HALF YEAR FINANCIAL REPORT

Six-month period ended June 30, 2024

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

1. Consolidated statement of income

(in millions of euros except for earnings per share)	Note	First half 2024	First half 2023
Revenue	**3**	**18,173**	**17,633**
Cost of sales		(10,284)	(10,151)
Gross profit		**7,889**	**7,482**
Research and development	4	(624)	(551)
Selling, general and administrative expenses		(3,882)	(3,757)
Adjusted EBITA *	**3**	**3,383**	**3,174**
Other operating income and expenses	5	(125)	15
Restructuring costs		(59)	(41)
EBITA **		**3,199**	**3,148**
Amortization and impairment of purchase accounting intangibles	6	(194)	(196)
Operating income		**3,005**	**2,952**
Interest income		86	50
Interest expense		(212)	(204)
Finance costs, net		**(126)**	**(154)**
Other financial income and expense	7	(41)	(53)
Net financial income/(loss)		**(167)**	**(207)**
Profit from continuing operations before income tax		**2,838**	**2,745**
Income tax expense	8	(667)	(687)
Share of profit/(loss) of associates	10	14	39
Impairment of investments in associates	10	(220)	-
PROFIT FOR THE PERIOD		**1,965**	**2,097**
attributable to owners of the parent		*1,882*	*2,023*
attributable to non-controlling interests		*83*	*74*
Basic earnings (attributable to owners of the parent) per share (in euros per share)		3.36	3.61
Diluted earnings (attributable to owners of the parent) per share (in euros per share)		3.32	3.57

** 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	First half 2024	First half 2023
Profit for the period		**1,965**	**2,097**
Other comprehensive income:			
Translation adjustment		649	(587)
Revaluation of assets and liabilities due to hyperinflation		22	7
Cash-flow hedges		36	(59)
Income tax effect of cash flow hedges		2	1
Gains and losses recorded in equity with recycling		**709**	**(638)**
Net gains/(losses) on financial assets		(2)	37
Income tax effect of gains/(losses) on financial assets		1	(8)
Actuarial gains/(losses) on defined benefit plans	13	96	(21)
Income tax effect of actuarial gains/(losses) on defined benefit plans		(6)	54
Gains and losses recorded in equity with no recycling		**89**	**62**
Other comprehensive income for the year, net of tax		**798**	**(576)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**2,763**	**1,521**
attributable to owners of the parent		*2,668*	*1,460*
attributable to non-controlling interests		*95*	*61*

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

2. Consolidated statement of cash flows

(in millions of euros)	Note	First half 2024	First half 2023
Profit for the period		**1,965**	**2,097**
Share of (profit)/losses of associates		(14)	(39)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment		401	359
Amortization of intangible assets other than goodwill		350	352
Impairment losses on non-current assets		230	(6)
Increase/(decrease) in provisions	14	72	20
Losses/(gains) on disposals of business and assets		5	(82)
Difference between tax paid and tax expense		(30)	(116)
Other non-cash adjustments		116	96
Net cash provided by operating activities		**3,095**	**2,681**
Decrease/(increase) in accounts receivable		(289)	(434)
Decrease/(increase) in inventories and work in progress		(663)	(629)
(Decrease)/increase in accounts payable		(64)	171
Decrease/(increase) in other current assets and liabilities		(554)	(339)
Change in working capital requirement		**(1,570)**	**(1,231)**
TOTAL I - CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		**1,525**	**1,450**
Purchases of property, plant and equipment		(425)	(425)
Proceeds from disposals of property, plant and equipment		12	8
Purchases of intangible assets		(223)	(213)
Net cash used by investment in operating assets		**(636)**	**(630)**
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	5	90
Other long-term investments		(137)	(118)
Increase in long-term pension assets	13	(35)	(37)
Sub-total		**(167)**	**(65)**
TOTAL II - CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**(803)**	**(695)**
Issuance of bonds	15	1,946	2,926
Repayment of bonds	15	-	(500)
Sale/(purchase) of treasury shares		-	(41)
Increase/(decrease) in other financial debt		(970)	2,611
OCEANEs issuance (equity component)		84	-
Increase/(decrease) of share capital	12	-	-
Transaction with non-controlling interests*	2	(162)	(4,681)
Dividends paid to Schneider Electric's shareholders		(1,963)	(1,767)
Dividends paid to non-controlling interests		(15)	(39)
TOTAL III - CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**(1,080)**	**(1,491)**
TOTAL IV - NET FOREIGN EXCHANGE DIFFERENCE		**(11)**	**(81)**
TOTAL V - IMPACT OF RECLASSIFICATION OF ITEMS HELD FOR SALE		**-**	**(1)**
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I + II + III + IV + V		**(369)**	**(818)**
Net cash and cash equivalents, beginning of the year	15	4,654	3,863
Increase/(decrease) in cash and cash equivalents		(369)	(818)
NET CASH AND CASH EQUIVALENTS, END OF THE PERIOD	**15**	**4,285**	**3,045**

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

**In 2023, transactions with non-controlling interests mainly related to the purchase of AVEVA's non-controlling interests.*

3. Consolidated balance sheet

Assets

(in millions of euros)	Note	June 30, 2024	Dec. 31, 2023
NON-CURRENT ASSETS:			
Goodwill, net	9	25,185	24,664
Intangible assets, net		5,870	5,837
Property, plant and equipment, net		4,409	4,209
Investments in associates and joint ventures	10	1,210	1,206
Non-current financial assets	11	1,573	1,245
Deferred tax assets		1,781	1,636
TOTAL NON-CURRENT ASSETS		**40,028**	**38,797**
CURRENT ASSETS:			
Inventories and work in progress		5,199	4,519
Trade and other operating receivables		8,869	8,388
Other receivables and prepaid expenses		2,422	2,290
Cash and cash equivalents	15	4,375	4,696
TOTAL CURRENT ASSETS		**20,865**	**19,893**
Assets held for sale		-	209
TOTAL ASSETS		**60,893**	**58,899**

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

Liabilities

(in millions of euros)	Note	June 30, 2024	Dec. 31, 2023
EQUITY:	**12**		
Share capital		2,297	2,291
Additional paid in capital		3,097	2,872
Retained earnings		21,864	21,593
Translation reserve		365	(294)
Equity attributable to owners of the parent		**27,623**	**26,462**
Non-controlling interests		772	706
TOTAL EQUITY		**28,395**	**27,168**
NON-CURRENT LIABILITIES:			
Pensions and other post-employment benefit obligations	13	1,060	1,069
Other non-current provisions	14	1,162	959
Non-current financial liabilities	15	11,368	11,592
Non-current purchase commitments over non-controlling interests		30	50
Deferred tax liabilities		814	703
Other non-current liabilities		863	848
TOTAL NON-CURRENT LIABILITIES		**15,297**	**15,221**
CURRENT LIABILITIES:			
Trade and other operating payables		7,801	7,596
Accrued taxes and payroll costs		3,518	4,013
Current provisions	14	1,064	1,061
Other current liabilities		1,383	1,379
Current financial liabilities	15	3,435	2,341
Current purchase commitments over non-controlling interests	2	-	80
TOTAL CURRENT LIABILITIES		**17,201**	**16,470**
Liabilities held for sale		-	40
TOTAL EQUITY AND LIABILITIES		**60,893**	**58,899**

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)	Share capital	Additional paid-in capital	Retained earnings	Translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total
Dec. 31, 2022	**571,093**	**2,284**	**2,660**	**19,812**	**683**	**25,439**	**655**	**26,094**
Profit for the year	-	-	-	4,003		**4,003**	166	**4,169**
Other comprehensive income	-	-	-	(76)	(977)	**(1,053)**	(26)	**(1,079)**
Comprehensive income for the year	**-**	**-**	**-**	**3,927**	**(977)**	**2,950**	**140**	**3,090**
Capital increase	1,743	7	212	-	-	**219**	-	**219**
OCEANEs issuance	-	-	-	65	-	**65**	-	**65**
Dividends	-	-	-	(1,767)	-	**(1,767)**	(84)	**(1,851)**
Purchase of treasury shares	-	-	-	(703)	-	**(703)**	-	**(703)**
Share-based compensation expense	-	-	-	196	-	**196**	-	**196**
IAS 29 Hyperinflation	-	-	-	68	-	**68**	-	**68**
Other	-	-	-	(5)	-	**(5)**	(5)	**(10)**
Dec. 31, 2023	**572,836**	**2,291**	**2,872**	**21,593**	**(294)**	**26,462**	**706**	**27,168**
Profit for the period	-	-	-	1,882		**1,882**	83	**1,965**
Other comprehensive income	-	-	-	127	659	**786**	12	**798**
Comprehensive income for the period	**-**	**-**	**-**	**2,009**	**659**	**2,668**	**95**	**2,763**
Capital increase	1,315	5	226	-	-	**231**	-	**231**
OCEANEs issuance	-	-	-	62	-	**62**	-	**62**
Dividends	-	-	-	(1,963)	-	**(1,963)**	(15)	**(1,978)**
Share-based compensation expense	-	-	-	151	-	**151**	-	**151**
IAS 29 Hyperinflation	-	-	-	34	-	**34**	-	**34**
Other	-	-	-	(22)	-	**(22)**	(14)	**(36)**
June 30, 2024	**574,151**	**2,297**	**3,097**	**21,864**	**365**	**27,623**	**772**	**28,395**

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

5. Notes to the consolidated financial statements

Contents

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, 2024, were authorized for issue by the Board of Directors on July 30, 2024.

NOTE 1 Summary of accounting policies

The consolidated financial statements for the six months ended June 30, 2024 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, 2023 annual consolidated financial statements included in the Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) under no. D.24-0201.

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, 2023, except for the application of standards, interpretations and amendments being mandatory as of January 1, 2024.

Standards, interpretations and amendments endorsed by the European Union whose application is mandatory as of January 1, 2024

The following standards and interpretations that were applicable during the period did not have a material impact on the consolidated financial statements as of June 30, 2024:

- 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*;
- amendments to IAS 7 - *Statement of Cash Flows* and IFRS 7 - *Financial Instruments: Disclosures* on supplier finance arrangements.

Standards, interpretations and amendments unendorsed by the European Union as of June 30, 2024 or whose application is not mandatory as of January 1, 2024

- IFRS 18 - *Presentation and Disclosure in Financial Statements* ;
- amendments to IFRS 7 - *Financial Instruments: Disclosures* and IFRS 9 - *Financial Instruments* on the classification and Measurement of Financial Instruments;
- amendments to IAS 21 - *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*.

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, 2024.

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, 2023.

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.

NOTE 2 Changes in the scope of consolidation

2.1- Scope variations

Main acquisitions of the period

Purchase of ETAP non-controlling interests

On January 23, 2024, the Group purchased the remaining 20% non-controlling interests of ETAP in accordance with the forward agreement concluded in 2021 when it acquired 80% of the company.

Main divestments of the period

Autogrid

On December 14, 2023, the Group entered into an agreement with Uplight Inc. (in which Schneider Electric holds a strategic minority investment) to sell AutoGrid to Uplight. This transaction represents a reorganization among Schneider Electric-owned or affiliated businesses aimed at Prosumers, to better align their capabilities. The transaction, which closed on February 8, 2024, has raised the interest percentage of the Group in Uplight Inc. to 43.46%, which remain consolidated as an equity investment. The impact from the disposal in the income statement of the period is not material.

Follow-up on acquisitions and divestments transacted in 2023 with effect in 2024

EcoAct

On November 2, 2023, the Group acquired 100% of the capital of EcoAct SAS ("EcoAct"), an international leader in climate consulting and net zero solutions headquartered in Paris, France. EcoAct is reported within the Energy management reporting segment.

The purchase accounting as per IFRS 3 is not completed as of June 30, 2024. The net adjustment of the opening balance sheet, resulting mainly from the booking of identifiable intangible assets (customer relationships and trademark), led to the recognition of a EUR 130 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 June 30, 2024, decreased the Group's cash position by a net EUR 157 million outflow, as described below:

(in millions of euros)	First half 2024	First half 2023
Acquisitions	(30)	(58)
Disposals	35	148
FINANCIAL INVESTMENTS NET OF DISPOSALS	**5**	**90**
AVEVA	-	(4,681)
Others	(162)	-
TRANSACTION WITH NON-CONTROLLING INTERESTS	**(162)**	**(4,681)**
TOTAL CASH FLOW IMPACT	**(157)**	**(4,591)**

In 2024, the cash outflow is mainly due to the acquisition of ETAP's non-controlling interests and other individually not significant acquisitions (Note 2.1).

In 2023, the cash outflow is mainly due to EUR 4,681 million related to the acquisition of AVEVA's non-controlling interests 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".

The Executive Committee, which is chaired by the Chief Executive Officer, 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 Executive Committee and are mainly based on Adjusted EBITA.

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

The Executive Committee does not review assets and liabilities by reporting segments.

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 2024

(in millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	Total
Revenue	14,652	3,521	-	**18,173**
Adjusted EBITA	3,250	542	(409)	**3,383**
Adjusted EBITA (%)	*22.2%*	*15.4%*		**18.6%**

First half 2023

(in millions of euros)	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%**

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 2024

(in millions of euros)	Western Europe	Asia-Pacific	North America	Rest of the World	Total
Revenue by country market	4,378	4,997	6,502	2,296	18,173
Non-current assets as of June 30, 2024	12,493	5,720	15,852	1,399	35,464

First half 2023

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

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

(in millions of euros)	First half 2024		First half 2023	
Revenue - Mature Economies	11,168	*61%*	10,753	*61%*
Revenue - New Economies	7,005	*39%*	6,880	*39%*
TOTAL	**18,173**	**100%**	**17,633**	**100%**

NOTE 4 Research and development

Research and development expenditures are as follows:

(in millions of euros)	First half 2024	First half 2023
Research and development expenditures in costs of sales	(274)	(244)
Research and development expenditures in R&D costs *	(624)	(551)
Capitalized development costs	(171)	(202)
TOTAL RESEARCH AND DEVELOPMENT EXPENDITURES **	**(1,069)**	**(997)**

** Including EUR 19 million of research and development tax credit in first half 2024 and EUR 24 million in first half 2023*

*** Excluding amortization of capitalized development costs*

In addition to the research and development expenditures, amortization expenses of capitalized development costs booked in cost of sales, amounted to EUR 114 million in the first half of 2024 and EUR 117 million in the first half of 2023.

NOTE 5 Other operating income and expenses

Other operating income and expenses are as follows:

(in millions of euros)	First half 2024	First half 2023
Gains/(losses) on assets disposals	(1)	(2)
Gains/(losses) on business disposals	(5)	82
Impairment of assets	-	-
Costs of acquisitions and integrations	(52)	(59)
Others	(67)	(6)
OTHER OPERATING INCOME AND EXPENSES	**(125)**	**15**

In 2024, the costs of acquisitions and integrations are mainly related to the recent and ongoing acquisitions of the year.

In 2023, the gains on business disposals mainly relate to VinZero disposal. The costs of acquisitions and integrations are mainly related to the recent acquisitions.

NOTE 6 Amortization and impairment of purchase accounting intangibles

(in millions of euros)	First half 2024	First half 2023
Amortization of purchase accounting intangible assets	(194)	(196)
Impairment losses of purchase accounting intangible assets	-	-
AMORTIZATION AND IMPAIRMENT OF PURCHASE ACCOUNTING INTANGIBLES	**(194)**	**(196)**

NOTE 7 Other financial income and expenses

(in millions of euros)	First half 2024	First half 2023
Exchange gains and losses, net	12	(19)
Net monetary gain/(loss) (IAS 29 Hyperinflation)	(1)	22
Financial component of defined benefit plan costs	(24)	(27)
Dividends received	2	1
Fair value adjustment of financial assets	(4)	7
Financial interests - IFRS16	(22)	(15)
Effect of discounting & undiscounting	(7)	(6)
Other financial expenses, net	3	(16)
OTHER FINANCIAL INCOME AND EXPENSES	**(41)**	**(53)**

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

(in millions of euros)	First half 2024	First half 2023
Current taxes	(767)	(723)
Deferred taxes	100	36
INCOME TAX EXPENSE	**(667)**	**(687)**

8.2- Tax reconciliation

(in millions of euros)	First half 2024	First half 2023
Profit attributable to owners of the parent	**1,882**	**2,023**
Income tax expense	(667)	(687)
Non-controlling interests	(83)	(74)
Share of profit of associates	14	39
Impairment of investments in associates	(220)	-
Profit before tax	**2,838**	**2,745**
Geographical weighted average Group tax rate	22.8%	22.6%
Theoretical income tax expense	**(646)**	**(620)**
Reconciling items:		
Tax credits and other tax reductions	68	72
Impact of tax losses	13	(5)
Withholding taxes	(22)	(45)
Other elements without tax bases (current or deferred)	(17)	(30)
Other permanent differences	(63)	(59)
INCOME TAX EXPENSE	**(667)**	**(687)**
EFFECTIVE TAX RATE	**23.5%**	**25.0%**

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).

In December 2022, member states of the European Union adopted the Pillar 2 directive, introducing an overall minimum corporate tax rate of 15%, which will come into force for the financial year ending December 31, 2024. To date, the estimated impact on the group's effective tax rate should be around 0.5%.

NOTE 9 Goodwill

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

(in millions of euros)	June 30, 2024	Dec. 31, 2023
Net goodwill at opening	**24,664**	**25,136**
Acquisitions	7	209
Disposals	(2)	(7)
Reclassifications	-	(95)
Translation adjustment	516	(579)
NET GOODWILL AT END OF PERIOD	**25,185**	**24,664**
including cumulative impairment losses	*(372)*	*(367)*

NOTE 10 Investments 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, 2024 compared to EUR 36 million for the six-month period ended June 30, 2023.

In 2024, following slower adoption at customers than was envisaged in the business plan impacting near-term growth, in part due to regulatory challenges, the Group performed an impairment test on its Uplight's investment and recorded an impairment of EUR (220) million.

NOTE 11 Non-current financial assets

Non-current financial assets amount to EUR 1,573 million as of June 30, 2024, and mainly comprise unlisted financial assets and pension assets.

NOTE 12 Shareholder's equity

During the first half of 2024, 1.3 million OCEANEs maturing in 2026 were converted, resulting in the creation of 1.3 million shares and representing a capital increase of EUR 231 million.

Based upon the assumptions described in the notes to the 2023 consolidated financial statements, the expense recorded under "Selling, general and administrative expenses" for performance shares totaled EUR 84 million in the six-month period ended June 30, 2024 (EUR 72 million in the six-month period ended June 30, 2023). This expense was offset under "Retained earnings" in Shareholders' equity.

NOTE 13 Pensions and other post-employment benefit obligations

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

(in millions of euros)	Pensions and termination benefits	Other post-employment and long-term benefits	Provisions for pensions and other post-employment benefits
Dec. 31, 2023	**572**	**244**	**816**
Net cost recognized in the statement of income	47	16	63
Service cost	*28*	*12*	*40*
Curtailments and settlements	*(1)*	-	*(1)*
Past service cost	-	-	-
Interest cost	*140*	*4*	*144*
Interest income	*(120)*	-	*(120)*
Benefits paid	(22)	(12)	(34)
Employer contributions	(35)	-	(35)
Actuarial (gains) and losses recognized in equity	(91)	(5)	(96)
Translation adjustment	3	4	7
Change in the scope of consolidation and other	-	-	-
June 30, 2024	**474**	**247**	**721**
Surplus of plans recognized as assets	**(339)**		**(339)**
Provisions recognized as liabilities	**813**	**247**	**1,060**

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, 2024, plan assets exceed the value of obligations subject to this guarantee and thus this guarantee cannot be called.

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

NOTE 14 Provisions for contingencies and charges

(in millions of euros)	Economic risks	Customer risks	Products risks	Environmental risks	Restructuring	Other risks	Provisions
Dec. 31, 2023	**209**	**119**	**727**	**297**	**169**	**499**	**2,020**
of which long-term portion	*124*	*61*	*194*	*256*	*16*	*308*	**959**
Additions	25	14	94	3	29	134	**299**
Utilizations	(5)	(17)	(79)	(7)	(35)	(98)	**(241)**
Reversals of surplus provisions	-	-	(15)	-	-	(2)	**(17)**
Translation adjustments	2	2	5	8	-	8	**25**
Changes in the scope of consolidation and other	(2)	-	13	2	(3)	130	**140**
June 30, 2024	**229**	**118**	**745**	**303**	**160**	**671**	**2,226**
of which long-term portion	*129*	*63*	*198*	*261*	*15*	*496*	**1,162**

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;
- **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:

(in millions of euros)	June 30, 2024	Dec. 31, 2023
Bonds	12,565	10,843
Other bank borrowings	1,788	1,793
Short-term portion of bonds	(2,918)	(999)
Short-term portion of long-term debt	(67)	(45)
NON-CURRENT FINANCIAL LIABILITIES	**11,368**	**11,592**
Commercial paper	120	1,018
Accrued interest	88	109
Other short-term borrowings	152	128
Bank overdrafts	90	42
Short-term portion of convertible and non-convertible bonds	2,918	999
Short-term portion of long-term debt	67	45
SHORT-TERM DEBT	**3,435**	**2,341**
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	**14,803**	**13,933**
CASH AND CASH EQUIVALENTS	**(4,375)**	**(4,696)**
NET FINANCIAL DEBT excl. purchase commitments over non-controlling interests	**10,428**	**9,237**
Non-current purchase commitments over non-controlling interests	30	50
Current purchase commitments over non-controlling interests	-	80
NET FINANCIAL DEBT incl. purchase commitments over non-controlling interests	**10,458**	**9,367**

On January 10, 2024, the Group has issued two bonds, for EUR 600 million at a rate of 3.00% maturing in January 2031 and for EUR 700 million at a rate of 3.25% maturing in October 2035.

The Group has also issued on June 25, 2024, OCEANEs for EUR 750 million at a rate of 1.625%, maturing in June 2031. At end of June 2024, the debt component recorded at net book value amounts to EUR 660 million and the optional component to EUR 84 million. The initial conversion and/or exchange ratio of the Bonds was 321.48 shares per bond with a nominal value set at EUR 100,000 corresponding to EUR 311.07 per share.

Cash and cash equivalents net of bank overdrafts totaled EUR 4,285 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, 2024, same as during the six-month period ended June 30, 2023.

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 11,368 million as at June 30, 2024.

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

NOTE 16 Derivative instruments

June 30, 2024

(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	842	(432)	-	17	(17)	-
Forwards contracts	CFH	< 2 years	49	(43)	-	1	(1)	-
Forwards contracts	CFH	> 2 years	1	(2)	-	-	-	-
Forwards contracts	FVH	< 1 year	2,382	(1,768)	5	28	(23)	-
Forwards contracts	NIH	< 1 year	720		(8)	-	(8)	(8)
Forwards contracts	Trading	< 1 year	810	(3,512)	(1)	5	(6)	-
Cross currency swaps	CFH	< 1 year	60	(17)	3	3	-	3
Cross currency swaps	NIH	> 2 years	514		(6)	-	(6)	(6)
TOTAL FOREIGN CHANGE DERIVATIVES			**5,378**	**(5,774)**	**(7)**	**54**	**(61)**	**(11)**
Forwards contracts	CFH	< 1 year	-	(418)	27	27	-	27
Commodities derivatives			**-**	**(418)**	**27**	**27**	**-**	**27**
Interest Rate Swap	FVH	> 2 years	1,050	(1,050)	9	9	-	-
Interest Rate Derivatives			**1,050**	**(1,050)**	**9**	**9**	**-**	**-**
TOTAL			**6,428**	**(7,242)**	**29**	**90**	**(61)**	**16**

Dec. 31, 2023

(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	483	(296)	3	10	(7)	2
Forwards contracts	CFH	< 2 years	69	(30)	-	1	(1)	-
Forwards contracts	CFH	> 2 years	3	(7)	-	-	-	-
Forwards contracts	FVH	< 1 year	1,755	(1,659)	1	18	(17)	-
Forwards contracts	FVH	< 2 years	550	-	17	17	-	8
Forwards contracts	NIH	< 1 year	714	-	12	12	-	12
Forwards contracts	Trading	< 1 year	990	(3,944)	(17)	5	(22)	-
Cross currency swaps	CFH	< 1 year	65	(18)	(1)	-	(1)	(1)
Cross currency swaps	NIH	> 2 years	502	-	10	10	-	10
TOTAL FX DERIVATIVES			**5,131**	**(5,954)**	**25**	**73**	**(48)**	**31**
Forwards contracts	CFH	< 1 year	-	(409)	3	4	(1)	3
Commodities derivatives			**-**	**(409)**	**3**	**4**	**(1)**	**3**
Interest Rate Swap	FVH	> 2 years	1,050	(1,050)	44	44	-	-
Interest Rate Derivatives			**1,050**	**(1,050)**	**44**	**44**	**-**	**-**
TOTAL			**6,181**	**(7,413)**	**72**	**121**	**(49)**	**34**

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.

The Group didn't use any derivative instrument to hedge its exposure to interest rates during the six-month period ended June 30, 2024.

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, 2024, the Group had confirmed credit lines of EUR 2,950 million, all unused with EUR 2,950 million maturing after June 2025. 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 2,950 million available committed facility and EUR 4,285 million cash & cash equivalent, the liquidity of the Group amounts to EUR 7,235 million end of the period. In the next 12 months, the total short term and bond maturity amounts to EUR 3,435 million.

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 4,295 million and EUR 284 million, respectively, as of June 30, 2024.

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. The hearing in front of the French Competition Authority took place on June 4 and 5, 2024 and an enforceable decision may be issued late 2024 or 2025. Should the French Competition Authority deny Schneider Electric's arguments and conclude that anti-competitive practices have been involved, it has broad discretion to determine on a case-by-case basis the financial fine it may impose in accordance with the principles of proportionality and individuality as described in its 2021 press release (https://www.autoritedelaconcurrence.fr/sites/default/files/Communique_sanction.pdf). This potential fine could not exist and could not exceed a maximum amount of 10% of the total 2021 Group revenue according to article L. 464-2 of the French Commercial Code.

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. Schneider Electric officially contested the indictment decision and raised numerous arguments in law and fact. Procedure is ongoing.

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.

Considering the difficulty in assessing the extent to which the French Competition Authority considers 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 case.

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, 2024, 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 64 million.

On April 19, 2024, Schneider Electric gave its employees the opportunity to purchase shares at a price of EUR 179.19 per share, as part of its commitment to employee share ownership. This represented a 15% discount to the reference price of EUR 210.82 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, 1.4 million shares were subscribed, increasing the Company's equity by EUR 253 million as of July 10, 2024.

Repurchase of outstanding OCEANEs due 2026

On June 25, 2024, the Group launched an offering of bonds convertible into new shares and/or exchangeable for existing shares (OCEANEs) due 2031 for a nominal amount of EUR 750 million (Note 15) and a concurrent repurchase of its outstanding OCEANEs due 2026 by way of a reverse book building process.

The final repurchase price was set at EUR 230.81 per 2026 OCEANE, representing a total consideration of approximately EUR 532.7 million for an aggregate principal amount of approximately EUR 407.2 million, representing approximately 97% of the 2026 OCEANEs outstanding. The 2026 OCEANEs accepted in the Repurchase will be cancelled in accordance with their terms and conditions.

The settlement of the repurchase took place in July 2024. The repurchase total amount comprised a debt component, evaluated considering similar non-convertible bond market rate at the repurchase date and a conversion option component recorded in equity. The repurchase operation generated a financial income of approximately EUR 25 million in the second half, with the remaining of approximately EUR 150 million being recorded as a deduction from equity.

Planon

On December 17, 2020, Schneider Electric made a strategic minority investment in Planon Beheer B.V. ("Planon"), a leading software provider in smart sustainable building management, taking a 25% ownership stake.

With revenues of EUR 161 million in 2023, Planon has achieved a revenue CAGR of +22% in the past four years, since 2019, having achieved a double-digit revenue CAGR in the preceding five years up to 2019. Since making the initial strategic minority investment in 2020, Planon offers have in several instances proven to be highly complementary alongside Schneider's Energy Management offers for smart buildings.

On July 30, 2024, Schneider Electric signed an agreement to acquire an additional 55% stake in Planon for a consideration of around EUR 500 million, increasing its ownership of Planon to a controlling stake of 80%. The proposed transaction would further strengthen Schneider's agnostic software strategy, with Planon's established and strong footprint in the global buildings market, cloud-based Integrated Workplace Management System offer and subscription-based software business model well positioned to capitalize on the fast-growing smart building software market.

The current transaction values Planon at a mid-single digit revenue multiple, as was the case with the multiple for the initial transaction in 2020. The transaction remains subject to customary regulatory requirements and completion is expected in the coming months. On completion, Planon would be consolidated within the Energy Management business (currently accounted for under the equity method).

From closing and until January 2030, the minority shareholder will have the right to sell and transfer to the Group their remaining 20% stake in Planon. The Group will also hold a right to acquire the remaining 20% of non-controlling interests between July 2027 and January 2030.

MANAGEMENT REPORT FOR THE PERIOD ENDED JUNE 30, 2024

Consolidated financial statements

Main events of the period

Main acquisitions of the period

Purchase of ETAP non-controlling interests

On January 23, 2024, the Group purchased the remaining 20% non-controlling interests of ETAP in accordance with the forward agreement concluded in 2021 when it acquired 80% of the company.

Main divestments of the period

Autogrid

On December 14, 2023, the Group entered into an agreement with Uplight Inc. (in which Schneider Electric holds a strategic minority investment) to sell AutoGrid to Uplight. This transaction represents a reorganization among Schneider Electric-owned or affiliated businesses aimed at Prosumers, to better align their capabilities. The transaction, which closed on February 8, 2024, has raised the interest percentage of the Group in Uplight Inc. to 43.46%, which remain consolidated as an equity investment. The impact from the disposal in the income statement of the period is not material.

Follow-up on acquisitions and divestments transacted in 2023 with effect in 2024

EcoAct

On November 2, 2023, the Group acquired 100% of the capital of EcoAct SAS ("EcoAct"), an international leader in climate consulting and net zero solutions headquartered in Paris, France. EcoAct is reported within the Energy management reporting segment.

The purchase accounting as per IFRS 3 is not completed as of June 30, 2024. The net adjustment of the opening balance sheet, resulting mainly from the booking of identifiable intangible assets (customer relationships and trademark), led to the recognition of a EUR 130 million goodwill at acquisition date.

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, 2024, decreasing consolidated revenue by EUR 314 million due mainly to the evolution observed in Chinese Yuan and Turkish Lira compared to the Euro and a negative impact decreasing adjusted EBITA by EUR 104 million.

Results of Operations

The following table sets forth our results of operations for the six-month period ended June 30, 2024 and 2023:

(in millions of euros except for earnings per share)	First half 2024	First half 2023	Variance
Revenue	**18,173**	**17,633**	**3.1%**
Cost of sales	(10,284)	(10,151)	1.3%
Gross profit	**7,889**	**7,482**	**5.4%**
% Gross profit	**43.4%**	**42.4%**	
Research and development	(624)	(551)	13.2%
Selling, general and administrative expenses	(3,882)	(3,757)	3.3%
Adjusted EBITA *	**3,383**	**3,174**	**6.6%**
% Adjusted EBITA	**18.6%**	**18.0%**	
Other operating income and expenses	(125)	15	(933.3)%
Restructuring costs	(59)	(41)	43.9%
EBITA **	**3,199**	**3,148**	**1.6%**
% EBITA	**17.6%**	**17.9%**	
Amortization and impairment of purchase accounting intangibles	(194)	(196)	(1.0)%
Operating income	**3,005**	**2,952**	**1.8%**
% Operating income	**16.5%**	**16.7%**	
Interest income	86	50	72.0%
Interest expense	(212)	(204)	3.9%
Finance costs, net	**(126)**	**(154)**	**(18.2)%**
Other financial income and expense	(41)	(53)	(22.6)%
Net financial income/(loss)	**(167)**	**(207)**	**(19.3)%**
Profit from continuing operations before income tax	**2,838**	**2,745**	**3.4%**
Income tax expense	(667)	(687)	(2.9)%
Share of profit/(loss) of associates	14	39	(64.1)%
Impairment of investments in associates	(220)	-	0.0%
PROFIT FOR THE PERIOD	**1,965**	**2,097**	**(6.3)%**
attributable to owners of the parent	*1,882*	*2,023*	*(7.0)%*
attributable to non-controlling interests	*83*	*74*	*12.2%*
Basic earnings (attributable to owners of the parent) per share (in euros per share)	3.36	3.61	(6.9)%
Diluted earnings (attributable to owners of the parent) per share (in euros per share)	3.32	3.57	(7.0)%

** 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 18,173 million for the 6 months ended June 30, 2024, up +6.2% organic and up +3.1% on a reported basis. The Group benefitted from strong and dynamic market demand linked to structural megatrends. There was strong demand for the Group's Systems offers, notably in the Data Center and Infrastructure end-markets. The Group also saw strong growth in Field Services linked to trends of renovation and modernization. The Group's software assets continued their transition to a subscription revenue model, with good underlying business dynamics and strong growth in annualized recurring revenues. Product sales growth was subdued in the first half of the year as expected, primarily due to weakness in discrete automation markets as OEMs and Distributors rebalance inventories to reflect the improved supply environment, with consumer-linked segments stable. FX impacts were -1.8% driven by the weakening of the Chinese Yuan, Turkish Lira and Argentinian Peso against the Euro. There was a net negative impact of -1.2% from acquisitions and disposals, primarily relating to the divestment of the Group's industrial sensors business.

Breakdown by business

The following table sets forth our revenue by business segment for the six-month periods ended June 30, 2024 and 2023:

(in millions of euros)	Energy Management	Industrial Automation	Total
First half 2024	14,652	3,521	18,173
First half 2023	13,669	3,964	17,633

Energy Management generated revenues of EUR 14,652 million, equivalent to 81% of the Group's revenues and was up +9% organic. North America grew +13% organic led by strong Systems growth and where the Data Center and Infrastructure end-markets remain particularly well oriented. Western Europe was up 3% organic with double-digit growth in Italy led by Data Center sales, mid-single digit growth in France led by Infrastructure, low-single digit growth in Germany and the U.K., while Spain saw a slight decline. The Buildings end-market remains subdued across the region, stable in most major economies except Germany, which continues to decline. Outside of the major economies, there was strong growth in the Nordics region. Asia-Pacific grew +6% organic, led by double-digit growth in India, with strength across end-markets. China delivered solid growth in the first half of the year but was impacted by weak construction markets and general economic uncertainty delaying customer investment plans. Australia saw good growth, led by performance in the Data Center end-market. The remainder of the region declined in aggregate, primarily due to weak construction markets in Southeast Asia. Rest of the World was up +20% organic, seeing strong double-digit growth in the Middle East and Africa while additionally benefitting from price actions taken in response to previous currency devaluation in certain countries.

Industrial Automation generated revenues of EUR 3,521 million, equivalent to 19% of the Group's revenues and was down -5% organic. Sales into Process & Hybrid markets showed good growth, with strong traction for Services, while the Group's industrial software at AVEVA delivered strong growth in annualized recurring revenue, with the transition to a subscription revenue model ongoing. Discrete markets remained impacted by weakness at OEMs and Distributors as they rebalance inventories leading to a decline in sales into Discrete markets. North America contracted -5% organic due to weakness in discrete automation markets and timing of contract renewals at AVEVA, with growth in sales into Process & Hybrid markets. Western Europe declined -15% organic, with Italy and Germany notably impacted by the weakness in discrete automation, while Process markets remained better oriented across the region. Asia Pacific was down -2% organic, with growth in China around flat, while India delivered positive growth, up in both Discrete and Process & Hybrid markets, though impacted by timing of renewals at AVEVA. Australia saw strong growth, attributable to software at AVEVA, while Japan and Korea both declined due to weak OEM demand across the region. Rest of the World was up +10% organic, led by strong growth in the Middle East across both Discrete and Process & Hybrid markets, with the region additionally benefitting from price actions taken in response to previous currency devaluation in certain countries.

Gross profit

Gross profit was up +8.8% organic with Gross margin up +100bps organic, reaching 43.4% in the first half of 2024. The margin expansion was mainly driven by strong industrial productivity as the supply chain environment continues to normalize, and a strong improvement of Gross Margin in the Systems business, mainly driven by pricing.

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

Research and development expenses, net of research tax credit and excluding research and development costs booked in costs of sales, increased by +13.2%, from EUR 551 million for the six-month period ended June 30, 2023 to EUR 624 million for the six-month period ended June 30, 2024. As a percentage of revenues, the net cost of research and development is increasing slightly to 3.4% of revenues for six-month period ended June 30, 2024 (3.1% for the six-month period ended June 30, 2023).

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 +7.2% from EUR 997 million for the six-month period ended June 30, 2023 to EUR 1,069 million for the six-month period ended June 30, 2024. As a percentage of revenues, total research and development expenses increased slightly to 5.9% for the six-month period ended June 30, 2024 (5.7% for the six-month period ended June 30, 2023).

On the first semester 2024, the net positive impact of capitalized development costs and amortization of capitalized development costs amounts to EUR 57 million on operating income (EUR 85 million on the first semester 2023).

Selling, general and administrative expenses increased by +3.3% to EUR 3,882 million for the six-month period ended June 30, 2024 (EUR 3,757 million for the six-month period ended June 30, 2023). As a percentage of revenues, selling, general and administrative expenses increased slightly to 21.4% for the six-month period ended June 30, 2024 (21.3% for the six-month period ended June 30, 2023).

Combined, total support function costs (research and development expenses together with selling, general and administrative costs) totaled EUR 4,506 million for the six-month period ended June 30, 2024 compared to EUR 4,308 million for the six-month period ended June 30, 2023, an increase of +4.6%. Support functions costs to sales ratio increased to 24.8% for the six-month period ended June 30, 2024 (24.4% for the six-month period ended June 30, 2023).

Other operating income and expenses

For the six-month period ended June 30, 2024, other operating income and expenses amounted to a net expense of EUR (125) million, mainly due to the costs of acquisitions and integrations of the recent and ongoing acquisitions of the year.

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.

Restructuring costs

For the six-month period ended June 30, 2024, restructuring costs amounted to EUR 59 million compared to EUR 41 million for the six-month period ended June 30, 2023.

Amortization and impairment of intangibles linked to acquisitions

For the six-month period ended June 30, 2024, amortization and impairment of intangibles linked to acquisitions amounted to EUR 194 million compared to EUR 196 million for the six-month period ended June 30, 2023.

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 3,383 million for the six-month period ended June 30, 2024, compared to EUR 3,174 million for the six-month period ended June 30, 2023, an increase of +6.6%. As a percentage of revenues, adjusted EBITA increased from 18.0% for the six-month period ended June 30, 2023 to 18.6% for the six-month period ended June 30, 2024, up c.+100bps organic, as a consequence of the strong Gross Margin improvement. SFC costs increased as a percentage of revenues by 40bps to 24.8%, mostly due to FX impacts, with the organic evolution being around flat, despite continued investment in innovation and in supply chain to support future growth.

EBITA increased by +1.6% from EUR 3,148 million for the six-month period ended June 30, 2023 to EUR 3,199 million for the six-month period ended June 30, 2024. As a percentage of revenues, EBITA decreased to 17.6% for the six-month period ended June 30, 2024 (17.9% for the six-month period ended June 30, 2023).

Adjusted EBITA by business segment

The following table sets out adjusted EBITA by business segment:

First half 2024

(in millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	Total
Revenue	14,652	3,521	-	18,173
Adjusted EBITA	3,250	542	(409)	3,383
Adjusted EBITA (%)	*22.2%*	*15.4%*		18.6%

First half 2023

(in millions of euros)	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%**

Energy Management adjusted EBITA for the six-month period ended June 30, 2024 reached EUR 3,250 million, or 22.2% of revenues up c.+170bps organic (up +150bps reported), mainly due to the impact of strong volumes, strong industrial productivity and improved mix as a consequence of pricing in Systems, partly offset by investment in Support Function Costs.

Industrial Automation adjusted EBITA for the six-month period ended June 30, 2024 reached EUR 542 million, or 15.4% of revenues, down c.-300bps organic (down -370bps reported), mainly due to lower volumes and associated deleverage, though partly offset by positive net price and industrial productivity.

Central Functions & Digital Costs in the first semester 2024 amounted to EUR 409 million (EUR 408 million the first semester 2023), representing 2.3% of Group revenues.

Operating income (EBIT)

Operating income or EBIT (Earnings Before Interest and Taxes), increased from EUR 2,952 million for the six-month period ended June 30, 2023 to 3,005 million for the six-month period ended June 30, 2024, an increase of +1.8%.

Net financial income/loss

Net financial loss amounted to EUR 167 million for the six-month period ended June 30, 2024, compared to EUR 207 million for the six-month period ended June 30, 2023.

This variation is explained by the decrease in the cost of net financial debt (EUR 126 million for the six-month period ended June 30, 2024, compared with EUR 154 million for the six-month period ended June 30, 2023) and the positive evolution on foreign exchange differences (gain of EUR 12 million for the six-month period ended June 30, 2024, compared with a loss of EUR 19 million for the six-month period ended June 30, 2023) slightly offset by the negative year on year change from the adjustment booked on hyperinflationary countries' financials (Argentina and Türkiye): loss of EUR 1 million for the six-month period ended June 30, 2024, compared with a gain of EUR 22 million for the six-month period ended June 30, 2023.

Income tax expense

The effective tax rate decreased compared with the 2023 period and totaled 23.5% for the six-month period ended June 30, 2024 compared to 25.0% for the six-month period ended June 30, 2023. The corresponding income tax expense decreased from EUR 687 million for the six-month period ended June 30, 2023 to EUR 667 million for the six-month period ended June 30, 2024.

Share of profit/ (loss) of associates

The share of associates was a EUR 14 million profit for the six-month period ended June 30, 2024, compared to EUR 39 million profit for the six-month period ended June 30, 2023.

Profit for the period (to non-controlling interests)

Profit for the period to non-controlling interests for the six-month period ended June 30, 2024 totaled EUR 83 million, compared with EUR 74 million for the six-month period ended June 30, 2023. The variance is mainly linked to the strong performance in the Lauritz Knudsen (formerly L&T E&A) business in India.

Profit for the period (to owners of the parent)

Profit for the period attributable to the equity holders of our parent company amounted to EUR 1,882 million for the six-month period ended June 30, 2024, compared with EUR 2,023 million profit for the six-month period ended June 30, 2023.

Earnings per share

Basic earnings per share amounted to EUR 3.36 per share for the six-month period ended June 30, 2024 and EUR 3.61 per share for the six-month period ended June 30, 2023.

Comments to the consolidated Cash-flow

The following table sets forth our cash-flow statement for the six-month periods ended June 30, 2024 and 2023:

(in millions of euros)	Note	First half 2024	First half 2023
Profit for the period		**1,965**	**2,097**
Share of (profit)/losses of associates		(14)	(39)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment		401	359
Amortization of intangible assets other than goodwill		350	352
Impairment losses on non-current assets		230	(6)
Increase/(decrease) in provisions	14	72	20
Losses/(gains) on disposals of business and assets		5	(82)
Difference between tax paid and tax expense		(30)	(116)
Other non-cash adjustments		116	96
Net cash provided by operating activities		**3,095**	**2,681**
Decrease/(increase) in accounts receivable		(289)	(434)
Decrease/(increase) in inventories and work in progress		(663)	(629)
(Decrease)/increase in accounts payable		(64)	171
Decrease/(increase) in other current assets and liabilities		(554)	(339)
Change in working capital requirement		**(1,570)**	**(1,231)**
TOTAL I - CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		**1,525**	**1,450**
Purchases of property, plant and equipment		(425)	(425)
Proceeds from disposals of property, plant and equipment		12	8
Purchases of intangible assets		(223)	(213)
Net cash used by investment in operating assets		**(636)**	**(630)**
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	5	90
Other long-term investments		(137)	(118)
Increase in long-term pension assets	13	(35)	(37)
Sub-total		**(167)**	**(65)**
TOTAL II - CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**(803)**	**(695)**
Issuance of bonds	15	1,946	2,926
Repayment of bonds	15	-	(500)
Sale/(purchase) of treasury shares		-	(41)
Increase/(decrease) in other financial debt		(970)	2,611
OCEANEs issuance (equity component)		84	-
Increase/(decrease) of share capital	12	-	-
Transaction with non-controlling interests*	2	(162)	(4,681)
Dividends paid to Schneider Electric's shareholders		(1,963)	(1,767)
Dividends paid to non-controlling interests		(15)	(39)
TOTAL III - CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**(1,080)**	**(1,491)**
TOTAL IV - NET FOREIGN EXCHANGE DIFFERENCE		**(11)**	**(81)**
TOTAL V - IMPACT OF RECLASSIFICATION OF ITEMS HELD FOR SALE		**-**	**(1)**
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I + II + III + IV + V		**(369)**	**(818)**
Net cash and cash equivalents, beginning of the year	15	4,654	3,863
Increase/(decrease) in cash and cash equivalents		(369)	(818)
NET CASH AND CASH EQUIVALENTS, END OF THE PERIOD	**15**	**4,285**	**3,045**

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

**In 2023, transactions with non-controlling interests mainly related to the purchase of AVEVA's non-controlling interests.*

Operating Activities

Net cash provided by operating activities before changes in working capital requirement reached EUR 3,095 million for the six-month period ended June 30, 2024, compared with EUR 2,681 million for the six-month period ended June 30, 2023. It represents 17.0% of revenues for first half 2024 (15.2% of revenues from first half 2023).

Change in working capital requirement consumed EUR 1,570 million in cash in the six-month period ended June 30, 2024, compared with a consumption of EUR 1,231 million in the six-month period ended June 30, 2023.

In all, net cash provided by operating activities amounts to EUR 1,525 million in the six-month period ended June 30, 2024 (EUR 1,450 million in the six-month period ended June 30, 2023).

Investing Activities

Net capital expenditure, which includes capitalized development projects, increased to EUR 636 million for the six-month period ended June 30, 2024, compared with EUR 630 million for the six-month period ended June 30, 2023. As a percentage of revenues, it slightly decreased at 3.5% in the first half of 2024, compared to 3.6% in the first half of 2023.

The acquisitions net of disposals represented a cash in of EUR 5 million (net of acquired cash) for the six-month period ended June 30, 2024. It totaled EUR 90 million for the six-month period ended June 30, 2023, mainly linked with the disposals of Bochao and Vinzero. 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 1,080 million during the six-month period ended June 30, 2024, compared to cash outflow of EUR 1,491 million during the six-month period ended June 30, 2023.

The main changes in 2024 relate to the variation in financial debt for 1,060 million, including 1,946 million related to the issuance of new bonds, as well as the acquisition of minority interests for 162 million. The variations in 2023 mainly correspond to the financed acquisition of the remaining minority interest in AVEVA.

The dividend paid by Schneider Electric SE was EUR 1,963 million in 2024, compared with EUR 1,767 million in 2023.

Claims, litigations and other risks

Main risks and areas of uncertainty for the second half of 2024

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 2023 Universal Registration Document filed with AMF on March 28, 2024.

Guarantees given and received

Guarantees given and received amounted to EUR 4,295 million and EUR 284 million, respectively, as of June 30, 2024.

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. The hearing in front of the French Competition Authority took place on June 4 and 5, 2024 and an enforceable decision may be issued late 2024 or 2025. Should the French Competition Authority deny Schneider Electric's arguments and conclude that anti-competitive practices have been involved, it has broad discretion to determine on a case-by-case basis the financial fine it may impose in accordance with the principles of proportionality and individuality as described in its 2021 press release (https://www.autoritedelaconcurrence.fr/sites/default/files/Communique_sanction.pdf). This potential fine could not exist and could not exceed a maximum amount of 10% of the total 2021 Group revenue according to article L. 464-2 of the French Commercial Code.

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. Schneider Electric officially contested the indictment decision and raised numerous arguments in law and fact. Procedure is ongoing.

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.

Considering the difficulty in assessing the extent to which the French Competition Authority considers 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 case.

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 2023 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, 2024, 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 64 million.

On April 19, 2024, Schneider Electric gave its employees the opportunity to purchase shares at a price of EUR 179.19 per share, as part of its commitment to employee share ownership. This represented a 15% discount to the reference price of EUR 210.82 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, 1.4 million shares were subscribed, increasing the Company's equity by EUR 253 million as of July 10, 2024.

Repurchase of outstanding OCEANEs due 2026

On June 25, 2024, the Group launched an offering of bonds convertible into new shares and/or exchangeable for existing shares (OCEANEs) due 2031 for a nominal amount of EUR 750 million (Note 15) and a concurrent repurchase of its outstanding OCEANEs due 2026 by way of a reverse book building process.

The final repurchase price was set at EUR 230.81 per 2026 OCEANE, representing a total consideration of approximately EUR 532.7 million for an aggregate principal amount of approximately EUR 407.2 million, representing approximately 97% of the 2026 OCEANEs outstanding. The 2026 OCEANEs accepted in the Repurchase will be cancelled in accordance with their terms and conditions.

The settlement of the repurchase took place in July 2024. The repurchase total amount comprised a debt component, evaluated considering similar non-convertible bond market rate at the repurchase date and a conversion option component recorded in equity. The repurchase operation generated a financial income of approximately EUR 25 million in the second half, with the remaining of approximately EUR 150 million being recorded as a deduction from equity.

Planon

On December 17, 2020, Schneider Electric made a strategic minority investment in Planon Beheer B.V. ("Planon"), a leading software provider in smart sustainable building management, taking a 25% ownership stake.

With revenues of EUR 161 million in 2023, Planon has achieved a revenue CAGR of +22% in the past four years, since 2019, having achieved a double-digit revenue CAGR in the preceding five years up to 2019. Since making the initial strategic minority investment in 2020, Planon offers have in several instances proven to be highly complementary alongside Schneider's Energy Management offers for smart buildings.

On July 30, 2024, Schneider Electric signed an agreement to acquire an additional 55% stake in Planon for a consideration of around EUR 500 million, increasing its ownership of Planon to a controlling stake of 80%. The proposed transaction would further strengthen Schneider's agnostic software strategy, with Planon's established and strong footprint in the global buildings market, cloud-based Integrated Workplace Management System offer and subscription-based software business model well positioned to capitalize on the fast-growing smart building software market.

The current transaction values Planon at a mid-single digit revenue multiple, as was the case with the multiple for the initial transaction in 2020. The transaction remains subject to customary regulatory requirements and completion is expected in the coming months. On completion, Planon would be consolidated within the Energy Management business (currently accounted for under the equity method).

From closing and until January 2030, the minority shareholder will have the right to sell and transfer to the Group their remaining 20% stake in Planon. The Group will also hold a right to acquire the remaining 20% of non-controlling interests between July 2027 and January 2030.

Expected trends in coming months

- Strong and dynamic market demand to continue on the back of structural megatrends
- Strong demand for System offers notably driven by trends in Data Centers, Grid Infrastructure investment, and increased investments across Process industries served by both businesses
- Continued focus on subscription transition in Software and growth in Services
- A gradual demand recovery for Product offers (consumer-linked segments and Discrete automation)
- All four regions to contribute to growth, led by U.S., India and the Middle East
- Execute capacity investments to support unprecedented high demand, especially in North America

2024 Target upgraded

The Group upgrades its 2024 financial target as follows:

2024 Adjusted EBITA growth of between +9% and +13% organic (previously between +8% and +12% organic).

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

- Revenue growth of **+6% to +8% organic** (unchanged)
- Adjusted EBITA margin up **+60bps to +80bps organic** (previously +40bps to +60bps organic)

This implies Adjusted EBITA margin of **around 18.1% to 18.3%** (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, 2024, 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 30, 2024

Peter HERWECK
CEO

Statutory Auditors’ Review Report on the half-year financial information

Period from January 1 to June 30, 2024

This is a free translation into English of the statutory auditors’ review report on the half-year 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-year 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 limited review of the accompanying condensed half-year consolidated financial statements of Schneider Electric SE, for the period from January 1 to June 30, 2024,
- the verification of the information presented in the half-year management report.

These condensed half-year consolidated financial statements were prepared under your Board of Directors’ responsibility. Our role is to express a conclusion on these financial statements based on our limited review.

Conclusion on the financial statements

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

A limited 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 limited 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 limited review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year 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-year management report on the condensed half-yearly consolidated financial statements subject to our limited 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 30 juillet 2024

PricewaterhouseCoopers Audit
Neuilly-Sur-Seine, le 30 juillet 2024

Juliette Decoux-Guillemot
Partner

Mathieu Mougard
Partner

Séverine Scheer
Partner

Jean-Christophe Georghiou
Partner