Half Year Report 2023

Landis+Gyr

Contents

Letter to Shareholders

Dear Landis+Gyr Shareholders,

As an essential business offering mission-critical infrastructure equipment and services, we continue to be committed to our customers' success and we are pleased to say that the increasing momentum of the energy transition allows us to look into the future optimistically. Paired with steadily decreasing component cost, our strategic transformation positions us well to deliver sustained profitable growth going forward and we are convinced that we have the right strategic focus to continue to deliver shareholder value in the years to come. Positioned in the sweet spot of the energy transition, we were able to deliver a solid performance for the first half of financial year 2023 and continue to develop and deliver leading innovation as the demand for energy efficiency solutions continues to increase.

Empowering Customers & End Consumers

Energy efficiency and grid resiliency have become mainstream topics amongst rising energy prices and concerns about grid stability, especially as we are heading into winter. With an increasing number of renewable energy resources and global efforts to accelerate electrification initiatives to meet climate goals, we see an increased need for intelligence at the grid edge to cope with the changing requirements on the grid infrastructure. It is our mission to manage energy better, and as such, we are proud to enable utilities and end consumers with leading edge solutions to manage energy consumption more efficiently and enable the orchestration of energy demand and supply to achieve a sustainable balance. As a result, we enable grid resilience, empower customers and end consumers to drive energy efficiency, and offer critical solutions to decarbonize the grid.

The benefits of our solutions are recognized by our customers in the strongest possible way through continued high orders, which drives us to continue to innovate leading-edge energy efficiency and flexibility solutions, enabling our customers and end consumers to manage energy better. The current energy crisis further amplifies the need for smarter grids as governments, communities, and utilities across the world, and particularly in Europe, are facing unprecedented challenges to ensure safe, reliable, and sufficient supply and delivery of energy. Now more than ever, the smart management of power grids is crucial to ensure reliable power distribution, and we are proud to provide products, software, and services to alleviate these challenges. Our customers continue installations of critical infrastructure, reflected in our continued high backlog, and demonstrating the recession-resilient nature of Landis+Gyr.

Our three strategic pillars Smart Infrastructure, Grid Edge Intelligence and Smart Metering are the foundation to drive profitable growth and our comprehensive portfolio of products and services uniquely positions us to empower utilities, end consumers, and whole communities by helping them to manage resources in a more informed and sustainable way and, as a result, reduce their CO_2 footprint and conserve water. As we continue to transform our Company, we have further expanded our reach in Smart Infrastructure and Grid Edge Intelligence solutions. Just recently, the addition of Thundergrid, a turnkey service provider in the electric vehicle infrastructure market, further strengthens our position in this important segment. Further, the successful integration of previous acquisitions solidified our position in the EV infrastructure solutions and cybersecurity markets and allowed us to expand our core Smart Metering with a cost-competitive metering platform. In addition, our co-innovation partnership with Google Cloud enables us to expand our portfolio of data analytics software and services to drive energy efficiency and water conservation solutions. As a leader in resource efficiency management, we continue to push new opportunities including demand flexibility management and integrated EV solutions. Combined with data analytics in the Cloud, powered by Google's artificial intelligence (AI) and machine learning (ML) expertise, we enable intelligent grid systems, which play a critical role in the planning, management, and maintenance of power grids around the world. Uniquely positioned through our global leading portfolio and footprint, we offer innovative end-to-end solutions, which enable grid resiliency and energy efficiency benefits for our customers and end consumers alike.

First Half Financial Year 2023 Results

The results of the first half of financial year 2023 reflect both the innovation leadership as well as the easing of the supply chain constraints. Order intake of USD 958.1 million for the first half of FY 2023 increased by 22.5% in constant currency compared with the previous year, due to a sustained strong order intake driven by major contract wins in the Americas and EMEA regions, resulting in a continued high committed backlog of over USD 3.7 billion, and a book-to-bill ratio of 1.0. Net revenue increased by 32.1% in constant currency, to USD 970.5 million during the first half of financial year 2023 compared to the corresponding prior period. Adjusted EBITDA increased by 122.0% year-over-year to USD 108.1 million. The strong increase in Adjusted EBITDA was almost entirely attributable to significantly higher volume combined with slightly lower supply chain costs and partially offset by higher adjusted operating expenses, translating into an Adjusted EBITDA margin of 11.1%, an increase of 440 basis points from 6.7% in the first half of FY 2022.

Free Cash Flow (excl. M&A) was USD 5.1 million, an increase of USD 44.0 million, when compared to USD (38.9) million in the first half of FY 2022. We managed to maintain a solid balance sheet with low net debt to trailing twelve months Adjusted EBITDA ratio of 0.67x.

Net income attributable to shareholders was USD 41.2 million, resulting in a diluted earnings per share amount of USD 1.43.

Outlook for FY 2023

We reconfirm our outlook for FY 2023, provided at the Capital Markets Day in January 2023 and confirmed in May 2023, assuming broadly unchanged global economic conditions. As already communicated, we expect a continuation of the strong net revenue trend in FY 2023, resulting in a low double-digit growth compared to FY 2022. With an anticipated further improvement of the supply chain cost situation, we now expect the Adjusted EBITDA margin to come in around the upper end of the initially guided range of between 9% and 11% of net revenue. Free Cash Flow (excl. M&A) is forecasted to be between USD 60 million to USD 90 million as the elevated inventory situation is expected to partially normalize in the second half of FY 2023 but will remain above historical averages to fulfill customer orders of large contracts won. The progressive dividend policy is confirmed.

Enabling Sustainable Resource Management

We continue to elevate our efforts to decarbonize grids around the world and optimize our own operations to have a meaningful sustainable impact.

In FY 2022, Landis+Gyr's Smart Metering base ensured the avoidance of over 9.5 million tons of CO_2, and we strive to further increase our positive impact on the environment through consistently high investments in innovative technologies and solutions. In addition, to drive measurable progress even further in our Environmental, Social and Governance areas, we continue to link 20% of our short-term incentive (STI) for all bonus-eligible employees to ESG targets, driving sustainable progress in support of the UN Sustainable Development Goals.

Furthermore, the Science Based Target initiative (SBTi) has assessed our near and long-term emission reduction targets against their rigorous criteria and has recently granted approval. As a Company committed to decarbonizing the grid, our targets are in line with the most ambitious pathway (1.5°C), the recommendations of the Paris Climate Accord. We have committed to reach net-zero greenhouse gas emissions across the value chain by 2050. Furthermore, we have committed to reduce scope 1 and 2 greenhouse gas (GHG) emissions by 42% until 2030 (versus 2021 base year) and to reduce scope 3 emissions also by 42% until 2030.

Landis+Gyr is now part of a group of over 3,000 globally leading companies with approved targets, who are taking action to combat climate change and move towards a greener, more sustainable future. As a leader in the decarbonization efforts, we are part of the first group of companies to receive approval for net-zero targets.

Passion & Commitment

Our teams around the world are motivated and driven by the ambition to provide leading energy efficiency solutions. We proudly serve our customers in partnership to empower people around the world to manage energy better.

Especially in light of the challenges presented by geopolitical tensions, our employees have demonstrated a high level of dedication and passion towards our customers' success and each other that deserves recognition. Therefore, we would like to thank our over 7,300 employees around the globe for their continued dedication, passion, and entrepreneurial spirit to solidify our leading position and ensure continuous leading-edge innovation, customer satisfaction, and speed to market.

Our customers' ambitious goals to serve communities around the globe with safe and reliable energy and to decarbonize the grid, inspire us every day and we would like to thank our customers and partners for their continued trust and partnership.

We are excited about our transformational journey as we continue to execute on our strategy with a strong focus on offering leading energy efficiency technology to our customers, expanding our strong partnerships, driving profitable growth and, thus, contributing to sustainable global development.

On behalf of all of us at Landis+Gyr, we thank you, our shareholders, for your continued support of and ownership in Landis+Gyr, and that you have joined us in driving our mission to manage energy better – together.

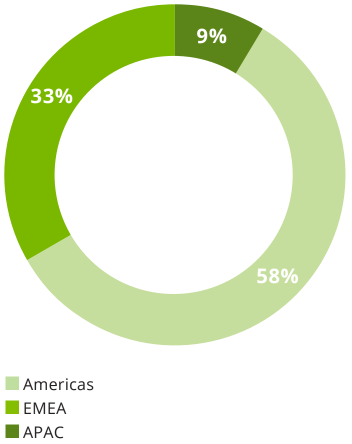
Yours sincerely,

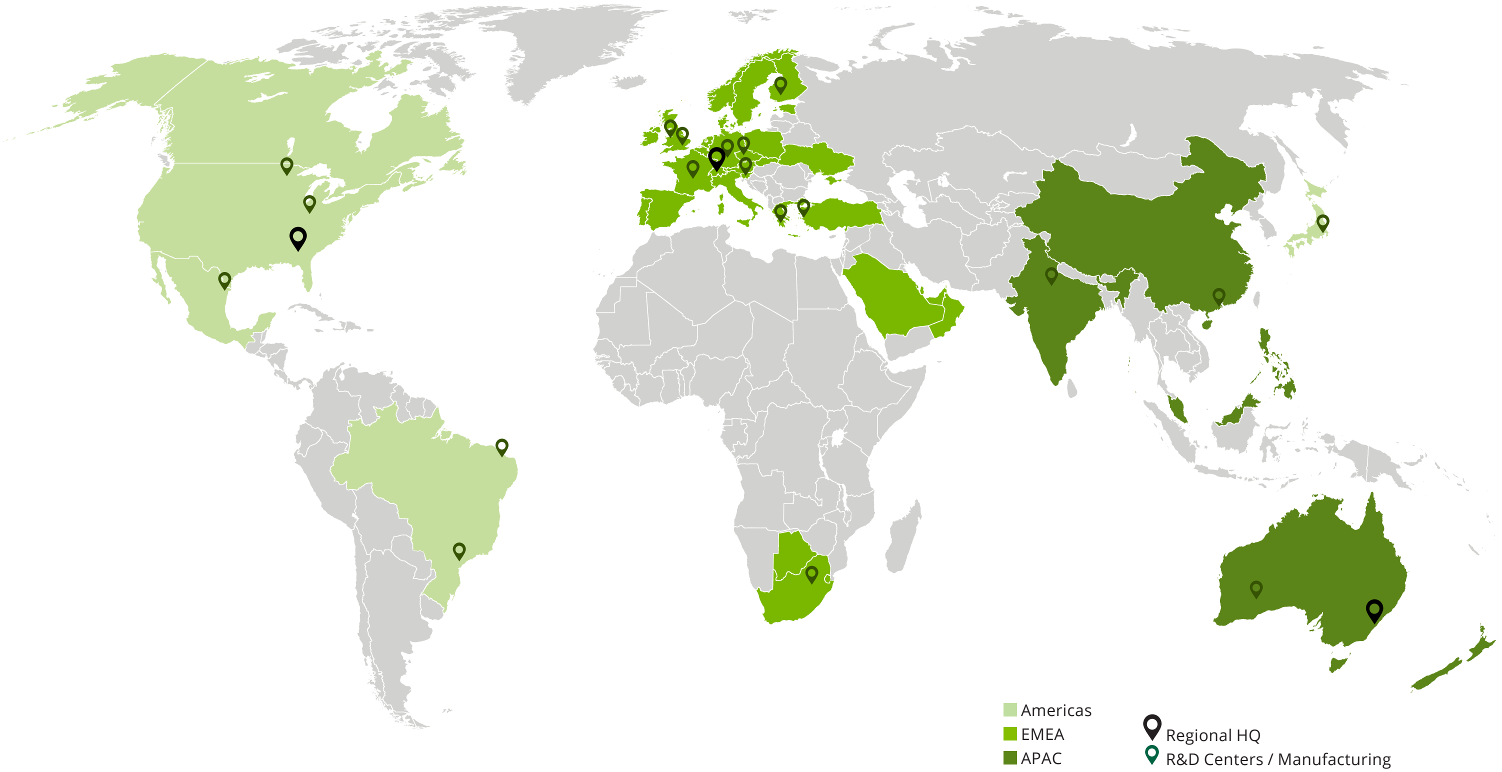
Andreas Umbach
Chair

Werner Lieberherr
Chief Executive Officer

H1 2023 at a Glance

Net Revenue Split





Gold rating (top 5%)

ESG Risk Rating of 7.4 (Negligible Risk)

Company grade: B+

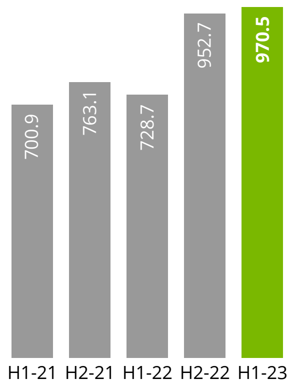
AA-rated since 2018

Prime rating (top decile)

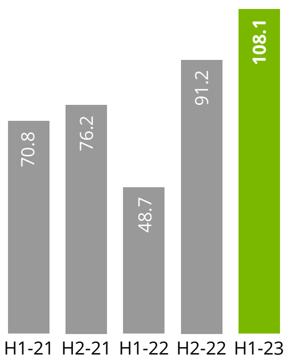
Key Figures

Committed Backlog
3,730.5
in million USD

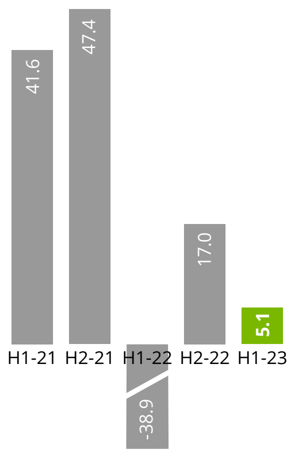
Net Revenue
970.5
in million USD



Adjusted EBITDA
108.1
in million USD



Free Cashflow
(excluding M&A)[1]
5.1
in million USD



KEY FIGURES	Six months ended September 30,		CHANGE	
(in million USD, unless otherwise indicated)	2023	2022	USD	Constant Currency
Order Intake	958.1	773.2	23.9%	22.5%
Committed Backlog	3,730.5	3,479.7	7.2%	5.4%
Net revenue	970.5	728.7	33.2%	32.1%
Reported EBITDA	99.8	51.0	95.7%	
Adjusted EBITDA	108.1	48.7	122.0%	
Adjusted EBITDA as % of net revenue	11.1%	6.7%	–	
Operating income	64.2	10.5	511.4%	
Net income attributable to Landis+Gyr Group AG Shareholders	41.2	186.5	(77.9%)	
Earnings per share – basic (USD)	1.43	6.58	(78.3%)	
Earnings per share – diluted (USD)	1.43	6.57	(78.2%)	
Free Cash Flow excluding M&A[1]	5.1	(38.9)	–	
Cash provided by operating and investing activities	5.1	143.1	–	
Net Debt	134.2	79.3	69.2%	
NET REVENUE TO EXTERNAL CUSTOMERS				
Americas	564.8	391.7	44.2%	44.3%
EMEA	321.6	248.0	29.7%	24.9%
Asia Pacific	84.1	89.0	(5.5%)	(1.7%)
Total	**970.5**	**728.7**	**33.2%**	**32.1%**
ADJUSTED EBITDA				
Americas	89.9	47.7	88.5%	
EMEA	6.7	(9.4)	–	
Asia Pacific	8.6	6.8	26.5%	
Corporate unallocated	2.9	3.6	(19.4%)	
Total	**108.1**	**48.7**	**122.0%**	

1 Net cash provided by operating activities, minus net cash used in investing activities, excluding merger & acquisition activities.

Due to rounding, numbers presented may not add to the totals provided.

Interim Consolidated Financial Statements (unaudited)

Interim Consolidated Statements of Operations (unaudited)

USD in thousands, except per share data	SIX MONTHS ENDED SEPTEMBER 30, 2023	2022
Net revenue	**970,466**	**728,711**
Cost of revenue	676,617	510,851
Gross profit	**293,849**	**217,860**
Operating expenses		
Research and development	94,758	84,409
Sales and marketing	38,985	35,963
General and administrative	78,062	67,099
Amortization of intangible assets	17,866	19,848
Operating income	**64,178**	**10,541**
Other income (expense), net	(12,487)	18,348
Income before income tax expense	**51,691**	**28,889**
Income tax expense	(11,171)	(72,375)
Net income (loss) before noncontrolling interests and equity method investments	**40,520**	**(43,486)**
Net income from equity investments	–	229,717
Net income before noncontrolling interests	**40,520**	**186,231**
Net loss attributable to noncontrolling interests	(718)	(248)
Net income attributable to Landis+Gyr Group AG Shareholders	**41,238**	**186,479**
Earnings per share:		
Basic	1.43	6.58
Diluted	1.43	6.57
Weighted average number of shares used in computing earnings per share:		
Basic	28,868,796	28,837,007
Diluted	28,936,263	28,846,280

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Interim Consolidated Statements of Comprehensive Income (unaudited)

USD in thousands	SIX MONTHS ENDED SEPTEMBER 30, 2023	2022
Net income before noncontrolling interests	**40,520**	**186,231**
Other comprehensive (loss) income:		
Foreign currency translation adjustments, net of income tax expense	(6,372)	(54,345)
Pension plan benefits liability adjustments, net of income tax expense	(6,606)	4,154
Comprehensive income	**27,542**	**136,040**
Net loss attributable to noncontrolling interests, net of tax	718	248
Foreign currency translation adjustments attributable to the noncontrolling interests	84	258
Comprehensive income attributable to Landis+Gyr Group AG Shareholders	**28,344**	**136,546**

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Interim Consolidated Balance Sheets (unaudited)

USD in thousands, except share data	September 30, 2023	March 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	106,227	117,370
Accounts receivable, net of allowance for doubtful accounts of USD 4.0 million and USD 7.4 million	313,106	351,379
Inventories, net	284,848	242,340
Prepaid expenses and other current assets	122,490	109,018
Total current assets	**826,671**	**820,107**
Property, plant and equipment, net	122,126	117,215
Intangible assets, net	195,967	216,312
Goodwill	1,047,501	1,048,508
Deferred tax assets	45,139	43,789
Other long-term assets	160,026	178,291
TOTAL ASSETS	**2,397,430**	**2,424,222**
LIABILITIES AND EQUITY		
Current liabilities		
Trade accounts payable	204,255	214,822
Accrued liabilities	60,159	47,638
Warranty provision – current	28,219	30,862
Payroll and benefits payable	50,034	66,076
Loans payable	235,493	180,661
Operating lease liabilities – current	14,518	13,504
Other current liabilities	84,145	102,037
Total current liabilities	**676,823**	**655,600**
Warranty provision – noncurrent	14,038	15,404
Pension and other employee liabilities	22,894	24,729
Deferred tax liabilities	36,348	37,465
Tax provision	25,306	23,747
Operating lease liabilities – noncurrent	77,146	82,088
Other long-term liabilities	56,783	55,995
Total liabilities	**909,338**	**895,028**

USD in thousands, except share data	September 30, 2023	March 31, 2023
Redeemable noncontrolling interests	**5,092**	**6,358**
Commitments and contingencies – Note 15		
Shareholders' equity		
Landis+Gyr Group AG shareholders' equity Registered ordinary shares (28,908,944 and 28,908,944 issued shares at September 30, 2023, and March 31, 2023, respectively)	302,756	302,756
Additional paid-in capital	1,028,979	1,100,179
Retained earnings	217,119	176,105
Accumulated other comprehensive loss	(65,312)	(52,418)
Treasury shares, at cost (25,496 and 54,764 shares at September 30, 2023, and March 31, 2023, respectively)	(2,151)	(5,069)
Total Landis+Gyr Group AG shareholders' equity	**1,481,391**	**1,521,553**
Noncontrolling interests	1,609	1,283
Total shareholders' equity	**1,483,000**	**1,522,836**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,397,430**	**2,424,222**

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Interim Consolidated Statements of Changes in Shareholders Equity (unaudited)

	Registered ordinary shares								
USD in thousands except for shares	Shares	Amount	Additional paid-in capital	Retained earnings (Accumulated deficit)	Accumulated other compre-hensive loss	Treasury shares	Total Landis+Gyr Group AG equity	Noncontrolling interests	Total shareholders' equity
Balance at March 31, 2022	**28,908,944**	**302,756**	**1,156,312**	**(31,829)**	**(36,596)**	**(6,413)**	**1,384,230**	**1,357**	**1,385,587**
Net income (loss)	–	–	–	186,479	–	–	186,479	(248)	186,231
Foreign currency translation adjustments, net of income tax expense	–	–	–	–	(54,087)	–	(54,087)	(258)	(54,345)
Pension plan benefits liability adjustments, net of income tax expense	–	–	–	–	4,154	–	4,154	–	4,154
Net loss allocated to redeemable noncontrolling interests	–	–	–	–	–	–	–	239	239
Current period mark to redemption value of redeemable noncontrolling interest	–	–	3,178	–	–	–	3,178	–	3,178
Dividends paid (CHF 2.15 per share)	–	–	(64,700)		–	–	(64,700)	–	(64,700)
Share based compensation			1,856			–	1,856	–	1,856
Delivery of shares	–	–	(241)	–	–	241	–	–	–
Balance at September 30, 2022	**28,908,944**	**302,756**	**1,096,405**	**154,650**	**(86,529)**	**(6,172)**	**1,461,110**	**1,090**	**1,462,200**
Balance at March 31, 2023	**28,908,944**	**302,756**	**1,100,179**	**176,105**	**(52,418)**	**(5,069)**	**1,521,553**	**1,283**	**1,522,836**
Net income (loss)	–	–	–	41,238	–	–	41,238	(718)	40,520
Foreign currency translation adjustments, net of income tax expense	–	–	–	–	(6,288)	–	(6,288)	(84)	(6,372)
Pension plan benefits liability adjustments, net of income tax expense	–	–	–	–	(6,606)	–	(6,606)	–	(6,606)
Net loss allocated to redeemable noncontrolling interests	–	–	–	–	–	–	–	1,128	1,128
Adoption of ASU 2016-13	–	–	–	(224)	–	–	(224)	–	(224)
Dividends paid (CHF 2.20 per share)	–	–	(70,780)		–	–	(70,780)		(70,780)
Share based compensation	–	–	2,498	–	–	–	2,498	–	2,498
Delivery of shares	–	–	(2,918)	–	–	2,918	–	–	–
Balance at September 30, 2023	**28,908,944**	**302,756**	**1,028,979**	**217,119**	**(65,312)**	**(2,151)**	**1,481,391**	**1,609**	**1,483,000**

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Interim Consolidated Statements of Cash Flows (unaudited)

USD in thousands	SIX MONTHS ENDED SEPTEMBER 30, 2023	2022
Cash flow from operating activities		
Net income before noncontrolling interests	40,520	186,231
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	35,580	40,503
Net income from equity investments	–	(229,717)
Share-based compensation	2,498	1,856
Loss (gain) on disposal of property, plant and equipment	(63)	90
Loss (income) on foreign exchange, net	5,917	(24,426)
Change in allowance for doubtful accounts	(3,463)	(881)
Deferred income tax	(2,297)	10,686
Change in operating assets and liabilities, net of effect of businesses acquired and effect of changes in exchange rates:		
Accounts receivable	37,043	5,998
Inventories, including advance payments	(63,291)	(76,315)
Trade accounts payable	(5,825)	25,794
Other assets and liabilities	(22,613)	(22,699)
Net cash provided by (used in) operating activities	**24,006**	**(82,880)**
Cash flow from investing activities		
Payments for property, plant and equipment	(18,696)	(8,921)
Payments for intangible assets	(829)	(17)
Proceeds from the sale of property, plant and equipment	659	72
Proceeds from the sale of investments	–	237,842
Net cash from settlement of foreign currency derivatives to hedge investing activities	–	(3,005)
Net cash provided by (used in) investing activities	**(18,866)**	**225,971**

USD in thousands	SIX MONTHS ENDED SEPTEMBER 30, 2023	2022
Cash flow from financing activities		
Proceeds from third party facility	165,218	173,755
Repayment of borrowings to third party facility	(109,105)	(243,469)
Dividends paid	(70,780)	(64,700)
Net cash from settlement of foreign currency derivatives to hedge financing activities	–	1,289
Net cash used in financing activities	**(14,667)**	**(133,125)**
Net increase (decrease) in cash and cash equivalents	**(9,527)**	**9,966**
Cash and cash equivalents at beginning of period, including restricted cash	117,986	85,539
Effects of foreign exchange rate changes on cash and cash equivalents	(1,623)	(12,650)
Cash and cash equivalents at end of period, including restricted cash	**106,836**	**82,855**
Reconciliation of cash, cash equivalents, and restricted cash reported in the Interim Consolidated Balance Sheet		
Cash and cash equivalents	106,227	82,299
Restricted cash included in other long-term assets	609	556
Total cash, cash equivalents, and restricted cash shown in the Interim Consolidated Statement of Cash Flows	**106,836**	**82,855**
Supplemental cash flow information		
Cash paid for income tax	12,753	66,289
Cash paid for interest	8,391	2,164

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Notes to Interim Consolidated Financial Statements (unaudited)

Note 1: General Information

Landis+Gyr Group AG ("Landis+Gyr") and its subsidiaries (together, the "Company") form a leading global provider of integrated energy management solutions to utilities. The Company is organized in a geographical structure which corresponds to the regional segments of the Americas, Europe, Middle East and Africa ("EMEA"), and Asia Pacific. Landis+Gyr offers a comprehensive portfolio of products, solutions and services, including meters, related devices, communications technologies and software applications that are essential to the measurement and management of energy distribution and consumption.

Landis+Gyr's registered ordinary shares are listed on the SIX Swiss Exchange (Securities number: 37115349; ISIN: CH0371153492; Ticker symbol: LAND).

The following notes relate to the Interim Consolidated Financial Statements of Landis+Gyr for each of the six months ended September 30, 2023 and September 30, 2022.

The Interim Consolidated Financial Statements have not been audited by the auditors. They were approved for publication by the Board of Directors on October 24, 2023.

Note 2: Summary of Significant Accounting Policies

2.1 Basis of Presentation

The unaudited Interim Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP") for interim financial information and accordingly do not include all information and disclosures as required by US GAAP for complete financial statements. Therefore, such financial information should be read in conjunction with the audited Consolidated Financial Statements for the financial year ended March 31, 2023.

In the opinion of the management, these unaudited Interim Consolidated Financial Statements reflect all adjustments necessary to fairly state the Consolidated Balance Sheets, Statements of Operations, Statements of Comprehensive Income, Cash Flows and Changes in Shareholders' Equity for the interim periods presented. Management considers all such adjustments to be of a normal recurring nature.

All amounts are presented in United States dollars ("USD"), unless otherwise stated.

2.2 Use of Estimates

The preparation of Consolidated Financial Statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the Interim Consolidated Financial Statements and accompanying notes. Actual results may differ materially from these estimates.

Global economic impacts beyond the Company's control, such as pandemics, disruptions or global shortages in energy or supplied components, political conflicts, military actions and wars, may create disruption in customer demand and global supply chains, resulting in market volatility, which the Company continues to monitor, and where reasonably possible, to manage and mitigate.

The Russian military actions in Ukraine and the resulting sanctions, the Israelian-Palestinian conflict, and other political or military conflicts could adversely affect the global economy, as well as further disrupt the supply chain. A major disruption in the global economy and supply chain could have a material adverse effect on the Company's business, prospects, financial condition, results of operations, and cash flows. The extent and duration of the military action, sanctions, and resulting market and/or supply disruptions are impossible to predict but could be substantial.

2.3 Recent Accounting Pronouncements Applicable for Future Periods

In August 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-05 – Business Combinations – Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement, which provides guidance on the initial recognition of contributions received by a joint venture. The update requires joint ventures to initially measure all contributions received upon their formation at fair value. Before ASU 2023-05, there was no authoritative guidance in US GAAP that addressed how a joint venture should recognize contributions received. As a result, there has been diversity in practice, with some joint ventures accounting for contributions received on a carryover basis and others at fair value. This update is effective prospectively for the Company for annual and interim reporting periods beginning April 1, 2025, with early adoption permitted. The Company intends to apply the revised guidance to any newly formed joint ventures with a formation date on or after April 1, 2025.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13 – Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, amending the accounting for the impairment of financial instruments, including trade receivables. The new guidance requires the use of a "current expected credit loss" model for most financial assets. The new model requires immediate recognition of the estimated credit losses expected to occur over the remaining life of financial assets such as trade and other receivables, held-to-maturity debt securities, loans and other instruments. Measurement of expected credit losses is now based on historical experience, current conditions, and reasonable and supportable forecasts. The Company has adopted the new standard as of April 1, 2023 on a modified retrospective basis and has therefore recorded a cumulative-effect adjustment of USD 0.2 million to the opening balance of Retained Earnings on April 1, 2023, relating to an increase in the allowance for credit losses on trade accounts receivable.

In October 2021, the FASB issued ASU 2021-08 – Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which provides guidance on the accounting for revenue contracts acquired in a business combination. The update requires revenue contract assets and liabilities acquired in a business combination be recognized and measured under the revenue standard provided in Topic 606. Under previous guidance, revenue contract assets and liabilities would have been measured at fair value. The Company has adopted this amendment as of the effective date of April 1, 2023. The revised guidance is to be applied prospectively to business combinations occurring on or after the effective date of the amendments. The Company currently plans to apply the practical expedients as needed for any future acquisitions. The practical expedients cover contracts that were modified prior to acquisition date as well as determining which date an acquirer would have to determine the standalone selling price of each performance obligation in an acquired contract.

Note 3: Shareholders' Equity

At September 30, 2023 and March 31, 2023, the capital structure reflected 28,908,944 issued registered ordinary shares with restricted transferability. The restricted transferability is related to the fact that the Board of Directors can reject a shareholder not disclosing the beneficial owner.

Registered ordinary shares carry one vote per share, as well as the right to dividends.

Conditional Share Capital

The share capital of the Company may be increased by up to CHF 4,500,000 by issuing up to 450,000 fully paid-in registered shares with a nominal value of CHF 10 each, upon the exercise of option rights or in connection with similar rights regarding shares granted to officers and employees at all levels of the Company and its group companies according to respective regulations and resolutions of the Board of Directors. This conditional share capital has been approved and is available for use. As of September 30, 2023, no shares were issued from this conditional share capital.

Furthermore, the share capital of the Company may be increased by up to CHF 28,908,940 by the issuance of up to 2,890,894 paid-in registered shares with a nominal value of CHF 10 each, through the exercise or mandatory exercise of conversion, exchange, option, warrant or similar rights for the subscription of shares granted to shareholders or third parties alone or in connection with bonds, notes, loans, options, warrants or other securities or contractual obligations of the Company or any of its subsidiaries. As of September 30, 2023, no shares were issued from this conditional share capital.

Capital Band

The Company has a capital band ranging from CHF 260,180,500 (lower limit) to CHF 317,998,380 (upper limit). The Board of Directors shall be authorized within the capital band to increase or reduce the share capital once or several times and in any amounts or to acquire or dispose of shares directly or indirectly, until June 22, 2026, or until an earlier expiry of the capital band. The capital increase or reduction may be effected by issuing up to 2,890,894 fully paid-in registered shares with a nominal value of CHF 10 each an cancelling up to 2,890,894 registered shares with a nominal value of CHF 10 each, as applicable, or by increasing or reducing the nominal value of the existing shares within the limits of the capital band.

Until June 22, 2026, or an earlier expiry of the capital band, the total number of newly issued shares which may be issued with the restriction or withdrawal of advance subscription rights or pre-emptive rights (1) from the conditional capital and (2) from the capital band must not exceed 2,890,894 new shares.

Treasury Shares

From time to time, the Company may repurchase shares of its common stock under programs authorized by the Board of Directors. Share repurchases are made in the open market and in accordance with applicable securities laws. Shares repurchased are displayed separately as Treasury shares in the Interim Consolidated Financial Statements.

The changes in Treasury shares during the six-month periods ended September 30, 2023 and September 30, 2022 were as follows:

TREASURY SHARES

	SIX MONTHS ENDED SEPTEMBER 30,			
	2023	**2023**	2022	2022
	Number of shares	**Average acquisition price per share (in CHF)**	Number of shares	Average acquisition price per share (in CHF)
Treasury shares – opening balance as of April 1	54,764	91.98	74,344	84.94
Delivery of shares	(29,268)	97.93	(3,999)	59.55
Treasury shares – closing balance as of September 30	**25,496**	**85.14**	**70,345**	**86.39**

In the six-month period ended September 30, 2023, the Company delivered 29,268 shares out of the treasury stock, of which 26,193 were allotted to employees eligible under the long-term incentive plan (“LTIP”), and 3,075 shares related to the share-based remuneration of the Company’s Board of Directors.

In the six-month period ended September 30, 2022, the Company delivered 3,999 shares out of the treasury stock, related to the share-based remuneration of the Company’s Board of Directors.

Dividend

At the Annual General Meeting of Shareholders on June 22, 2023, shareholders approved the proposal of the Board of Directors to distribute CHF 2.20 per share to shareholders. The declared dividend amounted to CHF 63.5 million (USD 70.8 million at the exchange rate prevailing at June 22, 2023) and was paid in June 2023.

At the Annual General Meeting of Shareholders on June 24, 2022, shareholders approved the proposal of the Board of Directors to distribute CHF 2.15 per share to shareholders. The declared dividend amounted to CHF 62.0 million (USD 64.7 million at the exchange rate prevailing at June 24, 2022) and was paid in June 2022.

Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive loss (AOCL) of Landis+Gyr Group AG consist of:

ACCUMULATED OTHER COMPREHENSIVE LOSS

	SEPTEMBER 30,	
USD in thousands	**2023**	2022
Foreign currency translation adjustments, net of tax	(70,225)	(95,225)
Pension plan benefits liability adjustments, net of taxes of USD (1,420) and USD (1,596) as of September 30, 2023 and September 30, 2022, respectively	4,913	8,696
Accumulated other comprehensive loss	**(65,312)**	**(86,529)**

The following tables present the reclassification adjustments in AOCL by component:

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) – H1 2023

USD in thousands	**Defined benefit pension items**	**Foreign currency items**	**Total**
Beginning balance, April 1, 2023	**11,519**	**(63,937)**	**(52,418)**
Other comprehensive income (loss) before reclassifications	(6,397)	(6,288)	(12,685)
Amounts reclassified from accumulated other comprehensive income (loss)	(209)	–	(209)
Net current-period other comprehensive income (loss)	(6,606)	(6,288)	(12,894)
Ending balance, September 30, 2023	**4,913**	**(70,225)**	**(65,312)**

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) – H1 2022

USD in thousands	**Defined benefit pension items**	**Foreign currency items**	**Total**
Beginning balance, April 1, 2022	**4,542**	**(41,138)**	**(36,596)**
Other comprehensive income (loss) before reclassifications	4,298	(54,660)	(50,362)
Amounts reclassified from accumulated other comprehensive income (loss)	(144)	573	429
Net current-period other comprehensive income (loss)	4,154	(54,087)	(49,933)
Ending balance, September 30, 2022	**8,696**	**(95,225)**	**(86,529)**

The pension plan benefits liability adjustment, net of taxes, in the AOCL changed by USD (6.6) million and USD 4.2 million in the six-month periods ended September 30, 2023 and September 30, 2022, respectively. These changes represent the movement of the current year activity including the reclassified amounts from AOCL to net income:

AOCL – PENSION PLAN BENEFIT LIABILITY ADJUSTMENT

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in thousands	**2023**	2022
Amortization of actuarial loss	359	380
Amortization of prior service credit	(568)	(524)
Amounts reclassified from other comprehensive income (loss) to net income[1]	**(209)**	**(144)**
Net actuarial gain (loss)	(6,996)	5,730
Total before tax	**(7,205)**	**5,586**
Tax benefit (expense)	599	(1,432)
Total other comprehensive income (loss) from defined benefit pension plans (net of tax) for the half year ended September 30,	**(6,606)**	**4,154**

1 These accumulated other comprehensive income components are included in the computation of net periodic pension costs (see Note 12: Pension and Post Retirement Benefit Plans for additional details).

Note 4: Earnings per Share

Basic earnings per share is calculated by dividing net income by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing net income by the weighted average number of shares outstanding during the period, assuming that all potentially dilutive securities were exercised, if dilutive. Potentially dilutive securities comprise shares granted subject to certain conditions under the Company's share-based payment arrangements.

Treasury shares are not considered outstanding for share count purposes, and they were excluded from the average number of ordinary shares outstanding for the purpose of calculating the basic and diluted earnings per share.

The following table sets forth the computation of basic and diluted earnings per share (EPS):

EARNINGS PER SHARE

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in thousands, except per share data	**2023**	2022
Basic earnings per share		
Net income attributable to Landis+Gyr Group AG Shareholders	41,238	186,479
Accretion of redeemable noncontrolling interest, net of tax	–	3,178
Net income attributable to Landis+Gyr Group AG Shareholders after accretion of redeemable noncontrolling interest	**41,238**	**189,657**
Weighted-average number of shares used in computing earnings per share	**28,868,796**	**28,837,007**
Basic earnings per share attributable to Landis+Gyr Group AG shareholders	**1.43**	**6.58**
Diluted earnings per share		
Net income attributable to Landis+Gyr Group AG Shareholders	41,238	186,479
Accretion of redeemable noncontrolling interest, net of tax	–	3,178
Net income (loss) attributable to Landis+Gyr Group AG Shareholders after accretion of redeemable noncontrolling interest	**41,238**	**189,657**
Weighted-average number of shares used in computing earnings per share	28,868,796	28,837,007
Effect of dilutive securities	67,467	9,273
Adjusted weighted-average number of shares outstanding	**28,936,263**	**28,846,280**
Diluted earnings per share attributable to Landis+Gyr Group AG shareholders	**1.43**	**6.57**

For the six months ended September 30, 2023, there were 346,082 potentially dilutive securities from the Company's share-based long-term incentive plans, of which 67,467 were included in the computation of the adjusted weighted-average number of shares outstanding. The remaining 278,615 securities could be dilutive in future periods.

For the six months ended September 30, 2022, there were 349,576 potentially dilutive securities from the Company's share-based long-term incentive plans, of which 9,273 were included in the computation of the adjusted weighted-average number of shares outstanding.

Note 5: Other Income (Expense), net

The components of Other income (expense), net were as follows:

OTHER INCOME (EXPENSE), NET

USD in thousands	SIX MONTHS ENDED SEPTEMBER 30, 2023	2022
Interest income	948	504
Interest expense	(9,728)	(3,242)
Income (loss) on foreign exchange, net	(5,917)	24,426
Non-operational pension credit	2,305	2,040
Loss from change in fair value of investments in equity securities	(95)	(5,380)
Other income (expense), net	**(12,487)**	**18,348**

Gain (Loss) from Change in Fair Value of Investments in Equity Securities
The Company has an equity interest in Allego N.V. ("Allego"), whose shares are listed on the New York Stock Exchange. For the six-month periods ended September 30, 2023, and 2022, the Company recorded losses from the change in value of its equity interest in Allego of USD (0.1) million and USD (5.4) million, respectively.

Note 6: Revenue

The following table provides information about contract assets and liabilities with customers:

CONTRACT ASSETS AND LIABILITIES

USD in thousands	September 30, 2023	March 31, 2023
Contract assets	**2,068**	–
Advances from customers	5,975	8,058
Deferred revenue	61,098	72,100
Contract liabilities	**67,073**	**80,158**

Contract assets primarily relate to the Company's right to receive consideration for work completed but for which no invoice has been issued at the reporting date. Contract assets are transferred to receivables when rights to receive payment become unconditional.

Contract assets are included within Prepaid expenses and other current assets in the Interim Consolidated Balance Sheets.

Contract liabilities primarily relate to advances received on orders from customers as well as amounts invoiced to customers in excess of revenues recognized predominantly on long-term projects. Contract liabilities are reduced as work is performed and as revenues are recognized.

Of the contract liabilities as of March 31, 2023, the Company recognized revenue of USD 72.2 million during the six-month period ended September 30, 2023.

Contract liabilities are included within Other current liabilities and Other non-current liabilities in the Interim Consolidated Balance Sheets.

Transaction Price Allocated to the Remaining Performance Obligations
Total transaction price allocated to remaining performance obligations related to contracts is approximately USD 1,329.3 million for the next twelve months and approximately USD 2,401.2 million for periods longer than 12 months.

Total transaction price allocated to remaining performance obligations represents committed, but undelivered products and services for contracts and purchase orders at period end. Twelve-month remaining performance obligations represent the portion of total transaction price allocated to remaining performance obligations that the Company estimates will be recognized as revenue over the next 12 months. The total transaction price allocated to remaining performance obligations is not a complete measure of future revenues as the Company also receives orders where the customer may have legal termination rights but it is not likely that the customer would exercise such rights.

The total remaining performance obligations are comprised of product and services components. The services component relates primarily to maintenance agreements for which customers pay a full year's maintenance in advance, and revenue is generally recognized over the service period. The total transaction price allocated to remaining performance obligations also includes the Company's extended warranty contracts, for which revenue is recognized over the warranty period, and hardware, which is recognized as units are delivered. The estimate of when remaining performance obligations will be recognized requires significant judgment.

Disaggregation of Revenue
The disaggregation of revenue into categories, which depict how revenue is affected by economic factors, is disclosed in Note 18: Segment Information.

Note 7: Goodwill

The following table reflects changes in the carrying amount of goodwill for the six-month periods ended September 30, 2023 and September 30, 2022:

GOODWILL

USD in thousands	Americas	EMEA	Asia Pacific	Total
Balance as of March 31, 2022	**737,350**	**287,551**	**23,503**	**1,048,404**
Effect of change in exchange rates	–	(4,350)	–	(4,350)
Balance as of September 30, 2022	**737,350**	**283,201**	**23,503**	**1,044,054**
Balance as of March 31, 2023	**737,350**	**287,655**	**23,503**	**1,048,508**
Effect of change in exchange rates	–	(1,007)	–	(1,007)
Balance as of September 30, 2023[1)]	**737,350**	**286,648**	**23,503**	**1,047,501**

1) As of September 30, 2023, and March 31, 2023, the gross goodwill amounted to USD 1,503.5 million and USD 1,504.5 million, respectively. The accumulated impairment charges as of September 30, 2023, and March 31, 2023, amounted to USD 456 million, thereof USD 396 million, USD 30 million and USD 30 million related to the Americas, EMEA and Asia Pacific segments, respectively.

Note 8: Investments in Affiliated Companies

On April 1, 2022, the Company fully divested its 19.92% equity interest in Spark in exchange for USD 237.8 million cash consideration. Upon divestment, the Company recognized a net benefit in the Interim Consolidated Statements of Operations of USD 229.7 million, including the consideration received in excess of the investment's carrying amount of USD 237.8 million, net of the Company's share of loss from Spark for the three-month lag period ended March 31, 2022 of USD (7.5) million and the reclass of the Company's share of Spark's accumulated currency translation adjustment from AOCL to net income of USD (0.6) million.

Note 9: Loans Payable

The components of the loans payable are as follows:

LOANS PAYABLE

USD in thousands	September 30, 2023		March 31, 2023	
	Balance	**Weighted average interest rate**	Balance	Weighted average interest rate
Multicurrency Credit Facility	160,000	6.3%	170,000	5.6%
CHF Credit Facility	65,609	2.4%	–	–
Other borrowings from banks	9,884	10.4%	10,661	7.2%
Loans payable	**235,493**		**180,661**	

At September 30, 2023, the Company had in place two credit facility agreements ("Credit Facility"), provided by a bank syndicate led by UBS Switzerland AG, to be used for general corporate purposes: (a) a USD 240 million Credit Facility (the "Multicurrency Credit Facility") maturing in February 2025 and (b) a CHF 200 million Credit Facility (the "CHF Credit Facility"), thereof CHF 100 million (the "Facility B") maturing in May 2024 with the remaining balance (the "Facility A") maturing in February 2025. During the half-year period ended September 30, 2023, the Company obtained an extension of the Facility B for an additional period of one year until May 2024, and reduced the amount from CHF 200 million to CHF 100 million.

In general, borrowings under the Credit Facility agreements bear interest at a rate based on the Secured Overnight Financing Rate ("SOFR") in case of borrowings in U.S. Dollar, the Euro Interbank Offered Rate ("EURIBOR") in case of borrowings in Euro, or the Swiss Average Rate Overnight ("SARON") in case of borrowings in Swiss Francs, plus a margin ranging from 0.6% to 2.1% depending on the Net Total Debt / EBITDA ratio calculated every half year at March 31 and September 30.

The Credit Facility agreements contain affirmative and negative covenants customarily found in loan agreements for similar transactions, subject to certain agreed exceptions, for the borrower and the Company, including with respect to, among other actions, maintaining the Company's business operations and assets, carrying out transactions with third parties at market conditions, ranking all obligations at least pari passu with present or future payment obligations, complying with laws and reporting obligations, and preparation of financial statements in accordance with US GAAP. The Credit Facility agreements restrict, among other actions, the following, subject to certain exceptions: entering into certain acquisitions, mergers and joint ventures, carrying out material changes to the Company's activities or structure, changing its accounting standards, incurring further indebtedness, granting security for indebtedness, granting credit to third parties, and carrying out certain disposals of assets. The Credit Facility agreements also contain a financial covenant requiring that the Company's Net Total Debt (as defined therein) divided by EBITDA be not greater than 2.50x and its EBITDA be greater than zero, on a semi-annual rolling basis in respect of the most recent two semesters of the Company.

The Credit Facility agreements contain events of default, which include, among others, payment defaults, breach of other obligations under the agreements, cross-default, insolvency, material adverse change, or a material reservation of the auditors. Indebtedness under the Credit Facility agreements may be voluntarily prepaid in whole or in part, subject to notice, minimum amounts and break costs.

Multicurrency Credit Facility
Under the Multicurrency Credit Facility, the Company may borrow loans in U.S. Dollar or in Euro with consecutive interest periods of one, three, six or twelve months, or other interest periods and currencies subject to the receipt of required approvals.

There may be a maximum of ten simultaneously outstanding loans with a minimum amount of USD 10 million each, or its approximate equivalent in other currencies. As of September 30, 2023, and March 31, 2023, the Company has drawn loans for a total amount of USD 160.0 million and USD 170.0 million, respectively.

As of September 30, 2023, and March 31, 2023, the Multicurrency Credit Facility's unused portion was USD 80.0 million and USD 70.0 million, respectively.

The Company incurs a quarterly commitment fee equal to 35% of the applicable margin of the unused portion of the revolving credit facility, as well as an annual agency fee in the amount of USD 40 thousand.

CHF Credit Facility
Under the CHF Credit Facility, the Company may borrow loans with consecutive interest periods of one, three, six or twelve months, or other interest periods subject to the receipt of required approvals.

For drawings under the Facility A, there may be a maximum of ten simultaneously outstanding loans with a minimum amount of CHF 10 million each. For drawings under the Facility B, there may be a maximum of twenty simultaneously outstanding loans with a minimum amount depending on the selected currency.

As of September 30, 2023, and March 31, 2023, the Company has drawn loans for a total amount of CHF 60.0 million and nil, respectively.

As of September 30, 2023, and March 31, 2023, the CHF Credit Facility's unused portion was CHF 140.0 million and CHF 300.0 million, respectively.

The Company incurs a quarterly commitment fee equal to 35% of the applicable margin of the unused portion of the revolving credit facility, as well as an annual agency fee in the amount of CHF 45 thousand. The Company also incurs a quarterly utilization fee up to 0.3% of all outstanding Facility B loans.

Note 10: Derivative Financial Instruments

The Company is exposed to certain currency risks arising from its global operating, financing and investing activities. The Company uses derivative instruments to reduce and manage the economic impact of these exposures. Forward foreign exchange contracts are the main instrument used to protect the Company against the volatility of future cash flows (caused by changes in exchange rates) arising from transactions denominated in foreign currencies.

The gross notional amounts of outstanding foreign exchange contracts as of September 30, 2023 and March 31, 2023 were USD 319.3 million and USD 266.6 million, respectively.

For the six-month periods ended September 30, 2023 and 2022, the Company recognized gains (losses) from changes in the fair value of forward foreign exchange contracts of USD (4.7) million and USD 7.2 million, respectively. These amounts are included within Cost of revenue and Other income (expense), net in the Interim Consolidated Statements of Operations.

The fair values of the outstanding derivatives, included in the Interim Consolidated Balance Sheet as of September 30, 2023 were as follows:

DERIVATIVE FINANCIAL INSTRUMENTS

		Derivative assets		Derivative liabilities	
September 30, 2023 (USD in thousands)	**Notional amount**	**Prepaid expenses and other current assets**	**Other long-term assets**	**Other current liabilities**	**Other long-term liabilities**
Foreign exchange contracts:					
Foreign currency forward contracts in CHF	88,893	141	–	3,270	–
Foreign currency forward contracts in EUR	73,806	102	–	1,697	–
Foreign currency forward contracts in GBP	73,741	855	–	67	–
Foreign currency forward contracts in JPY	39,529	1,827	–	1,041	–
Foreign currency forward contracts in MXN	14,494	547	–	120	–
Foreign currency forward contracts in SEK	11,424	219	–	74	–
Foreign currency forward contracts in AUD	8,332	276	–	6	–
Foreign currency forward contracts in HKD	4,886	25	–	–	–
Foreign currency forward contracts in ZAR	3,331	–	–	120	–
Foreign currency forward contracts in CAD	898	1	–	12	–
Total derivative financial instruments		**3,993**	**–**	**6,407**	**–**

The fair values of the outstanding derivatives, included in the Consolidated Balance Sheet as of March 31, 2023 were as follows:

DERIVATIVE FINANCIAL INSTRUMENTS

March 31, 2023 (USD in thousands)	Notional amount	Derivative assets: Prepaid expenses and other current assets	Derivative assets: Other long-term assets	Derivative liabilities: Other current liabilities	Derivative liabilities: Other long-term liabilities
Foreign exchange contracts:					
Foreign currency forward contracts in EUR	86,684	1,548	–	98	–
Foreign currency forward contracts in GBP	72,207	238	–	1,232	–
Foreign currency forward contracts in CHF	29,960	233	–	283	–
Foreign currency forward contracts in JPY	24,877	184	–	255	–
Foreign currency forward contracts in HKD	15,429	41	–	–	–
Foreign currency forward contracts in SEK	12,406	70	–	201	–
Foreign currency forward contracts in MXN	10,403	749	–	–	–
Foreign currency forward contracts in AUD	8,603	195	–	42	–
Foreign currency forward contracts in CAD	3,121	6	–	40	–
Foreign currency forward contracts in ZAR	2,892	62	–	37	–
Total derivative financial instruments		**3,326**	**–**	**2,188**	**–**

Note 11: Fair Value

The Company measures financial assets and liabilities at fair value. Foreign currency exchange contracts are measured at fair value on a recurring basis by means of various valuation techniques and models and the inputs used are classified based on the hierarchy outlined within the Company's significant accounting policies.

In addition, certain assets are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

The valuation techniques and models utilized for measuring financial assets and liabilities are reviewed and validated at least annually.

Recurring Fair Value Measurements

At September 30, 2023 and March 31, 2023, for each of the fair value hierarchy levels, the following assets and liabilities were measured at fair value on a recurring basis:

FAIR VALUE MEASUREMENTS

September 30, 2023 USD in thousands	Total	Level 1	Level 2	Level 3
Assets				
Foreign currency forward contracts	3,993	–	3,993	–
Other long-term assets – Investments in equity securities	1,110	1,110	–	–
Total	**5,103**	**1,110**	**3,993**	**–**
Liabilities				
Foreign currency forward contracts	6,407	–	6,407	–
Other long-term liabilities – Contingent consideration	1,000	–	–	1,000
Total	**7,407**	**–**	**6,407**	**1,000**

FAIR VALUE MEASUREMENTS

March 31, 2023 USD in thousands	Total	Level 1	Level 2	Level 3
Assets				
Foreign currency forward contracts	3,326	–	3,326	–
Other long-term assets – Investments in equity securities	1,205	1,205	–	–
Total	**4,531**	**1,205**	**3,326**	**–**
Liabilities				
Foreign currency forward contracts	2,188	–	2,188	–
Other long-term liabilities – Contingent consideration	1,000	–	–	1,000
Total	**3,188**	**–**	**2,188**	**1,000**

Investments in Equity Securities

The Company's equity interest in Allego is traded on a public stock exchange for which quoted prices are readily and regularly available and is therefore categorized as level 1 instrument.

Foreign Currency Forward Contracts

The fair value of the foreign currency forward exchange contracts has been determined by assuming that the unit of account is an individual derivative transaction, and that the derivative could be sold or transferred on a stand-alone basis. The foreign currency forward exchange contracts are classified as Level 2. The key inputs used in valuing derivatives include foreign exchange spot and forward rates, all of which are available in an observable market. The fair value does not reflect subsequent changes in the economy, interest and tax rates and other variables that may affect the determination of fair value.

Contingent Consideration Liability

In connection with the acquisition of Luna Elektrik Elektronik Sanayi ve Ticaret A.Ş. ("Luna") on January 31, 2022, the Company recorded a contingent consideration liability, which is payable subject to the achievement of certain financial targets until December 31, 2024. The fair value of this contingent consideration liability was estimated with a Monte Carlo simulation model using Level 3 inputs, including EBITDA volatility and other market variables to assess the probability of achieving the targets, and any subsequent changes in fair value are recorded in the Consolidated Statements of Operations until settlement.

Fair value of Other Financial Instruments

The fair values of the other Company's financial instruments approximates carrying values because of the short-term nature of these instruments.

Refer to Note 14: Redeemable Noncontrolling Interests for a discussion of certain temporary equity instruments issued by the Company.

Note 12: Pension and Post Retirement Benefit Plans

Net periodic pension benefit costs for the Company's defined benefit plans include the following components:

NET PERIODIC PENSION BENEFIT COST

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in thousands	**2023**	2022
Service cost	1,676	1,804
Operational pension cost	**1,676**	**1,804**
Interest cost	2,909	1,763
Expected return on plan assets	(5,005)	(3,659)
Amortization of prior service costs	(568)	(524)
Amortization of actuarial loss	359	380
Non-operational pension credit	**(2,305)**	**(2,040)**
Net periodic benefit cost (credit)	**(629)**	**(236)**

Employer contributions for the six-month periods ended September 30, 2023 and 2022 were USD 2.1 million and USD 2.0 million, respectively.

Note 13: Income Taxes

The Company's tax provision as a percentage of income before tax typically differs from the Company's weighted average tax rate, and may vary from period to period, due to fluctuations in the forecast mix of earnings in domestic and international jurisdictions, new or revised tax legislation and accounting pronouncements, tax credits, state income taxes, adjustments to valuation allowances, and uncertain tax positions, among other items.

Income taxes for the six-month period ended September 30, 2023 were provided at a rate of 21.61%, mainly driven by the geographical mix of profits.

Income taxes for the six-month period ended September 30, 2022 were provided at a rate of 250.53%. This is driven by the tax impact on the divestment of Spark which is reported within the Income tax expense, whereas the associated gain is reported within Net income (loss) from equity investments. When excluding the Spark impact, income taxes were provided at 11.96%. The rate was driven by the mix of earnings, uncertain tax positions and items taxed at rates other than the Company's weighted average rate.

Note 14: Redeemable Noncontrolling Interests

On July 29, 2021, the Company completed the acquisition of 75 percent of the issued and outstanding shares of Etrel d.o.o. (“Etrel”). The resulting 25 percent noncontrolling interest was recorded at fair value as of the acquisition date. The noncontrolling interest holders have the option, which is embedded in the noncontrolling interest, to require the Company to acquire their ownership interests between October 1, 2024, and March 31, 2025. The combination of a noncontrolling interest and a redemption feature, outside of the control of the Company, resulted in a redeemable noncontrolling interest, which is presented after liabilities and before stockholders’ equity on the Interim Consolidated Balance sheet.

This noncontrolling interest is redeemable at the redemption value that is determined based on a specified, financial results driven formula. The noncontrolling interest becomes redeemable after passage of time and has to be revalued to redemption amount at each balance sheet date. The Company adjusts the balance of the redeemable noncontrolling interest at the greater of (1) the initial carrying amount, increased or decreased for each noncontrolling interest’s share of net income or loss and its share of other comprehensive income or loss and dividends (“carrying amount”) or (2) the theoretical redemption value assuming the noncontrolling interest was redeemable at the reporting date. As of September 30, 2023, the redeemable noncontrolling interest of Etrel is recorded at carrying amount.

The redemption value was estimated using the Monte Carlo simulation methodology. The following assumptions have been applied in the valuation model:

	Six months ended September 30, 2023
Risk free rate	3.93%
Expected volatility – EBITDA	72.00%

According to the authoritative accounting guidance for redeemable noncontrolling interests, adjustments to the redemption value of the noncontrolling interest, if any, are recorded against the “Additional paid-in capital” component of Shareholders’ equity. For the six-month periods ended September 30, 2023, and September 30, 2022, the adjustments to the Redeemable noncontrolling interests’ balance were nil and USD (3.2) million, respectively.

Note 15: Commitments & Contingencies

Guarantees

The following table provides quantitative data regarding the Company’s third-party guarantees. The maximum potential payments represent a “worst-case scenario”, and do not reflect management’s expected outcomes.

GUARANTEES

Maximum potential payments (USD in million)	September 30, 2023
Performance guarantees obtained from third parties	158.6
Financial guarantees issued in connection with financing activities	377.9
Financial guarantees issued in connection with lease agreements	6.1
Total	**542.6**

The Company is often required to obtain bank guarantees, bid bonds, or performance bonds in support of its obligations for customer tenders and contracts. These guarantees or bonds typically provide a guarantee to the customer for future performance, which usually covers the delivery phase of a contract and may, on occasion, cover the warranty phase. As of September 30, 2023, the Company had total outstanding performance bonds and bank guarantees of USD 158.6 million. In the event any such bank guarantee or performance bond is called, the Company would be obligated to reimburse the issuer of the guarantee or bond; however, the Company has no reason to expect that any outstanding guarantee or bond will be called.

In addition, the Company has entered into guarantees that provide financial assurances to certain third parties related to the outstanding lines of credit or to leasing arrangements, predominantly for office leases. The total amount was USD 384.0 million as of September 30, 2023.

Furthermore, the Company is party to various guarantees whereby the Company has assured the performance of its wholly owned subsidiaries’ products or services according to the terms of specific contracts. Such guarantees may include guarantees that a project will be completed within a specified time. If the subsidiary were to fail to fulfill its obligations under the contract, then the Company could be held responsible for the other party’s damages resulting from such failure. Because Landis+Gyr’s liability under the guarantees typically matches the subsidiaries’ liability under the primary contracts, such guarantees generally do not limit the guarantor’s total potential liability where the liability results, for example, from personal injury or death or from intellectual property infringement. Therefore, it is not possible to specify the maximum potential amount of future payments that could be made under these or similar agreements. However, the Company has no reason to believe that any of the outstanding parent guarantees will ever be exercised, and the Company has not had to make payments against any such parent guarantees in the past.

Legal Proceedings

The Company is subject to various legal proceedings and claims of which the outcomes are subject to significant uncertainty. The Company's policy is to assess the likelihood of any adverse judgments or outcomes related to legal matters, as well as ranges of probable losses. A determination of the amount of the liability required, if any, for these contingencies is made after an analysis of each known issue. A liability is recognized and charged to operating expense when the Company determines that a loss is probable, and the amount can be reasonably estimated.

The State of Washington Department of Revenue ("Department") had conducted an audit of business & occupation tax, sales tax and other taxes in the Company for the period between January 1, 2010 through March 31, 2016. The Company had received a non-income tax assessment from the Department for approximately USD 20 million, including penalties and interest. The Company strongly disagreed with this assessment and believed it to be contradictory to applicable statutes and court rulings in similar cases. The Company paid the assessment in November 2020 and filed an appeal in Washington State Court to obtain a refund. The payment was included in Other long-term assets on the Consolidated Balance Sheet as of March 31, 2023. After both Company and Department filed a motion for summary judgement, the Washington State Superior Court judge ruled in favor of the Department in a hearing held on March 18, 2022. The Company and its outside legal counsel believed the lower court's decision was flawed and filed an appeal to the Washington State Appellate Court. On March 28, 2023, the Washington State Appellate Court reversed the Washington State Superior Court's decision, ruling in the Company's favor that the Company's services were indeed non-taxable data processing services. The Department did not seek a further appeal to the Washington State Supreme Court, and the Washington State Appellate Court's verdict became final on May 31, 2023. The Department refunded USD 20.4 million during September 2023. However, they disputed USD 0.3 million following a challenge of revenue figures.

In August 2015, Energisa SA and a number of related plaintiffs filed two related lawsuits in Brazil, alleging that the Company's electric meters were excessively vulnerable to fraud. The initial petitions requested the Company to provide new firmware to the plaintiffs and to reimburse their cost of installation in meters supplied with this firmware. A technical expert report has been completed and the cases have been consolidated. After hearing the case on November 22, 2022, and submissions of final briefs by both parties, the court is to issue its judgment on the case. The legal proceedings are suspended following a mutual request by the parties, while negotiations on a commercial settlement are ongoing. Although the Company cannot predict the ultimate outcome of this case, it believes that the allegations are massively exaggerated and any ruling in favor of Energisa would comprise only a fraction of the claim.

On October 5, 2015, the Romanian Competition Council ("RCC") launched an ex officio investigation against the Company together with several of its competitors on the alleged infringement of certain provisions of Romanian competition law in connection with auctions on the market of electricity meters and connected equipment. In response the Company immediately engaged external experts to conduct an extensive internal forensic investigation that did not reveal any violation of competition law. Additionally, the Company provided the RCC evidence demonstrating that it had not engaged in any of the alleged anti-competitive conduct. The Company is not materially active in the Romanian metering market nor was it materially active during the period under investigation. On January 4, 2018, the Plenum of the Competition Council issued its preliminary decision against the Company and five other companies and imposed a fine of RON 27.4 million (or USD 5.8 million, converted at the exchange rate as of September 30, 2023). In May 2018, the Company filed an appeal of the decision on the basis that it is significantly flawed and incorrect at fact and law. The referral request to the European Court of Justice was dismissed by the Court on April 26, 2022. On August 08, 2022, the Court released an oral verdict, dismissing the Company's appeal and its subsidiary request to reduce the fine. The Court is yet to issue its written judgement, including the arguments for its decision. The Company will initiate the additional appeal process as soon as the written judgement is received. Although the Company cannot predict the ultimate outcome of this case, it believes that it is probable that the fine will be reduced.

In July 2020, the Company received a claim from the utility company Areti in respect of damages allegedly sustained as a consequence of a limited product recall. The recall was initiated by the Company as a consequence of a component failure that could, under very particular circumstances, lead to a potential safety concern. The amount claimed by Areti, comprising third-party product purchase costs, reputational damages etc., amounts to EUR 4.1 million (or USD 4.3 million, converted at the exchange rate as of September 30, 2023). The Company has joined the component manufacturer to the litigation, which is now tripartite. After deciding on the parties' evidence requests and hearing the parties' witnesses on October 25, 2022, and January 24, 2023, the court is to issue its decision regarding Areti's request to rule the matter on a technical appraisal.

In addition to the cases listed above, Landis+Gyr and its subsidiaries are parties to various employment-related, administrative or other commercial proceedings in jurisdictions where the Company operates. None of the proceedings are individually material to Landis+Gyr, and the Company believes that it has made adequate provision such that the ultimate disposition of the proceedings will not materially affect its business or financial condition.

In the normal course of business, the Company is party to various legal claims, actions, and complaints. It is not possible to predict with certainty whether or not the Company will ultimately be successful in any of these legal matters, or if not, what the impact might be. However, the Company's management does not expect that the results of any of these legal proceedings will have a material adverse effect on the Company's results of operations, financial position or cash flows.

Due to the nature of the Company's business, it may be subject to claims alleging infringement of intellectual property rights belonging to third parties in connection with various of the Company's products and technologies. In this context, the Company may also be exposed to allegations of patent infringement relating to communication or other technologies from time to time, for example, where the Company purchases components or technology from vendors, which may incorporate technology belonging to third parties. In these instances, the Company relies on the contractual indemnification from such vendors against the infringement of such third-party intellectual property rights. However, where such contractual rights prove unenforceable or non-collectible, the Company may need to bear the full responsibility for damages, fees, and costs resulting from such allegations of infringement. It could also be necessary for the Company to enter into direct licenses from third parties with regard to technologies incorporated into products supplied to the Company from such vendors. As of the date of these Interim Consolidated Financial Statements there is no active or ongoing litigation related to such allegations of infringement and associated indemnification from vendors.

Indemnification

The Company may provide an indemnification related to the infringement of any patent, copyright, trademark, or other intellectual property right on software or equipment within its customer contracts. This indemnification may cover damages and related costs, including attorney's fees with respect to an indemnified claim, provided that (a) the customer promptly notifies the Company in writing of the claim and (b) the Company controls the defense and all related settlement negotiations. The Company may also provide an indemnification to its customers for third party claims resulting from damages caused by the negligence or willful misconduct of its employees/agents under certain contracts or assume other liability risks in commercial contracts. These indemnification obligations typically do not have liability caps. It is not possible to predict the maximum potential amount of future payments under these or similar agreements.

Warranty

A summary of the warranty provision account activity is as follows:

WARRANTY PROVISION

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in thousands	**2023**	**2022**
Beginning balance, April 1,	46,266	48,325
New product warranties	3,185	6,439
Other changes / adjustments to warranties	(935)	(498)
Claims activity	(6,080)	(5,691)
Effect of changes in exchange rates	(179)	(2,919)
Ending balance, September 30,	**42,257**	**45,656**
Less: current portion of warranty	(28,219)	(34,321)
Long-term warranty	14,038	11,335

The Company calculates its provision for product warranties based on historical claims experience, projected failures and specific review of certain contracts.

New product warranties for the six months ended September 30, 2023, and September 30, 2022, primarily consist of additions in line with the ordinary course of business.

Note 16: Restructuring Charges

The Company continually reviews its business, manages costs and aligns resources with market demand. As a result, the Company has taken several actions to reduce fixed costs, eliminate redundancies, strengthen operational focus, and better position itself to respond to market pressures or unfavorable economic conditions.

During the six-month periods ended September 30, 2023, the Company continued its cost reduction effort aimed at reducing costs and improving operating performance. In connection with these restructuring plans, the Company recognized costs related to termination benefits for employee positions that were eliminated. The total initiatives for the six-month periods ended September 30, 2023, represent approximately USD 15.1 million primarily related to a global savings initiative aimed at restructuring and streamlining the organization to increase efficiencies and optimize the Company's cost structure. Some of the severance payments were completed during the six-month periods ended September 30, 2023, and the remaining payments are expected to be completed during the financial year ending March 31, 2024, or in the following financial year.

A summary of the Company's restructuring activity, including costs incurred during the six-month periods ended September 30, 2023 and September 30, 2022, is as follows:

RESTRUCTURING ACTIVITY

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in thousands	**2023**	2022
Beginning balance, April 1,	6,707	1,553
Restructuring charges	15,089	6,549
Cash payments	(7,729)	(2,330)
Effect of changes in exchanges rates	(69)	(242)
Balance as of September 30,	**13,997**	**5,530**

The outstanding balance as of September 30, 2023 and September 30, 2022, respectively, is included under Accrued liabilities in the Interim Consolidated Balance Sheets.

A summary of the Interim Consolidated Statement of Operations line items where restructuring charges have been recognized is as follows:

RESTRUCTURING COST

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in thousands	**2023**	2022
Cost of revenue	3,195	266
Research and development	4,047	60
Sales and marketing	762	139
General and administrative	7,085	6,084
Total	**15,089**	**6,549**

The following table outlines the cumulative and the current costs incurred to date under the programs per operating segment:

RESTRUCTURING BY SEGMENT

USD in thousands	**Cumulative Costs incurred up to September 30, 2023**	**Total Costs incurred in the six months ended September 30, 2023**
Americas	6,917	4,750
EMEA	10,096	7,131
Asia Pacific	10,074	658
Corporate	2,628	2,550
Restructuring Charges	**29,715**	**15,089**

The cumulative costs incurred up to September 30, 2023, represent the Company's ongoing restructuring efforts under various programs over the last three financial years.

Note 17: Related Party Transactions

The Company conducts business with certain companies where members of the Company's Board of Directors or Executive Management act, or in recent years have acted, as directors or senior executives.

Eric A. Elzvik is a board member of LM Ericsson, Sweden. In the six months ended September 30, 2023, and September 30, 2022, the Company sold products to LM Ericsson and its group companies of USD 3.0 million and USD 1.6 million, respectively.

Andreas Umbach is the chair of Techem GmbH's supervisory board. Techem GmbH is a service provider for smart and green buildings incorporated in Germany. In the six months ended September 30, 2023, and September 30, 2022, the Company sold products to Techem GmbH and its group companies of USD 1.2 million and USD 0.9 million, respectively.

Note 18: Segment Information

The Company has organized itself in the following operating segments: Americas, EMEA and Asia Pacific, which are also the Company's reportable segments.

A description of each reportable segment is as follows:

Americas – The Americas generates the majority of its revenue in the United States, with the remaining balance produced in Canada, Central America, South America, Japan and certain other markets which adopt US standards. The Americas reportable segment designs, manufactures, markets, and sells products for the Company's three growth platforms Smart Metering, Grid Edge Intelligence and Smart Infrastructure technology. Product examples are Landis+Gyr's Gridstream® Connect platform, advanced metering infrastructure solutions, smart electricity meters, commercial/industrial and grid meters, communication modules for water and gas meters, street light controllers, distribution automation, system deployment services, managed network services, demand response, and other advanced metering infrastructure offerings including software (head end system ("HES"), meter data management ("MDM"), analytics), installation, implementation, consulting, maintenance support, and related services, as well as cybersecurity solutions.

EMEA – The EMEA segment produces the majority of its revenue in Europe with the balance generated in the Middle East, South Africa and certain other markets which adopt European standards. The EMEA reportable segment designs, manufactures, markets, and sells products for the Company's three growth platforms Smart Metering, Grid Edge Intelligence and Smart Infrastructure technology. Product examples are advanced metering infrastructure solutions, smart electricity meters, prepayment electricity meters, commercial/industrial and grid meters, smart gas meters and prepayment solutions, heat meters and solutions, load control devices, system deployment services, managed network services, and advanced metering infrastructure offerings including software (HES, MDM, analytics), installation, implementation, consulting, maintenance support, and related services. In addition, the Company offers EV charging hardware and smart charging software, including demand response and flexibility management, as well as cybersecurity solutions.

Asia Pacific – The Asia Pacific segment generates the majority of its revenue in Australia, China, and Hong Kong, while the balance is generated in Singapore and other markets in Asia. The Asia Pacific reportable segment designs, manufactures, markets, and sells products for the Company's three growth platforms Smart Metering, Grid Edge Intelligence and Smart Infrastructure technology. Product examples are advanced metering infrastructure solutions, non-smart and smart electricity meters, prepayment electricity meters, commercial/industrial and grid meters, gas meters, heat and water meters and solutions, load control devices, system deployment services, and advanced metering infrastructure offerings including software (HES, MDM, analytics), installation, implementation, consulting, maintenance support, and related services. With the recent acquisitions, the Company is expanding its offering with EV charging hardware, charging management software and services.

Headquarter activities and other centralized functions are included within Corporate unallocated.

The Chief Operating Decision Maker ("CODM") is the Company's Chief Executive Officer. Each operating segment offers products for different applications and markets and provides separate financial information that is evaluated regularly by the CODM. The CODM allocates resources to and assesses the performance of each operating segment based on the information outlined below.

The Company has two primary measures for evaluating segment performance: net revenue to third parties (excluding any inter-company sales) and the adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"). Management defines Adjusted EBITDA as operating income (loss) excluding (i) depreciation and amortization, (ii) impairment of intangible assets, (iii) restructuring charges, (iv) warranty normalization adjustments and (v) timing difference on FX derivatives.

The CODM primarily reviews the results of each segment on a basis that is before the elimination of profits made on inventory sales between segments. Segment results below are presented before these eliminations, with a total deduction for intersegment profits to arrive at the Company's consolidated Adjusted EBITDA.

SEGMENT INFORMATION

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in thousands	**2023**	2022
Net revenues		
Americas	569,260	393,756
thereof to external customers	564,842	391,738
thereof to other segments	4,418	2,018
EMEA	357,732	277,033
thereof to external customers	321,566	247,981
thereof to other segments	36,166	29,052
Asia Pacific	85,215	90,608
thereof to external customers	84,058	88,993
thereof to other segments	1,157	1,615
Elimination	(41,741)	(32,685)
Total Company	**970,466**	**728,711**
Adjusted EBITDA		
Americas	89,895	47,707
EMEA	6,654	(9,359)
Asia Pacific	8,623	6,763
Corporate unallocated	2,920	3,627
Total Company	**108,092**	**48,738**
Restructuring charges[1]	(15,089)	(6,549)
Warranty normalization adjustments[2]	4,828	2,524
Timing difference on FX derivatives[3]	1,927	6,331
Depreciation	(14,730)	(12,115)
Amortization of intangible assets	(20,850)	(28,388)
Other income (expense), net	(12,487)	18,348
Income before income tax expense	**51,691**	**28,889**

1 Restructuring charges are summarized in Note 16: Restructuring Charges including the line items in the Interim Consolidated Statements of Operations that include the restructuring charges.
2 Warranty normalization adjustments represent warranty expense that diverges from three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims.
3 Timing difference on FX derivatives represents unrealized gains and losses on derivatives where the underlying hedged transactions have not yet been realized.

Note 19: Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date through October 24, 2023, which is the date that the Interim Consolidated Financial Statements were available to be issued.

On October 4, 2023, the Company announced that it acquired 100% of the shares of Thundergrid Limited ("Thundergrid") for a single-digit million purchase price, plus additional contingent consideration to be paid if certain future events occur or certain conditions are met. Thundergrid is a Wellington-based EV infrastructure company offering end-to-end charging solutions across New Zealand. Their solutions are deployed to government, corporates, property owners, homeowners and developers to create a smarter, more connected grid.

Supplemental Reconciliations and Definitions

Adjusted EBITDA

The reconciliation of Operating income (loss) to Adjusted EBITDA is as follows for the six-month periods ended September 30, 2023 and 2022:

ADJUSTED EBITDA

	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
	SIX MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,	
USD in millions, unless otherwise indicated	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Operating income (loss)	**64.2**	**10.5**	**68.7**	**32.2**	**(7.3)**	**(20.9)**	**6.5**	**(0.4)**	**(3.7)**	**(0.4)**
Amortization of intangible assets	20.8	28.4	12.9	15.1	4.5	9.2	–	0.7	3.4	3.4
Depreciation	14.7	12.1	8.0	5.4	5.1	4.9	1.0	1.2	0.6	0.6
EBITDA	**99.8**	**51.0**	**89.6**	**52.7**	**2.2**	**(6.8)**	**7.6**	**1.5**	**0.3**	**3.6**
Restructuring charges	15.1	6.5	4.7	0.2	7.1	0.4	0.7	5.9	2.6	–
Warranty normalization adjustments [1]	(4.8)	(2.5)	(4.4)	(5.2)	(1.0)	2.6	0.6	0.1	–	–
Timing difference on FX derivatives [2]	(1.9)	(6.3)	–	–	(1.7)	(5.6)	(0.2)	(0.7)	–	–
Adjusted EBITDA	**108.1**	**48.7**	**89.9**	**47.7**	**6.7**	**(9.4)**	**8.6**	**6.8**	**2.9**	**3.6**
Adjusted EBITDA margin (%)	11.1%	6.7%	15.9%	12.2%	2.1%	(3.8%)	10.3%	7.6%		

1 Warranty normalization adjustments represents warranty expenses that diverge from a three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims. For the calculation of the average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty-like claims for the periods under review and going forward, see section "Warranty Provisions".

2 Timing difference on FX derivatives represents unrealized gains and losses on derivatives where the underlying hedged transactions have not yet been realized.

Due to rounding, numbers presented may not add to the totals provided.

Adjusted Gross Profit

The reconciliation of Gross Profit to Adjusted Gross Profit is as follows for the six-month periods ended September 30, 2023 and 2022:

ADJUSTED GROSS PROFIT

	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
	SIX MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,	
USD in millions, unless otherwise indicated	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Gross Profit	**293.8**	**217.9**	**191.4**	**137.9**	**85.7**	**59.1**	**21.7**	**22.6**	**(5.0)**	**(1.8)**
Amortization of intangible assets	3.0	8.5	0.6	2.6	2.4	5.2	–	0.7	–	–
Depreciation	11.6	9.1	7.2	4.6	4.0	3.9	0.4	0.6	–	–
Restructuring charges	3.2	0.3	2.3	–	0.8	0.2	0.1	0.1	–	–
Warranty normalization adjustments	(4.8)	(2.5)	(4.4)	(5.2)	(1.0)	2.6	0.6	0.1	–	–
Timing difference on FX derivatives	(1.9)	(6.3)	–	–	(1.7)	(5.6)	(0.2)	(0.7)	–	–
Adjusted Gross Profit	**304.9**	**226.9**	**197.1**	**139.9**	**90.2**	**65.4**	**22.6**	**23.3**	**(5.0)**	**(1.8)**
Adjusted Gross Profit margin (%)	31.4%	31.1%	34.9%	35.7%	28.1%	26.4%	26.9%	26.2%		

Due to rounding, numbers presented may not add to the totals provided.

Adjusted Operating Expenses

The reconciliation of Operating Expenses to Adjusted Operating Expenses is as follows for the six-month periods ended September 30, 2023 and 2022:

ADJUSTED OPERATING EXPENSES

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in millions, unless otherwise indicated	**2023**	2022
Research and development	**94.8**	**84.4**
Depreciation	(1.3)	(1.4)
Restructuring charges	(4.0)	(0.1)
Adjusted Research and Development	**89.5**	**82.9**
Sales and marketing	39.0	36.0
General and administrative	78.1	67.1
Depreciation	(2.0)	(1.6)
Restructuring charges	(7.8)	(6.2)
Adjusted Sales, General and Administrative	**107.3**	**95.3**
Adjusted Operating Expenses	**196.8**	**178.2**

Due to rounding, numbers presented may not add to the totals provided.

Warranty Provisions

The Company offers standard warranties on its metering products and its solutions for periods ranging from one to five years. In some instances, warranty periods can be further extended based on customer specific negotiations.

Warranty accruals represent the Company's estimate of the cost of projected warranty and are based on historical and projected warranty trends, specific quality issues identified (if any), supplier information and other business and economic projections as well as other commercial considerations. The Company's results in any given period are affected by additions to as well as releases of, or other adjustments to these accruals, offset by insurance proceeds, received or receivable, if any.

In assessing the underlying operational performance of the business over time, Management believes that it is useful to consider average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty as an alternative to warranty accruals, which are estimates and subject to change and significant period-to-period volatility. For the purposes of determining warranty normalization adjustments, the average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty claims is calculated on the basis of a three-year rolling average for the six-month period ended September 30, 2023, and 2022.

Management presents Adjusted EBITDA in this Half Year Report 2023 as an alternative performance measure (both at the Group and at the segment level). With regards to warranty, Adjusted EBITDA includes the average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of such claims, which amounted to USD 7.1 million and USD 8.4 million for the six-month periods ended September 30, 2023, and 2022. For the six-month periods ended September 30, 2023, and 2022, the warranty normalization adjustments made in calculating Adjusted EBITDA amounted to USD (4.8) million and USD (2.5) million, respectively.

The following table provides information on the Company's accruals in respect of warranty claims as well as the associated outflow (in cash and cash equivalents) for the periods under review.

WARRANTY PROVISION

USD in millions, unless otherwise indicated	SIX MONTHS ENDED SEPTEMBER 30, 2023	FINANCIAL YEAR ENDED MARCH 31, 2023	FINANCIAL YEAR ENDED MARCH 31, 2022	SIX MONTHS ENDED MARCH 31, 2021	Average
Beginning of the period	**46.3**	**48.3**	**57.6**	**61.8**	
Business combinations		–	1.4	–	
Additions [1]	3.2	11.2	6.7	9.7	
Other changes / adjustments to warranties [2]	(0.9)	(1.8)	(1.1)	(5.0)	
Outflows	(6.1)	(10.3)	(16.0)	(10.1)	(14.2)
Effect of changes in exchange rates	(0.2)	(1.2)	(0.2)	1.3	
Ending balance	**42.3**	**46.3**	**48.3**	**57.6**	

1 "Additions" reflects new product warranty amounts included in warranty provisions.
2 "Other changes/adjustments to warranties" reflects amounts included in warranty provisions as a result of releases or other adjustments resulting from settlement of claims for which accruals had previously been recorded.

Due to rounding, numbers presented may not add to the totals provided.

The following table provides further information on the Company's warranty claims and the derivation of the warranty normalization adjustments used in calculating Adjusted EBITDA.

WARRANTY NORMALIZATION ADJUSTMENTS

USD in millions, unless otherwise indicated	SIX MONTHS ENDED SEPTEMBER 30, 2023	SIX MONTHS ENDED SEPTEMBER 30, 2022
Additions [1]	3.2	6.4
Other changes / adjustments to warranties	(0.9)	(0.5)
Net changes to warranty accruals	**2.3**	**5.9**
Three year average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty claims	7.1	8.4
Warranty normalization adjustments	**(4.8)**	**(2.5)**

1 "Additions" reflects new product warranty amounts included in warranty provisions (USD 3.2 million and USD 6.4 million for the six-month periods ended September 30, 2023, and 2022, respectively).

Due to rounding, numbers presented may not add to the totals provided.

Main Exchange Rates Applied

The following exchange rates against the USD have been applied for the most important currencies concerned:

EXCHANGE RATES

	INCOME STATEMENT AVERAGE EXCHANGE RATE, SIX MONTHS ENDED SEPTEMBER 30,		EXCHANGE RATE ON BALANCE-SHEET DATE	
Exchange rates	**2023**	2022	**9/30/2023**	3/31/2023
Euro countries – EUR	1.0884	1.0353	1.0578	1.0869
United Kingdom – GBP	1.2591	1.2150	1.2206	1.2349
Switzerland – CHF	1.1223	1.0353	1.0935	1.0942
Brazil – BRL	0.2036	0.1968	0.1996	0.1974
Australia – AUD	0.6613	0.6983	0.6440	0.6700

Glossary

The following table provides definitions for key terms and abbreviations used within this Half Year report.

Term	Definition
Adjusted EBITDA	Operating income (loss) excluding depreciation and amortization, impairment of intangible assets, restructuring charges, warranty normalization adjustments and timing difference on FX derivatives
Adjusted Gross Profit	Total revenue minus the cost of revenue, adjusted for depreciation, amortization, restructuring charges, warranty normalization adjustments and timing difference on FX derivatives
Adjusted Operating Expense	Research and development expense (net of research and development related income), plus sales and marketing expense, plus general and administrative expense, adjusted for depreciation and restructuring charges
Basic EPS	The amount of earnings for the period divided by the weighted-average number of shares of common stock outstanding during the reporting period
Capex	Capital expenditures (cash used to acquire property, plant and equipment and intangible assets)
Committed Backlog	Cumulative sum of the awarded contracts, with firm volume and price commitments, that are not fulfilled as of the end of the reporting period
Cost of Revenue	Cost of manufacturing and delivering the products or services sold during the period
Diluted EPS	The amount of earnings for the period divided by the weighted-average number of shares of common stock outstanding during the reporting period, including the shares that would have been outstanding assuming the issuance of common shares for all potentially dilutive common shares outstanding during the reporting period
EBITDA	Earnings before Interest, Taxes, Depreciation & Amortization and Impairment of intangible assets
EPS	Earnings Per Share (the Company's total earnings divided by the weighted average number of shares outstanding during the period)
Free Cash Flow (excluding M&A)	Cash flow from operating activities (including changes in net operating working capital) minus cash flow from investing activities (capital expenditures in fixed and intangible assets), excluding merger & acquisition activities
Net Debt	Current and non-current loans and borrowings less cash and cash equivalents
Net Revenue	Income realized from executing and fulfilling customer orders, before any costs or expenses are deducted
Order Intake	Sum of awarded contracts during the reporting period, with firm volume and price commitments

Share Information

KEY STOCK EXCHANGE FIGURES

For the period	01.04.2023 –30.09.2023	01.10.2022 –31.03.2023	01.04.2022 –30.09.2022
Share price period end (CHF)	66.30	70.05	53.80
Share price high (CHF)	84.10	73.15	62.55
Share price low (CHF)	62.70	53.95	48.88
Average daily trading volume on SIX Swiss Exchange (number of shares)[1]	53,032	53,460	58,083
Market capitalization period end (excl. treasury shares; CHF million)	1,915	2,021	1,552
Number of issued shares (period end)	28,908,944	28,908,944	28,908,944
Number of treasury shares (period end)	25,496	54,764	70,345

1 Data source: SIX Swiss Exchange

SHAREHOLDER STRUCTURE

As of September 30, 2023, 8,133 shareholders were entered in the share register. The following shareholders held 3% or more of the outstanding share capital of Landis+Gyr Group AG (as per SIX Swiss Exchange filings):

Shareholder	Number of shares	% of share capital
KIRKBI Invest A/S, Denmark	4,445,265	15.38%
Rudolf Maag, Switzerland	3,000,000	10.38%

SHARE PRICE PERFORMANCE LANDIS+GYR GROUP AG

LANDIS+GYR GROUP AG REGISTERED SHARES

Listing	SIX Swiss Exchange (International Reporting Standard)
Ticker	LAND
Bloomberg / Reuters Symbol	LAND SW / LANDI.S
ISIN	CH0371153492
Valor Number	37115349
Indices	SPI®, SPI ESG, SPI ESG Select, SPI EXTRA®, SPI ex SLI®, Swiss All Share Index, UBS 100 Index, Ethos Swiss Corporate Governance Index
Accounting Standard	US GAAP

CORPORATE CALENDAR

Release of Results for Financial Year 2023	May 8, 2024
Publication of Annual Report 2023	May 31, 2024
Annual General Meeting	June 25, 2024
Publication of Half Year Results 2024	October 30, 2024

Information Policy

Landis+Gyr maintains an open dialog with all internal and external stakeholders. Our information policy is based on consistent, effective, open, honest and timely communication. Matters affecting the share price are published immediately in accordance with the ad hoc publicity rules of the SIX Swiss Exchange.

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This Half Year Report contains information regarding alternative performance measures. Definitions of these measures and reconciliations between such measures and their USGAAP counterparts may be found in pages 28 to 30 of this Half Year Report.

This Half Year Report includes forward-looking information and statements including statements concerning the outlook for our businesses. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions, and the economic conditions of the regions and industries that are major markets for Landis+Gyr Group AG (hereinafter "Landis+Gyr"). These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates", "targets", "plans", "outlook", "guidance" or similar expressions. All forward-looking statements are based only on data available to Landis+Gyr at the time of preparation of this Half Year Report. Landis+Gyr does not undertake any obligation to update any forward-looking statements contained in this Half Year Report as a result of new information, future events or otherwise.

There are numerous risks, uncertainties and other factors, many of which are beyond Landis+Gyr's control, that could cause the Company's actual results to differ materially from the forward-looking information and statements made in this announcement and which could affect the Company's ability to achieve its stated targets. The important factors that could cause such differences include, among others: continued or future effects of the COVID-19 pandemic, global shortage of energy or supplied components as well as increased freight rates, business risks associated with the volatile global economic environment and political conditions, including wars or military actions; market acceptance of new products and services; changes in governmental regulations and currency exchange rates; estimates of future warranty claims and expenses and sufficiency of accruals; and other such factors as may be discussed from time to time in Landis+Gyr Group AG filings with the SIX Swiss Exchange. Although Landis+Gyr Group AG believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved.

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