market may be determined reliably and corresponds to the listed price at balance sheet date (Level 1 from the fair value hierarchy as per IFRS 7).

IFRS 9 standard allows two accounting treatments for equity instruments:

- change in fair value is recognized through "Other Comprehensive Income" in the comprehensive income statement, and in equity under "Other reserves" in the balance sheet, with no subsequent recycling in the income statement even upon sale.
- change in fair value, as well as gain or loss in case of sale, are recognized in the income statement.

The election between those two methods is to be made from inception for each equity investment and is irrevocable. For significant investments not listed in an active market, the valuation is performed by external experts at least annually and whenever there is an indication that it may be impaired.

Venture capital (FCPR) / Mutual funds (SICAV) are recognized at fair value through income statement, in accordance with IFRS 9.

1.13- Inventories and work in progress

Inventories and work in progress are measured at the lower of their initial recognition cost (acquisition cost or production cost generally determined by the weighted average price method) or of their estimated net realizable value.

Net realizable value corresponds to the estimated selling price net of remaining expenses to complete and/or sell the products. Inventory impairment losses are recognized in "Cost of sales".

The cost of work in progress, semi-finished and finished products, includes the cost of materials and direct labor, subcontracting costs, all production overheads based on normal manufacturing capacity and the portion of development costs that are directly related to the manufacturing process (corresponding to the amortization of capitalized projects in production and product and range of products maintenance costs).

1.14- Trade and other operating receivables

Trade and other receivables are measured at their transaction price upon initial recognition and then at amortized cost less any impairment losses based on expected credit losses model.

Trade and other operating receivables are depreciated according to the simplified IFRS 9 model. From inception, trade receivables are depreciated to the extent of the expected losses over their remaining maturity.

The credit risk of trade receivables is assessed on a collective basis country by country, as the geographical origin of receivables is considered representative of their risk profile. Countries are classified by risk profile using the assessment provided by an external agency. The provision for expected credit losses is evaluated using (i) the probabilities of default communicated by a credit agency, (ii) historical default rates, (iii) aging balance, (iv) as well as the Group's assessment of the credit risk considering actual guarantees and credit insurance.

Once it is known with certainty that a doubtful receivable will not be collected, the doubtful account and its related depreciation are written off through the income statement.

Accounts receivable are discounted in cases where they are due in over one year and the discounting impact is significant.

Assignment of receivables

When it can be demonstrated that the Group has transferred substantially all the risks and benefits related to assignment of receivables, particularly the credit risk, the items concerned are derecognized. Otherwise, the operation is considered as a financing operation, and the receivables remain in the balance sheet assets, with recognition of a corresponding financial liability.

1.15- Assets held for sale and liabilities of discontinued operations

Assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This classification occurs when the Group takes the decision to sell them and that the sale is considered highly probable.

The assets and liabilities held for sale are presented on different lines of the balance sheet. They are measured at the lower of their carrying amount or fair value less costs to sell. Assets classified as held for sale are no longer depreciated (amortized) as of the date they are classified as assets or disposal groups held for sale.

When a sale involving the loss of control of the subsidiary is considered highly probable, all the assets and liabilities of this subsidiary are classified as being held for sale, independently of whether or not the Group retains a residual interest in the entity after its sale.

Discontinued operation

A discontinued operation is a clearly identifiable component that the Group either has abandoned or that is classified as held for sale:

- representing a separate major line of business or geographical area of operations;
- being part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or,
- being a subsidiary acquired exclusively with a view to resale.

Once the criteria are met, the profit and loss and the cash flow from discontinued operations are presented separately in the consolidated income statement and the consolidated cash flow statement for each period.

1.16- Taxes

Income tax expense

The tax rate is calculated on the basis of the fiscal regulations enacted or substantively enacted at the fiscal year closing date in each country where the Group's companies carry out their business. The Group's applicable tax rate corresponds to the average of the theoretical tax rates in force in each country, weighted according to profit obtained in each of these countries. The average effective tax rate is calculated as follows: (current and deferred income tax expense)/(net profit before tax less share of profit of associates, and net profit from discontinued operations).

Deferred taxes

Deferred taxes are recognized for all temporary differences between the carrying amount of assets and liabilities and their tax base (excluding if it arises from the initial recognition of goodwill), the tax loss carryforwards and the unused tax credits.

Deferred taxes are based on tax rates and tax rules that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The effect of any change in the current and deferred taxes is recognized in P&L, except to the extent that it relates to items recognized on OCI or directly in equity. In this case, the tax is also recognized in OCI or equity.

When the Group decides not to distribute profits retained by the subsidiary within the foreseeable future, no deferred tax liability is recognized.

Future tax benefits arising from the utilization of tax loss carry forwards (including amounts available for carry forward without time limit) are recognized only when they can reasonably be expected to be realized. The carrying amount of deferred tax assets is tested for impairment at each balance sheet date and an impairment loss is recognized to the extent that it is no longer probable that sufficient taxable profits will be available against which the deferred tax asset can be fully or partially offset.

Deferred tax assets and liabilities are not discounted and are recorded in the balance sheet under non-current assets and liabilities. Deferred tax assets and liabilities related to the same unit and which are expected to reverse in the same period are offset.

1.17- Cash and cash equivalents

Cash and cash equivalents presented in the balance sheet consist of cash, bank accounts, term deposits of three months or less and marketable securities traded on organized markets. Marketable securities are short-term, highly liquid investments that are readily convertible to known amounts of cash at maturity. They notably consist of bank deposits, commercial paper, mutual funds and equivalents. Considering their nature and maturities, these instruments represent insignificant risk of changes in value and are treated as cash equivalents.

1.18- Treasury shares

Schneider Electric SE shares held by the parent company or by fully consolidated companies are measured at acquisition cost and deducted from equity.

Gains/(losses) on the sale of own shares are canceled from consolidated reserves, net of tax.

1.19- Pensions and other employee benefit obligations

Depending on local practices and laws, the Group' subsidiaries participate in pension, termination benefit and other long-term benefit plans. Benefits paid under these plans depend on factors such as seniority, compensation levels and payments into mandatory retirement programs.

Defined contribution plans

Payments made under defined contribution plans are recorded in the income statement, in the year of payment, and are in full settlement of the Group's liability. As the Group is not committed beyond these contributions, no provision related to these plans has been booked.

In most countries, the Group participates in mandatory general plans, which are accounted for as defined contribution plans.

IFRIC decision - Attribution of benefits to periods of service IAS 19 - *Employee Benefits*

The Group has taken into account the impact of the IFRIC agenda decision issued in April 2021 when measuring employee benefit obligations. This decision, without any material impact for the Group, clarifies the periods over which employee benefits should be attributed in allocating the IAS 19 expense.

Defined Benefit plans

Defined Benefit plans are measured using the projected unit credit method.

Expenses recognized in the statement of income are split between operating costs (for service costs rendered during the period) and net financial income/(loss) (for financial costs and expected return on plan assets).

The amount recognized in the balance sheet corresponds to the present value of the obligation, and net of plan assets. The valuation is performed by external actuaries.

When this is an asset, the recognized asset is limited to the present value of any economic benefit due in the form of plan refunds or reductions in future plan contributions.

Changes resulting from periodic adjustments to actuarial assumptions regarding general financial and business conditions or demographics (i.e., changes in the discount rate, annual salary increases, return on plan assets, years of service, etc.) as well as experience adjustments are immediately recognized in the balance sheet as a separate component of equity in "Other reserves" and in comprehensive income as "Other comprehensive income/loss".

Past service cost is recorded in "Other operating income and expenses".

Other commitments

Provisions are funded and expenses recognized to cover the cost of providing health-care benefits for certain Group retirees in Europe and the United States. The accounting policies applied to these plans are similar to those used to account for Defined Benefit pension plans.

The Group also funds provisions for all its subsidiaries to cover seniority-related benefits (primarily long service awards for its French subsidiaries). Actuarial gains and losses on these benefit obligations are fully recognized in profit or loss.

1.20- Share-based payments

The Group grants performance shares to senior executives and certain employees.

These equity instruments are measured at fair value, on the date of grant, using the market price discounted from the expected dividend yield during the vesting period and adjusted for market conditions achievement.

The Group is using the Monte Carlo method to estimate the achievement of *Relative Total Shareholder Return* (TSR) vs. CAC 40 and a Panel of peer companies (market conditions).

The number of equity instruments granted can be adjusted during the vesting period to reflect the Group best estimate of non-market conditions achievement.

Main non-market conditions are the following:

- Adjusted Earnings per Share (EPS) improvement rate;
- *Schneider Sustainability External and Relative Index* ("SSERI");
- Service conditions.

An employee benefits expense is recognized with a corresponding increase in equity on a straight-line basis over the vesting period, in general three years.

1.21- Provisions and risk contingencies

A provision is recognized when it is probable that the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the loss or liability is not likely and cannot be reliably estimated, but remains possible, the Group discloses it as a contingent liability. Provisions are calculated on a case-by-case or statistical basis and discounted when the impact from discounting is significant.

Provisions are primarily set aside to cover:

- **economic risks**: these provisions relate to probable tax risks, other than income tax related, arising on positions taken by the Group or its subsidiaries. Each position is assessed individually and not offset, and reflects the best estimate of the risk at the end of the reporting period. Where applicable, it includes any late-payment interest and fines. In accordance with IFRIC 23 - *Uncertainty over income tax treatments*, provisions covering uncertainties over income tax treatment are presented under "Accrued taxes and payroll costs" since 1st of January 2019;
- **customer risks**: provisions for customer risks mainly integrate the provisions for losses at completion for some of long-term contracts. Provisions for expected losses are fully recognized as soon as they are identified;
- **product risks**: these provisions comprise
  - statistical provisions for warranties: the Group funds provisions on a statistical basis for the residual cost of Schneider Electric product warranties not covered by insurance. The provisions are estimated with consideration of historical claim statistics and the warranty period;
  - provisions to cover disputes concerning defective products and recalls of clearly identified products.
- **environmental risks**: these provisions are primarily funded to cover clean-up costs. The estimation of the expected future outflows is based on reports from independent experts;
- **restructuring costs**, when the Group has prepared a detailed plan for the restructuring and has either announced or started to implement the plan before the end of the year. The estimation of the liability includes only direct expenditure arising from the restructuring.

1.22- Financial liabilities

Financial liabilities primarily comprise bonds, commercial paper and short and long-term bank borrowings. These liabilities are initially recorded at fair value, from which any direct transaction costs are deducted. Subsequently, they are measured at amortized cost based on their effective interest rate.

1.23- Financial instruments and derivatives

Risk hedging management is centralized. The Group's policy is to use derivative financial instruments exclusively to manage and hedge changes in exchange rates, interest rates or prices of certain raw materials. The Group uses instruments such as foreign exchange forwards, foreign exchange options, cross currency swaps, interest rate swaps and commodities future, swaps or options, depending on the nature of the exposure to be hedged.

All derivatives are recorded in the balance sheet at fair value with changes in fair value recorded in the statement of income, except when they are qualified in a hedging relationship.

Cash flows from financial instruments are recognized in the consolidated statement of cash flows in a manner consistent with the underlying transactions.

Foreign currency hedges

The Group periodically enters into foreign exchange derivatives to hedge the currency risk associated with foreign currency transactions.

Whenever possible, monetary items (except specific financing items) denominated in foreign currency carried in the balance sheet of Group companies are hedged by rebalancing assets and liabilities per currency through foreign exchange spots realized with Corporate Treasury (natural hedge). The foreign exchange risk is thus aggregated at Group level and hedged with foreign exchange derivatives. When foreign exchange risk management cannot be centralized, the Group contracts foreign exchange forwards to hedge operating receivables and payables carried in the balance sheet of Group companies. In both cases, the Group does not apply hedge accounting because gains and losses generated on these foreign exchange derivatives naturally offset within "Net financial income/(loss)" with gains or losses resulting from the translation at end-of-year rates of payables and receivables denominated in foreign currency.

The Group also hedges future cash flows, including recurring future transactions and planned acquisitions or disposals of investments. In accordance with IFRS 9, these are treated as cash flow hedges. These hedging instruments are recognized at fair value in the balance sheet. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is accumulated in equity, under "Other reserves", and then recognized in the income statement when the hedged item affects profit or loss.

The Group also hedges foreign exchange risk financing receivables or payables (including current accounts and loans with subsidiaries) using foreign exchange derivatives than can be documented either in Cash Flow Hedge or Fair Value Hedge depending on the nature of the derivative.

The Group may also designate foreign exchange derivatives or borrowings as hedging instruments of its investments in foreign operations (net investment hedge). Changes of value of those hedging instruments are accumulated in equity and recognized in the statement of income symmetrically to the hedged items.

The Group qualifies foreign exchange derivative based on the spot rate. The Group adopted the cost of hedging option offered by IFRS 9 to limit volatility in the statement of income related to forward points:

- For foreign exchange derivatives hedging an item on the balance sheet : forward points are amortized in statement of income on a straight-line basis. Forward points related to foreign exchange derivatives hedging financing transactions are included in "Finance costs, net";
- For foreign exchange derivatives hedging future transactions not yet recorded on the balance sheet: Forward points are recorded in the statement of income when the hedged transaction impacts the statement of income.

Interest rate hedges

Interest rate swaps allow the Group to manage its exposure to interest rate risk. The derivative instruments used are financially adjusted to the schedules, rates and currencies of the borrowings they cover. They involve the exchange of fixed and floating-rate interest payments. The differential to be paid (or received) is accrued as an adjustment to interest income or expense over the life of the agreement. The Group applies hedge accounting as described in IFRS 9 for interest rate swaps. Gains and losses on re-measurement of interest rate swaps at fair value on the balance sheet are recognized in equity (for Cash Flow Hedges) or in profit or loss (for Fair Value Hedges).

Borrowings hedged by an interest rate derivative in a fair value hedge are reevaluated at fair value for the portion of risk being hedged, with offsetting entry in the statement of income.

Cross-currency swaps may be presented as foreign exchange hedges or as interest rate hedges depending on the characteristics of the derivative.

Commodity hedges

The Group also purchases commodity derivatives including forward purchase contracts, swaps and options to hedge price risks on all or part of its forecast future purchases. According to IFRS 9, these qualify as cash flow hedges. These instruments are recognized in the balance sheet at fair value at the period-end (mark to market). The effective portion of the hedge is recognized separately in equity (under "Other reserves") and then recognized in income (gross margin) when the underlying hedge affects consolidated income. The effect of this hedging is then incorporated in the cost price of the products sold.

1.24- Revenue recognition

The Group's revenues primarily include transactional sales and revenues from services, system contracts (projects) and software.

Some contracts may include the supply to the customer of distinct goods and services (for instance contracts combining build followed by operation and maintenance). In such situations, the contract is analyzed and segmented into several components ("performance obligations"), each component being accounted for separately, with its own revenue recognition method and margin rate. The selling price is allocated to each performance obligation in proportion to the specific selling price of the underlying goods and services. This allocation should reflect the share of the price to which Schneider Electric expects to be entitled in exchange for the supply of these goods or services.

Revenue associated with each performance obligation identified within a contract is recognized when the obligation is satisfied, i.e. when the control of the promised goods or services is transferred to the customer.

The following revenue recognition methods can be applied:

Recognition of revenue at a point of time

Revenue from sales is recognized at a point of time, when the control of the promised goods or services is transferred to the customer. This method is applicable for all transactional sales and for specific services such as spare parts deliveries, or on-demand services.

Recognition of revenue over time

To demonstrate that the transfer of goods is progressive and recognize revenue over time, the following cumulative criteria are required:

- the goods sold have no alternative use, and
- enforceable right to payment (corresponding to costs incurred, plus a reasonable profit margin) for the work performed to date exists, in the event of early termination for convenience by the customer.

When these criteria are fulfilled, revenue is recognized using the percentage-of-completion method, based on the percentage of costs incurred in relation to total estimated costs of the performance obligation. The cost incurred includes direct and indirect costs relating to the contracts.

Expected losses on contracts are fully recognized as soon as they are identified.

Penalties for late delivery or for the improper execution of a contract are recognized as a deduction from revenue.

This method is applicable for systems contracts (projects) as the constructed assets are highly customized, and thus the Group would incur significant economic losses to redirect the built solutions to other customers.

Revenue from most services contracts is recognized over time, as the customer simultaneously receives and consumes the benefits of the services provided. When costs incurred are stable over the contract's period, revenue is linearized over the contract's length.

Provisions for the discounts offered to distributors are accrued when the products are sold to the distributor and recognized as a deduction from revenue. Certain Group' subsidiaries also offer cash discounts to distributors. These discounts and rebates are deducted from sales.

Consolidated revenue is presented net of these discounts and rebates.

Recognition of software revenue

The group generates software-related revenue mainly through subscriptions, licenses, maintenance and services. Revenue is recognized upon transfer of control of the promised software or service to the customers.

- Subscriptions contracts are either:
  - SaaS (Software as a Service: remote access to a cloud software solution, hosting and services) contracts, which are recognized linearly over the contract term
  - On premise subscriptions: containing two separate performance obligations pertaining to on premise software license and maintenance, the revenue from such arrangements is recognized in line with revenue from arrangements with multiple performance obligations.
- Software license revenue represents fees earned from granting customers licenses to use the Group's software. It includes license revenue of perpetual and periodic license sales of software products and is recognized at a point in time when control is transferred to the client.
- Maintenance includes annual fees as well as separate support and maintenance contracts. Revenue is recognized over time on a straight-line basis over the period of the contract.
- Services include notably setup services, training services, customization services. Revenue from these services is recognized over time as the services are performed.

Backlog and balance sheet presentation

Backlog (as disclosed in Note 3) corresponds to the amount of the selling price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) at closing date and includes binding contracts only.

The cumulated amount of revenue accounted for, less progress payments and accounts receivable (presented on a dedicated line of the balance sheet) is determined on a contract-by-contract basis. If this amount is positive, the balance is recognized under "contract assets" in the balance sheet. If it is negative, the balance is recognized under "contract liabilities" (see Note 16). Reserves for onerous contracts (so-called reserves for loss at completion) are excluded from contract assets and liabilities and presented among the "provisions for customer risks" item.

1.25- Earnings per share

Earnings per share are calculated in accordance with IAS 33 - *Earnings Per Share*.

Diluted earnings per share are calculated by adjusting profit attributable to equity holders of the parent and the weighted average number of shares outstanding for the dilutive effect of performance shares outstanding at the balance sheet date. The dilutive effect of performance shares is determined by applying the "treasury stock" method.

1.26- Statement of cash flows

The consolidated statement of cash flows has been prepared using the indirect method, which consists of reconciling net profit to net cash provided by operations. The opening and closing cash positions include cash and cash equivalents, comprised of marketable securities, net of bank overdrafts and facilities.

1.27- Other operating income and expenses

Material non-recurring operations that could affect operating performance readability are classified under "Other operating income and expenses".

They notably include:

- gains or losses from the disposal of activities or groups of assets;
- costs in relation with acquisitions or separation (advisors' fee, costs from external experts involved in the due diligence process);
- costs in relation with integration (one-off costs expensed in the next three years after acquisition, in relation with upgrade or modification of existing IT systems, to reach the Group standards);
- significant provisions and impairment losses for property, plant and equipment and intangible assets;
- provisions or costs relating to significant legal risks or litigations;
- gain or loss related to the amendment, curtailment or settlement of a defined benefit plan.

1.28- Other financial income and expense

Other financial income and expenses notably include:

- bank commissions
- Factoring fees

NOTE 2 Changes in the scope of consolidation

The list of main consolidated companies can be found in Note 29.

2.1- Scope variations

Transaction with AVEVA's non-controlling interests

On September 21, 2022, the Group confirmed its firm intention to acquire the share capital of AVEVA that it did not already own.

On November 11, 2022, the board of Schneider Electric and the AVEVA Independent Committee announced that they reached an agreement on the terms of a cash offer of 3,225 pence per AVEVA share. Such acquisition is to be effected by means of a Court approved scheme of arrangement, under Part 26 of the Companies Act 2006.

On November 25, 2022, the requisite majority of AVEVA's shareholders approved the Scheme, and passed the Special Resolution to implement the Scheme during respectively the Court Meeting and the General Meeting. This led to the immediate recognition of a current financial liability in the Group's financial statements of GBP 4,039 million (EUR 4,704 million as of November 25, 2022 closing rate). The liability represents the commitment for the Group to purchase the 123,429,542 outstanding AVEVA shares not already owned as of November 25, 2022, and the 1,814,217 shares to be issued in the context of AVEVA's long term incentive plans. The recognition of this liability triggered an immediate reduction in non-controlling interests for EUR 2,865 million and in the group share of equity for EUR 1,839 million. In addition, the Group recognized transaction costs against equity.

The liability, presented under "Current purchase commitments over non-controlling interests", amounted to EUR 4,554 million as of December 31, 2022. In order to meet the certain funds requirements under UK regulation law (and guarantee the availability of funds at closing date), the Group held at December 31, 2022 an undrawn bridge facility to approximately GBP 2.4 billion (with a twelve months maturity), a term loan facility of GBP 1.5 billion (with a three-year maturity) and a EUR 423 million cash deposit held at Schneider Electric SE (classified in Cash and cash equivalents).

The acquisition of the remaining shares of AVEVA was hedged during the second semester 2022 by entering into FX options for a total of GBP 4,000 million. The EUR 12 million realized loss on the hedging instruments was recorded in "Costs of acquisitions and integrations" within "Other operating income and expenses" (in this context, hedge accounting is not possible under IFRS).

As of December 31, 2022, all regulatory conditions were met, however the Scheme remained to be sanctioned by the Court.

On January 16, 2023, AVEVA announced that the Court had sanctioned the Scheme to effect the acquisition.

On January 18, 2023, following the deliverance of the Court Order to the Registrar of Companies, the Scheme became effective. AVEVA shares were unlisted from the London Stock Exchange on January 19, 2023. The transaction has been settled in cash in January 2023.

IFRS 5 application - *Non-current Assets Held for Sale and Discontinued Operations*

The following businesses have been reclassified as Held for Sale as of December 31, 2022:

Transformer plants in Poland and Turkey

On July 27, 2022, the Group signed an agreement for the disposal of its Transformer plants in Poland and in Turkey to Cahors Group, an international company specialized in energy distribution, headquartered in France. The businesses have around 800 employees and are currently reported within *Energy management* reporting segment.

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 December 31, 2022 and measured at the lower of net carrying amount and fair value less costs to sell. A resulting impairment of EUR 75 million was recognized within Other Operating Income and Expenses.

The transaction was completed on January 6, 2023.

Industrial sensors business

On October 27, 2022, the Group announced the signing of a binding agreement with YAGEO to divest its industrial sensors business, Telemecanique Sensors. Telemecanique Sensors had revenue of around EUR 280 million in 2021, Telemecanique Sensors is reported within *Industrial Automation* reporting segment. The all-cash transaction values Telemecanique Sensors at EUR 723 million (Enterprise Value). The Group will grant YAGEO a license to use the Telemecanique Sensors trademark.

The completion of the proposed transaction is expected to occur in the coming months, subject to the receipt of required regulatory approvals and employee information consultation process. 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 653 million and EUR 40 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 474 million.

VinZero

On December 8, 2022 the Group entered into an agreement with a European corporate for the sale of RIB Software's VinZero business. VinZero is an IT infrastructure solutions group and software partner for architecture, engineering, construction, owner-operator and manufacturing organizations providing value-add services and consulting. The proposed transaction is subject to customary regulatory approvals and is expected to close in the first semester of 2023. The business is currently reported within *Energy Management* reporting segment.

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 105 million and EUR 33 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 54 million.

Gutor

On December 23, 2022, the Group entered into an agreement with Latour Capital, a French private equity investor, for the sale of Gutor Electronics´ operations. Gutor is a global leader in the manufacturing of industrial uninterruptible power supply (UPS) systems and the provision of related services. Gutor sales in 2021 were approximately EUR 130 million, reported under *Energy Management*.

Subject to the satisfaction of certain conditions, including customary regulatory approvals, the transaction is expected to close in the first semester 2023. 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 106 million and EUR 49 million respectively. The assets are mainly working capital items for EUR 63 million and intangible assets (including goodwill) for EUR 34 million.

Acquisitions & disposals of the period

Acquisitions

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 at January 1, 2022.

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 December 31, 2022, and reports within *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 4.48% of non-controlling interests in 2027. The related debt has been recognized in "Non-current purchase commitments over non-controlling interests".

The purchase accounting as per IFRS 3R is not completed as of December 31, 2022. The net adjustment of the opening balance sheet, resulting mainly from the booking of a preliminary amount of identifiable intangible assets (technology, customer relationship and trademark), led to the recognition of a EUR 254 million preliminary goodwill at acquisition date.

Autogrid

On July 20, 2022, the Group completed the acquisition of Autogrid, raising its stake from 24.2% to 91.8% controlling stake. Previously, Autogrid was consolidated under equity method and was treated as if it were disposed of and reacquired at fair value on the acquisition date, resulting in a non-cash gain in "Other operating income and expenses". Autogrid is now fully consolidated and reports within *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 8.2% of non-controlling interests in 2027. The related debt has been recognized in "Non-current purchase commitments over non-controlling interests".

The purchase accounting as per IFRS 3R is not completed as of December 31, 2022. The net adjustment of the opening balance sheet, resulting mainly from the booking of a preliminary amount of identifiable intangible assets (technology, customer relationship and trademark), led to the recognition of a EUR 184 million preliminary goodwill at acquisition date.

Disposals

In 2022, the Group recorded a total amount of EUR 108 million of losses on business disposals, mainly related to the following:

Russia

Since February 24, 2022 the Group 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.

The Group signed a binding agreement on July 3, 2022 to sell 100% of its shares in its main Russia and Belarus subsidiaries. The terms of the agreement include a call option exercisable by the Group four years after completion, based on fair value.

The transaction closed on September 27, 2022, resulting in a loss of control by the Group over the business.

The assets and liabilities transferred notably included EUR 81 million of cash and cash equivalents. This is in line with the Group's objective to set up a viable business and support employees throughout the process.

For operations not divested as part of this transaction, the Group engaged during the year an orderly shutdown or disposition. Notably, the group sold its investment in the Electroshield Samara joint venture. The joint venture was accounted for under equity method investment. The transaction had no material impact on Group financial statements.

In total, the Group incurred EUR 287 million losses from the withdrawal of its operation from Russia, of which EUR 92 million from impairment of working capital, mainly following customers contracts cancellation and renegotiations, and EUR 195 million from the deconsolidation of its subsidiaries in Russia and Belarus.

ASCO load banks

On September 30, 2022, the Group closed the transaction for the disposal of the load bank business of ASCO Power Technologies to Hidden Harbor, a U.S.-based private equity firm. Loadbank is a critical power testing device used to measure, test and improve the efficiency and effectiveness of power systems across a broad range of industries and applications, and was consolidated within *Energy Management* reporting segment.

Eurotherm

On October 31, 2022, the Group closed the transaction for the disposal of its Eurotherm business unit (a global provider of temperature and power control and measurement solutions) to Watlow Electric Manufacturing Company, a global producer of complete industrial thermal systems. The business was consolidated within *Industrial Automation* reporting segment.

Eberle

On November 30, 2022, the Group completed the sale of Eberle Controls GmbH (Eberle) to Eberle's management and Borromin Capital Fund IV. Eberle is a German provider of heating and air conditioning solutions for residential, commercial and public buildings. The business was consolidated within *Energy Management* reporting segment.

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

Acquisitions

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 December 31, 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 "Non-current purchase commitments over non-controlling interests".

The purchase accounting as per IFRS 3R is complete as of December 31, 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 "Non-current purchase commitments over non-controlling interests".

The purchase accounting as per IFRS 3R is completed as of December 31, 2022. The net adjustment of the opening balance sheet, resulting mainly from the booking of a amount of identifiable intangible assets (customer relationship and trademark), led to the recognition of a EUR 269 million 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 December 31, 2022, decreased the Group's cash position by a net EUR 297 million outflow, as described below:

(in millions of euros)	Full Year 2022	Full Year 2021
Acquisitions	(559)	(4,577)
of which OSIsoft LLC	-	(3,534)
of which Uplight	-	(398)
of which ETAP	-	(205)
of which others	*(559)*	*(440)*
Disposals	262	346
FINANCIAL INVESTMENTS NET OF DISPOSALS	**(297)**	**(4,231)**

In 2022, cash outflows mainly relate to the acquisitions of EV Connect and Autogrid as well as other individually not significant acquisitions. Cash inflows mainly relates to the disposals of Eurotherm and of the load bank business of ASCO Power Technologies, as well as other individually not significant disposals. The main acquisitions and disposals of the period are described in Note 2.1.

In 2021, OSIsoft acquisition resulted in a net cash outflow for EUR 3,534 million including EUR 3,709 million cash paid and a EUR 175 million net cash acquired for full year 2021. The remaining cash outflows were due to Qmerit and other individually not significant acquisitions.

NOTE 3 Segment information

The Group is organized into two reporting segments as follows:

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

Operating and reporting segment data is identical to that presented to the Chief Executive Officer, which has been identified as the main decision-making body for allocating resources and evaluating segment performance. Performance and decisions on the allocation of resources are assessed by the Chief Executive Officer and are mainly based on Adjusted EBITA.

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

The Chief Executive Officer does not review assets and liabilities by business.

The same accounting principles governing the consolidated financial statements apply to segment data.

Details are provided in the Management Report.

Due to the substantial number of customers served by the Group, to their significant diversity in multiple sectors and to their wide geographical dispersion, the Group's largest customer does not exceed 10% of Schneider Electric's revenue.

3.1- Information by reporting segment

Full Year 2022

(in millions of euros)	**Energy Management**	**Industrial Automation**	**Central functions & digital costs**	**Total**
Backlog	13,156	3,334	-	**16,490**
Revenue	26,442	7,734	-	**34,176**
Adjusted EBITA	5,392	1,458	(833)	**6,017**
Adjusted EBITA (%)	*20.4%*	*18.9%*		**17.6%**

On December 31, 2022, the total backlog to be executed in more than a year amounted to EUR 643 million.

Full Year 2021

(in millions of euros)	**Energy Management**	**Industrial Automation**	**Central functions & digital costs**	**Total**
Backlog	9,088	2,688	-	**11,776**
Revenue	22,179	6,726	-	**28,905**
Adjusted EBITA	4,501	1,242	(756)	**4,987**
Adjusted EBITA (%)	*20.3%*	*18.5%*		**17.3%**

On December 31, 2021, the total backlog to be executed in more than a year amounted to EUR 640 million.

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.

(in millions of euros)	**Western Europe**	*of which France*	**Asia-Pacific**	*of which China*	**North America**	*of which USA*	**Rest of the World**	**Total**
Revenue by country market	8,304	*1,986*	10,341	*5,154*	10,986	*9,526*	4,545	**34,176**
Non-current assets as of Dec. 31, 2022	12,383	*2,579*	5,540	*1,170*	16,564	*16,203*	957	**35,444**

(in millions of euros)	**Western Europe**	*of which France*	**Asia-Pacific**	*of which China*	**North America**	*of which USA*	**Rest of the World**	**Total**
Revenue by country market	7,382	*1,749*	8,995	*4,701*	8,267	*7,148*	4,261	**28,905**
Non-current assets as of Dec. 31, 2021	12,779	*2,604*	5,866	*1,154*	15,094	*12,721*	1,296	**35,035**

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

(in millions of euros)	Full Year 2022		Full Year 2021	
Revenue - Mature countries	20,243	*59%*	16,590	*57%*
Revenue - New economies	13,933	*41%*	12,315	*43%*
TOTAL	**34,176**	**100%**	**28,905**	**100%**

Mature countries gather mainly Western Europe and North American countries.

NOTE 4 Research and development expenditures

Research and development expenditures are as follows:

(in millions of euros)	Full Year 2022	Full Year 2021
Research and development expenditures in costs of sales	(448)	(377)
Research and development expenditures in R&D costs *	(1,040)	(855)
Capitalized development costs	(357)	(307)
**TOTAL RESEARCH AND DEVELOPMENT EXPENDITURES ** **	**(1,845)**	**(1,539)**

** Including EUR 51 million of research and development tax credit in full year 2022 and EUR 44 million in full year 2021*

*** Excluding amortization of R&D costs capitalized*

In addition to the R&D expenditures, amortization expenses of capitalized development booked in the cost of sales, amounted to EUR 242 million in 2022 and EUR 239 million in 2021.

NOTE 5 Impairment losses, depreciation and amortization expenses

(in millions of euros)	Full Year 2022	Full Year 2021
Depreciation and amortization included in cost of sales	(555)	(539)
Depreciation and amortization included in selling, general and administrative expenses	(504)	(486)
Amortization expenses of purchase accounting intangible assets	(423)	(389)
Impairment losses of purchase accounting intangible assets	(1)	(21)
IMPAIRMENT LOSSES, DEPRECIATION AND AMORTIZATION EXPENSES	**(1,483)**	**(1,435)**

The impairment booked in 2021 is mainly related to intangible assets (developed technology and customer relationships) associated with the announcement from AVEVA to retire its steel fabrication software in July 2021.

NOTE 6 Other operating income and expenses

Other operating income and expenses are as follows:

(in millions of euros)	Full Year 2022	Full Year 2021
Gains/(losses) on assets disposals	5	(11)
Gains/(losses) on business disposals	(108)	196
Impairment of assets	(117)	(21)
Costs of acquisitions and integrations	(180)	(166)
Others	(33)	(19)
OTHER OPERATING INCOME AND EXPENSES	**(433)**	**(21)**

In 2022, the losses on business disposals mainly relate to the 2022 divestments described in Note 2. Impairment of assets mainly relates to Transformers disposal as described in Note 2. The costs of acquisitions and integrations are mainly related to the recent and ongoing acquisitions of the year. In 2022, it also includes EUR 28 million of share-based payments, corresponding to the acceleration of multiple AVEVA plans, in line with the terms of AVEVA's transaction.

In 2021, the gains on business disposals mainly relate to the divestments of Cable Support, IMServ and USMotion. The costs of acquisitions and integrations are mainly related to the acquisitions of OSIsoft LLC., ETAP, Uplight and Qmerit.

NOTE 7 Other financial income and expenses

(in millions of euros)	Full Year 2022	Full Year 2021
Exchange gains and losses, net	(27)	(8)
Net monetary gain/(loss) (IAS 29 Hyperinflation)	1	-
Financial component of defined benefit plan costs	(37)	(39)
Dividends received	3	3
Fair value adjustment of financial assets	2	8
Financial interests - IFRS16	(34)	(38)
Effect of discounting & undiscounting	18	(1)
Other financial expenses, net	(35)	(6)
OTHER FINANCIAL INCOME AND EXPENSES	**(109)**	**(81)**

NOTE 8 Income tax expenses

Wherever the regulatory environment allows it, the Group entities file consolidated tax returns. Schneider Electric SE files a consolidated tax return with its French subsidiaries held directly or indirectly through Schneider Electric Industries SAS.

8.1- Analysis of income tax expense

(in millions of euros)	Full Year 2022	Full Year 2021
Current taxes	(1,195)	(861)
Deferred taxes	(16)	(105)
INCOME TAX EXPENSE	**(1,211)**	**(966)**

8.2- Tax reconciliation

(in millions of euros)	Full Year 2022	Full Year 2021
Profit attributable to owners of the parent	**3,477**	**3,204**
Income tax expense	(1,211)	(966)
Non-controlling interests	(59)	(69)
Share of profit of associates	29	84
Profit before tax	**4,718**	**4,155**
Geographical weighted average Group tax rate	23.3%	23.1%
Theoretical income tax expense	**(1,101)**	**(959)**
Reconciling items:		
Tax credits and other tax reductions	107	102
Impact of tax losses	24	33
Withholding taxes	(79)	(70)
Other elements without tax bases (current or deferred)	(80)	(48)
Other permanent differences	(82)	(24)
INCOME TAX EXPENSE	**(1,211)**	**(966)**
EFFECTIVE TAX RATE	**25.7%**	**23.2%**
EFFECTIVE TAX RATE WITHOUT RUSSIA DECONSOLIDATION	**24.6%**	

The Company's consolidated income from continuing operations being predominantly generated outside of France, 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).

Restating the EUR 195 million Russia and Belarus deconsolidation impact from the profit before tax (no tax impact attached), the effective tax rate would be 24.6%.

NOTE 9 Goodwill

9.1- Main items of goodwill

Group goodwill is broken down by Cash Generating Units (CGUs) as follows:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Energy Management:	**14,570**	**13,944**
Low Voltage	*9,060*	*8,496*
Medium Voltage	*2,243*	*2,245*
Secure Power	*3,267*	*3,203*
Industrial Automation	**10,566**	**10,779**
TOTAL GOODWILL	25,136	24,723

The Group performed the annual impairment test of all the CGUs using the same methodology as the one used on previous periods and described in Note 1.11.

Impairment tests performed in 2022 did not trigger any impairment losses on the CGUs' assets.

The sensitivity analysis on the test hypothesis shows that no impairment losses would be recognized in each of the following scenarios, for each CGU:

- a 0.5 point increase of the discount rate;
- a 1.0 point decrease in the growth rate;
- a 0.5 point decrease in the margin rate.

Given the volatility environment of interest rates and its impact on discount rates, the Group increased the sensitivity analysis up to 1.0 point increase of the discount rate. It shows that no impairment losses would be recognized for each CGU in such a case.

9.2- Movements during the year

The main movements during the year are summarized as follows:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Net goodwill at opening	**24,723**	**19,956**
Acquisitions	387	3,717
Disposals	(119)	(118)
Reclassifications	(536)	-
Translation adjustment	681	1,168
NET GOODWILL AT END OF YEAR	25,136	24,723
including cumulative impairment losses	*(367)*	*(367)*

Acquisitions & Disposals

Movements from acquisitions and disposals are described in Note 2.

Other changes

Reclassifications mainly relates to Assets held for sale described in Note 2.

Translation adjustments mainly concern *goodwill* denominated in US dollar and UK pound sterling.

NOTE 10 Intangible assets

10.1- Change in intangible assets

Gross value

(in millions of euros)	Trademarks	Software	Development Projects (R&D)	Acquired technologies and customer relationships	Other	Total
Dec. 31, 2020	**2,495**	**964**	**3,478**	**3,292**	**166**	**10,395**
Acquisitions	-	22	307	4	-	**333**
Translation adjustments	162	17	61	338	18	**596**
Reclassifications	41	19	(14)	(101)	28	**(27)**
Changes in scope of consolidation and other	163	19	(9)	1,253	4	**1,430**
Dec. 31, 2021	**2,861**	**1,041**	**3,823**	**4,786**	**216**	**12,727**
Acquisitions	-	26	357	1	2	**386**
Translation adjustments	107	3	37	129	21	**297**
Reclassifications	1	14	(107)	(53)	55	**(90)**
Reclassifications to assets held for sale	-	(6)	(39)	(17)	(1)	**(63)**
Changes in scope of consolidation and other	24	(3)	6	13	7	**47**
Dec. 31, 2022	**2,993**	**1,075**	**4,077**	**4,859**	**300**	**13,304**

Amortization and impairment

(in millions of euros)	Trademarks	Software	Development Projects (R&D)	Acquired technologies and customer relationships	Other	Total
Dec. 31, 2020	**(424)**	**(834)**	**(2,292)**	**(1,649)**	**(163)**	**(5,362)**
Amortization	(30)	(59)	(241)	(353)	(5)	**(688)**
Impairment	-	-	(3)	(20)	-	**(23)**
Translation adjustments	(3)	(13)	(45)	(143)	(8)	**(212)**
Reclassifications	(29)	38	(74)	90	2	**27**
Changes in scope of consolidation and other	-	10	1	6	-	**17**
Dec. 31, 2021	**(486)**	**(858)**	**(2,654)**	**(2,069)**	**(174)**	**(6,241)**
Amortization	(40)	(70)	(244)	(372)	(6)	**(732)**
Impairment	(9)	-	(4)	(29)	3	**(39)**
Translation adjustments	(10)	(2)	(26)	(45)	(5)	**(88)**
Reclassifications	(1)	31	49	41	(30)	**90**
Reclassifications to assets held for sale	-	5	25	7	-	**37**
Changes in scope of consolidation and other	-	3	13	27	(1)	**42**
Dec. 31, 2022	**(546)**	**(891)**	**(2,841)**	**(2,440)**	**(213)**	**(6,931)**

Net value

(in millions of euros)	Trademarks	Software	Development Projects (R&D)	Acquired technologies and customer relationships	Other	Total
Dec. 31, 2020	**2,071**	**130**	**1,186**	**1,643**	**3**	**5,033**
Dec. 31, 2021	**2,375**	**183**	**1,169**	**2,717**	**42**	**6,486**
Dec. 31, 2022	**2,447**	**184**	**1,236**	**2,419**	**87**	**6,373**

The amortization expenses and impairment losses of intangible assets other than goodwill restated in statutory cash flow are as follows:

(in millions of euros)	Full Year 2022	Full Year 2021
Amortization expenses of intangibles assets other than goodwill	732	688
Impairment losses of intangible assets other than goodwill	39	23
TOTAL *	**771**	**711**

** Includes amortization & impairment of intangible assets from purchase price allocation for EUR 424 million for the year 2022 (EUR 410 million in 2021)*

10.2- Trademarks

On December 31, 2022, the main trademarks recognized were as follows:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
APC (*Secure Power*)	1,724	1,637
Clipsal (*Low Voltage*)	162	163
OSIsoft (*Industrial Automation*)	133	146
Asco (*Low Voltage*)	117	110
Aveva (*Industrial Automation*)	86	91
Invensys - Triconex and Foxboro (*Industrial Automation*)	52	49
L&T (*Low Voltage / Medium Voltage / Industrial Automation*)	50	65
Digital (*Industrial Automation*)	39	42
Other	84	72
TRADEMARKS NET BOOK VALUE	**2,447**	**2,375**

Indefinite-lived brands are tested on a yearly basis for impairment.

In 2022, the Group reviewed the value of the main trademarks in accordance with valuation model describe in Note 1.8. Particularly, APC brand was tested using the royalty relief method. The future cash flows used are based on Group management's economic assumptions and operating forecasts presented in *Secure Power*'s business plan, and then extrapolated based on a perpetuity growth rate of 2%.

Impairment tests carried out on indefinite-lived brands in 2022 did not show any impairment risk.

The sensitivity analysis on the test hypothesis shows that no material impairment losses would be recognized in the following scenarios:

- a 0.5 point increase of the discount rate;
- a 1.0 point decrease in the growth rate;
- a 0.5 point decrease in the royalty rate.

Given the volatility environment of interest rates and its impact on discount rates, the Group increased the sensitivity analysis up to 1.0 point increase of the discount rate. It shows that no material impairment losses would be recognized for each brand in such a case.

NOTE 11 Property, plant and equipment

Changes in property, plant and equipment in 2022 are mainly related to the scope changes mentioned in the Note 2 and include the impacts of IFRS 16 - *Leases*.

Gross value

(in millions of euros)	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2020	**181**	**1,990**	**4,597**	**1,146**	**1,619**	**9,533**
Acquisitions	1	32	102	401	349	**885**
Disposals	(3)	(81)	(198)	(109)	(113)	**(504)**
Translation adjustments	7	64	170	52	61	**354**
Reclassifications	4	48	150	(234)	-	**(32)**
Changes in scope of consolidation and other	9	(10)	(26)	(3)	53	**23**
Dec. 31, 2021	**199**	**2,043**	**4,795**	**1,253**	**1,969**	**10,259**
Acquisitions	3	28	127	563	356	**1,077**
Disposals	(26)	(94)	(186)	(95)	(68)	**(469)**
Translation adjustments	-	28	59	26	22	**135**
Reclassifications	(4)	79	211	(295)	-	**(9)**
Reclassifications to assets held for sale	(6)	(47)	(124)	(19)	(10)	**(206)**
Changes in scope of consolidation and other	(1)	(36)	(77)	(19)	(2)	**(135)**
Dec. 31, 2022	**165**	**2,001**	**4,805**	**1,414**	**2,267**	**10,652**

Amortization and impairment

(in millions of euros)	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2020	**(23)**	**(1,122)**	**(3,593)**	**(592)**	**(584)**	**(5,914)**
Depreciation and impairment	(7)	(93)	(255)	(79)	(310)	**(744)**
Reversals	1	67	178	77	18	**341**
Translation adjustments	(1)	(35)	(125)	(23)	(14)	**(198)**
Reclassifications	1	2	26	(2)	-	**27**
Changes in scope of consolidation and other	1	14	30	11	(1)	**55**
Dec. 31, 2021	**(28)**	**(1,167)**	**(3,739)**	**(608)**	**(891)**	**(6,433)**
Depreciation and impairment	(1)	(94)	(274)	(78)	(308)	**(755)**
Reversals	13	75	174	70	8	**340**
Translation adjustments	(1)	(15)	(49)	(12)	(4)	**(81)**
Reclassifications	-	-	-	-	-	**-**
Reclassifications to assets held for sale	-	26	105	9	3	**143**
Changes in scope of consolidation and other	-	21	61	5	(18)	**69**
Dec. 31, 2022	**(17)**	**(1,154)**	**(3,722)**	**(614)**	**(1,210)**	**(6,717)**

Net value

(in millions of euros)	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2020	**158**	**868**	**1,004**	**554**	**1,035**	**3,619**
Dec. 31, 2021	**171**	**876**	**1,056**	**645**	**1,078**	**3,826**
Dec. 31, 2022	**148**	**847**	**1,083**	**800**	**1,057**	**3,935**

Reclassifications primarily correspond to assets put into use.

The cash impact of purchases of property, plant and equipment in 2022 was as follows:

(in millions of euros)	Full Year 2022	Full Year 2021
Increase in property, plant and equipment	(1,077)	(885)
Of which non-cash impact related to IFRS 16	356	349
Changes in receivables and liabilities on property, plant and equipment	14	(7)
TOTAL	**(707)**	**(543)**

The depreciation and impairment of property, plant and equipment restated in the statement of cash flows were as follows:

(in millions of euros)	Full Year 2022	Full Year 2021
Depreciation of property, plant and equipment	750	726
Impairment of property, plant and equipment	5	18
TOTAL	**755**	**744**

IFRS 16 debt by maturity:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
2022	-	248
2023	282	235
2024	224	181
2025	167	132
2026	133	102
2027	90	72
2028	59	50
2029	50	58
2030 and beyond	106	54
TOTAL	**1,111**	**1,132**

NOTE 12 Investments in associates and joint ventures

Investments in associates and joint ventures can be analyzed as follows:

(in millions of euros)	Delixi Sub-Group	Uplight	Planon	Fuji Electrics	Electroshield Samara	Sunten Electric Equipments	Other	Total
% of interest								
Dec. 31, 2021	50.0%	29.4%	25.0%	36.8%	60.0%	25.0%		
Dec. 31, 2022	50.0%	29.4%	25.0%	36.8%	0.0%	25.0%		
CLOSING VALUE DEC. 31, 2020	**367**	**-**	**-**	**140**	**10**	**44**	**37**	**598**
Net Income/(loss)	81	(7)	(1)	13	(4)	2	-	**84**
Dividends distribution	(22)	-	-	(2)	-	(2)	(3)	**(29)**
Perimeter changes	-	398	113	-	-	-	-	**511**
Translation impacts & others	38	(1)	-	-	1	(6)	38	**70**
CLOSING VALUE DEC. 31, 2021	**464**	**390**	**112**	**151**	**7**	**38**	**72**	**1,234**
Net Income/(loss)	52	(28)	(2)	24	(9)	2	(10)	**29**
Dividends distribution	(25)	-	-	(14)	-	-	(2)	**(41)**
Perimeter changes	-	1	-	-	-	-	(14)	**(13)**
Translation impacts & others	(10)	51	-	(6)	2	(4)	(1)	**32**
CLOSING VALUE DEC. 31, 2022	**481**	**414**	**110**	**155**	**-**	**36**	**45**	**1,241**

Electroshield Samara was disposed on November 2, 2022.

12.1- Main entities consolidated under the equity method:

Delixi Electric Ltd.

In 2007, Schneider Electric joined Delixi Group to establish a win-win partnership in a joint-venture, Delixi Electric Ltd., aka "Delixi Electric". Delixi Electric, based in China, is specialist in manufacturing, retail and distribution of low voltage products.

The key financial indicators for the Delixi Electric subgroup (on a 100% basis) are as follows:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Non-current assets	814	895
Current assets	502	677
TOTAL ASSETS	**1,316**	**1,573**
Equity	619	586
Non-current liabilities	102	168
Current liabilities	595	819
TOTAL EQUITY AND LIABILITIES	**1,316**	**1,573**
Revenue	1,354	1,418
Adjusted EBITA	137	201
PROFIT FOR THE YEAR	**105**	**162**
Dividends paid	50	45

NOTE 13 Non-current financial assets

Non-current financial assets, primarily comprising investments, are detailed below:

(in millions of euros)	% of interest	Dec. 31, 2022 Acquisitions disposals	Fair value through P&L	Fair value through Equity	FX & others	Fair value	Dec. 31, 2021 Fair value
LISTED FINANCIAL ASSETS:							
Gold Peak Industries Holding Ltd	3.2%	-	-	-	-	2	2
Others (Unit fair value lower than EUR *3* million)		-	-	-	(1)	12	13
TOTAL LISTED FINANCIAL ASSETS		**-**	**-**	**-**	**(1)**	**14**	**15**
UNLISTED FINANCIAL ASSETS:							
Funds							
SE Ventures Funds of Funds in Portfolio		8	(3)	-	12	96	79
FCPR Aster II (part A, B, C and D)	32.1%	(10)	(4)	-	(1)	18	33
Sensetime & Stalagnate Fund China	29.9%	13	7	-	(2)	62	44
FCPR SEV1	100.0%	-	-	-	1	7	6
SICAV SESS	63.1%	-	(1)	-	-	10	11
FCPI Energy Access Ventures Fund	28.6%	1	3	-	-	18	14
SICAV Livehoods Fund SIF	19.9%	1	-	-	-	4	3
Direct investments							
SE Ventures - Claroty	5.8%	47	-	-	3	61	11
SE Ventures - Sense	8.3%	28	-	7	1	46	10
SE Ventures - Augury	3.0%	-	-	6	2	34	26
SE Ventures - Scandit	2.4%	6	-	3	1	19	9
SE Ventures - AnyVision	9.4%	-	-	1	-	14	13
SE Ventures - Verkor	12.2%	2	-	6	1	13	4
SE Ventures - Titan Advanced Energy Solutions	19.2%	-	-	1	-	12	11
SE Ventures (Unit fair value lower than EUR *10* million)		34	-	(32)	(5)	112	115
Star Charge	1.3%	-	-	-	-	29	29
Others (Unit fair value lower than EUR *10* million)		22	-	-	4	42	16
TOTAL UNLISTED FINANCIAL ASSETS		**152**	**2**	**(8)**	**17**	**597**	**434**
PENSIONS ASSETS		**38**	**2**	**(119)**	**(11)**	**280**	**370**
OTHER		**(29)**	**-**	**-**	**48**	**234**	**215**
TOTAL NON-CURRENT FINANCIAL ASSETS		**161**	**4**	**(127)**	**53**	**1,125**	**1,034**

The fair value of investments listed in an active market corresponds to the stock price on the balance sheet date.

“Others” include mainly security deposits and contributions to US employee deferred compensation trusts ("rabbi trusts").

“SE Ventures” is a corporate venture capital fund created in partnership with Schneider Electric. SE Ventures current portfolio is composed of direct investments in various start-up companies and funds of funds.

NOTE 14 Deferred taxes by nature

Deferred taxes by type can be analyzed as follows:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Tax loss carryforwards (net)	724	689
Provisions for pensions and other post-retirement benefit obligations (net)	197	240
Non-deductible provisions and accruals (net)	466	515
Differences between tax and accounting depreciation on tangible assets (net)	(4)	10
Differences between tax and accounting amortization on intangible assets (net)	(957)	(1,040)
Differences on working capital (net)	164	187
Other deferred tax assets/(liabilities) (net)	141	222
TOTAL NET DEFERRED TAX ASSETS/(LIABILITIES)	**731**	**823**
of which total deferred tax assets	*1,616*	*1,820*
of which total deferred tax liabilities	*885*	*997*

Deferred tax assets recorded in respect of tax losses carried forward on December 31, 2022 essentially concern France (EUR 468 million). These deficits can be carried forward indefinitely, and have been activated using the rate of 25.83%, in accordance with the applicable rate in the expected consumption horizon of 7 years. Unrecognized deferred tax losses amount EUR 156 million as of December 31, 2022 and are mainly related to Spain.

NOTE 15 Inventories and work in progress

Inventories and work in progress changed as follows:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
COST:		
Raw materials	2,021	1,832
Production work in progress	367	295
Semi-finished and finished products	1,519	1,323
Finished goods	681	696
Solution work in progress	200	199
INVENTORIES AND WORK IN PROGRESS AT COST	**4,788**	**4,345**
IMPAIRMENT:		
Raw materials	(232)	(187)
Production work in progress	(9)	(9)
Semi-finished and finished products	(189)	(165)
Finished goods	(8)	(8)
Solution work in progress	(4)	(5)
IMPAIRMENT LOSSES	**(442)**	**(374)**
NET:		
Raw materials	1,789	1,645
Production work in progress	358	286
Semi-finished and finished products	1,330	1,158
Finished goods	673	688
Solution work in progress	196	194
INVENTORIES AND WORK IN PROGRESS, NET	**4,346**	**3,971**

NOTE 16 Trade and other operating receivables

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Accounts receivable	5,675	5,141
Unbilled revenue	1,662	1,500
Notes receivable	389	510
Advances to suppliers	276	176
Accounts receivable at cost	**8,002**	**7,327**
Impairment	(489)	(498)
ACCOUNTS RECEIVABLE, NET	**7,514**	**6,829**
On time	*6,537*	*6,091*
Less than one month past due	*438*	*324*
One to two months past due	*174*	*163*
Two to three months past due	*102*	*79*
Three to four months past due	*119*	*100*
More than four months past due	*144*	*72*

Accounts receivable result from sales to end-customers, who are widely spread both geographically and economically. Consequently, the Group believes that there is no significant concentration of credit risk.

In addition, the Group takes out substantial credit insurance and uses other types of guarantees to limit the risk of losses on trade accounts receivable.

Changes in provisions for impairment of short and long-term trade accounts receivable were as follows:

(in millions of euros)	Full Year 2022	Full Year 2021
Provisions for impairment on January 1	**(498)**	**(510)**
Additions	(133)	(82)
Utilizations	58	30
Reversal of surplus provisions	70	67
Translation adjustments	4	(25)
Changes in scope of consolidation and other	10	22
PROVISIONS FOR IMPAIRMENT ON DECEMBER 31	**(489)**	**(498)**

The contracts assets and liabilities, respectively reported within the “Trade and other operating receivables” and “Trade and other operating payables”, are as follows:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Unbilled revenue (contract assets)	1,662	1,500
Contract liabilities	(1,840)	(1,570)
NET CONTRACT ASSETS	**(178)**	**(70)**

NOTE 17 Other receivables and prepaid expenses

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Other receivables	423	550
VAT receivables	713	687
Current income tax receivables	596	478
Other tax receivables	41	62
Derivative instruments	79	48
Prepaid expenses	303	173
OTHER RECEIVABLES AND PREPAID EXPENSES	**2,155**	**1,998**

NOTE 18 Cash and cash equivalents

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Marketable securities	1,716	551
Negotiable debt securities and short-term deposits	693	438
Cash	1,577	1,633
Total cash and cash equivalents	**3,986**	**2,622**
Bank overdrafts	(123)	(159)
NET CASH AND CASH EQUIVALENTS	**3,863**	**2,463**

Non-recourse factorings of trade receivables were realized in 2022 for a total amount of EUR 264 million, compared with EUR 50 million in 2021. Substantially all risks and rewards have been transferred.

NOTE 19 Shareholder's equity

19.1- Capital

Share capital

The company' share capital at December 31, 2022 amounted to EUR 2,284,371,684 represented by 571,092,921 shares with a par value of EUR 4, all fully paid up.

On December 31, 2022, a total of 598,336,796 voting rights were attached to the 571,092,921 issued shares. Schneider Electric's capital management strategy is designed to:

- ensure Group liquidity;
- optimize its financial structure;
- optimize the weighted average cost of capital.

The strategy must also ensure the Group has access to different capital markets under the best possible conditions. Factors taken into account for decision-making purposes include objectives expressed in terms of earnings per share, ratings or balance sheet stability. Finally, decisions may be implemented depending on specific market conditions.

Changes in share capital and cumulative number of shares

Changes in share capital since December 31, 2020 were as follows:

(in number of shares and in euros)	Cumulative number of shares	Share capital
SHARE CAPITAL AT DEC. 31, 2020	**567,068,555**	**2,268,274,220**
Cancellation of own shares	-	-
Capital increase	1,964,887	7,859,548
SHARE CAPITAL AT DEC. 31, 2021	**569,033,442**	**2,276,133,768**
Cancellation of own shares	-	-
Capital increase	2,059,479	8,237,916
SHARE CAPITAL AT DEC. 31, 2022	**571,092,921**	**2,284,371,684**

In 2022, the share premium account increased by EUR 204 million following the increases in capital.

19.2- Earnings per share

(in thousands of shares and in euros per share)	Full Year 2022 Basic	Full Year 2022 Diluted	Full Year 2021 Basic	Full Year 2021 Diluted
Issued shares (Net of treasury shares)	558,129	558,129	556,432	556,432
Performance shares	-	3,348	-	4,566
Bonds convertible into shares	-	3,684	-	3,684
AVERAGE WEIGHTED NUMBER OF SHARES	**558,129**	**565,161**	**556,432**	**564,682**
Earnings per share before tax	8.45	8.35	7.47	7.36
EARNINGS PER SHARE	**6.23**	**6.15**	**5.76**	**5.67**

19.3- Dividends paid and proposed

In 2022, the Group paid out the 2021 dividend of EUR 2.90 per share, for a total of EUR 1,618 million.

At the Shareholders' Meeting of May 5, 2023, shareholders will be asked to approve a dividend of EUR 3.15 per share for fiscal year 2022. On December 31, 2022 Schneider-Electric SE had distributable reserves in an amount of EUR 2,941 million (versus EUR 2,856 million at December 31, 2021, not including profit for the year).

19.4- Share-based payments

Nature and extent of existing share-based payments

The Board of Directors of Schneider Electric SE and later the Management Board have set up performance shares plans for senior executives and certain employees of the Group.

Rules governing the performance shares plans are as follows:

- to receive the shares, the grantee must generally be an employee or corporate officer of the Group. Vesting is also conditional on the achievement of performance criteria;
- the vesting period is three to four years;
- the lock-up period is zero or one year.

The main characteristics of these plans were as follow at December 31, 2022:

	LTIP 2019	LTIP 2020	LTIP 2021	LTIP 2022	TOTAL
Plan no.	*Plan 32*	*Plan 36*	*Plan 38*	*Plan 40*	
	Plan 33	*Plan 37*	*Plan 39*	*Plan 41*	
	Plan 34	*Plan 37bis*	*Plan 39bis*	*Plan 41bis*	
	Plan 35	*Plan 37ter*	*Plan 39ter*	*Plan 41ter*	
Date of Annual Shareholders' Meeting	Apr. 25, 2016	Apr. 25, 2017	Apr. 25, 2018	Apr. 25, 2019	
	Apr. 25, 2016	Apr. 25, 2017	Apr. 25, 2018	Apr. 25, 2019	
	Apr. 25, 2016	Apr. 25, 2017	Apr. 25, 2018	May 5, 2022	
	Apr. 25, 2016	Apr. 25, 2017	Apr. 25, 2018	May 5, 2022	
Date of the grant by the Board	Mar. 26, 2019	Mar. 24, 2020	Mar. 25, 2021	Mar. 24, 2022	
	Mar. 26, 2019	Mar. 24, 2020	Mar. 25, 2021	Mar. 24, 2022	
	Jul. 24, 2019	Oct. 21, 2020	July 29, 2021	July 27, 2022	
	Oct. 23, 2019	Oct. 21, 2020	Oct. 26, 2021	Oct. 26, 2022	
Vesting date	Mar. 28, 2022	Mar. 24, 2023	Mar. 25, 2024	Mar. 24, 2025	
	Mar. 28, 2022	Mar. 24, 2023	Mar. 25, 2024	Mar. 24, 2025	
	Jul. 25, 2022	Oct. 23, 2023	July 29, 2024	July 27, 2025	
	Oct. 24, 2022	Oct. 23, 2023	Oct. 26, 2024	Oct. 26, 2025	
End of holding period	Mar. 27, 2023 for Plan 32	Mar. 24, 2024 for Plan 36	Mar. 25, 2025 for Plan 38	Mar. 24, 2026 for Plan 40	
Number of performance shares					
Outstanding as of Dec. 31, 2021	**2,208,429**	**2,113,541**	**1,541,917**	**-**	**5,863,887**
Granted in 2022	-	-	-	1,423,558	1,423,558
Delivered in 2022	(2,138,217)	(1,500)	(1,129)	(331)	(2,141,177)
Canceled in 2022	(70,212)	(98,538)	(61,069)	(20,903)	(250,722)
Outstanding as of Dec. 31, 2022	**-**	**2,013,503**	**1,479,719**	**1,402,324**	**4,895,546**

Schneider Electric SE has not created shares in 2022 to deliver vested plans but used existing treasury shares.

Determination of fair values

In accordance with the accounting policies described in Note 1.20, the below fair value was calculated for each plan:

	Plan no.	Fair Value per share (in euros)
LTIP 2019		
	Plan 32	57.3
	Plan 33 - ExCom	59
	Plan 33 - Other	59.9
	Plan 34	64.6
	Plan 35	71.3
LTIP 2020		
	Plan 36	52.9
	Plan 37 - ExCom	55.2
	Plan 37 - Other	57.8
	Plan 37bis	90.7
	Plan 37ter - ExCom	85.3
	Plan 37ter - Other	89.3
LTIP 2021		
	Plan 38	93.4
	Plan 39 - ExCom	97.3
	Plan 39 - Other	102.9
	Plan 39bis	116.6
	Plan 39ter	117.5
LTIP 2022		
	Plan 40	119
	Plan 41 - ExCom	123
	Plan 41 - Other	128.8
	Plan 41bis	107.8
	Plan 41ter	111

IFRS 2 expense

The expense recorded under “Selling, general and administrative expenses” breaks down as follows:

(in millions of euros)	Full Year 2022	Full Year 2021
Group LTIP	114	118
Aveva	34	36
Other	18	7
TOTAL	**166**	**161**

In 2022, in relation with the terms of AVEVA’s transaction, a EUR 28 million share-based payments was recognized in “Other income and expenses” corresponding to the acceleration of multiple AVEVA plans.

Worldwide Employee Stock Purchase Plan

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

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.

On May 10, 2022 the Group 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, 1.8 million shares were subscribed, increasing the capital by EUR 209 million as of July 6, 2022. The value of the lock-up cost is higher than the discount cost. Therefore, the Group did not recognize any cost related to the transaction.

19.5- Schneider Electric SE treasury shares

On December 31, 2022, the Group held 11,978,255 Schneider Electric shares in treasury stock, which have been recorded as a deduction from retained earnings.

The Group has repurchased 1,659,933 shares for a total amount of EUR 219 million in 2022.

19.6- Income tax recorded in equity

Total income tax recorded in equity amounts to EUR 107 million as of December 31, 2022 and can be analyzed as follows:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021	Change in tax
Cash-Flow hedges	19	23	(4)
Available-for-sale financial assets	(13)	(15)	2
Actuarial gains/(losses) on defined benefits obligations	100	125	(25)
Other	(3)	(3)	-
TOTAL	**103**	**130**	**(27)**

19.7- Non-controlling interests

In 2022, the Group recognized a current financial liability which represents the commitment to purchase the outstanding AVEVA shares not already owned and the shares to be issued in the context of AVEVA's long term incentive plans. The recognition of this liability triggered an immediate reduction in non-controlling interests for EUR 2,865 million (Note 2).

NOTE 20 Pensions and other post-employment benefit obligations

The Group has set up various post-employment benefit plans for employees covering pensions, termination benefits, healthcare, life insurance and other benefits, as well as long-term benefit plans for active employees.

Defined Benefit Pension Plans

The Group's main Defined Benefit pension plans are located in the United Kingdom (UK) and the United States (US). They respectively represent 57% (2021: 62%) and 24% (2021: 22%) of the Group's total Defined Benefit Obligations (DBO) on pensions. The majority of benefit obligations under these plans, which represent 92% of the Group's total commitment at December 31, 2022, are partially or fully funded through payments to external funds. These funds are never invested in Group assets.

United Kingdom

The Group companies operate several Defined Benefit pension plans in the UK. The main one is related to the Invensys Pension Scheme. Pensions payable to employees depend on average final salary and length of service within the Group. These plans are registered schemes under UK tax law and managed by independent Boards of Trustees. They are closed to new entrants, and for most of them, the vested rights were frozen as they have been replaced by Defined Contributions plans.

These plans are funded by employer contributions, which are negotiated every three years based on plan valuations carried out by independent actuaries, so that the long-term financing services are ensured.

In relation to risk management and asset allocation, the Board of Trustees' aims of each plan are to ensure that it can meet its obligations to the plan's beneficiaries both in the short and long-term. The Board of Trustees is responsible for the plan's long-term investment strategy and defines and manages long-term investment strategies to reduce risks, including interest rate risks and longevity risks. A certain proportion of assets hedges the liability valuation change resulting from the interest rates evolution. Those assets are primarily invested in fixed income investments, particularly intermediate and longer-term instruments.

Following the agreement reached with the Trustee of the Invensys Pension Scheme on February 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 December 31, 2022, plan assets exceed the value of obligations subject to this guarantee and thus this guarantee cannot be called.

Schneider UK pension plans contain provisions of pension called Guaranteed Minimum Pension ("GMP"). GMPs were accrued for individuals who subscribed to the State Second Pension prior to April 6, 1997. Historically, there was an inequality in the benefits between male and female members concerning GMP.

A High Court case concluded on October 26, 2018, confirmed that all UK pension plans must equalize "GMPs" between men and women. In the light of these events and new information, the Group updated the related assumptions, leading to a net experience adjustment in "Other Comprehensive Income" of EUR 56 million. Following a further High Court ruling in November 2020, an additional net experience adjustment of EUR 7 million was recognized in other comprehensive income in 2020.

United States

The United States' subsidiaries operate several Defined Benefit pension plans. These plans are closed to new entrants, frozen to future accruals and have been replaced by Defined Contributions plans. Pensions payable to employees depend on the average final salary and the length of service within the Group.

Each year, the Group companies contribute a certain amount to the Defined Benefit pension plans. This amount is determined actuarially and is comprised of service costs, administrative expenses and payments toward any existing deficits. Since the plans are closed and frozen, there is generally no service cost component.

The companies delegate various responsibilities to Pension Committees. These committees define and manage long-term investment strategies to reduce risks, including interest rate risks and longevity risks. A certain proportion of assets hedges the liability valuation change, resulting from the interest rates evolution. Those assets are primarily invested in fixed income investments, particularly intermediate and longer-term instruments.

In October 2022, a contract was purchased from an insurer for USD 518 million covering all current retirees and a portion of non-retirees of Invensys pension plan. The buy-in contract was purchased using assets from the pension trust and is accounted for at fair value as an investment of the trust. This transaction resulted in an additional net experience adjustment of USD 24 million recognized in other comprehensive income in 2022.

Assumptions

Actuarial valuations are generally performed each year. The assumptions used vary according to the economic conditions prevailing in the country concerned, as follows:

	Group weighted average rate		Of which United Kingdom		Of which United States	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Discount rate	4.82%	2.12%	4.85%	2.05%	5.35%	2.77%
Rate of compensation increases	2.58%	2.60%	3.63%	3.64%	n.a.	n.a.

The discount rate is determined based on the interest rate for investment-grade (AA) corporate bonds or, if a liquid market does not exist, government bonds with a maturity that matches the duration of the benefit obligation. In the United States, the average discount rate is determined based on a yield curve for AA and AAA investment-grade corporate bonds.

In the Euro zone, the 2022 discount rate is 3.75%.

The rate of compensation increases includes both the salary increase and inflation rate if relevant.

Weighted average duration of defined benefit obligations plans:

	Total		Of which United Kingdom		Of which United States	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Weighted average duration in years	9.9	12.3	9.7	12.4	9.4	11.2

20.1- Changes in provisions for pensions and other post-employment benefit obligations

Annual changes in obligations, the market value of plan assets and the corresponding assets and provisions recognized in the financial statements can be analyzed as follows:

(in millions of euros)	Defined benefit obligations	Plan assets	Asset ceiling	Net Liability
Dec 31, 2020	**(10,016)**	**8,521**	**(67)**	**(1,562)**
Service cost	(66)	-	-	(66)
Past service cost	2	-	-	2
Curtailments and settlements	25	(1)	-	24
Interest cost	(159)	-	(1)	(160)
Interest income	-	121	-	121
Net impact in P&L, (expense)/profit	**(198)**	**120**	**(1)**	**(79)**
of which UK	*(94)*	*86*	*(1)*	*(9)*
of which US	*(52)*	*30*	-	*(22)*
Benefits paid	532	(478)	-	54
Plan participants' contributions	(6)	6	-	-
Employer contributions	-	136	-	136
Changes in the scope of consolidation	9	-	-	9
Actuarial gains/(losses) recognized in equity	701	(117)	(133)	451
Translation adjustment	(631)	606	(9)	(34)
Other changes	(77)	77	-	-
Dec. 31, 2021	**(9,686)**	**8,871**	**(210)**	**(1,025)**
of which UK	*(6,017)*	*6,524*	*(184)*	*323*
of which US	*(2,170)*	*1,692*	-	*(478)*
Service cost	(121)			(121)
Past service cost	(2)			(2)
Curtailments and settlements	84	(79)		5
Interest cost	(203)		(4)	(207)
Interest income		170		170
Net impact in P&L, (expense)/profit	**(242)**	**91**	**(4)**	**(155)**
of which UK	*(131)*	*121*	*(4)*	(14)
of which US	*(117)*	*41*	-	(76)
Benefits paid	537	(473)		64
Plan participants' contributions	(6)	6		-
Employer contributions		130		130
Changes in the scope of consolidation	10	(2)		8
Actuarial gains/(losses) recognized in equity	2,395	(2,284)	26	137
Translation adjustment	102	(143)	8	(33)
Other changes	(32)			(32)
Dec. 31, 2022	**(6,922)**	**6,196**	**(180)**	**(906)**
of which UK	*(3,977)*	*4,339*	*(140)*	*222*
of which US	*(1,663)*	*1,287*		*(376)*

The Group defined benefit obligations of EUR 6,922 million (2021: EUR 9,686 million) are broken down as EUR 6,678 million (2021: EUR 9,470 million) for post-employment benefits and EUR 244 million (2021: EUR 216 million) for other post-employment and long-term benefits.

The total present value of Defined Benefit Obligations breaks down as follows between wholly or partly funded plans and wholly unfunded plans:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Present value of wholly or partly funded benefit obligation	(6,334)	(9,052)
Fair value on plan assets	6,196	8,871
Effect of assets ceiling	(180)	(210)
Net position of wholly or partly funded benefit obligation	**(318)**	**(391)**
Present value of wholly or partly unfunded benefit obligation	**(588)**	**(634)**
NET LIABILITY FROM FUNDED AND UNFUNDED PLANS	**(906)**	**(1,025)**
Balance Sheet impact:		
*surplus of plans recognized as assets**	*280*	*370*
provisions recognized as liabilities	*(1,186)*	*(1,395)*

** The surplus of plans recognized as assets represents the assets in excess of the liabilities, generally assumed to be recoverable, and after applying any asset ceiling*

Changes in gross items recognized in equity were as follows:

(in millions of euros)	Full Year 2022	Full Year 2021
Actuarial (gains)/losses on Defined Benefit Obligations arising from demographic assumptions	(81)	(121)
Actuarial (gains)/losses on Defined Benefit Obligations arising from financial assumptions	(2,490)	(522)
Actuarial (gains)/losses on Defined Benefit Obligations from experience effects	176	(58)
Actuarial (gains)/losses on plan assets	2,284	117
Effect of asset ceiling	(26)	133
TOTAL RECOGNIZED IN EQUITY DURING THE PERIOD	**(137)**	**(451)**
of which UK	*(146)*	*259*
of which US	*110*	*116*

The table below shows the expected timing of benefit payments under pension and other post-employment benefit plans for the next 3 years:

(in millions of euros)	United Kingdom	United States	Rest of the World	Total
2023	315	102	72	489
2024	309	88	65	463
2025	306	88	69	463

Plans asset allocation:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Equity	5%	6%
Bonds	73%	80%
Others	22%	14%
TOTAL	**100%**	**100%**

20.2- Sensitivity analysis

The effect of a ± 0.5% change in the discount rate and in the rate of compensation increases on the 2022 Defined Benefit Obligations is as follows:

	United Kingdom		United States		Rest of the World		Total	
(in millions of euros)	+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%
Discount rate	(197)	214	(73)	79	(60)	65	(330)	358
Rate of compensation increases	81	(78)	-	-	46	(33)	127	(111)

NOTE 21 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	52	12	206	8	130	126	**534**
Utilizations	(48)	(21)	(150)	(13)	(194)	(100)	**(526)**
Reversals of surplus provisions	(6)	-	(39)	-	(26)	(15)	**(86)**
Translation adjustments	13	9	31	23	5	21	**102**
Changes in the scope of consolidation and other	(16)	(7)	(3)	73	(5)	28	**70**
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	40	36	240	39	144	162	**661**
Utilizations	(63)	(50)	(233)	(71)	(113)	(116)	**(646)**
Reversals of surplus provisions	-	(1)	(23)	(1)	(7)	(42)	**(74)**
Translation adjustments	9	7	-	12	(1)	14	**41**
Changes in the scope of consolidation and other	(50)	10	25	(10)	(12)	61	**24**
Dec. 31, 2022	**206**	**149**	**684**	**319**	**171**	**501**	**2,030**
of which long-term portion	*130*	*97*	*155*	*278*	*8*	*326*	**994**

Provisions are recognized following the principles described in Note 1.21.

Reconciliation with cash flow statement:

(in millions of euros)	Full Year 2022	Full Year 2021
Increase of provision	661	534
Utilization of provision	(646)	(526)
Reversal of surplus provision	(74)	(86)
Provision variance excluding employee benefit obligation	**(59)**	**(78)**
Employee benefit obligation net variance contribution to plan assets	91	24
INCREASE/(DECREASE) IN PROVISIONS IN CASH-FLOW STATEMENT	**32**	**(54)**

NOTE 22 Total current and non-current financial liabilities

The breakdown of net debt is as follows:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Bonds	8,627	8,234
Other bank borrowings	42	51
Short-term portion of bonds	(1,299)	(706)
Short-term portion of long-term debt	(40)	(25)
NON-CURRENT FINANCIAL LIABILITIES	**7,330**	**7,554**
Commercial paper	1,491	950
Accrued interest	39	38
Other short-term borrowings	141	317
Bank overdrafts	123	159
Short-term portion of convertible and non-convertible bonds	1,299	706
Short-term portion of long-term debt	40	25
SHORT-TERM DEBT	**3,133**	**2,195**
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	**10,463**	**9,749**
CASH AND CASH EQUIVALENTS	**(3,986)**	**(2,622)**
NET FINANCIAL DEBT excl. purchase commitments over non-controlling interests	**6,477**	**7,127**
Non-current purchase commitments over non-controlling interests	194	176
Current purchase commitments over non-controlling interests	4,554	-
NET FINANCIAL DEBT incl. purchase commitments over non-controlling interests	**11,225**	**7,303**

22.1- Breakdown by maturity

	Dec. 31, 2022		Dec. 31, 2021
(in millions of euros)	Nominal	Interests	Nominal
2022			2,195
2023	3,133	109	1,325
2024	1,000	86	996
2025	1,047	78	1,045
2026	1,397	72	1,397
2027	1,741	54	1,240
2028	756	23	757
2029 and beyond	1,389	81	794
TOTAL	**10,463**	**503**	**9,749**

22.2- Breakdown by currency

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Euro	10,236	8,803
US Dollar	41	737
Brazilian Real	16	13
Indian Rupee	77	84
Algerian Dinar	13	22
Other	80	90
TOTAL	**10,463**	**9,749**

22.3- Bonds

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021	Interest rate	Maturity
Schneider Electric SE 2022	-	706	2.950% fixed	September 2022
Schneider Electric SE 2023	500	499	0.000% fixed	June 2023
Schneider Electric SE 2023	799	798	1.500% fixed	September 2023
Schneider Electric SE 2024	998	997	0.250% fixed	September 2024
Schneider Electric SE 2025	747	746	0.875% fixed	March 2025
Schneider Electric SE 2025	300	300	1.841% fixed	October 2025
Schneider Electric SE 2026 (OCEANEs)	651	651	0.000% fixed	June 2026
Schneider Electric SE 2026	747	746	0.875% fixed	December 2026
Schneider Electric SE 2027	497	497	1.000% fixed	April 2027
Schneider Electric SE 2027	745	744	1.375% fixed	June 2027
Schneider Electric SE 2027	498	-	3.250% fixed	November 2027
Schneider Electric SE 2028	756	757	1.500% fixed	January 2028
Schneider Electric SE 2029	795	793	0.250% fixed	March 2029
Schneider Electric SE 2032	594	-	3.500% fixed	November 2032
TOTAL	**8,627**	**8,234**		

Schneider Electric SE has issued bonds on different markets:

- as part of its Euro Medium Term Notes (EMTN) program, bonds traded on the Paris stock exchange. Issues that had not yet matured as of December 31, 2022 are as follow:
  - EUR 500 million worth of bonds issued in June 2020, at a rate of 0.0%, maturing in June 2023;
  - EUR 800 million worth of bonds issued in September 2015 at a rate of 1.50%, maturing in September 2023;
  - EUR 800 million worth of bonds issued in September 2016, at a rate of 0.25%, maturing in September 2024;
  - EUR 200 million worth of bonds issued in July 2019, at a rate of 0.25%, maturing in September 2024;
  - EUR 750 million worth of bonds issued in March 2015, at a rate of 0.875%, maturing in March 2025;
  - EUR 200 million and EUR 100 million worth of Climate bonds issued successively in October and December 2015, at a rate of 1.841%, maturing in October 2025;
  - EUR 750 million worth of bonds issued in December 2017, at a rate of 0.875%, maturing in December 2026;
  - EUR 500 million worth of bonds issued in April 2020, at a rate of 1.00%, maturing in April 2027;
  - EUR 750 million worth of bonds issued in June 2018, at a rate of 1.375%, maturing in June 2027;
  - EUR 500 million worth of bonds issued in November 2022, at a rate of 3.25%, maturing in November 2027;
  - EUR 500 million worth of bonds issued in January 2019 and EUR 250 million worth of bonds issued in May 2019, at a rate of 1.50%, maturing in January 2028;
  - EUR 800 million worth of bonds issued in March 2020, at a rate of 0.25%, maturing in March 2029;
  - EUR 600 million worth of bonds issued in November 2022, at a rate of 3.50%, maturing in November 2032.

In addition, the Group has issued a bond that is convertible into or exchangeable for a new or existing shares (OCEANEs) for EUR 650 million at a rate of 0.00%, maturing in June 2026. The OCEANE has a debt component, assessed on inception date on the basis of the market interest rate applied to an equivalent non-convertible bond, is recognized in non-current financial debts and an optional component recognized in equity. At end of December 2022, the debt component recorded at net book value amounts to EUR 651 million and the optional component to EUR 42 million.

The initial conversion and/or exchange ratio of the Bonds was one share per Bond with a nominal value set at EUR 176.44 and has been adjusted to 1.003 shares per bond in May 2022. According to Sustainability-Linked Financing Framework, if the average sustainability performance score (calculated as the arithmetic average of the scores of the three key performance indicators) does not reach a certain level by December 31, 2025, the Group will pay an amount equal to 0.50% of the face value.

The three key performance indicators from the 11 new Schneider Sustainability Impact (SSI) 2021-2025 indicators are the following:

- Climate: Deliver 800 megatons of saved and avoided CO_2 emissions to our customers;
- Equality: Increase gender diversity, from hiring to front-line managers and leadership teams (50/40/30);
- Generation: Train 1 million underprivileged people in energy management.

The detailed rating methodology and approach are presented in the Group's Sustainability-Linked Financing Framework.

For all those transactions, issue premium and issue costs are amortized per the effective interest rate method.

22.4- Cash flow statement impact

(in millions of euros)	Dec. 31, 2021	Cash variations	Non-cash variations		Dec. 31, 2022
			Scope impacts	Forex and others	
Bonds	8,234	263	-	130	8,627
Other borrowings	1,356	384	(1)	(26)	1,713
Bank overdrafts	159	(70)	-	34	123
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	**9,749**	**577**	**(1)**	**138**	**10,463**

22.5- Purchase commitments over non-controlling interests

(in millions of euros)	Maturity	Dec. 31, 2022	Dec. 31, 2021
Current portion	2023	4,554	-
Non-current portion	2025-2026	194	176
TOTAL PURCHASE COMMITMENTS OVER NON-CONTROLLING INTEREST		**4,748**	**176**

Current portion corresponds to the commitment over AVEVA's non-controlling interests following the transaction described in note 2. Non-current portion corresponds to the commitments over non-controlling interests of notably ETAP, Qmerit, EV Connect, Energy Sage & Autogrid.

NOTE 23 Classification of financial instruments

The Group uses financial instruments to manage its exposure to fluctuations in interest rates, exchange rates and metal prices. Financial assets and liabilities can be classified at the fair value following the hierarchy levels below:

1. Level 1: market value (non-adjusted) on active markets, for similar assets and liabilities, which the company can obtain on a given valuation date;
2. Level 2: data other than the market rate available for level 1, which are directly or indirectly observable on the market;
3. Level 3: data on the asset or liability that are not observable on the market.

23.1 - Balance sheet exposure and fair value hierarchy

Dec. 31, 2022

(in millions of euros)	Carrying amount	Fair value through P&L	Fair value through equity	Financial assets/liabilities measured at amortized cost	Fair value	Fair value hierarchy
ASSETS:						
Listed financial assets	14	14	-	-	14	Level 1
Venture capital (FCPR)/mutual funds (SICAV)	119	119	-	-	119	Level 3
Other unlisted financial assets	478	96	382	-	478	Level 3
Other non-current financial assets	514	-	280	234	514	Level 2
TOTAL NON-CURRENT ASSETS	**1,125**	**229**	**662**	**234**	**1,125**	
Trade accounts receivables	7,514	-	-	7,514	7,514	Level 2
Current financial assets	1	-	1	-	1	Level 2
Marketable securities	1,716	1,716	-	-	1,716	Level 1
Negotiable debt securities and short-term deposits	693	693	-	-	693	Level 2
Cash	1,577	1,577	-	-	1,577	Level 2
Derivative instruments - foreign currencies	62	62	-	-	62	Level 2
Derivative instruments - interest rates	-	-	-	-	-	Level 2
Derivative instruments - commodities	11	-	11	-	11	Level 2
Derivative instruments - shares	-	-	-	-	-	Level 2
TOTAL CURRENT ASSETS	**11,574**	**4,048**	**12**	**7,514**	**11,574**	
LIABILITIES:						
Long-term portions of non-convertible bonds *	(6,677)	-	-	(6,677)	(6,210)	Level 1
Long-term portions of convertible bonds *	(651)	-	-	(651)	(577)	Level 2
Non-current purchase commitments over non-controlling interests	(194)	-	(194)	-	(194)	Level 2
Other long-term debt	(2)	-		(2)	(2)	Level 2
TOTAL NON-CURRENT LIABILITIES	**(7,524)**	**-**	**(194)**	**(7,330)**	**(6,983)**	
Short-term portion of bonds *	(1,299)	-	-	(1,299)	(1,288)	Level 1
Short-term debt	(1,834)	-	-	(1,834)	(1,834)	Level 2
Trade accounts payable	(6,254)	-	-	(6,254)	(6,254)	Level 2
Current purchase commitments over non-controlling interests	(4,554)	-	(4,554)	-	(4,554)	Level 2
Other	(174)	-	-	(174)	(174)	Level 2
Derivative instruments - foreign currencies	(264)	(182)	(82)	-	(264)	Level 2
Derivative instruments - interest rates	(3)	(3)	-	-	(3)	Level 2
Derivative instruments - commodities	-	-	-	-	-	Level 2
Derivative instruments - shares	-	-	-	-	-	Level 2
TOTAL CURRENT LIABILITIES	**(14,382)**	**(185)**	**(4,636)**	**(9,561)**	**(14,371)**	

** The majority of financial instruments listed in the balance sheet have a fair value close to their book value, except for bonds, for which the amortized cost in the balance sheet represents EUR 8,627 million compared to EUR 8,075 million at fair value.*

Dec. 31, 2021

(in millions of euros)	Carrying amount	Fair value through P&L	Fair value through equity	Financial assets/liabilities measured at amortized cost	Fair value	Fair value hierarchy
ASSETS:						
Listed financial assets	15	-	15	-	15	Level 1
Venture capital (FCPR)/mutual funds (SICAV)	111	111	-	-	111	Level 3
Other unlisted financial assets	323	79	244	-	323	Level 3
Other non-current financial assets	585	-	370	215	585	Level 2
TOTAL NON-CURRENT ASSETS	**1,034**	**190**	**629**	**215**	**1,034**	
Trade accounts receivables	6,829	-	-	6,829	6,829	Level 2
Current financial assets	4	-	4	-	4	Level 2
Marketable securities	551	551	-	-	551	Level 1
Negotiable debt securities and short-term deposits	438	438	-	-	438	Level 2
Cash	1,633	1,633	-	-	1,633	Level 2
Derivative instruments - foreign currencies	41	40	1	-	41	Level 2
Derivative instruments - interest rates	-	-		-	-	Level 2
Derivative instruments - commodities	7	-	7	-	7	Level 2
Derivative instruments - shares	-	-	-	-	-	Level 2
TOTAL CURRENT ASSETS	**9,503**	**2,662**	**12**	**6,829**	**9,503**	
LIABILITIES:						
Long-term portions of non-convertible bonds *	(6,877)	-	-	(6,877)	(7,126)	Level 1
Long-term portions of convertible bonds *	(651)	-	-	(651)	(636)	Level 2
Other long-term debt	(26)	-	-	(26)	(26)	Level 2
TOTAL NON-CURRENT LIABILITIES	**(7,554)**	**-**	**-**	**(7,554)**	**(7,788)**	
Short-term portion of bonds*	(706)	-	-	(706)	(719)	Level 1
Short-term debt	(1,489)	-	-	(1,489)	(1,489)	Level 2
Trade accounts payable	(5,715)	-	-	(5,715)	(5,715)	Level 2
Other	(63)	-	-	(63)	(63)	Level 2
Derivative instruments - foreign currencies	(104)	(55)	(49)	-	(104)	Level 2
Derivative instruments - interest rates	-	-	-	-	-	Level 2
Derivative instruments - commodities	-	-	-	-	-	Level 2
Derivative instruments - shares	-	-	-	-	-	Level 2
TOTAL CURRENT LIABILITIES	**(8,077)**	**(55)**	**(49)**	**(7,973)**	**(8,090)**	

** The majority of financial instruments listed in the balance sheet have a fair value close to their book value, except for bonds, for which the amortized cost in the balance sheet represents EUR 8,234 million compared to EUR 8,481 million at fair value.*

23.2- Derivative instruments

Dec. 31, 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	579	(316)	-	14	(14)	-
Forwards contracts	CFH	< 2 years	31	(19)	-	1	(1)	-
Forwards contracts	CFH	> 2 years	12	(19)	-	1	(1)	-
Forwards contracts	FVH	< 1 year	1,762	(5,493)	(118)	37	(155)	(3)
Forwards contracts	NIH	< 1 year	420	-	2	2	-	2
Forwards contracts	Trading	< 1 year	221	(1,811)	1	6	(5)	-
Cross currency swaps	CFH	< 1 year	75	(46)	-	1	(1)	4
Cross currency swaps	NIH	< 1 year	797	-	(87)	-	(87)	(85)
TOTAL FOREIGN CHANGE DERIVATIVES			**3,897**	**(7,704)**	**(202)**	**62**	**(264)**	**(82)**
Forwards contracts	CFH	< 1 year	-	(419)	11	11	-	11
Commodities derivatives			**-**	**(419)**	**11**	**11**	**-**	**11**
Interest Rate Swap	FVH	> 2 years	250	(250)	(3)	-	(3)	-
Interest Rate Derivatives			**250**	**(250)**	**(3)**	**-**	**(3)**	**-**
Options	CFH	< 1 year	-	-	-	-	-	-
Shares derivatives			**-**	**-**	**-**	**-**	**-**	**-**
TOTAL			**4,147**	**(8,373)**	**(194)**	**73**	**(267)**	**(71)**

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)**

23.3- Foreign currency hedges

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. Hedging approaches are detailed in Note 1.23.

The breakdown of the nominal of foreign change derivatives related to operating and financing activities is as follows:

Dec. 31, 2022

(in millions of euros)	Sales	Purchases	Net
US Dollar	2,261	(970)	1,291
Chinese Yuan	97	(132)	(35)
Danish Crown	1	(30)	(29)
Singapore Dollar	330	(340)	(10)
Swedish Crown	5	(15)	(10)
Japanese Yen	2	(3)	(1)
Swiss Franc	55	(197)	(142)
UAE Dirham	13	(36)	(23)
Brazilian real	104	(59)	45
Canadian Dollar	27	(9)	18
Australian Dollar	95	(73)	22
Saudi Riyal	-	(11)	(11)
Norwegian Krone	4	(8)	(4)
British Pound	638	(5,555)	(4,917)
South African Rand	2	-	2
Hong Kong Dollar	41	(46)	(5)
Others	222	(220)	2
TOTAL	**3,897**	**(7,704)**	**(3,807)**

23.4- Interest rate hedges

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 or cross-currency swaps. Cross-currency swaps may be presented both as foreign exchange hedges and interest rate hedges depending on the characteristics of the derivative.

During the fiscal year 2022, the Group has set up EUR 250 million interest rate swaps to hedge its exposure.

	Dec. 31, 2022			Dec. 31, 2021		
(in millions of euros)	Fixed Rates	Floating rates	Total	Fixed Rates	Floating rates	Total
Total current and non-current financial liabilities	8,627	1,836	**10,463**	8,234	1,515	**9,749**
Cash and cash equivalent		(3,986)	**(3,986)**	-	(2,622)	**(2,622)**
NET DEBT BEFORE HEDGING	**8,627**	**(2,150)**	**6,477**	**8,234**	**(1,107)**	**7,127**
Impact of Hedges	(250)	250	**-**	-	-	**-**
NET DEBT AFTER HEDGING	**8,377**	**(1,900)**	**6,477**	**8,234**	**(1,107)**	**7,127**

23.5- Commodity hedges

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 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.

All commodities instruments are futures and options designated as cash flow hedge under IFRS standards, of which:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Fair value	11	7
Nominal amount	(419)	(400)

23.6- Financial assets and liabilities subject to netting

In accordance with IFRS 7 standards, this section discloses financial instruments that are subject to netting agreements.

Dec. 31, 2022

(in millions of euros)	Gross amounts	Gross amounts offset in the statement of financial position	Net amounts presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net amounts as per IFRS 7
Financial assets	73	-	73	-	73
Financial liabilities	(264)	-	(264)	-	(264)

Dec. 31, 2021

(in millions of euros)	Gross amounts	Gross amounts offset in the statement of financial position	Net amounts presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net amounts as per IFRS 7
Financial assets	48	-	48	17	31
Financial liabilities	104	-	104	17	87

The Group trades over-the-counter derivatives with tier-one banks under agreements which provide for the offsetting of amounts payable and receivable in the event of default by one of the contracting parties. These conditional offsetting agreements do not meet the eligibility criteria within the meaning of IAS 32 for offsetting derivative instruments recorded under assets and liabilities. However, they do fall within the scope of disclosures under IFRS 7 on offsetting.

23.7- Counterparty risk

Financial transactions are entered 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 accounts receivable.

23.8- Liquidity risk

As of December 31, 2022, the Group had confirmed credit lines of EUR 2.950 million, all unused with EUR 2.850 million maturing after December 2023. Among them, EUR 2.700 million are sustainable-linked credit line with margin indexed on the annual performance of the Schneider Sustainability Impact (SSI).

With EUR 2.9 billion available committed facility and EUR 4.0 billion cash & cash equivalent, the liquidity of the Group amounts to EUR 6.9 billion end of the year. In the next 12 months, the total short term and bond maturity amounts to EUR 3.1 billion.

In addition, to secure the funding of the minority interest of Aveva and to meet certain funds requirement under UK regulation, the Group held undrawn bridge facility and term loan for a total amount of approximately EUR 3.9 billion.

Loan Agreement and committed credit lines do not include any financial covenants or credit rating triggers in case of rating downgrade.

23.9- Financial risk management

Foreign currency risk arises from the Group undertaking a significant number of foreign currency transactions in the course of operations. These exposures arise from sales in currencies other than the Group's presentational currency of Euro.

The main exposure of the Group in terms of currency exchange risk is related to the US dollar, Chinese Yuan and currencies linked to the US dollar. In 2022, revenue in foreign currencies amounted to EUR 27.3 billion (EUR 23.0 billion in 2021), including around EUR 9.9 billion in US dollars and EUR 4.8 billion in Chinese yuan (respectively EUR 7.4 and EUR 4.4 billion in 2021).

The Group manages its exposure to currency risk to reduce the sensitivity of earnings to changes in exchange rates. The financial instruments used to hedge the Group's exposure to fluctuations in exchange rates are described above.

The table below shows the impact of a 10% change in the US dollar and the Chinese Yuan against the Euro on Revenue and Adjusted EBITA. It includes the impact from the translation of financial statements into the Group's presentation currency and assumes no scope impact.

Dec. 31, 2022

(in millions of euros)	Increase/(decrease) in average rate	Revenue	Adj. EBITA
US Dollar	10%	990	162
	(10)%	(900)	(147)
Chinese Yuan	10%	478	121
	(10)%	(434)	(110)

Dec. 31, 2021

(in millions of euros)	Increase/(decrease) in average rate	Revenue	Adj. EBITA
US Dollar	10%	743	106
	(10)%	(676)	(97)
Chinese Yuan	10%	438	109
	(10)%	(398)	(99)

NOTE 24 Employees

24.1- Employees

The Group average number of permanent and temporary employees is as follows:

(number of employees)	Full Year 2022	Full Year 2021
Production	81,506	91,519
Administration	80,833	74,506
TOTAL AVERAGE WORKFORCE	**162,339**	**166,025**
of which Europe, Middle East, Africa and South America	65,455	66,214
of which North America	37,839	34,427
of which Asia-Pacific	59,045	65,384

24.2- Employee benefit expense

(in millions of euros)	Full Year 2022	Full Year 2021
Payroll costs	(8,764)	(8,207)
Profit-sharing and incentive bonuses	(62)	(66)
Stock options and performance shares	(184)	(161)
EMPLOYEE BENEFITS EXPENSE	**(9,010)**	**(8,434)**

24.3- Benefits granted to senior executives

In 2022, the Group granted EUR 2.2 million in attendance fees to the members of its Board of directors. The total amount of gross remuneration, including benefits in kind, paid in 2022 by the Group to the members of Senior Management, excluding executive directors, totaled EUR 33.9 million, of which EUR 11.4 million corresponded to the variable portion.

During the last three financial years, 506,774 performance shares have been allocated, excluding Corporate Officers. No stock options have been granted during the last three financial years. In 2022, performance shares were allocated under the 2022 long-term incentive plan 40. Since December 16, 2011, 100% of performance shares are conditional on the achievement of performance criteria for members of the Executive Committee.

Please refer to Chapter 4 of the Universal Registration Document for more information regarding the members of Senior Management.

NOTE 25 Related party transactions

25.1- Transactions with associates

Companies over which the Group has significant influence are accounted through the equity method. Transactions with these related parties are carried out on arm's length terms.

Related party transactions were not material in 2022.

25.2- Transactions with key management personnel

No transactions were carried out during the year with members of the supervisory board or management board. Compensation and benefits paid to the Group's top senior executives are described in Note 24.

NOTE 26 Commitments and contingent liabilities

26.1- Guarantees and similar undertakings

The following table discloses the maximum exposure on guarantees given and received:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Market counter guarantees *	3,543	3,702
Pledges, mortgages and sureties **	181	81
Other commitments given	435	314
GUARANTEES GIVEN	**4,159**	**4,097**
Endorsements and guarantees received	80	64
GUARANTEES RECEIVED	**80**	**64**

** On certain contracts, customers require some commitments to guarantee that the contract will be fully executed by the subsidiaries of the Group. The risk linked to the commitment is assessed and a provision for contingencies is recorded when the risk is considered probable and can be reasonably estimated. Market counter guarantees also include the guaranteed obligations towards pension schemes.*

*** Some loans are secured by property, plant and equipment and securities lodged as collateral.*

26.2- Contingent liabilities

As previously disclosed, investigations were conducted in September 2018 by the French judicial authority 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 has submitted its response to the French Competition Authority on October 4, 2022.

Concurrently on October 7, 2022 Schneider Electric was indicted by an investigating judge who required Schneider Electric to provide a bank guarantee of €20 million and a cash guarantee of €80 million which was paid mid-January 2023. As at December 31, 2022, this cash guarantee was recognized as "Other current liabilities" against "Non-current financial assets". Those actions do not mean that Schneider Electric will ultimately be found guilty of any wrongdoing. Schneider Electric firmly disagrees with all the allegations made by the French investigating judge and the French Competition Authority and intends to vigorously and fully defend itself. 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 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 27 Subsequent events

27.1- Disposal of transformer plants in Poland and Turkey

On January 6, 2023, the Group closed the transaction for the disposal of its Transformer plants in Poland and in Turkey to Groupe Cahors, an international company specialized in energy distribution, headquartered in France.

27.2- Issuance of bonds

On January 13, 2023, the Group has issued two bonds, for EUR 600 million at a rate of 3.125% maturing in October 2029 and for EUR 600 million at a rate of 3.375% maturing in April 2034.

27.3- Acquisition of AVEVA's non-controlling interests

On January 16, 2023, AVEVA announced that the Court had sanctioned the Scheme to effect the acquisition.

On January 18, 2023, following the deliverance of the Court Order to the Registrar of Companies, the Scheme became effective. AVEVA shares were unlisted from the London Stock Exchange of January 19, 2023.

The transaction has been settled in cash in January 2023 along with the payment of UK Stamp Duty Reserve Tax.

NOTE 28 Statutory Auditors' fees

Fees paid by the Group to the Statutory Auditors and their networks:

Full Year 2022

(in thousands of euros)	PwC	%	Mazars	%	Total
Statutory auditors, certification, examination of the parent company and consolidated accounts	11,271	92%	9,819	95%	**21,090**
o/w Schneider Electric SE	*1,291*		*971*		**2,262**
o/w subsidiaries	*9,980*		*8,848*		**18,828**
Services other than statutory audit - Audit-related services ("SACC") *	996	8%	522	5%	**1,518**
o/w Schneider Electric SE	*348*		-		**348**
o/w subsidiaries	648		522		1,170
TOTAL FEES	**12,267**	**100%**	**10,341**	**100%**	**22,608**

** Audit related services include services required by regulations and those provided at the request of the parent company or controlled entities, in particular: the review of environmental, social and societal information, contractual audits, comfort letters, audit certificates, agreed procedures, audits of procedures and information systems, and tax services that do not impair auditor independence.*

Full Year 2021

(in thousands of euros)	EY	%	Mazars	%	Total
Statutory auditors, certification, examination of the parent company and consolidated accounts	12,290	90%	9,602	96%	**21,892**
o/w Schneider Electric SE	*1,166*		*988*		**2,154**
o/w subsidiaries	*11,124*		*8,614*		**19,738**
Services other than statutory audit - Audit-related services ("SACC") *	1,368	10%	439	4%	**1,807**
o/w Schneider Electric SE	*317*		-		**317**
o/w subsidiaries	*1,051*		*439*		**1,490**
TOTAL FEES	**13,658**	**100%**	**10,041**	**100%**	**23,699**

** Audit related services include services required by regulations and those provided at the request of the parent company or controlled entities, in particular: the review of environmental, social and societal information, contractual audits, comfort letters, audit certificates, agreed procedures, audits of procedures and information systems, and tax services that do not impair auditor independence.*

NOTE 29 Consolidated companies

The main companies included in the Schneider Electric Group scope of consolidation are listed below:

(in % of interest)		Dec. 31, 2022	Dec. 31, 2021
Europe			
Fully consolidated			
Nxtcontrol GmbH	Austria	100	100
Schneider Electric "Austria" Ges. M.B.H.	Austria	100	100
Schneider Electric Power Drives GmbH	Austria	100	100
Schneider Electric Systems Austria GmbH	Austria	100	100
Schneider Electric Bel LLC	Belarus	-	100
Schneider Electric Energy Belgium SA	Belgium	100	100
Schneider Electric ESS BV	Belgium	100	100
Schneider Electric NV SA	Belgium	100	100
Schneider Electric Services International	Belgium	100	100
Schneider Electric Systems Belgium NV/SA	Belgium	100	100
Proleit Bulgaria OOD	Bulgaria	100	100
Schneider Electric Bulgaria EOOD	Bulgaria	100	100
Schneider Electric d.o.o	Croatia	100	100
Schneider Electric A.S.	Czech Republic	98.3	98.3
Schneider Electric CZ S.R.O.	Czech Republic	100	100
Schneider Electric Systems Czech Republic S.R.O.	Czech Republic	100	100
Orbaekvej 280 A/S	Denmark	100	100
Schneider Electric Danmark A/S	Denmark	100	100
Schneider Electric IT Denmark ApS	Denmark	100	100
Schneider Electric Eesti AS	Estonia	100	100
Schneider Electric Finland Oy	Finland	100	100
Schneider Electric Fire & Security OY	Finland	100	100
Schneider Electric Vamp Oy	Finland	100	100
Applications Logiciels Pour Ingenierie ALPI	France	100	100
Behar-Securite	France	100	100
Boissiere Finance	France	100	100
Construction Electrique du Vivarais	France	100	100
Dinel	France	100	100
Eckardt SAS	France	100	100
Eurotherm Automation	France	-	100
France Transfo	France	100	100
IGE+XAO SA *(sub-group)*	France	-	84.2
Invensys Holding France SAS	France	100	100
Merlin Gerin Ales	France	100	100
Merlin Gerin Loire	France	100	100
Muller & Cie	France	100	100
Newlog	France	100	100
Rectiphase SAS	France	100	100
Sarel - Appareillage Electrique	France	100	100
Scanelec	France	100	100
Schneider Electric Alpes	France	100	100
Schneider Electric Energy France	France	100	100
Schneider Electric France	France	100	100
Schneider Electric Industries SAS	France	100	100
Schneider Electric International	France	100	100
Schneider Electric IT France	France	100	100
Schneider Electric Manufacturing Bourguebus	France	100	100

(in % of interest)		Dec. 31, 2022	Dec. 31, 2021
Schneider Electric SE	France	100	100
Schneider Electric Solar France	France	100	100
Schneider Electric Systems France	France	100	100
Schneider Electric Telecontrol	France	100	100
Schneider Toshiba Inverter Europe SAS	France	60	60
Schneider Toshiba Inverter SAS	France	60	60
Societe D'Appareillage Electrique Gardy	France	-	100
Societe D'Application Et D'Ingenierie Industrielle Et Informatique - SA3I	France	100	100
Societe Electrique d'Aubenas	France	100	100
Societe Francaise de Constructions Mecaniques Et Electriques	France	100	100
Societe Francaise Gardy	France	100	100
Systemes Equipements Tableaux Basse Tension, SETBT	France	100	100
Transfo Services	France	100	100
Transformateurs SAS	France	-	100
ABN GmbH	Germany	100	100
Eberle Controls GmbH	Germany	-	100
J&K Regeltechnik GmbH	Germany	100	-
Merten GmbH	Germany	100	100
Proleit GmbH	Germany	100	100
RIB GmbH *(Sub-Group)*	Germany	100	100
Schneider Electric Automation GmbH	Germany	100	100
Schneider Electric GmbH	Germany	100	100
Schneider Electric Holding Germany GmbH	Germany	100	100
Schneider Electric Investment AG	Germany	100	100
Schneider Electric Operations Consulting GmbH	Germany	100	100
Schneider Electric Real Estate GmbH	Germany	100	100
Schneider Electric Sachsenwerk GmbH	Germany	100	100
Schneider Electric Systems Germany GmbH	Germany	100	100
Schneider Electric AEBE	Greece	100	100
Schneider Electric Energy Hungary Ltd	Hungary	-	100
Schneider Electric Hungaria Villamossagi ZRT	Hungary	100	100
SE - CEE Schneider Electric Közep-Kelet Europai Korlatolt Felelösségü Tarsasag	Hungary	100	100
Schneider Electric Ireland Limited	Ireland	100	100
Schneider Electric IT Limited	Ireland	100	100
Schneider Electric IT Logistics Europe Limited	Ireland	100	100
Validation Technologies (Europe) Ltd	Ireland	100	100
Eliwell Controls S.r.l.	Italy	100	100
Eurotherm S.r.l.	Italy	-	100
Schneider Electric Industrie Italia S.p.a.	Italy	100	100
Schneider Electric S.p.a.	Italy	100	100
Schneider Electric Systems Italia S.p.a.	Italy	100	100
Uniflair S.p.a.	Italy	100	100
Lexel Fabrika, SIA	Latvia	100	100
Schneider Electric Baltic Distribution Center	Latvia	100	100
Schneider Electric Latvija SIA	Latvia	100	100
UAB Schneider Electric Lietuva	Lithuania	100	100
Industrielle De Reassurance S.A.	Luxembourg	100	100
Schneider Electric Holding Luxembourg	Luxembourg	100	100

(in % of interest)		Dec. 31, 2022	Dec. 31, 2021
American Power Conversion Corporation (A.P.C.) B.V.	Netherlands	100	100
APC International Corporation B.V.	Netherlands	100	100
BTR (European Holdings) Bv	Netherlands	100	100
Clovis Systems B.V.	Netherlands	70	70
Proleit B.V.	Netherlands	100	100
Schneider Electric Ecommerce Europe B.V.	Netherlands	100	-
Schneider Electric Logistic Centre B.V.	Netherlands	100	100
Schneider Electric Systems Netherlands N.V.	Netherlands	100	100
Schneider Electric The Netherlands B.V.	Netherlands	100	100
ELKO AS (Elektrokontakt AS)	Norway	100	100
Eurotherm AS	Norway	-	100
Lexel Holding Norge AS	Norway	100	100
Schneider Electric Norge AS	Norway	100	100
Eurotherm Poland Sp. Z.o.o.	Poland	-	100
Schneider Electric Elda S.A.	Poland	100	100
Schneider Electric Industries Polska Sp. Z o.o.	Poland	100	100
Schneider Electric Polska Sp. Z o.o.	Poland	100	100
Schneider Electric Systems Poland Sp. Z o.o.	Poland	100	100
Schneider Electric Transformers Poland SpZoo	Poland	100	100
Schneider Electric Portugal, LDA	Portugal	100	100
Schneider Electric Romania, SRL	Romania	100	100
AO Schneider Electric	Russia	-	100
Din Elektro Kraft OOO	Russia	-	100
FLISR LLC	Russia	-	100
OOO Potential	Russia	-	100
OOO Schneider Electric Zavod Electromonoblock	Russia	-	100
Schneider Electric Innovation center LLC	Russia	-	100
Schneider Electric Systems LLC	Russia	100	100
Schneider Electric LLC Novi Sad	Serbia	100	100
Schneider Electric Srbija doo Beograd	Serbia	100	100
Schneider Electric Slovakia, Spol SRO	Slovakia	100	100
Schneider Electric Systems Slovakia S.R.O.	Slovakia	100	100
Schneider Electric d.o.o.	Slovenia	100	100
Manufacturas Electricas S.A.U.	Spain	100	100
Proleit Iberia Slu	Spain	100	100
Schneider Electric Espana, S.A.U	Spain	100	100
Schneider Electric IT Spain, S.L.	Spain	100	100
Schneider Electric Solar Spain, S.A.	Spain	100	100
Schneider Electric Systems Iberica S.L.	Spain	100	100
Telemantenimiento De Alta Tension, S.L.	Spain	100	100
AB Crahftere 1	Sweden	100	100
Elektriska Aktiebolaget Delta	Sweden	100	100
Elko AB	Sweden	100	100
Eurotherm AB	Sweden	-	100
Lexel AB	Sweden	100	100
Schneider Electric Buildings AB	Sweden	100	100
Schneider Electric Distribution Centre AB	Sweden	100	100
Schneider Electric Sverige AB	Sweden	100	100

(in % of interest)		Dec. 31, 2022	Dec. 31, 2021
Telvent Sweden AB	Sweden	-	100
Feller AG	Switzerland	83.7	83.7
Gutor Electronic GmbH	Switzerland	100	100
Schneider Electric (Suisse) SA	Switzerland	100	100
Proleit Automation Ooo	Ukraine	100	100
Schneider Electric Ukraine	Ukraine	100	100
Ascot Acquisition Holdings Limited	United Kingdom	100	-
Aveva Group plc *(sub-group)*	United Kingdom	59.2	59
Avtron Loadbank Worldwide Co., Limited	United Kingdom	-	100
BTR Industries Ltd	United Kingdom	100	100
BTR Property Holdings Ltd	United Kingdom	100	100
CBS Group Ltd	United Kingdom	-	100
Eurotherm Ltd	United Kingdom	-	100
Invensys Group Holdings Ltd	United Kingdom	100	100
Invensys Group Ltd	United Kingdom	100	100
Invensys Holdings Ltd	United Kingdom	100	100
Invensys International Holdings Ltd	United Kingdom	100	100
Invensys Ltd	United Kingdom	100	100
M&C Energy Group Limited	United Kingdom	100	100
N.J. Froment & Co. Limited	United Kingdom	-	100
Samos Acquisition Company Limited	United Kingdom	100	100
Schneider Electric (UK) Limited	United Kingdom	100	100
Schneider Electric Buildings UK Limited	United Kingdom	100	100
Schneider Electric Controls UK Limited	United Kingdom	100	100
Schneider Electric Invensys (UK) Ltd	United Kingdom	100	100
Schneider Electric IT UK Ltd	United Kingdom	100	100
Schneider Electric Limited	United Kingdom	100	100
Schneider Electric Systems UK Limited	United Kingdom	100	100
Tac Products Limited	United Kingdom	100	100
Yorkshire Switchgear Group Limited	United Kingdom	100	100
Accounted for by equity method			
Aveltys	France	-	51
Delta Dore Finance SA (sub-group)	France	20	20
Energy Pool Development	France	-	25
Schneider Lucibel Managed Services SAS	France	50	50
Planon Beheer BV	Netherlands	25	25
AO Gruppa Kompaniy "Electroshield" - TM Samara	Russia	-	60
Carros Sensors Topco Ltd	United Kingdom	30	30
North America			
Fully consolidated			
Power Measurement Ltd	Canada	100	100
Schneider Electric Canada Inc.	Canada	100	100
Schneider Electric Solar Inc.	Canada	100	100
Schneider Electric Systems Canada Inc.	Canada	100	100
Viconics Technologies Inc.	Canada	-	100
Electronica Reynosa S. de R.L. de C.V.	Mexico	100	100
Industrias Electronicas Pacifico, S.A. de C.V.	Mexico	100	100

(in % of interest)		Dec. 31, 2022	Dec. 31, 2021
Proleit S. De R. L.	Mexico	66.67	66.7
Schneider Electric Mexico S.A. de C.V.	Mexico	100	100
Schneider Electric Systems Mexico, S.A. de C.V.	Mexico	100	100
Schneider Industrial Tlaxcala S.A. de C.V.	Mexico	100	100
Schneider Mexico S.A. de C.V.	Mexico	100	100
Schneider R&D, S.A. de C.V.	Mexico	100	100
Square D Company Mexico, S.A. de C.V.	Mexico	100	100
Telvent Mexico, S.A. de C.V.	Mexico	100	100
American Power Conversion Holdings Inc.	United States	100	100
ASCO Power Services, Inc.	United States	100	100
ASCO Power Technologies, L.P.	United States	100	100
Autogrid Systems, Inc.	United States	91.81	-
BTR, LLC	United States	100	100
Charge Holdings, LLC	United States	85.25	85.9
Echo HoldCo LLC	United States	90.84	90.8
ETAP Automation Inc. *(sub-group)*	United States	80	80
EV Connect, LLC	United States	95.52	-
Foxboro Controles S.A.	United States	100	100
GPI Interim Inc.	United States	100	100
H.S. Investments, LLC	United States	100	100
Invensys LLC	United States	100	100
Osisoft *(sub-group)*	United States	59.2	59
Pro-Face America, LLC	United States	-	100
Proleit Corp.	United States	100	100
Ranco Incorporated of Delaware	United States	100	100
Schneider Electric Buildings Americas, Inc.	United States	100	100
Schneider Electric Buildings Critical Systems, Inc.	United States	100	100
Schneider Electric Buildings, LLC	United States	-	100
Schneider Electric Digital, Inc.	United States	100	100
Schneider Electric Engineering Services, LLC	United States	100	100
Schneider Electric Foundries LLC	United States	100	100
Schneider Electric Grid Automation, Inc.	United States	-	100
Schneider Electric Holdings, Inc.	United States	100	100
Schneider Electric IT Corporation	United States	100	100
Schneider Electric IT Mission Critical Services, Inc.	United States	100	100
Schneider Electric Solar Inverters USA, Inc.	United States	100	100
Schneider Electric Systems USA, Inc.	United States	100	100
Schneider Electric USA, Inc.	United States	100	100
SE Vermont Ltd	United States	100	100
Siebe Inc.	United States	100	100
SNA Holdings Inc.	United States	100	100
Square D Investment Company	United States	100	100
Stewart Warner Corp.	United States	100	100
Summit Energy Services, Inc.	United States	100	100
Veris Industries LLC	United States	100	100
Accounted for by equity method			
Uplight Inc.	United States	29.4	29

(in % of interest)		Dec. 31, 2022	Dec. 31, 2021
Asia-Pacific			
Fully consolidated			
Citect Corporation Limited	Australia	100	100
Clipsal Technologies Australia Pty Ltd	Australia	100	100
Nu-Lec Industries Pty Ltd	Australia	100	100
Scada Group Pty Limited	Australia	100	100
Schneider Electric (Australia) Pty Limited	Australia	100	100
Schneider Electric Australia Holdings Pty Ltd	Australia	100	100
Schneider Electric Buildings Australia Pty Ltd	Australia	100	100
Schneider Electric IT Australia Pty Ltd	Australia	100	100
Schneider Electric Solar Australia Pty Ltd	Australia	100	100
Schneider Electric Sustainability Business Australia Pty Ltd	Australia	100	100
Schneider Electric Systems Australia Pty Ltd	Australia	100	100
Serck Controls Pty Limited	Australia	100	100
Tamco Electrical Industries Australia Pty Limited	Australia	65	65
Beijing Leader Harvest Electric Technologies Co., Ltd	China	100	100
Beijing Leader Harvest Energy Efficiency Investment Co., Ltd	China	100	100
FSL Electric (Dongguan) Limited	China	54	54
Jingxin Hongde (Beijing) Technology Co., Ltd.	China	12.34	51
Pro-Face China International Trading (Shanghai) Co., Ltd	China	100	100
Proleit Automation Systems (Shanghai) Co., Ltd	China	100	100
Schneider (Beijing) Low Voltage Co., Ltd.	China	95	95
Schneider (Beijing) Medium Voltage Co., Ltd	China	100	95
Schneider (Shaanxi) Baoguang Electrical Apparatus Co., Ltd	China	70	70
Schneider (Suzhou) Transformers Co., Ltd	China	100	100
Schneider (Wuxi) Drives Co., Ltd.	China	90	90
Schneider Automation & Controls Systems (Shanghai) Co., Ltd	China	-	100
Schneider Busway (Guangzhou) Limited	China	95	95
Schneider Electric (China) Company Limited	China	100	100
Schneider Electric (Xiamen) Switchgear Co., Ltd	China	100	100
Schneider Electric (Xiamen) Switchgear Equipment Co., Ltd	China	100	100
Schneider Electric Equipment and Engineering (Xi'An) Co., Ltd	China	100	100
Schneider Electric IT (China) Co., Ltd	China	100	100
Schneider Electric IT (Xiamen) Co., Ltd	China	100	100
Schneider Electric Manufacturing (Chongqing) Co., Ltd	China	100	100
Schneider Electric Manufacturing (Wuhan) Co., Ltd	China	100	100
Schneider Great Wall Engineering (Beijing) Co., Ltd	China	100	100
Schneider Merlin Gerin Low Voltage (Tianjin) Co.,Ltd.	China	75	75
Schneider Shanghai Apparatus Parts Manufacturing Co., Ltd	China	100	100
Schneider Shanghai Industrial Control Co., Ltd	China	80	80
Schneider Shanghai Low Voltage Terminal Apparatus Co., Ltd	China	75	75
Schneider Shanghai Power Distribution Electrical Apparatus Co., Ltd	China	80	80
Schneider Smart Technology Co., Ltd.	China	100	100
Schneider South China Smart Technology (Guangdong) Co. Ltd.	China	100	100
Schneider Switchgear (Suzhou) Co., Ltd	China	58	58
Schneider Wingoal (Tianjin) Electric Equipment Co., Ltd	China	100	100
Shanghai ASCO Electric Technology Co., Ltd.	China	100	100
Shanghai Foxboro Co., Ltd	China	100	100

(in % of interest)		Dec. 31, 2022	Dec. 31, 2021
Shanghai Invensys Process System Co., Ltd	China	100	100
Shanghai Schneider Electric Power Automation Co., Ltd	China	100	100
Shanghai Tayee Electric Co., LTD	China	67.05	74.5
Shenzhen Easydrive Electric Co., Ltd	China	51	51
Tianjin Wingoal Electric Equipment Co., Ltd.	China	100	100
Uniflair (Zhuhai) Electrical Appliance Manufacturing Co., Ltd	China	100	100
Wuxi Pro-Face Co., Ltd	China	100	100
Zircon Investment (Shanghai) Co., Ltd	China	74.5	74.5
Clipsal Asia Holdings Limited	Hong Kong	100	100
Fed-Supremetech Limited	Hong Kong	54	54
Himel Hong Kong Limited	Hong Kong	100	100
Schneider Electric (Hong Kong) Limited	Hong Kong	100	100
Schneider Electric Asia Pacific Limited	Hong Kong	100	100
Schneider Electric IT Hong Kong Limited	Hong Kong	100	100
Eurotherm India Private Ltd	India	-	100
Luminous Power Technologies Private Limited	India	100	100
Schneider Electric India Private Limited	India	65	65
Schneider Electric Infrastructure Limited	India	75	75
Schneider Electric IT Business India Private Limited	India	100	100
Schneider Electric President Systems Limited	India	80.49	80.49
Schneider Electric Private Limited	India	100	100
Schneider Electric Solar India Pte Ltd	India	100	100
Schneider Electric Systems India Private Limited	India	100	100
PT Schneider Electric Indonesia	Indonesia	100	100
PT Schneider Electric IT Indonesia	Indonesia	100	100
PT Schneider Electric Manufacturing Batam	Indonesia	100	100
PT Schneider Electric Systems Indonesia	Indonesia	95	95
PT Schneider Indonesia	Indonesia	95	95
PT Tamco Indonesia	Indonesia	65	65
Ranco Japan Ltd	Japan	100	100
Schneider Electric Japan Holdings Ltd	Japan	100	100
Schneider Electric Japan, Inc.	Japan	100	100
Schneider Electric Solar Japan Inc.	Japan	100	100
Schneider Electric Systems Japan Inc.	Japan	100	100
Toshiba Schneider Inverter Corporation	Japan	60	60
Eurotherm Korea Co., Ltd.	Korea	-	100
Schneider Electric Korea Limited	Korea	100	100
Schneider Electric Systems Korea Ltd	Korea	100	100
Clipsal Manufacturing (M) Sdn. Bhd.	Malaysia	-	100
Desea Sdn. Bhd.	Malaysia	100	100
Gutor Electronic Asia Pacific Sdn. Bhd.	Malaysia	100	100
Henikwon Corporation Sdn. Bhd.	Malaysia	65	65
Schneider Electric (Malaysia) Sdn. Bhd.	Malaysia	30	30
Schneider Electric Industries (M) Sdn. Bhd.	Malaysia	100	100
Schneider Electric IT Malaysia Sdn. Bhd.	Malaysia	100	100
Schneider Electric Systems (Malaysia) Sdn. Bhd.	Malaysia	100	100
Tamco Switchgear (Malaysia) Sdn. Bhd.	Malaysia	65	65
Schneider Electric (NZ) Limited	New Zealand	100	100

(in % of interest)		Dec. 31, 2022	Dec. 31, 2021
Schneider Electric Systems New Zealand Limited	New Zealand	100	100
Schneider Electric (Philippines), Inc.	Philippines	100	100
Schneider Electric IT Philippines Inc.	Philippines	100	100
Schneider Electric Asia Pte. Ltd.	Singapore	100	100
Schneider Electric Export Services Pte Ltd	Singapore	100	100
Schneider Electric IT Logistics Asia Pacific Pte Ltd	Singapore	100	100
Schneider Electric IT Singapore Pte Ltd	Singapore	100	100
Schneider Electric JV Holdings 2 Pte. Ltd.	Singapore	65	65
Schneider Electric Overseas Asia Pte Ltd	Singapore	100	100
Schneider Electric Singapore Pte Ltd	Singapore	100	100
Schneider Electric South East Asia (HQ) Pte Ltd	Singapore	100	100
Schneider Electric Systems Singapore Pte. Ltd.	Singapore	100	100
Schneider Electric Lanka (Private) Limited	Sri Lanka	65	65
Schneider Electric Systems Taiwan Corp.	Taiwan	100	100
Schneider Electric Taiwan Co., Ltd	Taiwan	100	100
Schneider (Thailand) Limited	Thailand	100	100
Schneider Electric CPCS (Thailand) Co., Ltd	Thailand	100	100
Schneider Electric Solar (Thailand) Co., Ltd	Thailand	100	100
Schneider Electric Systems (Thailand) Co., Ltd	Thailand	100	100
Clipsal Vietnam Co., Ltd	Viet Nam	100	100
Invensys Vietnam Ltd	Viet Nam	100	100
Schneider Electric IT Vietnam Limited	Viet Nam	100	100
Schneider Electric Manufacturing Vietnam Company Limited	Viet Nam	100	100
Schneider Electric Vietnam Limited	Viet Nam	100	100
Accounted for by equity method			
Delixi Electric Limited (sub-group)	China	50	50
Sunten Electric Equipment Co., Ltd	China	25	25
Fuji Electric FA Components & Systems Co., Ltd (sub-group)	Japan	36.8	36.8
Foxboro (Malaysia) Sdn. Bhd.	Malaysia	49	49
Rest of the World			
Fully consolidated			
Himel Algerie	Algeria	100	100
Schneider Electric Algerie	Algeria	100	100
Schneider Electric Argentina S.A.	Argentina	100	100
Schneider Electric Systems Argentina S.A.	Argentina	100	100
Eurotherm Ltda	Brazil	-	100
Proleit Automaçao Ltda	Brazil	100	100
Schneider Electric Brasil Automação de Processos Ltda	Brazil	100	100
Schneider Electric Brasil Ltda	Brazil	100	100
Schneider Electric IT Brasil Industria E Comercio De Equipamentos Eletronicos Ltda	Brazil	100	100
Steck Da Amazonia Industria Elétrica Ltda	Brazil	100	100
Steck Industria Eletrica Ltda	Brazil	100	100
Telseb Serviços de Engenharia E Comércio de Equipamentos Eletrônicos e Telecomunicações Ltda	Brazil	100	100
Inversiones Schneider Electric Uno Limitada	Chile	-	100
Marisio S.P.A	Chile	100	100
Schneider Electric Chile S.P.A	Chile	100	100
Schneider Electric Systems Chile Limitada	Chile	100	100

(in % of interest)		Dec. 31, 2022	Dec. 31, 2021
Schneider Electric de Colombia S.A.S	Colombia	100	100
Schneider Electric Systems Colombia Ltda	Colombia	100	100
Schneider Electric Centroamerica Limitada	Costa Rica	100	100
Schneider Electric Ecuador Sociedad Anonima	Ecuador	100	100
Invensys Engineering & Service S.A.E.	Egypt	51	51
Schneider Electric Distribution Company	Egypt	91.99	87.4
Schneider Electric Egypt S.A.E.	Egypt	92	91.9
Schneider Electric Engineering And Services - Free Zone S.A.E	Egypt	51	51
Schneider Electric Systems Egypt S.A.E	Egypt	60	60
Schneider Electric LLP	Kazakhstan	100	100
KMG Automation Limited Liability Partnership	Kazakhstan	51	51
Schneider Electric (Kenya) Limited	Kenya	100	100
Kana Controls General Trading & Contracting Company WLL	Kuwait	31.9	31.9
Schneider Electric Services Kuweit	Kuwait	49	49
Schneider Electric Israël Ltd	Israel	100	100
Schneider Electric East Mediterranean SAL	Lebanon	100	96
Schneider Electric CFC	Morocco	100	100
Schneider Electric Maroc	Morocco	100	100
Schneider Electric Free Zone Enterprise	Nigeria	100	100
Schneider Electric Nigeria Limited	Nigeria	100	100
Schneider Electric Systems Limited	Nigeria	100	100
Schneider Electric O.M LLC	Oman	100	100
Schneider Solutions And Services (Private) Limited	Pakistan	100	100
Schneider Electric Peru S.A.	Peru	100	100
Schneider Electric Systems del Peru S.A.	Peru	100	100
Schneider Electric Services LLC	Qatar	49	49
Electrical & Automation Saudi Arabian Manufacturing Company (LLC)	Saudi Arabia	65	65
Schneider Electric Saudi Arabia Limited	Saudi Arabia	100	100
Schneider Electric Systems Saudi Arabia Co. LTD.	Saudi Arabia	100	100
Invensys SA (Pty) Ltd	South Africa	100	100
Schneider Electric South Africa (Pty) Ltd	South Africa	74.9	74.9
Gunsan Elektrik Malzemelerï Sanayï Ve Ticaret Anonïm Sïrketi	Turkey	100	100
Himel Elektrik Malzemeleri Ticaret Anonim Sirketi	Turkey	100	100
Schneider Elektrik Sanayi Ve Ticaret A.S.	Turkey	100	100
Schneider Enerji Endüstrisi Sanayi Ve Ticaret Anonim Sirketi	Turkey	100	100
Cimac FZCO	United Arab Emirates	100	100
L&T Electrical And Automation FZE	United Arab Emirates	65	65
Schneider Electric DC MEA FZCO	United Arab Emirates	100	100
Schneider Electric FZE	United Arab Emirates	100	100
Schneider Electric Systems Middle East FZE	United Arab Emirates	100	100
Schneider Electric Systems de Venezuela, C.A.	Venezuela	100	100
Schneider Electric Venezuela S.A.	Venezuela	93.56	93.6

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

Consolidated financial statements

Business and Statement of Income highlights

Transaction with AVEVA's non-controlling interests

On September 21, 2022, the Group confirmed its firm intention to acquire the share capital of AVEVA that it did not already own.

On November 11, 2022, the board of Schneider Electric and the AVEVA Independent Committee announced that they reached an agreement on the terms of a cash offer of 3,225 pence per AVEVA share. Such acquisition is to be effected by means of a Court approved scheme of arrangement, under Part 26 of the Companies Act 2006.

On November 25, 2022, the requisite majority of AVEVA's shareholders approved the Scheme, and passed the Special Resolution to implement the Scheme during respectively the Court Meeting and the General Meeting. This led to the immediate recognition of a current financial liability in the Group's financial statements of GBP 4,039 million (EUR 4,704 million as of November 25, 2022 closing rate). The liability represents the commitment for the Group to purchase the 123,429,542 outstanding AVEVA shares not already owned as of November 25, 2022, and the 1,814,217 shares to be issued in the context of AVEVA's long term incentive plans. The recognition of this liability triggered an immediate reduction in non-controlling interests for EUR 2,865 million and in the group share of equity for EUR 1,839 million. In addition, the Group recognized transaction costs against equity.

The liability, presented under "Current purchase commitments over non-controlling interests", amounted to EUR 4,554 million as of December 31, 2022. In order to meet the certain funds requirements under UK regulation law (and guarantee the availability of funds at closing date), the Group held at December 31, 2022 an undrawn bridge facility to approximately GBP 2.4 billion (with a twelve months maturity), a term loan facility of GBP 1.5 billion (with a three-year maturity) and a EUR 423 million cash deposit held at Schneider Electric SE (classified in Cash and cash equivalents).

The acquisition of the remaining shares of AVEVA was hedged during the second semester 2022 by entering into FX options for a total of GBP 4,000 million. The EUR 12 million realized loss on the hedging instruments was recorded in "Costs of acquisitions and integrations" within "Other operating income and expenses" (in this context, hedge accounting is not possible under IFRS).

As of December 31, 2022, all regulatory conditions were met, however the Scheme remained to be sanctioned by the Court.

On January 16, 2023, AVEVA announced that the Court had sanctioned the Scheme to effect the acquisition.

On January 18, 2023, following the deliverance of the Court Order to the Registrar of Companies, the Scheme became effective. AVEVA shares were unlisted from the London Stock Exchange on January 19, 2023. The transaction has been settled in cash in January 2023.

IFRS 5 application - *Non-current Assets Held for Sale and Discontinued Operations*

The following businesses have been reclassified as Held for Sale as of December 31, 2022:

Transformer plants in Poland and Turkey

On July 27, 2022, the Group signed an agreement for the disposal of its Transformer plants in Poland and in Turkey to Cahors Group, an international company specialized in energy distribution, headquartered in France. The businesses have around 800 employees and are currently reported within *Energy management* reporting segment.

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 December 31, 2022 and measured at the lower of net carrying amount and fair value less costs to sell. A resulting impairment of EUR 75 million was recognized within Other Operating Income and Expenses.

The transaction was completed on January 6, 2023.

Industrial sensors business

On October 27, 2022, the Group announced the signing of a binding agreement with YAGEO to divest its industrial sensors business, Telemecanique Sensors. Telemecanique Sensors had revenue of around EUR 280 million in 2021, Telemecanique Sensors is reported within *Industrial Automation* reporting segment. The all-cash transaction values Telemecanique Sensors at EUR 723 million (Enterprise Value). The Group will grant YAGEO a license to use the Telemecanique Sensors trademark.

The completion of the proposed transaction is expected to occur in the coming months, subject to the receipt of required regulatory approvals and employee information consultation process. 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 653 million and EUR 40 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 474 million.

VinZero

On December 8, 2022 the Group entered into an agreement with a European corporate for the sale of RIB Software's VinZero business. VinZero is an IT infrastructure solutions group and software partner for architecture, engineering, construction, owner-operator and manufacturing organizations providing value-add services and consulting. The proposed transaction is subject to customary regulatory approvals and is expected to close in the first semester of 2023. The business is currently reported within *Energy Management* reporting segment.

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 105 million and EUR 33 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 54 million.

Gutor

On December 23, 2022, the Group entered into an agreement with Latour Capital, a French private equity investor, for the sale of Gutor Electronics´ operations. Gutor is a global leader in the manufacturing of industrial uninterruptible power supply (UPS) systems and the provision of related services. Gutor sales in 2021 were approximately EUR 130 million, reported under *Energy Management*.

Subject to the satisfaction of certain conditions, including customary regulatory approvals, the transaction is expected to close in the first semester 2023. 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 106 million and EUR 49 million respectively. The assets are mainly working capital items for EUR 63 million and intangible assets (including goodwill) for EUR 34 million.

Acquisitions & disposals of the period

Acquisitions

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 at January 1, 2022.

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 December 31, 2022, and reports within *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 4.48% of non-controlling interests in 2027. The related debt has been recognized in "Non-current purchase commitments over non-controlling interests".

The purchase accounting as per IFRS 3R is not completed as of December 31, 2022. The net adjustment of the opening balance sheet, resulting mainly from the booking of a preliminary amount of identifiable intangible assets (technology, customer relationship and trademark), led to the recognition of a EUR 254 million preliminary goodwill at acquisition date.

Autogrid

On July 20, 2022, the Group completed the acquisition of Autogrid, raising its stake from 24.2% to 91.8% controlling stake. Previously, Autogrid was consolidated under equity method and was treated as if it were disposed of and reacquired at fair value on the acquisition date, resulting in a non-cash gain in "Other operating income and expenses". Autogrid is now fully consolidated and reports within *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 8.2% of non-controlling interests in 2027. The related debt has been recognized in "Non-current purchase commitments over non-controlling interests".

The purchase accounting as per IFRS 3R is not completed as of December 31, 2022. The net adjustment of the opening balance sheet, resulting mainly from the booking of a preliminary amount of identifiable intangible assets (technology, customer relationship and trademark), led to the recognition of a EUR 184 million preliminary goodwill at acquisition date.

Disposals

In 2022, the Group recorded a total amount of EUR 108 million of losses on business disposals, mainly related to the following:

Russia

Since February 24, 2022 the Group 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.

The Group signed a binding agreement on July 3, 2022 to sell 100% of its shares in its main Russia and Belarus subsidiaries. The terms of the agreement include a call option exercisable by the Group four years after completion, based on fair value.

The transaction closed on September 27, 2022, resulting in a loss of control by the Group over the business.

The assets and liabilities transferred notably included EUR 81 million of cash and cash equivalents. This is in line with the Group's objective to set up a viable business and support employees throughout the process.

For operations not divested as part of this transaction, the Group engaged during the year an orderly shutdown or disposition. Notably, the group sold its investment in the Electroshield Samara joint venture. The joint venture was accounted for under equity method investment. The transaction had no material impact on Group financial statements.

In total, the Group incurred EUR 287 million losses from the withdrawal of its operation from Russia, of which EUR 92 million from impairment of working capital, mainly following customers contracts cancellation and renegotiations, and EUR 195 million from the deconsolidation of its subsidiaries in Russia and Belarus.

ASCO load banks

On September 30, 2022, the Group closed the transaction for the disposal of the load bank business of ASCO Power Technologies to Hidden Harbor, a U.S.-based private equity firm. Loadbank is a critical power testing device used to measure, test and improve the efficiency and effectiveness of power systems across a broad range of industries and applications, and was consolidated within *Energy Management* reporting segment.

Eurotherm

On October 31, 2022, the Group closed the transaction for the disposal of its Eurotherm business unit (a global provider of temperature and power control and measurement solutions) to Watlow Electric Manufacturing Company, a global producer of complete industrial thermal systems. The business was consolidated within *Industrial Automation* reporting segment.

Eberle

On November 30, 2022, the Group completed the sale of Eberle Controls GmbH (Eberle) to Eberle's management and Borromin Capital Fund IV. Eberle is a German provider of heating and air conditioning solutions for residential, commercial and public buildings. The business was consolidated within *Energy Management* reporting segment.

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

Acquisitions

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 December 31, 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 "Non-current purchase commitments over non-controlling interests".

The purchase accounting as per IFRS 3R is complete as of December 31, 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 "Non-current purchase commitments over non-controlling interests".

The purchase accounting as per IFRS 3R is completed as of December 31, 2022. The net adjustment of the opening balance sheet, resulting mainly from the booking of a amount of identifiable intangible assets (customer relationship and trademark), led to the recognition of a EUR 269 million goodwill at acquisition date.

Exchange rate changes

Fluctuations in the euro exchange rate had a positive impact in 2022, increasing consolidated revenue by EUR 1,641 million due mainly to the evolution observed in US Dollar and in Chinese Yuan compared to the Euro and a positive impact increasing adjusted EBITA by EUR 333 million.

Results of Operations

The following table sets forth our results of operations for 2022 and 2021:

(in millions of euros except for earnings per share)	Full Year 2022	Full Year 2021	Variance
Revenue	**34,176**	**28,905**	**18.2%**
Cost of sales	(20,300)	(17,062)	19.0%
Gross profit	**13,876**	**11,843**	**17.2%**
% Gross profit	**40.6%**	**41.0%**	
Research and development	(1,040)	(855)	21.6%
Selling, general and administrative expenses	(6,819)	(6,001)	13.6%
EBITA adjusted *	**6,017**	**4,987**	**20.7%**
% EBITA adjusted	**17.6%**	**17.3%**	
Other operating income and expenses	(433)	(21)	1,961.9%
Restructuring costs	(227)	(225)	0.9%
EBITA **	**5,357**	**4,741**	**13.0%**
% EBITA	**15.7%**	**16.4%**	
Amortization and impairment of purchase accounting intangibles	(424)	(410)	3.4%
Operating income	**4,933**	**4,331**	**13.9%**
% Operating income	**14.4%**	**15.0%**	
Interest income	24	4	500.0%
Interest expense	(130)	(99)	31.3%
Finance costs, net	**(106)**	**(95)**	**11.6%**
Other financial income and expense	(109)	(81)	34.6%
Net financial income/(loss)	**(215)**	**(176)**	**22.2%**
Profit from continuing operations before income tax	**4,718**	**4,155**	**13.5%**
Income tax expense	(1,211)	(966)	25.4%
Share of profit/(loss) of associates	29	84	(65.5)%
PROFIT FOR THE YEAR	**3,536**	**3,273**	**8.0%**
attributable to owners of the parent	*3,477*	*3,204*	*8.5%*
attributable to non-controlling interests	*59*	*69*	*(14.5)%*
Basic earnings (attributable to owners of the parent) per share (in euros per share)	6.23	5.76	8.2%
Diluted earnings (attributable to owners of the parent) per share (in euros per share)	6.15	5.67	8.5%

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

Revenue

Consolidated revenue totaled EUR 34,176 million for the period ended December 31, 2022, up +12.2% organic and up +18.2% on a reported basis. Organic growth was driven by a continuation of strong and dynamic market demand in the majority of end-markets and segments served by the Group, supported by accelerating energy transition trends and recovery in late-cycle segments. Consumer-linked segments saw softness in some geographies in the second half of the year. The Group saw good volume expansion year-on-year, with price actions also contributing strongly to growth. Supply chain pressures were evident throughout the year, with progressive easing through the second half, though some tightness related to the supply of electronic components remains. Growth was impacted by the Group's withdrawal from Russia and the effects of COVID-19 infections and related lockdowns in China. Forex impact were +5.7% primarily due to the strengthening of the USD against the EUR, while there was a net negative impact of (0.2)% from acquisitions and disposals.

Evolution of revenue by reporting segment

The following table sets forth our revenue by business segment for years ended December 31, 2022 and 2021:

(in millions of euros)	Energy Management	Industrial Automation	Total
Full Year 2022	26,442	7,734	**34,176**
Full Year 2021	22,179	6,726	**28,905**

Energy Management generated revenues of EUR 26,442 million, equivalent to 77% of the Group's revenues and was up +12.9% organically. North America grew +18% organic with strong demand across all end-markets, including residential buildings. Western Europe was up +13% organic with double-digit growth in each of the five main economies of the region with continued good traction in Data Center & non-residential Buildings, though residential markets were impacted by pressures on consumer-spending. Asia-Pacific grew +9% organic impacted by the resurgence of COVID-19 and softer residential markets in China, but with strong growth across the rest of the region, notably in India. Rest of the World was up +10% organic with strong project execution in resource driven economies and despite headwinds from Russia prior to the Group's exit.

Industrial Automation generated revenues of EUR 7,734 million, equivalent to 23% of the Group's revenues and was up +9.5% organically. Growth was led by Discrete automation markets while sales into Process & Hybrid markets grew strongly, benefiting from recovery in resource driven economies. North America grew +10% organic led by performance in Discrete automation markets, while strong growth in Process & Hybrid markets was supported by execution on a project in Mexico. Western Europe was up +14% organic, with strong growth in Discrete automation markets, particularly in Italy, Spain and France. Asia-Pacific was up +7% organic, impacted by the resurgence of COVID-19 in China, but with strong growth across the rest of the region, including in India and Japan. Rest of the World was up +8% organic despite headwinds from Russia prior to the Group's exit.

Gross profit

Gross profit was up +10.8% organic with Gross margin down -50bps organic, reaching 40.6% in 2022. The decline in margin was mainly driven by lower productivity due to inflationary pressures in the supply chain.

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 21.6% from EUR 855 million for 2021 to EUR 1,040 million for 2022. As a percentage of revenues, the net cost of research and development remain stable, at 3.0%.

Total research and development expense, including capitalized development costs and development costs reported as cost of sales (see Note 4 to the Consolidated Financial Statements) increased by 19.9% from EUR 1,539 million for 2021 to EUR 1,845 million for 2022. As a percentage of revenues, total research and development expenses increased slightly to 5.4% for 2022 (5.3% for 2021).

In 2022, the net effect of capitalized development costs and amortization of capitalized development costs amounts to EUR 115 million on operating income (EUR 68 million in 2021).

Selling, general and administrative expenses increased by 13.6% to EUR 6,819 million for 2022 (EUR 6,001 million for 2021). As a percentage of revenues, selling, general and administrative expenses decreased slightly to 20.0% for 2022 (20.8% for 2021).

Combined, total support function costs, that is, research and development expenses together with selling, general and administrative costs, totaled EUR 7,859 million for 2022 compared to EUR 6,856 million for 2021, an increase of 14.6%. Support functions costs to sales ratio decreases from 23.7% in 2021, to 23.0% in 2022.

Other operating income and expenses

For 2022, other operating income and expenses amounted to a net expense of EUR 433 million. The gains and losses on disposal of business for EUR (108) million are mainly due to the termination of activities and disposal of the main subsidiaries in Russia and Belarus, partially compensated by the gains from the disposal of Eurotherm, Asco Load Banks as well as Eberle activities. The impairment of assets mainly relates to the impairment of assets held for Sale in relation with the disposal of Transformers plants in Poland and Turkey. The costs of acquisition and integration slightly increase versus 2021, reaching EUR 180 million, mainly due to the EUR 28 million share-based payments, corresponding to the acceleration of multiple AVEVA plans, in line with the terms of the transaction.

Restructuring costs

For 2022, restructuring costs remain stable at EUR 227 million, and are linked to the Group's initiatives to decrease support function costs.

EBITA and Adjusted EBITA

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 is adjusted as EBITA before restructuring costs and before other operating income and expenses, which includes acquisition, integration and separation costs.

Adjusted EBITA amounted to EUR 6,017 million for 2022, compared to EUR 4,987 million for 2021, an organic increase of 14.4%. As a percentage of revenues, adjusted EBITA increased at 17.6% with margin improving 40 bps organically.

EBITA increased from EUR 4,741 million for 2021 to EUR 5,357 million in 2022. As a percentage of revenues, EBITA decreases at 15.7% in 2022 (16.4% for 2021).

Adjusted EBITA by business segment

The following table sets out EBITA and adjusted EBITA by business segment:

Full Year 2022

(in millions of euros)	**Energy Management**	**Industrial Automation**	**Central functions & digital costs**	**Total**
Backlog	13,156	3,334	-	**16,490**
Revenue	26,442	7,734	-	**34,176**
Adjusted EBITA	5,392	1,458	(833)	**6,017**
Adjusted EBITA (%)	*20.4%*	*18.9%*		**17.6%**

On December 31, 2022, the total backlog to be executed in more than a year amounts to EUR 643 million.

Full Year 2021

(in millions of euros)	**Energy Management**	**Industrial Automation**	**Central functions & digital costs**	**Total**
Backlog	9,088	2,688	-	**11,776**
Revenue	22,179	6,726	-	**28,905**
Adjusted EBITA	4,501	1,242	(756)	**4,987**
Adjusted EBITA (%)	*20.3%*	*18.5%*		**17.3%**

On December 31, 2021, the total backlog to be executed in more than a year amounted to EUR 640 million.

Energy Management reporting segment generated an adjusted EBITA of EUR 5,392 million, or 20.4% of revenues, up c. +40 bps organic (up +10 bps on a reported basis), due mainly to a combination of good volumes and strong pricing, an improvement of gross margin in the systems business, and good control of Support Function Costs more than offsetting the inflationary pressures in the supply chain.

Industrial Automation reporting segment generated an adjusted EBITA of EUR 1,458 million, or 18.9% of revenues, up c. +30 bps organic (up +40 bps on a reported basis), due mainly to a combination of good volumes and strong pricing, more than offsetting the inflationary pressures in the supply chain and a negative mix impact from lower sales at AVEVA.

Central functions & digital costs in 2022 amounted to EUR 833 million (EUR 756 million in 2021), reducing slightly as a proportion of revenue to 2.4%. Investment in the Group's strategic priorities continued, while the Corporate cost element continued to be an area of focus and remained under tight control, remaining at around 0.7% of Group revenues in 2022.

Amortization and impairment of purchase accounting intangibles

The amortization and impairment of purchase accounting intangibles amounted to EUR 424 million compared with EUR 410 million last year. The increase is mostly driven by additional amortization linked with acquisitions completed in the second semester 2021 (ETAP) and the second semester 2022 (EV Connect and Autogrid).

Operating income (EBIT)

Operating income or EBIT (Earnings Before Interest and Taxes), increased from EUR 4,331 million for 2021 to 4,933 million for 2022, an increase of 13.9%, as EBITA.

Net financial income/loss

Net financial loss amounted to EUR 215 million for 2022, compared to EUR 176 million for 2021, mainly due to the slight increase in cost of debt (from EUR 95 million in 2021 to EUR 106 million in 2022), following the increase in interest rates observed in the fourth quarter of 2022, as well as an increased negative impact from foreign exchange fluctuations (from EUR 8 million in 2021 to EUR 27 million in 2022).

Income tax expense

The effective tax rate was 25.7% for 2022, and 23.2% for 2021. Restating the EUR 195 million Russia and Belarus deconsolidation impact from the profit before tax (no tax impact attached), the effective tax rate would be of 24.6%. The corresponding income tax expense increased from EUR 966 million for 2021 to EUR 1,211 million for 2022.

Share of profit/ (loss) of associates

The share of associates was a EUR 29 million profit for 2022, compared to EUR 84 million profit for 2021, mainly from the lower positive contribution from Delixi versus last year, and increased losses from Uplight.

Non-controlling interests

Non-controlling interests in net income for 2022 totaled EUR 59 million, compared to EUR 69 million for 2021. This represents the share in net income attributable to the non-controlling interests, mainly coming from the Group Chinese and Indian subsidiaries and AVEVA subgroup.

Profit for the year (attributable to owners of the parent)

Profit for the year attributable to the equity holders of our parent company amounted to EUR 3,477 million for 2022, compared to EUR 3,204 million profit for 2021.

Earnings per share

Basic Earnings per share amounted to EUR 6.23 per share for 2022 and EUR 5.76 per share for 2021.

Comments to the consolidated Cash-flow

The following table sets forth our cash-flow statement for 2022 and 2021:

(in millions of euros)	Note	Full Year 2022	Full Year 2021
Profit for the year		**3,536**	**3,273**
Share of (profit)/losses of associates		(29)	(84)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment	11	750	726
Amortization of intangible assets other than goodwill	10	732	688
Impairment losses on non-current assets		61	34
Increase/(decrease) in provisions	21	32	(54)
Losses/(gains) on disposals of business and assets		70	(184)
Difference between tax paid and tax expense		139	(38)
Other non-cash adjustments		102	108
Net cash provided by operating activities		**5,393**	**4,469**
Decrease/(increase) in accounts receivables		(305)	(577)
Decrease/(increase) in inventories and work in progress		(553)	(955)
(Decrease)/increase in accounts payable		73	418
Decrease/(increase) in other current assets and liabilities		(254)	261
Change in working capital requirement		**(1,039)**	**(853)**
TOTAL I - CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		**4,354**	**3,616**
Purchases of property, plant and equipment	11	(707)	(543)
Proceeds from disposals of property, plant and equipment		69	59
Purchases of intangible assets	10	(386)	(333)
Net cash used by investment in operating assets		**(1,024)**	**(817)**
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	(297)	(4,231)
Other long-term investments		40	16
Increase in long-term pension assets		(130)	(136)
Sub-total		**(387)**	**(4,351)**
TOTAL II - CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**(1,411)**	**(5,168)**
Issuance of bonds	22	1,092	-
Repayment of bonds	22	(829)	(600)
Sale/(purchase) of treasury shares		(219)	(262)
Increase/(decrease) in other financial debt		143	(444)
Increase/(decrease) of share capital	19	208	216
Transaction with non-controlling interests *	2	(73)	(418)
Dividends paid to Schneider Electric's shareholders	19	(1,618)	(1,447)
Dividends paid to non-controlling interests		(157)	(138)
TOTAL III - CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**(1,453)**	**(3,093)**
TOTAL IV - NET FOREIGN EXCHANGE DIFFERENCE		**(70)**	**346**
TOTAL V - IMPACT OF RECLASSIFICATION OF ITEMS HELD FOR SALE		**(20)**	**-**
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I + II + III + IV + V		**1,400**	**(4,299)**
Net cash and cash equivalents, beginning of the year	18	2,463	6,762
Increase/(decrease) in cash and cash equivalents		1,400	(4,299)
NET CASH AND CASH EQUIVALENTS, END OF THE YEAR	**18**	**3,863**	**2,463**

** In 2021, transactions with non-controlling interests mainly relates to RIB.*

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

Operating Activities

Net cash from operating activities before changes in working capital requirement reached EUR 5,393 million for 2022, increasing compared to EUR 4,469 million for 2021. It represented 15.8% of revenues for 2022 (15.5% of revenues from 2021).

Change in working capital requirement consumed EUR 1,039 million in cash in 2022, compared to a consumption of EUR 853 million in 2021.

In all, net cash from operating activities increased from EUR 3,616 million in 2021 to EUR 4,354 million in 2022.

Investing Activities

Net capital expenditure, which includes capitalized development projects, increased, at EUR 1,024 million for 2022, compared to EUR 817 million for 2021, and representing 3.0% of sales in 2022 compared to 2.8% in 2021.

Free cash-flow (cash from operating activities net of net capital expenditure) amounted to EUR 3,330 million in 2022 versus EUR 2,799 million in 2021.

Cash conversion rate (free cash-flow over net income attributable to the equity holders of the parent company on continuing operations) was 96% in 2022 versus 87% in 2021.

The acquisitions net of disposals represented a cash out of EUR 297 million (net of acquired cash) for 2022, compared with EUR 4,231 million for 2021. Those amounts correspond mainly to the acquisitions and disposals described in Notes 2.1 and 2.2 of the Consolidated Financial Statements (Chapter 5).

Financing Activities

Net cash outflow from financing activities amounted to EUR 1,453 million during the year 2022, compared to cash outflow of EUR 3,093 million during the year 2021. The variance is mainly due to the bond issuances in 2022 for EUR 1.1 billion (no bonds issuance in 2021), as well as a year-on-year net increase in commercial papers and short-term debt of EUR 0.5 billion.

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

Review of the parent company financial statements

In 2022, Schneider Electric SE reported an operating gain of EUR 229 million compared with a loss of EUR 22 million the previous year.

Interest expense net of interest income amounted to EUR 22 million versus EUR 46 million the previous year.

Income from ordinary activities before tax stood at EUR 1,709 million in 2022 compared with an income of EUR 1,437 million in 2021. The variance is mainly due to the Schneider Electric brand royalties income, as Schneider Electric SE became the full owner of the brand from January 1st, 2022.

The net income stood at EUR 1,744 million in 2022 compared with EUR 1,498 million in 2021.

Net equity amounted to EUR 7,213 million at December 31, 2022 versus EUR 6,874 million at the previous year-end, after taking into account 2022 profit and dividend payments of EUR 1,619 million.

Expected trends in 2023

- A continuation of strong and dynamic market demand, supported by secular trends of electrification, digitization and sustainability;
- Demand in consumer-linked segments (Residential buildings, Distributed IT) to continue deceleration from highs, particularly in mature markets;
- Government incentives across the world centered around energy transition, decarbonization and improved energy efficiency to further support growth;
- Backlog execution to support growth;
- Supply constraints expected to progressively ease; improving supply environment should support stronger underlying industrial productivity;
- Some deceleration of inflationary pressure, though pockets of inflation expected to remain.

2023 Target

The Group sets its 2023 financial target as follows:

2023 Adjusted EBITA growth of between +12% and +16% 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
- Adjusted EBITA margin up +50 bps to +80 bps organic

This implies Adjusted EBITA margin of around 17.4% to 17.7% (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. EUR 4 billion Free Cash Flow by 2024.

Long-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.