

**HALF YEAR FINANCIAL REPORT**  
Six-month period ended June 30, 2023

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

Life Is On

**Schneider**  
 **Electric**

# 1. Consolidated statement of income

<i>(in millions of euros except for earnings per share)</i>	Note	First half 2023	First half 2022
<b>Revenue</b>	<b>3</b>	<b>17,633</b>	<b>16,077</b>
Cost of sales		(10,151)	(9,542)
<b>Gross profit</b>		<b>7,482</b>	<b>6,535</b>
Research and development	4	(551)	(515)
Selling, general and administrative expenses		(3,757)	(3,238)
<b>Adjusted EBITA *</b>	<b>3</b>	<b>3,174</b>	<b>2,782</b>
Other operating income and expenses	5	15	(304)
Restructuring costs		(41)	(85)
<b>EBITA **</b>		<b>3,148</b>	<b>2,393</b>
Amortization and impairment of purchase accounting intangibles	6	(196)	(206)
<b>Operating income</b>		<b>2,952</b>	<b>2,187</b>
Interest income		50	7
Interest expense		(204)	(49)
<b>Finance costs, net</b>		<b>(154)</b>	<b>(42)</b>
Other financial income and expense	7	(53)	(61)
<b>Net financial income/(loss)</b>		<b>(207)</b>	<b>(103)</b>
<b>Profit from continuing operations before income tax</b>		<b>2,745</b>	<b>2,084</b>
Income tax expense	8	(687)	(565)
Share of profit/(loss) of associates	10	39	33
<b>PROFIT FOR THE PERIOD</b>		<b>2,097</b>	<b>1,552</b>
<i>attributable to owners of the parent</i>		2,023	1,519
<i>attributable to non-controlling interests</i>		74	33
Basic earnings (attributable to owners of the parent) per share (in euros per share)		3.61	2.73
Diluted earnings (attributable to owners of the parent) per share (in euros per share)		3.57	2.69

\* 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

<i>(in millions of euros)</i>	Note	First half 2023	First half 2022
<b>Profit for the period</b>		<b>2,097</b>	<b>1,552</b>
<b>Other comprehensive income:</b>			
Translation adjustment		(587)	1,551
Revaluation of assets and liabilities due to hyperinflation		7	106
Cash-flow hedges		(59)	(1)
Income tax effect of cash flow hedges		1	8
<b>Gains and losses recorded in equity with recycling</b>		<b>(638)</b>	<b>1,664</b>
Net gains/(losses) on financial assets		37	17
Income tax effect of gains/(losses) on financial assets		(8)	(4)
Actuarial gains/(losses) on defined benefit plans	13	(21)	509
Income tax effect of actuarial gains/(losses) on defined benefit plans		54	(103)
<b>Gains and losses recorded in equity with no recycling</b>		<b>62</b>	<b>419</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>(576)</b>	<b>2,083</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,521</b>	<b>3,635</b>
<i>attributable to owners of the parent</i>		<i>1,460</i>	<i>3,461</i>
<i>attributable to non-controlling interests</i>		<i>61</i>	<i>174</i>

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

## 2. Consolidated statement of cash flows

<i>(in millions of euros)</i>	Note	First half 2023	First half 2022
<b>Profit for the period</b>		<b>2,097</b>	<b>1,552</b>
Share of (profit)/losses of associates		(39)	(33)
<i>Income and expenses with no effect on cash flow:</i>			
Depreciation of property, plant and equipment		359	388
Amortization of intangible assets other than goodwill		352	355
Impairment losses on non-current assets		(6)	167
Increase/(decrease) in provisions		20	48
Losses/(gains) on disposals of business and assets		(82)	6
Difference between tax paid and tax expense		(116)	37
Other non-cash adjustments		96	58
<b>Net cash provided by operating activities</b>		<b>2,681</b>	<b>2,578</b>
Decrease/(increase) in accounts receivable		(434)	(480)
Decrease/(increase) in inventories and work in progress		(629)	(455)
(Decrease)/increase in accounts payable		171	(165)
Decrease/(increase) in other current assets and liabilities		(339)	(589)
<b>Change in working capital requirement</b>		<b>(1,231)</b>	<b>(1,689)</b>
<b>TOTAL I - CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		<b>1,450</b>	<b>889</b>
Purchases of property, plant and equipment		(425)	(318)
Proceeds from disposals of property, plant and equipment		8	34
Purchases of intangible assets		(213)	(164)
<b>Net cash used by investment in operating assets</b>		<b>(630)</b>	<b>(448)</b>
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	90	(350)
Other long-term investments		(118)	46
Increase in long-term pension assets		(37)	(52)
<b>Sub-total</b>		<b>(65)</b>	<b>(356)</b>
<b>TOTAL II - CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		<b>(695)</b>	<b>(804)</b>
Issuance of bonds		2,926	-
Repayment of bonds		(500)	-
Sale/(purchase) of treasury shares		(41)	(219)
Increase/(decrease) in other financial debt		2,611	2,171
Increase/(decrease) of share capital		-	-
Transaction with non-controlling interests	2	(4,681)	(65)
Dividends paid to Schneider Electric's shareholders		(1,767)	(1,618)
Dividends paid to non-controlling interests		(39)	(32)
<b>TOTAL III - CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		<b>(1,491)</b>	<b>237</b>
<b>TOTAL IV - NET FOREIGN EXCHANGE DIFFERENCE</b>		<b>(81)</b>	<b>63</b>
<b>TOTAL V - IMPACT OF RECLASSIFICATION OF ITEMS HELD FOR SALE</b>		<b>(1)</b>	<b>(105)</b>
<b>INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I + II + III + IV + V</b>		<b>(818)</b>	<b>280</b>
Net cash and cash equivalents, beginning of the period	15	3,863	2,463
Increase/(decrease) in cash and cash equivalents		(818)	280
<b>NET CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>	<b>15</b>	<b>3,045</b>	<b>2,743</b>

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

### 3. Consolidated balance sheet

#### Assets

<i>(in millions of euros)</i>	Note	June 30, 2023	Dec. 31, 2022
<b>NON-CURRENT ASSETS:</b>			
Goodwill, net	9	24,830	25,136
Intangible assets, net		6,142	6,373
Property, plant and equipment, net		3,937	3,935
Investments in associates and joint ventures	10	1,203	1,241
Non-current financial assets	11	1,168	1,125
Deferred tax assets		1,680	1,616
<b>TOTAL NON-CURRENT ASSETS</b>		<b>38,960</b>	<b>39,426</b>
<b>CURRENT ASSETS:</b>			
Inventories and work in progress		4,855	4,346
Trade and other operating receivables		8,324	7,514
Other receivables and prepaid expenses		2,613	2,156
Cash and cash equivalents	15	3,167	3,986
<b>TOTAL CURRENT ASSETS</b>		<b>18,959</b>	<b>18,002</b>
Assets held for sale	1	778	940
<b>TOTAL ASSETS</b>		<b>58,697</b>	<b>58,368</b>

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

## Liabilities

<i>(in millions of euros)</i>	Note	June 30, 2023	Dec. 31, 2022
<b>EQUITY:</b>	<b>12</b>		
Share capital		2,284	2,284
Additional paid in capital		2,660	2,660
Retained earnings		19,949	19,812
Translation reserve		116	683
<b>Equity attributable to owners of the parent</b>		<b>25,009</b>	<b>25,439</b>
Non-controlling interests		647	655
<b>TOTAL EQUITY</b>		<b>25,656</b>	<b>26,094</b>
<b>NON-CURRENT LIABILITIES:</b>			
Pensions and other post-employment benefit obligations	13	1,169	1,186
Other non-current provisions	14	974	994
Non-current financial liabilities	15	11,960	7,330
Non-current purchase commitments over non-controlling interests		189	194
Deferred tax liabilities		879	885
Other non-current liabilities		784	865
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>15,955</b>	<b>11,454</b>
<b>CURRENT LIABILITIES:</b>			
Trade and other operating payables		6,785	6,254
Accrued taxes and payroll costs		3,669	3,787
Current provisions	14	1,010	1,036
Other current liabilities		1,532	1,887
Current debt	15	3,993	3,133
Current purchase commitments over non-controlling interests	2	12	4,554
<b>TOTAL CURRENT LIABILITIES</b>		<b>17,001</b>	<b>20,651</b>
Liabilities held for sale	1	85	169
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>58,697</b>	<b>58,368</b>

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

## 4. Consolidated statement of changes in equity

<i>(in millions of euros)</i>	Number of shares (thousands)	Share capital	Additional paid-in capital	Retained earnings	Translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total
<b>Dec. 31, 2021</b>	<b>569,033</b>	<b>2,276</b>	<b>2,456</b>	<b>19,694</b>	<b>14</b>	<b>24,440</b>	<b>3,669</b>	<b>28,109</b>
Profit for the year	-	-	-	3,477	-	3,477	59	3,536
Other comprehensive income	-	-	-	138	669	807	6	813
<b>Comprehensive income for the year</b>	-	-	-	<b>3,615</b>	<b>669</b>	<b>4,284</b>	<b>65</b>	<b>4,349</b>
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
<b>Dec. 31, 2022</b>	<b>571,093</b>	<b>2,284</b>	<b>2,660</b>	<b>19,812</b>	<b>683</b>	<b>25,439</b>	<b>655</b>	<b>26,094</b>
Profit for the period	-	-	-	2,023	-	2,023	74	2,097
Other comprehensive income	-	-	-	4	(567)	(563)	(13)	(576)
<b>Comprehensive income for the period</b>	-	-	-	<b>2,027</b>	<b>(567)</b>	<b>1,460</b>	<b>61</b>	<b>1,521</b>
Capital increase	-	-	-	-	-	-	-	-
Dividends	-	-	-	(1,767)	-	(1,767)	(39)	(1,806)
Purchase of treasury shares	-	-	-	(41)	-	(41)	-	(41)
Treasury shares purchase agreement	-	-	-	(153)	-	(153)	-	(153)
Share-based compensation expense	-	-	-	74	-	74	-	74
Other	-	-	-	(3)	-	(3)	(30)	(33)
<b>June 30, 2023</b>	<b>571,093</b>	<b>2,284</b>	<b>2,660</b>	<b>19,949</b>	<b>116</b>	<b>25,009</b>	<b>647</b>	<b>25,656</b>

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

## 5. Notes to the consolidated financial statements

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All amounts are expressed in millions of euros unless otherwise stated.

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

The Schneider Electric Group's consolidated financial statements for the financial half-year ending June 30, 2023, were authorized for issue by the Board of Directors on July 26, 2023.

## NOTE 1 Summary of accounting policies

### 1.1- Accounting standards and basis of preparation

The consolidated financial statements for the six months ended June 30, 2023 have been prepared in accordance with IAS 34 - *Interim Financial Reporting*. As condensed financial statements, they do not include all the disclosures required by International Financial Reporting Standards (IFRS) and should be read in conjunction with the December 31, 2022 annual consolidated financial statements included in the Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) under no. D.22-0171.

The accounting principles used for the preparation of the condensed interim consolidated financial statements are identical to those used for the preparation of the consolidated financial statements for the fiscal year ended December 31, 2022, except for the application of standards, interpretations and amendments being mandatory as of January 1, 2023.

#### Standards, interpretations and amendments endorsed by the European Union whose application is mandatory as of January 1, 2023

##### Standards and interpretations applicable during the period without material impact on the consolidated financial statements as of June 30, 2023

- 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, interpretations and amendments unendorsed by the European Union as of June 30, 2023 or whose application is not mandatory as of January 1, 2023

- amendments to IAS 7 - *Statement of Cash Flows* and IFRS 7 - *Financial Instruments: Disclosures* on Supplier Finance Arrangements;
- amendments to IAS 12 - *Income taxes: International Tax Reform – Pillar Two Model Rules*;
- 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 June 30, 2023. At this stage of analysis, the Group does not expect any material impact on its consolidated financial statements.

#### Use of judgments and estimates

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, revenues and expenses in the statement of income and commitments created during the reporting period. Actual results may differ.

The judgments and estimates exercised by the Group or subsidiary Management are identical to those described in the consolidated financial statements for the fiscal year ended December 31, 2022.

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

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

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

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

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

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

### 1.2- Main events of the period

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

##### 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, which had revenue of around EUR 321 million in 2022 and 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 second semester, 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 669 million and EUR 41 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 486 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 2022 were approximately EUR 146 million, reported under *Energy Management*.

Subject to the satisfaction of certain conditions, including customary regulatory approvals, the transaction is expected to close in the coming months. 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 112 million and EUR 45 million respectively. The assets are mainly working capital items for EUR 68 million and intangible assets (including goodwill) for EUR 35 million.

## **NOTE 2 Changes in the scope of consolidation**

### **2.1- Scope variations**

#### **Main acquisitions of the period**

##### **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 (the Scheme), 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 4,554 million) as of December 31, 2022). The recognition of this liability triggered an immediate reduction in non-controlling interests and in the group share of equity.

On January 18, 2023, following the deliverance of the UK Court Order to the Registrar of Companies, the Scheme (acquisition by the Group of the outstanding AVEVA shares not already owned) became effective. AVEVA shares were unlisted from the London Stock Exchange on January 19, 2023.

The financial liability was settled in cash on January 31, 2023 for GBP 4,055 million (EUR 4,610 million at the foreign exchange closing rate incurred on January 31, 2023) including stamp duties. The Group's transaction cash out, including EUR 71 million legal fees paid, was presented under the financing section of the cash flow statement and amounted to EUR 4,681 million.

In the context of this transaction, the Group also incurred, through hedging schemes, a negative impact on cash for EUR 106 million.

#### **Main divestments of the period**

##### **Transformer plants in Poland and Türkiye**

On January 6, 2023, the Group closed the transaction for the disposal of its Transformer plants in Poland and Türkiye to Cahors Group, an international company specializing in energy distribution, headquartered in France. The businesses have around 800 employees and are reported within the *Energy management* reporting segment up until disposal effective date.

As of December 31, 2022 net assets were already measured at fair value less costs to sell, leading to no impact from the divestment in the consolidated statement of income of the period.

##### **VinZero**

On May 31, 2023, the Group closed the transaction for the disposal of RIB Software's VinZero business to a European corporate. 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 business is reported within the *Energy management* reporting segment up until disposal effective date. The gain on disposal was recorded under "Other operating income and expenses".

#### **Follow-up on acquisitions and divestments transacted in 2022 with effect in 2023**

##### **EV Connect Inc.**

On June 21, 2022, the Group completed the purchase of a 95.52% controlling stake in EV Connect Inc. and now 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 completed as of June 30, 2023. The net adjustment of the opening balance sheet, resulting mainly from the booking of identifiable intangible assets (technology, customer relationship and trademark), led to the recognition of a EUR 255 million 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 and now reports within *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 8.2% of non-controlling 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 not completed as of June 30, 2023. 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.

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

Changes in the scope of consolidation at June 30, 2023, decreased the Group's cash position by a net EUR 4,591 million outflow, as described below:

<i>(in millions of euros)</i>	First half 2023	First half 2022
Acquisitions	(58)	(379)
Disposals	148	29
<b>FINANCIAL INVESTMENTS NET OF DISPOSALS</b>	<b>90</b>	<b>(350)</b>
AVEVA	(4,681)	-
Others	-	(65)
<b>TRANSACTION WITH NON-CONTROLLING INTERESTS</b>	<b>(4,681)</b>	<b>(65)</b>
<b>TOTAL CASH FLOW IMPACT</b>	<b>(4,591)</b>	<b>(415)</b>

In 2023, the cash outflow is mainly due to EUR 4,681 million related to the acquisition of AVEVA's non-controlling interests (Note 2.1) and other individually not significant acquisitions.

## NOTE 3 Segment information

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

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

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

Expenses 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 Half-Year 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

#### First half 2023

<i>(in millions of euros)</i>	Energy Management	Industrial Automation	Central functions & digital costs	Total
Revenue	13,669	3,964	-	17,633
Adjusted EBITA	2,824	758	(408)	3,174
Adjusted EBITA (%)	20.7%	19.1%		18.0%

#### First half 2022

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

### 3.2- Information by region

The geographic regions covered by the Group are:

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

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

#### First half 2023

<i>(in millions of euros)</i>	<b>Western Europe</b>	<b>Asia-Pacific</b>	<b>North America</b>	<b>Rest of the World</b>	<b>Total</b>
Revenue by country market	4,469	5,036	5,942	2,186	<b>17,633</b>
Non-current assets as of June 30, 2023	12,254	5,566	15,811	1,278	<b>34,909</b>

#### First half 2022

<i>(in millions of euros)</i>	<b>Western Europe</b>	<b>Asia-Pacific</b>	<b>North America</b>	<b>Rest of the World</b>	<b>Total</b>
Revenue by country market	4,046	4,911	4,933	2,187	<b>16,077</b>
Non-current assets as of June 30, 2022	12,775	6,077	16,574	1,377	<b>36,803</b>

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

<i>(in millions of euros)</i>	<b>First half 2023</b>		<b>First half 2022</b>	
Revenue - Mature countries	10,753	61%	9,423	59%
Revenue - New economies	6,880	39%	6,654	41%
<b>TOTAL</b>	<b>17,633</b>	<b>100%</b>	<b>16,077</b>	<b>100%</b>

## NOTE 4 Research and development

Research and development expenditures are as follows:

<i>(in millions of euros)</i>	<b>First half 2023</b>	<b>First half 2022</b>
Research and development expenditures in costs of sales	(244)	(211)
Research and development expenditures in R&D costs *	(551)	(515)
Capitalized development costs	(202)	(157)
<b>TOTAL RESEARCH AND DEVELOPMENT EXPENDITURES **</b>	<b>(997)</b>	<b>(883)</b>

\* Including EUR 24 million of research and development tax credit in first half 2023 and EUR 20 million in first half 2022

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

In addition to the research and development expenditures, amortization expenses of capitalized development booked in cost of sales, amounted to EUR 117 million in the first half of 2023 and EUR 119 million in the first half of 2022.

## NOTE 5 Other operating income and expenses

Other operating income and expenses are as follows:

<i>(in millions of euros)</i>	<b>First half 2023</b>	<b>First half 2022</b>
Gains/(losses) on assets disposals	(2)	3
Gains/(losses) on business disposals	82	(230)
Impairment of assets	-	(1)
Costs of acquisitions and integrations	(59)	(64)
Other	(6)	(12)
<b>OTHER OPERATING INCOME AND EXPENSES</b>	<b>15</b>	<b>(304)</b>

In 2023 the gains on business disposals mainly relate to VinZero disposal, described in Note 2.

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

## NOTE 6 Amortization and impairment of purchase accounting intangibles

<i>(in millions of euros)</i>	First half 2023	First half 2022
Amortization of purchase accounting intangible assets	(196)	(206)
Impairment losses of purchase accounting intangible assets	-	-
<b>AMORTIZATION AND IMPAIRMENT OF PURCHASE ACCOUNTING INTANGIBLES</b>	<b>(196)</b>	<b>(206)</b>

## NOTE 7 Other financial income and expenses

<i>(in millions of euros)</i>	First half 2023	First half 2022
Exchange gains and losses, net	(19)	3
Net monetary gain/(loss) (IAS 29 Hyperinflation)	22	(13)
Financial component of defined benefit plan costs	(27)	(18)
Dividends received	1	1
Fair value adjustment of financial assets	7	7
Financial interests - IFRS16	(15)	(18)
Effect of discounting & undiscounting	(6)	-
Other financial expenses, net	(16)	(23)
<b>OTHER FINANCIAL INCOME AND EXPENSES</b>	<b>(53)</b>	<b>(61)</b>

## NOTE 8 Income tax expense

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

<i>(in millions of euros)</i>	First half 2023	First half 2022
Current taxes	(723)	(611)
Deferred taxes	36	46
<b>INCOME TAX EXPENSE</b>	<b>(687)</b>	<b>(565)</b>

### 8.2- Tax reconciliation

<i>(in millions of euros)</i>	First half 2023	First half 2022
<b>Profit attributable to owners of the parent</b>	<b>2,023</b>	<b>1,519</b>
Income tax expense	(687)	(565)
Non-controlling interests	(74)	(33)
Share of profit of associates	39	33
<b>Profit before tax</b>	<b>2,745</b>	<b>2,084</b>
Geographical weighted average Group tax rate	22.6%	23.2%
<b>Theoretical income tax expense</b>	<b>(620)</b>	<b>(482)</b>
<b>Reconciling items:</b>		
Tax credits and other tax reductions	72	51
Impact of tax losses	(5)	1
Withholding taxes	(45)	(27)
Other elements without tax bases (current or deferred)	(30)	(44)
Other permanent differences	(59)	(64)
<b>INCOME TAX EXPENSE</b>	<b>(687)</b>	<b>(565)</b>
<b>EFFECTIVE TAX RATE</b>	<b>25.0%</b>	<b>27.1%</b>
<b>EFFECTIVE TAX RATE WITHOUT RUSSIA DECONSOLIDATION</b>		<b>25.0%</b>

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

## NOTE 9 Goodwill

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

<i>(in millions of euros)</i>	June 30, 2023	Dec. 31, 2022
<b>Net goodwill at opening</b>	<b>25,136</b>	<b>24,723</b>
Acquisitions	36	387
Disposals	(9)	(119)
Reclassifications	-	(536)
Translation adjustment	(333)	681
<b>NET GOODWILL AT END OF PERIOD</b>	<b>24,830</b>	<b>25,136</b>
<i>including cumulative impairment losses</i>	(366)	(367)

## NOTE 10 Investments in associates

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

Main contributor is Delixi Sub-Group investment with a share of profit of EUR 36 million for the six-month period ended June 30, 2023 compared to EUR 39 million for the six-month period ended June 30, 2022.

## NOTE 11 Non-current financial assets

Non-current financial assets amount to EUR 1,168 million as of June 30, 2023, and mainly comprise unlisted financial assets and pension assets.

## NOTE 12 Shareholder's equity

Schneider Electric SE did not issue shares during the six-month period ended June 30, 2023 upon exercise of performance shares grant.

Based upon the assumptions described in the notes to the 2022 consolidated financial statements, the expense recorded under "Selling, general and administrative expenses" for performance shares totaled EUR 72 million in the six-month period ended June 30, 2023 (EUR 73 million in the six-month period ended June 30, 2022). An additional EUR 2 million expense was recorded under "Share of profit/(loss) of associates".

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

In compliance with applicable regulations, the Group entered into a share buyback agreement with an investment services providers (PSI) on June 26, 2023. This agreement instructed the PSI to place orders on Schneider Electric SE shares for a one month period starting June 27, 2023. The Group recognized a EUR 153 million "Current financial debt" against "Retained earnings" in Shareholders' equity, representing the maximum amount the PSI is allowed to buyback as of June 30, 2023.

## NOTE 13 Pensions and other post-employment benefit obligations

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

<i>(in millions of euros)</i>	Pensions and termination benefits	Other post-employment and long-term benefits	Provisions for pensions and other post-employment benefits
<b>Dec. 31, 2022</b>	<b>662</b>	<b>244</b>	<b>906</b>
Net cost recognized in the statement of income	45	14	59
<i>Service cost</i>	26	10	36
<i>Curtailments and settlements</i>	(2)	-	(2)
<i>Past service cost</i>	(2)	-	(2)
<i>Interest cost</i>	153	4	157
<i>Interest income</i>	(130)	-	(130)
Benefits paid	(18)	(11)	(29)
Employer contributions	(37)	-	(37)
Actuarial (gains) and losses recognized in equity	23	(2)	21
Translation adjustment	(12)	(4)	(16)
Change in the scope of consolidation and other	-	-	-
<b>June 30, 2023</b>	<b>663</b>	<b>241</b>	<b>904</b>
<b>Surplus of plans recognized as assets</b>	<b>(265)</b>	<b>-</b>	<b>(265)</b>
<b>Provisions recognized as liabilities</b>	<b>928</b>	<b>241</b>	<b>1,169</b>

Following the agreement reached with the Trustee of the Invensys Pension Scheme in the UK on February 7, 2014, Schneider Electric SE guaranteed all obligations of the Invensys subsidiaries which participate in the Scheme, up to a maximum amount of GBP 1.75 billion. At June 30, 2023, plan assets exceed the value of obligations subject to this guarantee and thus it cannot be called.

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

## NOTE 14 Provisions for contingencies and charges

<i>(in millions of euros)</i>	<b>Economic risks</b>	<b>Customer risks</b>	<b>Products risks</b>	<b>Environmental risks</b>	<b>Restructuring</b>	<b>Other risks</b>	<b>Provisions</b>
<b>Dec. 31, 2022</b>	<b>206</b>	<b>149</b>	<b>684</b>	<b>319</b>	<b>171</b>	<b>501</b>	<b>2,030</b>
<i>of which long-term portion</i>	<i>130</i>	<i>97</i>	<i>155</i>	<i>278</i>	<i>8</i>	<i>326</i>	<b>994</b>
Additions	22	22	144	6	21	102	<b>317</b>
Utilizations	(16)	(12)	(91)	(13)	(40)	(138)	<b>(310)</b>
Reversals of surplus provisions	-	(1)	(3)	-	(2)	(10)	<b>(16)</b>
Translation adjustments	(4)	(4)	(21)	(5)	(2)	(8)	<b>(44)</b>
Changes in the scope of consolidation and other	(2)	(5)	5	5	(4)	8	<b>7</b>
<b>June 30, 2023</b>	<b>206</b>	<b>149</b>	<b>718</b>	<b>312</b>	<b>144</b>	<b>455</b>	<b>1,984</b>
<i>of which long-term portion</i>	<i>127</i>	<i>88</i>	<i>175</i>	<i>273</i>	<i>12</i>	<i>299</i>	<b>974</b>

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.

## NOTE 15 Total current and non-current financial liabilities

Net debt breaks down as follows:

<i>(in millions of euros)</i>	<b>June 30, 2023</b>	<b>Dec. 31, 2022</b>
Bonds	11,055	8,627
Other bank borrowings	1,767	42
Short-term portion of bonds	(800)	(1,299)
Short-term portion of long-term debt	(62)	(40)
<b>NON-CURRENT FINANCIAL LIABILITIES</b>	<b>11,960</b>	<b>7,330</b>
Commercial paper	2,373	1,491
Accrued interest	89	39
Other short-term borrowings	547	141
Bank overdrafts	122	123
Short-term portion of convertible and non-convertible bonds	800	1,299
Short-term portion of long-term debt	62	40
<b>SHORT-TERM DEBT</b>	<b>3,993</b>	<b>3,133</b>
<b>TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES</b>	<b>15,953</b>	<b>10,463</b>
<b>CASH AND CASH EQUIVALENTS</b>	<b>(3,167)</b>	<b>(3,986)</b>
<b>NET FINANCIAL DEBT excl. purchase commitments over non-controlling interests</b>	<b>12,786</b>	<b>6,477</b>
Non-current purchase commitments over non-controlling interests	189	194
Current purchase commitments over non-controlling interests	12	4,554
<b>NET FINANCIAL DEBT incl. purchase commitments over non-controlling interests</b>	<b>12,987</b>	<b>11,225</b>

Cash and cash equivalents net of bank overdrafts totaled EUR 3,045 million, corresponding to the amount reported in the consolidated cash flow statement.

There is no non-recourse factoring of trade receivables realized during the six-month period ended June 30, 2023, compared with EUR 50 million during the six-month period ended June 30, 2022.

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

All the financial instruments are usually valued at fair value, except the long-term debt which amounts to EUR 11,960 million as at June 30, 2023.

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



## NOTE 16 Derivative instruments

June 30, 2023

<i>(in millions of euros)</i>	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	542	(353)	-	14	(14)	-
Forwards contracts	CFH	< 2 years	25	(25)	-	1	(1)	1
Forwards contracts	CFH	> 2 years	6	(11)	-	-	-	-
Forwards contracts	FVH	< 1 year	1,115	(254)	(8)	32	(40)	(3)
Forwards contracts	FVH	< 2 years	557	-	3	3	-	(2)
Forwards contracts	NIH	< 1 year	666	-	9	9	-	9
Forwards contracts	Trading	< 1 year	150	(2,196)	1	8	(7)	2
Cross currency swaps	CFH	< 1 year	97	(20)	(5)	-	(5)	(5)
Cross currency swaps	NIH	< 1 year	506	-	-	-	-	-
<b>TOTAL FOREIGN EX-CHANGE DERIVATIVES</b>			<b>3,664</b>	<b>(2,859)</b>	<b>-</b>	<b>67</b>	<b>(67)</b>	<b>2</b>
Forwards contracts	CFH	< 1 year	-	413	(13)	-	(13)	(13)
<b>Commodities derivatives</b>			<b>-</b>	<b>413</b>	<b>(13)</b>	<b>-</b>	<b>(13)</b>	<b>(13)</b>
Interest Rate Swap	FVH	> 2 years	1,050	(1,050)	4	4	-	-
<b>Interest Rate Derivatives</b>			<b>1,050</b>	<b>(1,050)</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>-</b>
Options	CFH	< 1 year	-	-	-	-	-	-
<b>Shares derivatives</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>			<b>4,714</b>	<b>(3,496)</b>	<b>(9)</b>	<b>71</b>	<b>(80)</b>	<b>(11)</b>

Dec. 31, 2022

<i>(in millions of euros)</i>	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	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)
<b>TOTAL FOREIGN EX-CHANGE DERIVATIVES</b>			<b>3,897</b>	<b>(7,704)</b>	<b>(202)</b>	<b>62</b>	<b>(264)</b>	<b>(82)</b>
Forwards contracts	CFH	< 1 year	-	(419)	11	11	-	11
<b>Commodities derivatives</b>			<b>-</b>	<b>(419)</b>	<b>11</b>	<b>11</b>	<b>-</b>	<b>11</b>
Interest Rate Swap	FVH	> 2 years	250	(250)	(3)	-	(3)	-
<b>Interest Rate Derivatives</b>			<b>250</b>	<b>(250)</b>	<b>(3)</b>	<b>-</b>	<b>(3)</b>	<b>-</b>
Options	CFH	< 1 year	-	-	-	-	-	-
<b>Shares derivatives</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>			<b>4,147</b>	<b>(8,373)</b>	<b>(194)</b>	<b>73</b>	<b>(267)</b>	<b>(71)</b>

### 16.1- Foreign currency

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

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

## 16.2- Interest rate

Interest rate risk on borrowings is managed at the Group level, based on consolidated debt and taking into consideration market conditions to optimize overall borrowing costs. The Group uses derivative instruments to hedge its exposure to interest rates through swaps 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 first half of 2023, the Group has set up EUR 800 million interest rate swaps to hedge its exposure.

## 16.3- 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.

## 16.4- 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.

## 16.5- Liquidity risk

As of June 30, 2023, 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 3 billion available committed facility and EUR 3 billion cash & cash equivalent, the liquidity of the Group amounts to EUR 6 billion end of the period. In the next 12 months, the total short term and bond maturity amounts to EUR 4 billion.

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

## NOTE 17 Related party transactions

### 17.1- Associates

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

### 17.2- Related parties with key management personnel

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

## NOTE 18 Commitments and contingent liabilities

### Guarantees given and received

Guarantees given and received amounted to EUR 4,233 million and EUR 78 million, respectively, as of June 30, 2023.

### 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. As at December 31, 2022, this cash guarantee was recognized as "Other current liabilities" against "Non-current financial assets". The liability was settled as the cash guarantee was paid mid-January 2023.

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 authorized for issue. Based on the advice of legal counsel, all provisions deemed necessary have been made to cover the related risks.

## **NOTE 19** Subsequent events

### **Issuance of shares to employees**

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

Under the 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. As of June 30, 2023, the share-based payment expense recorded under "Selling, general and administrative expenses", in accordance with IFRS 2, is measured by reference to the fair value of the discount and amounted to EUR 41 million.

On April 20, 2023, Schneider Electric gave its employees the opportunity to purchase shares at a price of EUR 126.20 per share, as part of its commitment to employee share ownership. This represented a 15% discount to the reference price of EUR 148.47 calculated as the average opening price quoted for the share during the 20 days preceding the Board of Directors decision to launch the employee share issue.

Altogether, 1.7 million shares were subscribed, increasing the Company's capital by EUR 220 million as of July 6, 2023.

# MANAGEMENT REPORT FOR THE PERIOD ENDED JUNE 30, 2023

## Consolidated financial statements

### Main events of the period

#### Main acquisitions of the period

##### 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 (the Scheme), 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 4,554 million) as of December 31, 2022). The recognition of this liability triggered an immediate reduction in non-controlling interests and in the group share of equity.

On January 18, 2023, following the deliverance of the UK Court Order to the Registrar of Companies, the Scheme (acquisition by the Group of the outstanding AVEVA shares not already owned) became effective. AVEVA shares were unlisted from the London Stock Exchange on January 19, 2023.

The financial liability was settled in cash on January 31, 2023 for GBP 4,055 million (EUR 4,610 million at the foreign exchange closing rate incurred on January 31, 2023) including stamp duties. The Group's transaction cash out, including EUR 71 million legal fees paid, was presented under the financing section of the cash flow statement and amounted to EUR 4,681 million.

In the context of this transaction, the Group also incurred, through hedging schemes, a negative impact on cash for EUR 106 million.

#### Main divestments of the period

##### Transformer plants in Poland and Türkiye

On January 6, 2023, the Group closed the transaction for the disposal of its Transformer plants in Poland and Türkiye to Cahors Group, an international company specializing in energy distribution, headquartered in France. The businesses have around 800 employees and are reported within the *Energy management* reporting segment up until disposal effective date.

As of December 31, 2022 net assets were already measured at fair value less costs to sell, leading to no impact from the divestment in the consolidated statement of income of the period.

##### VinZero

On May 31, 2023, the Group closed the transaction for the disposal of RIB Software's VinZero business to a European corporate. 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 business is reported within the *Energy management* reporting segment up until disposal effective date. The gain on disposal was recorded under "Other operating income and expenses".

#### Follow-up on acquisitions and divestments transacted in 2022 with effect in 2023

##### EV Connect Inc.

On June 21, 2022, the Group completed the purchase of a 95.52% controlling stake in EV Connect Inc. and now 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 completed as of June 30, 2023. The net adjustment of the opening balance sheet, resulting mainly from the booking of identifiable intangible assets (technology, customer relationship and trademark), led to the recognition of a EUR 255 million 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 and now reports within *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 8.2% of non-controlling 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 not completed as of June 30, 2023. 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.

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

##### 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, which had revenue of around EUR 321 million in 2022 and 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 second semester, 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 669 million and EUR 41 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 486 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 2022 were approximately EUR 146 million, reported under *Energy Management*.

Subject to the satisfaction of certain conditions, including customary regulatory approvals, the transaction is expected to close in the coming months. 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 112 million and EUR 45 million respectively. The assets are mainly working capital items for EUR 68 million and intangible assets (including goodwill) for EUR 35 million.

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

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

## Business and Statement of Income highlights

### Exchange rate changes

Fluctuations in the Euro exchange rate had a negative impact on the six-month period ended June 30, 2023, decreasing consolidated revenue by EUR 351 million due mainly to the evolution observed in Chinese Yuan, Indian Rupia and Egyptian Pound compared to the Euro and a negative impact decreasing adjusted EBITA by EUR 185 million.

### Results of Operations

The following table sets forth our results of operations for the six-month period ended June 30, 2023 and 2022:

<i>(in millions of euros except for earnings per share)</i>	<b>First half 2023</b>	<b>First half 2022</b>	<b>Variance</b>
<b>Revenue</b>	<b>17,633</b>	<b>16,077</b>	<b>9.7%</b>
Cost of sales	(10,151)	(9,542)	6.4%
<b>Gross profit</b>	<b>7,482</b>	<b>6,535</b>	<b>14.5%</b>
<b>% Gross profit</b>	<b>42.4%</b>	<b>40.6%</b>	<b>4.4%</b>
Research and development	(551)	(515)	7.0%
Selling, general and administrative expenses	(3,757)	(3,238)	16.0%
<b>EBITA adjusted *</b>	<b>3,174</b>	<b>2,782</b>	<b>14.1%</b>
<b>% EBITA adjusted</b>	<b>18.0%</b>	<b>17.3%</b>	<b>4.0%</b>
Other operating income and expenses	15	(304)	(104.9)%
Restructuring costs	(41)	(85)	(51.8)%
<b>EBITA **</b>	<b>3,148</b>	<b>2,393</b>	<b>31.6%</b>
<b>% EBITA</b>	<b>17.9%</b>	<b>14.9%</b>	<b>20.1%</b>
Amortization and impairment of purchase accounting intangibles	(196)	(206)	(4.9)%
<b>Operating income</b>	<b>2,952</b>	<b>2,187</b>	<b>35.0%</b>
<b>% Operating income</b>	<b>16.7%</b>	<b>13.6%</b>	<b>22.8%</b>
Interest income	50	7	614.3%
Interest expense	(204)	(49)	316.3%
<b>Finance costs, net</b>	<b>(154)</b>	<b>(42)</b>	<b>266.7%</b>
Other financial income and expense	(53)	(61)	(13.1)%
<b>Net financial income/(loss)</b>	<b>(207)</b>	<b>(103)</b>	<b>101.0%</b>
<b>Profit from continuing operations before income tax</b>	<b>2,745</b>	<b>2,084</b>	<b>31.7%</b>
Income tax expense	(687)	(565)	21.6%
Share of profit/(loss) of associates	39	33	18.2%
<b>PROFIT FOR THE PERIOD</b>	<b>2,097</b>	<b>1,552</b>	<b>35.1%</b>
<i>attributable to owners of the parent</i>	<i>2,023</i>	<i>1,519</i>	<i>33.2%</i>
<i>attributable to non-controlling interests</i>	<i>74</i>	<i>33</i>	<i>124.2%</i>
Basic earnings (attributable to owners of the parent) per share (in euros per share)	3.61	2.73	32.2%
Diluted earnings (attributable to owners of the parent) per share (in euros per share)	3.57	2.69	32.7%

\* 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 17,633 million for the period ended June 30, 2023, up 9.7% on a current structure and currency basis from the year-earlier period.

Organic growth was positive for 15.3%, acquisitions and disposals accounted negatively for 2.7%, same as the currency effect for 2.2%.

## Breakdown by business

The following table sets forth our revenue by business segment for the six-month periods ended June 30, 2023 and 2022:

(in millions of euros)	Energy Management	Industrial Automation	Total
First half 2023	13,669	3,964	17,633
First half 2022	12,307	3,770	16,077

Consolidated revenue totaled EUR 17,633 million for the 6 months ended June 30, 2023, up +15.3% organic and up +9.7% on a reported basis. The Group saw strong growth across end-markets supported by secular trends of electrification, digitization and sustainability, though some areas such as residential buildings remained impacted by the effects of higher interest rates on consumer spending. The Group saw good volume expansion in the first half of the year, but the carryover effect from price actions taken in 2022 was the more significant contributor to the organic growth. Supply chain pressures continued to ease across H1, with the resulting execution of the backlog supporting growth. FX impacts were -2.2% where the weakening of the Chinese Yuan and Indian Rupee, and the significant devaluation of several other currencies including the Egyptian Pound, Turkish Lira and Argentinian Peso were only partly offset by the strengthening of the USD against the EUR. There was a net negative impact of -2.7% from acquisitions and disposals, primarily relating to the Group's exit from Russia.

*Energy Management* (78% of H1 2023 revenues) was up +17% organically for the first half of 2023. North America grew +26% organic with strong growth across end-markets, including residential buildings which was supported by backlog execution. Western Europe was up +14% organic with double-digit growth in the U.K., Germany, Italy and Spain, while France grew high-single digit. There was continued good traction in Data Center and non-residential technical buildings, though residential markets, particularly in the north of the region, were impacted by pressures on consumer-spending. Asia-Pacific grew +8% organic, with a slow start to the year in China notwithstanding the low base of comparison in the second quarter due to the Shanghai lockdowns of 2022. In contrast, India faced a high base of comparison, but continued to benefit from strong demand across end-markets. There was good growth across the rest of the region. Rest of the World was up +18% organic with strong demand for systems offers supported by price actions in certain countries taken in response to currency devaluation.

*Industrial Automation* (22% of H1 2023 revenues) was up +11% organically for the first half of 2023. Growth was led by sales into Process automation markets while sales into Discrete automation markets remained strong. The Group saw good growth in its industrial software offers through AVEVA, despite headwinds from a transition from a perpetual license model to a subscription model. North America grew +9% organic led by performance in Discrete automation markets, while growth in Process & Hybrid markets remained strong despite being mitigated by a high base of comparison from a project in Mexico. Western Europe was up +13% organic, with strong growth across both Process & Hybrid and Discrete automation markets, supported by backlog execution. Asia Pacific was up +6% organic, impacted by the slow start to the year in China, where Discrete automation growth was muted with softness in OEM demand, particularly among those tied to construction. There was strong growth across the rest of the region, notably in India and Japan. Rest of the World was up +19% organic, driven by a combination of strong demand and price actions in certain countries taken in response to currency devaluation.

## Gross profit

Gross profit was up +21.8% organic with Gross margin up +220bps organic, reaching 42.4% in the first half of 2023. The margin expansion was mainly driven by a strong price carryover impact, offsetting inflationary pressures faced over the cycle, and bolstered by positive industrial productivity.

## 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 +7.0%, from EUR 515 million for the six-month period ended June 30, 2022 to EUR 551 million for the six-month period ended June 30, 2023. As a percentage of revenues, the net cost of research and development is decreasing slightly to 3.1% of revenues for six-month period ended June 30, 2023 (3.2% for the six-month period ended June 30, 2022).

Total research and development expenses, including capitalized development costs and development costs reported as cost of sales (see Note 4 to the Consolidated Financial Statements) increased by +12.9% from EUR 883 million for the six-month period ended June 30, 2022 to EUR 997 million for the six-month period ended June 30, 2023. As a percentage of revenues, total research and development expenses increased slightly to 5.7% for the six-month period ended June 30, 2023 (5.5% for the six-month period ended June 30, 2022).

On the first semester 2023, the net positive impact of capitalized development costs and amortization of capitalized development costs amounts to EUR 85 million on operating income (EUR 38 million on the first semester 2022).

Selling, general and administrative expenses increased by +16.0% to EUR 3,757 million for the six-month period ended June 30, 2023 (EUR 3,238 million for the six-month period ended June 30, 2022). As a percentage of revenues, selling, general and administrative expenses increased to 21.3% for the six-month period ended June 30, 2023 (20.1% for the six-month period ended June 30, 2022).

Combined, total support function costs (research and development expenses together with selling, general and administrative costs) totaled EUR 4,308 million for the six-month period ended June 30, 2023 compared to EUR 3,753 million for the six-month period ended June 30, 2022, an increase of +14.8%. Support functions costs to sales ratio increased to 24.4% for the six-month period ended June 30, 2023 (23.3% for the six-month period ended June 30, 2022).

## Other operating income and expenses

For the six-month period ended June 30, 2023, other operating income and expenses amounted to a net income of EUR 15 million, as gains from acquisitions more than compensated costs of acquisition, integration and separation.

For the six-month period ended June 30, 2022, other operating income and expenses amounted to a net expense of EUR 304 million, mainly due to EUR 173 million impairment of assets held for sale in Russia as well as working capital impairments (mainly inventories and receivables) from the Group's exposure to Russia.

## Restructuring costs

For the six-month period ended June 30, 2023, restructuring costs amounted to EUR 41 million compared to EUR 85 million for the six-month period ended June 30, 2022.

## Amortization and impairment of intangibles linked to acquisitions

For the six-month period ended June 30, 2023, amortization and impairment of intangibles linked to acquisitions amounted to EUR 196 million compared to EUR 206 million for the six-month period ended June 30, 2022.

## EBITA and Adjusted EBITA

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

Adjusted EBITA amounted to EUR 3,174 million for the six-month period ended June 30, 2023, compared to EUR 2,782 million for the six-month period ended June 30, 2022, an increase of +14.1%. As a percentage of revenues, adjusted EBITA increased from 17.3% for the six-month period ended June 30, 2022 to 18.0% for the six-month period ended June 30, 2023, as a consequence of the strong pricing impact, despite the continued investment for future growth, and inflation in Support Function Costs which resulted in a deterioration of the SFC/Sales ratio.

EBITA increased by +31.6% from EUR 2,393 million for the six-month period ended June 30, 2022 to EUR 3,148 million for the six-month period ended June 30, 2023. As a percentage of revenues, EBITA increased to 17.9% for the six-month period ended June 30, 2023 (14.9% for the six-month period ended June 30, 2022).

## Adjusted EBITA by business segment

The following table sets out adjusted EBITA by business segment:

### First half 2023

<i>(in millions of euros)</i>	<b>Energy Management</b>	<b>Industrial Automation</b>	<b>Central functions &amp; digital costs</b>	<b>Total</b>
Revenue	13,669	3,964	-	<b>17,633</b>
Adjusted EBITA	2,824	758	(408)	<b>3,174</b>
Adjusted EBITA (%)	20.7%	19.1%		<b>18.0%</b>

### First half 2022

<i>(in millions of euros)</i>	<b>Energy Management</b>	<b>Industrial Automation</b>	<b>Central functions &amp; digital costs</b>	<b>Total</b>
Revenue	12,307	3,770	-	<b>16,077</b>
Adjusted EBITA	2,506	685	(409)	<b>2,782</b>
Adjusted EBITA (%)	20.4%	18.2%		<b>17.3%</b>

*Energy Management* adjusted EBITA for the six-month period ended June 30, 2023 reached EUR 2,824 million, or 20.7% of revenues up c.+140bps organic (up +30bps reported), due mainly to a combination of strong volumes, strong net price impact and an improvement of gross margin in the systems business, more than offsetting a negative mix impact from the relatively stronger growth of Systems vs. Products, continued investment and inflation in Support Function Costs.

*Industrial Automation* generated an adjusted EBITA of EUR 758 million, or 19.1% of revenues, up c.+180bps organic (up +90bps reported), due mainly to a combination of good volumes, strong net price impact, an improvement of gross margin related to systems revenues and a positive mix contribution from AVEVA, more than offsetting a negative mix impact from the relatively stronger growth of Systems vs. Products, continued investment and inflation in Support Function Costs.

Central Functions & Digital Costs in the first semester 2023 amounted to EUR 408 million (EUR 409 million the first semester 2022), reducing slightly as a proportion of revenue to 2.3%. 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, at around 0.8% of Group revenues in the first semester 2023.

### **Operating income (EBIT)**

Operating income or EBIT (Earnings Before Interest and Taxes), increased from EUR 2,187 million for the six-month period ended June 30, 2022 to 2,952 million for the six-month period ended June 30, 2023, an increase of +35.0%.

### **Net financial income/loss**

Net financial loss amounted to EUR 207 million for the six-month period ended June 30, 2023, compared to EUR 103 million for the six-month period ended June 30, 2022.

This variation is explained by the increase in the cost of net financial debt (EUR 154 million for the six-month period ended June 30, 2023, compared with EUR 42 million for the six-month period ended June 30, 2022) and the negative evolution on foreign exchange differences (loss of EUR 19 million for the six-month period ended June 30, 2023, compared with a gain of EUR 3 million for the six-month period ended June 30, 2022) slightly offset by the positive year on year change from the adjustment booked on hyperinflationary countries' financials (Argentina and Türkiye): EUR 22 million for the six-month period ended June 30, 2023, compared with EUR (13) million for the six-month period ended June 30, 2022.

### **Income tax expense**

The effective tax rate decreased compared with the 2022 period and totaled 25.0% for the six-month period ended June 30, 2023. The 2022 effective tax rate at 27.1% was negatively impacted by the impairments booked on Russian operations. The corresponding income tax expense increased from EUR 565 million for the six-month period ended June 30, 2022 to EUR 687 million for the six-month period ended June 30, 2023.

### **Share of profit/ (loss) of associates**

The share of associates was a EUR 39 million profit for the six-month period ended June 30, 2023, compared to EUR 33 million profit for the six-month period ended June 30, 2022.

### **Non-controlling interests**

Non-controlling interests in net income for the six-month period ended June 30, 2023 totaled EUR 74 million, compared with EUR 33 million for the six-month period ended June 30, 2022. The variance is mainly related to the acquisition of AVEVA's non-controlling interests in January 2023 (see Note 2.1 of the Consolidated Financial Statements).

### **Profit for the period (to owners of the parent)**

Profit for the period attributable to the equity holders of our parent company amounted to EUR 2,023 million for the six-month period ended June 30, 2023, compared with EUR 1,519 million profit for the six-month period ended June 30, 2022.

### **Earnings per share**

Basic earnings per share amounted to EUR 3.61 per share for the six-month period ended June 30, 2023 and EUR 2.73 per share for the six-month period ended June 30, 2022.



## Comments to the consolidated Cash-flow

The following table sets forth our cash-flow statement for the six-month periods ended June 30, 2023 and 2022:

<i>(in millions of euros)</i>	Note	First half 2023	First half 2022
<b>Profit for the period</b>		<b>2,097</b>	<b>1,552</b>
Share of (profit)/losses of associates		(39)	(33)
<i>Income and expenses with no effect on cash flow:</i>			
Depreciation of property, plant and equipment		359	388
Amortization of intangible assets other than goodwill		352	355
Impairment losses on non-current assets		(6)	167
Increase/(decrease) in provisions		20	48
Losses/(gains) on disposals of business and assets		(82)	6
Difference between tax paid and tax expense		(116)	37
Other non-cash adjustments		96	58
<b>Net cash provided by operating activities</b>		<b>2,681</b>	<b>2,578</b>
Decrease/(increase) in accounts receivable		(434)	(480)
Decrease/(increase) in inventories and work in progress		(629)	(455)
(Decrease)/increase in accounts payable		171	(165)
Decrease/(increase) in other current assets and liabilities		(339)	(589)
<b>Change in working capital requirement</b>		<b>(1,231)</b>	<b>(1,689)</b>
<b>TOTAL I - CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		<b>1,450</b>	<b>889</b>
Purchases of property, plant and equipment		(425)	(318)
Proceeds from disposals of property, plant and equipment		8	34
Purchases of intangible assets		(213)	(164)
<b>Net cash used by investment in operating assets</b>		<b>(630)</b>	<b>(448)</b>
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	90	(350)
Other long-term investments		(118)	46
Increase in long-term pension assets		(37)	(52)
<b>Sub-total</b>		<b>(65)</b>	<b>(356)</b>
<b>TOTAL II - CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		<b>(695)</b>	<b>(804)</b>
Issuance of bonds		2,926	-
Repayment of bonds		(500)	-
Sale/(purchase) of treasury shares		(41)	(219)
Increase/(decrease) in other financial debt		2,611	2,171
Increase/(decrease) of share capital		-	-
Transaction with non-controlling interests	2	(4,681)	(65)
Dividends paid to Schneider Electric's shareholders		(1,767)	(1,618)
Dividends paid to non-controlling interests		(39)	(32)
<b>TOTAL III - CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		<b>(1,491)</b>	<b>237</b>
<b>TOTAL IV - NET FOREIGN EXCHANGE DIFFERENCE</b>		<b>(81)</b>	<b>63</b>
<b>TOTAL V - IMPACT OF RECLASSIFICATION OF ITEMS HELD FOR SALE</b>		<b>(1)</b>	<b>(105)</b>
<b>INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I + II + III + IV + V</b>		<b>(818)</b>	<b>280</b>
Net cash and cash equivalents, beginning of the period	15	3,863	2,463
Increase/(decrease) in cash and cash equivalents		(818)	280
<b>NET CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>	<b>15</b>	<b>3,045</b>	<b>2,743</b>

### Operating Activities

Net cash provided by operating activities before changes in working capital requirement reached EUR 2,681 million for the six-month period ended June 30, 2023, compared with EUR 2,578 million for the six-month period ended June 30, 2022. It represents 15.2% of revenues for first half 2023 (16.0% of revenues from first half 2022).

Change in working capital requirement consumed EUR 1,231 million in cash in the six-month period ended June 30, 2023, compared with a consumption of EUR 1,689 million in the six-month period ended June 30, 2022, as the balance of trade payables increased compared to the levels seen at the end of 2022, partially offset by inventory built up in order to meet strong demand and to mitigate supply issues.

In all, net cash provided by operating activities amounts to EUR 1,450 million in the six-month period ended June 30, 2023 (EUR 889 million in the six-month period ended June 30, 2022).

## Investing Activities

Net capital expenditure, which includes capitalized development projects, increased to EUR 630 million for the six-month period ended June 30, 2023, compared with EUR 448 million for the six-month period ended June 30, 2022. As a percentage of revenues, it increased at 3.6% in the first half of 2023, compared to 2.8% in the first half of 2022.

The acquisitions net of disposals represented a cash in of EUR 90 million (net of acquired cash) for the six-month period ended June 30, 2023, mainly due to the disposals of Vinzero and Bochao. It totaled EUR 350 million for the six-month period ended June 30, 2022, mainly linked with the acquisition of EV Connect. The main scope movements are described in Note 2.1 of the Consolidated Financial Statements.

## Financing Activities

Net cash outflow from financing activities amounted to EUR 1,491 million during the six-month period ended June 30, 2023, compared to cash outflow of EUR 237 million during the six-month period ended June 30, 2022. The change is mainly due to the acquisition of the remaining non-controlling interests in AVEVA (Note 2.1 of the Consolidated Financial Statements), partially offset by the issuance of bonds and increase in other financial debt.

The dividend paid by Schneider Electric SE was EUR 1,767 million in 2023, compared with EUR 1,618 million in 2022.

## Claims, litigations and other risks

### Main risks and areas of uncertainty for the second half of 2023

The main risks and areas of uncertainty for the second half of the year are the same as those outlined in Chapter 3, paragraph 3.4 (Key risks and opportunities) of the 2022 Universal Registration Document filed with AMF on March 28, 2023.

### Guarantees given and received

Guarantees given and received amounted to EUR 4,233 million and EUR 78 million, respectively, as of June 30, 2023.

### 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. As at December 31, 2022, this cash guarantee was recognized as "Other current liabilities" against "Non-current financial assets". The liability was settled as the cash guarantee was paid mid-January 2023.

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 authorized for issue. Based on the advice of legal counsel, all provisions deemed necessary have been made to cover the related risks.

No other significant event occurred since the 2022 Universal Registration Document publication date (Risk Factors described in the Universal Registration Document – Chapter 3).

## Transactions with related parties

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

## Subsequent events

### Issuance of shares to employees

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

Under the 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. As of June 30, 2023, the share-based payment expense recorded under "Selling, general and administrative expenses", in accordance with IFRS 2, is measured by reference to the fair value of the discount and amounted to EUR 41 million.

On April 20, 2023, Schneider Electric gave its employees the opportunity to purchase shares at a price of EUR 126.20 per share, as part of its commitment to employee share ownership. This represented a 15% discount to the reference price of EUR 148.47 calculated as the

average opening price quoted for the share during the 20 days preceding the Board of Directors decision to launch the employee share issue.

Altogether, 1.7 million shares were subscribed, increasing the Company's capital by EUR 220 million as of July 6, 2023.

## Expected trends in coming months

- A continuation of strong and dynamic market demand, supported by secular trends of electrification, digitization and sustainability
- Strong demand for Systems offers across end-markets notably driven by trends in Data Centers, Grid Infrastructure investment, and increased investments across Process industries served by both businesses
- Continued pressure on demand in residential buildings, and a moderation from elevated levels in discrete manufacturing (particularly in China and Western Europe)
- U.S. expected to contribute strongly to growth through a combination of strong demand, industrial reshoring and backlog execution
- China to continue to rebound from slow start to the year, with progressive recovery in market demand
- Middle East and India to lead the growth dynamic in emerging markets
- Government incentives across the world centered around digitization, energy transition, decarbonization and improved energy efficiency to support growth
- Backlog execution to support growth
- The improved supply environment should support stronger industrial productivity in the second half of the year

## 2023 Target upgraded

The Group upgrades its 2023 financial target as follows:

2023 Adjusted EBITA growth of between +18% and +23% organic (previously between +16% and +21% organic).

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

- Revenue growth of +11% to +13% organic (previously +10% to +13% organic)
- Adjusted EBITA margin up +120bps to +150bps organic (previously +100bps to +130bps organic)

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

## Attestation

I hereby certify that, to the best of my knowledge, the condensed half-year consolidated financial statements as at June 30, 2023, have been prepared in accordance with the applicable accounting standards and present fairly the assets and liabilities, the financial position and the income of the Company and the entities included in the scope of consolidation, and that the half-year management report attached provides an accurate overview of the significant events of the first six months of the financial year with their impact on the half-year consolidated financial statements, together with the major transactions with related parties and a description of the main risks and uncertainties for the remaining six months of the financial year.

Rueil-Malmaison, July 26, 2023

Peter HERWECK  
CEO

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

Period from January 1 to June 30, 2023

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

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

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

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Schneider Electric SE, for the period from January 1 to June 30, 2023,
- the verification of the information presented in the half-yearly management report.

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

## Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

## Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

The Statutory Auditors

*French original signed by*

Mazars

Paris La Défense, le 26 juillet 2023

PricewaterhouseCoopers Audit

Neuilly-Sur-Seine, le 26 juillet 2023

Juliette Decoux-Guillemot  
*Partner*

Mathieu Mougard  
*Partner*

Séverine Scheer  
*Partner*

Jean-Christophe Georghiou  
*Partner*