Legrand essentials

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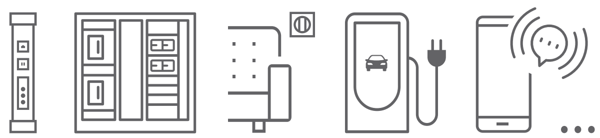
2023 Half-year financial report as of June 30



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HALF-YEAR MANAGEMENT REPORT FOR THE SIX MONTHS ENDED JUNE 30, 2023

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1.1 - PRELIMINARY DISCLAIMER

The following review of Legrand's financial position and the results of operations should be read in conjunction with the consolidated financial statements and the related notes for the six-month period ended June 30, 2023 as set out in chapter 2 of this half-yearly financial report, and any other information included in the Universal Registration Document filed with the French *Autorité des marchés financiers* (AMF) on April 12, 2023, under number D. 23-0262. The Company's financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and the IFRS Interpretations Committee's guidance as adopted by the European Union. This review also includes forward-looking statements based on assumptions about the company's future business. Actual results could differ materially from those contained in these forward-looking statements.

Percentages may be calculated on non-rounded figures and therefore may vary from percentages calculated on rounded figures.

1.2 - OVERVIEW

Legrand is the global specialist in electrical and digital building infrastructure. Its full range of products and systems suitable for the international commercial, industrial, and residential segments of the low-voltage market makes Legrand a benchmark for customers worldwide. The Group markets its products under internationally recognized general brand names, including Legrand and Bticino, as well as under well-known local and specialist brands. Legrand, which is close to its markets and focuses on its customers, has commercial and industrial operations in nearly 90 countries.

Legrand generated sales of €8,339.4 million in 2022, of which more than 84% was generated outside France, and recorded an adjusted operating margin of 20.4% of sales.

Legrand's financial position and results of operations are reported on the basis of three operating segments that correspond to the regions of origin of invoicing. Information concerning the results of operations and financial positions for each of these three operating segments is presented for the first six months of 2023 and 2022 in Note 2.1 to the consolidated financial statements set out in chapter 2 of this half-yearly financial report. These three operating segments— under the responsibility of three segment managers who are directly accountable to the Group's chief operating decision-maker— are:

- Europe, including France, Italy and Rest of Europe, mainly including Benelux, Germany, Iberia (including Spain and Portugal), Poland, Turkey and the UK;
- North and Central America including Canada, Mexico, the United States and Central American countries; and
- Rest of the world, mainly including Australia, China, India and South America (including particularly Brazil, Chile and Colombia).

Since local market conditions are the determining factors in business performance and net sales by zone, consolidated financial information for multi-country zones does not accurately reflect financial performance in each national market.

Furthermore, products may be manufactured and sold locally or imported from or exported to another Group entity. These factors may make it difficult to compare results for different operating segments. Consequently, with the exception of information relating to net sales, the discussion of results below focuses primarily on consolidated results, with reference to national markets where these have a material impact on consolidated accounts.

1.3 - RECENT EVENTS

Consolidated sales

In the first half of 2023, sales rose a total of +4.9% from the same period of 2022, reaching €4,294.8 million.

Organic growth in sales was +4.6% over the period, including +2.4% in mature countries and +11.2% in new economies. In a contracting building market, these figures point to resilience buoyed by the faster expanding segments, by pricing power, and by the Group's robust commercial performance.

The impact of broader scope of consolidation was +1.3%, including +1.8% linked to acquisitions and -0.5% to the net impact of the Group's planned disengagement from Russia. Based on acquisitions made and their likely dates of consolidation, their overall impact should be close to +2% full year, excluding the impact of disengagement from Russia.

The exchange-rate effect on sales in the first half of 2023 was -1.0%. Based on the average exchange rates in June 2023 alone, the full-year exchange-rate effect on sales should be close to -2.5% in 2023.

Adjusted operating profit and margin

Adjusted operating profit for the first half of 2023 stood at €954.7 million, up +14.0% from the first half of 2022. This corresponds to an adjusted operating margin equal to 22.2% of sales for the period.

Before acquisitions (at 2022 scope of consolidation) and excluding Russia, adjusted operating margin for the first half of 2023 stood at 22.7% of sales, up 2.2 points from the first half of 2022.

The impacts of acquisitions and of Russia on adjusted operating margin in the first half of 2023 were respectively -0.3 points and -0.2 points.

Over this period, high profitability was driven by gross margin reflecting firm control of expenses and sales prices.

Value creation and solid balance sheet

Net profit attributable to the Group came to €650.9 million, up +18.8% from the first half of 2023 and equal to 15.2% of sales. This rise was due primarily to an increase in operating profit, the positive impact of financial results, and corporate income tax rate of 26.0%.

Net earnings per share stood at €2.45, for a rise of 19.0% from the first half of 2022.

Free cash flow came to 18.9% of sales over the period, to total €813.8 million, in a context of continued strengthened coverage of inventories that is expected to gradually return to normal. Normalized free cash flow was up +11.4% at 17.9% of sales.

The ratio of net debt to EBITDA stood at 1.2 on June 30, 2023. Legrand Group's cash position stood at €2.9 billion, and the maturity of gross debt — with over 90% in fixed-rate instruments — was 4.6 years.

Legrand successfully completed a second series of sustainability-linked bonds indexed on the Group's CSR targets. This fixed-rate issue totaled €700 million with a 6-year maturity.

Acquisitions

During the first six months of 2023, the Group acquired Clamper, Brazilian leader in surge protection devices, used in particular for photovoltaic infrastructures. Based in Belo Horizonte, Clamper has over 600 employees and annual sales of nearly €40 million.

1.4 - COMPARISON OF FIRST-HALF RESULTS FOR 2022 AND 2023

(in € millions)	6 months ended June 30, 2023	6 months ended June 30, 2022
Net sales	**4,294.8**	**4,092.4**
Operating expenses		
Cost of sales	(2,027.4)	(2,059.4)
Administrative and selling expenses	(1,085.6)	(998.1)
Research and development costs	(185.8)	(175.3)
Other operating income (expenses)	(103.7)	(70.2)
Operating profit	**892.3**	**789.4**
Financial expenses	(40.8)	(43.8)
Financial income	31.9	5.1
Exchange gains (losses)	(3.2)	0.6
Financial profit (loss)	**(12.1)**	**(38.1)**
Profit before tax	**880.2**	**751.3**
Income tax expense	(229.2)	(202.9)
Share of profits (losses) of equity-accounted entities	0.0	0.0
Profit for the period	**651.0**	**548.4**
Of which:		
- Net profit attributable to the Group	**650.9**	**548.1**
- Minority interests	**0.1**	**0.3**

The table below shows the calculation of adjusted operating income (defined as operating income adjusted for amortization and depreciation of revaluation of assets at the time of acquisitions and for other P&L impacts relating to acquisitions, and, where applicable, for impairment of goodwill), and maintainable adjusted operating income (i.e., excluding restructuring charges) for the periods under review:

(in € millions)	6 months ended June 30, 2023	6 months ended June 30, 2022
Profit for the period	**651.0**	**548.4**
Share of profits (losses) of equity-accounted entities	**0.0**	**0.0**
Income tax expense	229.2	202.9
Exchange (gains) losses	3.2	(0.6)
Financial income	(31.9)	(5.1)
Financial expenses	40.8	43.8
Operating profit	**892.3**	**789.4**
i) Acquisition-related amortization,depreciation, expenses and income, and ii) assets impairment in Russia	62.4	48.4
Goodwill impairment	0.0	0.0
Adjusted operating profit	954.7	837.8
Adjusted restructuring costs[1]	**30.0**	**14.3**
Maintainable adjusted operating profit	**984.7**	**852.1**

(1) Adjusted restructuring costs are defined as restructuring costs adjusted for revaluation of assets at the time of acquisitions.

1.4.1 - Net sales

Consolidated net sales rose 4.9% to €4,294.8 million in the first six months of 2023, compared with €4,092.4 million in the first six months of 2022, reflecting the combined impact of:

- +4.6% organic rise (at constant scope of consolidation and exchange rates)
- +1.3%, including +1.8% due to the broader scope of consolidation that resulted from acquisitions with carry-over effect of 2022 acquisitions consolidated for 6 months in 2023 including Emos (Czech Republic), Usystems (United Kingdom), Voltadis, A&H Meyer, Encelium; and - 0.5% due to the net impact of the Group's planned disengagement from Russia; and
- -1.0% due to exchange-rate effects over the period.

Organic changes in net sales by destination (local market of the end customer) from the first six months of 2022 to the first six months of 2023 were as follows:

Europe	6.8%
North and Central America	0.4%
Rest of the World	8.2%
Total	**4.6%**

Comments below concern sales by destination:

Europe: (42.7% of Group revenue)

Net sales in the Europe zone for the first half of 2023 came to €1,834.9 million compared with €1,699.8 million in the first half of 2022, an increase of +7.9%. This reflects a +2.4% change in scope of consolidation, the unfavorable -1.3% impact of exchange-rate fluctuations and +6.8% organic evolution.

In Europe's mature countries (36.4% of Group revenue), sales rose organically by +5.1% in the first half of 2023, including +1.6% in the second quarter alone, with strong rises in countries including Italy, Spain and Germany. Sales were resilient in France, the Netherlands and the United Kingdom, while they edged down in Scandinavia.

Sales in Europe's new economies rose +19.0% in the first half. In the second quarter alone, sales grew +13.7%, notably buoyed by strong growth in Turkey.

North and Central America: (38.1% of Group revenue)

Net sales in the North and Central America zone in the first half of 2023 came to €1,636.3 million compared with €1,597.8 million in the first half of 2022, an increase of +2.4%. This reflects a +0.7% change in scope of consolidation, the favorable +1.3% impact of exchange-rate fluctuations and +0.4% organic evolution.

In the United States alone (34.6% of Group revenue), sales showed a decline of -0.3% in the first six months of the year, including -3.0% in the second quarter alone. In the first half of the year, a period that saw building markets lose ground overall, this reflected a double-digit fall in residential building and a slight retreat in offers targeting non-residential applications, trends that were offset in part by double-digit growth in sales to datacenters.

Over the first half, sales rose sharply in Canada and were almost unchanged in Mexico.

Rest of the world: (19.2% of Group revenue)

Net sales in the Rest of the World zone for the first half of 2023 came to €823.6 million compared with €794.8 million in the first half of 2022, an increase of +3.6%. This reflects a +0.4% change in scope of consolidation, the unfavorable -4.6% impact of exchange-rate fluctuations and +8.2% organic evolution.

In Asia-Pacific (12.6% of Group revenue), sales rose +9.3% in the first half of the year and +9.0% in the second quarter alone. This good momentum reflects very sustained growth in India and moderate growth in China.

In Africa and the Middle East (3.6% of Group revenue), sales were up +14.6% in the first six months of the year and +16.5% in the second quarter. Over six months, sales trends were upbeat both in Africa and in the Middle East.

In South America (3.0% of Group revenue), in degraded economic conditions, sales were down -3.0% in the first half, linked in particular to Brazil, with a -3.3% decline in the second quarter alone.

The table below shows a breakdown of net sales by destination (local market of the end customer) for the 6-month periods ending June 30, 2022 and June 30, 2023:

	6 months ended			
	June 30, 2023		June 30, 2022	
(in € million, except %)	€	%	€	%
Net sales by destination				
Europe	1,834.9	42.7	1,699.8	41.5
North and Central America	1,636.3	38.1	1,597.8	39.0
Rest of the World	823.6	19.2	794.8	19.4
Total	**4,294.8**	**100.0**	**4,092.4**	**100.0**

The table below shows a breakdown of changes in net sales to third parties as reported by zone of destination (market where sales are recorded):

	6 months ended June 30,					
Net sales *(in € million, except %)*	**2023**	**2022**	**Total change**	**Change in scope**	**Organic growth(1)**	**Exchange-rate effect**
Europe	1,834.9	1,699.8	7.9%	2.4%	6.8%	(1.3%)
North and Central America	1,636.3	1,597.8	2.4%	0.7%	0.4%	1.3%
Rest of the World	823.6	794.8	3.6%	0.4%	8.2%	(4.6%)
Consolidated total	**4,294.8**	**4,092.4**	**4.9%**	**1.3%**	**4.6%**	**(1.0%)**

(1) at constant scope of consolidation and exchange rates.

The following table presents the breakdown of changes in net sales to third parties as reported by zone of origin:

	6 months ended June 30,					
Net sales *(in € million, except %)*	**2023**	**2022**	**Total change**	**Change in scope**	**Organic growth(1)**	**Exchange-rate effect**
Europe	1,914.2	1,778.7	7.6%	3.6%	(3.0%)	(1.3%)
North and Central America	1,666.6	1,621.1	2.8%	0.5%	(5.3%)	1.3%
Rest of the World	714.0	692.6	3.1%	0.4%	5.3%	(5.2%)
Consolidated total	**4,294.8**	**4,092.4**	**4.9%**	**1.8%**	**(2.5%)**	**(1.0%)**

(1) at constant scope of consolidation and exchange rates.

1.4.2 - Cost of sales

The consolidated cost of sales decreased 1.6% to €2,027.4 million in the first half of 2023, compared with €2,059.4 million in the first half of 2022. This was primarily due to:

- ongoing efforts to raise productivity and adjust to changing conditions;

These were partly offset by:

- consolidation of new acquisitions.

As a percentage of net sales, the cost of sales was down from 50.3% in the first half of 2022 to 47.2% in the first half of 2023.

1.4.3 - Administrative and selling expenses

Administrative and selling expenses rose by 8.8% to €1,085.6 million in the first half of 2023, compared with €998.1 million in the first half of 2022. This was essentially attributable to:

- acceleration of the Group's digitalization;
- consolidation of new acquisitions.

Expressed as a percentage of sales, administrative and selling expenses stood at 25.3% in the first half of 2023 compared with 24.4% in the first half of 2022.

1.4.4 - Research and development costs

	6 months ended	
(in € millions)	**June 30, 2023**	**June 30, 2022**
Research and development costs	(185.8)	(175.3)
Acquisition-related amortization and R&D tax credit	7.9	6.7
Amortization of capitalized development costs	13.1	14.0
R&D costs before capitalized development costs	**(164.8)**	**(154.6)**
Capitalized development costs	(15.6)	(14.8)
Research and development expenditure for the period	**(180.4)**	**(169.4)**

In accordance with IAS 38 "Intangible Assets", Legrand has implemented an internal measurement and accounting system for development costs to be recognized as intangible assets.

On this basis, €15.6 million in development costs were capitalized in the first half of 2023 compared with €14.8 million in the first half of 2022.

Amortization charges for capitalized development costs amounted to €13.1 million in the first half of 2023, compared to €14.0 million in the first half of 2022.

Research and development costs totaled €185.8 million in the first half of 2023, compared with €175.3 million in the first half of 2022. Excluding the impact of the capitalization of development costs and purchase accounting charges relating to acquisitions, as well as the tax credit for research and development activities, R&D expenditure stood at €180.4 million in the first half of 2023 (4.2% of net sales), compared with €169.4 million in the first half of 2022 (4.1% of net sales).

In the first six months of 2023, research and development operations had more than 2,700 employees in more than 20 countries.

1.4.5 - Other operating income and expenses

In the first six months of 2023, other operating income and expenses totaled €103.7 million compared with €70.2 million in the same period of 2022.

1.4.6 - Operating profit

The Group consolidated operating profit rose 13.0% to €892.3 million in the first half of 2023 compared with €789.4 million in the first half of 2022. This increase resulted from:

- a 4.9% rise in net sales;
- an 1.6% decrease in cost of sales;
- a 8.4% rise in administrative, selling and research & development costs; and
- an €33.5 million rise in other income and operating expenses.

As a percentage of net sales, operating profit came to 20.8% in the first half of 2023 compared with 19.3% in the first half of 2022.

1.4.7 - Adjusted operating profit

Adjusted operating profit is defined as operating profit adjusted for amortization and depreciation of revaluation of assets at the time of acquisitions and for other P&L impacts relating to acquisitions and, where applicable, for impairment of goodwill.

Adjusted operating income rose 14.0% to stand at €954.7 million in the first half of 2023 compared with €837.8 million in the first half of 2022, and broke down as follows by geographical zone:

- **Europe:** a 19.4% rise to €467.9 million in the first half of 2023 compared with €392.0 million in the first half of 2022, representing 24.4% of net sales in the first six months of 2023 compared with 22.0% in the first six months of 2022;
- **North and Central America**: a 10.7% rise to €336.9 million in the first half of 2023, compared with €304.4 million in the first half of 2022, representing 20.2% of net sales in the first six months of 2023 compared with 18.8% in the first six months of 2022; and
- **Rest of the world**: a 6.0% rise to €149.9 million in the first half of 2023 compared with €141.4 million in the first half of 2022, representing 21.0% of net sales in the first six months of 2023 compared to 20.4% in the first six months of 2022.

In the first half of 2023, Group adjusted operating margin before acquisitions (at 2022 scope of consolidation) stood at 22.7% of net sales, an improvement of 2.2 point compared with first-half 2022 figure of 20.5%. Taking acquisitions into account, the Group's adjusted operating margin came to 22.2% of net sales in the first half of 2023.

1.4.8 - Net financial expenses

Net financial expenses principally correspond to financial expenses related to Yankee bonds; the 2015, 2017, 2018, 2019, 2020, 2021 and 2023 bond issues; the 2011 credit facility amended in 2014 and in 2019; and other bank borrowings (for a description of these arrangements, see paragraph 1.5.2 of this chapter), less financial income arising from the investment of cash and cash equivalents.

Finance expenses stood at €40.8 million in the first half of 2023 compared with €43.8 million in the first half of 2022.

Financial income came to €31.9 million in the first half of 2023 compared with €5.1 million in the first half of 2022.

Net financial expenses decreased €29.8 million in the first six months of 2023 from the same period of 2022, accounting for 0.2% of net sales in the first half of 2023 compared with 0.9% in the first half of 2022.

1.4.9 - Exchange gains and losses

Exchange gains and losses correspond mainly to translation differences recognized on settlement of foreign currency transactions, as well as the translation impact at the closing exchange rate of monetary assets and liabilities denominated in foreign currencies. Exchange losses amounted to €3.2 million in the first six months of 2023 compared with €0.6 million gains in the same period of 2022.

1.4.10 - Income tax expense

In first-half 2023 Legrand's pre-tax income amounted to €880.2 million up from €751.3 million in first-half 2022.

Consolidated income tax expense amounted to €229.2 million in the first half of 2023 compared with €202.9 million in the first half of 2022. The effective tax rate stood at 26.0% in the first six months of 2023 compared with 27.0% in the same period of 2022.

1.4.11 - Net profit attributable to the Group

Net profit attributable to the Group amounted to €650.9 million in the first half of 2023 (€102.8 million increase compared with the first half of 2022) This +18.8% increase reflects:

- a €102.9 million rise in operating profit;
- a €29.8 million rise in net financial expenses;
- a €3.8 million decrease in exchange gains and losses;
- a €26.3 million rise in income tax expense.
- a €0.2 million decrease in profit attributable to minority interests.

1.5 - CASH FLOWS AND INDEBTEDNESS

1.5.1 - Cash flows

The table below summarizes cash flows of the Company for the years ended June 30, 2023 and 2022

(in € millions)	6 months ended	
	June 30, 2023	**June 30, 2022**
Net cash from operating activities	892.7	380.4
Net cash from investing activities*	(193.7)	(199.9)
Net cash from financing activities	(177.3)	(346.4)
Translation net change in cash and cash equivalents	(14.1)	47.5
Increase (decrease) in cash and cash equivalents	**507.6**	**(118.4)**
** of which capital expenditure and capitalized development costs*	*(79.6)*	*(61.5)*

For a detailed analysis of cash flows, readers should refer to the consolidated statement of cash flows provided in the Group's consolidated financial statements.

1.5.1.1 NET CASH FROM OPERATING ACTIVITIES

Net cash provided by operating activities stood at €892.7 million at June 30, 2023 compared with €380.4 million at June 30, 2022, an increase of €512.3 million.

This increase was due primarily to an increase of €76.4 million in cash flow from operations (defined as net cash generated by operating activities, plus or minus changes in current operating assets and liabilities) reaching €863.3 million at June 30, 2023 compared with €786.9 million on June 30, 2022 and also to changes in current operating assets and liabilities, which set cash generation at €29.4 million in the first half of 2023 compared with cash used at €406.5 million in the same period of 2022.

1.5.1.2 NET CASH FROM INVESTING ACTIVITIES

Net cash used in investing activities for the period ended June 30, 2023 amounted to €193.7 million compared with €199.9 million for the period ended June 30, 2022.

Capital expenditure and capitalized development costs amounted to €79.6 million for the period ended June 30, 2023, or 1.9% of net sales compared to €61.5 million for the period ended June 30, 2022 or 1.5% of net sales

The amount of acquisitions (net of cash acquired) totaled €49.4 million in the first half of 2023 (compared with €139.7 million in the first half of 2022).

1.5.1.3 NET CASH FROM FINANCING ACTIVITIES

Net cash used by financing activities amounted to €177.3 million in the first half of 2023, including primarily the payment of dividends in an amount of €504.0 million, a decrease in short-term financing of €151.1 million and buybacks of treasury shares and transactions under the liquidity contract of €175.7 million, partially offset by a €704.1 million increase in long-term financing.

1.5.2 - Debt

Gross debt (defined as the sum of long-term and short-term borrowings, including commercial paper and bank overdrafts) came to €5,269.9 million at June 30, 2023 compared to €4,665.7 million at December 31, 2022.

Cash and cash equivalents and marketable securities amounted to €2,854.4 million at June 30, 2023 compared to €2,346.8 million at December 31, 2022.

Net debt (defined as gross debt less cash and cash equivalents and marketable securities) totaled €2,415.5 million at June 30, 2023 compared to €2,318.9 million at December 31, 2022.

The ratio of consolidated net debt to consolidated shareholders' equity was around 38% at June 30, 2023 compared with around 35% at December 31, 2022.

At June 30, 2023, the Group's gross debt consisted of the following:

- €4,400.0 million in bonds issued in December 2015 (€300.0 million), July 2017 (€1 billion), October 2017 (€400.0 million), March 2018 (€400.0 million), June 2019 (€400.0 million), May 2020 (€600.0 million), October 2021 (€600.0 million) and in May 2023 (€700.0 million);
- €165 million on negotiable commercial paper (of which €115.0 million short-term and €50.0 million long-term);
- €285.7 million in Yankee bonds;
- €296.2 million in lease financial liabilities; and
- €123.0 million in other debt, consisting mainly of bank borrowings, overdrafts and debt related to acquisitions, net of debt issuance costs.

1.6 - RISKS AND UNCERTAINTIES

Readers should refer to chapter 2 and to Note 5.1.2 in chapter 8 of the Universal Registration Document filed with the French *Autorité des Marchés Financiers* (AMF) on April 12, 2023 under number D.23-0262, which discuss the main risk factors of a nature to adversely affect the group's position and risk management.

1.7 - TRENDS AND PROSPECTS

In 2023, the Group is pursuing the profitable and responsible development laid out in its strategic roadmap.

Taking into account the world’s current macroeconomic outlook and excluding a major economic slowdown, Legrand has now set the following full-year targets for 2023:

- sales growth at constant exchange rates and excluding Russia impacts of between +5% and +8% (vs +2% and +6% initially), including a scope of consolidation effect of around +2%;
- an adjusted operating margin before acquisitions (at 2022 scope of consolidation), and excluding Russia and related impacts of around 20.5% of sales (vs around 20% initially);
- at least 100% CSR achievement rate for the second year of its 2022-2024 roadmap.

CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2023

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2.1 - CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS AS OF JUNE 30, 2023

2.1.1 - Consolidated statement of income

(in € millions)	6 months ended June 30, 2023	6 months ended June 30, 2022
Net sales (Notes 2.1 and 2.2)	**4,294.8**	**4,092.4**
Operating expenses (Note 2.3)		
Cost of sales	(2,027.4)	(2,059.4)
Administrative and selling expenses	(1,085.6)	(998.1)
Research and development costs	(185.8)	(175.3)
Other operating income (expenses)	(103.7)	(70.2)
Operating profit	**892.3**	**789.4**
Financial expenses	(40.8)	(43.8)
Financial income	31.9	5.1
Exchange gains (losses)	(3.2)	0.6
Financial profit (loss)	**(12.1)**	**(38.1)**
Profit before tax	**880.2**	**751.3**
Income tax expense (Note 2.4)	(229.2)	(202.9)
Share of profits (losses) of equity-accounted entities	**0.0**	**0.0**
Profit for the period	**651.0**	**548.4**
Of which:		
- **Net profit attributable to the Group**	**650.9**	**548.1**
- **Minority interests**	**0.1**	**0.3**
Basic earnings per share *(euros)* (Note 4.1.3)	2.447	2.056
Diluted earnings per share *(euros)* (Note 4.1.3)	2.428	2.040

The accompanying Notes are an integral part of these consolidated financial statements.

2.1.2 - Consolidated statement of comprehensive income

	6 months ended	
(in € millions)	**June 30, 2023**	**June 30, 2022**
Profit for the period	651.0	548.4
Items that may be reclassified subsequently to profit or loss		
Translation reserves	(110.0)	459.1
Cash flow hedges	(1.7)	42.1
Income tax relating to components of other comprehensive income	(1.1)	6.2
Items that will not be reclassified to profit or loss		
Actuarial gains and losses (Note 4.5.1.1)	0.1	35.3
Deferred taxes on actuarial gains and losses	(0.2)	(8.6)
Other (Note 5.1.1.1)	0.0	0.0
Comprehensive income for the period	**538.1**	**1,082.5**
Of which:		
- Comprehensive income attributable to the Group	**538.0**	**1,082.0**
- Minority interests	**0.1**	**0.5**

The accompanying Notes are an integral part of these consolidated financial statements.

2.1.3 - Consolidated balance sheet

ASSETS

(in € millions)	June 30, 2023	December 31, 2022
Non-current assets		
Intangible assets (Note 3.1)	2,462.9	2,534.7
Goodwill (Note 3.2)	5,527.8	5,567.4
Property, plant and equipment (Note 3.3)	737.9	746.0
Right-of-use assets (Note 3.4)	288.2	266.2
Other investments	2.0	1.9
Other non-current assets	150.6	62.1
Deferred tax assets (Note 4.7)	128.9	133.6
TOTAL NON CURRENT ASSETS	**9,298.3**	**9,311.9**
Current assets		
Inventories (Note 3.5)	1,331.3	1,357.4
Trade receivables (Note 3.6)	1,074.1	958.1
Income tax receivables	142.7	120.5
Other current assets (Note 3.7)	310.3	255.4
Other current financial assets	2.8	65.1
Cash and cash equivalents (Note 3.8)	2,854.4	2,346.8
TOTAL CURRENT ASSETS	**5,715.6**	**5,103.3**
TOTAL ASSETS	**15,013.9**	**14,415.2**

The accompanying Notes are an integral part of these consolidated financial statements.

EQUITY AND LIABILITIES

(in € millions)	June 30, 2023	December 31, 2022
Equity		
Share capital (Note 4.1)	1,067.3	1,067.3
Retained earnings (Notes 4.2 and 4.3.1)	5,841.1	5,900.3
Translation reserves (Note 4.3.2)	(440.4)	(330.4)
Equity attributable to equity holders of Legrand	6,468.0	6,637.2
Minority interests	2.1	5.6
TOTAL EQUITY	**6,470.1**	**6,642.8**
Non-current liabilities		
Long-term provisions (Notes 4.4 and 4.5.2)	202.8	217.4
Provisions for post-employment benefits (Note 4.5.1)	129.9	130.1
Long-term borrowings (Note 4.6.1)	4,630.9	4,014.4
Deferred tax liabilities (Note 4.7)	938.2	914.6
TOTAL NON-CURRENT LIABILITES	**5,901.8**	**5,276.5**
Current liabilities		
Trade payables	944.8	852.5
Income tax payables	68.0	48.6
Short-term provisions (Note 4.4)	147.0	146.4
Other current liabilities (Note 4.8)	840.9	795.1
Short-term borrowings (Note 4.6.2)	639.0	651.3
Other current financial liabilities	2.3	2.0
TOTAL CURRENT LIABILITIES	**2,642.0**	**2,495.9**
TOTAL EQUITY AND LIABILITIES	**15,013.9**	**14,415.2**

The accompanying Notes are an integral part of these consolidated financial statements.

2.1.4 - Consolidated statement of cash flows

	6 months ended	
(in € millions)	June 30, 2023	June 30, 2022
Profit for the period	**651.0**	**548.4**
Adjustments for non-cash movements in assets and liabilities:		
– Depreciation and impairment of tangible assets (Note 2.3)	61.7	62.2
– Amortization and impairment of intangible assets (Note 2.3)	59.0	51.7
– Amortization and impairment of capitalized development costs (Note 2.3)	16.0	13.4
– Amortization and impairment of right-of-use assets (Note 3.4)	37.1	35.5
– Amortization of financial expenses	1.7	1.8
– Impairment of goodwill (Note 3.2)	0.0	0.0
– Changes in long-term deferred taxes	25.8	29.8
– Changes in other non-current assets and liabilities (Notes 4.4 and 4.5)	0.4	38.9
– Unrealized exchange (gains)/losses	9.4	5.2
– Share of (profits) losses of equity-accounted entities	0.0	0.0
– Other adjustments	0.1	0.0
– Net (gains)/losses on sales of assets	1.1	0.0
Changes in working capital requirement:		
– Inventories (Note 3.5)	7.4	(139.6)
– Trade receivables (Note 3.6)	(108.7)	(287.6)
– Trade payables	77.6	68.5
– Other operating assets and liabilities (Notes 3.7 and 4.8)	53.1	(47.8)
Net cash from operating activities	**892.7**	**380.4**
– Net proceeds from sales of fixed and financial assets	0.7	2.0
– Capital expenditure (Notes 3.1 and 3.3)	(64.0)	(46.7)
– Capitalized development costs	(15.6)	(14.8)
– Changes in non-current financial assets and liabilities	(65.4)	(0.7)
– Acquisitions and disposals of subsidiaries, net of cash (Note 1.4.2)	(49.4)	(139.7)
Net cash from investing activities	**(193.7)**	**(199.9)**
– Proceeds from issues of share capital and premium (Note 4.1.1))	0.0	0.0
– Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 4.1.2)	(175.7)	(45.0)
– Dividends paid to equity holders of Legrand (Note 4.1.3)	(504.0)	(439.3)
– Dividends paid by Legrand subsidiaries	0.0	0.0
– Proceeds from long-term financing (Note 4.6)	704.1	100.0
– Repayment of long-term financing* (Note 4.6)	(38.2)	(446.7)
– Debt issuance costs	(3.2)	0.0
– Increase (reduction) in short-term financing (Note 4.6)	(151.1)	484.6
– Acquisitions of ownership interests with no gain of control (Note 1.4.2)	(9.2)	0.0
Net cash from financing activities	**(177.3)**	**(346.4)**
Translation net change in cash and cash equivalents	(14.1)	47.5
Increase (decrease) in cash and cash equivalents	**507.6**	**(118.4)**
Cash and cash equivalents at the beginning of the period	2,346.8	2,788.3
Cash and cash equivalents at the end of the period (Note 3.8)	**2,854.4**	**2,669.9**
Items included in cash flows:		
– Interest paid during the period**	25.9	42.0
– Income taxes paid during the period	207.6	151.4

** Of which €37.5 million corresponding to lease financial liabilities repayment for the 6 months ended June 30, 2023 (€35.5 million for the 6 months ended June 30, 2022).*
*** Interest paid is included in the net cash from operating activities; of which €4.3 million interests on lease financial liabilities for the 6 months ended June 30, 2023 (€3.4 million for the 6 months ended June 30, 2022).*

The accompanying Notes are an integral part of these consolidated financial statements.

2.1.5 - Consolidated statement of changes in equity

	Equity attributable to the Group						
(in € millions)	Share capital	Retained earnings	Translation reserves	Actuarial gains and losses*	Total	Minority interests	Total equity
As of December 31, 2021	**1,069.8**	**5,336.1**	**(621.8)**	**(67.6)**	**5,716.5**	**3.8**	**5,720.3**
Profit for the period		548.1			548.1	0.3	548.4
Other comprehensive income		48.3	458.9	26.7	533.9	0.2	534.1
Total comprehensive income		596.4	458.9	26.7	1,082.0	0.5	1,082.5
Dividends paid		(439.3)			(439.3)		(439.3)
Issues of share capital and premium	0.0	0.0	0.0	0.0	0.0		0.0
Cancellation of shares held in treasury	(2.5)	(47.3)	0.0	0.0	(49.8)		(49.8)
Net sales (buybacks) of treasury shares and transactions under the liquidity contract		4.8			4.8		4.8
Change in scope of consolidation**		0.1			0.1	2.5	2.6
Current taxes on share buybacks		0.5			0.5		0.5
Share-based payments		14.6			14.6		14.6
As of June 30, 2022	**1,067.3**	**5,465.9**	**(162.9)**	**(40.9)**	**6,329.4**	**6.8**	**6,336.2**
Profit for the period		451.4			451.4	(0.3)	451.1
Other comprehensive income		12.9	(167.5)	(6.4)	(161.0)	(0.1)	(161.1)
Total comprehensive income		464.3	(167.5)	(6.4)	290.4	(0.4)	290.0
Dividends paid					0.0		0.0
Issues of share capital and premium	0.0	0.0			0.0		0.0
Cancellation of shares held in treasury	0.0	0.0			0.0		0.0
Net sales (buybacks) of treasury shares and transactions under the liquidity contract		0.4			0.4		0.4
Change in scope of consolidation**		(2.0)			(2.0)	(0.8)	(2.8)
Current taxes on share buybacks		(0.2)			(0.2)		(0.2)
Share-based payments		19.2			19.2		19.2
As of December 31, 2022	**1,067.3**	**5,947.6**	**(330.4)**	**(47.3)**	**6,637.2**	**5.6**	**6,642.8**
Profit for the period		650.9			650.9	0.1	651.0
Other comprehensive income		(2.8)	(110.0)	(0.1)	(112.9)	0.0	(112.9)
Total comprehensive income		648.1	(110.0)	(0.1)	538.0	0.1	538.1
Dividends paid		(504.0)			(504.0)		(504.0)
Issues of share capital and premium (Note 4.1.1)	0.0	0.0			0.0		0.0
Cancellation of shares held in treasury (Note 4.1.1)	0.0	0.0			0.0		0.0
Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 4.1.2)		(200.7)			(200.7)		(200.7)
Change in scope of consolidation**		(17.5)			(17.5)	(3.6)	(21.1)
Current taxes on share buybacks		(0.1)			(0.1)		(0.1)
Share-based payments (Note 4.2)		15.1			15.1		15.1
As of June 30, 2023	**1,067.3**	**5,888.5**	**(440.4)**	**(47.4)**	**6,468.0**	**2.1**	**6,470.1**

** Net of deferred taxes.*

*** Corresponds mainly to acquisitions of additional shares in companies already consolidated and to puts on minority interests.*

The accompanying Notes are an integral part of these consolidated financial statements.

2.1.6 - Notes to the consolidated financial statements

KEY FIGURES AND SIGNIFICANT EVENTS FOR THE PERIOD

Key figures

(in € millions)	1st half 2023	1st half 2022
Net sales	**4,294.8**	**4,092.4**
Adjusted operating profit	954.7	837.8
As % of net sales	22.2%	20.5%
	22.7 % before acquisitions (1)	
Operating profit	**892.3**	**789.4**
As % of net sales	20.8%	19.3%
Net profit attributable to the Group	**650.9**	**548.1**
As % of net sales	15.2%	13.4%
Normalized free cash flow	**766.9**	**688.2**
As % of net sales	17.9%	16.8%
Free cash flow	**813.8**	**320.9**
As % of net sales	18.9%	7.8%
Net financial debt at June 30	**2,415.5**	**2,861.8**

(1) At 2022 scope of consolidation and excluding Russia and related impacts.

Adjusted operating profit is defined as operating profit adjusted for: i) amortization and depreciation of revaluation of assets at the time of acquisitions and for other P&L impacts relating to acquisitions, ii) assets impairment in Russia and, iii) where applicable, for impairment of goodwill.

Free cash flow is defined as the sum of net cash from operating activities and net proceeds from sales of fixed and financial assets, less capital expenditure and capitalized development costs.

Normalized free cash flow is defined as the sum of net cash from operating activities - based on a working capital requirement representing 10% of the last 12 months' sales and whose change at constant scope of consolidation and exchange rates is adjusted for the period considered - and net proceeds of sales from fixed and financial assets, less capital expenditure and capitalized development costs.

Net financial debt is defined as the sum of short-term borrowings and long-term borrowings, less cash and cash equivalents and marketable securities.

The reconciliation of key figures with the financial statements is available in Note 5.5.

NOTE 1 - BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 GENERAL INFORMATION

Legrand ("the Company") along with its subsidiaries (together "Legrand" or "the Group") is the global specialist in electrical and digital building infrastructures.

The Group has manufacturing and/or distribution subsidiaries and offices in close to 90 countries and sells its products in more than 170 countries.

As a company incorporated in France, Legrand is governed by French company laws, including the provisions of the Code de commerce (*French Commercial Code*).

The Company is a French *société anonyme* (K65D) incorporated and domiciled in France. Its registered office is located at 128, avenue du Maréchal de Lattre de Tassigny – 87000 Limoges (France).

The consolidated financial statements were approved by the Board of Directors on July 28, 2023.

All amounts are presented in millions of euros with a figure after the decimal point, unless otherwise specified. Some totals may include rounding differences.

1.2 ACCOUNTING POLICIES

The half-year consolidated financial statements of the Legrand Group cover the six-month period ended June 30, 2023. They have been prepared in accordance with IAS 34 – Interim Financial Reporting. Accordingly, they do not include all the information required by International Financial Reporting Standards (IFRS) and should be read in conjunction with the consolidated financial statements at December 31, 2022, as presented in the 2022 Universal Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on April 12, 2023, under no. D.23-0262.

The accounting policies used to prepare the half-year consolidated financial statements are consistent with the IFRS standards and interpretations as adopted by the European Union at June 30, 2023. They are also consistent with the polices used to prepare the annual consolidated financial statements at December 31, 2022.

None of the IFRS issued by the International Accounting Standards Board (IASB) that have not been adopted for use in the European Union are applicable to the Group.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies.

The areas involving a specific degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.2.3.

The consolidated financial statements have been prepared using the historical cost convention, except for some classes of assets and liabilities in accordance with IFRS. The classes concerned are mentioned in Note 5.1.1.2.

1.2.1 New standards, amendments and interpretations that may impact the Group's financial statements

1.2.1.1 New standards, amendments and interpretations with mandatory application from January 1, 2023 that have an impact on the Group's 2023 financial statements

Not applicable.

1.2.1.2 New standards, amendments and interpretations with mandatory application from January 1, 2023 that have no impact on the Group's 2023 financial statements

Amendment to IAS 12 – Income Taxes

In May 2021, the IASB issued an amendment to IAS 12 – Income Taxes.

This amendment reduces the scope of application of the exemption from initial recognition of deferred tax for transactions such as decommissioning obligations and leases.

Not yet been adopted by the European Union, the amendment should be effective for annual periods beginning on or after January 1, 2023 at the latest.

The amendment is not expected to have a material impact on the Group.

1.2.1.3 New standards, amendments and interpretations not yet adopted by the European Union and not applicable to the Group until future periods

Amendment to IAS 1 – Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued the IAS 1 amendment - Classification of Liabilities as Current or Non-current.

This amendment clarifies the requirements for classifying liabilities as current or non-current.

Not yet been adopted by the European Union, the amendment should be effective for annual periods beginning on or after January 1, 2024 at the latest.

The Group reviewed the amendment, to determine its possible impacts on the consolidated financial statements and related disclosures.

The amendment is not expected to have a material impact on the Group.

1.2.2 Basis of consolidation

Subsidiaries are consolidated if they are controlled by the Group.

The Group has exclusive control over an entity when it has power over the entity, i.e., it has substantive rights to govern the entity's key operations, is exposed to variable returns from its involvement with the entity and has the ability to affect those returns.

Such subsidiaries are fully consolidated from the date when effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Any entity over which the Group has either:

- significant influence (a situation that occurs when the Group holds more than 20% of the voting rights without providing it with substantive rights to govern the entity's key operations); or
- joint control (a situation where the Group's participation gives it substantive rights to govern the entity's key operations jointly with a partner but does not provide exclusive control to the Group);

is consolidated using the equity method.

Such subsidiaries are initially recognized at acquisition cost and consolidated from the date when effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

1.2.3 Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that are reflected in the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events, and are believed to be reasonable under the circumstances.

1.2.3.1 Impairment of goodwill and intangible assets

Trademarks with indefinite useful lives and goodwill are tested for impairment at least once a year and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Intangible assets with finite useful lives are amortized over their estimated useful lives and are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Future events could cause the Group to conclude that evidence exists that certain intangible assets acquired in a business combination are impaired. Any resulting impairment loss could have a material adverse effect on the Group's consolidated financial statements and in particular on the Group's operating profit.

Discounted cash flow estimates (used for impairment tests on goodwill and trademarks with indefinite useful lives) are based on management's estimates of key assumptions, especially discount rates, medium-term growth and profitability rates.

1.2.3.2 Accounting for income taxes

As part of the process of preparing the consolidated financial statements, the Group is required to estimate income taxes in each of the jurisdictions in which it operates. This involves estimating the actual current tax exposure and assessing temporary differences resulting from differing treatment of items such as deferred revenue or prepaid expenses for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are reported in the consolidated balance sheet.

The Group must then assess the probability that deferred tax assets will be recovered from future taxable profit.

Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available, based on management-approved taxable profit forecasts.

The Group has not recognized all of its deferred tax assets because it is not probable that some of them will be recovered before they expire. The amounts involved mainly concern operating losses carried forward and foreign income tax credits. The assessment is based on management's estimates of future taxable profit by jurisdiction in which the Group operates and the period over which the deferred tax assets are recoverable.

1.2.3.3 Other assets and liabilities based on estimates

Other assets and liabilities based on estimates include provisions for pensions and other post-employment benefits, impairment of trade receivables, inventories and financial assets, share-based payments, provisions for contingencies and charges, right-of-use assets, capitalized development costs, and any annual volume rebates offered to customers.

1.3 SIGNIFICANT TRANSACTIONS AND EVENTS FOR THE PERIOD

Legrand announced in January 2023 its intention to disengage from its Russian operations and is currently reviewing options for transferring their control in a timely and orderly manner.

Legrand's activities in Russia accounted for approximately 1.5% of full-year sales in 2022. As of December 31, 2022, the Group's balance sheet exposure to Russia, including currency translation reserves, amounted to approximately €200 million. Of this amount, €148 million in asset impairment has been recognized in the 2022 consolidated financial statements, mainly in other operating income and expenses.

As of June 30, the remaining net Group's balance sheet exposure includes mainly translation reserves. The translation reserves (unrealized loss of €46 million as of June 30, 2023) will be reclassified in the income statement at the time of the actual disposal, without any cash impact.

1.4 SCOPE OF CONSOLIDATION

1.4.1 List of main consolidated companies

The consolidated financial statements comprise the financial statements of Legrand and its 227 subsidiaries.

The main consolidated operating subsidiaries are reported in Note 1.4.1 to the consolidated financial statements as of December 31, 2022. Changes in the scope of consolidation in first-half 2023 are presented below in Note 1.4.2.

1.4.2 Changes in the scope of consolidation

The contributions to the Group's consolidated financial statements of companies acquired since the end of 2021 were as follows:

2022	March 31	June 30	September 30	December 31
Full consolidation method				
Geiger	Balance sheet only	6 months' profit	9 months' profit	12 months' profit
Emos	Balance sheet only	Balance sheet only	Balance sheet only	9 months' profit
Usystems		Balance sheet only	Balance sheet only	7 months' profit
Voltadis			Balance sheet only	Balance sheet only
A. & H. Meyer			Balance sheet only	Balance sheet only
Power Control			Balance sheet only	Balance sheet only
Encelium				Balance sheet only

2023	March 31	June 30
Full consolidation method		
Geiger	3 months' profit	6 months' profit
Emos	3 months' profit	6 months' profit
Usystems	3 months' profit	6 months' profit
Voltadis	Balance sheet only	6 months' profit
A. & H. Meyer	Balance sheet only	6 months' profit
Power Control	Balance sheet only	Balance sheet only
Encelium	Balance sheet only	6 months' profit
Clamper	Balance sheet only	Balance sheet only

During the first six months of 2023, the Group acquired Clamper, Brazilian leader in surge protection devices, used in particular for photovoltaic infrastructures. Based in Belo Horizonte, Clamper has over 600 employees and annual sales of nearly €40 million.

NOTE 2 - HALF-YEAR RESULTS

2.1 SEGMENT INFORMATION

In accordance with IFRS 8, operating segments are determined based on the reporting made available to the chief operating decision maker of the Group and to the Group's management.

Given that Legrand's activities are carried out locally, the Group is organized for management purposes by countries or groups of countries which have been allocated for internal reporting purposes into three operating segments:

- Europe, including France, Italy and Rest of Europe (mainly including Benelux, Germany, Iberia (including Portugal and Spain), Poland, Turkey, and the United Kingdom);
- North and Central America, including Canada, Mexico, the United States, and Central American countries; and
- Rest of the world, mainly including Australia, China, India, and South America (including particularly Brazil, Chile and Colombia).

These three operating segments are under the responsibility of three segment managers who are directly accountable to the chief operating decision maker of the Group.

The economic models of subsidiaries within these segments are quite similar. Indeed, their sales are made up of electrical and digital building infrastructure products in particular to electrical installers, sold mainly through third-party distributors.

6 months ended June 30, 2023

(in € millions)	Europe	North and Central America	Rest of the world	Total
Net sales to third parties	**1,914.2** [(1)]	**1,666.6** [(2)]	**714.0**	**4,294.8**
Cost of sales	(864.5)	(780.6)	(382.3)	(2,027.4)
Administrative and selling expenses, R&D costs	(555.8)	(540.0)	(175.6)	(1,271.4)
Other operating income (expenses)	(47.4)	(47.4)	(8.9)	(103.7)
Operating profit	**446.5**	**298.6**	**147.2**	**892.3**
- of which i/ acquisition-related amortization, expenses and income and ii/ assets impairment in Russia				
· accounted for in administrative and selling expenses, R&D costs	(12.6)	(38.3)	(2.7)	(53.6)
· accounted for in other operating income (expenses)	(8.8)	0.0	0.0	(8.8)
- of which goodwill impairment				0.0
Adjusted operating profit	**467.9**	**336.9**	**149.9**	**954.7**
- of which depreciation and impairment of tangible assets	(36.9)	(12.8)	(11.8)	(61.5)
- of which amortization and impairment of intangible assets	(8.0)	(1.3)	(0.7)	(10.0)
- of which amortization and impairment of development costs	(15.5)	0.0	(0.5)	(16.0)
- of which amortization and impairment of right-of-use assets	(13.9)	(13.3)	(9.9)	(37.1)
- of which restructuring costs	(17.2)	(7.4)	(5.4)	(30.0)
Capital expenditure	(43.3)	(12.0)	(8.7)	(64.0)
Capitalized development costs	(15.0)	0.0	(0.6)	(15.6)
Net tangible assets	456.4	155.8	125.7	737.9
Total current assets	3,435.0	1,366.3	914.3	5,715.6
Total current liabilities	1,668.2	516.8	457.0	2,642.0

(1) Of which France: €664.3 million.

(2) Of which United States: €1,537.3 million.

6 months ended June 30, 2022

(in € millions)	Europe	North and Central America	Rest of the world	Total
Net sales to third parties	**1,778.7** (1)	**1,621.1** (2)	**692.6**	**4,092.4**
Cost of sales	(823.4)	(844.1)	(391.9)	(2,059.4)
Administrative and selling expenses, R&D costs	(513.6)	(502.2)	(157.6)	(1,173.4)
Other operating income (expenses)	(57.8)	(7.8)	(4.6)	(70.2)
Operating profit	**383.9**	**267.0**	**138.5**	**789.4**
- of which i/ acquisition-related amortization, expenses and income and ii/ assets impairment in Russia				
· accounted for in administrative and selling expenses, R&D costs	(8.1)	(37.4)	(2.9)	(48.4)
· accounted for in other operating income (expenses)				0.0
- of which goodwill impairment				0.0
Adjusted operating profit	**392.0**	**304.4**	**141.4**	**837.8**
- of which depreciation and impairment of tangible assets	(36.8)	(13.2)	(12.2)	(62.2)
- of which amortization and impairment of intangible assets	(3.6)	(1.1)	(0.6)	(5.3)
- of which amortization and impairment of development costs	(12.9)	0.0	(0.5)	(13.4)
- of which amortization and impairment of right-of-use assets	(13.1)	(12.0)	(10.4)	(35.5)
- of which restructuring costs	(10.0)	(2.6)	(1.7)	(14.3)
Capital expenditure	(31.4)	(9.2)	(6.1)	(46.7)
Capitalized development costs	(14.1)	0.0	(0.7)	(14.8)
Net tangible assets	445.5	155.5	129.4	730.4
Total current assets	3,468.0	1,185.3	972.0	5,625.3
Total current liabilities	1,977.6	518.5	454.0	2,950.1

(1) Of which France: €653.2 million.

(2) Of which United States: €1,497.8 million.

2.2 NET SALES

The Group derived the large majority of its revenue from product sales to generalist and specialist distributors. The two largest distributors accounted for more than 16% of consolidated net sales in 2022. The Group estimates that no other distributor accounted for more than 5% of consolidated net sales.

Contracts with distributors are signed for a one-year period. As a general rule, there is only one performance obligation in these contracts, which is to sell and deliver products to the customer (the performance obligation related to delivery is not material within the context of customer contracts).

Within the context of these contracts, the Group owns the main risks and benefits resulting from the product sales, and therefore acts as the principal (and not as an agent).

Net sales are generally recognized at one point in time, corresponding to the date on which the control of the asset (products or, more rarely, services) is transferred to the customer, usually the date of shipment in the case of product sales. In the specific case of service sales where the customer consumes the service benefits over the period in which they are provided, net sales are recognized over time, i.e. spread over the period in which the services are provided to the customer.

Contracts with customers generally include variable payments in their favor, primarily deferred discounts and rebates, and occasionally commercial returns. These variable payments to customers are estimated at their most likely amount and accounted for when net sales are recognized. By default, variable payments to customers are accounted for as a deduction from net sales. Only payments made to customers in exchange for the transfer of products or services by these customers are accounted for as selling expenses, for the portion of these payments corresponding to the transferred products' or services' fair value.

In first-half 2023, the Group's consolidated net sales came to €4,294.8 million, up +4.9% in total compared with first-half 2022 due to organic arising +4.6%, change in scope +1.3% and the unfavorable impact of exchange rates -1.0%.

Changes in net sales by destination are as follows:

	6 months ended June 30,					
***Net sales** (in € million, except %)*	**2023**	**2022**	**Total change**	**Change in scope**	**Organic growth[(1)]**	**Exchange-rate effect**
Europe	1,834.9	1,699.8	7.9%	2.4%	6.8%	(1.3%)
North and Central America	1,636.3	1,597.8	2.4%	0.7%	0.4%	1.3%
Rest of the World	823.6	794.8	3.6%	0.4%	8.2%	(4.6%)
Consolidated total	**4,294.8**	**4,092.4**	**4.9%**	**1.3%**	**4.6%**	**(1.0%)**

(1) at constant scope of consolidation and exchange rates.

The Group sells its products in mature countries as well as many new economies (Eastern Europe and Turkey in the Europe operating segment, Central America and Mexico in the North and Central America operating segment, Asia excluding South Korea, South America, Africa and the Middle East in the Rest of the world operating segment).

Net sales (by destination) in these two geographical areas are as follows:

	6 months ended	
(in € millions)	**June 30, 2023**	**June 30, 2022**
Mature countries	3,183.8	3,067.4
New economies	1,111.0	1,025.0
TOTAL	**4,294.8**	**4,092.4**

2.3 OPERATING EXPENSES

Operating expenses include the following main categories of costs:

(in € millions)	6 months ended June 30, 2023	June 30, 2022
Raw materials and component costs	(1,426.1)	(1,483.8)
Personnel costs	(963.6)	(931.1)
Other external costs	(735.3)	(655.0)
Amortization of right-of-use assets	(37.1)	(35.5)
Depreciation of tangible assets	(61.7)	(62.2)
Amortization of intangible assets	(75.0)	(65.1)
Restructuring costs	(30.0)	(14.3)
Goodwill impairment	0.0	0.0
Other	(73.7)	(56.0)
OPERATING EXPENSES	**(3,402.5)**	**(3,303.0)**

"Other" primarily includes impairment losses and reversals on inventories (Note 3.5), trade receivables (Note 3.6), and provisions for contingencies (Note 4.4).

The Group had an average of 37,134 employees as of June 30, 2023 (versus 38,051 as of June 30, 2022), of which 29,618 back-office employees and 7,516 front-office employees (versus 30,685 and 7,366, respectively, as of June 30, 2022).

2.4 INCOME TAX EXPENSE

Income tax expense consists of the following:

(in € millions)	6 months ended June 30, 2023	June 30, 2022
Current taxes	(202.8)	(175.9)
Deferred taxes	(26.4)	(27.0)
TOTAL INCOME TAX EXPENSE	**(229.2)**	**(202.9)**

The reconciliation of total income tax expense for the period to income tax calculated at the standard tax rate in France is as follows, based on profit before tax of €880.2 million in first-half 2023 (versus €751.3 million in first-half 2022):

(Tax rate)	6 months ended June 30, 2023	June 30, 2022
Standard French income tax rate	**25.8%**	**25.8%**
Increases (reductions):		
- Effect of foreign income tax rates	(1.3%)	(1.7%)
- Non-taxable items	0.0%	0.5%
- Income taxable at specific rates	(0.1%)	(0.2%)
- Other	2.9%	2.5%
	27.3%	**26.9%**
Impact on deferred taxes of:		
- Changes in tax rates	0.0%	0.1%
- Recognition or non-recognition of deferred tax assets	(1.3%)	0.0%
EFFECTIVE TAX RATE	**26.0%**	**27.0%**

NOTE 3 - DETAILS ON NON-CURRENT AND CURRENT ASSETS

3.1 INTANGIBLE ASSETS

(in € millions)	June 30, 2023	December 31, 2022
Trademarks	1,859.2	1,882.2
Patents	115.7	127.4
Customer relationships	331.2	349.8
Other intangible assets	156.8	175.3
NET VALUE AT THE END OF THE PERIOD	**2,462.9**	**2,534.7**

3.1.1 Trademarks with indefinite and finite useful lives

The Legrand and Bticino brands represent close to 98% of the total value of trademarks with indefinite useful lives. These trademarks with indefinite useful lives are used internationally, and therefore contribute to all of the Group's cash-generating units.

They should contribute indefinitely to future consolidated cash flows because management plans to continue using them indefinitely. The Group performs periodical reviews of these trademarks' useful lives.

Trademarks with finite useful lives are amortized over their estimated useful lives ranging:

- from 10 years when management plans to gradually replace them by other major trademarks owned by the Group;
- to 20 years when management plans to replace them with other major trademarks owned by the Group only over the long term or when, in the absence of such an intention, management considers that the trademarks may be threatened in the long term.

Amortization of trademarks is recognized in the income statement under administrative and selling expenses.

Trademarks can be analyzed as follows:

(in € millions)	June 30, 2023	December 31, 2022
Gross value at the end of the period	2,352.3	2,362.0
Accumulated amortization and impairment at the end of the period	(493.1)	(479.8)
NET VALUE AT THE END OF THE PERIOD	**1,859.2**	**1,882.2**

The carrying value of trademarks with indefinite useful lives amounts to €1,408 million as of June 30, 2023.

To date, no significant impairment has been recognized for these trademarks.

For the purposes of impairment tests, the net book values of trademarks with an indefinite useful life are included in the impairment tests of goodwill at the level of CGU groups (Note 3.2). These tests are carried out in the fourth quarter of each year and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

3.1.2 Patents

Patents can be analyzed as follows:

(in € millions)	June 30, 2023	December 31, 2022
Gross value at the end of the period	805.0	809.6
Accumulated amortization and impairment at the end of the period	(689.3)	(682.2)
NET VALUE AT THE END OF THE PERIOD	**115.7**	**127.4**

To date, no significant impairment has been recognized for these patents.

3.1.3 Customer relationships

Customer relationships acquired in business combinations are recognized when they correspond to contractual relationships with key customers. Such relationships are measured using the excess earnings method, and are amortized over a period ranging from 3 to 20 years.

Customer relationships can be analyzed as follows:

(in € millions)	June 30, 2023	December 31, 2022
Gross value at the end of the period	551.1	560.3
Accumulated amortization and impairment at the end of the period	(219.9)	(210.5)
NET VALUE AT THE END OF THE PERIOD	**331.2**	**349.8**

To date, no significant impairment has been recognized for these customer relationships.

3.1.4 Other intangible assets

Other intangible assets are recognized at cost less accumulated amortization and impairment. They include in particular:

- costs related to development projects (relating to the design and testing of new or improved products). They are amortized on a straight-line basis from the date of sale of the product over the period of its expected profits, which does not exceed 10 years. Costs related to projects that do not meet the capitalization criteria of IAS 38 are recognized as research and development expenses in the year in which they are incurred;
- software, which is generally purchased from an external supplier and amortized over 3 years.

Other intangible assets can be analyzed as follows:

(in € millions)	June 30, 2023	December 31, 2022
Capitalized development costs	502.2	487.1
Software	186.2	174.0
Other	34.7	55.8
Gross value at the end of the period	**723.1**	**716.9**
Accumulated amortization and impairment at the end of the period	(566.3)	(541.6)
NET VALUE AT THE END OF THE PERIOD	**156.8**	**175.3**

To date, no significant impairment has been recognized for these items.

3.2 GOODWILL

To determine the goodwill for each business combination, the Group applies the partial goodwill method whereby goodwill is calculated as the difference between the consideration paid to acquire the business combination and the portion of the acquisition date fair value of the identifiable net assets acquired and liabilities assumed that is attributable to the Group.

Under this method no goodwill is allocated to minority interests. Changes in the percentage of interest held in a controlled entity are recorded directly in equity without recognizing any additional goodwill.

Goodwill is tested for impairment annually, in the fourth quarter of each year, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Each CGU (cash-generating unit) corresponds to individual countries or to groups of countries, when they either have similar market characteristics or are managed as a single unit. Within the Legrand Group, the level at which the goodwill carrying amount is measured corresponds to groups of CGUs, namely the three operating segments (Note 2.1), these three operating segments corresponding to the level of performance monitoring and allocation of resources by the Management Committee.

Value in use is estimated based on discounted cash flows for the next five years and a terminal value calculated from the final year of the projection period. The cash flow data used for the calculation is taken from the most recent medium-term business plans approved by Group management. Business plan projections are based on the latest available external forecasts of trends in the Group's markets. Cash flows beyond the projection period of five years are estimated by applying a growth rate to perpetuity.

The discount rates applied derive from the capital asset pricing model. They are calculated for each individual country, based on financial market and/or valuation services firm data (average data over the last three years). The cost of debt used in the calculations is the same for all individual countries (being equal to the Group's cost of debt).

Goodwill can be analyzed as follows:

(in € millions)	June 30, 2023	December 31, 2022
Europe	1,953.1	1,975.5
North and Central America	2,882.6	2,933.8
Rest of the world	692.1	658.1
NET VALUE AT THE END OF THE PERIOD	**5,527.8**	**5,567.4**

The North and Central America group corresponds to a single cash-generating unit (CGU), while the Europe and Rest of the World groups each include several CGUs.

Changes in goodwill can be analyzed as follows:

(in € millions)	June 30, 2023	December 31, 2022
Gross value at the beginning of the period	5,630.2	5,277.9
- Acquisitions	51.7	163.8
- Adjustments *	(24.8)	(12.2)
- Translation adjustments	(71.5)	200.7
Gross value at the end of the period	**5,585.6**	**5,630.2**
Impairment value at the beginning of the period	(62.8)	(36.7)
- Impairment losses	0.0	(28.2)
- Translation adjustments	5.0	2.1
Impairment value at the end of the period	**(57.8)**	**(62.8)**
NET VALUE AT THE END OF THE PERIOD	**5,527.8**	**5,567.4**

** Adjustments correspond to the difference between provisional and final goodwill.*

Purchase price allocations, which are performed within one year of each business combination, are as follows (excluding inventory step-up):

	6 or 12 months ended	
(in € millions)	June 30, 2023	December 31, 2022
- Trademarks	8.3	58.2
- Deferred taxes on trademarks	(2.3)	(12.6)
- Patents	0.0	16.7
- Deferred taxes on patents	0.0	(3.3)
- Other intangible assets	4.1	0.0
- Deferred taxes on other intangible assets	(1.3)	0.0

There was no evidence of events or changes in circumstances requiring the recognition of impairment losses in first-half 2023.

The following impairment testing parameters were used in the period ended December 31, 2022:

			Value in use	
	Recoverable amount	Carrying amount of goodwill	Discount rate (before tax)	Growth rate to perpetuity
Europe	Value in use	1,975.5	10.3 to 35.2%	2.0 to 15.0%
North and Central America	Value in use	2,933.8	11.3%	2.0%
Rest of the World	Value in use	658.1	11.4 to 18.8%	2.0 to 5.0%
NET VALUE AT THE END OF THE PERIOD		**5,567.4**		

An impairment loss of €28.2 million in relation with Russia is recognized in the period ended December 31, 2022.

3.3 PROPERTY, PLANT AND EQUIPMENT

Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets; the most commonly adopted useful lives are the following:

Lightweight buildings	25 years
Standard buildings	40 years
Machinery and equipment	8 to 10 years
Tooling	5 years
Building fixtures	15 years

Property, plant and equipment can be analyzed as follows:

	June 30, 2023				
(in € millions)	Land	Buildings	Machinery and equipment	Assets under construction and other	Total
Gross value at the end of the period	50.5	685.0	1,963.8	387.3	3,086.6
Depreciation and impairment at the end of the period	(0.2)	(475.1)	(1,657.6)	(215.8)	(2,348.7)
NET VALUE AT THE END OF THE PERIOD	**50.3**	**209.9**	**306.2**	**171.5**	**737.9**

(in € millions)	December 31, 2022 Land	Buildings	Machinery and equipment	Assets under construction and other	Total
Gross value at the end of the period	50.7	683.9	1,938.2	400.7	3,073.5
Depreciation and impairment at the end of the period	(0.2)	(472.6)	(1,641.1)	(213.6)	(2,327.5)
NET VALUE AT THE END OF THE PERIOD	**50.5**	**211.3**	**297.1**	**187.1**	**746.0**

3.4 RIGHT-OF-USE ASSETS AND LEASE CONTRACTS

Right-of-use assets are initially measured at an amount equal mainly to the sum of:

- initial values of the lease financial liability;
- prepayments (including the first lease payment in case of lease payments made at the beginning of lease periods); and
- restoration costs.

Right-of-use assets value is subsequently remeasured whenever the lease financial liability value is remeasured.

Right-of-use assets are depreciated using the straight-line method over the estimated lease contract duration. This latter is determined by taking into account the existence of lease renewal options and early termination options whose exercise is subject solely to the Group's decision.

More specifically, regardless of the nature of these options, whenever there is significant capital expenditures on leased buildings, the depreciation period applied to the tangible assets resulting from these expenditures is used to determine the estimated lease contract duration of these buildings.

Lease financial liabilities are initially measured at the present value of future lease payments (excluding variable lease payments and service payments whenever it is possible to identify these payments within total lease payments, while including, when applicable, the purchase option value if the exercise of this option is deemed probable), using as the discount rate the borrowing rate available for a Group entity for both the currency and the maturity corresponding to the estimated duration of the lease contract.

Lease financial liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, or a change in the lease term (following the subsequent exercise of an extension or an early termination option).

Lease financial liabilities are analyzed in Note 4.6.1.

The Group has elected not to recognize right-of-use assets and lease financial liabilities for short-term leases (not exceeding a one-year period) and/or leases of low-value assets.

Right-of-use assets can be analyzed as follows:

(in € millions)	June 30, 2023 Buildings	Machinery and equipment	Other	Total
Gross value at the end of the period	560.8	7.8	54.9	623.5
Depreciation and impairment at the end of the period	(301.5)	(4.3)	(29.5)	(335.3)
Net value at the end of the period	**259.3**	**3.5**	**25.4**	**288.2**

(in € millions)	December 31, 2022 Buildings	Machinery and equipment	Other	Total
Gross value at the end of the period	575.7	6.2	68.9	650.8
Depreciation and impairment at the end of the period	(340.0)	(4.1)	(40.5)	(384.6)
Net value at the end of the period	**235.7**	**2.1**	**28.4**	**266.2**

"Buildings" right-of-use assets mainly concern lease contracts for production sites, commercial offices and warehouses. Most of these lease contracts offer both extension and early termination options, while very few of them include purchase options or restoration costs. Therefore, the corresponding right-of-use assets do not include any material amount for purchase options or restoration costs.

"Machinery and equipment" right-of-use assets comprises mainly industrial machinery.

"Other" right-of-use assets mainly concern vehicles, forklifts and some IT equipment. Although most of these lease contracts include purchase options, these options are generally not exercised.

3.5 INVENTORIES

Inventories are measured at the lower of cost (of acquisition or production) and net realizable value, with cost determined principally on a first-in, first-out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Impairment provisions are recognized when inventories are considered wholly or partially obsolete, and for finished goods inventories when their net realizable value is lower than their net book value.

Inventories can be analyzed as follows:

(in € millions)	June 30, 2023	December 31, 2022
Purchased raw materials and components	615.8	619.2
Sub-assemblies, work in progress	138.0	137.4
Finished products	841.9	842.7
Gross value at the end of the period	**1,595.7**	**1,599.3**
Impairment	**(264.4)**	**(241.9)**
NET VALUE AT THE END OF THE PERIOD	**1,331.3**	**1,357.4**

3.6 TRADE RECEIVABLES

Trade receivables are initially recognized at fair value and are subsequently measured at amortized cost.

In accordance with IFRS 9, expected credit losses on trade receivables are estimated based on a provision table, by applying provision rates depending on the receivables aging.

Furthermore, a provision can be recognized in the income statement when there is objective evidence of impairment such as:

- when a debtor has defaulted; or
- when a debtor's credit rating has been downgraded or its business environment has deteriorated.

Trade receivables can be analyzed as follows:

(in € millions)	June 30, 2023	December 31, 2022
Trade receivables	1,174.9	1,058.7
Impairment	(100.8)	(100.6)
NET VALUE AT THE END OF THE PERIOD	**1,074.1**	**958.1**

The Group uses factoring contracts to reduce the risk of late payments.

As of June 30, 2023, these factoring contracts allowed the Group to derecognize trade receivables for an amount of €86.4 million (€73.4 million as of December 31, 2022), as their terms transfer all credit and late payment risks to the factoring companies. The only risk that is not transferred is dilution risk, which is historically very low.

Past-due trade receivables can be analyzed as follows:

(in € millions)	June 30, 2023	December 31, 2022
Less than 3 months past due receivables	178.8	214.2
From 3 to 12 months past due receivables	45.2	44.5
More than 12 months past due receivables	40.0	40.3
TOTAL	**264.0**	**299.0**

Provisions for impairment of past-due trade receivables amounted to €78.9 million as of June 30, 2023 (€77.5 million as of December 31, 2022). These provisions break down as follows:

(in € millions)	June 30, 2023	December 31, 2022
Provisions for less than 3 months past due receivables	10.5	9.2
Provisions for 3 to 12 months past due receivables	28.5	28.0
Provisions for more than 12 months past due receivables	40.0	40.3
TOTAL	**78.9**	**77.5**

3.7 OTHER CURRENT ASSETS

Other current assets can be analyzed as follows:

(in € millions)	June 30, 2023	December 31, 2022
Employee advances	3.3	2.1
Prepayments	95.4	80.6
Taxes other than income tax	149.9	124.8
Other receivables	61.7	47.9
NET VALUE AT THE END OF THE PERIOD	**310.3**	**255.4**

These assets are valued at amortized cost.

3.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash, short-term deposits and other liquid financial assets (possibility to realize the assets in less than 3 months at any time), readily convertible to known amounts of cash and are not subject to any material risk of change in value. Some of these other financial assets may have an initial maturity of one year or more, while being very easily convertible.

Cash and cash equivalents that are unavailable in the short term for the Group correspond to the bank accounts of certain subsidiaries facing complex, short-term fund repatriation conditions due mainly to regulatory reasons.

Cash and cash equivalents totaled €2,854.4 million as of June 30, 2023 (versus €2,346.8 million as of December 31, 2022). Of this amount, €25.7 million was not available to the Group in the short term as of June 30, 2023 (versus €13.4 million as of December 31, 2022).

NOTE 4 - DETAILS ON NON-CURRENT AND CURRENT LIABILITIES

4.1 SHARE CAPITAL AND EARNINGS PER SHARE

Share capital as of June 30, 2023 amounted to € 1,067,270,984 represented by 266,817,746 ordinary shares with a par value of €4 each, for 266,817,746 theoretical voting rights and 265,145,509 exercisable voting rights (after subtracting shares held in treasury by the Group as of this date).

As of June 30, 2023, the Group held 1,672,237 shares in treasury, versus 149,515 shares as of December 31, 2022, i.e. 1,522,722 additional shares corresponding to:

- the net acquisition of 2,086,970 shares outside of the liquidity contract;
- the transfer of 502,718 shares to employees under performance share plans;
- the net sale of 61,530 shares under the liquidity contract (Note 4.1.2.2).

As of June 30, 2023, among the 1,672,237 shares held in treasury by the Group, 1,622,537 shares have been allocated according to the allocation objectives described in Note 4.1.2.1, and 49,700 shares are held under the liquidity contract.

As part of its share buyback program, and under the authorization granted by the Ordinary and Extraordinary General Meetings of Shareholders of May 25, 2022 and of May 31, 2023, Legrand announced the signing of contracts with an investment services provider as of March 30,2023 and as of June 9, 2023 to implement a first tranche for up to €80m and a second tranche for up to €80m. The purchase period agreement of the first tranche began on March 31, 2023 and ended on May 19, 2023. The purchase period agreement of the second tranche began on June 12, 2023 and is expected to end on or before July 21, 2023. Those shares will be cancelled.

4.1.1 Changes in share capital

Changes in share capital in first-half 2023 were as follows:

	Number of shares	Par value	Share capital (*euros*)	Premiums *(euros)*
As of December 31, 2022	266,817,746	4	1,067,270,984	491,756,928
As of June 30, 2023	**266,817,746**	**4**	**1,067,270,984**	**491,756,928**

4.1.2 Share buybacks and transactions under the liquidity contract

As of June 30, 2023, the Group held 1,672,237 shares in treasury (149,515 as of December 31, 2022, of which 38,285 under the share buyback program and 111,230 under the liquidity contract) which can be analyzed as follows:

4.1.2.1 Share buybacks

During first-half 2023, the Group acquired 2,086,970 shares, at a cost of €180.9 million.

As of June 30, 2023, the Group held 50,567 shares, acquired at a total cost of €4.4 million. These shares are being held for allocation, upon exercise of performance share plans.

4.1.2.2 Liquidity contract

The Group has appointed a financial institution to maintain a liquid market for its shares on the Euronext™ Paris market under a liquidity contract. This contract is compliant with the AMF decision on July 2, 2018, relating to the establishment of liquidity contracts on equity securities under accepted market practice.

As of June 30, 2023, the Group held 49,700 shares under this contract, purchased at a total cost of €4.4 million.

During first-half 2023, transactions under the liquidity contract led to a cash outflow of €5.2 million corresponding to the net purchase of 61,530 shares.

4.1.3 Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to the Group by the weighted average number of ordinary shares outstanding (excluding shares held in treasury) during the period.

Diluted earnings per share are calculated according to the treasury stock method, by dividing profit attributable to the Group by the weighted average number of ordinary shares outstanding (excluding shares held in treasury) during the period, plus the number of dilutive potential ordinary shares. The weighted average number of ordinary shares outstanding used in these calculations is adjusted for the share buybacks and sales carried out during the period.

Basic and diluted earnings per share, calculated on the basis of the average number of ordinary shares outstanding during the period, are as follows:

		6 months ended	
		June 30, 2023	June 30, 2022
Net profit attributable to the Group (*in € millions*)	A	650.9	548.1
Average number of shares (excluding shares held in treasury)	B	265,991,187	266,545,461
Average dilution from:			
- Performance shares		*2,133,190*	*2,135,448*
Average number of shares after dilution (excluding shares held in treasury)	C	268,124,377	268,680,909
Number of stock options and performance share grants outstanding at the period end		1,852,532	1,888,054
Sales (buybacks) of shares and transactions under the liquidity contract (net during the period)		(2,025,440)	(531,787)
Shares transferred during the period under performance share plans		502,718	431,211
Basic earnings per share *(in euros)*	A/B	2.447	2.056
Diluted earnings per share (*in euros*)	A/C	2.428	2.040
Dividend per share (*in euros*)		1.900	1.650

As mentioned above, during first-half 2023, the Group:

- transferred 502,718 shares under performance share plans, out of the 464,433 shares bought back in first-half 2023 and 38,285 shares bought back from previous years for this purpose; and
- sold a net 61,530 shares under the liquidity contract.

These movements were taken into account on an accruals basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2023, earnings per share and diluted earnings per share would have amounted to €2.455 and €2.435 respectively for the 6 months ended June 30, 2023.

During first-half 2022, the Group:

- transferred 431,211 shares under performance share plans, out of the 415,981 shares bought back in first-half 2022 and 15,230 bought back from previous years for this purpose; and
- sold a net 81,787 shares under the liquidity contract.

These movements were taken into account on an accruals basis in calculating the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2022, basic earnings per share and diluted earnings per share would have amounted to €2.055 and €2.043 respectively for the 6 months ended June 30, 2022.

4.2 STOCK OPTION PLANS AND PERFORMANCE SHARE PLANS

The cost of performance shares is measured at the fair value of the award on the grant date, using the Black & Scholes option pricing model or the binomial model, and is recognized in the income statement under personnel costs on a straight-line basis over the vesting period with a corresponding adjustment to equity. Changes in the fair value after the grant date are not taken into account.

The expense recognized by crediting equity is adjusted at each period-end during the vesting period to take into account changes in the number of shares that are expected to be delivered to employees when the performance shares vest are exercised, except for the number of shares related to the share price performance criteria.

4.2.1 Performance share plans

The following performance share plans were approved by the Company's Board of Directors:

	2019 Plans	2020 Plans	2021 Plans	2022 Plans	2023 Plans
Date approved by shareholders	May 30, 2018	May 30, 2018	May 26, 2021	May 26, 2021	May 31 2023
Grant date	May 29, 2019	May 26, 2020	May 26, 2021	May 25, 2022	May 31, 2023
Total number of performance share rights initially granted	617,818	461,861	491,477	514,981	506,455
o/w to Executive Officer	22,954	11,544	20,544	22,534	20,390
- Benoît Coquart	22,954	11,544	20,544	22,534	20,390
Total IFRS 2 expense *(in € millions)*	31.0 (1)	22.8 (1)	35.2 (1)	31.9 (1)	34.3 (1)
End of vesting period	June 16, 2022 (2) June 16, 2023 (3)	June 16, 2023 (2) June 14, 2024 (3)	June 14, 2024 (2) June 12, 2025 (3)	June 11, 2025 (6) June 10, 2026 (7)	June 10, 2026 (6) June 9, 2027 (7)
End of lock-up period	May 31, 2024 (2) June 16, 2023 (3)	May 28, 2025 (2) June 14, 2024 (3)	May 27, 2026 (2) June 12, 2025 (3)	May 26, 2027 (6) June 11, 2026 (7)	May 31, 2028 (6) June 09, 2027 (7)
Number of performance shares adjusted for the performance criteria fulfillment	(1,728) (4)	5,153 (5)	0	0	0
Number of performance share rights cancelled or forfeited	(74,224)	(29,014)	(29,319)	(14,616)	0
Number of performance shares acquired as of June 30, 2023	(541,866)	(54,446)	0	0	0
PERFORMANCE SHARE RIGHTS OUTSTANDING AS OF JUNE 30, 2023	**0**	**383,554**	**462,158**	**500,365**	**506,455**

(1) Total charge estimated at the grant date assuming 100% achievement for each performance criteria. This charge is spread over the vesting periods.

(2) Date applicable to the Executive Officer and members of the Executive Committee.

(3) Date applicable to beneficiaries other than the Executive Officer and members of the Executive Committee.

(4) Percentage of performance criteria achievement: see Note 4.2.1.2 of the consolidated financial statements for the year ended at December 31, 2022.

(5) Adjustments estimated at the date when the consolidated financial statements were prepared.

(6) Date applicable to the Executive Officer and to 5 members of the Executive Committee.

(7) Date applicable to beneficiaries other than the Executive Officer and to 3 members of the Executive Committee.

If all the performance shares from the 2020 to 2023 plans were to be granted (i.e., 1,852,532 shares) and if those shares were transferred following capital increases, the Company's capital would be diluted by 0.7% as of June 30, 2023.

4.2.1.1 2019, 2020, 2021, 2022 and 2023 performance share plans

The final number of shares granted to beneficiaries is determined on the condition that the beneficiary is present within the Group at the time the vesting period expires and according to several performance criteria.

For the Executive Officer and members of the Executive Committee, the term of the vesting period is three years, with an additional two-year holding period; for other beneficiaries, the vesting period is four years, with no holding period.

Performance criteria applicable to the Executive Officer and members of the Executive Committee

The performance criteria applicable to the Executive Officer and members of the Executive Committee are defined as follows:

Type of performance criteria	Description of performance criteria and target-setting method	Weight of performance criteria
Target for organic sales growth	Target: 3-year arithmetic mean of the upper and lower bounds of the annual target ranges concerned. Comparison between the target and the average achievement over three years.	1/4
Target for adjusted operating margin before acquisitions(1)	Target: 3-year arithmetic mean of the upper and lower bounds of the annual target ranges concerned. Comparison between the target and the average achievement over three years.	1/4
Annual rates of achievement of the Group's CSR roadmap	Target: arithmetic mean over 3 years of the annual CSR roadmap achievement rates.	1/4
Legrand's share price performance relative to the performance of the CAC 40 index	Performance gap between Legrand's share price and the CAC 40 index over a 3-year period.	1/4

(1) The adjusted operating margin before acquisitions corresponds to the adjusted operating profit (see key figures)

Performance criteria applicable to beneficiaries other than the Executive Officer and members of the Executive Committee

The performance criteria applicable to beneficiaries other than the Executive Officer and members of the Executive Committee are defined as follows:

Type of performance criteria	Description of performance criteria and target-setting method	Weight of performance criteria
Target for organic sales growth	The target to be reached for this criterion, set annually corresponds to the lower and upper ranges of the relevant annual target. The annual rate of achievement is measured in relation to the annual target. The final pay-out rate for this criterion corresponds to the arithmetic average over a three-year period of the annual rates of achievement.	1/3
Target for adjusted operating margin before acquisitions(1)	The target to be reached for this criterion, set annually corresponds to the lower and upper ranges of the relevant annual target. The annual rate of achievement is measured in relation to the annual target. The final pay-out rate for this criterion corresponds to the arithmetic average over a three-year period of the annual rates of achievement.	1/3
Annual rates of achievement of the Group's CSR roadmap	The annual rate of achievement corresponds to the rate of achievement of the CSR annual roadmap. The final pay-out rate for this criterion corresponds to the arithmetic average over a three-year period of the annual rates of attainment.	1/3

(1) The adjusted operating margin before acquisitions corresponds to the adjusted operating profit (see key figures)

The final pay-out rate for each criterion corresponds to the arithmetic average over a three-year period of the annual achievement rates.

4.2.2 Share-based payments (IFRS 2 expense)

In accordance with IFRS 2, an expense of €15.1 million was recorded in first-half 2023 (€14.6 million in first-half 2022) for all of these plans combined.

4.3 RETAINED EARNINGS AND TRANSLATION RESERVES

4.3.1 Retained earnings

The Group's consolidated retained earnings as of June 30, 2023 amounted to €5,841.1 million.

As of the same date, the Company had retained earnings including profit for the period of €1,244.9 million available for distribution.

4.3.2 Translation reserves

Assets and liabilities of Group entities whose functional currency is different from the presentation currency are translated using the exchange rate at the balance sheet date. Statements of income are translated using the average exchange rate for the period. Gains or losses arising from the translation of the financial statements of foreign subsidiaries are recognized directly in equity under “Translation reserves”, until the potential Group’s loss of control over the entity.

Translation reserves record the impact of fluctuations in the following currencies:

(in € millions)	June 30, 2023	December 31, 2022
US dollar	143.2	240.3
Other currencies	(583.6)	(570.7)
TOTAL	**(440.4)**	**(330.4)**

The Group operates in close to 90 countries. It is mainly exposed to a dozen currencies other than the euro and the US dollar, including the Australian dollar, Brazilian real, British pound, Chilean peso, Chinese yuan, Indian rupee, Mexican peso, Russian ruble and Turkish lira.

Under IFRS 9, non-derivative financial instruments may be designated as hedges only when they are used to hedge foreign currency risk and provided that they qualify for hedge accounting.

Accordingly, in the case of hedges of a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized in equity.

The counterpart of the Yankee debt decrease amounting to €6.2 million in first-half 2023, was recorded in conversion reserves. As of June 30, 2023, a total balance of €77 million was recorded as a decrease in conversion reserves, under the Yankee loan.

Finally, in accordance with IAS 21, translation gains and losses on receivables or payables considered as part of a net investment in a foreign Group entity are recognized in translation reserves. The counterpart recognized in translation reserves in first-half 2023 amounted to €2.0 million, resulting in a balance of €9.5 million as of June 30, 2023.

4.4 PROVISIONS

Changes in provisions in first-half 2023 can be analyzed as follows:

	June 30, 2023					
(in € millions)	Product warranties	Claims and litigation	Tax and employee risks	Restructuring	Other	Total
At the beginning of the period	53.5	151.3	44.3	39.4	75.3	363.8
Changes in scope of consolidation	0.0	0.0	0.0	0.0	0.1	0.1
Increases	10.9	11.0	3.2	12.8	7.3	45.2
Utilizations	(3.7)	(4.6)	(1.3)	(11.9)	(20.8)	(42.3)
Reversals of surplus provisions	(5.1)	(1.5)	0.0	(0.1)	(7.5)	(14.2)
Reclassifications	0.0	(0.4)	0.0	0.0	0.2	(0.2)
Translation adjustments	(0.6)	(0.3)	0.1	(0.4)	(1.4)	(2.6)
AT THE END OF THE PERIOD	**55.0**	**155.5**	**46.3**	**39.8**	**53.2**	**349.8**
Of which non-current portion	*14.4*	*127.5*	*14.5*	*4.6*	*41.8*	*202.8*

Changes in provisions in 2022 were as follows:

	December 31, 2022					
(in € millions)	Product warranties	Claims and litigation	Tax and employee risks	Restructuring	Other	Total
At the beginning of the period	52.4	126.1	43.6	38.0	72.3	332.4
Changes in scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0
Increases	26.3	63.9	7.4	24.7	16.3	138.6
Utilizations	(7.8)	(13.3)	(6.4)	(23.6)	(13.1)	(64.2)
Reversals of surplus provisions	(17.8)	(26.8)	0.0	(1.0)	(1.8)	(47.4)
Reclassifications	0.0	(0.6)	(0.2)	0.3	(0.3)	(0.8)
Translation adjustments	0.4	2.0	(0.1)	1.0	1.9	5.2
AT THE END OF THE PERIOD	**53.5**	**151.3**	**44.3**	**39.4**	**75.3**	**363.8**
Of which non-current portion	*13.1*	*126.1*	*14.4*	*4.2*	*59.6*	*217.4*

4.5 PROVISION FOR POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM EMPLOYEE BENEFITS

4.5.1 Pension and other post-employment benefit obligations

Group companies operate various pension plans. The plans are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined contribution and defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Contributions are recognized as an expense for the period of payment. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and end-of-career salary.

The liability recognized in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The past service cost arising from changes to pension benefit plans is expensed in full as incurred.

In accordance with IAS 19, the Group recognizes all actuarial gains and losses outside profit or loss, in the consolidated statement of comprehensive income.

Defined benefit obligations are calculated using the projected unit credit method. This method takes into account estimated years of service at retirement, final salaries, life expectancy and staff turnover, based on actuarial assumptions. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of investment grade corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the period to payment of the related pension liability.

Some Group companies provide post-employment healthcare benefits to their retirees. Entitlement to these benefits is usually conditional on the employee remaining with one of these Group companies up to retirement age and completion of a minimum service period. These benefits are treated as post-employment benefits under the defined benefit scheme.

Pension and other post-employment defined benefit obligations can be analyzed as follows:

(in € millions)	**June 30, 2023**	**December 31, 2022**
France (Note 4.5.1.2)	83.6	84.2
Italy (Note 4.5.1.3)	26.2	27.2
United Kingdom (Note 4.5.1.4)	75.1	81.5
United States (Note 4.5.1.5)	60.6	63.4
Other countries	58.8	54.9
TOTAL PENSION AND OTHER POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS	**304.3**	**311.2**

4.5.1.1 Analysis of pension and other post-employment defined benefit obligations

The total (current and non-current) obligation under the Group's pension and other post-employment defined benefit plans, consisting primarily of plans in France, Italy, the United States and United Kingdom, is as follows:

(in € millions)	June 30, 2023	December 31, 2022
Defined benefit obligation		
Projected benefit obligation at the beginning of the period	311.2	390.3
Service cost	4.3	9.5
Interest cost	6.4	7.7
Benefits paid or unused	(13.0)	(23.2)
Employee contributions	0.2	0.4
Actuarial losses/(gains)	(6.4)	(72.6)
Curtailments, settlements, special termination benefits	0.8	(0.5)
Translation adjustments	0.1	(0.3)
Other	0.7	(0.1)
PROJECTED BENEFIT OBLIGATION AT THE END OF THE PERIOD	**304.3**	**311.2**
Fair value of plan assets		
Fair value of plan assets at the beginning of the period	188.6	231.2
Expected return on plan assets	4.2	5.0
Employer contributions	6.0	7.1
Employee contributions	0.2	1.9
Benefits paid	(7.5)	(12.2)
Actuarial (losses)/gains	(6.3)	(46.1)
Translation adjustments	0.6	1.7
Other	0.0	0.0
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**185.8**	**188.6**
PROVISION RECOGNIZED IN THE BALANCE SHEET	**134.8**	**135.4**
Current liability	4.9	5.3
Non-current liability	129.9	130.1
Non-current asset	**16.3**	**12.8**

Actuarial losses recognized in equity in first-half 2023 amounted to €0.1 million.

These €0.1 million actuarial gains resulted from:

- €7,3 million in gains from changes in financial assumptions;
- €0,6 million in losses from changes in demographic assumptions; and
- €6,6 million in experience losses.

The discount rates used are determined by reference to the yield on high-quality bonds based on the following benchmark indices:

- Euro zone: iBoxx € Corporates AA 10+;
- United Kingdom: iBoxx £ Corporates AA 15+;
- United States: Citigroup Pension Liability Index.

The impact of service costs and interest costs on profit before tax for the period is as follows:

(in € millions)	6 months ended June 30, 2023	6 months ended June 30, 2022
Service cost	(4.3)	(4.9)
Net interest cost*	(2.2)	(1.1)
TOTAL	**(6.5)**	**(6.0)**

* *The expected return on assets and interest costs are presented as a net amount in financial expenses.*

The weighted average allocation of pension plan assets is as follows as of June 30, 2023:

(as a percentage)	United Kingdom	United States
Equity instruments	50.6	59.6
Debt instruments	46.7	29.8
Insurance funds	2.7	10.6
TOTAL	**100.0**	**100.0**

These assets are marked to market.

4.5.1.2 Provisions for retirement benefits and supplementary pension benefits in France

The provisions recorded in the consolidated balance sheet concern the unvested entitlements of active employees. The Group has no obligation with respect to the vested entitlements of former employees, as the benefits were settled at the time of their retirement, either directly or through payments to insurance companies in full discharge of the liability.

The main defined benefit plan applicable in France concerns statutory length-of-service awards, under which all retiring employees are eligible for a lump-sum payment calculated according to their length of service. This payment is defined either in the collective bargaining agreement to which their company is a party or in a separate company-level agreement, whichever is more advantageous to the employee. The amount generally varies depending on the employee category (manager/non-manager).

In France, provisions recorded in the consolidated balance sheet amounted to €83.6 million as of June 30, 2023 (€84.2 million as of December 31, 2022) corresponding to the difference between the projected benefit obligation of €83.6 million as of June 30, 2023 (€84.2 million as of December 31, 2022), and the fair value of the related plan assets of €0.0 million as of June 30, 2023 (€0.0 million as of December 31, 2022).

The projected benefit obligation is calculated based on staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In France, the calculation in 2023 was based on a salary increase rate of 3.5% and a discount rate of 3.7% (respectively 3.5% and 3.7% in 2022).

The amending Social Security Financing Act for 2023, enacted on April 14, 2023, raises the legal retirement age from 62 to 64 years. The reform constitutes, within the meaning of IAS 19, a plan amendment, which is recognized immediately as a past service cost in the income statement.

The impact of the reform is not material as of June 30, 2023.

4.5.1.3 Provisions for termination benefits in Italy

In Italy, a termination benefit is awarded to employees regardless of the reason for their departure.

Since January 1, 2007, such benefits have been paid either into an independently managed pension fund or to the Italian social security service (INPS). As from that date, the Italian termination benefit plans have been qualified as defined contribution plans under IFRS. Termination benefit obligations arising prior to January 1, 2007 continue to be accounted for under IFRS as defined benefit plans, based on revised actuarial estimates that exclude the effect of future salary increases.

The resulting provisions for termination benefits, which correspond to the obligation as of December 31, 2006 plus the ensuing actuarial revisions, amounted to €26.2 million as of June 30, 2023 (€27.2 million as of December 31, 2022).

The calculation for first-half 2023 was based on a discount rate of 3.6% (0.4% in 2022).

4.5.1.4 Provisions for retirement benefits and other post-employment benefits in the United Kingdom.

The UK plan is a trustee-administered plan governed by article 153 of the 2004 Finance Act, and is managed in a legal entity outside of the Group.

Benefits are paid directly out of funds consisting of contributions paid by the company and by plan participants.

The plan has been closed to new entrants since May 2004.

Active plan participants account for 1.5% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 35.9% and retired participants for 62.6%.

The provisions recorded in the consolidated balance sheet amounted to €0.0 million as of June 30, 2023 (€0.3 million as of December 31, 2022) reflecting the fact that the fair value of the plan assets is higher than the value of the projected benefit obligation.

The projected benefit obligation is calculated based on staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. The calculation in 2023 was based on a salary increase rate of 4.2% and a discount rate and an expected return on plan assets of 5.4% (respectively 4.3% and 4.5% in 2022).

4.5.1.5 Provisions for retirement benefits and other post-employment benefits in the United States

In the United States, the Group provides pension benefits for employees and health care and life insurance for certain retired employees.

The Legrand North America Retirement Plan is covered by a plan document in force since January 2002 that was last amended in January 2008. The minimum funding requirement is determined based on Section 430 of the Internal Revenue Code.

To meet its obligations under the plan, the Group has set up a trust with Prudential Financial, Inc. The trust assets include several different investment funds. The current trustee is Legrand North America. The Wiremold Company is the Plan Administrator and the Custodian is Prudential Financial, Inc.

The plan has been closed to new entrants since August 2006 for salaried employees and since April 2009 for hourly employees. Since January 1, 2018, active plan participants can no longer cumulate new rights.

Active plan participants account for 9.7% of the projected benefit obligation, other participants who are no longer accumulating benefit entitlements for 20.0% and retired participants for 70.3%.

The funding policy consists of ensuring that the legal minimum funding requirement is met at all times.

The provisions recorded in the consolidated balance sheet amounted to €0.0 million as of June 30, 2023 (€0.0 million as of December 31, 2022) reflecting the fact that the fair value of the plan assets is higher than the value of the projected benefit obligation.

The calculation in first-half 2023 was based on a discount rate and an expected return on plan assets of 4.9% (4.9% in 2022).

4.5.2 Other long-term employee benefits

The Group implemented cash-settled long-term employee benefit plans for employees deemed to be key for the Group, subject to the grantees' continued presence within the Group after a vesting period of three years.

In addition to the grantee still being present within the Group, these plans can, in certain cases, depend on the Group's achievement of future economic performance conditions.

Due to their gradual replacement by equity-settled long-term employee benefit plans detailed in Note 4.2.1, these plans no longer represent material amounts in the Group's financial statements.

4.6 LONG-TERM AND SHORT-TERM BORROWINGS

The Group actively manages its debt through diversified sources of financing available to support its medium-term business growth while guaranteeing a robust financial position over the long term.

Negotiable commercial paper

Legrand France has a short-term marketable securities program (NEU CP) whose package was increased from €700.0 million to €1,200.0 million on March 25, 2020.

A medium-term marketable securities program (NEU MTN) was opened on March 18, 2021 with a package of €1,200.0 million.

Bonds

In December 2015, the Group carried out a €300.0 million 1.875% twelve-year bond issue. The bonds will be redeemable at maturity on December 16, 2027.

In July 2017, the Group carried out a bond issue for a total of €1.0 billion, in two tranches of €500.0 million each, with maturities of seven and fifteen years. The respective maturity dates of these two tranches are July 6, 2024 and July 6, 2032 and their annual coupons are respectively 0.750% and 1.875%.

In October 2017, the Group carried out a €400.0 million 0.5% six-year bond issue. The bonds will be redeemable at maturity on October 9, 2023.

In March 2018, the Group carried out a €400.0 million 1.0% eight-year bond issue. The bonds will be redeemable at maturity on March 6, 2026.

In June 2019, the Group carried out a €400.0 million 0.625% nine-year bond issue. The bonds will be redeemable at maturity on June 24, 2028.

In May 2020, the Group carried out a €600.0 million 0.75% ten-year bond issue. The bonds will be redeemable at maturity on May 20, 2030.

In October 2021, the Group carried out its first sustainability-linked bond issue indexed to its carbon neutrality metrics. The 0.375% ten-year bonds were issued for a total amount of €600 million and will be redeemable at maturity on October 6, 2031.

The issue is indexed to the Group's carbon trajectory by applying a potential additional coupon of 0.50% over the only last year in which the bond reaches maturity, in the event that the related objectives are not achieved.

In May 2023, the Group carried out a sustainability-linked bond issue indexed to CSR engagements of the Group. The

3.5% six-year bonds were issued for a total amount of €700 million and will be redeemable at maturity on May 29, 2029.

The issue is indexed to CSR engagements of the Group by applying a potential additional coupon of 0.125% over the four last year in which the bond reaches maturity, in the event that the related objectives are not achieved.

Yankee bonds

On February 14, 1995, Legrand France issued $400.0 million worth of 8.5% debentures due February 15, 2025, through a public placement in the United States. Interest on Yankee bonds is payable semi-annually on February 15 and August 15 of each year, beginning August 15, 1995.

A number of Yankee bondholders offered to sell their securities to the Group. Acting on this offer, the Group decided to acquire Yankee bonds:

- in 2013, with an aggregate face value of $6.5 million,
- in 2020, with an aggregate face value of $18.6 million,
- In 2021, with an aggregate face value of $27.5 million,
- In 2022, with an aggregate face value of $34.6 million.

The acquired debentures were subsequently cancelled.

2011 Credit Facility

In October 2011, the Group signed a Credit Facility with six banks to set up a €900.0 million revolving multicurrency credit line for a five-year period with two successive one-year period renewal options. As per this contract, the margin applied to market rates is determined on the basis of the Group's credit rating.

In July 2014, the Group signed an agreement that amends and extends this Credit Facility with all banks party to this contract. This agreement extends the maximum maturity of the €900.0 million revolving credit line by three years, i.e., up to July 2021, including two successive one-year period extension options, and at improved financing terms compared with October 2011.

In December 2019, the Group signed a new agreement that amends and extends this Credit Facility with all banks party to this contract.

Following this agreement, the maturity of the €900.0 million revolving credit line is extended up to December 2026.The margin applied to market rates is still determined on the basis of the Group's credit rating, but it is increased or decreased each year according to the Group yearly achievement rate on its CSR roadmap.

The 2011 Credit Facility does not contain any covenants.

As of June 30, 2023, the Credit Facility had not been drawn down.

4.6.1 Long-term borrowings

Long-term borrowings are initially recognized at fair value, taking into account any transaction costs directly attributable to the issue, and are subsequently measured at amortized cost, using the effective interest method.

Long-term borrowings can be analyzed as follows:

(in € millions)	June 30, 2023	December 31, 2022
Negotiable commercial paper	50.0	165.0
Bonds	4,000.0	3,300.0
Yankee bonds	285.7	291.6
Lease financial liabilities	228.9	207.5
Other borrowings	83.3	66.1
Long-term borrowings excluding debt issuance costs	**4,647.9**	**4,030.2**
Debt issuance costs	(17.0)	(15.8)
TOTAL	**4,630.9**	**4,014.4**

No guarantees have been given with respect to these borrowings.

Long-term borrowings (excluding debt issuance costs) as of June 30, 2023 can be analyzed by maturity as follows:

(in € millions)	Negotiable commercial paper	Bonds	Yankee bonds	Lease financial liabilities	Other borrowings
Due in one to two years	50.0	500.0	285.7	49.6	10.2
Due in two to three years	0.0	400.0	0.0	44.3	48.7
Due in three to four years	0.0	0.0	0.0	39.1	11.9
Due in four to five years	0.0	700.0	0.0	26.2	12.5
Due beyond five years	0.0	2,400.0	0.0	69.7	0.0
LONG-TERM BORROWINGS EXCLUDING DEBT ISSUANCE COSTS	**50.0**	**4,000.0**	**285.7**	**228.9**	**83.3**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2022 can be analyzed by maturity as follows:

(in € millions)	Negotiable commercial paper	Bonds	Yankee bonds	Lease financial liabilities	Other borrowings
Due in one to two years	115.0	500.0	0.0	55.3	38.0
Due in two to three years	50.0	0.0	291.6	39.6	9.5
Due in three to four years	0.0	400.0	0.0	30.2	7.3
Due in four to five years	0.0	300.0	0.0	22.7	11.3
Due beyond five years	0.0	2,100.0	0.0	59.7	0.0
LONG-TERM BORROWINGS EXCLUDING DEBT ISSUANCE COSTS	**165.0**	**3,300.0**	**291.6**	**207.5**	**66.1**

Average interest rates on borrowings are as follows:

	6 months and 12 months ended	
	June 30, 2023	December 31, 2022
Negotiable commercial paper	0.0%	(0.1%)
Bonds	1.1%	1.0%
Yankee bonds	8.5%	8.5%
Lease financial liabilities	2.9%	2.5%
Other borrowings	2.8%	3.8%

4.6.2 Short-term borrowings

Short-term borrowings can be analyzed as follows:

(in € millions)	June 30, 2023	December 31, 2022
Negotiable commercial paper	115.0	155.0
Bonds	400.0	400.0
Lease financial liabilities	67.3	68.8
Other borrowings	56.7	27.5
TOTAL	**639.0**	**651.3**

4.6.3 Changes in long-term and short-term borrowings

Changes in long-term and short-term borrowings can be analyzed as follows:

		Cash	Variations not impacting cash flows				
(in € millions)	June 30, 2023	flows	Acquisitions	Reclassifications	Translation adjustments	Other	December 31, 2022
Long-term borrowings	4,630.9	709.9	36.9	(187.6)	(8.1)	65.4	4,014.4
Short-term borrowings	639.0	(198.3)	(25.2)	187.6	(1.6)	25.2	651.3
Gross financial debt	**5,269.9**	**511.6**	**11.7**	**0.0**	**(9.7)**	**90.6**	**4,665.7**

4.7 DEFERRED TAXES

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amount in the consolidated balance sheet.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

Deferred tax assets and deferred tax liabilities are offset when the entity has a legally enforceable right of offset and they relate to income taxes levied by the same taxation authority.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The recognized deferred tax assets are expected to be utilized no later than five years from the period-end.

The timing of expected reversal of deferred taxes can be analyzed as follows:

(in € millions)	June 30, 2023	December 31, 2022
Deferred tax assets (liabilities) reversing in the short term	103.0	103.5
Deferred tax assets (liabilities) reversing in the long term	(912.3)	(884.5)
TOTAL	**(809.3)**	**(781.0)**

Tax losses carried forward break down as follows:

(in € millions)	June 30, 2023	December 31, 2022
Recognized operating losses carried forward	**9.3**	**9.0**
Recognized deferred tax assets	1.1	1.3
Unrecognized operating losses carried forward	**140.4**	**148.6**
Unrecognized deferred tax assets	31.3	33.2
Total net operating losses carried forward	**149.7**	**157.6**

4.8 OTHER CURRENT LIABILITIES

Other current liabilities can be analyzed as follows:

(in € millions)	June 30, 2023	December 31, 2022
Taxes other than income tax	134.8	97.1
Accrued employee benefits expense	332.1	339.1
Statutory and discretionary profit-sharing reserve	18.3	35.2
Payables related to fixed asset purchases	26.1	29.2
Accrued expenses	213.6	187.0
Accrued interest	33.5	26.5
Deferred revenue	42.6	42.9
Other current liabilities	39.9	38.1
TOTAL	**840.9**	**795.1**

NOTE 5 - OTHER INFORMATION

5.1 FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISKS

5.1.1 Financial instruments

5.1.1.1 Impact of financial instruments

	6 months ended				
	June 30, 2023			June 30, 2022	
		Impact on equity			
(in € millions)	Impact on financial profit (loss)	Fair value	Translation adjustment	Impact on financial profit (loss)	Impact on equity
Other investments		0.0			0.0
Trade receivables	(0.8)			(0.2)	
Cash and cash equivalents	30.0		(14.1)	4.5	47.5
Trade payables	0.0			0.0	
Borrowings	(39.1)		6.2	(39.4)	(26.8)
Derivatives	10.1	(1.7)	0.0	2.1	42.1
TOTAL	**0.2**	**(1.7)**	**(7.9)**	**(33.0)**	**62.8**

In accordance with IFRS 9, other investments are valued at fair value through equity. Therefore, changes in the fair value of other investments only impact the consolidated balance sheet and the consolidated statement of comprehensive income.

Yankee bonds denominated in US dollars are treated as net investment hedges (see Note 4.3.2).

5.1.1.2 Breakdown of balance sheet items by type of financial instrument

	June 30, 2023						December 31, 2022
				Levels of valuation			
(in € millions)	Carrying amount	Amortized cost	Fair value	Level 1 (1)	Level 2 (2)	Level 3 (3)	Carrying amount
ASSETS							
Non-current assets							
Other investments	2.0		2.0			2.0	1.9
Other non-current assets	150.6	130.5	20.1		150.6		62.1
TOTAL NON-CURRENT ASSETS	**152.6**	**130.5**	**22.1**	**0.0**	**150.6**	**2.0**	**64.0**
Current assets							
Trade receivables	1,074.1	1,074.1			1,074.1		958.1
Other current financial assets	2.8		2.8		2.8		65.1
Cash and cash equivalents	2,854.4		2,854.4		2,854.4		2,346.8
TOTAL CURRENT ASSETS	**3,931.3**	**1,074.1**	**2,857.2**	**0.0**	**3,931.3**	**0.0**	**3,370.0**
EQUITY AND LIABILITIES							
Non-current liabilities							
Long-term borrowings	4,630.9	308.3	3,901.2	3,901.2	308.3	36.9	4,014.4
TOTAL NON-CURRENT LIABILITIES	**4,630.9**	**308.3**	**3,901.2**	**3,901.2**	**308.3**	**36.9**	**4,014.4**
Current liabilities							
Short-term borrowings	639.0	239.0	396.5	396.5	239.0		651.3
Trade payables	944.8	944.8			944.8		852.5
Other current financial liabilities	2.3		2.3		2.3		2.0
TOTAL CURRENT LIABILITIES	**1,586.1**	**1,183.8**	**398.8**	**396.5**	**1,186.1**	**0.0**	**1,505.8**

(1) Level 1: quoted prices on an active market.

(2) Level 2: calculations made from directly observable market data.

(3) Level 3: calculations made from non-observable market data.

In accordance with IFRS 13, fair value measurement takes counterparty default risk into account.

In light of the Group's credit rating, the measurement of other current financial liabilities is subject to insignificant credit risk.

5.1.2 Management of financial risks

The Group's cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving derivative financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks and as such are limited in duration and value.

This strategy is centralized at Group level. Its implementation is deployed by the Financing and Treasury Department which recommends appropriate measures and implements them after they have been validated by the Corporate Finance Department and Group management. A detailed reporting system has been set up to enable permanent close tracking of the Group's positions and effective oversight of the management of the financial risks.

This strategy is described in Note 5.1.2 to the consolidated financial statements for the year ended December 31, 2022.

5.2 OFF-BALANCE SHEET COMMITMENTS

5.2.1 Specific transactions

Specific commitments and their expiry dates are discussed in the following notes:

- Note 3.4: Right-of-use assets; and
- Note 4.5.1: Pension and other post-employment benefit obligations.

5.2.2 Routine transactions

5.2.2.1 Financial guarantees

(in € millions)	June 30, 2023	December 31, 2022
Guarantees given to banks	88.8	124.4
Guarantees given to other organizations	118.4	64.1
TOTAL	**207.2**	**188.5**

Most of these guarantees are given by the Company to banks for Group subsidiaries located outside of France.

5.2.2.2 Lease contracts outside IFRS 16 scope

As of June 30, 2023, the Group holds short-term or low value lease contracts which are outside IFRS 16 scope.

These lease contracts relate mostly to low value assets. The resulting future minimum rental commitments are not material as of June 30, 2023.

5.2.2.3 Commitments to purchase property, plant and equipment

Commitments to purchase property, plant and equipment amounted to €29.5 million as of June 30, 2023.

5.3 CLAIMS AND CONTINGENT LIABILITIES

The Group is involved in a number of claims and legal proceedings arising in the normal course of business. In the opinion of management, all such matters have been adequately provided for, being specified that no provision is recorded for claims and legal proceedings for which the Group considers that the provision recognition criteria under IFRS are not met.

On July 4, 2022, Legrand received a statement of objections (*notification de griefs*) from the French Competition Authority (*Autorité de la concurrence*), concerning the derogation mechanism with its distributors on the French market.

Legrand is committed to strictly complying with all applicable legislation and intends to fully exercise its rights in the upcoming proceedings.

On October 20, 2022, one of Legrand's French entities has been indicted and ordered to provide security in the amount of €80.5 million, as part of the investigation of the derogation mechanism on the French market.

Neither this indictment nor the ordering of this security mean that Legrand will ultimately be found guilty of any wrongdoing.

Legrand rejects that these proceedings have any merit and intends to vigorously demonstrate that its trade policy is in full compliance with the applicable law.

5.4 SUBSEQUENT EVENTS

In July 2023, the Group announced the acquisition of Teknica[1], a Chilean specialist notably in UPS (integrated solutions, equipment, services and maintenance) used in particular in datacenter and infrastructure solutions. Based in Santiago de Chile, Teknica has nearly 400 employees and generates annual sales of almost €45 million.

[1] Subject to standard conditions precedent.

5.5 KEY FIGURES RECONCILIATION

Reconciliation of adjusted operating profit with profit for the period:

(in € millions)	06 months ended June 30, 2023	06 months ended June 30, 2022
Profit for the period	**651.0**	**548.4**
Share of profits (losses) of equity-accounted entities	0.0	0.0
Income tax expense	229.2	202.9
Exchange (gains) / losses	3.2	(0.6)
Financial income	(31.9)	(5.1)
Financial expense	40.8	43.8
Operating profit	**892.3**	**789.4**
i) Amortization & depreciation of revaluation of assets at the time of acquisitions, other P&L impacts relating to acquisitions and ii) impairment of assets in Russia	62.4	48.4
Impairment of goodwill	0.0	0.0
Adjusted operating profit	**954.7**	**837.8**

Reconciliation of cash flow from operations, free cash flow and normalized free cash flow with profit for the period:

(in € millions)	06 months ended June 30, 2023	06 months ended June 30, 2022
Profit for the period	**651.0**	**548.4**
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	175.5	164.6
Changes in other non-current assets and liabilities and long-term deferred taxes	26.2	68.7
Unrealized exchange (gains)/losses	9.4	5.2
(Gains)/losses on sales of assets, net	1.1	0.0
Other adjustments	0.1	0.0
Cash flow from operations	**863.3**	**786.9**
Decrease (Increase) in working capital requirement	29.4	(406.5)
Net cash provided from operating activities	**892.7**	**380.4**
Capital expenditure (including capitalized development costs)	(79.6)	(61.5)
Net proceeds from sales of fixed and financial assets	0.7	2.0
Free cash flow	**813.8**	**320.9**
Increase (Decrease) in working capital requirement	(29.4)	406.5
(Increase) Decrease in normalized working capital requirement	(17.5)	(39.2)
Normalized free cash flow	**766.9**	**688.2**

Reconciliation of EBITDA with profit for the period:

(in € millions)	06 months ended June 30, 2023	06 months ended June 30, 2022
Profit for the period	**651.0**	**548.4**
Share of profits (losses) of equity-accounted entities	0.0	0.0
Income tax expense	229.2	202.9
Exchange (gains) / losses	3.2	(0.6)
Financial income	(31.9)	(5.1)
Financial expense	40.8	43.8
Operating profit	**892.3**	**789.4**
Depreciation and impairment of tangible assets	98.8	97.7
Amortization and impairment of intangible assets (including capitalized development costs)	75.0	65.1
Impairment of goodwill	0.0	0.0
EBITDA	**1,066.1**	**952.2**

Calculation of net financial debt:

(in € millions)	06 months ended June 30, 2023	06 months ended June 30, 2022
Short-term borrowings	639.0	1,075.0
Long-term borrowings	4,630.9	4,456.7
Cash and cash equivalents	(2,854.4)	(2,669.9)
Net financial debt	**2,415.5**	**2,861.8**

Calculation of working capital requirement:

(in € millions)	June 30, 2023	June 30, 2022
Trade receivables	1,074.1	1,058.1
Inventories	1,331.3	1,459.6
Other current assets	310.3	270.5
Income tax receivables	142.7	117.8
Deferred tax assets / (liabilities) reversing in the short term	103.0	102.4
Trade payables	(944.8)	(908.6)
Other current liabilities	(840.9)	(782.5)
Income tax payables	(68.0)	(55.0)
Short-term provisions	(147.0)	(128.9)
Working capital required	**960.7**	**1,133.4**

STATUTORY AUDITORS'REPORT

3

LEGRAND

STATUTORY AUDITORS' REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION

(For the period from January 1, 2023 to June 30, 2023)

PricewaterhouseCoopers Audit
63 rue de Villiers
92208 Neuilly-sur-Seine Cedex
S.A.S. au capital de € 2 510 460
672 006 483 R.C.S. Nanterre

Mazars & Associés
Tour Exaltis – 61 rue Henri Regnault
92400 Courbevoie
S.A.S. au capital de € 37 050
387 953 961 R.C.S. Nanterre

STATUTORY AUDITORS' REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION

(For the period from January 1, 2023 to June 30, 2023)

This is a free translation into English of the Statutory auditors' review report on the condensed consolidated interim financial statements issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

LEGRAND

BP 523

128, avenue Maréchal de Lattre de Tassigny

87045 LIMOGES Cedex

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

- The limited review of the accompanying condensed consolidated interim financial statements of Legrand, for the period from January 1, 2023, to June 30, 2023,
- The verification of the information contained in the interim management report.

These condensed consolidated interim financial statements have been drawn up under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our limited review.

I - CONCLUSION ON THE FINANCIAL STATEMENTS

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

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

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

II - SPECIFIC VERIFICATION

We have also verified the information presented in the interim management report on the condensed consolidated interim financial statements subject to our review. We have no matters to report with respect as to its fair presentation and consistency with the condensed consolidated interim financial statements.

Neuilly-sur-Seine and Courbevoie, July 28, 2023

The Statutory auditors

French original signed by

PricewaterhouseCoopers Audit	**Mazars & Associés**
Camille Phelizon	Gaël Lamant

IDENTITY OF PERSONS RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT AND AUDITING THE FINANCIAL STATEMENTS

4

4.1 - PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

NAME AND POSITION OF THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

Benoît Coquart, Chief Executive Officer of Legrand, a French société anonyme whose registered office is located at 128 avenue du Maréchal de Lattre de Tassigny, 87000 Limoges, France, registered in the Trade and Companies Register of Limoges under number 421 259 615.

DECLARATION OF THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I hereby certify that, to the best of my knowledge, the full consolidated financial statements for the first half 2023 have been drawn up in accordance with applicable accounting standards and provide a true and fair image of the assets, financial position and results of the Company and of all its consolidated businesses, and that the management report that appear in Chapter 1 of the half-year financial report fairly presents the material events that occurred in the first six months of the financial year and their impact of the interim accounts, the main related party transactions as well as a description of the principal risks and uncertainties for the remaining six months of the financial year

Benoît Coquart

Chief Executive Officer

4.2 - STATUTORY AUDITORS

PRINCIPAL STATUTORY AUDITORS

PricewaterhouseCoopers Audit

Member of the *Compagnie régionale des Commissaires aux comptes de Versailles* (Versailles Regional Body of Statutory Auditors)

Represented by Camille Phelizon
Crystal Park, 63, rue de Villiers
92208 Neuilly-sur-Seine

Appointed Deputy Statutory Auditors by the Ordinary Shareholders' Meeting of June 6, 2003, they became Principal Statutory Auditors following the merger between Pricewaterhouse and Coopers & Lybrand Audit, and renewed as Principal Statutory Auditors by the Ordinary Shareholders' Meeting of March 2, 2004, May 27, 2010, May 27, 2016 and May 25, 2022 for a term of six financial years. This appointment expires at the end of the Ordinary Shareholders' Meeting convened to vote in 2028 on the financial statements for the year ended December 31, 2027.

Mazars & Associés

Member of the *Compagnie régionale des Commissaires aux comptes de Versailles* (Versailles Regional Body of Statutory Auditors)

Represented by Gaël Lamant
61 rue Henri Regnault
92400 Courbevoie

Appointed Principal Statutory Auditor at the Ordinary Shareholders' Meeting of May 31, 2023 for a term of six financial years, expires at the end of the Ordinary Shareholders' Meeting convened to vote in 2029 on the financial statements for the year ended December 31, 2028.

4.3 - FINANCIAL DISCLOSURE POLICY

PERSON RESPONSIBLE FOR FINANCIAL DISCLOSURES

Mr Franck Lemery

Chief Financial Officer

Address: 128 avenue du Maréchal de Lattre de Tassigny, 87045 Limoges Cedex

Telephone: +33 (0)5 55 06 87 87

Fax: +33 (0)5 55 06 88 88

DOCUMENTS AVAILABLE TO THE PUBLIC

The legal documents relating to the Company that must be made available to shareholders in accordance with the applicable regulations, as well as the Group's past financial records, may be consulted at the Company's registered office.

INDICATIVE TIMETABLE OF FINANCIAL REPORTING

The financial information to be disclosed to the public by the Company will be available from the Company's website (www.legrand.com).

As an indication only, the Company's timetable for the publication of financial information is expected to be as follows:

- 2023 nine-month results: November 8, 2023

"Quiet period" starts October 9, 2023

- 2023 annual results: February 15, 2024

"Quiet period" starts January 16, 2024

- General Meeting of Shareholders: May 29, 2024.

Company Headquarters
128, avenue de Lattre de Tassigny
87045 Limoges Cedex, France
+33 (0) 5 55 06 87 87
www.legrandgroup.com
@legrand