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Parent company financial statements

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1. Balance sheet

1. Balance sheet

Assets

<i>(in thousands of euros)</i>	Notes	Gross	A. & D. or Prov.	Dec. 31, 2020 Net	Dec. 31, 2019 Net
NON-CURRENT ASSETS					
<i>Intangible assets</i>					
Intangible rights	1.1	27,474	(27,474)	–	–
<i>Property, plant and equipment</i>					
Land	1.2	2,785	–	2,785	2,785
Buildings		48	(48)	–	–
Other		1,468	(242)	1,226	1,226
Total intangible assets and property, plant and equipment		31,775	(27,764)	4,011	4,011
<i>Financial investments</i>					
Shares in subsidiaries and affiliates	2.1	5,377,099	(30,468)	5,346,631	5,485,708
Other investment securities	2.2	457,964	–	457,964	1,518,493
Advances to subsidiaries and affiliates	2.3	3,982,656	–	3,982,656	3,223,997
Other		10	–	10	10
Total financial investments		9,817,729	(30,468)	9,787,261	10,228,208
Total non-current assets		9,849,504	(58,232)	9,791,272	10,232,219
CURRENT ASSETS					
<i>Accounts receivable</i>					
Accounts receivable – trade		574,675	–	574,675	455,460
Other	3	129,770	–	129,770	102,049
Total accounts receivable		704,445	–	704,445	557,509
<i>Marketable securities and cash</i>					
Marketable securities	4	389,727	–	389,727	450,723
Advances to the Group cash pool	5	6,522,060	–	6,522,060	5,411,588
Other		207	–	207	2,006
Total marketable securities and cash		6,911,993	–	6,911,993	5,864,316
Total current assets		7,616,439	–	7,616,439	6,421,825
PREPAYMENTS AND OTHER ASSETS					
Prepaid expenses	6.1	1,280	–	1,280	351
Deferred expenses	6.2	21,933	–	21,933	14,568
Call premiums	6.3	26,894	–	26,894	7,123
Translation losses		30,533	–	30,533	90,653
TOTAL ASSETS		17,546,582	(58,232)	17,488,350	16,766,739

The notes form an integral part of these parent company financial statements.

Equity and liabilities

<i>(in thousands of euros)</i>	Notes	Dec. 31, 2020	Dec. 31, 2019
EQUITY	7		
Share capital	7.1	2,268,274	2,328,274
Additional paid-in capital	7.2	2,203,758	3,133,188
<i>Reserves</i>			
Legal reserve		243,027	243,027
Retained earnings	7.3	1,922,675	3,246,040
Net income for the financial year		(31,273)	57,108
Untaxed provisions		2	2
Total equity		6,606,463	9,007,639
PROVISIONS FOR CONTINGENCIES:	8		
Provisions for contingencies		391,880	452,634
Total provisions for contingencies and expenses		391,880	452,634
LIABILITIES:			
Convertible bond		650,000	
Bonds	9	8,246,269	7,062,368
Other borrowings	10	84,814	66,480
Amounts payable to subsidiaries and affiliates		–	14
Borrowings and financial liabilities	11	1,302,000	–
Accounts payable – trade		680	779
Accrued taxes and payroll costs		107,252	80,313
Other		5,677	5,762
Total liabilities		10,396,692	7,215,718
Deferred income		40	98
Call premiums	6.3	62,743	–
Translation gains	2.3	30,533	90,649
TOTAL EQUITY AND LIABILITIES		17,488,350	16,766,739

The notes form an integral part of these parent company financial statements.

2. Statement of income

2. Statement of income

<i>(in thousands of euros)</i>	Notes	Full year 2020	Full year 2019
Sales of services and other		325	2,385
Reversals of provisions, depreciation and amortization and expense transfers		0	0
Operating revenues		325	2,385
Purchases and external expenses		(9,666)	(10,079)
Taxes other than on income		(2,604)	(1,612)
Payroll expenses		(2,606)	(4,321)
Depreciation and provision expense		–	–
Other operating expenses and joint-venture losses		(2,000)	(1,821)
Operating expenses		(16,875)	(17,833)
Operating profit/(loss)		(16,550)	(15,447)
Dividend income	14	1,553	49,896
Interest income		48,010	49,863
Reversals of impairment provisions for long-term receivables and other		–	–
Financial income		49,563	99,759
Interest expense		(112,516)	(111,639)
Provision expense		(6,766)	(7,103)
Financial expenses		(119,282)	(118,741)
Net financial income/(loss)	14	(69,719)	(18,983)
Current result before tax		(86,269)	(34,430)
Proceeds from fixed asset disposals		138,894	2,078
Reinvoicing performance share		121,013	515,434
Provision reversals and expense transfers		280,004	375
Other		23,197	–
Non-recurring income		563,107	517,887
Carrying amount of fixed asset disposals		(219,983)	(148)
Provisions, depreciation and amortization		(134,516)	17,717
Other		(185,901)	(515,602)
Non-recurring expenses		(540,400)	(498,033)
Net non-recurring income/(loss)	15	22,708	19,854
Net income tax benefit	16	32,287	71,684
NET INCOME		(31,273)	57,108

The notes form an integral part of these parent company financial statements.

3. Notes to the financial statements

3. Notes to the financial statements

(All amounts are in thousands of euros unless otherwise indicated)

3.1 Significant events of the financial year

During the financial year, Schneider Electric SE carried out a capital reduction by canceling EUR15 million treasury shares of EUR4 each of nominal value resulting in a capital reduction of EUR60 million.

The company issued three bonds for EUR800, EUR500 and EUR500 million respectively.

The company issued a convertible bond (OCEANE) for EUR650 million.

On May 2020, the company paid out the 2019 dividend of EUR1,413 million.

The company also proceeded to buy back 650,307 of its own shares for EUR50 million.

Finally, during 2020, action plans 24,26,28,29 and 29bis expired, the company decided to serve 4 million shares for an amount of 182 million re-invoiced to the group companies concerned.

As of December 31, 2020, the company decided to fund some of its current share plans by using existing shares and to re-invoice the related expense to the various entities of the Group. As a consequence, the provision for expenses on shares distribution has been adjusted to 390 million.

3.2 Accounting principles

As in the prior financial year, the financial statements for the financial year ended December 31, 2020 have been prepared in accordance with French generally accepted accounting principles and with the ANC no. 2014-03 code updated by ANC no. 2016-07 code on Nov. 04, 2016.

Non-current assets

Non-current assets of all types are stated at historical cost.

Intangible assets

Intangible rights are amortized over a maximum of 5 years.

Property, plant and equipment

Amortizable items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, ranging from 3 to 10 years. Lands are not depreciated.

Shares in subsidiaries and affiliates

Shares in subsidiaries and affiliates are stated at acquisition cost.

Provisions for impairment may be funded where the carrying amount is higher than the estimated value in use at the end of the financial year. This estimate is primarily determined on the basis of the underlying net assets, earnings outlook and economic forecasts. For listed securities, the average stock price over the month before the closing is used. Unrealized gains resulting from such estimates are not recognized.

Own shares

Treasury stocks are assessed by category (shares in subsidiaries and affiliates, marketable securities), according to the FIFO method "first-in, first-out".

The accounting classification of treasury stocks depends on the purpose for which they are held:

- own shares are classified in marketable securities if they are the object of an explicit allocation to cover performance share distribution plans or if they are bought to regulate the share price of the Group;
- own shares are classified in long-term investments if they are not the object of an explicit allocation to cover an option plan or if they are bought with the aim of their use within the context of a liquidity contract by an investment services provider, or of their later cancellation within the framework of a capital reduction.

The accounting of an impairment of own shares depends on the purpose for which they are held:

- when own shares are allocated to cover of performance share distribution plans, there is no reason to record a provision for impairment;
- in other cases, it is necessary to book an impairment if the average stock market price of the month before the closing is lower than the weighted average cost.

3. Notes to the financial statements

Pension obligations

The present value of termination benefits is determined using the projected unit credit method. Provisions are funded for the supplementary pension benefits provided by the company on the basis of the contractual terms of top-hat agreements, granting a level of benefits exceeding the general regimes. The company applies the corridor method to actuarial gains and losses arising from changes in estimates. Under this method, the portion of net cumulative actuarial gains and losses exceeding 10% of the projected benefit obligation is amortized over 10 years.

Currency risk

When necessary, a contingency provision is put in place for unrealized exchange losses. However, when there are unrealized exchange gains and losses on back-to-back transactions in the same currency and with the same maturity, the amount of the provision is then limited to the net loss.

Bonds

Issue costs are amortized over the life of the bonds and are booked under "deferred expenses". Issuance premiums are booked under "Call premiums" & amortized over the duration of the bonds.

In the case of convertible bond (OCEANE), at conversion, the bond will be reclassified as equity for its nominal conversion amount.

3.3 Notes

Note 1: Non-current assets

1.1 Intangible assets

This item primarily consists of share issue and merger expenses, which are fully amortized.

1.2 Property, plant and equipment

(in thousands of euros)

Property, plant and equipment	Dec. 31, 2019	Additions	Disposals	Dec. 31, 2020
Cost	4,301	–	–	4,301
Depreciation	(290)	–	–	(290)
NET	4,011	–	–	4,011

Property, plant and equipment are mainly comprised of land not built.

Note 2: Investments

2.1 Shares in subsidiaries and affiliates

(in thousands of euros)

Shares in subsidiaries and affiliates	Dec. 31, 2019	Additions	Disposals	Dec. 31, 2020
Cost	5,596,996	–	(219,897)	5,377,099
Provisions	(111,288)	–	80,820	(30,468)
NET	5,485,708	–	(139,077)	5,346,631

During the financial year, Cofimines has been liquidated for 139 million, its shares were released for 220 million and the provision has been reversed for 81 million.

The main investments at December 31, 2020 were as follows:

Shares in subsidiaries and affiliates	Carrying value
Schneider Electric Industries SAS	5,343,544
Schneider Electric Japan Holding	2,049
Other (less than EUR5 million)	1,038
TOTAL	5,346,631

2.2 Other investment securities

(in thousands of euros)

Other investment securities	Dec. 31, 2019	Increases	Decreases	Dec. 31, 2020
Schneider Electric SE shares	1,518,439	49,518	(1,109,993)	457,964
Other	131	–	(131)	–
Provisions for other Shares and own shares	(77)	–	77	–
NET	1,518,493	49,518	(1,110,047)	457,964

Other investment securities primarily include Schneider Electric SE shares acquired for allocation on the exercise of certain stock options.

In compliance with the resolution adopted by the Shareholders' Meeting dated April 24, 2018, the company bought back 650,307 of its own shares for a total of EUR50 million.

In compliance with the Board resolution of February 2020, 15 million treasury shares were canceled for EUR989 million (including the amount of additional paid-in capital).

In compliance with the Board's decision of February 2020, September 2020, and December 2020 to fund the performance shares of plans 24,28,29 bis, 36 and 37 with Schneider Electric treasury shares, 2,169,743 shares for a total amount of EUR137 million have been classified as marketable securities. 250,453 shares for EUR16 million were reclassified from marketable securities to "Other investment securities" following the departure of the beneficiaries.

2.3 Advances to subsidiaries and affiliates

(in thousands of euros)

Advances to subsidiaries and affiliates	Dec. 31, 2019	Increases	Decreases	Dec. 31, 2020
Cost	3,223,997	1,368,264	(609,604)	3,982,656
NET	3,223,997	1,368,264	(609,604)	3,982,656

At December 31, 2020, this item mainly consisted of a loan of EUR2,500 million granted to Schneider Electric Industries SAS with a maturity date of 2021, a loan granted in 2012 to Boissière Finance for a total amount of USD800 million valued at EUR652 million at the end of 2020 and with a maturity date of 2022, a loan granted to Schneider Electric Investment AG for a total amount of EUR819 million with a maturity date of 2021 and accrued interests for a total amount of EUR12 million. The revaluation of USD loan resulted in a translation gain of EUR31 million.

Note 3: Accounts receivables

(in thousands of euros)

	Dec. 31, 2020	Dec. 31, 2019
Trade receivables	574,675	455,460
Other	129,770	102,049
NET	704,445	557,509

Trade receivables mainly include the re invoicing of the performance shares to SEISAS.

At December 31, 2020, the "Other receivables" are mainly composed of tax receivables and R&D tax credits.

Note 4: Marketable securities

(in thousands of euros)	Dec. 31, 2019		Acquisitions	Disposals	Dec. 31, 2020	
	Number of shares	Value	Value	Value	Value	Number of shares
TREASURY SHARES						
Gross	8,437,254	450,722	137,426	(198,421)	389,727	6,381,401
Provisions	–	–	–	–	–	–
TOTAL NET	–	450,722	137,426	(198,421)	389,727	–

Marketable securities primarily represent own shares held by the company for allocation to future performance shares plans and, if appropriate, stock-options.

3. Notes to the financial statements

In 2020, following the decision of the board to fund the performance share distribution plans 24, 28, 29bis, 36 and 37 with existing shares, 2,169,743 shares for a total amount of EUR137 million has been transferred into marketable securities. The performance shares plans, 24, 26, 28, 29 and 29bis have expired, the company has distributed 4 million shares for a total amount of EUR182 million re-invoiced to the concerned Group entities.

Following the loss of the rights of employees who left the group, the company switched back 250,453 shares for a total amount of EUR16 million to "Other investment securities".

Note 5: Cash and cash equivalent Group

This item consists of interest-bearing advances by Schneider Electric SE to the Group cash pool (Boissière Finance) that are immediately recoverable on demand.

Note 6: Prepayment and other assets

6.1 Prepaid expenses

The prepaid expenses relates mainly on insurance costs and fees.

6.2 Bond issue expenses

(in thousands of euros)

Bond issue expenses	Dec. 31, 2019	Increases	Decreases	Dec. 31, 2020
July 20, 2010 due 2020 (EUR500 million)	109	–	(109)	–
Sep. 27, 2012 due 2022 (USD800 million)	986	–	(410)	576
Sep. 6, 2013 due 2021 (EUR600 million)	577	–	(342)	235
Mar. 11, 2015 due 2025 (EUR750 million)	1,668	–	(315)	1,353
Sep. 8, 2015 due 2023 (EUR800 million)	1,521	–	(410)	1,111
Oct. 13, 2015 due 2025 (EUR200 million)	586	–	(118)	468
Oct. 13, 2015 due 2025 (EUR100 million)	228	–	(38)	190
Sep. 9, 2016 due 2024 (EUR800 million)	2,096	–	(443)	1,653
Dec. 13, 2017 due 2026 (EUR750 million)	2,048	–	(286)	1,762
June. 21, 2018 due 2027 (EUR750 million)	1,900	–	(256)	1,644
Sept. 9, 2019 due 2024 (EUR200 million)	513	140	(150)	503
Jan. 15, 2019 due 2028 (EUR250 million)	720	–	(90)	630
Jan. 15, 2019 due 2028 (EUR500 million)	1,614	–	(201)	1,413
Mar. 11, 2020 due 2029 (EUR800 million)	–	2,430	(218)	2,212
Apr. 9, 2020 due 2027 (EUR500 million)	–	1,549	(161)	1,388
Jun. 12, 2020 due 2023 (EUR500 million)	–	1,259	(232)	1,027
Nov. 24, 2020 due 2026 (EUR650 million)	–	5,878	(111)	5,767
TOTAL	14,568	11,256	(3,890)	21,933

6.3 Issuance premiums

(in thousands of euros)

Issuance premiums	Dec. 31, 2019	Increases	Decreases	Dec. 31, 2020
July 20, 2010 due 2020 (EUR500 million)	325	–	(325)	–
Sep. 27, 2012 due 2022 (USD800 million)	400	–	(184)	216
Sep. 6, 2013 due 2021 (EUR600 million)	347	–	(206)	141
Mar. 11, 2015 due 2025 (EUR750 million)	4,694	–	(886)	3,808
Sep. 8, 2015 due 2022 (EUR800 million)	2,121	–	(572)	1,549
Oct. 13, 2015 due 2025 (EUR100 million)	(1,073)	–	343	(730)
Sep. 9, 2016 due 2024 (EUR800 million)	4,761	–	(1,009)	3,752
Dec. 13, 2017 due 2026 (EUR750 million)	4,036	–	(590)	3,446
June 21, 2018 due 2027 (EUR750 million)	6,040	–	(810)	5,230
Sept. 9, 2019 due 2024 (EUR200 million)	(2,752)	–	588	(2,164)
Jan. 15, 2019 due 2028 (EUR250 million)	(11,889)	–	1,481	(10,408)
Jan. 15, 2019 due 2028 (EUR500 million)	112	–	(14)	98
Mar. 11, 2020 due 2029 (EUR800 million)	–	5,592	(502)	5,090
Apr. 9, 2020 due 2027 (EUR500 million)	–	2,885	(300)	2,585
Jun. 12, 2020 due 2023 (EUR500 million)	–	1,200	(221)	979
Nov. 24, 2020 due 2026 (EUR650 million)	–	(50,360)	919	(49,441)
TOTAL	7,123	(40,683)	(2,288)	(35,849)

Note 7: Shareholders' equity and retained earnings

<i>(in millions of euros)</i>	Share capital	Additional paid-in capital	Reserves and retained earnings	Net income for the year	Regulated provisions	Total
December 31, 2018 before allocation of net income for the year	2,317	2,976	327	4,457	–	10,078
Change in share capital	11	156	–	–	–	167
Allocation of 2018 net income	–	–	3,161	(3,161)	–	–
2018 dividend	–	–	–	(1,296)	–	(1,296)
Cancellation of own shares	–	–	–	–	–	–
2019 net income	–	–	–	57	–	57
December 31, 2019 before allocation of net income for the year	2,328	3,133	3,489	57	–	9,007
Change in share capital	–	–	–	–	–	–
Allocation of 2018 net income	–	–	57	(57)	–	–
2019 dividend	–	–	(1,413)	–	–	(1,413)
Cancellation of own shares	(60)	(929)	–	–	–	(989)
Reimbursement withholding tax 2003	–	–	33	–	–	33
2020 net income	–	–	–	(31)	–	(31)
DECEMBER 31, 2020 BEFORE ALLOCATION OF NET INCOME FOR THE YEAR	2,268	2,204	2,166	(31)	–	6,607

7.1 Capital

Share capital

The company's share capital at December 31, 2020 amounted to EUR 2,268,274,220 consisting of 567,068,555 shares with a par value of EUR4, all fully paid up.

Changes in share capital

The decrease in share capital of EUR60 million recorded over the year corresponding to a cancellation of 15 million treasury shares.

Own shares

At the reporting date, the total number of own shares held is 12,740,423 including 6,359,022 shares not affected to performance share distribution plans for a total amount of EUR458 million and 6,381,401 shares affected to distribution plans for a total amount of EUR 390 million.

7.2 Additional paid-in capital

Additional paid-in capital decreased by EUR929 million over the financial year, mainly coming from capital reduction by the way of cancellation of own treasury shares.

7.3 Allocation of previous year net income

Pursuant to the 3rd resolution of the Ordinary and Extraordinary Shareholders' Meeting of April 22, 2020, the 2019 gain of EUR57 million was allocated to retained earnings. EUR1,413 million of dividends were distributed and EUR71 million not distributed corresponding to SE own treasury shares.

Note 8: Provisions for contingencies and expenses

<i>(in thousands of euros)</i>	Dec. 31, 2019	Increases	Decreases	Dec. 31, 2020
PROVISIONS FOR CONTINGENCIES				
Disputes	15	–	(15)	–
Provision for fees on own shares distribution	450,722	137,426	(198,421)	389,727
Other	1,897	256	–	2,153
TOTAL	452,634	137,682	(198,436)	391,880

Management is confident that overall the balance sheet provisions for disputes of which it is currently aware and in which the company is involved should be sufficient to ensure that these disputes do not have a material impact on its financial position or income.

A provision for risk of EUR390 millions was booked to cover the decision of the board to allocate performance shares plans with SESE own shares.

3. Notes to the financial statements

Note 9: Bonds

(in thousands of euros)	Share capital		Interest rate	Maturity
	Dec. 31, 2020	Dec. 31, 2019		
Schneider Electric SE 2019	94,325	150,244	Euribor +0.60% Floating	July 23, 2022
Schneider Electric SE 2020	–	500,000	3.625% Fixed	July 20, 2020
Schneider Electric SE 2022	651,944	712,124	2.95% Fixed	Sep. 27, 2022
Schneider Electric SE 2021	600,000	600,000	2.50% Fixed	Sep. 06, 2021
Schneider Electric SE 2025	750,000	750,000	0.875% Fixed	Mar. 11, 2025
Schneider Electric SE 2023	800,000	800,000	1.50% Fixed	Sep. 08, 2023
Schneider Electric SE 2025	200,000	200,000	1.841% Fixed	Oct. 13, 2025
Schneider Electric SE 2025	100,000	100,000	1.841% Fixed	Oct. 13, 2025
Schneider Electric SE 2024	800,000	800,000	0.25% Fixed	Sep. 09, 2024
Schneider Electric SE 2024	200,000	200,000	0.25% Fixed	Sep. 09, 2024
Schneider Electric SE 2026	750,000	750,000	0.875% Fixed	Dec. 13, 2026
Schneider Electric SE 2027	750,000	750,000	1.375% Fixed	June 21, 2027
Schneider Electric SE 2028	500,000	500,000	1.5% Fixed	Jan. 15, 2028
Schneider Electric SE 2028	250,000	250,000	1.5% Fixed	Jan. 15, 2028
Schneider Electric SE 2029	800,000	–	0.25% Fixed	Mar. 11, 2029
Schneider Electric SE 2027	500,000	–	1% Fixed	Apr. 09, 2027
Schneider Electric SE 2023	500,000	–	0% Fixed	Jun. 12, 2023
TOTAL	8,246,269	7,062,368		

Fixed: fixed rate.

Floating: floating rate.

The revaluation of USD800 million bonds Schneider Electric SE 2022 resulted in a translation loss of EUR31 million.

Convertible bonds (OCEANE)

(in thousands of euros)	Share capital		Interest rate	Maturity
	Dec. 31, 2020	Dec. 31, 2019		
Schneider Electric SE 2026	650 000	–	0%	Jun. 15, 2026
TOTAL	650 000			

Schneider Electric SE has issued bonds during past years on different markets:

- in the United States, through a private placement offering following (SEC 144A rule) for USD800 million worth of bonds issued in September 2012, at a rate of 2.950%, due in September 2022;
- as part of its Euro Medium-Term Notes (EMTN) program, for which bonds are traded on the Luxembourg stock exchange.

During the year, the company reimbursed one bond amounting EUR500 million matured on July 20, 2020.

The company issued three bonds as follows:

- EUR800 million at 0.25%, maturing on March 11 2029;
- EUR500 million at 1%, maturing on April, 09 2027;
- EUR250 million at 0%, maturing on June, 12 2023.

The Group has issued in November 2020 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 initial conversion and/or exchange ratio of the Bonds is one share per Bond with a nominal value set at EUR 176. 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. For all those transactions, issue premium and issue costs are amortized per the effective interest rate method.

At December 31, 2020, the other remaining bonds are as follows:

- EUR177 million worth of floating-rate bonds issued in July 2008 and maturing on July 23, 2022, decreased to EUR150 million through the repayment in June 2014 of EUR27 million; decreased to EUR94 million through the repayment in July 2020 of EUR56 million;
- EUR100 million worth of 1.841% bonds issued in October 2015 and maturing on October 13, 2025;
- EUR800 million worth of 0.25% bonds issued in September 2016 and maturing on September 9, 2024 and described above;
- EUR600 million worth of 2.50% bonds issued in September 2013 and maturing on September 6, 2021;
- EUR200 million worth of 1.841% bonds issued in October 2015 and maturing on October 13, 2025;
- EUR800 million worth of 1.50% bonds issued in September 2015 and maturing on September 8, 2023;
- EUR750 million worth of 0.875% bonds issued in March 2015 and maturing on March 11, 2025;
- EUR750 million worth of 0.875% bonds issued in December 2017 and maturing on December 13, 2026;
- EUR750 million worth of 1.375% bonds issued in June 2018 and maturing on June 21, 2027;
- EUR200 million worth of 0.25% bonds issued in September 2019 and maturing on September 09, 2024;
- EUR500 million worth of 1.5% bonds issued in January 2019 and maturing on January 15, 2028;
- EUR250 million worth of 1.5% bonds issued in January 2019 and maturing on January 15, 2028.

The issue premiums and issuance costs are amortized in line with the effective interest method.

Note 10: Other borrowings

Other borrowings at December 31, 2020 included accrued interest on bonds and other debt issued by the company.

Accrued interest amounted to EUR43 million, compared to EUR44 million at end-2019.

Other debt issued by the company correspond to an intercompany loan amounted to EUR42 million, compared to EUR22 million at end of 2019.

Note 11: Borrowings and financial liabilities

Borrowing and financial liabilities (in thousands of euros)	Dec. 31, 2019	Increase	Decrease	Dec. 31, 2020
Commercial paper	–	4,237,000	(2,935,000)	1,302,000
Overdrafts	–	–	–	–
Other	–	–	–	–
NET	–	4,237,000	(2,935,000)	1,302,000

Note 12: Maturities of receivables and payables

(in thousands of euros)	Total	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
NON-CURRENT ASSETS				
Advances to subsidiaries and affiliates	3,982,656	3,330,712	651,944	–
CURRENT ASSETS				
Accounts receivable – trade	574,675	574,675	–	–
Other receivables	129,770	98,572	31,198	–
Marketable securities	389,727	389,727	–	–
Prepaid expenses	1,280	1,280	–	–
DEBT				
Bonds	8,896,269	600,000	5,496,269	2,800,000
Other borrowings	84,814	84,814	–	–
Commercial paper	1,302,000	1,302,000	–	–
Accounts payable – trade	680	680	–	–
Accrued taxes and payroll costs	107,252	107,252	–	–
Other	5,677	5,677	–	–
Deferred income	40	40	–	–

Invoices received and issued during the period have not been subject to late payment.

3. Notes to the financial statements

Note 13: Related-party transactions (minimum 10% stake)

<i>(in thousands of euros)</i>	Gross	Net
Shares in subsidiaries and affiliates	5,377,099	5,346,631
Advances to subsidiaries and affiliates	3,982,656	3,982,656
Accounts receivable	574,675	574,675
Cash and cash equivalents	6,522,060	6,522,060
Revenues:		
• rebilled performance shares		121,013
• interest		49,172

Note 14: Net financial income/(loss)

<i>(in thousands of euros)</i>	Full year 2020	Full year 2019
Dividends	1,553	49,896
Net interest income (expense)	(64,355)	(61,776)
Other	(6,917)	(7,103)
NET FINANCIAL INCOME/(LOSS)	(69,719)	(18,983)

In 2020, the company received EUR1,6 million of dividends from Schneider Electric Japan Holding Ltd. In 2019, dividends received from Schneider Electric Industries SAS were EUR 50 million.

Note 15: Net non-recurring income/(loss)

<i>(in thousands of euros)</i>	Full year 2020	Full year 2019
Net gains/(losses) on fixed asset disposals	(81,089)	1,930
Provisions net of reversals	80,897	18,092
Other non-recurring income/(expense)	22,900	(168)
NET NON-RECURRING INCOME/(LOSS)	22,708	19,854

In 2020, the company received EUR23 million of interest relative to reimbursement of withholding tax.

Note 16: Net income tax benefit

The "income tax expense" line item in the statement of income mainly consists of the Group tax relief recorded by the tax group headed by Schneider Electric SE, net of 2020 income tax due, for EUR35 million.

Schneider Electric SE is the parent company of the tax group comprising all French subsidiaries that are over 95%-owned. Tax loss carry forwards available to the company in this capacity totaled EUR2,303 million at December 31, 2020.

Note 17: Pension benefit commitment

The company had taken commitments towards its executives, active managers and retirees. In 2015, the company closed the top-hat executive pension plans. Since 2015, there is no more active beneficiary. The company has outsourced to AXA France VIE the commitments towards the retirees beneficiaries the top-hat executive pension plans.

Note 18: Off-balance sheet commitments

18.1 Partnership obligations

The share of liabilities of "SC" non-trading companies attributable to Schneider Electric SE as partner is not material.

The share of liabilities of "SNC" flow-through entities attributable to Schneider Electric SE as partner is not material.

18.2 Guarantees given and received

Commitments given

Counter-guarantees of bank guarantees: None

Other guarantees given: EUR1,974 million, mainly to Group companies

Commitments received

Bank counter-guarantees: None

18.3 Financial instruments

Schneider Electric Group hedging transactions, exchange guarantees and the establishment of financial instruments are carried out by the manager of the Group cash pool, Boissière Finance, a wholly-owned subsidiary of Schneider Electric Industries SAS, which in turn is wholly-owned by Schneider Electric SE.

Schneider Electric SE does not hold any hedging instruments at December 31, 2020.

Note 19: Contingencies

As part of its normal operations, the entity is exposed to a number of potential claims and litigations. Except for those for which it is probable that the entity will occur a liability and a provision established for such outcome, the entity is not aware of other potentially material claims and litigations.

Specifically, the entity has not been advised to date of any claim/allegations related to the investigation conducted in France by French public agencies. The entity is fully cooperating with the French authorities on these matters.

Note 20: Other information

20.1 Workforce

The average number of employees is 1 over 2020.

20.2 Consolidated financial statements

Schneider Electric SE is the parent company of the Group and accordingly publishes the consolidated financial statements of the Schneider Electric Group.

20.3 Subsequent events

At the date of financial statements approval by the board of directors, there is no material subsequent event.

4. Statutory auditors' report on the annual financial statements

4. Statutory auditors' report on the annual financial statements

To the Annual General Meeting of Schneider Electric SE,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Schneider Electric S.E. for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the audit and risks committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of rules required by the French Commercial Code (*code de commerce*) and the French Code of ethics (*code de déontologie*) for statutory auditors for the period from January 1st, 2020 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) N° 537/2014.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R.823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments in subsidiaries and affiliates and advances to subsidiaries and affiliates

"Accounting principles" and note 2 "Investments" of the notes to the parent company financial statements

Risk identified	<p>As at December 31, 2020, investments in subsidiaries and affiliates and the related advances amount to M€ 5,347 and M€ 3,983 respectively in the balance sheet of Schneider Electric S.E., net of any impairment loss.</p> <p>As described in the accounting principles of the notes to the financial statements, investments are recognized at their acquisition cost and impaired, should their carrying amount exceed their estimated value in use at closing date. The estimated value in use of investments is determined primarily based on the subsidiaries' and affiliates' net assets as well as on their earnings outlook and the underlying economic forecasts. For listed securities, the average stock price over the month before the closing is used.</p> <p>Due to the judgment exercised by management as part of this estimate, especially when relying on forecasts, we considered the valuation of investments in subsidiaries and affiliates, as well as the valuation of related advances, to be a key audit matter.</p>
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Our response	<p>As part of our audit, we analyzed the procedures implemented by your Company to determine the value in use of investments in subsidiaries and affiliates. Our work consisted in:</p> <ul style="list-style-type: none"> • comparing the shares in the subsidiaries' and affiliates' net assets, when used as a proxy for their value in use, with their underlying accounting data, which were subject to an audit or to analytical procedures; • assessing the appropriateness of the valuation method used to determine the value in use when based on forecasts; • assessing the reasonableness of key assumptions used to estimate values in use, mainly the long-term growth rate and the discount rate, by inquiring of Management and with the assistance of our experts, when needed; • verifying the arithmetical accuracy of the computations performed by your Company. <p>We also assessed the recoverability of advances to subsidiaries and affiliates, based on the impairment tests results of the corresponding investments.</p>
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Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

Information provided in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

In accordance with French law, we report to you that the information relating to payment times referred to in Article D. 441-6 of the French Commercial Code (*code de commerce*) is fairly presented and consistent with the financial statements.

Information relating to corporate governance

We attest that the Board of Directors' section of the management report devoted to corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 et L.22-10-9 of the French Commercial Code (*code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*code de commerce*) relating to remunerations and benefits received by or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled companies which are part of its consolidation perimeter. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*code de commerce*), we have verified their compliance with the source documents communicated to us. Based on our work, we have no observation to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, 1 of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Schneider Electric S.E. by the Annual General Meetings held on May 6, 2004 for MAZARS and on June 25, 1992 for ERNST & YOUNG et Autres.

As at December 31, 2020, MAZARS was in the seventeenth year of its engagement without interruption and ERNST & YOUNG et Autres in the twenty-ninth year.

4. Statutory auditors' report on the annual financial statements

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The audit and risks committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the audit and risks committee

We submit a report to the audit and risks committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the audit and risks committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the audit and risks committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the audit and risks committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, March 10, 2021

The Statutory Auditors
French original signed by

MAZARS	ERNST & YOUNG et Autres
Loïc Wallaert	Jean-Yves Jégourel
Mathieu Mougard	Alexandre Resten

5. List of securities held at December 31, 2020

5. List of securities held at December 31, 2020

Number of securities (in thousands of euros)	Company	Carrying amount of securities
A. MAJOR INVESTMENTS		
(Carrying amounts over EUR5 million)		
58,018,657	Schneider Electric Industries SAS	5,343,544
6,359,022	Electric SE Own Shares	457,964
		5,801,508
B. OTHER INVESTMENTS		
(Carrying amounts under EUR5 million)		
		1,038
C. INVESTMENTS IN REAL ESTATE COMPANIES		
-		
D. INVESTMENTS IN FOREIGN COMPANIES		
2,049		
Total		5,804,595
MARKETABLE SECURITIES		
6,381,401	Schneider Electric SE own shares	389,727
TOTAL		6,194,322

6. Subsidiaries and affiliates

6. Subsidiaries and affiliates

Company (in thousands of euros)	Capital	Reserves and retained earnings & retained earnings prior to appropriation of earnings*
I. DETAILED INFORMATION ON SUBSIDIARIES AND AFFILIATES WITH A CARRYING AMOUNT OF OVER 1% OF THE SHARE CAPITAL OF SCHNEIDER ELECTRIC SE		
A. Subsidiaries (at least 50% owned)		
Schneider Electric Industries SAS 35, rue Joseph-Monier 92500 Rueil-Malmaison, France	928,299	5,835,969
B. Affiliates (10 to 50%-owned)		
II. OTHER SUBSIDIARIES AND AFFILIATES		
A. Subsidiaries not included in Section I: (+50%)		
a) French subsidiaries (aggregate)	38	8,241
b) Foreign subsidiaries (aggregate)	–	–
B. Affiliates not included in Section I: (0-50%)		
a) French companies (aggregate)	–	–
b) Foreign companies (aggregate)	21,008	141,643

* Including income or loss in prior financial year.

Share interest held (%)	Gross value	Net value	Loans and advances provided by the company and still outstanding	Amount of guarantees given by the company	2020 Revenues (ex. VAT)	2020 Profit or loss(-)	Dividends received by the company during 2020
100,00	5,343,544	5,343,544	2,506,319	–	3,408,652	1,911,992	–
99,84	12,305	1,038	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
4.8	21,249	2,049	–	–	–	1,576	1,553

7. The company's financial results over the last 5 years

7. The company's financial results over the last 5 years

Description	2020	2019	2018	2017	2016
FINANCIAL POSITION AT DECEMBER 31					
Share capital (<i>in thousands of euros</i>)	2,268,274	2,328,274	2,316,675	2,387,665	2,369,995
Number of shares in issue	567,068,555	582,068,555	579,168,769	596,916,242	592,498,759
Number of convertible bonds in issue	3,683,972				
Maximum number of shares to be created:					
• through conversion of bonds	–	–	–	–	–
• through exercise of rights	–	–	8,371	8,271	9,562
RESULTS OF OPERATIONS (IN THOUSANDS OF EUROS)					
Sales (ex. VAT)	450	2,385	174	170	228
Investment revenue, interest income and other revenue	1,553	49,896	4,551,232	147,031	52,276
Earnings before tax, depreciation, amortization and provisions	(201,902)	(18,659)	4,412,483	(22,861)	(146,799)
Income tax	32,287	71,684	1,215	55,213	(53,632)
Earnings after tax, depreciation, amortization and provisions	(31,273)	57,108	4,457,994	121,488	(99,730)
Dividends paid ⁽¹⁾ excluding tax credit and withholdings	1,474,378 ⁽²⁾	1,413,455	1,361,047	1,313,216	1,208,697
RESULTS OF OPERATIONS PER SHARE (in euros)					
Earnings before depreciation, amortization and provisions	(0.30)	0.09	7.62	0.05	(0.14)
Earnings after tax, depreciation, amortization and provisions	(0.06)	0.1	7.70	0.20	(0.17)
Net dividend per share	2.60 ⁽²⁾	2.55 ⁽²⁾	2.35	2.20	2.04
EMPLOYEES					
Average number of employees during the financial year	1	1	1	2	1
Total payroll for the financial year (<i>in thousands of euros</i>)	1,961	3,693	2,544	1,670	1,507
Total of employee benefits paid over the financial year	–	–	–	–	–
(Social security, other benefits, etc.) (<i>in thousands of euros</i>)	916	944	1,010	796	974

(1) Dividends on shares held in treasury on the dividend payment date and the associated withholding are credited to retained earnings.

(2) Pending approval by the Annual Shareholders' Meeting of April 28, 2021.