MANAGE ENERGY BETTER

Half Year Report 2022

Landis+Gyr

Contents

Letter to Shareholders

Dear Landis+Gyr Shareholders,

Our strategic vision is driven by the desire to provide unrivaled customer value as the leading partner for energy efficiency solutions with sustainability at the heart of everything we do. Our three strategic pillars Smart Infrastructure, Grid Edge Intelligence and Smart Metering are the cornerstones in our efforts to drive profitable growth and thus we are convinced that we have the right strategic focus to continue to deliver shareholder value in the years to come. Our comprehensive portfolio of products and services uniquely positions us to empower utilities, energy and water consumers and 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. Despite ongoing supply chain challenges, we were able to deliver a solid performance for the first half of financial year 2022, and we look to the future optimistically as the demand for energy efficiency solutions continues to increase.

Driving Energy Efficiency

The sustainable impact of our products and services drives us to continue to innovate leading-edge energy efficiency and flexibility solutions, positioning us right in the sweet spot of the energy transition. 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 record high backlog.

As we continue to transform our Company, we have expanded our reach in Smart Infrastructure and Grid Edge Intelligence solutions. A number of important acquisitions solidify our position in the EV infrastructure solutions and cybersecurity markets and allow us to expand our core Smart Metering with a cost-competitive metering platform, while leveraging our co-innovation partnership with Google Cloud 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 distributed energy resources (DER) 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.

The innovative power of our products and services is recognized by our customers in the strongest possible way with continued solid order intake and a record backlog. As an essential business with mission-critical infrastructure equipment and services, we continue to be committed to our customers' success and we are pleased to say that the momentum resulting from our record backlog allows us to look into the future optimistically.

Our customers' ambitious targets inspire us every day to continue to innovate leading-edge technology enabling sustainable resource management. We are proud of the strong and long-standing relationships we have built with our customers over the course of our successful history as an industry-leading provider of critical infrastructure. The collaborative journeys with our customers motivate all of us every day to continue to develop and deliver innovative technology solutions with sustainable impact in mind.

First Half Financial Year 2022 Results

The results for the first half of financial year 2022 reflect both the innovation leadership as well as the constraints in supply chain. Order intake of USD 773.2 million for the first half of FY 2022 decreased by 55.1% in constant currency compared with the previous year, due to the extraordinarily strong order intake in the first half of FY 2021, resulting in a record high committed backlog that increased by 7.5% to nearly USD 3.5 billion, and a book-to-bill of 1.06. Net revenue increased by 10.3% in constant currency, to USD 728.7 million during the first half of in financial year 2022 compared to the corresponding prior period. Adjusted EBITDA decreased by 31.2% year-over-year to USD 48.7 million due to adverse supply chain cost and ramp-up investments supporting future deployments and partially offset by operating leverage, translating into an Adjusted EBITDA margin of 6.7%. The constrained supply chain situation negatively dampened revenue growth and led to additional component and freight costs of approximately USD 29 million, while around USD 80 million in revenue were deferred. Driving our strategic initiatives forward, we continued to invest in Research & Development, which accounted for 11.4% of our net revenues.

Free Cash Flow (excl. M&A) of USD –38.9 million was adversely impacted by temporary inventory build-up of around USD 76 million. We managed to maintain a solid balance sheet with low net debt to trailing twelve months Adjusted EBITDA ratio of 0.63x.

Net income attributable to shareholders was USD 186.5 million, as a result of the divestments of our minority stake in the joint venture Intellihub, resulting in a diluted earnings per share amount of USD 6.57.

In FY 2022, a progressive dividend of CHF 2.15 per share has been paid to shareholders, after a dividend of CHF 2.10 had been paid in FY 2021.

Outlook for FY 2022

While delivering a strong performance in financial year 2021, as a result of the ongoing global supply chain challenges, we view FY 2022 to be a transition year with continued high investments and increased supply chain and inflation headwinds before we see the benefits of our transformative initiatives in FY 2023.

While customer demand for our products, software and services remains high, the sustained supply chain constraints combined with an unstable geopolitical situation result in considerable uncertainties. Barring any unforeseen circumstances, we confirm our guidance for FY 2022 provided in May 2022 with net revenue growth in financial year 2022 between 6% and 10%, including financial year 2021 acquisitions.

As announced, in financial year 2022, we continue to invest around 11% of net revenue to drive our strategic transformation forward to ensure mid- and long-term profitable growth. Together with higher expected costs from supply chain and cost inflation, the Adjusted EBITDA margin is expected to be between 5% and 8% of net revenues. Due to higher operating working capital needs, Free Cash Flow (excluding M&A) is expected to come in towards the lower end of the guided range of USD 30 million to USD 60 million.

Sustainable Impact

We continue to elevate our efforts to decarbonize grids around the world and optimize our own operations to have a meaningful sustainable impact. To advance these ambitions, we have signed up to the Science Based Target initiative to reduce our carbon emissions in line with the Paris Agreement's trajectory of 1.5°C trajectory.

In FY 2021, Landis+Gyr's Smart Metering base ensured the avoidance of over 9 million tons of CO_2, while the percentage of products shipped as part of our Eco-Portfolio remained stable at 74%. To further drive measurable progress in our Environmental, Social and Governance areas, we introduced a 20% ESG component in our short-term incentive (STI) for all bonus-eligible employees, driving sustainable progress in support of the UN Sustainable Development Goals.

Passion and 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 the continued constrained supply chain situation, 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 6,800 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.

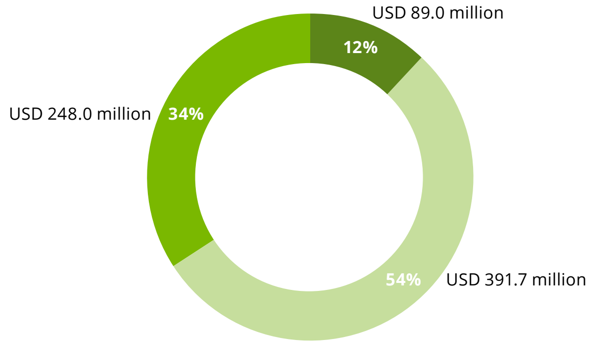
Yours sincerely,

Andreas Umbach
Chairman

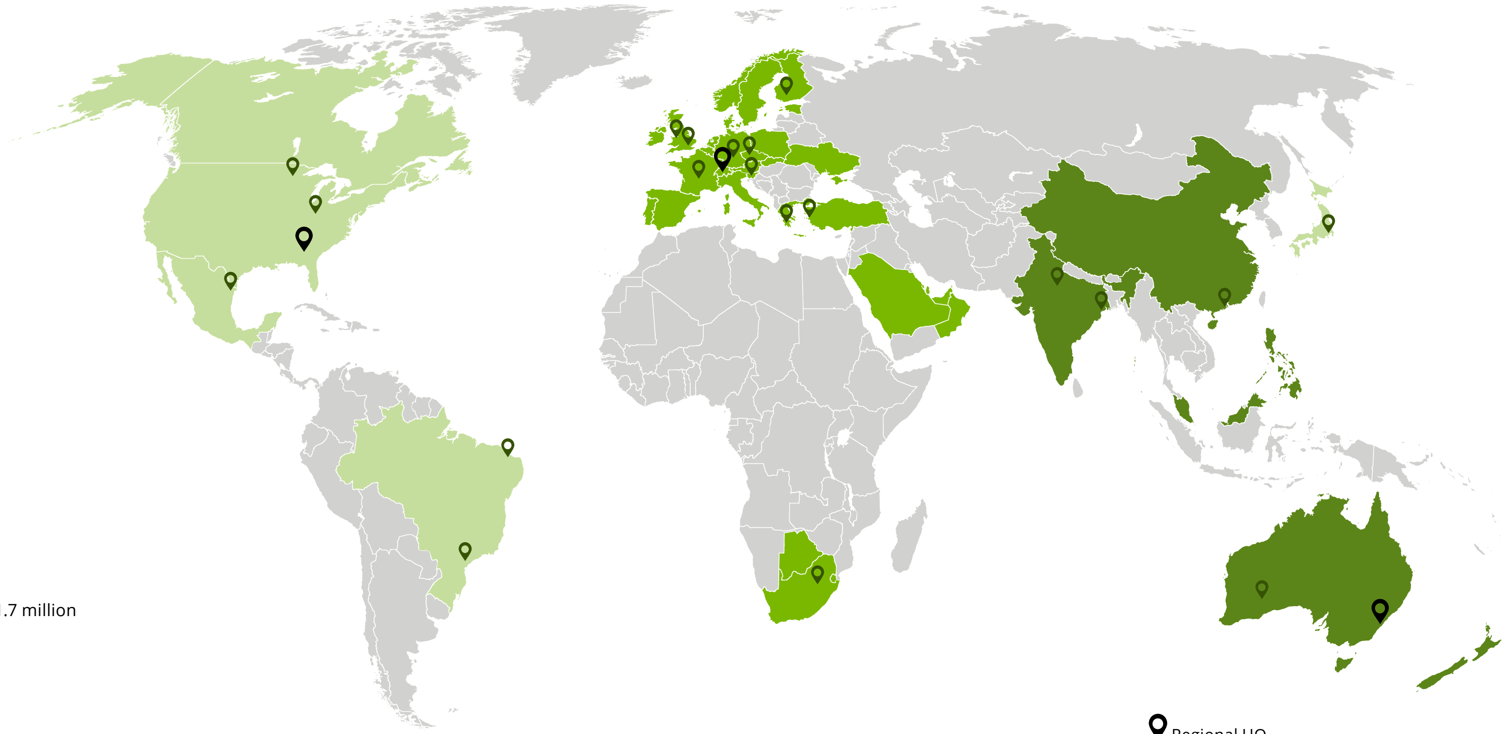
Werner Lieberherr
Chief Executive Officer

H1 2022 at a Glance

Net Revenue Split



Americas
EMEA
APAC



Regional HQ
R&D Centers / Manufacturing

In 2022, Gold rating (top 5%)

In 2022, ESG Risk Rating of 10.7 (Low Risk)

In 2022, rating improved to B+

AA-rated since 2018

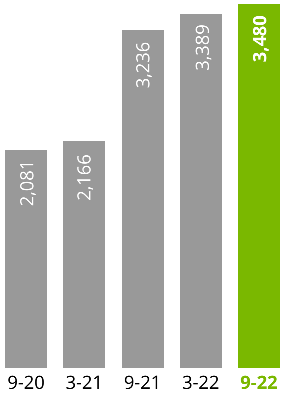
Recognized as one of 300 European Climate Leaders by FT-Statista

Key Figures

Committed Backlog

3,480

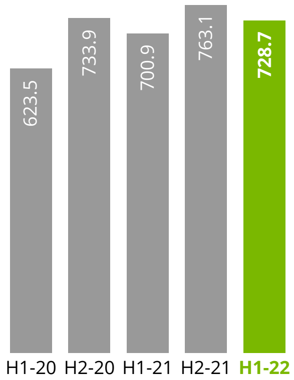
in million USD



Net Revenue

728.7

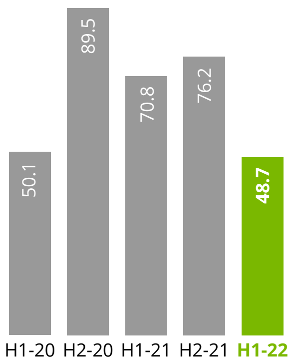
in million USD



Adjusted EBITDA

48.7

in million USD

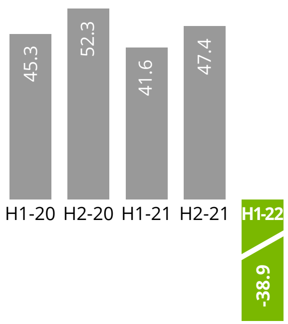


Free Cashflow

(excluding M&A)[1]

–38.9

in million USD



	Six months ended September 30,		CHANGE	
(in million USD, unless otherwise indicated)	**2022**	2021	**USD**	**Constant Currency**
Order Intake	773.2	1,786.9	(56.7%)	(55.1%)
Committed Backlog	3,479.7	3,235.6	7.5%	11.7%
Net revenue	728.7	700.9	4.0%	10.3%
Reported EBITDA	51.0	86.2	(40.8%)	
Adjusted EBITDA	48.7	70.8	(31.2%)	
Adjusted EBITDA as % of net revenue	6.7%	10.1%	–	
Operating income	10.5	46.3	(77.3%)	
Net income attributable to Landis+Gyr Group AG Shareholders	186.5	35.0	432.9%	
Earnings per share – basic (USD)	6.58	1.21	443.5%	
Earnings per share – diluted (USD)	6.57	1.21	443.4%	
Free Cash Flow excluding M&A[1]	(38.9)	41.6	–	
Cash provided by operating and investing activities	143.1	0.2	–	
Net Debt	79.3	79.3	0.0%	
NET REVENUE TO EXTERNAL CUSTOMERS				
Americas	391.7	325.4	20.4%	20.4%
EMEA	248.0	300.1	(17.4%)	(6.0%)
Asia Pacific	89.0	75.4	18.0%	23.8%
Total	**728.7**	**700.9**	**4.0%**	**10.3%**
ADJUSTED EBITDA				
Americas	47.7	50.2	(5.0%)	
EMEA	(9.4)	13.1	–	
Asia Pacific	6.8	3.3	106.1%	
Corporate unallocated	3.6	4.2	(14.3%)	
Total	**48.7**	**70.8**	**(31.2%)**	

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

Interim Consolidated Financial Statements (unaudited)

Interim Consolidated Statements of Operations (unaudited)

USD in thousands, except per share data and number of shares	SIX MONTHS ENDED SEPTEMBER 30, 2022	2021
Net revenue	**728,711**	**700,884**
Cost of revenue	510,851	460,119
Gross profit	**217,860**	**240,765**
Operating expenses		
Research and development	84,409	79,883
Sales and marketing	35,963	33,658
General and administrative	67,099	64,098
Amortization of intangible assets	19,848	16,843
Operating income	**10,541**	**46,283**
Other income (expense), net	18,348	2,367
Income before income tax expense	**28,889**	**48,650**
Income tax expense	(72,375)	(8,927)
Net income (loss) before noncontrolling interests and equity method investments	**(43,486)**	**39,723**
Net income (loss) from equity investments	229,717	(4,793)
Net income before noncontrolling interests	**186,231**	**34,930**
Net loss attributable to noncontrolling interests	(248)	(45)
Net income attributable to Landis+Gyr Group AG Shareholders	**186,479**	**34,975**
Earnings per share:		
Basic	6.58	1.21
Diluted	6.57	1.21
Weighted average number of shares used in computing earnings per share:		
Basic	28,837,007	28,829,394
Diluted	28,846,280	28,829,394

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, 2022	2021
Net income before noncontrolling interests	**186,231**	**34,930**
Other comprehensive (loss) income:		
Foreign currency translation adjustments, net of income tax expense	(54,345)	(5,219)
Pension plan benefits liability adjustments, net of income tax expense	4,154	(1,932)
Comprehensive income	**136,040**	**27,779**
Net loss attributable to noncontrolling interests, net of tax	248	45
Foreign currency translation adjustments attributable to the noncontrolling interests	258	29
Comprehensive income attributable to Landis+Gyr Group AG Shareholders	**136,546**	**27,853**

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, 2022	March 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	82,299	84,850
Accounts receivable, net of allowance for doubtful accounts of USD 5.3 million and USD 6.2 million	287,165	323,612
Inventories, net	204,425	143,106
Prepaid expenses and other current assets	81,087	59,680
Total current assets	**654,976**	**611,248**
Property, plant and equipment, net	104,386	116,310
Intangible assets, net	237,545	270,593
Goodwill	1,044,054	1,048,404
Deferred tax assets	26,375	43,557
Other long-term assets	176,996	197,905
TOTAL ASSETS	**2,244,332**	**2,288,017**
LIABILITIES AND EQUITY		
Current liabilities		
Trade accounts payable	160,893	163,323
Accrued liabilities	45,134	34,928
Warranty provision – current	34,321	33,433
Payroll and benefits payable	40,980	62,017
Loans payable	158,341	228,831
Operating lease liabilities – current	13,775	13,068
Other current liabilities	86,725	90,910
Total current liabilities	**540,169**	**626,510**
Warranty provision – noncurrent	11,335	14,892
Pension and other employee liabilities	23,463	29,157
Deferred tax liabilities	33,526	36,546
Tax provision	28,892	26,529
Operating lease liabilities – noncurrent	83,453	90,588
Other long-term liabilities	53,951	66,239
Total liabilities	**774,789**	**890,461**

USD in thousands, except share data	September 30, 2022	March 31, 2022
Redeemable noncontrolling interests	**7,343**	**11,969**
Commitments and contingencies – Note 14		
Shareholders' equity		
Landis+Gyr Group AG shareholders' equity Registered ordinary shares (28,908,944 and 28,908,944 issued shares at September 30, 2022, and March 31, 2022, respectively)	302,756	302,756
Additional paid-in capital	1,096,405	1,156,312
Retained earnings (Accumulated deficit)	154,650	(31,829)
Accumulated other comprehensive loss	(86,529)	(36,596)
Treasury shares, at cost (70,345 and 74,344 shares at September 30, 2022, and March 31, 2022, respectively)	(6,172)	(6,413)
Total Landis+Gyr Group AG shareholders' equity	**1,461,110**	**1,384,230**
Noncontrolling interests	1,090	1,357
Total shareholders' equity	**1,462,200**	**1,385,587**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,244,332**	**2,288,017**

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

Interim Consolidated Statements of Changes in Shareholders Equity (unaudited)

USD in thousands except for shares	Registered ordinary shares: Shares	Registered ordinary 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, 2021	**28,908,944**	**302,756**	**1,225,328**	**(111,232)**	**(35,546)**	**(6,854)**	**1,374,452**	**1,298**	**1,375,750**
Net income (loss)	–	–	–	34,975	–	–	34,975	(45)	34,930
Foreign currency translation adjustments, net of income tax expense	–	–	–	–	(5,190)	–	(5,190)	(29)	(5,219)
Pension plan benefits liability adjustments, net of income tax expense	–	–	–	–	(1,932)	–	(1,932)	–	(1,932)
Net loss allocated to redeemable noncontrolling interests	–	–	–	–	–	–	–	28	28
Current period mark to redemption value of redeemable noncontrolling interest	–	–	(28)	–	–	–	(28)	–	(28)
Dividends paid (CHF 2.10 per share)	–	–	(65,908)		–	–	(65,908)	–	(65,908)
Share based compensation			997			–	997	–	997
Delivery of shares	–	–	(209)	–	–	209	–	–	–
Balance at September 30, 2021	**28,908,944**	**302,756**	**1,160,180**	**(76,257)**	**(42,668)**	**(6,645)**	**1,337,366**	**1,252**	**1,338,618**
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**

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

Interim Consolidated Statements of Cash Flows (unaudited)

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in thousands	**2022**	2021
Cash flow from operating activities		
Net income	186,231	34,930
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	40,503	39,967
Net loss (income) from equity investments	(229,717)	4,793
Share-based compensation	1,856	997
Gain on sale of investments	–	(2,530)
Loss on disposal of property, plant and equipment	90	120
Loss (income) on foreign exchange, net	(24,426)	1,085
Change in allowance for doubtful accounts	(881)	(552)
Deferred income tax	10,686	358
Change in operating assets and liabilities, net of effect of businesses acquired and effect of changes in exchange rates:		
Accounts receivable	5,998	29,934
Inventories	(76,315)	(10,627)
Trade accounts payable	25,794	(10,626)
Other assets and liabilities	(22,699)	(37,402)
Net cash provided by (used in) operating activities	**(82,880)**	**50,447**
Cash flow from investing activities		
Payments for property, plant and equipment	(8,921)	(8,875)
Payments for intangible assets	(17)	(1)
Proceeds from the sale of property, plant and equipment	72	98
Business acquisitions, net of cash received	–	(43,956)
Proceeds from the sale of investments	237,842	2,530
Net cash from settlement of foreign currency derivatives to hedge investing activities	(3,005)	–
Net cash provided by (used in) investing activities	**225,971**	**(50,204)**

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in thousands	**2022**	2021
Cash flow from financing activities		
Proceeds from third party facility	173,755	45,594
Repayment of borrowings to third party facility	(243,469)	(33,342)
Dividends paid	(64,700)	(65,908)
Net cash from settlement of foreign currency derivatives to hedge financing activities	1,289	–
Net cash used in financing activities	**(133,125)**	**(53,656)**
Net increase (decrease) in cash and cash equivalents	**9,966**	**(53,413)**
Cash and cash equivalents at beginning of period, including restricted cash	85,539	140,549
Effects of foreign exchange rate changes on cash and cash equivalents	(12,650)	(911)
Cash and cash equivalents at end of period, including restricted cash	**82,855**	**86,225**
Reconciliation of cash, cash equivalents, and restricted cash reported in the Interim Consolidated Balance Sheet		
Cash and cash equivalents	82,299	85,560
Restricted cash included in other long-term assets	556	665
Total cash, cash equivalents, and restricted cash shown in the Interim Consolidated Statement of Cash Flows	**82,855**	**86,225**
Supplemental cash flow information		
Cash paid for income tax	66,289	12,515
Cash paid for interest	2,164	1,343

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

Notes to Interim Consolidated Financial Statements (unaudited)

Note 1: General Information and Basis of Presentation

1.1 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, 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, 2022 and September 30, 2021.

The Interim Consolidated Financial Statements have not been audited by the auditors. They were approved for publication by the Board of Directors on October 26, 2022.

1.2 Basis of Presentation
The unaudited Interim Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the Unites 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, 2022.

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 ("$" or "USD"), unless otherwise stated.

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. The important factors that could cause such differences include, among others: the duration, severity, geographic spread and potential after effects of the COVID-19 pandemic, government actions to address or mitigate the impact of the COVID-19 pandemic, and the potential negative impacts of COVID-19 on the global economy, any of the Company's operations and those of its customers and suppliers; global shortage of supplied components as well as increased freight rates; business risks associated with the volatile global economic environment and political conditions, unrests and/or wars; costs associated with compliance activities; 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.

1.3 Recent Accounting Pronouncements
New accounting pronouncements
In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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. Under the new model, an entity recognizes as an allowance its estimate of expected credit losses, rather than the current methodology requiring delay of recognition of credit losses until it is probable a loss has been incurred. The Company currently intends to adopt the new standard as of April 1, 2023 and is currently in the process of evaluating the effect that the amendments will have on its Consolidated Financial Statements and related disclosures.

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 contract assets and liabilities acquired in a business combination to be recognized and measured at the date of acquisition in accordance with the principles for recognizing revenues from contracts with customers. Under previous guidance, revenue contract assets and liabilities would have been measured at fair value. This update is effective prospectively for the Company for annual and interim reporting periods beginning April 1, 2023, with early adoption permitted in any interim period. The Company does not expect this update to have a significant impact on its Consolidated Financial Statements.

In September 2022, the FASB issued ASU 2022-04 – Liabilities – Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations, which requires entities to disclose the key terms of supplier finance programs they use in connection with the purchase of goods and services along with information about their obligations under these programs, including a roll-forward of those obligations. This update is effective prospectively for the Company for annual and interim reporting periods beginning April 1, 2023, except for the roll-forward requirement, which is effective for the financial year April 1, 2024, with early adoption permitted in any interim period. The Company does not expect this update to have a significant impact on its Consolidated Financial Statements.

Recently Adopted Accounting Pronouncements
In July 2021, the FASB issued ASU 2021-05 – Leases (Topic 842) – Lessors – Certain Leases with Variable Lease Payments, which requires lessors to classify leases as operating leases if they have variable lease payments that do not depend on an index or rate and would have selling losses if they were classified as sales-type or direct financing leases. This update was effective for the Company for annual and interim periods beginning April 1, 2022, but did not have a material effect on the Consolidated Financial Statements.

In November 2021, the FASB issued ASU 2021-10 – Government Assistance (Topic 832) – Disclosures by Business Entities about Government Assistance, which requires entities to disclose certain types of government assistance. Under the update, the Company is required to annually disclose (i) the type of assistance received, including any significant terms and conditions, (ii) its related accounting policy, and (iii) the effect such transactions have on its financial statements. This update was effective for the Company on April 1, 2022, but did not have a material effect on the Consolidated Financial Statements.

Note 2: Shareholders' Equity

At September 30, 2022 and March 31, 2022, 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, 2022, no shares were issued from this conditional share capital.

Furthermore, the share capital of the Company may be increased, at any time until June 24, 2024, by up to CHF 28,908,940 by the issuance of up to 2,890,894 fully paid-in registered shares with a nominal value of CHF 10 each, upon 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, 2022, no shares were issued from this conditional share capital.

Authorized share capital
The Board of Directors is authorized to increase the share capital at any time until June 24, 2024 by a maximum amount of CHF 28,908,940 by issuing a maximum of 2,890,894 fully paid-in registered shares with a nominal value of CHF 10 each. Increases in partial amounts are permissible. As of September 30, 2022, no shares were issued from this authorized share capital.

Common limitations to conditional and authorized share capital
The aggregate number of registered shares issued until June 30, 2024 (1) out of the authorized share capital with the limitation or exclusion of pre-emptive rights of existing shareholders, and/or (2) out of the conditional share capital with the limitation or exclusion of advance subscription rights of existing shareholders, may not exceed 2,890,894 registered shares of the Company.

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, 2022 and September 30, 2021 were as follows:

	SIX MONTHS ENDED SEPTEMBER 30,			
	2022	**2022**	2021	2021
	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	74,344	84.94	81,777	82.46
Delivery of shares	(3,999)	59.55	(3,623)	57.45
Treasury shares – closing balance as of September 30	**70,345**	**86.39**	**78,154**	**83.62**

Dividend

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.

At the Annual General Meeting of Shareholders on June 24, 2021, shareholders approved the proposal of the Board of Directors to distribute CHF 2.10 per share to shareholders. The declared dividend amounted to CHF 65.5 million (USD 65.9 million at the exchange rate prevailing at June 24, 2021) and was paid in June 2021.

Accumulated Other Comprehensive Income (Loss)

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

	SEPTEMBER 30,	
USD in thousands	**2022**	2021
Foreign currency translation adjustments, net of tax	(95,225)	(35,950)
Pension plan benefits liability adjustments, net of taxes of USD (1,596) and USD 1,949 as of September 30, 2022 and September 30, 2021, respectively	8,696	(6,718)
Accumulated other comprehensive loss	**(86,529)**	**(42,668)**

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

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

USD in thousands	**Defined benefit pension items**	**Foreign currency items**	**Total**
Beginning balance, April 1, 2021	**(4,786)**	**(30,760)**	**(35,546)**
Other comprehensive income (loss) before reclassifications	(1,827)	(5,190)	(7,017)
Amounts reclassified from accumulated other comprehensive loss	(105)	–	(105)
Net current-period other comprehensive income (loss)	(1,932)	(5,190)	(7,122)
Ending balance, September 30, 2021	**(6,718)**	**(35,950)**	**(42,668)**

The pension plan benefits liability adjustment, net of taxes, in the AOCL changed by USD 4.2 million and USD (1.9) million in the six-month periods ended September 30, 2022 and September 30, 2021, respectively. These changes represent the movement of the current year activity including the reclassified amounts from AOCL to net income:

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in thousands	**2022**	2021
Amortization of actuarial loss	380	448
Amortization of prior service cost	(524)	(553)
Amounts reclassified from other comprehensive loss to net income[1]	**(144)**	**(105)**
Net actuarial gain (loss)	5,730	(2,146)
Total before tax	**5,586**	**(2,251)**
Tax benefit (expense)	(1,432)	319
Total other comprehensive loss from defined benefit pension plans (net of tax)	**4,154**	**(1,932)**

1 These accumulated other comprehensive income components are included in the computation of net periodic pension costs (see Note 11: Pension and Post Retirement Benefit Plans for additional details).

Note 3: 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 net income per share.

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

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in thousands, except per share data	**2022**	2021
Basic earnings per share		
Net income attributable to Landis+Gyr Group AG Shareholders	186,479	34,975
Accretion of redeemable noncontrolling interest, net of tax	3,178	(28)
Net income attributable to Landis+Gyr Group AG Shareholders after accretion of redeemable noncontrolling interest	**189,657**	**34,947**
Weighted-average number of shares used in computing earnings per share	**28,837,007**	**28,829,394**
Basic earnings per share attributable to Landis+Gyr Group AG shareholders	**6.58**	**1.21**
Diluted earnings per share		
Net income attributable to Landis+Gyr Group AG Shareholders	186,479	34,975
Accretion of redeemable noncontrolling interest, net of tax	3,178	(28)
Net income attributable to Landis+Gyr Group AG Shareholders after accretion of redeemable noncontrolling interest	**189,657**	**34,947**
Weighted-average number of shares used in computing earnings per share	28,837,007	28,829,394
Effect of dilutive securities	9,273	–
Adjusted weighted-average number of shares outstanding	**28,846,280**	**28,829,394**
Diluted earnings per share attributable to Landis+Gyr Group AG shareholders	**6.57**	**1.21**

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 incremental potentially dilutive securities were included in the computation of the adjusted weighted-average number of shares outstanding as they were actually dilutive. The remaining 340,303 securities could be dilutive in future periods.

For the six months ended September 30, 2021, there were 335,388 potentially dilutive securities from the Company's share-based long-term incentive plans, of which none were included in the computation of the adjusted weighted-average number of shares outstanding because they were not actually dilutive.

Note 4: Other Income (Expense), net

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

OTHER INCOME (EXPENSE), NET

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in thousands	**2022**	2021
Interest income	504	184
Interest expense	(3,242)	(1,691)
Income (loss) on foreign exchange, net	24,426	(1,035)
Non-operational pension credit	2,040	2,379
Gain on sale of investments	–	2,530
Loss on equity investments, net	(5,380)	–
Other income (expense), net	**18,348**	**2,367**

Gain on sale of investments

On May 31, 2018, the Company had entered into an agreement with Pacific Equity Partners ("PEP"), an Australian private equity firm, to establish Spark Investment Holdco Pty Ltd ("Spark"). Under the agreement, the Company had contributed all the 100 outstanding shares of its wholly owned subsidiary IntelliHUB Operations Pty Ltd ("IntelliHUB") and a cash consideration, in exchange for a minority equity interest in Spark.

As part of the IntelliHUB contribution, the Company was entitled to receive additional contingent consideration from Spark if specified future events occur or conditions are met, such as the achievement of certain commercial milestones until June 30, 2023. During the half-year ended September 30, 2021, the Company received additional cash consideration from Spark in the amount of USD 2.5 million.

On April 1, 2022, Landis+Gyr fully divested its equity investment in Spark (see Note 7: Investments in Affiliated Companies). As result of the divestment, the Company is no longer entitled to receive additional contingent consideration from Spark.

Loss on equity investments, net
Since March 16, 2022, 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 period ended September 30, 2022, the Company recorded a loss from the change in value of its equity interest in Allego of USD (5.4) million.

Note 5: Revenue

The following table provides information about contract liabilities with customers:

USD in thousands	September 30, 2022	March 31, 2022
Advances from customers	7,548	8,479
Deferred revenue	59,603	61,985
Contract liabilities	**67,151**	**70,464**

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, 2022, the Company recognized revenue of USD 20.6 million during the six-month period ended September 30, 2022.

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 represent 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 transaction price allocated to remaining performance obligations related to contracts is approximately USD 1,480.1 million for the next twelve months and approximately USD 1,999.6 million for periods longer than 12 months. 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 services 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 17: Segment Information.

Note 6: Goodwill

The following table reflects changes in the carrying amount of goodwill for the six-month periods ended September 30, 2022 and September 30, 2021:

USD in thousands	Americas	EMEA	Asia Pacific	Total
Balance as of March 31, 2021	**737,350**	**205,970**	**23,503**	**966,823**
Business acquisitions	–	30,201	–	30,201
Effect of change in exchange rates	–	(1,073)	–	(1,073)
Balance as of September 30, 2021	**737,350**	**235,098**	**23,503**	**995,951**
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[1)]	**737,350**	**283,201**	**23,503**	**1,044,054**

1) As of September 30, 2022, and March 31, 2022, the gross goodwill amounted to USD 1,500.1 million and USD 1,504.4 million, respectively. The accumulated impairment charges as of September 30, 2022 and March 31, 2022 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 7: Investments in Affiliated Companies

As of September 30, 2022, and March 31, 2022, Spark's carrying amount was nil and USD 7.0 million, respectively. The Company included this amount within Other long-term assets on the Interim Consolidated Balance Sheets.

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.

For the six months ended September 30, 2021, the Company's share of loss from Spark was USD (4.8) million, representing the Company's share of the investee's annual operations through June 30, 2021. The Company included these amounts within Net loss from equity investments in the Interim Consolidated Statements of Operations.

Note 8: Loans Payable

The components of the loans payable are as follows:

USD in thousands	**September 30, 2022**		March 31, 2022	
	Balance	**Weighted average interest rate**	Balance	Weighted average interest rate
Multicurrency Credit Facility	150,000	3.8%	220,000	1.0%
Other borrowings from banks	8,341	7.3%	8,831	6.6%
Loans payable	**158,341**		**228,831**	

At September 30, 2022, the Company had in place two credit facility agreements (the "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 300 million Credit Facility (the "CHF Credit Facility"), thereof CHF 200 million (the "Facility B") maturing in May 2023 with the remaining balance (the "Facility A") maturing in February 2025.

In general, borrowings under the Credit Facility agreements bear interest at a rate based on the London Interbank Offered Rate ("LIBOR") in the 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 the 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 a maximum threshold and its EBITDA be greater than zero, on a semi-annual rolling basis in respect of the most recent two semesters of the Company. For the period until and including March 30, 2023 the Net Total Debt / EBITDA ratio shall be not greater than 3.00x. From March 31, 2023 and thereafter the Net Total Debt / EBITDA ratio shall be not greater than 2.50x.

The Credit Facility agreements contain events of default, which include, among others, payment defaults, breach of other obligations under the Agreement, cross-default, insolvency, material adverse change, or a material reservation of the auditors. Indebtedness under the Credit Facility agreement 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, 2022, and March 31, 2022, the Company has drawn loans for a total amount of USD 150 million and USD 220 million, respectively.

As of September 30, 2022, and March 31, 2022, the Multicurrency Credit Facility's unused portion was USD 90 million and USD 20 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, 2022, and March 31, 2022, the CHF Credit Facility's unused portion was CHF 300 million.

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 9: 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, 2022 and March 31, 2022 were USD 229.9 million and USD 317.0 million, respectively.

For the six-month periods ended September 30, 2022 and 2021, the Company recognized gains from changes in the fair value of forward foreign exchange contracts of USD 7.2 million and USD 8.2 million, respectively. These amounts are included within Cost of revenue 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, 2022 were as follows:

DERIVATIVE FINANCIAL INSTRUMENTS

		Derivative assets		Derivative liabilities	
September 30, 2022 (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 AUD	10,466	764	–	13	–
Foreign currency forward contracts in CAD	3,100	–	–	159	–
Foreign currency forward contracts in CHF	21,802	479	–	231	–
Foreign currency forward contracts in EUR	74,031	887	–	4,329	–
Foreign currency forward contracts in GBP	77,813	8,656	–	2,070	–
Foreign currency forward contracts in JPY	11,290	241	–	732	–
Foreign currency forward contracts in MXN	6,420	158	–	–	–
Foreign currency forward contracts in SEK	19,439	1,418	–	434	–
Foreign currency forward contracts in ZAR	5,569	441	–	47	–
Total derivative financial instruments		**13,044**	**–**	**8,015**	**–**

The fair values of the outstanding derivatives, included in the Consolidated Balance Sheet as of March 31, 2022 were as follows:

DERIVATIVE FINANCIAL INSTRUMENTS

		Derivative assets		Derivative liabilities	
March 31, 2022 (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 AUD	100,292	114	–	224	–
Foreign currency forward contracts in CHF	26,109	102	–	91	–
Foreign currency forward contracts in EUR	53,720	207	–	1,861	–
Foreign currency forward contracts in GBP	103,013	662	–	1,721	–
Foreign currency forward contracts in JPY	12,175	700	–	204	–
Foreign currency forward contracts in SEK	18,655	320	–	163	–
Foreign currency forward contracts in ZAR	3,034	44	–	81	–
Total derivative financial instruments		**2,149**	**–**	**4,345**	**–**

Note 10: 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, 2022 and March 31, 2022, for each of the fair value hierarchy levels, the following assets and liabilities were measured at fair value on a recurring basis:

September 30, 2022 USD in thousands	Total	Level 1	Level 2	Level 3
Assets				
Other long-term assets – Equity investments	2,180	2,180	–	–
Foreign currency forward contracts	13,044	–	13,044	–
Total	**15,224**	**2,180**	**13,044**	**–**
Liabilities				
Foreign currency forward contracts	8,015	–	8,015	–
Other long-term liabilities – Contingent consideration	2,300	–	–	2,300
Total	**10,315**	**–**	**8,015**	**2,300**

March 31, 2022 USD in thousands	Total	Level 1	Level 2	Level 3
Assets				
Other long-term assets – Equity investments	7,560	7,560	–	–
Foreign currency forward contracts	2,149	–	2,149	–
Total	**9,709**	**7,560**	**2,149**	**–**
Liabilities				
Foreign currency forward contracts	4,345	–	4,345	–
Other long-term liabilities – Contingent consideration	2,300	–	–	2,300
Total	**6,645**	**–**	**4,345**	**2,300**

Equity investments

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 13: Redeemable Noncontrolling Interests for a discussion of certain temporary equity instruments issued by the Company.

Note 11: Pension and Post Retirement Benefit Plans

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

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in thousands	**2022**	2021
Service cost	1,804	2,518
Operational pension cost	**1,804**	**2,518**
Interest cost	1,763	882
Expected return on plan assets	(3,659)	(3,156)
Amortization of prior service costs	(524)	(553)
Amortization of actuarial loss	380	448
Non-operational pension credit	**(2,040)**	**(2,379)**
Net periodic benefit cost (credit)	**(236)**	**139**

Employer contributions for the six-month periods ended September 30, 2022 and 2021 were USD 2.0 million and USD 2.8 million, respectively.

Note 12: 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, 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.

Income taxes for the six-month period ended September 30, 2021 were provided at a rate of 18.35%. The rate was driven by the mix of earnings somewhat offset by the favorable resolution of some uncertain tax positions.

Note 13: 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 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, 2022, the redeemable noncontrolling interest of Etrel is recorded at redemption 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, 2022
Risk free rate	2.60%
Credit spread	1.60%
Expected volatility – Revenue	35.80%
Expected volatility – EBITDA	70.00%

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, 2022 and September 30, 2021, the adjustments to the Redeemable noncontrolling interests’ balance were USD (3.2) million and USD 28 thousand, respectively.

Note 14: Commitments and 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.

Maximum potential payments (USD in million)	September 30, 2022
Performance guarantees obtained from third parties	168.9
Financial guarantees issued in connection with financing activities	345.9
Financial guarantees issued in connection with lease agreements	8.1
Total	**522.9**

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, 2022, the Company had total outstanding performance bonds and bank guarantees of USD 168.9 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 354.1 million as of September 30, 2022.

Furthermore, the Company is party to various guarantees whereby Landis+Gyr 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, the outcomes of which 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") has conducted an audit of business & occupation tax, sales tax and other taxes in one of Landis+Gyr's subsidiaries for the period between January 1, 2010 through March 31, 2016. The Company received a non-income tax assessment from the Department for approximately USD 20 million, including penalties and interest. The Company strongly disagrees with this assessment and believes 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 Interim Consolidated Balance Sheet as of September 30, 2022 and March 31, 2022. 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 believe the lower court's decision is flawed and filed an appeal to the Washington State Appellate Court. Although the Company cannot predict the ultimate outcome of this case, it believes that it is probable that the tax authority's assessment will be overturned on appeal, and therefore, the Company has not established an accrual. An unfavorable ruling will result in a charge of approximately USD 20 million. In addition, the Company has estimated that the exposure for the period from April 1, 2016 to September 30, 2022 would increase the charge by USD 18.6 million to USD 38.6 million, should there be an unfavorable ruling.

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 Landis+Gyr 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. The case is in the pre-trial stage and a first court hearing is scheduled for November 22, 2022. The Company believes the allegations to be without merit and will vigorously defend the claim.

On October 5, 2015, the Romanian Competition Council ("RCC") launched an ex officio investigation against Landis+Gyr 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, Landis+Gyr provided the Council evidence demonstrating that it had not engaged in any of the alleged anti-competitive conduct. Landis+Gyr 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 Landis+Gyr and five other companies and imposed a fine of RON 27.4 million (or USD 5.5 million, converted at the exchange rate as of September 30, 2022). In May 2018, Landis+Gyr 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 ECJ was dismissed by the Court on April 26, 2022. On August 8, 2022, the Court released an oral verdict, dismissing Landis+Gyr'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 open to it 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, Landis+Gyr S.p.A, a Company's subsidiary incorporated in Italy, 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 Landis+Gyr S.p.A as a consequence of a component failure that could, under very particular circumstances, lead to a potential safety concern. The sum claimed by Areti, comprising third-party product purchase costs, reputational damages etc., amounts to EUR 4.1 million (or USD 4.1 million, converted at the exchange rate as of September 30, 2022). The Company has joined the component manufacturer to the litigation, which is now tripartite. The Court decided on the parties' evidence requests and a first hearing took place on October 25, 2022.

In addition to the cases listed above, Landis+Gyr and its subsidiaries are parties to various employment-related and administrative 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 generally provides 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 typically covers 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. 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:

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in thousands	**2022**	**2021**
Beginning balance, April 1,	48,325	57,570
Business combinations	–	306
New product warranties	6,439	3,640
Other changes / adjustments to warranties	(498)	(629)
Claims activity	(5,691)	(7,503)
Effect of changes in exchange rates	(2,919)	(352)
Ending balance, September 30,	**45,656**	**53,032**
Less: current portion of warranty	(34,321)	(37,246)
Long-term warranty	11,335	15,786

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, 2022 and September 30, 2021 primarily consist of additions in line with the ordinary course of business.

Note 15: 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, 2022, 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 restructuring charges, net, of approximately USD 6.5 million for the six-month periods ended September 30, 2022, primarily consist of severance costs related to the Company's operations in India. Some of the severance payments were completed during the six-month periods ended September 30, 2022, and the remaining payments are expected to be completed during the financial year ending March 31, 2023, 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, 2022 and September 30, 2021 is as follows:

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in thousands	**2022**	2021
Beginning balance, April 1,	1,553	5,567
Restructuring charges	6,549	239
Cash payments	(2,330)	(4,060)
Effect of changes in exchanges rates	(242)	31
Balance as of September 30,	**5,530**	**1,777**

The outstanding balance as of September 30, 2022 and September 30, 2021, 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:

	SIX MONTHS ENDED SEPTEMBER 30,	
USD in thousands	**2022**	2021
Cost of revenue	266	126
Research and development	60	28
Sales and marketing	139	64
General and administrative	6,084	21
Total	**6,549**	**239**

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

USD in thousands	**Cumulative Costs incurred up to September 30, 2022**	**Total Costs incurred in the six months ended September 30, 2022**
Americas	10,875	250
EMEA	9,894	417
Asia Pacific	8,271	5,882
Corporate	1,809	–
Restructuring Charges	**30,849**	**6,549**

The cumulative costs incurred up to September 30, 2022 represent the Company's ongoing restructuring efforts under various programs over the last three years. The expected future costs for the restructuring programs are USD 17.7 million spread over the next five years and are primarily related to EMEA and Asia Pacific.

Note 16: Related Party Transactions

Transactions with affiliated Companies
Until April 1, 2022, the Company owned a 19.92% equity interest in Spark. In the six months period ended September 30, 2021, revenues from Spark were USD 6.9 million. Sales of goods were made at the Company's usual prices.

As of March 31, 2022, receivables due from Spark were USD 10.6 million, of which USD 10.3 million were settled in cash during the half year period ended September 30, 2022. No guarantees have been given or received.

Transactions with other related parties
The Company conducts business with certain companies where members of the Company's Board of Directors or Group 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, 2022, and September 30, 2021, the Company sold products to LM Ericsson and its group companies of USD 1.6 million and USD 2.6 million, respectively.

Andreas Umbach is the chairman 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, 2022, the Company sold products to Techem GmbH and its group companies of USD 0.9 million.

Note 17: Segment Information

Landis+Gyr has organized itself in the following operating segments: Americas, EMEA (Europe, Middle East and Africa) 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, 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.

EMEA – The EMEA segment produces the majority of its revenue in Europe with the remaining 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. With the recent acquisitions, the Company is expanding its offering with 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, Hong Kong and India, while the remaining 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.

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

The Chief Operating Decision Maker ("CODM") is the Company's Chief Executive Officer. The CODM allocates resources to and assesses the performance of each operating segment using the information outlined in the table below. Each operating segment offers products for different applications and markets and provides separate financial information that is evaluated regularly by the CODM. Decisions by the CODM on how to allocate resources and assess performance are based on a reported measure of segment profitability.

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	**2022**	2021
Net revenues		
Americas	393,756	326,237
thereof to external customers	391,738	325,396
thereof to other segments	2,018	841
EMEA	277,033	326,239
thereof to external customers	247,981	300,085
thereof to other segments	29,052	26,154
Asia Pacific	90,608	77,336
thereof to external customers	88,993	75,403
thereof to other segments	1,615	1,933
Elimination	(32,685)	(28,928)
Total Company	**728,711**	**700,884**
Adjusted EBITDA		
Americas	47,707	50,177
EMEA	(9,359)	13,106
Asia Pacific	6,763	3,294
Corporate unallocated	3,627	4,181
Total Company	**48,738**	**70,758**
Restructuring charges[1]	(6,549)	(239)
Warranty normalization adjustments[2]	2,524	7,186
Timing difference on FX derivatives[3]	6,331	8,545
Depreciation	(12,115)	(15,692)
Amortization of intangible assets	(28,388)	(24,275)
Other income (expense), net	18,348	2,367
Income before income tax expense	**28,889**	**48,650**

1 Restructuring charges are summarized in Note 15: Restructuring Charges including the line items in the Interim Consolidated Statements of Operations that include the restructuring charges.
2 Warranty normalization adjustments represents 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 18: Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date through October 26, 2022, which is the date that the Interim Consolidated Financial Statements were available to be issued.

No significant events occurred subsequent to the balance sheet date but prior to October 26, 2022 that would have a material impact on the Interim Consolidated Financial Statements.

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, 2022 and 2021:

	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	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Operating income (loss)	**10.5**	**46.3**	**32.2**	**35.7**	**(20.9)**	**9.5**	**(0.4)**	**1.0**	**(0.4)**	**0.1**
Amortization of intangible assets	28.4	24.3	15.1	15.4	9.2	4.7	0.7	0.8	3.4	3.4
Depreciation	12.1	15.7	5.4	6.3	4.9	6.7	1.2	1.9	0.6	0.7
EBITDA	**51.0**	**86.2**	**52.7**	**57.4**	**(6.8)**	**21.0**	**1.5**	**3.7**	**3.6**	**4.2**
Restructuring charges	6.5	0.2	0.2	–	0.4	0.2	5.9	–	–	–
Warranty normalization adjustments [1]	(2.5)	(7.2)	(5.2)	(7.3)	2.6	(0.1)	0.1	0.2	–	–
Timing difference on FX derivatives [2]	(6.3)	(8.5)	–	–	(5.6)	(8.0)	(0.7)	(0.6)	–	–
Adjusted EBITDA	**48.7**	**70.8**	**47.7**	**50.2**	**(9.4)**	**13.1**	**6.8**	**3.3**	**3.6**	**4.2**
Adjusted EBITDA margin (%)	6.7%	10.1%	12.2%	15.4%	(3.8%)	4.4%	7.6%	4.4%		

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.

Adjusted Gross Profit

The reconciliation of Gross Profit to Adjusted Gross Profit is as follows for the six-month periods ended September 30, 2022 and 2021:

	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	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Gross Profit	**217.9**	**240.8**	**137.9**	**131.3**	**59.1**	**94.4**	**22.6**	**19.3**	**(1.8)**	**(4.2)**
Amortization of intangible assets	8.5	7.4	2.6	2.7	5.2	4.0	0.7	0.7	–	–
Depreciation	9.1	10.7	4.6	5.2	3.9	4.8	0.6	0.7	–	–
Restructuring charges	0.3	0.1	–	–	0.2	0.1	0.1	–	–	–
Warranty normalization adjustments	(2.5)	(7.2)	(5.2)	(7.3)	2.6	(0.1)	0.1	0.2	–	–
Timing difference on FX derivatives	(6.3)	(8.5)	–	–	(5.6)	(8.0)	(0.7)	(0.6)	–	–
Adjusted Gross Profit	**226.9**	**243.3**	**139.9**	**131.9**	**65.4**	**95.3**	**23.3**	**20.3**	**(1.8)**	**(4.2)**
Adjusted Gross Profit margin (%)	31.1%	34.7%	35.7%	40.5%	26.4%	31.8%	26.2%	26.9%		

Adjusted Operating Expenses

The reconciliation of Operating Expenses to Adjusted Operating Expenses is as follows for the six-month periods ended September 30, 2022 and 2021:

USD in millions, unless otherwise indicated	SIX MONTHS ENDED SEPTEMBER 30, 2022	2021
Research and development	**84.4**	**79.9**
Depreciation	(1.4)	(2.1)
Restructuring charges	(0.1)	–
Adjusted Research and Development	**82.9**	**77.8**
Sales and marketing	36.0	33.7
General and administrative	67.1	64.1
Depreciation	(1.6)	(2.9)
Restructuring charges	(6.2)	(0.1)
Adjusted Sales, General and Administrative	**95.3**	**94.8**
Adjusted Operating Expenses	**178.2**	**172.6**

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 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, 2022, and 2021.

Management presents Adjusted EBITDA in this Half Year Report 2022 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 8.4 million and USD 10.2 million for the six-month periods ended September 30, 2022, and 2021. For the six-month periods ended September 30, 2022, and 2021, the warranty normalization adjustments made in calculating Adjusted EBITDA amounted to USD (2.5) million and USD (7.2) 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.

USD in millions, unless otherwise indicated	SIX MONTHS ENDED SEPTEMBER 30, 2022	FINANCIAL YEAR ENDED MARCH 31, 2022	FINANCIAL YEAR ENDED MARCH 31, 2021	SIX MONTHS ENDED MARCH 31, 2020	Average
Beginning of the period	**48.3**	**57.6**	**62.0**	**47.9**	
Business combinations	–	1.4	–	–	
Additions [1]	6.4	6.7	17.0	27.5	
Other changes / adjustments to warranties [2]	(0.5)	(1.1)	(6.8)	(1.2)	
Outflows	(5.7)	(16.0)	(17.3)	(11.7)	(16.9)
Effect of changes in exchange rates	(2.9)	(0.2)	2.7	(0.6)	
Ending balance	**45.7**	**48.3**	**57.6**	**62.0**	

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.

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.

USD in millions, unless otherwise indicated	SIX MONTHS ENDED SEPTEMBER 30, 2022	SIX MONTHS ENDED SEPTEMBER 30, 2021
Additions [1]	6.4	3.6
Other changes / adjustments to warranties	(0.5)	(0.6)
Net changes to warranty accruals	**5.9**	**3.0**
Three year average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty claims	8.4	10.2
Warranty normalization adjustments	**(2.5)**	**(7.2)**

1 "Additions" reflects new product warranty amounts included in warranty provisions (USD 6.4 million and USD 3.6 million for the six-month periods ended September 30, 2022, and 2021, respectively).

Main Exchange Rates applied

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

	INCOME STATEMENT AVERAGE EXCHANGE RATE, SIX MONTHS ENDED SEPTEMBER 30,		EXCHANGE RATE ON BALANCE-SHEET DATE	
Exchange rates	**2022**	2021	**30.09.2022**	31.03.2022
Euro countries – EUR	1.0353	1.1918	0.9790	1.1082
United Kingdom – GBP	1.2150	1.3880	1.1130	1.3138
Switzerland – CHF	1.0353	1.0934	1.0165	1.0842
Brazil – BRL	0.1968	0.1902	0.1849	0.2114
Australia – AUD	0.6983	0.7520	0.6430	0.7496

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
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
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	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

Information for Shareholders

KEY STOCK EXCHANGE FIGURES

For the period	**01.04.2022 –30.09.2022**	01.10.2021 –31.03.2022	01.04.2021 –30.09.2021
Share price period end (CHF)	53.80	58.70	60.40
Share price high (CHF)	62.55	66.70	74.50
Share price low (CHF)	48.88	55.60	59.60
Average volume per trading day (number of shares)[1]	58,083	74,723	89,789
Market capitalization period end (excl. treasury shares; CHF million)	1,552	1,693	1,741
Number of issued shares (period end)	28,908,944	28,908,944	28,908,944
Number of treasury shares (period end)	70,345	74,344	78,154
Number of registered shareholders (period end)	9,484	9,561	9,079

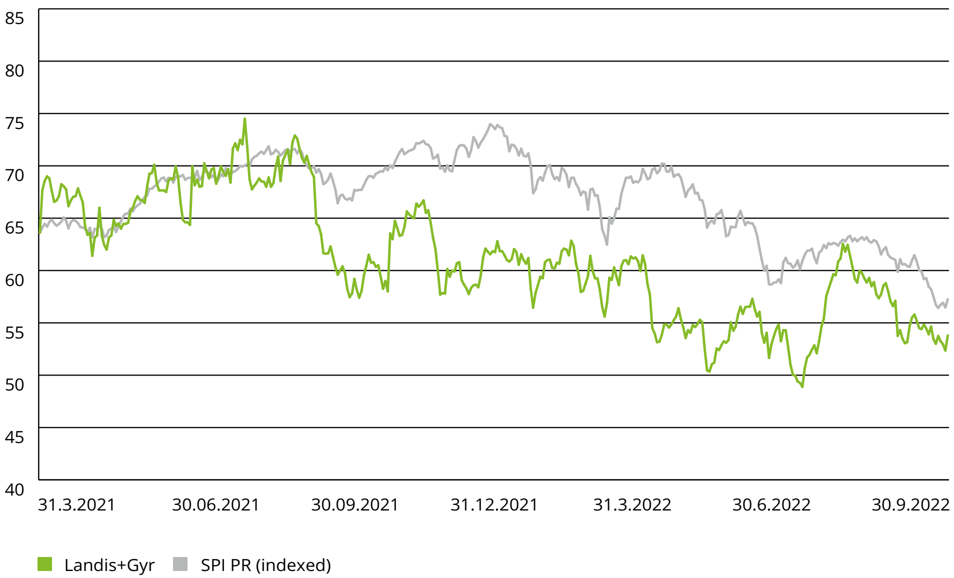
[1] On SIX Swiss Exchange.

SHAREHOLDER STRUCTURE

As of September 30, 2022, 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%
PGGM Vermögensbeheer B.V., Netherlands	890,700	3.08%

SHARE PRICE PERFORMANCE LANDIS+GYR GROUP AG



LANDIS+GYR GROUP AG REGISTERED SHARES

Listing	SIX Swiss Exchange (International Reporting Standard)
Bloomberg Symbol	LAND SW
Reuters Symbol	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

Capital Markets Day	January 31st, 2023
Release of Results for Financial Year 2022	May 2nd, 2023
Publication of Annual Report 2022	May 26th, 2023
Annual General Meeting 2022	June 22nd, 2023
Publication of Half Year Results 2023	October 25th, 2023

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 our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this report and which could affect our ability to achieve our stated targets. The important factors that could cause such differences include, among others: business risks associated with the volatile global economic environment and political conditions; costs associated with compliance activities; 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 such other factors as may be discussed from time to time in Landis+Gyr filings with the SIX Swiss Exchange. Although Landis+Gyr believes that its expectations reflected in any such forward-looking statement are based on reasonable assumptions, it can give no assurance that those expectations will be achieved.

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