

ANNUAL FINANCIAL REPORT
For the year ended December 31, 2023

Consolidated Financial Statements
Annual Management Report

Life Is n

Schneider
 Electric

1. Consolidated statement of income

<i>(in millions of euros except for earnings per share)</i>	Note	Full Year 2023	Full Year 2022
Revenue	3	35,902	34,176
Cost of sales		(20,890)	(20,300)
Gross profit		15,012	13,876
Research and development	4	(1,168)	(1,040)
Selling, general and administrative expenses		(7,432)	(6,819)
Adjusted EBITA *	3	6,412	6,017
Other operating income and expenses	6	98	(433)
Restructuring costs		(147)	(227)
EBITA **		6,363	5,357
Amortization and impairment of purchase accounting intangibles	5	(430)	(424)
Operating income		5,933	4,933
Interest income		79	24
Interest expense		(387)	(130)
Finance costs, net		(308)	(106)
Other financial income and expense	7	(222)	(109)
Net financial income/(loss)		(530)	(215)
Profit from continuing operations before income tax		5,403	4,718
Income tax expense	8	(1,285)	(1,211)
Share of profit/(loss) of associates	12	51	29
PROFIT FOR THE YEAR		4,169	3,536
<i>attributable to owners of the parent</i>		4,003	3,477
<i>attributable to non-controlling interests</i>		166	59
Basic earnings (attributable to owners of the parent) per share (in euros per share)	19	7.15	6.23
Diluted earnings (attributable to owners of the parent) per share (in euros per share)	19	7.07	6.15

* 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	Full Year 2023	Full Year 2022
Profit for the year		4,169	3,536
Other comprehensive income:			
Translation adjustment		(1,034)	631
Revaluation of assets and liabilities due to hyperinflation		31	44
Cash-flow hedges		(46)	36
Income tax effect of cash flow hedges	19	6	(4)
Gains and losses recorded in equity with recycling		(1,043)	707
Net gains/(losses) on financial assets		20	(8)
Income tax effect of gains/(losses) on financial assets	19	(6)	2
Actuarial gains/(losses) on defined benefit plans	20	(119)	137
Income tax effect of actuarial gains/(losses) on defined benefit plans	19	69	(25)
Gains and losses recorded in equity with no recycling		(36)	106
Other comprehensive income for the year, net of tax		(1,079)	813
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,090	4,349
<i>attributable to owners of the parent</i>		2,950	4,284
<i>attributable to non-controlling interests</i>		140	65

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	Full Year 2023	Full Year 2022
Profit for the year		4,169	3,536
Share of (profit)/losses of associates		(51)	(29)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment	11	743	750
Amortization of intangible assets other than goodwill	10	717	732
Impairment losses on non-current assets		60	61
Increase/(decrease) in provisions	21	87	32
Losses/(gains) on disposals of business and assets		(252)	70
Difference between tax paid and tax expense		(164)	139
Other non-cash adjustments		220	102
Net cash provided by operating activities		5,529	5,393
Decrease/(increase) in accounts receivable		62	(305)
Decrease/(increase) in inventories and work in progress		(382)	(553)
(Decrease)/increase in accounts payable		493	73
Decrease/(increase) in other current assets and liabilities		205	(254)
Change in working capital requirement		378	(1,039)
TOTAL I - CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		5,907	4,354
Purchases of property, plant and equipment	11	(914)	(707)
Proceeds from disposals of property, plant and equipment		52	69
Purchases of intangible assets	10	(451)	(386)
Net cash used by investment in operating assets		(1,313)	(1,024)
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	611	(297)
Other long-term investments		(89)	40
Increase in long-term pension assets	20	(257)	(130)
Sub-total		265	(387)
TOTAL II - CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(1,048)	(1,411)
Issuance of bonds	22	3,509	1,092
Repayment of bonds	22	(1,299)	(829)
Sale/(purchase) of treasury shares		(703)	(219)
Increase/(decrease) in other financial debt		939	143
Increase/(decrease) of share capital	19	284	208
Transaction with non-controlling interests*	2	(4,702)	(73)
Dividends paid to Schneider Electric's shareholders	19	(1,767)	(1,618)
Dividends paid to non-controlling interests		(84)	(157)
TOTAL III - CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(3,823)	(1,453)
TOTAL IV - NET FOREIGN EXCHANGE DIFFERENCE		(240)	(70)
TOTAL V - IMPACT OF RECLASSIFICATION OF ITEMS HELD FOR SALE		(4)	(20)
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I + II + III + IV + V		792	1,400
Net cash and cash equivalents, beginning of the year	18	3,863	2,463
Increase/(decrease) in cash and cash equivalents		792	1,400
NET CASH AND CASH EQUIVALENTS, END OF THE YEAR	18	4,654	3,863

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

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

3. Consolidated balance sheet

Assets

<i>(in millions of euros)</i>	Note	Dec. 31, 2023	Dec. 31, 2022
NON-CURRENT ASSETS:			
Goodwill, net	9	24,664	25,136
Intangible assets, net	10	5,837	6,373
Property, plant and equipment, net	11	4,209	3,935
Investments in associates and joint ventures	12	1,206	1,241
Non-current financial assets	13	1,245	1,125
Deferred tax assets	14	1,636	1,616
TOTAL NON-CURRENT ASSETS		38,797	39,426
CURRENT ASSETS:			
Inventories and work in progress	15	4,519	4,346
Trade and other operating receivables	16	8,388	7,514
Other receivables and prepaid expenses	17	2,290	2,156
Cash and cash equivalents	18	4,696	3,986
TOTAL CURRENT ASSETS		19,893	18,002
Assets held for sale	2	209	940
TOTAL ASSETS		58,899	58,368

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

Liabilities

<i>(in millions of euros)</i>	Note	Dec. 31, 2023	Dec. 31, 2022
EQUITY:	19		
Share capital		2,291	2,284
Additional paid in capital		2,937	2,660
Retained earnings		21,528	19,812
Translation reserve		(294)	683
Equity attributable to owners of the parent		26,462	25,439
Non-controlling interests		706	655
TOTAL EQUITY		27,168	26,094
NON-CURRENT LIABILITIES:			
Pensions and other post-employment benefit obligations	20	1,069	1,186
Other non-current provisions	21	959	994
Non-current financial liabilities	22	11,592	7,330
Non-current purchase commitments over non-controlling interests	22	50	194
Deferred tax liabilities	14	703	885
Other non-current liabilities		848	865
TOTAL NON-CURRENT LIABILITIES		15,221	11,454
CURRENT LIABILITIES:			
Trade and other operating payables		7,596	6,254
Accrued taxes and payroll costs		4,013	3,787
Current provisions	21	1,061	1,036
Other current liabilities		1,379	1,887
Current financial liabilities	22	2,341	3,133
Current purchase commitments over non-controlling interests	22	80	4,554
TOTAL CURRENT LIABILITIES		16,470	20,651
Liabilities held for sale	2	40	169
TOTAL EQUITY AND LIABILITIES		58,899	58,368

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)	Capital	Additional paid-in capital	Retained earnings	Translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total
Dec. 31, 2021	569,033	2,276	2,456	19,694	14	24,440	3,669	28,109
Profit for the year	-	-	-	3,477	-	3,477	59	3,536
Other comprehensive income	-	-	-	138	669	807	6	813
Comprehensive income for the year	-	-	-	3,615	669	4,284	65	4,349
Capital increase	2,060	8	204	-	-	212	-	212
Dividends	-	-	-	(1,618)	-	(1,618)	(157)	(1,775)
Purchase of treasury shares	-	-	-	(219)	-	(219)	-	(219)
Share-based compensation expense	-	-	-	161	-	161	23	184
AVEVA minority interest buy out	-	-	-	(1,881)	-	(1,881)	(2,907)	(4,788)
IAS 29 Hyperinflation	-	-	-	53	-	53	-	53
Other	-	-	-	7	-	7	(38)	(31)
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	277	-	-	284	-	284
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	2,937	21,528	(294)	26,462	706	27,168

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 in millions of euros unless otherwise indicated.

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

The Schneider Electric Group's consolidated financial statements for the financial year ended December 31, 2023 were authorized for issue by the Board of Directors on February 14, 2024. They will be submitted to shareholders for approval at the Annual General Meeting of May 23, 2024.

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

NOTE 1 Summary of accounting policies

1.1- Accounting standards

The consolidated financial statements have been prepared in compliance with the international accounting standards (IFRS) as adopted by the European Union as of December 31, 2023. The same accounting methods were used as for the consolidated financial statements for the year ended December 31, 2022.

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

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

The following standards and interpretations that were applicable during the period did not have a material impact on the consolidated financial statements as of December 31, 2023:

- amendments to IAS 12 - *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*;
- amendments to IAS 12 - *Income taxes: International Tax Reform – Pillar Two Model Rules*;
- 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 December 31, 2023 or whose application is not mandatory as of January 1, 2023

- amendments to IAS 21 - *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*;
- amendments to IAS 7 - *Statement of Cash Flows* and IFRS 7 - *Financial Instruments: Disclosures on Supplier Finance Arrangements*;
- amendments to IAS 1 - *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; Deferral of Effective Date; Non-current Liabilities with Covenants*;
- amendments to IFRS 16 - *Leases: Lease Liability in a Sale and Leaseback*.

The Group is currently assessing the potential effect on the Group's consolidated financial statements of the standards not yet applicable as of December 31, 2023. At this stage of analysis, the Group does not expect any material impact on its consolidated financial statements.

Climate-related matters

The potential impacts on the Group's assets and liabilities measurement as well as on significant judgements and estimates, from the climate-related matters, have been analyzed through both climate transition risk and opportunities, physical risks perspective and carbon neutral external commitments perspective. The Group is committed to be carbon neutral in its operations by 2025, net-zero CO₂ emissions in its operation by 2030, will be carbon neutral along the whole of its value chain by 2040 and net zero along the whole value chain by 2050. Those objectives are concretely declined in the Group's Sustainability strategy through the SSI and SSE programs that are externally reported respectively on a quarterly and annually basis.

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

- Redesign of the investment monitoring and approval tool in December 2022 to support internal and external reporting, monitor investments allowing our sites to transition to Zero-CO₂ sites and prioritize low-carbon investments. In 2023, trainings and change management have been performed to ensure adoption.
- Significant investments on both industrial processes (sites electrification) and real estate portfolio (EV chargers instalment) planned to decarbonize operations by 2030 (scopes 1 & 2) in line with company-wide energy climate targets (150 Zero-CO₂ sites by 2025, double energy productivity by 2030, 100% of electricity from renewables by 2030, shift 100% of corporate vehicle fleet to electric vehicles by 2030). Specifically on manufacturing and distribution centers, the Group has defined a priority list and planned to invest progressively on more electrification, sustainable and efficient systems (heat pumps, micro grids, solar panels, thermal insulation...) between 2024 and 2030 to achieve net-zero ready operations by 2030.
- Implementation of a process to follow carbon footprint evolution at an early stage of new product development to reduce the footprint of future generations of products. The Group committed on a step up in R&D in coming years, from an existing circa 5% of Group revenues dedicated to strategic R&D investment to a future circa 7%, with a strong focus on sustainability. Around 8 billion of euros (absolute amount) have been invested in R&D between 2017 and 2022.

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

- The Group has performed an evaluation of physical risks on its sites with an independent expert. No material impact to disclose, notably on evaluation and useful life of tangible assets or in the impairment tests performed at Group Level. The Group is not a

capital-intensive company, majority of its sites are leased and not owned, and the individual residual value of its tangible assets in the most at-risk locations is not material. Additionally, the multi hub position of the Group with agile capacity to relocate its production in case of climate disaster is a way to significantly mitigate risks and potential effects. Also, the Group has a low dependence on water in its production processes, and its sites are slightly located in flood zones or coastal zones. Finally, the Group is on an opportunistic position regarding world's desire for electrification & other company's net zero commitments. In 2023, the Group has worked on quantifying investments and additional costs, as well as opportunities to achieve long-term net zero carbon commitments, taking into consideration several scenarios in order to integrate them into the Group's impairment tests. The Group has not identified any risk of impairment at December 2023.

- The Schneider Sustainability Impact (SSI), which includes a climate target, is used as a criterion in the annual variable compensation of the Corporate Officer and that of the 64,000 employees benefiting from such compensation (20% weight). In the same way, the Schneider Sustainability External & Relative Index (SSERI) is used for the long-term incentive plan granted to 3,000+ employees including the Corporate Officer (25% weight).
- To further tie climate-related issues to financial planning, Schneider successfully launched the first-ever sustainability-linked convertible bonds in 2020. This bond has been linked to three SSI targets by including the objective to save and avoid 800 million tons of CO₂ on the customers' end by 2025. In 2022, the Group has also linked its bank fundings with the SSI performance with the signature of a KPIs linked facility.

1.2- Basis of presentation

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

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

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

1.3- Use of estimates and assumptions

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

These assumptions and estimates mainly concern:

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

1.4- Consolidation principles

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

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

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

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

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

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

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

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

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

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

Intra-group transactions and balances are eliminated.

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

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

1.5- Business combinations

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

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

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

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

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

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

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

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

1.6- Translation of the financial statements of foreign subsidiaries

The consolidated financial statements are prepared in euros.

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

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

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

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

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

The Group applies IAS 29 - *Financial Reporting in Hyperinflationary Economies* to the Group's subsidiaries in countries with hyperinflationary economies (Argentina and Türkiye). IAS 29 - *Financial Reporting in Hyperinflationary Economies* requires the non-monetary assets and liabilities and income statements of countries with hyperinflationary economies to be restated to reflect the changes in the general purchasing power of their functional currency, thereby generating a profit or loss on the net monetary position which is recognized in net income within "Other financial income and expenses". In addition, the financial statements of the subsidiaries in these countries are translated at the closing exchange rate of the reporting period concerned, in accordance with IAS 21. In 2023, all the necessary conditions were met to consider Türkiye and Argentina as a hyperinflationary country within the meaning of IFRS. The Group has applied IAS 29 to Argentina in its financial statements from January 1, 2018 and to Türkiye in its financial statements from January 1, 2022. The Group used the Consumer Price Index (CPI) for both Argentina and Türkiye to remeasure its income statement items, cash flows and non-monetary assets and liabilities. This index was up 211% for Argentina and up 65% for Türkiye between December 2022 and December 2023.

1.7- Foreign currency transactions

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

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

1.8- Intangible assets

Intangible assets acquired separately or as part of a business combination

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

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

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

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

Trademarks

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

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

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

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

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

Internally generated intangible assets

Research and development costs

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

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

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

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

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

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

Software implementation

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

1.9- Property, plant and equipment

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

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

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

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

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

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

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

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

1.10- Leases

Scope of the Group's contracts

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

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

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

Rental obligation

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

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

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

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

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

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

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

Right-of-use assets

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

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

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

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

Determining the duration of contracts

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

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

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

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

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

1.11- Impairment of assets

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

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

Value in use is determined by discounting future cash flows that will be generated by the tested assets. These future cash flows are based on Group management's economic assumptions and operating forecasts presented in business plans over a period generally not exceeding five years, and then extrapolated based on a perpetuity growth rate. The discount rate corresponds to the Weighted Average Cost of Capital (WACC) at the measurement date. This rate is based on the following main assumptions:

- a long-term interest rate of 3.5%, corresponding to the interest rate for 10-year OAT treasury bonds
- the average premium applied to financing obtained by the Group in 2023
- the weighted country risk premium for the Group's businesses in the countries in question.

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

Impairment tests are performed at the level of CGUs (or groups of CGUs) to which the asset belongs. A cash-generating unit is the smallest group of assets that generates cash inflows that are largely independent of the cash flows from other assets or groups of assets. The groups of cash-generating units in 2022 were *Low Voltage*, *Medium Voltage*, *Secure Power* and *Industrial Automation*. In 2023, to reflect its ongoing strategy toward sustainability and digital transformation, the Group reorganized the level at which Goodwill is being monitored. Hence, the groups of CGUs in 2023 are *Low Voltage*, *Medium Voltage*, *Secure Power*, *Sustainability*, *EM Software*, *Industrial Automation* and *Industrial Automation Software*. This change does not modify our reporting segments. Goodwill was reallocated using relative values of groups of CGUs, similarly to disposal operations.

Net assets were allocated to the group of CGUs at the lowest possible level on the basis of the group of CGUs activities to which they belong.

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

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

1.12- Non-current financial assets

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

IFRS 9 standard allows two accounting treatments for equity instruments:

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

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

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

1.13- Inventories and work in progress

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

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

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

1.14- Trade and other operating receivables

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

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

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

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

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

Assignment of receivables

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

1.15- Assets held for sale and liabilities of discontinued operations

Assets held for sale

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

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

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

Discontinued operation

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

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

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

1.16- Taxes

Income tax expense

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

Deferred taxes

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

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

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

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

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

1.17- Cash and cash equivalents

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

1.18- Treasury shares

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

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

1.19- Pensions and other employee benefit obligations

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

Defined contribution plans

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

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

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

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

Defined Benefit plans

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

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

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

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

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

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

Other commitments

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

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

1.20- Share-based payments

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

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

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

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

Main non-market conditions are the following:

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

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

1.21- Provisions and risk contingencies

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

Provisions are primarily set aside to cover:

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

1.22- Financial liabilities

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

1.23- Financial instruments and derivatives

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

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

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

Foreign currency hedges

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

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

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

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

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

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

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

Interest rate hedges

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

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

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

Commodity hedges

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

1.24- Revenue recognition

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

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

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

The following revenue recognition methods can be applied:

Recognition of revenue at a point of time

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

Recognition of revenue over time

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

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

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

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

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

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

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

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

Consolidated revenue is presented net of these discounts and rebates.

Recognition of software revenue

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

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

Backlog and balance sheet presentation

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

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

1.25- Earnings per share

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

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

1.26- Statement of cash flows

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

1.27- Other operating income and expenses

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

They notably include:

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

1.28- Other financial income and expense

Other financial income and expenses notably include:

- bank commissions
- Factoring fees

NOTE 2 Changes in the scope of consolidation

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

2.1- Scope variations

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.

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 will be reported within the *Energy management* reporting segment.

The purchase accounting as per IFRS 3R is not completed as of December 31, 2023.

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 had around 800 employees and were 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 was reported within the *Energy management* reporting segment up until disposal effective date. The gain on disposal was recorded under "Other operating income and expenses".

Gutor

On August 2, 2023, the Group closed the transaction for the disposal of Gutor Electronics' operations to Latour Capital, a French private equity investor. Gutor is a global leader in the manufacturing of industrial uninterruptible power supply (UPS) systems and the provision of related services. Gutor was reported within the *Energy management* reporting segment up until disposal effective date.

Telemecanique Sensors

On October 31, 2023, the Group closed the transaction for the disposal of its industrial sensors business, Telemecanique Sensors, to YAGEO. As part of the transaction, the Group granted YAGEO a license to use Telemecanique Sensors trademark. The all-cash transaction valued Telemecanique Sensors at EUR 723 million (Enterprise Value). Telemecanique Sensors was reported within the *Industrial Automation* reporting segment up until disposal effective date.

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".

In November 2023, the Group purchased 3.88% of non-controlling interests which raised its stake in EV Connect Inc. at 99.4%.

The purchase accounting as per IFRS 3R is completed as of December 31, 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.

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

The following businesses have been reclassified as Held for Sale as of December 31, 2023:

Autogrid

On July 20, 2022, the Group completed the acquisition of Autogrid, raising its stake from 24.2% to 91.8% controlling stake. AutoGrid is a Virtual Power Plant (VPP) and Distributed Energy Resource Management System (DERMS) provider and is reported within *Energy Management* reporting segment. The Group held an agreement to acquire the remaining 8.2% of non-controlling interests in 2026. The related debt was recognized in "Non-current purchase commitments over non-controlling interests" as of December 2022.

On December 14, 2023, the Group entered into an agreement with Uplight Inc. for the sale of Autogrid. 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 209 million and EUR 40 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 197 million. No impairment loss was recognized by the Group following the IFRS 5 classification.

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 controlling stake of the Group in Uplight Inc., which will remain consolidated as an equity investment.

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

Changes in the scope of consolidation at December 31, 2023, decreased the Group's cash position by a net EUR 4,091 million outflow, as described below:

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Acquisitions	(307)	(559)
Disposals	918	262
FINANCIAL INVESTMENTS NET OF DISPOSALS	611	(297)
AVEVA	(4,681)	-
Others	(21)	(73)
TRANSACTION WITH NON-CONTROLLING INTERESTS	(4,702)	(73)
TOTAL CASH FLOW IMPACT	(4,091)	(370)

In 2023, cash outflows mainly relate to the acquisitions of AVEVA's non-controlling interests and EcoAct. Cash inflows mainly relate to the disposals of Telemecaniques Sensors, VinZero and Gutor. The main acquisitions and disposals of the year are described in Note 2.1.

In 2022, cash outflows mainly related to the acquisitions of EV Connect and Autogrid as well as other individually not significant acquisitions. Cash inflows mainly related to the disposals of Eurotherm and of the load bank business of ASCO Power Technologies, as well as other individually not significant disposals.

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 Management Report.

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

3.1- Information by reporting segment

Full Year 2023

<i>(in millions of euros)</i>	Energy Management	Industrial Automation	Central functions & digital costs	Total
Backlog	15,414	3,748	-	19,162
Revenue	28,241	7,661	-	35,902
Adjusted EBITA	5,967	1,304	(859)	6,412
Adjusted EBITA (%)	21.1%	17.0%		17.9%

On December 31, 2023, the total backlog to be executed in more than a year amounted to EUR 4,287 million.

Full Year 2022

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

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.

Full Year 2023

<i>(in millions of euros)</i>	Western Europe	<i>of which France</i>	Asia-Pacific	<i>of which China</i>	North America	<i>of which USA</i>	Rest of the World	Total
Revenue by country market	8,912	2,067	10,247	4,871	12,211	10,553	4,532	35,902
Non-current assets as of Dec. 31, 2023	12,396	2,823	5,616	1,154	15,338	14,958	1,360	34,710

Full Year 2022

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

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

<i>(in millions of euros)</i>	Full Year 2023		Full Year 2022	
Revenue - Mature countries	21,825	61%	20,243	59%
Revenue - New economies	14,077	39%	13,933	41%
TOTAL	35,902	100%	34,176	100%

Mature countries gather mainly Western Europe and North American countries.

NOTE 4 Research and development expenditures

Research and development expenditures are as follows:

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Research and development expenditures in costs of sales	(520)	(448)
Research and development expenditures in R&D costs *	(1,168)	(1,040)
Capitalized development costs	(328)	(357)
TOTAL RESEARCH AND DEVELOPMENT EXPENDITURES **	(2,016)	(1,845)

* Including EUR 58 million of research and development tax credit in full year 2023 and EUR 51 million in full year 2022

** Excluding amortization of R&D costs capitalized

In addition to the R&D expenditures, amortization expenses of capitalized development booked in the cost of sales, amounted to EUR 236 million in 2023 and EUR 242 million in 2022.

NOTE 5 Impairment losses, depreciation and amortization expenses

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Depreciation and amortization included in cost of sales	(544)	(555)
Depreciation and amortization included in selling, general and administrative expenses	(486)	(503)
Amortization expenses of purchase accounting intangible assets	(396)	(423)
Impairment losses of purchase accounting intangible assets	(34)	(1)
IMPAIRMENT LOSSES, DEPRECIATION AND AMORTIZATION EXPENSES	(1,460)	(1,482)

A EUR 34 million impairment was recognized on Clipsal brand in 2023 following the annual impairment tests realized by the Group.

NOTE 6 Other operating income and expenses

Other operating income and expenses are as follows:

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Gains/ (losses) on assets disposals	(8)	5
Gains/ (losses) on business disposals	265	(108)
Impairment of assets	(30)	(117)
Costs of acquisitions and integrations	(111)	(180)
Others	(18)	(33)
OTHER OPERATING INCOME AND EXPENSES	98	(433)

In 2023, the gains on business disposals mainly relate to the 2023 divestments described in Note 2. The costs of acquisitions and integrations are mainly related to the recent and ongoing acquisitions of the year.

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

NOTE 7 Other financial income and expenses

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Exchange gains and losses, net	(50)	(21)
Net monetary gain/ (loss) (IAS 29 Hyperinflation)	(39)	(5)
Financial component of defined benefit plan costs	(54)	(37)
Dividends received	3	3
Fair value adjustment of financial assets	6	2
Financial interests - IFRS16	(36)	(34)
Effect of discounting & undiscounting	2	18
Other financial expenses, net	(54)	(35)
OTHER FINANCIAL INCOME AND EXPENSES	(222)	(109)

NOTE 8 Income tax expenses

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

8.1- Analysis of income tax expense

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Current taxes	(1,411)	(1,195)
Deferred taxes	126	(16)
INCOME TAX EXPENSE	(1,285)	(1,211)

8.2- Income tax expense by country market

Full Year 2023

<i>(in millions of euros)</i>	Western Europe	of which France	Asia-Pacific	of which China	North America	of which USA	Rest of the World	Total
Revenue by country market	8,912	2,067	10,247	4,871	12,211	10,553	4,532	35,902
in %	25%	6%	29%	14%	34%	29%	13%	
Income tax expense by country market*	(290)	(113)	(528)	(327)	(415)	(366)	(52)	(1,285)
in %	23%	9%	41%	25%	32%	29%	4%	

*after reallocation of withholding taxes on dividends

Full Year 2022

<i>(in millions of euros)</i>	Western Europe	of which France	Asia-Pacific	of which China	North America	of which USA	Rest of the World	Total
Revenue by country market	8,304	1,986	10,341	5,154	10,986	9,526	4,545	34,176
in %	24%	6%	30%	15%	32%	28%	13%	
Income tax expense by country market*	(299)	(117)	(505)	(333)	(349)	(289)	(58)	(1,211)
in %	25%	10%	42%	28%	29%	24%	5%	

*after reallocation of withholding taxes on dividends

8.3- Tax reconciliation

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Profit attributable to owners of the parent	4,003	3,477
Income tax expense	(1,285)	(1,211)
Non-controlling interests	(166)	(59)
Share of profit of associates	51	29
Profit before tax	5,403	4,718
Geographical weighted average Group tax rate	22.7%	23.3%
Theoretical income tax expense	(1,225)	(1,101)
Reconciling items:		
Tax credits and other tax reductions	139	107
Impact of tax losses	(9)	24
Withholding taxes	(89)	(79)
Other elements without tax bases (current or deferred)	(59)	(80)
Other permanent differences	(42)	(82)
INCOME TAX EXPENSE	(1,285)	(1,211)
EFFECTIVE TAX RATE	23.8%	25.7%
EFFECTIVE TAX RATE WITHOUT RUSSIA DECONSOLIDATION		24.6%

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

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 remain less than 1%.

NOTE 9 Goodwill

9.1- Main items of goodwill

Goodwill is broken down by groups of Cash Generating Units (CGUs) as follows, with WACC used for annual impairment test:

<i>(in millions of euros)</i>	WACC	Dec. 31, 2023
Energy Management:		14,332
<i>Low Voltage</i>	9.0%	7,629
<i>Medium Voltage</i>	8.9%	3,183
<i>Secure Power</i>	9.0%	2,989
<i>Other</i>	7.8 to 8.3%	531
Industrial Automation		10,332
<i>Industrial Automation</i>	9.3%	5,809
<i>Industrial Automation Software</i>	8.5%	4,523
TOTAL GOODWILL*		24,664

* Goodwill was reallocated using relative values of groups of CGUs.

As of December 31, 2022, the breakdown of goodwill by former groups of CGUs was:

<i>(in millions of euros)</i>	WACC	Dec. 31, 2022
Energy Management:		14,570
<i>Low Voltage</i>	8.6%	9,060
<i>Medium Voltage</i>	8.9%	2,243
<i>Secure Power</i>	8.7%	3,267
Industrial Automation	8.7%	10,566
TOTAL GOODWILL		25,136

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

Impairment tests performed in 2023 did not trigger any impairment losses on the groups of CGUs' assets. Results of the impairment test would have been the same should the Group have kept the same group of CGUs as in 2022.

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

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

9.2- Climate-related matters

In 2023, the Group mandated external experts to evaluate the potential impact of climate-related matters and physical risks on fixed assets over the Group future cash flows. This risk assessment covered a broad spectrum of risks as outlined below:

- Policy: Legislation that are or could be enacted by governments to price and penalize Greenhouse gas (GHG) emissions
- Market consumer: Consumer preferences could shift towards sustainable alternative products and services, transforming market demand
- Technology: Disruptive lower-carbon technology could change in key economic sectors and risks to carbon intensive assets and operations
- Liability: Litigation that could be brought by plaintiffs against companies for their liabilities in causing harm from climate change
- Investor: Investors prioritize returns from lower-carbon companies, driving cost of capital and valuation changes
- Reputation: Customer sentiment could be influenced by company's actions to address climate change risk
- Physical risk: key facility operational risk and physical asset damage due to extreme weather

Results of the risk assessment are showing that most of those risks do not have a significant impact on the Group future cash flows. The most impactful risk would be the Policy risk. To evaluate this particular risk, external experts considered the Group scope 1, 2 and 3 GHG emissions by country and projected them over 10 years period (based on growth of the business) multiplied by current and projected country-level carbon pricing data, taken from several databases (including IEA, WB, NGFS), and projected across various climate futures based on academic research. Our scope 3 emissions, that represents almost 100% of the Policy risk, are impacting our future cash flows from a drop in demand (downstream) and an increase in our cost of sales (upstream).

However, the model, being conservative, is not considering any upside from the Group's strong long-term position to meet the increasing demand of organizations making meaningful progress on their energy transition and decarbonization goals, neither the actions taken by the Group to decarbonate its value chain.

In addition, the Group also considered the impact on future cash flows of its Scope 1,2 & 3 GHG pathway commitments towards 2030, 2040 & 2050.

Considering the above risk assessment and our commitments, the Group has performed a sensitivity analysis to our impairment tests at groups of CGUs level and did not identify impairment risk on its assets.

9.3- Movements during the year

The main movements during the year are summarized as follows:

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
Net goodwill at opening	25,136	24,723
Acquisitions	209	387
Disposals	(7)	(119)
Reclassifications	(95)	(536)
Translation adjustment	(579)	681
NET GOODWILL AT END OF YEAR	24,664	25,136
<i>including cumulative impairment losses</i>	<i>(367)</i>	<i>(367)</i>

Acquisitions & Disposals

Movements from acquisitions and disposals are described in Note 2.

Other changes

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

Translation adjustments mainly concern *goodwill* denominated in US dollar.

NOTE 10 Intangible assets

10.1- Change in intangible assets

Gross value

<i>(in millions of euros)</i>	Trademarks	Software	Development Projects (R&D)	Acquired technologies and customer relationships	Other	Total
Dec. 31, 2021	2,861	1,041	3,823	4,786	216	12,727
Acquisitions	-	26	357	1	2	386
Translation adjustments	107	3	37	129	21	297
Reclassifications	1	14	(107)	(53)	55	(90)
Reclassifications to assets held for sale	-	(6)	(39)	(17)	(1)	(63)
Changes in scope of consolidation and other	24	(3)	6	13	7	47
Dec. 31, 2022	2,993	1,075	4,077	4,859	300	13,304
Acquisitions	-	114	328	-	9	451
Translation adjustments	(85)	(10)	(56)	(121)	(18)	(290)
Reclassifications	(36)	36	(174)	(178)	17	(335)
Reclassifications to assets held for sale	(2)	-	(23)	(4)	(1)	(30)
Changes in scope of consolidation and other	1	(1)	(4)	(20)	(15)	(39)
Dec. 31, 2023	2,871	1,214	4,148	4,536	292	13,061

Amortization and impairment

<i>(in millions of euros)</i>	Trademarks	Software	Development Projects (R&D)	Acquired technologies and customer relationships	Other	Total
Dec. 31, 2021	(486)	(858)	(2,654)	(2,069)	(174)	(6,241)
Amortization	(40)	(70)	(244)	(372)	(6)	(732)
Impairment	(9)	-	(4)	(29)	3	(39)
Translation adjustments	(10)	(2)	(26)	(45)	(5)	(88)
Reclassifications	(1)	31	49	41	(30)	90
Reclassifications to assets held for sale	-	5	25	7	-	37
Changes in scope of consolidation and other	-	3	13	27	(1)	42
Dec. 31, 2022	(546)	(891)	(2,841)	(2,440)	(213)	(6,931)
Amortization	(35)	(78)	(239)	(355)	(10)	(717)
Impairment	(34)	-	(15)	(1)	-	(50)
Translation adjustments	6	9	43	59	11	128
Reclassifications	35	17	136	151	(4)	335
Reclassifications to assets held for sale	-	-	3	1	-	4
Changes in scope of consolidation and other	-	-	1	6	-	7
Dec. 31, 2023	(574)	(943)	(2,912)	(2,579)	(216)	(7,224)

Net value

<i>(in millions of euros)</i>	Trademarks	Software	Development Projects (R&D)	Acquired technologies and customer relationships	Other	Total
Dec. 31, 2021	2,375	183	1,169	2,717	42	6,486
Dec. 31, 2022	2,447	184	1,236	2,419	87	6,373
Dec. 31, 2023	2,297	271	1,236	1,957	76	5,837

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

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Amortization expenses of intangible assets other than goodwill	717	732
Impairment losses of intangible assets other than goodwill	50	39
TOTAL*	767	771

* Includes amortization & impairment of intangible assets from purchase price allocation for EUR 430 million for the year 2023 (EUR 424 million in 2022)

10.2- Trademarks

On December 31, 2023, the main trademarks recognized were as follows:

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
APC (<i>Secure Power</i>)	1,664	1,724
Clipsal (<i>Low Voltage</i>)	122	162
Asco (<i>Low Voltage</i>)	113	117
OSIsoft (<i>Industrial Automation Software</i>)	112	133
Aveva (<i>Industrial Automation Software</i>)	86	86
Invensys - Triconex and Foxboro (<i>Industrial Automation</i>)	50	52
L&T (<i>Low Voltage</i>)	36	50
Digital (<i>Industrial Automation</i>)	35	39
Other	79	84
TRADEMARKS NET BOOK VALUE	2,297	2,447

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

In 2023, the Group reviewed the value of the main trademarks in accordance with the valuation model described in Note 1.8. Particularly, APC brand was tested using the royalty relief method. The future cash flows used are based on Group management's economic assumptions and operating forecasts presented in *Secure Power's* business plan, and then extrapolated based on a perpetuity growth rate of 2%.

Impairment tests carried out on indefinite-lived brands in 2023 led the Group to recognize an impairment of EUR 34 million on Clipsal brand.

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

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

NOTE 11 Property, plant and equipment

Changes in property, plant and equipment in 2023 are mainly related to the scope changes mentioned in the Note 2 and include the impacts of IFRS 16 - *Leases*.

Gross value

<i>(in millions of euros)</i>	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2021	199	2,043	4,795	1,253	1,969	10,259
Acquisitions	3	28	127	563	356	1,077
Disposals	(26)	(94)	(186)	(95)	(68)	(469)
Translation adjustments	-	28	59	26	22	135
Reclassifications	(4)	79	211	(295)	-	(9)
Reclassifications to assets held for sale	(6)	(47)	(124)	(19)	(10)	(206)
Changes in scope of consolidation and other	(1)	(36)	(77)	(19)	(2)	(135)
Dec. 31, 2022	165	2,001	4,805	1,414	2,267	10,652
Acquisitions	-	31	133	746	305	1,215
Disposals	(3)	(76)	(176)	(108)	(155)	(518)
Translation adjustments	(3)	(18)	(84)	(37)	(30)	(172)
Reclassifications	2	135	265	(378)	-	24
Reclassifications to assets held for sale	-	-	-	-	-	-
Changes in scope of consolidation and other	-	1	2	(25)	(27)	(49)
Dec. 31, 2023	161	2,074	4,945	1,612	2,360	11,152

Amortization and impairment

<i>(in millions of euros)</i>	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2021	(28)	(1,167)	(3,739)	(608)	(891)	(6,433)
Depreciation and impairment	(1)	(94)	(274)	(78)	(308)	(755)
Reversals	13	75	174	70	8	340
Translation adjustments	(1)	(15)	(49)	(12)	(4)	(81)
Reclassifications	-	-	-	-	-	-
Reclassifications to assets held for sale	-	26	105	9	3	143
Changes in scope of consolidation and other	-	21	61	5	(18)	69
Dec. 31, 2022	(17)	(1,154)	(3,722)	(614)	(1,210)	(6,717)
Depreciation and impairment	(1)	(108)	(272)	(76)	(303)	(760)
Reversals	1	69	161	81	134	446
Translation adjustments	-	7	61	19	12	99
Reclassifications	(2)	(23)	(6)	14	-	(17)
Reclassifications to assets held for sale	-	-	-	-	-	-
Changes in scope of consolidation and other	-	(1)	(6)	3	10	6
Dec. 31, 2023	(19)	(1,210)	(3,784)	(573)	(1,357)	(6,943)

Net value

<i>(in millions of euros)</i>	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2021	171	876	1,056	645	1,078	3,826
Dec. 31, 2022	148	847	1,083	800	1,057	3,935
Dec. 31, 2023	142	864	1,161	1,039	1,003	4,209

Reclassifications primarily correspond to assets put into use.

The cash impact of purchases of property, plant and equipment in 2023 was as follows:

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Increase in property, plant and equipment	(1,215)	(1,077)
Of which non-cash impact related to IFRS 16	305	356
Changes in receivables and liabilities on property, plant and equipment	(4)	14
TOTAL	(914)	(707)

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

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Depreciation of property, plant and equipment	743	750
Impairment of property, plant and equipment	17	5
TOTAL	760	755

IFRS 16 debt by maturity:

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
2023	-	282
2024	284	224
2025	214	167
2026	170	133
2027	121	90
2028	82	59
2029	57	50
2030	44	37
2031 and beyond	100	69
TOTAL	1,072	1,111

NOTE 12 Investments in associates and joint ventures

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

<i>(in millions of euros)</i>	Delixi Sub-Group	Uplight	Planon	Fuji Electrics	Sunten Electric Equipments	Other	Total
% of interest							
Dec. 31, 2022	50.0%	29.4%	25.0%	36.8%	25.0%		
Dec. 31, 2023	50.0%	30.4%	25.0%	36.8%	25.0%		
CLOSING VALUE DEC. 31, 2021	464	390	112	151	38	79	1,234
Net Income/(loss)	52	(28)	(2)	24	2	(19)	29
Dividends distribution	(25)	-	-	(14)	-	(2)	(41)
Perimeter changes	-	1	-	-	-	(14)	(13)
Translation impacts & others	(10)	51	-	(6)	(4)	1	32
CLOSING VALUE DEC. 31, 2022	481	414	110	155	36	45	1,241
Net Income/(loss)	52	(30)	5	19	4	1	51
Dividends distribution	(20)	-	-	(16)	(3)	(1)	(40)
Perimeter changes	-	13	-	-	-	(2)	11
Translation impacts & others	(26)	(9)	-	(16)	(3)	(3)	(57)
CLOSING VALUE DEC. 31, 2023	487	388	115	142	34	40	1,206

12.1- Main entities consolidated under the equity method:

Delixi Electric Ltd.

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

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

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
Non-current assets	754	814
Current assets	472	502
TOTAL ASSETS	1,225	1,316
Equity	643	619
Non-current liabilities	21	102
Current liabilities	560	595
TOTAL EQUITY AND LIABILITIES	1,225	1,316
Revenue	1,342	1,354
Adjusted EBITA	143	137
PROFIT FOR THE YEAR	104	104
Dividends paid	40	50

NOTE 13 Non-current financial assets

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

(in millions of euros)	% of interest	Dec. 31, 2023				Dec. 31, 2022	
		Acquisitions disposals	Fair value through P&L	Fair value through Equity	FX & others	Fair value	Fair value
LISTED FINANCIAL ASSETS:							
Gold Peak Industries Holding Ltd	3.2%	-	-	-	-	2	2
Others (Unit fair value lower than EUR 3 million)		1	-	-	-	13	12
TOTAL LISTED FINANCIAL ASSETS		1	-	-	-	15	14
UNLISTED FINANCIAL ASSETS:							
Funds							
SE Ventures Funds of Funds in Portfolio		8	(7)	-	(3)	94	96
FCPR Aster II (part A, B and C)	38.0%	(3)	3	-	-	18	18
Sensetime & Stalagnate Fund China	30.0%	-	12	-	(4)	70	62
FCPR SEV1	100.0%	-	-	-	-	7	7
SICAV SESS	63.1%	-	-	-	1	11	10
FCPI Energy Access Ventures Fund	28.6%	2	(1)	-	-	19	18
Gaia Energy Impact	50.0%	3	-	-	-	3	-
SICAV Livehoods Fund SIF	19.9%	1	(1)	-	-	4	4
Direct investments							
SE Ventures - Claroty	5.8%	-	-	5	(2)	64	61
SE Ventures - Sense	8.3%	-	-	(9)	(2)	35	46
SE Ventures - Augury	3.0%	-	-	8	(2)	40	34
SE Ventures - Scandit	2.4%	-	-	(2)	-	17	19
SE Ventures - AnyVision	9.4%	-	-	-	(3)	11	14
SE Ventures - Verkor	12.2%	-	-	28	(2)	39	13
SE Ventures - Titan Advanced Energy Solutions	19.2%	-	-	(2)	-	10	12
SE Ventures (Unit fair value lower than EUR 10 million)		24	-	(8)	(7)	121	112
Nozomi Networks	6.6%	46	-	-	(1)	45	-
Star Charge	1.3%	-	-	-	(2)	27	29
Others (Unit fair value lower than EUR 10 million)		12	-	-	(3)	51	42
TOTAL UNLISTED FINANCIAL ASSETS		93	6	20	(30)	686	597
PENSIONS ASSETS		9	-	(43)	7	253	280
OTHER		41	-	-	16	291	234
TOTAL NON-CURRENT FINANCIAL ASSETS		144	6	(23)	(7)	1,245	1,125

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

"Others" include mainly convertible and treasury bonds, as well as contributions to US employee deferred compensation trusts ("rabbi trusts").

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

NOTE 14 Deferred taxes by nature

Deferred taxes by type can be analyzed as follows:

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
Tax loss carryforwards (net)	629	724
Provisions for pensions and other post-retirement benefit obligations (net)	234	197
Non-deductible provisions and accruals (net)	474	466
Differences between tax and accounting depreciation on tangible assets (net)	(41)	(4)
Differences between tax and accounting amortization on intangible assets (net)	(752)	(957)
Differences on working capital (net)	207	164
Other deferred tax assets/(liabilities) (net)	182	141
TOTAL NET DEFERRED TAX ASSETS/(LIABILITIES)	933	731
<i>of which total deferred tax assets</i>	<i>1,636</i>	<i>1,616</i>
<i>of which total deferred tax liabilities</i>	<i>703</i>	<i>885</i>

Deferred tax assets recorded in respect of tax losses carried forward on December 31, 2023 essentially concern France (EUR 420 million). These deficits can be carried forward indefinitely, and have been activated using the rate of 25.83%, in accordance with the applicable rate in the expected consumption horizon of 6 years. Unrecognized deferred tax losses amount EUR 149 million as of December 31, 2023 and are mainly related to Spain.

NOTE 15 Inventories and work in progress

Inventories and work in progress changed as follows:

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
COST:		
Raw materials	2,279	2,021
Production work in progress	355	367
Semi-finished and finished products	1,518	1,519
Finished goods	759	681
Solution work in progress	211	200
INVENTORIES AND WORK IN PROGRESS AT COST	5,122	4,788
IMPAIRMENT:		
Raw materials	(338)	(232)
Production work in progress	(10)	(9)
Semi-finished and finished products	(239)	(189)
Finished goods	(9)	(8)
Solution work in progress	(7)	(4)
IMPAIRMENT LOSSES	(603)	(442)
NET:		
Raw materials	1,941	1,789
Production work in progress	345	358
Semi-finished and finished products	1,279	1,330
Finished goods	750	673
Solution work in progress	204	196
INVENTORIES AND WORK IN PROGRESS, NET	4,519	4,346

NOTE 16 Trade and other operating receivables

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
Accounts receivable	6,330	5,675
Unbilled revenue	1,911	1,662
Notes receivable	264	389
Advances to suppliers	256	276
Accounts receivable at cost	8,761	8,002
Impairment	(373)	(489)
ACCOUNTS RECEIVABLE, NET	8,388	7,514
<i>On time</i>	7,343	6,537
<i>Less than one month past due</i>	517	438
<i>One to two months past due</i>	200	174
<i>Two to three months past due</i>	82	102
<i>Three to four months past due</i>	109	119
<i>More than four months past due</i>	137	144

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

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

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

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Provisions for impairment as of December 31, 2022	(489)	(498)
Additions	(131)	(133)
Utilizations	132	58
Reversal of surplus provisions	73	70
Translation adjustments	18	4
Changes in scope of consolidation and other	24	10
PROVISIONS FOR IMPAIRMENT AS OF DECEMBER 31, 2023	(373)	(489)

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

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
Unbilled revenue (contract assets)	1,911	1,662
Contract liabilities	(2,402)	(1,840)
NET CONTRACT ASSETS	(491)	(178)

NOTE 17 Other receivables and prepaid expenses

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
Other receivables	447	423
VAT receivables	746	713
Current income tax receivables	618	596
Other tax receivables	37	41
Derivative instruments	122	79
Prepaid expenses	320	304
OTHER RECEIVABLES AND PREPAID EXPENSES	2,290	2,156

NOTE 18 Cash and cash equivalents

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
Marketable securities	2,024	1,716
Negotiable debt securities and short-term deposits	588	693
Cash	2,084	1,577
Total cash and cash equivalents	4,696	3,986
Bank overdrafts	(42)	(123)
NET CASH AND CASH EQUIVALENTS	4,654	3,863

Non-recourse factorings of trade receivables were realized in 2023 for a total amount of EUR 286 million, compared with EUR 264 million in 2022. Substantially all risks and rewards have been transferred.

NOTE 19 Shareholder's equity

19.1- Capital

Share capital

The company' share capital at December 31, 2023 amounted to EUR 2,291,343,536 represented by 572,835,884 shares with a par value of EUR 4, all fully paid up.

On December 31, 2023, a total of 600,194,772 voting rights were attached to the 572,835,884 issued shares. Schneider Electric's capital management strategy is designed to:

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

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

Changes in share capital and cumulative number of shares

Changes in share capital since December 31, 2021 were as follows:

<i>(in number of shares and in euros)</i>	Cumulative number of shares	Share capital
SHARE CAPITAL AT DEC. 31, 2021	569,033,442	2,276,133,768
Cancellation of own shares	-	-
Capital increase	2,059,479	8,237,916
SHARE CAPITAL AT DEC. 31, 2022	571,092,921	2,284,371,684
Cancellation of own shares	-	-
Capital increase	1,742,963	6,971,852
SHARE CAPITAL AT DEC. 31, 2023	572,835,884	2,291,343,536

In 2023, the share premium account increased by EUR 212 million following the increases in capital.

On November 20, the Group issued convertible bonds with a total nominal amount of EUR 650 million. The equity component of these convertible bonds has been valued at EUR 65 million (after fees) and has been recognized in "Additional paid-in capital".

19.2- Earnings per share

<i>(in thousands of shares and in euros per share)</i>	Full Year 2023		Full Year 2022	
	Basic	Diluted	Basic	Diluted
Issued shares (Net of treasury shares)	559,846	559,846	558,129	558,129
Performance shares	-	2,807	-	3,348
Bonds convertible into shares	-	3,935	-	3,684
AVERAGE WEIGHTED NUMBER OF SHARES	559,846	566,588	558,129	565,161
Earnings per share before tax	9.65	9.54	8.45	8.35
EARNINGS PER SHARE	7.15	7.07	6.23	6.15

19.3- Dividends paid and proposed

In 2023, the Group paid out the 2022 dividend of EUR 3.15 per share, for a total of EUR 1,767 million.

At the Shareholders' Meeting of May 23, 2024, shareholders will be asked to approve a dividend of EUR 3.50 per share for fiscal year 2023. On December 31, 2023, Schneider Electric SE had distributable reserves in an amount of EUR 3,102 million (versus EUR 2,941 million at December 31, 2022, not including profit for the year).

19.4- Share-based payments

Nature and extent of existing share-based payments

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

Rules governing the performance shares plans are as follows:

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

The main characteristics of these plans were as follows at December 31, 2023:

	LTIP 2020	LTIP 2021	LTIP 2022	LTIP 2023
<i>Plan no.</i>	<i>Plan 36 & 37</i>	<i>Plan 38 & 39</i>	<i>Plan 40 & 41</i>	<i>Plan 42</i> <i>Plan 42bis & 43</i> <i>Plan 42ter</i> <i>Plan 42quater</i>
Date of Annual Shareholders' Meeting	Apr. 25, 2017	Apr. 25, 2018	Apr. 25, 2019	May 5, 2022 May 5, 2022 May 5, 2022 May 5, 2022
Date of the grant by the Board	Mar. 24, 2020	Mar. 25, 2021	Mar. 24, 2022	Mar. 28, 2023 May 4, 2023 July 26, 2023 Oct. 25, 2023
Vesting date	Mar. 24, 2023	Mar. 25, 2024	Mar. 24, 2025	Mar. 28, 2023 May 4, 2026 July 26, 2026 Oct. 25, 2026
End of holding period	Mar. 24, 2024 for Plan 36	Mar. 25, 2025 for Plan 38	Mar. 24, 2026 for Plan 40	May 4, 2027 for Plan 43
Number of performance shares				TOTAL
Outstanding as of Dec. 31, 2022	2,013,503	1,479,719	1,402,324	4,895,546
Granted in 2023	-	-	-	1,510,001
Delivered in 2023	(1,951,976)	(403)	(397)	-
Canceled in 2023	(61,527)	(77,061)	(67,912)	(21,071)
Outstanding as of Dec. 31, 2023	-	1,402,255	1,334,015	1,488,930
				4,225,200

Schneider Electric SE has not created shares in 2023 to deliver vested plans but used existing treasury shares.

Determination of fair values

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

Plan no.	Fair Value per share (in euros)
LTIP 2020	
Plan 36	52.9
Plan 37 - ExCom	55.2
Plan 37 - Other	57.8
Plan 37bis	90.7
Plan 37ter - ExCom	85.3
Plan 37ter - Other	89.3
LTIP 2021	
Plan 38	93.4
Plan 39 - ExCom	97.3
Plan 39 - Other	102.9
Plan 39bis	116.6
Plan 39ter	117.5
LTIP 2022	
Plan 40	119
Plan 41 - ExCom	123
Plan 41 - Other	128.8
Plan 41bis	107.8
Plan 41ter	111
LTIP 2023	
Plan 42 - Excom	119.2
Plan 42 - Other	124.5
Plan 42bis - Excom	127.1
Plan 43	127.1
Plan 42ter	139.4
Plan 42quater	118.1

IFRS 2 expense

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

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Group LTIP	144	114
Aveva	-	34
WESOP discount	41	-
Other	23	18
TOTAL	208	166

Worldwide Employee Stock Purchase Plan

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

On April 20, 2023, the Group 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 Chief Executive Officer's decision to launch the employee share issue. Altogether, 1.7 million shares were subscribed, increasing the capital by EUR 219 million as of July 6, 2023.

As of December 31, 2023, the share-based payment expense recorded in accordance with IFRS 2, measured by reference to the fair value of the discount amounted to EUR 41 million.

19.5- Schneider Electric SE treasury shares

On December 31, 2023, the Group held 14,518,652 Schneider Electric shares in treasury stock, which have been recorded as a deduction from retained earnings.

The Group has repurchased 4,493,173 shares for a total amount of EUR 703 million in 2023.

19.6- Income tax recorded in equity

Total income tax recorded in equity amounts to EUR 172 million as of December 31, 2023 and can be analyzed as follows:

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022	Change in tax
Cash-Flow hedges	25	19	6
Available-for-sale financial assets	(19)	(13)	(6)
Actuarial gains/(losses) on defined benefits obligations	169	100	69
Other	(3)	(3)	-
TOTAL	172	103	69

19.7- Non-controlling interests

In 2023, the Group finalized the acquisition of AVEVA's non-controlling interests. L&T, for which the Group holds 65%, is the main contributor of non-controlling interests.

NOTE 20 Pensions and other post-employment benefit obligations

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

The benefits offered to each employee depends on local laws and regulations and choices made by the subsidiaries.

Defined Contribution Pension Plans

The group policy regarding pensions is to propose defined contribution pension plans, including a contribution from the employer. This is the most common active benefit offered worldwide, including for example 401k in US and PERO in France.

The contribution to these plans is booked as an operating cost and do not translate into any further obligation by the employer.

Defined Benefit Pension Plans

The Group's main Defined Benefit pension plans are located in the United Kingdom (UK) and the United States (US). They respectively represent 62% (2022: 57%) and 17% (2022: 24%) of the Group's total Defined Benefit Obligations (DBO) on pensions. The majority of benefit obligations under these plans, which represent 91% of the Group's total commitment at December 31, 2023, are partially or fully funded through payments to external funds. These funds are never invested in Group assets.

United Kingdom

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

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

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

Following the agreement reached with the Trustee of the Invensys Pension Scheme on February 2014, Schneider Electric SE guaranteed all obligations of the Invensys subsidiaries which participate in the Scheme, up to a maximum amount of GBP 1.75 billion. At December 31, 2023, plan assets exceed the value of obligations subject to this guarantee and thus this guarantee cannot be called.

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

A High Court case concluded on October 26, 2018, confirmed that all UK pension plans must equalize "GMPs" between men and women.

United States

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

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

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

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

Effective in December 2023, the buy-in contract was converted to buy-out contract in conjunction with the plan termination. All liabilities were transferred to the insurer with no further benefit obligation for the Invensys.

France

The French subsidiaries offer a Retirement Benefit (ICDR) that can be either taken as a lumpsum at retirement or as time off (partial or full) before retirement is effective.

This benefit is calculated based on salary and years of services in company, according to the collective agreements and there is no funding requirement.

The French pension reform voted in April 2023 increased progressively the legal retirement age from 62 to 64 years old. The accounting impacts are not significant on the Group financial statements.

Assumptions

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

	Group weighted average rate		Of which United Kingdom		Of which United States	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Discount rate	4.53%	4.82%	4.58%	4.85%	5.08%	5.35%
Rate of compensation increases	2.76%	2.58%	3.51%	3.63%	n.a.	n.a.

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

In the Euro zone, the 2023 discount rate is 3.20% for the main plans.

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

Weighted average duration of defined benefit obligations plans:

	Total		Of which United Kingdom		Of which United States	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Weighted average duration in years	10	9.9	9.7	9.7	9.7	9.4

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

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

<i>(in millions of euros)</i>	Defined benefit obligations	Plan assets	Asset ceiling	Net Liability
Dec. 31, 2021	(9,686)	8,871	(210)	(1,025)
<i>of which UK</i>	(6,017)	6,524	(184)	323
<i>of which US</i>	(2,170)	1,692	-	(478)
Service cost	(121)	-	-	(121)
Past service cost	(2)	-	-	(2)
Curtailments and settlements	84	(79)	-	5
Interest cost	(203)	-	(4)	(207)
Interest income	-	170	-	170
Net impact in P&L, (expense)/profit	(242)	91	(4)	(155)
<i>of which UK</i>	(131)	121	(4)	(14)
<i>of which US</i>	(117)	41	-	(76)
Benefits paid	537	(473)	-	64
Plan participants' contributions	(6)	6	-	-
Employer contributions	-	130	-	130
Changes in the scope of consolidation	10	(2)	-	8
Actuarial gains/(losses) recognized in equity	2,395	(2,284)	26	137
Translation adjustment	102	(143)	8	(33)
Other changes	(32)	-	-	(32)
Dec. 31, 2022	(6,922)	6,196	(180)	(906)
<i>of which UK</i>	(3,977)	4,339	(140)	222
<i>of which US</i>	(1,663)	1,287	-	(376)
<i>of which France</i>	(312)	66	-	(246)
Service cost	(66)	-	-	(66)
Past service cost	(3)	-	-	(3)
Curtailments and settlements	517	(509)	-	8
Interest cost	(300)	-	(8)	(308)
Interest income	-	254	-	254
Net impact in P&L, (expense)/profit	148	(255)	(8)	(115)
<i>of which UK</i>	(199)	200	(8)	(7)
<i>of which US</i>	(65)	38	-	(27)
<i>of which France</i>	(18)	2	-	(16)
Benefits paid	498	(439)	-	59
Plan participants' contributions	(6)	6	-	-
Employer contributions	-	257	-	257
Changes in the scope of consolidation	30	(32)	-	(2)
Actuarial gains/(losses) recognized in equity	(185)	50	16	(119)
Translation adjustment	(43)	69	(6)	20
Other changes	(10)	-	-	(10)
Dec. 31, 2023	(6,490)	5,852	(178)	(816)
<i>of which UK</i>	(4,018)	4,351	(130)	203
<i>of which US</i>	(1,122)	937	-	(185)
<i>of which France</i>	(353)	65	-	(288)

The Group defined benefit obligations of EUR 6,490 million (2022: EUR 6,922 million) are broken down as EUR 6,246 million (2022: EUR 6,678 million) for post-employment benefits and EUR 244 million (2022: EUR 244 million) for other post-employment and long-term benefits.

The post-employment benefits are broken down between EUR 5,702 million for pension of which 97% are funded, and EUR 544 million for lump sum benefits of which 69% are funded.

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

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
Present value of wholly or partly funded benefit obligation	(5,882)	(6,334)
Fair value on plan assets	5,852	6,196
Effect of assets ceiling	(178)	(180)
Net position of wholly or partly funded benefit obligation	(208)	(318)
Present value of wholly or partly unfunded benefit obligation	(608)	(588)
NET LIABILITY FROM FUNDED AND UNFUNDED PLANS	(816)	(906)
Balance Sheet impact:		
<i>surplus of plans recognized as assets*</i>	253	280
<i>provisions recognized as liabilities</i>	(1,069)	(1,186)

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

Changes in gross items recognized in equity were as follows:

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Actuarial (gains)/losses on Defined Benefit Obligations arising from demographic assumptions	(40)	(81)
Actuarial (gains)/losses on Defined Benefit Obligations arising from financial assumptions	160	(2,490)
Actuarial (gains)/losses on Defined Benefit Obligations from experience effects	66	176
Actuarial (gains)/losses on plan assets	(50)	2,284
Effect of asset ceiling	(17)	(26)
TOTAL RECOGNIZED IN EQUITY DURING THE YEAR	119	(137)
<i>of which UK</i>	(47)	(146)
<i>of which US</i>	1	110

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

<i>(in millions of euros)</i>	United Kingdom	United States	Rest of the World	Total
2024	320	85	79	484
2025	318	86	67	471
2026	309	86	76	471

Plans asset allocation:

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
Equity	8%	5%
Bonds	79%	73%
Others	13%	22%
TOTAL	100%	100%

20.2- Sensitivity analysis

The effect of a \pm 0.5% change in the discount rate and in the rate of compensation increases on the 2023 Defined Benefit Obligations is as follows:

	United Kingdom		United States		Rest of the World		Total	
<i>(in millions of euros)</i>	+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%
Discount rate	(199)	216	(50)	54	(62)	66	(311)	336
Rate of compensation increases	83	(80)	-	-	46	(43)	129	(123)

NOTE 21 Provisions for contingencies and charges

<i>(in millions of euros)</i>	Economic risks	Customer risks	Products risks	Environmental risks	Restructuring	Other risks	Provisions
Dec. 31, 2021	270	147	675	350	160	422	2,024
<i>of which long-term portion</i>	169	104	150	315	12	341	1,091
Additions	40	36	240	39	144	162	661
Utilizations	(63)	(50)	(233)	(71)	(113)	(116)	(646)
Reversals of surplus provisions	-	(1)	(23)	(1)	(7)	(42)	(74)
Translation adjustments	9	7	-	12	(1)	14	41
Changes in the scope of consolidation and other	(50)	10	25	(10)	(12)	61	24
Dec. 31, 2022	206	149	684	319	171	501	2,030
<i>of which long-term portion</i>	130	97	155	278	8	326	994
Additions	59	43	305	39	92	255	793
Utilizations	(49)	(68)	(219)	(45)	(82)	(241)	(704)
Reversals of surplus provisions	-	(2)	(24)	-	(4)	(28)	(58)
Translation adjustments	(7)	(5)	(25)	(10)	(2)	(17)	(66)
Changes in the scope of consolidation and other	-	2	6	(6)	(6)	29	25
Dec. 31, 2023	209	119	727	297	169	499	2,020
<i>of which long-term portion</i>	124	61	194	256	16	308	959

Provisions are recognized following the principles described in Note 1.21.

Reconciliation with cash flow statement:

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Increase of provision	793	661
Utilization of provision	(704)	(646)
Reversal of surplus provision	(58)	(74)
Provision variance excluding employee benefit obligation	31	(59)
Employee benefit obligation net variance contribution to plan assets	56	91
INCREASE/(DECREASE) IN PROVISIONS IN CASH-FLOW STATEMENT	87	32

NOTE 22 Current and non-current financial liabilities

The breakdown of net debt is as follows:

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
Bonds	10,843	8,627
Other bank borrowings	1,793	42
Short-term portion of bonds	(999)	(1,299)
Short-term portion of long-term debt	(45)	(40)
NON-CURRENT FINANCIAL LIABILITIES	11,592	7,330
Commercial paper	1,018	1,491
Accrued interest	109	39
Other short-term borrowings	128	141
Bank overdrafts	42	123
Short-term portion of convertible and non-convertible bonds	999	1,299
Short-term portion of long-term debt	45	40
SHORT-TERM DEBT	2,341	3,133
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	13,933	10,463
CASH AND CASH EQUIVALENTS	(4,696)	(3,986)
NET FINANCIAL DEBT excl. purchase commitments over non-controlling interests	9,237	6,477
Non-current purchase commitments over non-controlling interests	50	194
Current purchase commitments over non-controlling interests	80	4,554
NET FINANCIAL DEBT incl. purchase commitments over non-controlling interests	9,367	11,225

In January 2023, the Group has drawn 1,700 million under the Term loan facility set up to fund the acquisition of the minority interest of Aveva. This term loan matures in October 2025. As of December 31, 2023, the amount used remains unchanged at 1,700 million at a rate of Euribor increased by a 0.56% margin.

22.1- Breakdown by maturity

<i>(in millions of euros)</i>	Dec. 31, 2023		Dec. 31, 2022
	Carrying amount	Interests	Carrying amount
2023	-	-	3,133
2024	2,341	287	1,000
2025	3,503	232	1,047
2026	1,398	158	1,397
2027	1,747	140	1,741
2028	1,268	100	756
2029	1,390	87	794
2030 and beyond	2,286	219	595
TOTAL	13,933	1,223	10,463

22.2- Breakdown by currency

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
Euro	13,723	10,236
US Dollar	8	41
Brazilian Real	63	16
Indian Rupee	74	77
Turkish Lira	16	8
Algerian Dinar	14	13
Other	35	72
TOTAL	13,933	10,463

22.3- Bonds

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022	Interest rate	Maturity
Schneider Electric SE 2023	-	500	0.000% fixed	June 2023
Schneider Electric SE 2023	-	799	1.500% fixed	September 2023
Schneider Electric SE 2024	999	998	0.250% fixed	September 2024
Schneider Electric SE 2025	749	747	0.875% fixed	March 2025
Schneider Electric SE 2025	751	-	3.380% fixed	April 2025
Schneider Electric SE 2025	300	300	1.841% fixed	October 2025
Schneider Electric SE 2026 (OCEANes)	650	651	0.000% fixed	June 2026
Schneider Electric SE 2026	747	747	0.875% fixed	December 2026
Schneider Electric SE 2027	498	497	1.000% fixed	April 2027
Schneider Electric SE 2027	746	745	1.375% fixed	June 2027
Schneider Electric SE 2027	499	498	3.250% fixed	November 2027
Schneider Electric SE 2028	755	756	1.500% fixed	January 2028
Schneider Electric SE 2028	496	-	3.250% fixed	June 2028
Schneider Electric SE 2029	795	795	0.250% fixed	March 2029
Schneider Electric SE 2029	594	-	3.130% fixed	October 2029
Schneider Electric SE 2030 (OCEANes)	582	-	1.970% fixed	November 2030
Schneider Electric SE 2032	595	594	3.500% fixed	November 2032
Schneider Electric SE 2033	495	-	3.500% fixed	June 2033
Schneider Electric SE 2034	592	-	3.380% fixed	April 2034
TOTAL	10,843	8,627		

Schneider Electric SE has issued bonds on different markets:

- as part of its Euro Medium Term Notes (EMTN) program, bonds traded on the Paris stock exchange. Issues that had not yet matured as of December 31, 2023 are as follow:
 - EUR 800 million worth of bonds issued in September 2016, at a rate of 0.25%, maturing in September 2024;
 - EUR 200 million worth of bonds issued in July 2019, at a rate of 0.25%, maturing in September 2024;
 - EUR 750 million worth of bonds issued in March 2015, at a rate of 0.875%, maturing in March 2025;
 - EUR 750 million worth of bonds issued in April 2023, at a rate of 3.375%, maturing in April 2025;
 - EUR 200 million and EUR 100 million worth of Climate bonds issued successively in October and December 2015, at a rate of 1.841%, maturing in October 2025;
 - EUR 750 million worth of bonds issued in December 2017, at a rate of 0.875%, maturing in December 2026;
 - EUR 500 million worth of bonds issued in April 2020, at a rate of 1.00%, maturing in April 2027;
 - EUR 750 million worth of bonds issued in June 2018, at a rate of 1.375%, maturing in June 2027;
 - EUR 500 million worth of bonds issued in November 2022, at a rate of 3.25%, maturing in November 2027;
 - EUR 500 million worth of bonds issued in January 2019 and EUR 250 million worth of bonds issued in May 2019, at a rate of 1.50%, maturing in January 2028;
 - EUR 500 million worth of bonds issued in June 2023, at a rate of 3.25%, maturing in June 2028;
 - EUR 800 million worth of bonds issued in March 2020, at a rate of 0.25%, maturing in March 2029;
 - EUR 600 million worth of bonds issued in October 2023, at a rate of 3.125%, maturing in October 2029;
 - EUR 600 million worth of bonds issued in November 2022, at a rate of 3.50%, maturing in November 2032;
 - EUR 500 million worth of bonds issued in June 2023, at a rate of 3.50%, maturing in June 2033;
 - EUR 600 million worth of bonds issued in January 2023, at a rate of 3.375%, maturing in April 2034.

In addition, the Group has issued a bond that is convertible into or exchangeable for a new or existing shares (OCEANes) for EUR 650 million at a rate of 0.00%, maturing in June 2026. The OCEANE has a debt component, assessed on inception date on the basis of the market interest rate applied to an equivalent non-convertible bond, is recognized in non-current financial debts and an optional component recognized in equity. At end of December 2023, the debt component recorded at net book value amounts to EUR 651 million and the optional component to EUR 42 million.

The initial conversion and/or exchange ratio of the Bonds was one share per Bond with a nominal value set at EUR 176.44 and has been adjusted to 1.007 shares per bond in May 2023. According to Sustainability-Linked Financing Framework, if the average sustainability performance score (calculated as the arithmetic average of the scores of the three key performance indicators) does not reach a certain level by December 31, 2025, the Group will pay an amount equal to 0.50% of the face value.

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

- Climate: Deliver 800 megatons of saved and avoided CO₂ emissions to our customers;
- Equality: Increase gender diversity, from hiring to front-line managers and leadership teams (50/40/30);
- Generation: Train 1 million underprivileged people in energy management.

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

The Group has also issued in 2023 OCEANes for EUR 650 million at a rate of 1.97%, maturing in November 2030. At end of December 2023, the debt component recorded at net book value amounts to EUR 584 million and the optional component to EUR 66 million. The initial

conversion and/or exchange ratio of the Bonds was 426.66 shares per bond with a nominal value set at EUR 100,000.00 corresponding to EUR 234.38 per share.

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

22.4- Cash flow statement impact

<i>(in millions of euros)</i>	Dec. 31, 2022	Cash variations	Non-cash variations		Dec. 31, 2023
			Scope impacts	Forex and others	
Bonds	8,627	2,210	-	6	10,843
Other borrowings	1,713	1,304	2	29	3,048
Bank overdrafts	123	(128)	-	47	42
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	10,463	3,386	2	82	13,933

22.5- Purchase commitments over non-controlling interests

<i>(in millions of euros)</i>	Maturity	Dec. 31, 2023	Dec. 31, 2022
Current portion		80	4,554
Non-current portion	2025-2027	50	194
TOTAL PURCHASE COMMITMENTS OVER NON-CONTROLLING INTEREST		130	4,748

In 2023, purchase commitments over non-controlling interests mainly relates to ETAP, Qmerit and EnergySage. In 2022, current portion corresponded to the commitment over AVEVA's non-controlling interests preceding the transaction described in note 2.

NOTE 23 Classification of financial instruments

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

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

23.1- Balance sheet exposure and fair value hierarchy

Dec. 31, 2023

<i>(in millions of euros)</i>	Carrying amount	Fair value through P&L	Fair value through equity	Financial assets/liabilities measured at amortized cost	Fair value	Fair value hierarchy
ASSETS:						
Listed financial assets	15	15	-	-	15	Level 1
Venture capital (FCPR)/mutual funds (SICAV)	132	132	-	-	132	Level 3
Other unlisted financial assets	554	94	460	-	554	Level 3
Other non-current financial assets	544	-	253	291	544	Level 2
TOTAL NON-CURRENT ASSETS	1,245	241	713	291	1,245	
Trade accounts receivables	8,388	-	-	8,388	8,388	Level 2
Marketable securities	2,024	2,024	-	-	2,024	Level 1
Negotiable debt securities and short-term deposits	588	588	-	-	588	Level 2
Cash	2,084	2,084	-	-	2,084	Level 2
Derivative instruments - foreign currencies	73	42	31	-	73	Level 2
Derivative instruments - interest rates	44	44	-	-	44	Level 2
Derivative instruments - commodities	4	-	4	-	4	Level 2
TOTAL CURRENT ASSETS	13,205	4,782	35	8,388	13,205	
LIABILITIES:						
Long-term portions of non-convertible bonds *	(8,612)	-	-	(8,612)	(8,488)	Level 1
Long-term portions of convertible bonds *	(1,232)	-	-	(1,232)	(1,218)	Level 2
Non-current purchase commitments over non-controlling interests	(50)	-	(50)	-	(50)	Level 2
Other long-term debt	(1,748)	-	-	(1,748)	(1,748)	Level 2
TOTAL NON-CURRENT LIABILITIES	(11,642)	-	(50)	(11,592)	(11,504)	
Short-term portion of bonds *	(999)	-	-	(999)	(977)	Level 1
Short-term debt	(1,342)	-	-	(1,342)	(1,342)	Level 2
Trade accounts payable	(7,596)	-	-	(7,596)	(7,596)	Level 2
Current purchase commitments over non-controlling interests	(80)	-	(80)	-	(80)	Level 2
Other	(100)	-	-	(100)	(100)	Level 2
Derivative instruments - foreign currencies	(48)	(48)	-	-	(48)	Level 2
Derivative instruments - interest rates	-	-	-	-	-	Level 2
Derivative instruments - commodities	(1)	-	(1)	-	(1)	Level 2
TOTAL CURRENT LIABILITIES	(10,166)	(48)	(81)	(10,037)	(10,144)	

* The majority of financial instruments listed in the balance sheet have a fair value close to their book value, except for bonds, for which the amortized cost in the balance sheet represents EUR 10,843 million compared to EUR 10,683 million at fair value.

Dec. 31, 2022

<i>(in millions of euros)</i>	Carrying amount	Fair value through P&L	Fair value through equity	Financial assets/liabilities measured at amortized cost	Fair value	Fair value hierarchy
ASSETS:						
Listed financial assets	14	14	-	-	14	Level 1
Venture capital (FCPR)/mutual funds (SICAV)	119	119	-	-	119	Level 3
Other unlisted financial assets	478	96	382	-	478	Level 3
Other non-current financial assets	514	-	280	234	514	Level 2
TOTAL NON-CURRENT ASSETS	1,125	229	662	234	1,125	
Trade accounts receivables	7,514	-	-	7,514	7,514	Level 2
Marketable securities	1,716	1,716	-	-	1,716	Level 1
Negotiable debt securities and short-term deposits	693	693	-	-	693	Level 2
Cash	1,577	1,577	-	-	1,577	Level 2
Derivative instruments - foreign currencies	62	62	-	-	62	Level 2
Derivative instruments - interest rates	-	-	-	-	-	Level 2
Derivative instruments - commodities	11	-	11	-	11	Level 2
TOTAL CURRENT ASSETS	11,573	4,048	11	7,514	11,573	
LIABILITIES:						
Long-term portions of non-convertible bonds *	(6,677)	-	-	(6,677)	(6,210)	Level 1
Long-term portions of convertible bonds *	(651)	-	-	(651)	(577)	Level 2
Non-current purchase commitments over non-controlling interests	(194)	-	(194)	-	(194)	Level 2
Other long-term debt	(2)	-	-	(2)	(2)	Level 2
TOTAL NON-CURRENT LIABILITIES	(7,524)	-	(194)	(7,330)	(6,983)	
Short-term portion of bonds *	(1,299)	-	-	(1,299)	(1,288)	Level 1
Short-term debt	(1,834)	-	-	(1,834)	(1,834)	Level 2
Trade accounts payable	(6,254)	-	-	(6,254)	(6,254)	Level 2
Current purchase commitments over non-controlling interests	(4,554)	-	(4,554)	-	(4,554)	Level 2
Other	(174)	-	-	(174)	(174)	Level 2
Derivative instruments - foreign currencies	(264)	(182)	(82)	-	(264)	Level 2
Derivative instruments - interest rates	(3)	(3)	-	-	(3)	Level 2
Derivative instruments - commodities	-	-	-	-	-	Level 2
TOTAL CURRENT LIABILITIES	(14,382)	(185)	(4,636)	(9,561)	(14,371)	

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

23.2- Derivative instruments

Dec. 31, 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	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 FOREIGN CHANGE 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

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)
TOTAL FX DERIVATIVES			3,897	(7,704)	(202)	62	(264)	(82)
Forwards contracts	CFH	< 1 year	-	(419)	11	11	-	11
Commodities derivatives			-	(419)	11	11	-	11
Interest Rate Swap	FVH	> 2 years	250	(250)	(3)	-	(3)	-
Interest Rate Derivatives			250	(250)	(3)	-	(3)	-
TOTAL			4,147	(8,373)	(194)	73	(267)	(71)

23.3- Foreign currency hedges

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

Schneider Electric's currency hedging policy is to protect its subsidiaries against risks on transactions denominated in a currency other than their functional currency. Hedging approaches are detailed in Note 1.23.

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

Dec. 31, 2023

<i>(in millions of euros)</i>	Sales	Purchases	Net
US Dollar	2,304	(2,321)	(17)
Chinese Yuan	97	(581)	(484)
Danish Crown	22	(202)	(180)
Singapore Dollar	409	(621)	(212)
Swedish Crown	49	(108)	(59)
Japanese Yen	29	(184)	(155)
Swiss Franc	13	(107)	(94)
UAE Dirham	27	(95)	(68)
Brazilian real	76	(12)	64
Canadian Dollar	45	(17)	28
Australian Dollar	54	(65)	(11)
Saudi Riyal	25	(41)	(16)
Norwegian Krone	23	(37)	(14)
British Pound	1,430	(1,114)	316
South African Rand	48	(10)	38
Hong Kong Dollar	47	(106)	(59)
Others	433	(333)	100
TOTAL	5,131	(5,954)	(823)

23.4- Interest rate hedges

Interest rate risk on borrowings is managed at the Group level, based on consolidated debt and taking into consideration market conditions to optimize overall borrowing costs. The Group uses derivative instruments to hedge its exposure to interest rates through swaps or cross-currency swaps. Cross-currency swaps may be presented both as foreign exchange hedges and interest rate hedges depending on the characteristics of the derivative.

During the fiscal year 2023, the Group has set up EUR 800 million interest rate swaps to hedge its exposure.

<i>(in millions of euros)</i>	Dec. 31, 2023			Dec. 31, 2022		
	Fixed Rates	Floating rates	Total	Fixed Rates	Floating rates	Total
Total current and non-current financial liabilities	10,843	3,090	13,933	8,627	1,836	10,463
Cash and cash equivalent	-	(4,696)	(4,696)	-	(3,986)	(3,986)
NET DEBT BEFORE HEDGING	10,843	(1,606)	9,237	8,627	(2,150)	6,477
Impact of Hedges	(1,050)	1,050	-	(250)	250	-
NET DEBT AFTER HEDGING	9,793	(556)	9,237	8,377	(1,900)	6,477

23.5- Commodity hedges

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

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

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
Fair value	3	11
Nominal amount	(409)	(419)

23.6- Financial assets and liabilities subject to netting

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

Dec. 31, 2023

<i>(in millions of euros)</i>	Gross amounts	Gross amounts offset in the statement of financial position	Net amounts presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net amounts as per IFRS 7
Financial assets	121	-	121	(40)	81
Financial liabilities	(49)	-	(49)	40	(9)

Dec. 31, 2022

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

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

23.7- Counterparty risk

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

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

23.8- Liquidity risk

As of December 31, 2023, the Group had confirmed credit lines of EUR 2.950 million, all unused with EUR 2.850 million maturing after December 2024. Among them, EUR 2.700 million are sustainable-linked credit line with margin indexed on the annual performance of the Schneider Sustainability Impact (SSI).

With EUR 2.9 billion available committed facility and EUR 4.7 billion cash & cash equivalent, the liquidity of the Group amounts to EUR 7.6 billion end of the year. In the next 12 months, the total short term and bond maturity amounts to EUR 2.3 billion.

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

23.9- Financial risk management

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

The main exposure of the Group in terms of currency exchange risk is related to the US dollar, Chinese Yuan and currencies linked to the US dollar. In 2023, revenue in foreign currencies amounted to EUR 29.2 billion (EUR 27.3 billion in 2022), including around EUR 11.2 billion in US dollars and EUR 4.5 billion in Chinese yuan (respectively EUR 9.9 and EUR 4.8 billion in 2022).

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

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

Dec. 31, 2023

<i>(in millions of euros)</i>	Increase/(decrease) in average rate	Revenue	Adj. EBITA
US Dollar	10%	1,122	212
	(10)%	(1,020)	(193)
Chinese Yuan	10%	454	122
	(10)%	(413)	(111)

Dec. 31, 2022

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

NOTE 24 Employees

24.1- Employees

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

<i>(number of employees)</i>	Full Year 2023	Full Year 2022
Production	86,482	81,506
Administration	81,562	80,833
TOTAL AVERAGE WORKFORCE	168,044	162,339
<i>of which Western Europe</i>	42,927	41,482
<i>of which North America</i>	41,145	37,839
<i>of which Asia-Pacific</i>	61,946	59,045
<i>of which Rest of the world</i>	22,026	23,973

24.2- Employee benefit expense

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Payroll costs	(9,872)	(8,764)
Profit-sharing and incentive bonuses	(53)	(62)
Share-based payments	(208)	(184)
EMPLOYEE BENEFITS EXPENSE	(10,133)	(9,010)

24.3- Benefits granted to senior executives

In 2023, the Group granted EUR 2.2 million in attendance fees to the members of its Board of directors. The total amount of gross remuneration, including benefits in kind, paid in 2023 by the Group to the members of Senior Management, excluding executive directors, totaled EUR 37.8 million, of which EUR 10.6 million corresponded to the variable portion.

During the last three financial years, 497,792 performance shares have been allocated, excluding Corporate Officers. No stock options have been granted during the last three financial years. In 2023, performance shares were allocated under the 2023 long-term incentive plans 42 and 42bis. Since December 16, 2011, 100% of performance shares are conditional on the achievement of performance criteria for members of the Executive Committee.

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

NOTE 25 Related party transactions

25.1- Transactions with associates

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

Related party transactions were not material in 2023.

25.2- Transactions with key management personnel

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

NOTE 26 Commitments and contingent liabilities

26.1- Guarantees and similar undertakings

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

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
Market counter guarantees *	3,551	3,543
Pledges, mortgages and sureties **	207	181
Other commitments given	411	435
GUARANTEES GIVEN	4,169	4,159
Endorsements and guarantees received	168	80
GUARANTEES RECEIVED	168	80

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

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

26.2- Contingent liabilities

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

On July 4, 2022, Schneider Electric received a statement of objections ("notification de griefs") from the French Competition Authority alleging that the pricing autonomy of some distributors in the French market would have been limited, in breach of competition rules. Schneider Electric strongly disagrees with the allegations of the statement of objections and has submitted its response to the French Competition Authority. The hearing in front of the French Competition Authority is not yet planned, the Group is expecting it to take place in 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 approved for issue. Based on the advice of legal counsel, all provisions deemed necessary have been made to cover the related risks.

NOTE 27 Subsequent events

27.1- Issuance of bonds

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.

27.2- ETAP

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

27.3- 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 controlling stake of the Group in Uplight Inc., which will remain consolidated as an equity investment.

NOTE 28 Statutory Auditors' fees

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

Full Year 2023

<i>(in thousands of euros)</i>	PwC	%	Mazars	%	Total
Statutory auditors, certification, examination of the parent company and consolidated accounts	11,956	88%	9,886	97%	21,842
<i>o/w Schneider Electric SE</i>	1,506		942		2,448
<i>o/w subsidiaries</i>	10,450		8,944		19,394
Services other than statutory audit - Audit-related services ("SACC") *	1,681	12%	349	3%	2,030
<i>o/w Schneider Electric SE</i>	413		16		429
<i>o/w subsidiaries</i>	1,268		333		1,601
TOTAL FEES	13,637	100%	10,235	100%	23,872

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

Full Year 2022

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

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

NOTE 29 Consolidated companies

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

<i>(in % of interest)</i>		Dec. 31, 2023	Dec. 31, 2022
Europe			
Fully consolidated			
Nxtcontrol GmbH	Austria	100	100
RIB Saa Software Engineering GmbH	Austria	90	90
Schneider Electric "Austria" GMBH	Austria	100	100
Schneider Electric Power Drives GmbH	Austria	100	100
Schneider Electric Systems Austria GmbH	Austria	100	100
Schneider Electric Energy Belgium SA	Belgium	100	100
Schneider Electric ESS BV	Belgium	100	100
Schneider Electric NV SA	Belgium	100	100
Schneider Electric Services International	Belgium	100	100
Schneider Electric Systems Belgium NV/SA	Belgium	100	100
Proleit Bulgaria OOD	Bulgaria	100	100
Schneider Electric Bulgaria EOOD	Bulgaria	100	100
Schneider Electric d.o.o.	Croatia	100	100
RIB Stavebni Software S.R.O.	Czech Republic	100	100
Schneider Electric A.S.	Czech Republic	98.3	98.3
Schneider Electric CZ S.R.O.	Czech Republic	100	100
Schneider Electric Systems Czech Republic S.R.O.	Czech Republic	100	100
Orbaekvej 280 A/S	Denmark	100	100
RIB A/S	Denmark	100	100
Schneider Electric Danmark A/S	Denmark	100	100
Schneider Electric IT Denmark ApS	Denmark	100	100
Schneider Electric Eesti AS	Estonia	100	100
Schneider Electric Finland Oy	Finland	100	100
Schneider Electric Fire & Security OY	Finland	100	100
Schneider Electric Vamp Oy	Finland	100	100
Applications Logiciels Pour Ingenierie ALPI	France	-	100
Behar-Securite	France	100	100
Boissiere Finance	France	100	100
Construction Electrique du Vivarais	France	100	100
Dinel	France	-	100
Eckardt SAS	France	100	100
EcoAct SAS FR	France	100	-
France Transfo	France	100	100
Invensys Holding France SAS	France	100	100
Merlin Gerin Ales	France	100	100
Merlin Gerin Loire	France	100	100
Muller & Cie	France	100	100
Newlog	France	100	100
Rectiphase SAS	France	100	100
Sarel - Appareillage Electrique	France	100	100
Scanelec	France	100	100
Schneider Electric Alpes	France	100	100
Schneider Electric Energy France	France	100	100
Schneider Electric France	France	100	100
Schneider Electric Industries SAS	France	100	100
Schneider Electric International	France	100	100
Schneider Electric IT France	France	100	100

<i>(in % of interest)</i>		Dec. 31, 2023	Dec. 31, 2022
Schneider Electric Manufacturing Bourguebus	France	100	100
Schneider Electric SE	France	100	100
Schneider Electric Solar France	France	100	100
Schneider Electric Systems France	France	100	100
Schneider Electric Telecontrol	France	100	100
Schneider Toshiba Inverter Europe SAS	France	60	60
Schneider Toshiba Inverter SAS	France	60	60
Societe D'Application Et D'Ingenierie Industrielle Et Informatique - SA3I	France	100	100
Societe Electrique d'Aubenas	France	100	100
Societe Francaise de Constructions Mecaniques Et Electriques	France	100	100
Societe Francaise Gardy	France	100	100
Systemes Equipements Tableaux Basse Tension, SETBT	France	100	100
Transfo Services	France	100	100
ABN GmbH	Germany	100	100
J&K Regeltechnik GmbH	Germany	100	100
Merten GmbH	Germany	100	100
Proleit GmbH	Germany	100	100
RIB Cosinus GmbH	Germany	100	100
RIB Deutschland GmbH	Germany	100	100
RIB GmbH	Germany	100	100
RIB IMS GmbH	Germany	100	100
Schneider Electric Automation GmbH	Germany	100	100
Schneider Electric GmbH	Germany	100	100
Schneider Electric Holding Germany GmbH	Germany	100	100
Schneider Electric Investment AG	Germany	100	100
Schneider Electric Operations Consulting GmbH	Germany	100	100
Schneider Electric Real Estate GmbH	Germany	100	100
Schneider Electric Sachsenwerk GmbH	Germany	100	100
Schneider Electric Systems Germany GmbH	Germany	100	100
Schneider Electric AEBE	Greece	100	100
Schneider Electric Hungaria Villamossagi ZRT	Hungary	100	100
SE - CEE Schneider Electric Közep-Kelet Europai Korlatolt Felelősségű Tarsaság	Hungary	100	100
Schneider Electric Ireland Limited	Ireland	100	100
Schneider Electric IT Limited	Ireland	100	100
Schneider Electric IT Logistics Europe Limited	Ireland	100	100
Validation Technologies (Europe) Ltd	Ireland	100	100
Eliwell Controls S.r.l.	Italy	100	100
Schneider Electric Industrie Italia S.p.a.	Italy	100	100
Schneider Electric S.p.a.	Italy	100	100
Schneider Electric Systems Italia S.p.a.	Italy	100	100
Uniflair S.p.a.	Italy	100	100
Lexel Fabrika, SIA	Latvia	100	100
Schneider Electric Baltic Distribution Center	Latvia	100	100
Schneider Electric Latvija SIA	Latvia	100	100
UAB Schneider Electric Lietuva	Lithuania	100	100
Industrielle De Reassurance S.A.	Luxembourg	100	100
Schneider Electric Holding Luxembourg	Luxembourg	100	100
American Power Conversion Corporation (A.P.C.) B.V.	Netherlands	100	100

<i>(in % of interest)</i>		Dec. 31, 2023	Dec. 31, 2022
APC International Corporation B.V.	Netherlands	100	100
BTR (European Holdings) Bv	Netherlands	100	100
Clovis Systems B.V.	Netherlands	70	70
InTwo International B.V	Netherlands	100	100
Proleit B.V.	Netherlands	100	100
Schneider Electric Ecommerce Europe B.V.	Netherlands	100	100
Schneider Electric Logistic Centre B.V.	Netherlands	100	100
Schneider Electric Systems Netherlands N.V.	Netherlands	100	100
Schneider Electric The Netherlands B.V.	Netherlands	100	100
ELKO AS (Elektrokontakt AS)	Norway	100	100
Lexel Holding Norge AS	Norway	100	100
Schneider Electric Norge AS	Norway	100	100
Schneider Electric Elda S.A.	Poland	100	100
Schneider Electric Industries Polska Sp. Z o.o.	Poland	100	100
Schneider Electric Polska Sp. Z o.o.	Poland	100	100
Schneider Electric Systems Poland Sp. Z o.o.	Poland	-	100
Schneider Electric Transformers Poland SpZoo	Poland	-	100
Schneider Electric Portugal, LDA	Portugal	100	100
Schneider Electric Romania, SRL	Romania	100	100
Schneider Electric Systems LLC	Russia	100	100
Schneider Electric LLC Novi Sad	Serbia	100	100
Schneider Electric Srbija doo Beograd	Serbia	100	100
Schneider Electric Slovakia, Spol SRO	Slovakia	100	100
Schneider Electric Systems Slovakia S.R.O.	Slovakia	100	100
EcoAct Iberica ES	Spain	100	-
Manufacturas Electricas S.A.U.	Spain	100	100
Proleit Iberia Slu	Spain	100	100
RIB Spain Sa	Spain	100	100
Schneider Electric Espana, S.A.U	Spain	100	100
Schneider Electric IT Spain, S.L.	Spain	100	100
Schneider Electric Solar Spain, S.A.	Spain	100	100
Schneider Electric Systems Iberica S.L.	Spain	100	100
Telemantenimiento De Alta Tension, S.L.	Spain	100	100
AB Crahftere 1	Sweden	100	100
Elektriska Aktiebolaget Delta	Sweden	100	100
Elko AB	Sweden	100	100
Lexel AB	Sweden	100	100
Schneider Electric Buildings AB	Sweden	100	100
Schneider Electric Distribution Centre AB	Sweden	100	100
Schneider Electric Sverige AB	Sweden	100	100
Feller AG	Switzerland	83.7	83.7
Gutor Electronic GmbH	Switzerland	-	100
RIB Cosinus Ag	Switzerland	100	100
Schneider Electric (Suisse) SA	Switzerland	100	100
Proleit Automation Ooo	Ukraine	100	100
Schneider Electric Ukraine	Ukraine	100	100
Ascot Acquisition Holdings Limited	United Kingdom	100	100
Aveva Group plc (<i>sub-group</i>)	United Kingdom	100	59.2

<i>(in % of interest)</i>		Dec. 31, 2023	Dec. 31, 2022
BTR Industries Ltd	United Kingdom	100	100
BTR Property Holdings Ltd	United Kingdom	100	100
EcoAct UK Carbon Clear Ltd	United Kingdom	100	-
Invensys Group Holdings Ltd	United Kingdom	100	100
Invensys Group Ltd	United Kingdom	100	100
Invensys Holdings Ltd	United Kingdom	100	100
Invensys International Holdings Ltd	United Kingdom	100	100
Invensys Ltd	United Kingdom	100	100
M&C Energy Group Limited	United Kingdom	100	100
RIB Solutions (Uk) Ltd	United Kingdom	100	100
Samos Acquisition Company Limited	United Kingdom	100	100
Schneider Electric (UK) Limited	United Kingdom	100	100
Schneider Electric Buildings UK Limited	United Kingdom	100	100
Schneider Electric Controls UK Limited	United Kingdom	100	100
Schneider Electric Invensys (UK) Ltd	United Kingdom	100	100
Schneider Electric IT UK Ltd	United Kingdom	100	100
Schneider Electric Limited	United Kingdom	100	100
Schneider Electric Systems UK Limited	United Kingdom	100	100
Tac Products Limited	United Kingdom	100	100
Yorkshire Switchgear Group Limited	United Kingdom	100	100
Accounted for by equity method			
Carros Sensors Topco Ltd	United Kingdom	-	30
Delta Dore Finance SA (sub-group)	France	20	20
Planon Beheer BV	Netherlands	25	25
Schneider Lucibel Managed Services SAS	France	50	50
North America			
Fully consolidated			
Power Measurement Ltd	Canada	-	100
Schneider Electric Canada Inc.	Canada	100	100
Schneider Electric Solar Inc.	Canada	100	100
Schneider Electric Systems Canada Inc.	Canada	100	100
Electronica Reynosa S. de R.L. de C.V.	Mexico	100	100
Industrias Electronicas Pacifico, S.A. de C.V.	Mexico	100	100
Proleit S. De R. L.	Mexico	100	66.67
Schneider Electric Mexico S.A. de C.V.	Mexico	100	100
Schneider Electric Systems Mexico, S.A. de C.V.	Mexico	100	100
Schneider Industrial Tlaxcala S.A. de C.V.	Mexico	100	100
Schneider Mexico S.A. de C.V.	Mexico	100	100
Schneider R&D, S.A. de C.V.	Mexico	100	100
Square D Company Mexico, S.A. de C.V.	Mexico	100	100
Steck De Mexico S.A. De C.V.	Mexico	100	100
Telvent Mexico, S.A. de C.V.	Mexico	100	100
American Power Conversion Holdings Inc.	United States	100	100
ASCO Power Services, Inc.	United States	100	100
ASCO Power Technologies, L.P.	United States	100	100
Autogrid Systems, Inc.	United States	91.81	91.81
BTR, LLC	United States	100	100

<i>(in % of interest)</i>		Dec. 31, 2023	Dec. 31, 2022
Charge Holdings, LLC	United States	85.4	85.25
Echo HoldCo LLC	United States	90.84	90.84
EcoAct Inc US	United States	100	-
ETAP Automation Inc. <i>(sub-group)</i>	United States	80	80
EV Connect, LLC	United States	99.43	95.52
Foxboro Controles S.A.	United States	100	100
GPI Interim Inc.	United States	100	100
H.S. Investments, LLC	United States	100	100
Integration Technologies Corp.	United States	60	60
Invensys LLC	United States	100	100
Osisoft, LLC	United States	100	59.2
Pro-Face America, LLC	United States	-	100
Proleit Corp.	United States	100	100
Ranco Incorporated of Delaware	United States	100	100
RIB Software North America Inc.	United States	100	100
RIB US Cost Inc.	United States	100	100
RIB Usa Inc.	United States	100	100
Schneider Electric Buildings Americas, Inc.	United States	100	100
Schneider Electric Buildings Critical Systems, Inc.	United States	100	100
Schneider Electric Digital, Inc.	United States	100	100
Schneider Electric Engineering Services, LLC	United States	100	100
Schneider Electric Foundries LLC	United States	100	100
Schneider Electric Holdings, Inc.	United States	100	100
Schneider Electric IT Corporation	United States	100	100
Schneider Electric IT Mission Critical Services, Inc.	United States	100	100
Schneider Electric Solar Inverters USA, Inc.	United States	100	100
Schneider Electric Systems USA, Inc.	United States	100	100
Schneider Electric USA, Inc.	United States	100	100
SE Vermont Ltd	United States	100	100
Siebe Inc.	United States	100	100
SNA Holdings Inc.	United States	100	100
Square D Investment Company	United States	100	100
Stewart Warner Corp.	United States	100	100
Summit Energy Services, Inc.	United States	100	100
Veris Industries LLC	United States	100	100
Accounted for by equity method			
Uplight Inc.	United States	30.36	29.4
Asia-Pacific			
Fully consolidated			
Citect Corporation Limited	Australia	-	100
Clipsal Technologies Australia Pty Ltd	Australia	100	100
Futureworx Proprietary Limited	Australia	100	100
Nu-Lec Industries Pty Ltd	Australia	-	100
RIB Holdings Pty Ltd	Australia	100	100
RIB Technologies Pty Ltd	Australia	100	100
Scada Group Pty Limited	Australia	100	100
Schneider Electric (Australia) Pty Limited	Australia	100	100

<i>(in % of interest)</i>		Dec. 31, 2023	Dec. 31, 2022
Schneider Electric Australia Holdings Pty Ltd	Australia	100	100
Schneider Electric Buildings Australia Pty Ltd	Australia	100	100
Schneider Electric IT Australia Pty Ltd	Australia	100	100
Schneider Electric Solar Australia Pty Ltd	Australia	100	100
Schneider Electric Sustainability Business Australia Pty Ltd	Australia	100	100
Schneider Electric Systems Australia Pty Ltd	Australia	100	100
Serck Controls Pty Limited	Australia	100	100
Tamco Electrical Industries Australia Pty Limited	Australia	65	65
Beijing Leader Harvest Electric Technologies Co., Ltd	China	100	100
Beijing Leader Harvest Energy Efficiency Investment Co., Ltd	China	100	100
FSL Electric (Dongguan) Limited	China	54	54
Guangzhou RIB Software Co., Ltd	China	100	100
Guangzhou Two Information Technology Co., Ltd	China	100	100
Jingxin Hongde (Beijing) Technology Co., Ltd.	China	51	12.34
Pro-Face China International Trading (Shanghai) Co., Ltd	China	100	100
Proleit Automation Systems (Shanghai) Co., Ltd	China	100	100
Schneider (Beijing) Low Voltage Co., Ltd.	China	95	95
Schneider (Beijing) Medium Voltage Co., Ltd	China	100	100
Schneider (Shaanxi) Baoguang Electrical Apparatus Co., Ltd	China	70	70
Schneider (Suzhou) Transformers Co., Ltd	China	100	100
Schneider (Wuxi) Drives Co., Ltd.	China	90	90
Schneider Busway (Guangzhou) Limited	China	95	95
Schneider Electric (China) Company Limited	China	100	100
Schneider Electric (Xiamen) Switchgear Co., Ltd	China	100	100
Schneider Electric (Xiamen) Switchgear Equipment Co., Ltd	China	100	100
Schneider Electric Equipment and Engineering (Xi'An) Co., Ltd	China	100	100
Schneider Electric IT (China) Co., Ltd	China	100	100
Schneider Electric IT (Xiamen) Co., Ltd	China	100	100
Schneider Electric Manufacturing (Chongqing) Co., Ltd	China	100	100
Schneider Electric Manufacturing (Wuhan) Co., Ltd	China	100	100
Schneider Great Wall Engineering (Beijing) Co., Ltd	China	100	100
Schneider Merlin Gerin Low Voltage (Tianjin) Co.,Ltd.	China	75	75
Schneider Shanghai Apparatus Parts Manufacturing Co., Ltd	China	100	100
Schneider Shanghai Industrial Control Co., Ltd	China	80	80
Schneider Shanghai Low Voltage Terminal Apparatus Co., Ltd	China	75	75
Schneider Shanghai Power Distribution Electrical Apparatus Co., Ltd	China	80	80
Schneider Smart Technology Co., Ltd.	China	100	100
Schneider South China Smart Technology (Guangdong) Co. Ltd.	China	100	100
Schneider Switchgear (Suzhou) Co., Ltd	China	58	58
Schneider Wingoal (Tianjin) Electric Equipment Co., Ltd	China	100	100
Shanghai ASCO Electric Technology Co., Ltd.	China	100	100
Shanghai Foxboro Co., Ltd	China	100	100
Shanghai Invensys Process System Co., Ltd	China	100	100
Shanghai Schneider Electric Power Automation Co., Ltd	China	100	100
Shanghai Tayee Electric Co., LTD	China	67.05	67.05
Shenzhen Easydrive Electric Co., Ltd	China	51	51
Tianjin Wingoal Electric Equipment Co., Ltd.	China	100	100
Uniflair (Zhuhai) Electrical Appliance Manufacturing Co., Ltd	China	100	100

<i>(in % of interest)</i>		Dec. 31, 2023	Dec. 31, 2022
Wuxi Pro-Face Co., Ltd	China	100	100
Zircon Investment (Shanghai) Co., Ltd	China	74.5	74.5
Clipsal Asia Holdings Limited	Hong Kong	100	100
Construction Computer Software (Asia) Ltd	Hong Kong	100	100
Fed-Supremetech Limited	Hong Kong	54	54
Himel Hong Kong Limited	Hong Kong	100	100
MTWO Ltd	Hong Kong	100	100
RIB Creative Limited	Hong Kong	100	100
RIB Limited	Hong Kong	100	100
RIB Software International Ltd	Hong Kong	100	100
RIB Solutions Ltd	Hong Kong	100	100
Schneider Electric (Hong Kong) Limited	Hong Kong	100	100
Schneider Electric Asia Pacific Limited	Hong Kong	100	100
Schneider Electric IT Hong Kong Limited	Hong Kong	100	100
Two Hong Kong Ltd	Hong Kong	100	100
Luminous Power Technologies Private Limited	India	100	100
RIB Itwo Software Private Limited	India	100	100
Schneider Electric India Private Limited	India	65	65
Schneider Electric Infrastructure Limited	India	75	75
Schneider Electric IT Business India Private Limited	India	100	100
Schneider Electric President Systems Limited	India	75	79.47
Schneider Electric Private Limited	India	100	100
Schneider Electric Solar India Pte Ltd	India	100	100
Schneider Electric Systems India Private Limited	India	100	100
Winjit Technologies Private Limited	India	100	75.5
Zenatix Solutions Private Limited	India	95	-
PT Schneider Electric Indonesia	Indonesia	100	100
PT Schneider Electric IT Indonesia	Indonesia	100	100
PT Schneider Electric Manufacturing Batam	Indonesia	100	100
PT Schneider Electric Systems Indonesia	Indonesia	95	95
PT Schneider Indonesia	Indonesia	95	95
PT Tamco Indonesia	Indonesia	65	65
RIB Indonesia	Indonesia	100	100
Ranco Japan Ltd	Japan	100	100
Schneider Electric Japan Holdings Inc	Japan	100	100
Schneider Electric Japan, Inc.	Japan	100	100
Schneider Electric Solar Japan Inc.	Japan	100	100
Schneider Electric Systems Japan Inc.	Japan	100	100
Toshiba Schneider Inverter Corporation	Japan	60	60
Schneider Electric Korea Limited	Korea	100	100
Schneider Electric Systems Korea Ltd	Korea	100	100
Desea Sdn. Bhd.	Malaysia	100	100
Gutor Electronic Asia Pacific Sdn. Bhd.	Malaysia	-	100
Henikwon Corporation Sdn. Bhd.	Malaysia	65	65
RIB Malaysia Sdn Bhd	Malaysia	100	100
Schneider Electric (Malaysia) Sdn. Bhd.	Malaysia	30	30
Schneider Electric Industries (M) Sdn. Bhd.	Malaysia	100	100
Schneider Electric IT Malaysia Sdn. Bhd.	Malaysia	100	100

<i>(in % of interest)</i>		Dec. 31, 2023	Dec. 31, 2022
Schneider Electric Systems (Malaysia) Sdn. Bhd.	Malaysia	100	100
Tamco Switchgear (Malaysia) Sdn. Bhd.	Malaysia	65	65
RIB Pacific Ltd	New Zealand	100	100
Schneider Electric (NZ) Limited	New Zealand	100	100
Schneider Electric Systems New Zealand Limited	New Zealand	100	100
RIB Itwo Software Inc.	Philippines	100	100
Schneider Electric (Philippines), Inc.	Philippines	100	100
Schneider Electric IT Philippines Inc.	Philippines	100	100
RIB International Holding Pte. Limited	Singapore	100	100
RIB Singapore Pte Ltd	Singapore	100	100
Schneider Electric Asia Pte. Ltd.	Singapore	100	100
Schneider Electric Export Services Pte Ltd	Singapore	-	100
Schneider Electric IT Logistics Asia Pacific Pte Ltd	Singapore	100	100
Schneider Electric IT Singapore Pte Ltd	Singapore	100	100
Schneider Electric JV Holdings 2 Pte. Ltd.	Singapore	65	65
Schneider Electric Overseas Asia Pte Ltd	Singapore	100	100
Schneider Electric Singapore Pte Ltd	Singapore	100	100
Schneider Electric South East Asia (HQ) Pte Ltd	Singapore	100	100
Schneider Electric Systems Singapore Pte. Ltd.	Singapore	100	100
Schneider Electric Lanka (Private) Limited	Sri Lanka	100	65
Schneider Electric Systems Taiwan Corp.	Taiwan	100	100
Schneider Electric Taiwan Co., Ltd	Taiwan	100	100
RIB Thailand Pending	Thailand	100	100
Schneider (Thailand) Limited	Thailand	100	100
Schneider Electric CPCS (Thailand) Co., Ltd	Thailand	100	100
Schneider Electric Solar (Thailand) Co., Ltd	Thailand	100	100
Schneider Electric Systems (Thailand) Co., Ltd	Thailand	100	100
Clipsal Vietnam Co., Ltd	Viet Nam	100	100
Invensys Vietnam Ltd	Viet Nam	100	100
RIB Vietnam Software Company Limited	Viet Nam	100	100
Schneider Electric IT Vietnam Limited	Viet Nam	100	100
Schneider Electric Manufacturing Vietnam Company Limited	Viet Nam	100	100
Schneider Electric Vietnam Limited	Viet Nam	100	100
Accounted for by equity method		-	-
Delixi Electric Limited (sub-group)	China	50	50
Sunten Electric Equipment Co., Ltd	China	25	25
Fuji Electric FA Components & Systems Co., Ltd (sub-group)	Japan	36.8	36.8
Foxboro (Malaysia) Sdn. Bhd.	Malaysia	49	49
Rest of the World			
Fully consolidated			
Himel Algerie	Algeria	-	100
Schneider Electric Algerie	Algeria	100	100
Schneider Electric Argentina S.A.	Argentina	100	100
Steck Electric S.A.	Argentina	100	100
Schneider Electric Systems Argentina S.A.	Argentina	100	100
Proleit Automação Ltda	Brazil	100	100
Schneider Electric Brasil Automação de Processos Ltda	Brazil	100	100

<i>(in % of interest)</i>		Dec. 31, 2023	Dec. 31, 2022
Schneider Electric Brasil Ltda	Brazil	100	100
Schneider Electric IT Brasil Industria E Comercio De Equipamentos Eletronicos Ltda	Brazil	-	100
Steck Da Amazonia Industria Elétrica Ltda	Brazil	100	100
Steck Distribuidora Ltda	Brazil	100	100
Steck Industria Eletrica Ltda	Brazil	100	100
Telseb Serviços de Engenharia E Comércio de Equipamentos Eletrônicos e Telecomunicações Ltda	Brazil	100	100
Marisio S.P.A	Chile	100	100
Schneider Electric Chile S.P.A	Chile	100	100
Schneider Electric Systems Chile Limitada	Chile	100	100
Schneider Electric de Colombia S.A.S	Colombia	100	100
Schneider Electric Systems Colombia Ltda	Colombia	100	100
Steck Andina S.A.S.	Colombia	100	100
Schneider Electric Centroamerica Limitada	Costa Rica	100	100
Schneider Electric Ecuador Sociedad Anonima	Ecuador	100	100
Invensys Engineering & Service S.A.E.	Egypt	51	51
Schneider Electric Distribution Company	Egypt	91.99	91.99
Schneider Electric Egypt S.A.E.	Egypt	92	92
Schneider Electric Engineering And Services - Free Zone S.A.E	Egypt	51	51
Schneider Electric Systems Egypt S.A.E	Egypt	60	60
KMG Automation Limited Liability Partnership	Kazakhstan	51	51
Schneider Electric LLP	Kazakhstan	85	100
Schneider Electric (Kenya) Limited	Kenya	100	100
Kana Controls General Trading & Contracting Company WLL	Kuwait	31.9	31.9
Schneider Electric Services Kuwait	Kuwait	49	49
Schneider Electric Israël Ltd	Israel	100	100
Schneider Electric East Mediterranean SAL	Lebanon	100	100
Schneider Electric CFC	Morocco	100	100
Schneider Electric Maroc	Morocco	100	100
Schneider Electric Free Zone Enterprise	Nigeria	100	100
Schneider Electric Nigeria Limited	Nigeria	100	100
Schneider Electric Systems Limited	Nigeria	100	100
Schneider Electric O.M LLC	Oman	100	100
Schneider Solutions And Services (Private) Limited	Pakistan	100	100
Schneider Electric Peru S.A.	Peru	100	100
Schneider Electric Systems del Peru S.A.	Peru	100	100
Schneider Electric Services LLC	Qatar	49	49
Electrical & Automation Saudi Arabian Manufacturing Company (LLC)	Saudi Arabia	65	65
Schneider Electric Saudi Arabia Limited	Saudi Arabia	100	100
Schneider Electric Systems Saudi Arabia Co. LTD.	Saudi Arabia	100	100
Ccs Mining & Industrial (Pty) Limited	South Africa	100	100
Construction Computer Software (Pty) Limited	South Africa	100	100
Invensys SA (Pty) Ltd	South Africa	100	100
Schneider Electric South Africa (Pty) Ltd	South Africa	74.9	74.9
Gunsan Elektrik Malzemeleri Sanayi Ve Ticaret Anonim Sirketi	Turkey	100	100
Himel Elektrik Malzemeleri Ticaret Anonim Sirketi	Turkey	-	100
Schneider Elektrik Sanayi Ve Ticaret A.S.	Turkey	100	100
Schneider Enerji Endüstrisi Sanayi Ve Ticaret Anonim Sirketi	Turkey	-	100
Cimac FZCO	United Arab Emirates	100	100

<i>(in % of interest)</i>		Dec. 31, 2023	Dec. 31, 2022
Construction Computer Software (Gulf) Llc	United Arab Emirates	100	100
L&T Electrical And Automation FZE	United Arab Emirates	65	65
Levtech Consulting Dmcc	United Arab Emirates	100	100
Schneider Electric DC MEA FZCO	United Arab Emirates	100	100
Schneider Electric FZE	United Arab Emirates	100	100
Schneider Electric Systems Middle East FZE	United Arab Emirates	100	100
Schneider Electric Systems de Venezuela, C.A.	Venezuela	100	100
Schneider Electric Venezuela S.A.	Venezuela	93.56	93.56

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2023

Consolidated financial statements

Business and Statement of Income highlights

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.

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 will be reported within the *Energy management* reporting segment.

The purchase accounting as per IFRS 3R is not completed as of December 31, 2023.

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 had around 800 employees and were 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 was reported within the *Energy management* reporting segment up until disposal effective date. The gain on disposal was recorded under "Other operating income and expenses".

Gutor

On August 2, 2023, the Group closed the transaction for the disposal of Gutor Electronics' operations to Latour Capital, a French private equity investor. Gutor is a global leader in the manufacturing of industrial uninterruptible power supply (UPS) systems and the provision of related services. Gutor was reported within the *Energy management* reporting segment up until disposal effective date.

Telemecanique Sensors

On October 31, 2023, the Group closed the transaction for the disposal of its industrial sensors business, Telemecanique Sensors, to YA-GEO. As part of the transaction, the Group granted YAGEO a license to use Telemecanique Sensors trademark. The all-cash transaction valued Telemecanique Sensors at EUR 723 million (Enterprise Value). Telemecanique Sensors was reported within the *Industrial Automation* reporting segment up until disposal effective date.

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".

In November 2023, the Group purchased 3.88% of non-controlling interests which raised its stake in EV Connect Inc. at 99.4%.

The purchase accounting as per IFRS 3R is completed as of December 31, 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.

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

The following businesses have been reclassified as Held for Sale as of December 31, 2023:

Autogrid

On July 20, 2022, the Group completed the acquisition of Autogrid, raising its stake from 24.2% to 91.8% controlling stake. AutoGrid is a Virtual Power Plant (VPP) and Distributed Energy Resource Management System (DERMS) provider and is reported within *Energy Management* reporting segment. The Group held an agreement to acquire the remaining 8.2% of non-controlling interests in 2026. The related debt was recognized in "Non-current purchase commitments over non-controlling interests" as of December 2022.

On December 14, 2023, the Group entered into an agreement with Uplight Inc. for the sale of Autogrid. 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 209 million and EUR 40 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 197 million. No impairment loss was recognized by the Group following the IFRS 5 classification.

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 controlling stake of the Group in Uplight Inc., which will remain consolidated as an equity investment.

Exchange rate changes

Fluctuations in the euro exchange rate had a negative impact in 2023, decreasing consolidated revenue by EUR 1,432 million due mainly to the evolution observed in US Dollar and in Chinese Yuan compared to the Euro and a negative impact decreasing adjusted EBITA by EUR 573 million.

Results of Operations

The following table sets forth our results of operations for 2023 and 2022:

<i>(in millions of euros except for earnings per share)</i>	Full Year 2023	Full Year 2022	Variance
Revenue	35,902	34,176	5.1%
Cost of sales	(20,890)	(20,300)	2.9%
Gross profit	15,012	13,876	8.2%
% Gross profit	41.8%	40.6%	
Research and development	(1,168)	(1,040)	12.3%
Selling, general and administrative expenses	(7,432)	(6,819)	9.0%
Adjusted EBITA *	6,412	6,017	6.6%
% Adjusted EBITA	17.9%	17.6%	
Other operating income and expenses	98	(433)	(122.6)%
Restructuring costs	(147)	(227)	(35.2)%
EBITA **	6,363	5,357	18.8%
% EBITA	17.7%	15.7%	
Amortization and impairment of purchase accounting intangibles	(430)	(424)	1.4%
Operating income	5,933	4,933	20.3%
% Operating income	16.5%	14.4%	
Interest income	79	24	229.2%
Interest expense	(387)	(130)	197.7%
Finance costs, net	(308)	(106)	190.6%
Other financial income and expense	(222)	(109)	103.7%
Net financial income/(loss)	(530)	(215)	146.5%
Profit from continuing operations before income tax	5,403	4,718	14.5%
Income tax expense	(1,285)	(1,211)	6.1%
Share of profit/(loss) of associates	51	29	75.9%
PROFIT FOR THE YEAR	4,169	3,536	17.9%
<i>attributable to owners of the parent</i>	<i>4,003</i>	<i>3,477</i>	<i>15.1%</i>
<i>attributable to non-controlling interests</i>	<i>166</i>	<i>59</i>	<i>181.4%</i>
Basic earnings (attributable to owners of the parent) per share (in euros per share)	7.15	6.23	14.8%
Diluted earnings (attributable to owners of the parent) per share (in euros per share)	7.07	6.15	15.0%

* 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 35,902 million for the year ended December 31, 2023, up +12.7% organic and up +5.1% on a reported basis. The Group saw strong growth across end-markets supported by secular trends of electrification, automation, and digitization, while some areas such as residential buildings remained impacted by the effects of higher interest rates on consumer spending, though stabilizing by the end of the year. Discrete automation markets were down after high demand in the prior year associated with supply chain constraints in particular impacting sales in Western Europe, China and East Asia. The Group saw good volume expansion throughout the year, with product growth supported by backlog execution as supply chain pressures eased, while the carryover impact of price actions taken in 2022 faded across the year, as expected. FX impacts were (4.3)% driven by the weakening of the Chinese Yuan and U.S. Dollar against the Euro, combined with the significant devaluation of several other currencies including the Egyptian Pound, Turkish Lira and Argentinian Peso. There was a net negative impact of (2.5)% from acquisitions and disposals, primarily relating to the Group's exit from Russia in 2022 along with the net impact of other transactions.

Evolution of revenue by reporting segment

The following table sets forth our revenue by business segment for years ended December 31, 2023 and 2022:

<i>(in millions of euros)</i>	Energy Management	Industrial Automation	Total
Full Year 2023	28,241	7,661	35,902
Full Year 2022	26,442	7,734	34,176

Energy Management generated revenues of EUR 28,241 million, equivalent to 79% of the Group's revenues and was up +14% organic. North America grew +19% organic with strong growth across end-markets, including continued strong growth in Systems as a consequence of strong demand across Data Center and Infrastructure end-markets. Western Europe was up +12% organic with double-digit growth in the U.K., Germany and Italy, while France and Spain 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 China delivering mid-single digit growth for the year, with strong traction in transportation and renewable power, while softness in construction markets continued. India recorded double-digit growth, despite facing a high base of comparison, with continued strong demand across end-markets. There was good growth in Australia and across the rest of the region. Rest of the World was up +20% organic, benefitting from price actions taken in response to currency devaluation in Argentina, Egypt and Turkey and with strong demand for systems offers across the region.

Industrial Automation generated revenues of EUR 7,661 million, equivalent to 21% of the Group's revenues and was up +7% organic. Growth was led by sales into Process automation markets while sales into Discrete automation markets also grew, though at a slower pace due to weakness in OEM demand, particularly in Western Europe, China and East Asia. The Group saw strong 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 +7% organic led by growth in Discrete automation markets, supported by backlog execution, while growth in Process & Hybrid markets was good despite a high base of comparison from projects in Mexico. Western Europe was up +7% organic, with strong growth in both Process & Hybrid markets and industrial software at AVEVA, while Discrete automation markets were impacted by the demand weakness. Asia Pacific was up +1% organic, impacted by weaker Discrete automation growth in China with weakness in OEM demand, particularly among those tied to construction. There was strong growth in several countries across the rest of the region, notably India and Australia, while growth in Japan and South Korea was muted due to OEM weakness. Rest of the World was up +20% organic, benefitting from price actions taken in response to currency devaluation in Argentina, Egypt and Turkey, while outside of these countries there was strong growth in Discrete automation markets and good growth in Process & Hybrid markets.

Gross profit

Gross profit was up +18.1% organic with Gross margin up +200bps organic, reaching 41.8% in 2023. The organic increase in margin percentage was driven by a strong net price impact mainly related to carryover from price actions taken last year, an improvement of gross margin in systems business and improved industrial productivity, particularly in H2.

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 12.3% from EUR 1,040 million for 2022 to EUR 1,168 million for 2023. As a percentage of revenues, the net cost of research and development increased slightly from 3.0% in 2022 to 3.3% in 2023.

Total research and development expenditures, including capitalized development costs and development costs reported as cost of sales (see Note 4 to the Consolidated Financial Statements) increased by 9.3% from EUR 1,845 million for 2022 to EUR 2,016 million for 2023. As a percentage of revenues, total research and development expenses increased slightly to 5.6% for 2023 (5.4% for 2022).

In 2023, the net effect of capitalized development costs and amortization of capitalized development costs amounts to EUR 92 million on operating income (EUR 115 million in 2022).

Selling, general and administrative expenses increased by 9.0% to EUR 7,432 million for 2023 (EUR 6,819 million for 2022). As a percentage of revenues, selling, general and administrative expenses increased slightly to 20.7% for 2023 (20.0% for 2022).

Combined, total support function costs, that is, research and development expenses together with selling, general and administrative costs, totaled EUR 8,600 million for 2023 compared to EUR 7,859 million for 2022, an increase of 9.4%. Support functions costs to sales ratio increases from 23.0% in 2022, to 24.0% in 2023.

Other operating income and expenses

For 2023, other operating income and expenses amounted to a net income of EUR 98 million. The gains and losses on disposal of business for EUR 265 million are mainly due to the gains on disposal of Telemecanique Sensors, Gutor, VinZero and Transformer Plants in Türkiye. The costs of acquisition and integration totaled EUR (111) million (EUR (180) million for 2022). The decrease is mainly due to costs incurred in 2022 to purchase AVEVA's remaining non-controlling interests.

Restructuring costs

For 2023, restructuring costs decreased to EUR 147 million in 2023 compared to 227 million in 2022, and are linked to the Group's initiatives to decrease support function costs.

EBITA and Adjusted EBITA

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

Adjusted EBITA amounted to EUR 6,412 million for 2023, compared to EUR 6,017 million for 2022, an organic increase of 24.5%. As a percentage of revenues, adjusted EBITA increased at 17.9% with margin improving 180 bps organically.

EBITA increased from EUR 5,357 million for 2022 to EUR 6,363 million in 2023. As a percentage of revenues, EBITA increases at 17.7% in 2023 (15.7% for 2022).

Adjusted EBITA by business segment

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

Full Year 2023

<i>(in millions of euros)</i>	Energy Management	Industrial Automation	Central functions & digital costs	Total
Backlog	15,414	3,748	-	19,162
Revenue	28,241	7,661	-	35,902
Adjusted EBITA	5,967	1,304	(859)	6,412
Adjusted EBITA (%)	21.1%	17.0%		17.9%

On December 31, 2023, the total backlog to be executed in more than a year amounts to EUR 4,287 million.

Full Year 2022

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

Energy Management reporting segment generated an adjusted EBITA of EUR 5,967 million, or 21.1% of revenues, up c. +220 bps organic (up +70 bps on a reported basis), due mainly to a combination of strong net price impact, good contribution from volumes and an improvement of gross margin in the systems business, more than offsetting investment in SFC and inflationary impacts.

Industrial Automation reporting segment generated an adjusted EBITA of EUR 1,304 million, or 17.0% of revenues, down c. -110 bps organic (down -190 bps on a reported basis), where strong net price contribution, improved productivity and improvement of gross margin in the systems business were more than offset by impacts from inflation and increased strategic investment within support function costs.

Central functions & digital costs in 2023 amounted to EUR 859 million (EUR 833 million in 2022) remaining stable at 2.4% of Group revenues. Investment in the Group's strategic priorities continued, while the Corporate cost element continued to be an area of focus and remained under tight control, remaining at around 0.7% of Group revenues in 2023.

Amortization and impairment of purchase accounting intangibles

The amortization and impairment of purchase accounting intangibles linked to acquisitions amounted to EUR 430 million compared with EUR 424 million last year.

Operating income (EBIT)

Operating income or EBIT (Earnings Before Interest and Taxes), increased from EUR 4,933 million for 2022 to 5,933 million for 2023, an increase of 20.3%.

Net financial income/loss

Net financial loss amounted to EUR 530 million for 2023, compared to EUR 215 million for 2022, mainly due to the increase in cost of debt (from EUR 106 million in 2022 to EUR 308 million in 2023). This was mainly due to the increase in interest rates observed in 2023 and costs related to the term loan facility set up for AVEVA's non-controlling interests acquisition. In addition, there was an increased negative impact from foreign exchange fluctuations (from EUR 21 million in 2022 to EUR 50 million in 2023).

Income tax expense

The effective tax rate was 23.8% for 2023, and 25.7% for 2022. In 2022, restating the EUR 195 million Russia and Belarus deconsolidation impact from the profit before tax (no tax impact attached), the effective tax rate would have been of 24.6%. The corresponding income tax expense increased from EUR 1,211 million for 2022 to EUR 1,285 million for 2023.

Share of profit/ (loss) of associates

The share of associates was a EUR 51 million profit for 2023, compared to EUR 29 million profit for 2022.

Non-controlling interests

Non-controlling interests in net income for 2023 totaled EUR 166 million, compared to EUR 59 million for 2022. This represents the share in net income attributable to the non-controlling interests, mainly coming from the Group Chinese and Indian subsidiaries.

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

Profit for the year attributable to the equity holders of our parent company amounted to EUR 4,003 million for 2023, compared to EUR 3,477 million profit for 2022.

Earnings per share

Basic Earnings per share amounted to EUR 7.15 per share for 2023 and EUR 6.23 per share for 2022.

Comments to the consolidated Cash-flow

The following table sets forth our cash-flow statement for 2023 and 2022:

<i>(in millions of euros)</i>	Note	Full Year 2023	Full Year 2022
Profit for the year		4,169	3,536
Share of (profit)/losses of associates		(51)	(29)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment	11	743	750
Amortization of intangible assets other than goodwill	10	717	732
Impairment losses on non-current assets		60	61
Increase/(decrease) in provisions	21	87	32
Losses/(gains) on disposals of business and assets		(252)	70
Difference between tax paid and tax expense		(164)	139
Other non-cash adjustments		220	102
Net cash provided by operating activities		5,529	5,393
Decrease/(increase) in accounts receivable		62	(305)
Decrease/(increase) in inventories and work in progress		(382)	(553)
(Decrease)/increase in accounts payable		493	73
Decrease/(increase) in other current assets and liabilities		205	(254)
Change in working capital requirement		378	(1,039)
TOTAL I - CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		5,907	4,354
Purchases of property, plant and equipment	11	(914)	(707)
Proceeds from disposals of property, plant and equipment		52	69
Purchases of intangible assets	10	(451)	(386)
Net cash used by investment in operating assets		(1,313)	(1,024)
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	611	(297)
Other long-term investments		(89)	40
Increase in long-term pension assets	20	(257)	(130)
Sub-total		265	(387)
TOTAL II - CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(1,048)	(1,411)
Issuance of bonds	22	3,509	1,092
Repayment of bonds	22	(1,299)	(829)
Sale/(purchase) of treasury shares		(703)	(219)
Increase/(decrease) in other financial debt		939	143
Increase/(decrease) of share capital	19	284	208
Transaction with non-controlling interests*	2	(4,702)	(73)
Dividends paid to Schneider Electric's shareholders	19	(1,767)	(1,618)
Dividends paid to non-controlling interests		(84)	(157)
TOTAL III - CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(3,823)	(1,453)
TOTAL IV - NET FOREIGN EXCHANGE DIFFERENCE		(240)	(70)
TOTAL V - IMPACT OF RECLASSIFICATION OF ITEMS HELD FOR SALE		(4)	(20)
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I + II + III + IV + V		792	1,400
Net cash and cash equivalents, beginning of the year	18	3,863	2,463
Increase/(decrease) in cash and cash equivalents		792	1,400
NET CASH AND CASH EQUIVALENTS, END OF THE YEAR	18	4,654	3,863

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

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

Operating Activities

Net cash from operating activities before changes in working capital requirement reached EUR 5,529 million for 2023, increasing compared to EUR 5,393 million for 2022. It represented 15.4% of revenues for 2023 (15.8% of revenues from 2022).

Change in working capital requirement generated EUR 378 million in cash in 2023, compared to a consumption of EUR 1,039 million in 2022.

In all, net cash from operating activities increased from EUR 4,354 million in 2022 to EUR 5,907 million in 2023.

Investing Activities

Net capital expenditure, which includes capitalized development projects, increased, at EUR 1,313 million for 2023, compared to EUR 1,024 million for 2022, and representing 3.7% of sales in 2023 compared to 3.0% in 2022.

Free cash-flow (cash from operating activities net of net capital expenditure) amounted to EUR 4,594 million in 2023 versus EUR 3,330 million in 2022.

Cash conversion rate (free cash-flow over net income attributable to the equity holders of the parent company on continuing operations) was 115% in 2023 versus 96% in 2022.

The acquisitions net of disposals represented a cash in of EUR 611 million (net of acquired cash) for 2023, compared with a cash-out of EUR 297 million for 2022. Those amounts correspond mainly to the acquisitions and disposals described in Notes 2.1 and 2.2 of the Consolidated Financial Statements (Chapter 5).

Financing Activities

Net cash outflow from financing activities amounted to EUR 3,823 million during the year 2023, compared to cash outflow of EUR 1,453 million during the year 2022. The variance is mainly due to the purchase of AVEVA's non-controlling interests for EUR 4.7 billion and bond issuances in 2023 for EUR 3.5 billion (EUR 1.1 billion issued in 2022).

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

Review of the parent company financial statements

In 2023, Schneider Electric SE reported an operating gain of EUR 345 million compared with a gain of EUR 229 million the previous year. Interest income net of interest expense amounted to EUR 209 million versus EUR (22) million the previous year.

Income from ordinary activities before tax stood at EUR 2,556 million in 2023 compared with an income of EUR 1,709 million in 2022. The variance is mainly explained by the royalty revenues of the Schneider Electric brand increasing by over EUR 74 million and a positive variation of EUR 730 million in financial result.

The net income stood at EUR 2,560 million in 2023 compared with EUR 1,744 million in 2022.

Net equity amounted to EUR 8,197 million at December 31, 2023 compared with EUR 7,213 million at the previous year-end, after taking into account 2023 profit and dividend payments of EUR 1,767 million.

Expected trends in 2024

- 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, weighted towards H2, linked with a recovery in consumer-linked segments, and Discrete automation
- All four regions to contribute to growth, led by U.S., India and the Middle East

2024 Target

The Group sets its 2024 financial target as follows:

2024 Adjusted EBITA growth of 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**
- Adjusted EBITA margin up **+40bps to +60bps organic**

This implies Adjusted EBITA margin of **around 18.0% to 18.2%** (including scope based on transactions completed to-date and FX based on current estimation).

2024-2027 Financial targets and longer-term ambitions as announced in 2023 Capital Markets Day

Based on its current view and assuming no major changes to the macro-economic and geopolitical environment, Schneider Electric announced its medium-term financial targets as follows:

2024-27 Financial Targets:

- Organic revenue growth of between +7% to +10%, CAGR 2023-2027¹
- Organic expansion of Adjusted EBITA margin of around +50 basis points, CAGR 2023-2027¹

Longer-term ambitions:

- Organic revenue growth of 5%+ on average across the economic cycle
- To consistently be a Company of 25² across the economic cycle
- Cash conversion ratio³ expected to be around 100%, on average, across the economic cycle

¹4-year CAGR

²Sum of organic revenue growth % and adj. EBITA margin %

³Free Cash Flow as a proportion of Net Income (Group Share)