

Extracts from the Financial Report 2022

Consolidated Statements of Operations (unaudited)

USD in thousands, except per share data	FINANCIAL YEAR ENDED MARCH 31,	
	2023	2022
Net revenue	1,681,386	1,463,961
Cost of revenue	1,206,169	981,231
Gross profit	475,217	482,730
Operating expenses		
Research and development	175,741	160,270
Sales and marketing	78,321	71,852
General and administrative	130,883	126,690
Amortization of intangible assets	39,237	35,147
Operating income	51,035	88,771
Other income (expense), net	7,249	3,261
Income before income tax expense	58,284	92,032
Income tax expense	(80,882)	7,002
Net income (loss) before noncontrolling interests and equity method investments	(22,598)	99,034
Net income (loss) from equity investments	229,717	(19,596)
Net income before noncontrolling interests	207,119	79,438
Net income (loss) attributable to noncontrolling interests, net of tax	(815)	35
Net income attributable to Landis+Gyr Group AG Shareholders	207,934	79,403
Earnings per share:		
Basic	7.35	2.59
Diluted	7.32	2.59
Weighted-average number of shares used in computing earnings per share:		
Basic	28,843,658	28,831,212
Diluted	28,958,880	28,831,212

Consolidated Balance Sheets (unaudited)

USD in thousands, except share data	March 31, 2023	March 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	117,370	84,850
Accounts receivable, net of allowance for doubtful accounts of USD 7.4 million and USD 6.2 million	351,379	323,612
Inventories, net	242,340	143,106
Prepaid expenses and other current assets	109,018	59,680
Total current assets	820,107	611,248
Property, plant and equipment, net	117,215	116,310
Intangible assets, net	216,312	270,593
Goodwill	1,048,508	1,048,404
Deferred tax assets	43,789	43,557
Other long-term assets	178,291	197,905
TOTAL ASSETS	2,424,222	2,288,017
LIABILITIES AND EQUITY		
Current liabilities		
Trade accounts payable	214,822	163,323
Accrued liabilities	47,638	34,928
Warranty provision – current	30,862	33,433
Payroll and benefits payable	66,076	62,017
Loans payable	180,661	228,831
Operating lease liabilities – current	13,504	13,068
Other current liabilities	102,037	90,910
Total current liabilities	655,600	626,510
Warranty provision – non current	15,404	14,892
Pension and other employee liabilities	24,729	29,157
Deferred tax liabilities	37,465	36,546
Tax provision	23,747	26,529
Operating lease liabilities – non current	82,088	90,588
Other long-term liabilities	55,995	66,239
Total liabilities	895,028	890,461
Redeemable noncontrolling interests	6,358	11,969
Shareholders' equity		
Landis+Gyr Group AG shareholders' equity		
Registered ordinary shares (28,908,944 and 28,908,944 issued shares at March 31, 2023 and March 31, 2022, respectively)	302,756	302,756
Additional paid-in capital	1,100,179	1,156,312
Retained earnings (Accumulated deficit)	176,105	(31,829)
Accumulated other comprehensive loss	(52,418)	(36,596)
Treasury shares, at cost (54,764 and 74,344 shares at March 31, 2023 and March 31, 2022, respectively)	(5,069)	(6,413)
Total Landis+Gyr Group AG shareholders' equity	1,521,553	1,384,230
Noncontrolling interests	1,283	1,357
Total shareholders' equity	1,522,836	1,385,587
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,424,222	2,288,017

Consolidated Statements of Cash Flows (unaudited)

USD in thousands	FINANCIAL YEAR ENDED MARCH 31,	
	2023	2022
Cash flow from operating activities		
Net income	207,119	79,438
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	82,182	81,500
Net loss (income) from equity investments	(229,717)	19,596
Share-based compensation	5,105	1,986
Gain on sale of investments	–	(2,488)
Loss on disposal of property, plant and equipment	252	44
Effect of foreign currencies translation on non-operating items, net	(17,245)	2,567
Change in allowance for doubtful accounts	1,251	(485)
Deferred income tax	(1,706)	(18,743)
Change in operating assets and liabilities, net of effect of businesses acquired and effect of changes in exchange rates:		
Accounts receivable	(37,347)	(32,585)
Inventories, including advance payments	(139,227)	(15,899)
Trade accounts payable	60,033	34,341
Other assets and liabilities	23,526	(33,494)
Net cash provided by operating activities	(45,774)	115,778
Cash flow from investing activities		
Payments for property, plant and equipment	(28,300)	(27,087)
Payments for intangible assets	(971)	(25)
Proceeds from the sale of property, plant and equipment	214	349
Business acquisitions, net of cash received	–	(150,699)
Purchase of investments	–	(5,000)
Proceeds from the sale of investments	237,842	2,488
Net cash from settlement of foreign currency derivatives to hedge investing activities	(3,005)	(4,200)
Net cash used in investing activities	205,780	(184,174)
Cash flow from financing activities		
Proceeds from third party facility	264,006	154,023
Repayment of borrowings to third party facility	(320,106)	(73,891)
Purchase of treasury shares	(409)	–
Dividends paid	(64,700)	(65,908)
Net cash from settlement of foreign currency derivatives to hedge financing activities	1,289	–
Issuance of shares	1,046	–
Net cash provided by (used in) financing activities	(118,874)	14,224
Net increase (decrease) in cash and cash equivalents	41,132	(54,172)
Cash and cash equivalents at beginning of period, including restricted cash	85,539	140,549
Effects of foreign exchange rate changes on cash and cash equivalents	(8,685)	(838)
Cash and cash equivalents at end of period, including restricted cash	117,986	85,539

Supplemental Reconciliations and Definitions (unaudited)

Adjusted EBITDA

The reconciliation of Operating income to Adjusted EBITDA is as follows for the financial year ended March 31, 2023 and 2022:

USD in millions, unless otherwise indicated	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Operating income (loss)	51.0	88.8	86.6	78.5	(48.3)	12.1	(0.9)	2.3	13.6	(4.1)
Amortization of intangible assets	56.9	50.9	30.1	30.7	18.6	11.9	1.4	1.5	6.8	6.8
Depreciation	25.3	30.6	11.1	12.6	10.1	13.3	2.8	3.3	1.3	1.4
EBITDA	133.2	170.3	127.8	121.8	(19.6)	37.3	3.3	7.1	21.7	4.1
Restructuring charges	11.8	2.9	0.4	0.2	1.4	2.3	10.0	0.4	–	–
Warranty normalization adjustments	(5.1)	(13.8)	(9.2)	(12.6)	4.0	(1.5)	0.1	0.3	–	–
Timing difference on FX Derivatives	0.0	(12.4)	–	–	0.2	(12.4)	(0.2)	–	–	–
Adjusted EBITDA	139.9	147.0	119.0	109.4	(14.1)	25.7	13.3	7.8	21.7	4.1
Adjusted EBITDA margin (%)	8.3%	10.0%	13.4%	15.5%	(2.3%)	4.4%	6.9%	4.7%		

Adjusted Gross Profit

The reconciliation of Gross Profit to Adjusted Gross Profit is as follows for the financial year ended March 31, 2023 and 2022:

USD in millions, unless otherwise indicated	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Gross Profit	475.2	482.7	306.6	270.8	126.4	178.1	35.6	40.7	6.6	(6.9)
Amortization of intangible assets	17.6	15.7	5.2	5.4	11.1	8.9	1.3	1.4	–	–
Depreciation	19.5	21.4	9.7	10.6	8.2	9.4	1.6	1.4	–	–
Restructuring charges	7.3	1.3	0.2	0.2	0.7	1.1	6.4	–	–	–
Warranty normalization adjustments	(5.1)	(13.8)	(9.2)	(12.6)	4.0	(1.5)	0.1	0.3	–	–
Timing difference on FX derivatives	0.0	(12.4)	–	–	0.2	(12.4)	(0.2)	–	–	–
Adjusted Gross Profit	514.6	494.9	312.5	274.3	150.6	183.7	44.9	43.8	6.6	(6.9)
Adjusted Gross Profit margin (%)	30.6%	33.8%	35.2%	38.8%	25.0%	31.1%	23.5%	26.2%		

Adjusted Operating Expenses

The reconciliation of Operating Expenses to Adjusted Operating Expenses is as follows for the financial year ended March 31, 2023 and 2022:

USD in millions, unless otherwise indicated	FY 2022	FY 2021
Research and development	175.7	160.3
Depreciation	(2.7)	(3.7)
Restructuring charges	(0.1)	(0.1)
Adjusted Research and development	172.9	156.5
Sales and marketing	78.3	71.9
General and administrative	130.9	126.7
Depreciation	(3.1)	(5.6)
Restructuring charges	(4.3)	(1.6)
Adjusted Sales, General and Administrative	201.8	191.4
Adjusted Operating Expenses	374.7	347.9