Financial Report 2022

Landis+Gyr

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Financial Review of Landis+Gyr Group

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Overview

The following discussion of the financial condition and results of the operations of Landis+Gyr Group AG ("Landis+Gyr") and its subsidiaries (together, the "Company", or the "Group") should be read in conjunction with the Consolidated Financial Statements, which have been prepared in accordance with US GAAP, and the related notes thereto included in this Financial Review. Due to rounding, numbers presented may not add up to the totals provided.

This Financial Report contains non-GAAP measures of performance. Definitions of these measures and reconciliations between these measures and their US GAAP counterparts can be found in the "Supplemental Reconciliations and Definitions" section of this Financial Review.

Landis+Gyr is a leading global provider of integrated energy management solutions for the utility sector. The Company measures and analyzes energy utilization to generate empowering analytics for smart grid and infrastructure management, enabling utilities and consumers to reduce energy consumption. Its innovative and proven portfolio of software, services and intelligent sensor technology is a key driver to decarbonize the grid. Building on over 125 years of industry experience, Landis+Gyr employs about 7,800 people in over 30 countries across five continents with the mission to manage energy better.

Traditional standalone metering products represent the historical core of the Company's offerings. However, the utility business model is expected to change rapidly over the next five to ten years, driven by current and future challenges, as well as megatrends impacting the global energy industry. The Company believes that smart meters play a key role for future energy distribution systems, which are rolled out across the globe. Already today, Landis+Gyr's Smart Metering and Grid Edge Intelligence technologies allow utilities and consumers to control the way energy is used in a safe, secure and reliable way, driving efficiencies and allowing for increased cost control and data utilization. Going forward, Landis+Gyr will shape the way resources are being managed through Smart Infrastructure technology even more effectively and efficiently, creating value for utilities and energy consumers.

To best serve its customers, Landis+Gyr has organized its business into three regional reportable segments: the Americas, EMEA and Asia Pacific.

- Americas comprises the United States, Canada, Central America, South America, Japan and certain other markets which adopt US standards. This segment reported 53% of Landis+Gyr's total net revenue for the financial year 2022 (FY 2022; April 1, 2022 to March 31, 2023), compared to 48% in the financial year 2021 (FY 2021; April 1, 2021 to March 31, 2022). Landis+Gyr is a leading supplier of Advanced Metering Infrastructure ("AMI") communications networks and the leading supplier of smart electricity meters in North America. In addition, The Company is one of the leading suppliers of modern standalone and smart electric meters in South America.
- EMEA, which comprises Europe, the Middle East, South Africa and certain other markets adopting European standards, reported 36% and 40% of Landis+Gyr's total net revenue for the financial years 2022 and 2021, respectively. In EMEA, the Company is one of the leading providers of smart electricity meters and the leading supplier of smart ultrasonic gas meters.
- Asia Pacific comprises Australia, New Zealand, China, Hong Kong and India, while the balance is generated in Singapore and other markets in Asia. It reported 11% and 12% of Landis+Gyr's total revenue for the financial years 2022 and 2021, respectively. In Asia Pacific (excluding China), the Company is one of the leading smart electricity meter providers.

Summary of Financial Information

RESULTS OF OPERATIONS

	FINANCIAL YEAR ENDED MARCH 31,				
USD in millions, except per share data	**2023**	2022	2021	2020	2019
Order Intake	1,925.8	2,665.5	1,298.7	1,371.4	2,079.0
Committed Backlog as of March 31,	3,748.6	3,388.6	2,165.9	2,223.9	2,603.1
Net revenue	**1,681.4**	**1,464.0**	**1,357.4**	**1,699.0**	**1,765.2**
Cost of revenue	1,206.2	981.2	966.8	1,166.2	1,188.8
Gross profit	**475.2**	**482.7**	**390.7**	**532.8**	**576.3**
Operating expenses					
Research and development	175.7	160.3	148.7	157.7	156.8
Sales and marketing	78.3	71.9	69.6	88.2	95.4
General and administrative	130.9	126.7	107.2	113.5	130.9
Amortization of intangible assets	39.2	35.1	34.2	34.5	34.9
Impairment of intangible assets	–	–	396.0	–	–
Operating income (loss)	**51.0**	**88.8**	**(365.1)**	**139.0**	**158.3**
Other income (expense), net	7.2	3.3	(3.5)	(0.6)	10.7
Income (loss) before income tax benefit (expense)	**58.3**	**92.0**	**(368.6)**	**138.4**	**169.0**
Income tax benefit (expense)	(80.9)	7.0	(19.4)	(19.5)	(42.1)
Net income (loss) before noncontrolling interests and equity method investments	**(22.6)**	**99.0**	**(388.0)**	**119.0**	**126.9**
Net income (loss) from equity investments	229.7	(19.6)	(4.6)	(5.8)	(4.3)
Net income (loss) before noncontrolling interests	**207.1**	**79.4**	**(392.7)**	**113.2**	**122.6**
Net income (loss) attributable to noncontrolling interests, net of tax	(0.8)	–	(0.3)	(0.6)	0.4
Net income (loss) attributable to Landis+Gyr Group AG Shareholders	**207.9**	**79.4**	**(392.4)**	**113.7**	**122.2**
Earnings per share (basic)	7.35	2.59	(13.61)	3.90	4.15
Earnings per share (diluted)	7.32	2.59	(13.61)	3.90	4.15
Adjusted gross profit	514.6	494.9	449.3	584.3	609.3
Adjusted operating expenses	374.7	347.9	309.5	347.2	371.4
Adjusted EBITDA	**139.9**	**147.0**	**139.6**	**237.2**	**237.9**
Free Cash Flow (excluding M&A)	**(22.0)**	**89.0**	**97.6**	**120.4**	**123.5**

SUMMARY CONSOLIDATED BALANCE SHEETS

USD in millions	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
ASSETS					
Current assets					
Cash and cash equivalents	117.4	84.9	140.5	319.4	73.4
Accounts receivable, net	351.4	323.6	282.1	335.8	367.9
Inventories, net	242.3	143.1	110.6	147.5	133.7
Prepaid expenses and other current assets	109.0	59.7	65.6	59.7	54.8
Total current assets	**820.1**	**611.2**	**598.9**	**862.3**	**629.8**
Property, plant and equipment, net	117.2	116.3	118.5	117.5	142.1
Goodwill and other Intangible assets, net	1,264.8	1,319.0	1,218.2	1,642.4	1,686.1
Deferred tax assets	43.8	43.6	18.0	17.0	15.8
Other long-term assets	178.3	197.9	205.8	145.1	78.2
TOTAL ASSETS	**2,424.2**	**2,288.0**	**2,159.4**	**2,784.3**	**2,551.9**
LIABILITIES AND EQUITY					
Current liabilities					
Trade accounts payable	214.8	163.3	127.8	175.9	220.3
Accrued liabilities	47.6	34.9	45.1	28.4	31.2
Warranty provision – current	30.9	33.4	37.3	31.6	34.3
Payroll and benefits payable	66.1	62.0	51.6	55.5	66.8
Loans and current portion of shareholder loans	180.7	228.8	147.7	352.2	90.7
Operating lease liabilities – current	13.5	13.1	15.2	13.2	–
Other current liabilities	102.0	90.9	93.9	84.6	81.4
Total current liabilities	**655.6**	**626.5**	**518.6**	**741.3**	**524.7**
Warranty provision – non current	15.4	14.9	20.3	30.4	10.9
Pension and other employee liabilities	24.7	29.2	32.3	46.1	48.4
Deferred tax liabilities	37.5	36.5	14.5	25.0	37.3
Tax provision	23.7	26.5	32.1	20.6	29.2
Operating lease liabilities – non current	82.1	90.6	95.3	59.5	–
Other long-term liabilities	56.0	66.2	70.6	63.8	68.0
Total liabilities	**895.0**	**890.5**	**783.7**	**986.6**	**718.6**
Redeemable noncontrolling interests	**6.4**	**12.0**	**–**	**–**	**–**
Total shareholders' equity	**1,522.8**	**1,385.6**	**1,375.8**	**1,797.6**	**1,833.4**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,424.2**	**2,288.0**	**2,159.4**	**2,784.3**	**2,551.9**

Order Intake

Order intake decreased by USD 739.7 million, or 27.8%, from USD 2,665.5 million in the year ended March 31, 2022 to USD 1,925.8 million in the year ended March 31, 2023, on a reported currency basis (25.5% on a constant currency basis). The decrease was on the back of an extraordinarily strong FY 2021. The continued strong order intake, equivalent to a book-to-bill ratio of 1.15, was driven by major contract wins in the regions Americas (recorded an order intake of USD 1,163.1 million (book-to-bill of 1.31)) and EMEA (orders of USD 623.3 million (book-to-bill of 1.03)).

Committed Backlog

Committed Backlog increased by USD 360.0 million, or 10.6%, from USD 3,388.6 million in the year ended March 31, 2022 to USD 3,748.6 million in the year ended March 31, 2023, on a reported currency basis (increase of 11.6% on a constant currency basis).

As of March 31, 2023, in the Americas, committed backlog related to products, services and solutions was USD 2,860.9 million compared to USD 2,435.0 million as of March 31, 2022. The majority of the committed backlog in the Americas relates to the US. In EMEA, as of March 31, 2023, committed backlog was USD 773.9 million compared to USD 781.1 million as of March 31, 2022. About one-fourth of the committed backlog in EMEA relates to contracts in the UK, and approximately 20% to Belgium. In Asia Pacific, as of March 31, 2023, committed backlog was USD 113.8 million compared to USD 172.5 million as of March 31, 2022, half of the current backlog is recorded in Hong Kong.

Net Revenue

As the availability of components improved, net revenue increased by USD 217.4 million, or 14.8%, from USD 1,464.0 million in the year ended March 31, 2022 to USD 1,681.4 million in the year ended March 31, 2023, on a reported currency basis (increase of 20.8% on a constant currency basis). The increase in net revenue was predominantly driven by the Americas, amounting to USD 181.2 million. In the Americas segment, the increase in net revenue of 26.1%, on a constant currency basis, was driven by the conversion of the strong backlog and the performance in North America, Japan and Brazil. In the EMEA segment, the increase in net revenue was 13.8%, on a constant currency basis. While unfavorable FX impacts were significant, the businesses acquired in FY 2021 contributed in constant currency approximately USD 53 million year-over-year to EMEA's overall net revenue. The Asia Pacific segment net revenue increased by 20.8% on a constant currency basis driven by strong demand in Australia and New Zealand.

Cost of Revenue and Gross Profit

Cost of revenue increased by USD 224.9 million, or 22.9%, from USD 981.2 million in the year ended March 31, 2022 to USD 1,206.2 million in the year ended March 31, 2023. This increase results directly from the higher volume and the increase in supply chain costs. Transactional FX pressure due to the strong US Dollar was partially mitigated through natural hedges and external hedging activities. As a result, gross profit decreased by USD 7.5 million, or 1.6%, from USD 482.7 million (or 33.0% in percentage of revenue) in the financial year 2021 to USD 475.2 million (or 28.3% as a percentage of revenue) in the financial year 2022.

OPERATING EXPENSES

	FINANCIAL YEAR ENDED MARCH 31,	
USD in millions	**2023**	2022
Research and development	175.7	160.3
Sales and marketing	78.3	71.9
General and administrative	130.9	126.7
Amortization of intangible assets	39.2	35.1
Total operating expenses	**424.1**	**394.0**

Research and Development

Research and development expenses increased by USD 15.4 million, or 9.7%, from USD 160.3 million in the year ended March 31, 2022 to USD 175.7 million in the year ended March 31, 2023. This increase is mainly attributable to ramp-up investments to support current and future backlog conversion in Americas, impact from prior year acquisitions in EMEA and strategic initiatives like global smart ultrasonic gas and water.

Sales and Marketing

Sales and marketing expenses increased by USD 6.5 million, or 9.0%, from USD 71.9 million in the year ended March 31, 2022 to USD 78.3 million in the year ended March 31, 2023, with increase in travel and advertising expenses.

General and Administrative

General and administrative expenses increased by USD 4.2 million, or 3.3%, from USD 126.7 million in the year ended March 31, 2022, to USD 130.9 million in the year ended March 31, 2023. The increase in general and administrative expenses was mainly driven by higher travel and IT expenses, as well as the costs related to the businesses acquired during FY 2021 in EMEA.

Amortization of Intangible Assets

Cost of revenue includes amortization charges in the amount of USD 17.6 million and USD 15.7 million for the years ended March 31, 2023 and 2022, respectively; amortization of intangible assets included under operating expenses increased by USD 4.1 million, or 11.6%, from USD 35.1 million in the year ended March 31, 2022 to USD 39.2 million in the year ended March 31, 2023.

Operating Income and Reported and Adjusted EBITDA

Operating income decreased by USD 37.8 million to USD 51.0 million for the year ended March 31, 2023 from USD 88.8 million for the year ended March 31, 2022 as a result of lower gross profit and higher operating expenses. Operating income included depreciation and amortization of USD 82.2 million for the year ended March 31, 2023 and USD 81.5 million for the year ended March 31, 2022, which are included in various line items in the Consolidated Statement of Operations.

Operating income before depreciation and amortization, which corresponds to EBITDA, decreased by USD 37.1 million, or 21.8%, from USD 170.3 million for the year ended March 31, 2022 to USD 133.2 million for the year ended March 31, 2023. EBITDA included non-recurring and other items in the financial year ended March 31, 2023 that Management assessed to be non-indicative of operational performance. These items are excluded to arrive at Adjusted EBITDA.

Adjusted EBITDA was USD 139.9 million in FY 2022, compared to USD 147.0 million in FY 2021. The non-recurring and other items which amounted to USD 6.7 million included (i) restructuring expenses in the amount of USD 11.8 million related mostly to the discontinuation of manufacturing activities in India, (ii) warranty normalization adjustments of USD (5.1) million, to adjust warranty expenses to the three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty claims and (iii) change in unrealized gains and losses on derivatives where the underlying hedged transactions have not yet been realized amounting to less than USD 0.1 million.

In the financial year ended March 31, 2022, these non-recurring and other items which amounted to USD (23.3) million included (i) restructuring expenses in the amount of USD 2.9 million relating to costs associated with restructuring programs in all segments, (ii) warranty normalization adjustments of USD (13.8) million, to adjust warranty expenses to the three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty claims and (iii) change in unrealized gains and losses on derivatives where the underlying hedged transactions have not yet been realized amounting to USD (12.4) million.

For further details, refer to the next chapter Segment Information.

OTHER INCOME (EXPENSE) AND INCOME TAX

	FINANCIAL YEAR ENDED MARCH 31,	
USD in millions	**2023**	2022
Other income (expense)		
Interest income	1.3	0.6
Interest expense	(10.3)	(4.3)
Income (loss) on foreign exchange, net	17.2	(2.6)
Non-operational pension credit	4.0	4.5
Gain on sale of investments	–	2.5
Gain from change in fair value of earn-out liabilities	1.3	–
Gain (loss) from change in fair value of investments in equity securities	(6.4)	2.6
Other income (expense), net	**7.2**	**3.3**
Income before income tax expense	**58.3**	**92.0**
Income tax benefit (expense)	(80.9)	7.0

Interest Income

Interest income increased year-over-year with USD 1.3 million in the year ended March 31, 2023 and USD 0.6 million in the year ended March 31, 2022.

Interest Expense

Interest expense increased by USD 6.0 million from USD 4.3 million in the year ended March 31, 2022 to USD 10.3 million in the year ended March 31, 2023, primarily attributable to higher cost of borrowings.

Income (Loss) on Foreign Exchange, Net

Result on foreign exchange shifted from a loss of USD (2.6) million in the year ended March 31, 2022 to an income of USD 17.2 million in the year ended March 31, 2023. The deviation is primarily attributable to the strengthening of the US Dollar against the other major currencies in FY 2022.

For a discussion of the Company's other income (expense), refer to Note 5: Other Income (Expense), net in its Consolidated Financial Statements.

Income Tax Benefit (Expense)

Income tax benefit (expense) varied by USD 87.9 million, from a benefit of USD 7.0 million in the year ended March 31, 2022 to an expense of USD (80.9) million in the year ended March 31, 2023. In FY 2022 the tax expense was mainly driven by the tax on the gains of the divestment of Spark Investment Holdco Pty Ltd ("Spark") in the amount of USD (69.1) million. In the prior year the income tax benefit was driven by the release of some of the existing valuation allowance, mainly due to the divestment of Spark in Australia and the improved business activity in the United Kingdom.

Segment Information

The following tables set forth net revenues and Adjusted EBITDA for Landis+Gyr's segments: Americas, EMEA and Asia Pacific for the years ended March 31, 2023 and 2022.

KEY FIGURES

	FINANCIAL YEAR ENDED MARCH 31,		CHANGE	
USD in millions, unless otherwise indicated	2023	2022	USD	Constant Currency
Committed Backlog				
Americas	2,860.9	2,435.0	17.5%	17.2%
EMEA	773.9	781.1	(0.9%)	2.4%
Asia Pacific	113.8	172.5	(34.0%)	(30.8%)
Total	**3,748.6**	**3,388.6**	**10.6%**	**11.6%**
Net revenue to external customers				
Americas	887.9	706.7	25.7%	26.1%
EMEA	602.3	590.1	2.1%	13.8%
Asia Pacific	191.2	167.2	14.4%	20.8%
Total	**1,681.4**	**1,464.0**	**14.8%**	**20.8%**
Adjusted Gross Profit				
Americas	312.5	274.3	13.9%	
EMEA	150.6	183.7	(18.0%)	
Asia Pacific	44.9	43.8	2.5%	
Inter-segment eliminations	6.6	(6.9)		
Total	**514.6**	**494.9**	**4.0%**	
Adjusted EBITDA				
Americas	119.0	109.4	8.8%	
EMEA	(14.1)	25.7	–	
Asia Pacific	13.3	7.8	70.5%	
Corporate unallocated	21.7	4.1		
Total	**139.9**	**147.0**	**(4.8%)**	
Adjusted EBITDA % of net revenue to external customers				
Americas	13.4%	15.5%		
EMEA	(2.3%)	4.4%		
Asia Pacific	6.9%	4.7%		
Group	**8.3%**	**10.0%**		

Americas

Segment Revenue

Net revenue to external customers in the Americas segment increased by USD 181.2 million, or 25.7%, from USD 706.7 million in the year ended March 31, 2022 to USD 887.9 million in the year ended March 31, 2023, on a reported currency basis (26.1% on a constant currency basis). The increase in revenue in the Americas segment was primarily driven by the conversion of the strong backlog and the performance in North America, Japan and Brazil.

Segment Adjusted EBITDA

Adjusted EBITDA in the Americas segment increased by USD 9.6 million, or 8.8%, from USD 109.4 million in the year ended March 31, 2022 to USD 119.0 million in the year ended March 31, 2023. The increase in Adjusted EBITDA is the result of higher volume sold partly offset by higher operating expenses, mainly R&D to support current and future backlog conversion. For a reconciliation of Adjusted EBITDA on a segment basis to Adjusted EBITDA on a Group basis, see the section Supplemental Reconciliations and Definitions.

EMEA

Segment Revenue

Net revenue to external customers in the EMEA segment increased by USD 12.2 million, or 2.1%, from USD 590.1 million in the year ended March 31, 2022 to USD 602.3 million in the year ended March 31, 2023, on a reported currency basis (13.8% on a constant currency basis). While unfavorable FX impacts were significant, the businesses acquired in FY 2021 contributed in constant currency approximately USD 53 million year-over-year to EMEA's overall net revenue.

Segment Adjusted EBITDA

Adjusted EBITDA in the EMEA segment decreased by USD 39.8 million, from USD 25.7 million in the year ended March 31, 2022 to USD (14.1) million in the year ended March 31, 2023. The decrease in Adjusted EBITDA is largely the result of the increase in supply chain costs which more than offset the higher volume sold, and lead to an Adjusted Gross Profit Margin of 25.0% in FY 2022 compared to a 31.1% in FY 2021. For a reconciliation of Adjusted EBITDA on a segment basis to Adjusted EBITDA on a Group basis, see the section Supplemental Reconciliations and Definitions.

Asia Pacific

Segment Revenue

Net revenue to external customers in the Asia Pacific segment increased by USD 24.0 million, or 14.4%, from USD 167.2 million in the year ended March 31, 2022 to USD 191.2 million in the year ended March 31, 2023, on a reported currency basis (20.8% on a constant currency basis). The increase in revenue in the Asia Pacific segment was primarily driven by strong demand in Australia and New Zealand.

Segment Adjusted EBITDA

Adjusted EBITDA in the Asia Pacific segment increased by USD 5.5 million, from USD 7.8 million in the year ended March 31, 2022 to USD 13.3 million in the year ended March 31, 2023. The increase in profitability in the Asia Pacific segment was driven by higher volume and a decrease in operating expenses. For a reconciliation of Adjusted EBITDA on a segment basis to Adjusted EBITDA on a Group basis, see the section Supplemental Reconciliations and Definitions.

Restructuring and other Saving Initiatives

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.

The following table outlines the cumulative three-year and current costs incurred to date under these programs per segment:

RESTRUCTURING CHARGES

USD in millions	Cumulative Costs incurred up to March 31, 2023	Total Costs incurred in the Financial year ended March 31, 2023
Americas	6.8	0.4
EMEA	10.0	1.3
Asia Pacific	12.1	10.0
Corporate	1.1	–
Restructuring Charges	**30.0**	**11.8**

The restructuring activities during FY 2022 related mostly to the discontinuation of manufacturing activities in India. The cumulative costs incurred up to March 31, 2023 represent the Company's ongoing restructuring efforts under various programs over the last three financial years.

Liquidity and Capital Resources

The Company funds its operations and growth with cash flow from operations and borrowings. Cash flows may fluctuate and are sensitive to many factors including changes in working capital, the timing and magnitude of capital expenditures and repayment of debt.

The Company believes that cash flow from operating activities, available cash and cash equivalents and access to borrowing facilities will be sufficient to fund currently anticipated working capital, planned capital spending, debt service requirements, dividend payments to shareholders, if any, and the share-based compensation schemes for at least the next twelve months. Over the longer term, the Company believes that its cash flows from operating activities, available cash and cash equivalents and access to borrowing facilities, will be sufficient to fund Landis+Gyr's capital expenditures, debt service requirements and dividend payments. The Company also regularly reviews acquisition and other strategic opportunities, which may require additional debt or equity financing.

CASH FLOW

	FINANCIAL YEAR ENDED MARCH 31,	
USD in millions	**2023**	2022
Cash flow provided by (used in) operating activities	(45.8)	115.8
Cash flow provided by (used in) investing activities	205.8	(184.2)
Business acquisitions / divestments	(182.0)	157.4
Free Cash Flow (excluding M&A)	**(22.0)**	**89.0**
Cash flow provided by (used in) financing activities	(118.9)	14.2

Operating Activities

Cash flow provided by (used in) operating activities decreased by USD (161.6) million from USD 115.8 million in financial year 2021 to USD (45.8) million in the financial year 2022. Operational cash flow was negatively impacted by an inventory build-up, including advance payments, of USD 139.2 million to fulfill customer orders in a volatile supply chain environment with shortages of critical components.

Investing Activities

Cash flow used in investing activities increased by USD 390.0 million from USD (184.2) million in the financial year 2021 to USD 205.8 million in the financial year 2022, primarily related to the proceeds from the divestment of Spark of USD 237.8 million, before taxes, and the business acquisitions in the prior period.

Business acquisitions/divestments of USD 182.0 million in the financial year 2022 consist of the proceeds from the divestment of Spark of USD 237.8 million, related tax payments in Australia of USD (52.8) million, and the net cash from settlement of foreign currency derivatives to hedge investing activities of USD (3.0) million. Business acquisitions/divestments of USD (157.4) million in the financial year 2021 consist of the acquisitions of True Energy A/S, Etrel d.o.o., the Automated Meter Reading ("AMR") business of Telia Finland Oyj, Luna Elektrik Elektronik Sanayi ve Ticaret A.S., and the investment in Allego N.V..

Financing Activities

Cash flow provided by (used in) financing activities decreased by USD 133.1 million, from USD 14.2 million in the financial year 2021 to USD (118.9) million in the financial year 2022. In the year ended March 31, 2023, the outflow for financing activities was driven mainly by the decrease of the borrowings under the corporate credit facility agreements of USD (50.0) million, as well as the dividend payment of USD (64.7) million. In the year ended March 31, 2022, the inflow for financing activities was driven mainly by the increase of the borrowings under the corporate credit facility agreements of USD 78.2 million, reduced by the dividend payment of USD (65.9) million.

Net Operating Working Capital

A key factor affecting cash flow from operating activities is, amongst others, changes in working capital. Operating working capital ("OWC") reflects trade account receivables from third and related parties (net of allowance for doubtful accounts) including notes receivables and unbilled receivables, plus net inventories less trade accounts payable from third and related parties including prepayments. The table below outlines Landis+Gyr's operating working capital for the Company as of March 31, 2023 and 2022.

NET OPERATING WORKING CAPITAL

USD in millions, except percentages	**March 31, 2023**	March 31, 2022
Accounts receivable, net	351.4	323.6
Inventories, net	242.3	143.1
Trade accounts payable	(214.8)	(163.3)
Operating Working Capital	**378.9**	**303.4**
Operating Working Capital as a percentage of Net Revenue	22.5%	20.7%

During the period under review, the main changes to the Group's OWC arose from the inventory build-up to fulfill recently awarded customer contracts , as well as the higher turnover compared to prior year.

Capital Expenditures

A key component of cash flow used in investing activities is capital expenditures ("Capex"). Landis+Gyr's Capex is composed of three elements: (i) Replacement Capex; (ii) Expansion Capex (i.e., directly linked to expected volume growth); and (iii) Service Contract Capex (i.e., for the Company's Managed Services business unit in the Americas to fund on-balance sheet metering devices).

CAPITAL EXPENDITURES

	FINANCIAL YEAR ENDED MARCH 31,	
USD in millions, except percentages	**2023**	2022
Service contracts	1.8	2.0
Expansion	15.9	12.2
Replacement	11.5	12.9
Capex	**29.2**	**27.1**
Capex as a percentage of Net Revenue	1.7%	1.9%

Capital expenditures increased by USD 2.1 million, or 8.1%, from USD 27.1 million in the financial year 2021 to USD 29.2 million in the financial year 2022, primarily driven by the integration of the operations acquired in the prior year. Capex represented 1.7% and 1.9% of net revenue for the financial years 2022 and 2021, respectively.

Net Debt

The table below presents the components of net debt as of March 31, 2023 and 2022.

NET DEBT

USD in millions	March 31, 2023	March 31, 2022
Cash and cash equivalents	(117.4)	(84.9)
Credit facilities	170.0	220.0
Other borrowings	10.7	8.8
Other financial liabilities (assets), net	2.4	(0.4)
Net Debt	**65.6**	**143.6**

The Company's policy is to ensure the Group will have adequate financial flexibility at all times without incurring unnecessary cost. Financial flexibility can be either provided through direct access to debt capital markets (private placement markets), or money markets (commercial paper) or through the establishment of bank facilities, either on a bilateral basis or on a syndicated basis.

Indebtedness

Total outstanding debt was as follows:

INDEBTEDNESS

USD in millions	March 31, 2023	March 31, 2022
Credit facilities	170.0	220.0
Other borrowings	10.7	8.8

For the description of the Company's indebtedness, refer to the Note 17: Loans Payable in its Consolidated Financial Statements.

Critical Accounting Policies and Estimates

The Consolidated Financial Statements of the Company have been prepared in accordance with US GAAP. The preparation of the financial statements requires management to make estimates and assumptions, which have an effect on the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and on the reported amounts of revenues and expenses during the reporting period.

Management evaluates the estimates on an ongoing basis, including, but not limited to, those related to costs of product guarantees and warranties, allowances for bad debts, recoverability of inventories, fixed assets, goodwill and other intangible assets, income tax expenses and provisions related to uncertain tax positions, pensions and other post-retirement benefit assumptions and legal and other contingencies.

Where appropriate, the estimates are based on historical experience and on various other assumptions that Management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the Company's estimates and assumptions.

The Company deems an accounting policy to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made and if different estimates that reasonably could have been used, or if changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the Company's Consolidated Financial Statements.

Management also deems an accounting policy to be critical when the application of such policy is essential to the Company's ongoing operations. Management believes the following critical accounting policies require difficult and subjective judgments to be made, often as a result of the need to make estimates regarding matters that are inherently uncertain.

The following policies should be considered when reading the Consolidated Financial Statements:

- Revenue Recognition
- Business and Assets Acquisitions
- Contingencies
- Inventories
- Pension and Other Post-retirement Benefits
- Income Taxes
- Goodwill and Other Intangible Assets
- Warranty
- Leases

For a summary of the Company's accounting policies and a description of accounting changes and recent accounting pronouncements, including the expected dates of adoption and estimated effects, if any, on Landis+Gyr's Consolidated Financial Statements, see "Note 2: Summary of Significant Accounting Principles" in its Consolidated Financial Statements.

Supplemental Reconciliations and Definitions

Adjusted EBITDA

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

ADJUSTED EBITDA

	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
	FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,	
USD in millions, unless otherwise indicated	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Operating income (loss)	**51.0**	**88.8**	**86.6**	**78.5**	**(48.3)**	**12.1**	**(0.9)**	**2.3**	**13.6**	**(4.1)**
Amortization of intangible assets	56.9	50.9	30.1	30.7	18.6	11.9	1.4	1.5	6.8	6.8
Depreciation	25.3	30.6	11.1	12.6	10.1	13.3	2.8	3.3	1.3	1.4
EBITDA	**133.2**	**170.3**	**127.8**	**121.8**	**(19.6)**	**37.3**	**3.3**	**7.1**	**21.7**	**4.1**
Restructuring charges	11.8	2.9	0.4	0.2	1.4	2.3	10.0	0.4	–	–
Warranty normalization adjustments (1)	(5.1)	(13.8)	(9.2)	(12.6)	4.0	(1.5)	0.1	0.3	–	–
Timing difference on FX derivatives (2)	0.0	(12.4)	–	–	0.2	(12.4)	(0.2)	–	–	–
Adjusted EBITDA	**139.9**	**147.0**	**119.0**	**109.4**	**(14.1)**	**25.7**	**13.3**	**7.8**	**21.7**	**4.1**
Adjusted EBITDA margin (%)	8.3%	10.0%	13.4%	15.5%	(2.3%)	4.4%	6.9%	4.7%		

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 claims. For the calculation of the average of actual warranty costs incurred in respect of warranty 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 financial years ended March 31, 2023 and 2022:

ADJUSTED GROSS PROFIT

	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
	FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,	
USD in millions, unless otherwise indicated	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Gross profit	**475.2**	**482.7**	**306.6**	**270.8**	**126.4**	**178.1**	**35.6**	**40.7**	**6.6**	**(6.9)**
Amortization of intangible assets	17.6	15.7	5.2	5.4	11.1	8.9	1.3	1.4	–	–
Depreciation	19.5	21.4	9.7	10.6	8.2	9.4	1.6	1.4	–	–
Restructuring charges	7.3	1.3	0.2	0.2	0.7	1.1	6.4	–	–	–
Warranty normalization adjustments	(5.1)	(13.8)	(9.2)	(12.6)	4.0	(1.5)	0.1	0.3	–	–
Timing difference on FX derivatives	0.0	(12.4)	–	–	0.2	(12.4)	(0.2)	–	–	–
Adjusted gross profit	**514.6**	**494.9**	**312.5**	**274.3**	**150.6**	**183.7**	**44.9**	**43.8**	**6.6**	**(6.9)**
Adjusted gross profit margin (%)	30.6%	33.8%	35.2%	38.8%	25.0%	31.1%	23.5%	26.2%		

Adjusted Operating Expenses

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

ADJUSTED OPERATING EXPENSES

	FINANCIAL YEAR ENDED MARCH 31,	
USD in millions	**2023**	2022
Research and development	**175.7**	**160.3**
Depreciation	(2.7)	(3.7)
Restructuring charges	(0.1)	(0.1)
Adjusted research and development	**172.9**	**156.5**
Sales and marketing	78.3	71.9
General and administrative	130.9	126.7
Depreciation	(3.1)	(5.6)
Restructuring charges	(4.3)	(1.6)
Adjusted sales, general and administrative	**201.8**	**191.4**
Adjusted operating expenses	**374.7**	**347.9**

Warranty Provisions

The Company offers standard warranties on its metering products and 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.

New product warranties recorded during the financial years ended March 31, 2023 and March 31, 2022 primarily consist of additions in line with the ordinary course of business.

In assessing the underlying operational performance of the business over time, Management believes that it is useful to consider average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty claims as an alternative to warranty accruals, which are estimates and subject to change and significant period-to-period volatility. The main part of the outflow (in cash or the value of other compensation paid out to customers) in respect of warranty in the years ended March 31, 2023 and March 31, 2022 was related to a legacy component issue in the Americas.

Management presents Adjusted EBITDA in this Financial Report 2022 as an alternative performance measure (both at the Group and at the segment level). With regards to warranty, Adjusted EBITDA includes only the average actual warranty costs incurred over the last 3 years (in cash or the value of other compensation paid out to customers) in respect of such claims, which amounted to USD 14.5 million and USD 19.4 million for the years ended March 31, 2023 and 2022. For the years ended March 31, 2023 and 2022, the warranty normalization adjustments made in calculating Adjusted EBITDA amounted to USD (5.1) million and USD (13.8) million, respectively.

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

WARRANTY PROVISION

USD in millions, unless otherwise indicated	FINANCIAL YEAR ENDED MARCH 31, 2023	2022	2021	Average
Beginning of the year	**48.3**	**57.6**	**62.0**	
Business combinations	–	1.4	–	
Additions [1]	11.2	6.7	17.0	
Other changes/adjustments to warranties [2]	(1.8)	(1.1)	(6.8)	
Outflow	(10.3)	(16.0)	(17.3)	(14.5)
Effect of changes in exchange rates	(1.2)	(0.2)	2.7	
Ending balance	**46.2**	**48.3**	**57.6**	

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

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

WARRANTY NORMALIZATION ADJUSTMENTS

USD in millions, unless otherwise indicated	FINANCIAL YEAR ENDED MARCH 31, 2023	2022
Additions [1]	11.2	6.7
Releases	(1.8)	(1.1)
Net changes to warranty accruals	**9.4**	**5.6**
Three-year average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty claims	(14.5)	(19.4)
Warranty normalization adjustments	**(5.1)**	**(13.8)**

1 "Additions" reflects new product warranty amounts included in warranty provisions (USD 11.2 million and USD 6.7 million for the years ended March 31, 2023 and 2022, respectively).

Main Exchange Rates applied

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

EXCHANGE RATES

Exchange rates	INCOME STATEMENT AVERAGE EXCHANGE RATE, 12 MONTHS 2023	2022	EXCHANGE RATE ON BALANCE-SHEET DATE 31.03.2023	31.03.2022
Euro countries – EUR	1.0413	1.1624	1.0869	1.1082
United Kingdom – GBP	1.2050	1.3666	1.2349	1.3138
Switzerland – CHF	1.0475	1.0886	1.0942	1.0842
Brazil – BRL	0.1940	0.1875	0.1974	0.2114
Australia – AUD	0.6841	0.7394	0.6700	0.7496

Glossary

The following table provides definitions for key terms and abbreviations used within this Financial Report.

Term	Definition
Adjusted EBITDA	Operating income (loss) excluding depreciation and amortization, impairment of intangible assets, restructuring charges, warranty normalization adjustments and timing difference on FX derivatives
Adjusted Gross Profit	Total revenue minus the cost of revenue, adjusted for depreciation, amortization, restructuring charges, warranty normalization adjustments and timing difference on FX derivatives
Adjusted Operating Expense	Research and development expense (net of research and development related income), plus sales and marketing expense, plus general and administrative expense, adjusted for depreciation and restructuring charges
Basic EPS	The amount of earnings for the period divided by the weighted-average number of shares of common stock outstanding during the reporting period
Capex	Capital expenditures (cash used to acquire property, plant and equipment and intangible assets)
Committed Backlog	Cumulative sum of the awarded contracts, with firm volume and price commitments, that are not fulfilled as of the end of the reporting period
Cost of Revenue	Cost of manufacturing and delivering the products or services sold during the period
Diluted EPS	The amount of earnings for the period divided by the weighted-average number of shares of common stock outstanding during the reporting period, including the shares that would have been outstanding assuming the issuance of common shares for all potentially dilutive common shares outstanding during the reporting period
EBITDA	Earnings before Interest, Taxes, Depreciation & Amortization and Impairment of intangible assets
Effective cash tax rate	Total projected cash tax payments as a percentage of income (loss) before income tax expenses
Effective P&L tax rate	Total projected tax expense including current and deferred taxes, as well as discrete events as a percentage of income (loss) before income tax expenses
EPS	Earnings per Share (the Company's total earnings divided by the weighted-average number of shares outstanding during the period)
Free Cash Flow (excluding M&A)	Cash flow from operating activities (including changes in net operating working capital) minus cash flow from investing activities (capital expenditures in fixed and intangible assets) excluding mergers, acquisition and divestments 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

Consolidated Financial Statements of Landis+Gyr Group AG

Report of the statutory auditor

to the General Meeting of Landis+Gyr Group AG

Cham

Report of the statutory auditor on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Landis+Gyr Group AG and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of March 31, 2023 and 2022, and the related consolidated statements of operations, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and the related notes, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements (pages 22 to 66) present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (US GAAP) and comply with Swiss law.

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (US GAAS), Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that were communicated with those charged with governance and, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Recoverability of goodwill – Americas and Europe, Middle East and Africa ("EMEA")

Key audit matter	How our audit addressed the key audit matter
As of 31 March 2023, the carrying value of goodwill assigned to the Americas and EMEA reporting units ('the reporting units'), was USD 737 million and USD 288 million, respectively. The Company tests goodwill for impairment annually, or more frequently if events or changes in circumstances indicate a potential impairment. When evaluating goodwill for impairment, the Company uses either a qualitative or quantitative assessment method for each reporting unit. If, based on the qualitative assessment, it is determined to be more likely than not that a reporting unit's fair value is less than its carrying value or if the Company elects not to perform the qualitative assessment for a reporting unit, the Company proceeds to perform a quantitative impairment assessment. The quantitative impairment test involves comparing the fair value of the reporting unit to its carrying value. If the carrying value exceeds its fair value, the Company records an impairment charge equal to the difference. The determination of the fair value of the reporting units involves significant estimation and judgements, including determining key assumptions used in estimating the future cash flows to support the fair value of the reporting units, such as the projections of future business performance and profitability, terminal growth rates and discount rates. Due to the estimation uncertainty and judgement pertaining to the estimate, we view the matter as a key audit matter. Refer to Note 2.14 'Goodwill', Note 13 'Goodwill', and Note 14 'Impairment of intangible assets' in the notes to the consolidated financial statements.	We assessed management's identification of the Company's reporting units and the related assets, liabilities and goodwill assigned to them. We obtained management's fair value calculation for each reporting unit and assessed the appropriateness of the model and the consistency of the methodology applied compared with prior years. We tested the mathematical accuracy of the model and agreed inputs to the supporting documentation. We reconciled the FY 2023 - FY 2027 projections with the Board of Directors' approved mid-term plan and discussed with management the key drivers, as well as their intentions and the planned actions to achieve the expected results. We also compared the current year actual results with prior year projections to assess any inaccuracies or bias in assumptions. With the support of PwC internal valuation specialists, we assessed the reasonableness of management's discount and terminal growth rates. We obtained the Company's sensitivity analyses regarding key assumptions to ascertain the effect of changes to those assumptions on the fair value estimates and recalculated these sensitivities. In addition, we performed our own independent sensitivity analyses by changing various key assumptions to assess whether these would alter management's conclusions. Based on the procedures performed, we determined that the approach taken, and the conclusions reached by management with regard to the recoverability of the reporting units' goodwill were reasonable.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with US GAAP and the provisions of Swiss law, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued; to disclose, as applicable, matters related to going concern; and to use the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS, Swiss law and SA-CH will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, Swiss law and SA-CH, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Company audit. We remain solely responsible for our audit opinion.

We are required to communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safe-guards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information

The Board of Directors is responsible for the other information included in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of Landis+Gyr Group AG, the remuneration report of Landis+Gyr Group AG and our auditor's reports thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Rolf Johner	Rahel Sopi
Audit expert Auditor in charge	Audit expert

Zug, May 25, 2023

pwc

Consolidated Statements of Operations

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

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

Consolidated Statements of Comprehensive Income

USD in thousands	FINANCIAL YEAR ENDED MARCH 31, 2023	2022
Net income before noncontrolling interests	**207,119**	**79,438**
Other comprehensive income (loss):		
Foreign currency translation adjustments, net of income tax expense	(23,044)	(10,366)
Pension plan benefits liability adjustments, net of income tax expense	6,977	9,328
Comprehensive income	**191,052**	**78,400**
Net (income) loss attributable to noncontrolling interests, net of tax	815	(35)
Foreign currency translation adjustments attributable to the noncontrolling interests	245	(12)
Comprehensive income attributable to Landis+Gyr Group AG Shareholders	**192,112**	**78,353**

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

Consolidated Balance Sheets

USD in thousands, except share data	March 31, 2023	March 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	117,370	84,850
Accounts receivable, net of allowance for doubtful accounts of USD 7.4 million and USD 6.2 million	351,379	323,612
Inventories, net	242,340	143,106
Prepaid expenses and other current assets	109,018	59,680
Total current assets	**820,107**	**611,248**
Property, plant and equipment, net	117,215	116,310
Intangible assets, net	216,312	270,593
Goodwill	1,048,508	1,048,404
Deferred tax assets	43,789	43,557
Other long-term assets	178,291	197,905
TOTAL ASSETS	**2,424,222**	**2,288,017**
LIABILITIES AND EQUITY		
Current liabilities		
Trade accounts payable	214,822	163,323
Accrued liabilities	47,638	34,928
Warranty provision – current	30,862	33,433
Payroll and benefits payable	66,076	62,017
Loans payable	180,661	228,831
Operating lease liabilities – current	13,504	13,068
Other current liabilities	102,037	90,910
Total current liabilities	**655,600**	**626,510**
Warranty provision – non current	15,404	14,892
Pension and other employee liabilities	24,729	29,157
Deferred tax liabilities	37,465	36,546
Tax provision	23,747	26,529
Operating lease liabilities – non current	82,088	90,588
Other long-term liabilities	55,995	66,239
Total liabilities	**895,028**	**890,461**
Redeemable noncontrolling interests	**6,358**	**11,969**
Commitments and contingencies – Note 26		

USD in thousands, except share data	March 31, 2023	March 31, 2022
Shareholders' equity		
Landis+Gyr Group AG Shareholders' equity		
Registered ordinary shares (28,908,944 and 28,908,944 issued shares at March 31, 2023 and March 31, 2022, respectively)	302,756	302,756
Additional paid-in capital	1,100,179	1,156,312
Retained earnings (Accumulated deficit)	176,105	(31,829)
Accumulated other comprehensive loss	(52,418)	(36,596)
Treasury shares, at cost (54,764 and 74,344 shares at March 31, 2023 and March 31, 2022, respectively)	(5,069)	(6,413)
Total Landis+Gyr Group AG Shareholders' equity	**1,521,553**	**1,384,230**
Noncontrolling interests	1,283	1,357
Total shareholders' equity	**1,522,836**	**1,385,587**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,424,222**	**2,288,017**

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

Consolidated Statements of Changes in Shareholders' Equity

USD in thousands except for shares	Registered ordinary shares: Shares	Registered ordinary shares: Amounts	Additional paid-in capital	Retained earnings (Accumulated deficit)	Accumulated other comprehensive 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	–	–	–	79,403	–	–	79,403	35	79,438
Foreign currency translation adjustments, net of income tax expense	–	–	–	–	(10,378)	–	(10,378)	12	(10,366)
Pension plan benefits liability adjustment, net of income tax expense	–	–	–	–	9,328	–	9,328	–	9,328
Dividends paid (CHF 2.10 per share)	–	–	(65,908)	–	–	–	(65,908)	–	(65,908)
Net loss allocated to redeemable noncontrolling interests	–	–	0	–	–	–	–	12	12
Current period mark to redemption value of redeemable noncontrolling interest	–	–	(4,653)	–	–	–	(4,653)	–	(4,653)
Share-based compensation	–	–	1,986	–	–	–	1,986	–	1,986
Delivery of shares	–	–	(441)	–	–	441	–	–	–
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)	–	–	–	207,934	–	–	207,934	(815)	207,119
Foreign currency translation adjustments, net of income tax expense	–	–	–	–	(22,799)	–	(22,799)	(245)	(23,044)
Pension plan benefits liability adjustment, net of income tax expense	–	–	–	–	6,977	–	6,977	–	6,977
Dividends paid (CHF 2.15 per share)	–	–	(64,700)	–	–	–	(64,700)	–	(64,700)
Net loss allocated to redeemable noncontrolling interests	–	–	–	–	–	–	–	986	986
Current period mark to redemption value of redeemable noncontrolling interest	–	–	4,169	–	–	–	4,169	–	4,169
Share-based compensation	–	–	5,105	–	–	–	5,105	–	5,105
Purchase of treasury shares	–	–	–	–	–	(409)	(409)	–	(409)
Delivery of shares	–	–	(527)	–	–	527	–	–	–
Employee stock purchase plan	–	–	(180)	–	–	1,226	1,046	–	1,046
Balance at March 31, 2023	**28,908,944**	**302,756**	**1,100,179**	**176,105**	**(52,418)**	**(5,069)**	**1,521,553**	**1,283**	**1,522,836**

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

Consolidated Statements of Cash Flows

USD in thousands	FINANCIAL YEAR ENDED MARCH 31, 2023	2022
Cash flow from operating activities		
Net income	207,119	79,438
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	82,182	81,500
Net loss (income) from equity investments	(229,717)	19,596
Share-based compensation	5,105	1,986
Gain on sale of investments	–	(2,488)
Loss on disposal of property, plant and equipment	252	44
Loss (income) on foreign exchange, net	(17,245)	2,567
Change in allowance for doubtful accounts	1,251	(485)
Deferred income tax	(1,706)	(18,743)
Change in operating assets and liabilities, net of effect of businesses acquired and effect of changes in exchange rates:		
Accounts receivable	(37,347)	(32,585)
Inventories, including advance payments	(139,227)	(15,899)
Trade accounts payable	60,033	34,341
Other assets and liabilities	23,526	(33,494)
Net cash provided by (used in) operating activities	**(45,774)**	**115,778**
Cash flow from investing activities		
Payments for property, plant and equipment	(28,300)	(27,087)
Payments for intangible assets	(971)	(25)
Proceeds from the sale of property, plant and equipment	214	349
Business acquisitions, net of cash received	–	(150,699)
Purchase of investments	–	(5,000)
Proceeds from the sale of investments	237,842	2,488
Net cash from settlement of foreign currency derivatives to hedge investing activities	(3,005)	(4,200)
Net cash proved by (used in) investing activities	**205,780**	**(184,174)**

USD in thousands	FINANCIAL YEAR ENDED MARCH 31, 2023	2022
Cash flow from financing activities		
Proceeds from third party facility	264,006	154,023
Repayment of borrowings to third party facility	(320,106)	(73,891)
Purchase of treasury shares	(409)	–
Dividends paid	(64,700)	(65,908)
Net cash from settlement of foreign currency derivatives to hedge financing activities	1,289	–
Issuance of shares	1,046	–
Net cash provided by (used in) financing activities	**(118,874)**	**14,224**
Net increase (decrease) in cash and cash equivalents	**41,132**	**(54,172)**
Cash and cash equivalents at beginning of period, including restricted cash	85,539	140,549
Effects of foreign exchange rate changes on cash and cash equivalents	(8,685)	(838)
Cash and cash equivalents at end of period, including restricted cash	**117,986**	**85,539**
Reconciliation of cash, cash equivalents, and restricted cash reported in the Consolidated Balance Sheet		
Cash and cash equivalents	117,370	84,850
Restricted cash included in other long-term assets	616	689
Total cash, cash equivalents, and restricted cash shown in the Consolidated Statement of Cash Flows	**117,986**	**85,539**
Supplemental cash flow information		
Cash paid for income tax	83,018	19,912
Cash paid for interest	6,722	3,120

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

Notes to the Consolidated Financial Statements

Note 1: Description of Business and Organization

Description of Business
Landis+Gyr Group AG ("Landis+Gyr") and 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.

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

Note 2: Summary of Significant Accounting Principles

2.1 Basis of Presentation
The Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles in the Unites States of America ("US GAAP"). All amounts are presented in United States dollars ("USD"), unless otherwise stated.

2.2 Principles of Consolidation
The Consolidated Financial Statements include the accounts of Landis+Gyr Group AG and its wholly-owned and majority owned subsidiaries. The Company consolidates companies in which it owns or controls more than fifty percent of the voting shares or has the ability to execute direct or indirect control.

The Company presents noncontrolling interests in less-than-wholly-owned subsidiaries within the equity section of its Consolidated Financial Statements. At March 31, 2023, and at March 31, 2022, the Company had two less-than-wholly-owned subsidiaries, Landis+Gyr (Pty) Ltd in South Africa, with an ownership interest of 76.7% in both periods, and Etrel d.o.o. ("Etrel") in Slovenia with an ownership interest of 75%. The noncontrolling interest holders of Etrel 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 (see Note 25: Redeemable Noncontrolling Interests).

All intercompany balances and transactions have been eliminated.

Affiliates are companies where the Company has the power to exercise a significant influence but does not have control. Significant influence may be obtained when the Company has 20% or more of the voting rights in the investee or has obtained a seat on the Board of Directors or otherwise participates in the policy-making process of the investee. Affiliated companies are accounted for using the equity method.

2.3 Use of Estimates
The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Significant items subject to such estimates include warranty provisions, allowances for doubtful accounts, valuation of inventories, valuation allowances for deferred tax assets, valuation of goodwill and other intangible assets, valuation of defined benefit pension obligations, income tax uncertainties and other contingencies and items recorded at fair value, including assets and liabilities obtained in a business combination. Actual results may differ materially from these estimates.

The COVID-19 pandemic has had global economic impacts including disrupting customer demand and global supply chains, resulting in market volatility. New variants of the virus may cause previously lifted restrictions to be reinstated, which could result in more disruptions. As economies have reopened, global supply chains have struggled to keep pace with rapidly changing demand and the timeline to a full recovery remains uncertain. Efforts are ongoing with suppliers to increase supply, including the approval of alternate sources. Recently, inflation in the Company's raw materials and component costs, freight charges, and labor costs have increased above historical levels, due to, among other things, the continuing impacts of the pandemic and uncertain economic environment. The Company may or may not be able to fully recover these increased costs through pricing actions with its customers. At this time, Landis+Gyr has not identified any significant decrease in long-term customer demand for its products and services. However, certain of the Company's customer projects have experienced delays in deliveries, with revenue originally forecasted in prior periods shifting to future periods.

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

2.4 Revenue Recognition
The majority of the Company's revenues consist of hardware sales, but may also include the license of software, software implementation services, cloud services and Software-as-a-Service (SaaS), project management services, installation services, post-sale maintenance support, and extended or noncustomary warranties. The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and the collectability of consideration is probable. In determining whether the definition of a contract has been met, the Company considers whether the arrangement creates enforceable rights and obligations, which involves evaluation of agreement terms that would allow for the customer to terminate the agreement. If the customer is able to terminate the agreement without providing further consideration to the Company, the agreement would not be considered to meet the definition of a contract.

Many of the Company's revenue arrangements involve multiple performance obligations consisting of hardware, meter reading system software, installation, and/or project management services.

Separate contracts entered into with the same customer (or related parties of the customer) at or near the same time are accounted for as a single contract where one or more of the following criteria are met:
- The contracts are negotiated as a package with a single commercial objective;
- The amount of consideration to be paid in one contract depends on the price or performance of the other contract; or
- The goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation.

Once the contract has been defined, the Company evaluates whether the promises in the contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment, and the decision to separate the combined or single contract into multiple performance obligations could change the amount of revenue and profit recognized in a given period. For some projects, the customer requires the Company to provide a significant service of integrating, customizing or modifying goods or services in the contract in which case the goods or services would be combined into a single performance obligation. It is common that the Company may promise to provide multiple distinct goods or services within a contract in which case the Company separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. If applicable, for goods or services where observable standalone sales are available, the observable standalone sales are used to determine the standalone selling price. In the absence of observable standalone sales, the Company estimates the standalone selling price using either the adjusted market assessment approach or the expected cost plus a margin approach. Approaches used to estimate the standalone selling price for a given good or service will maximize the use of observable inputs and consider several factors, including the Company's pricing practices, costs to provide a good or service, the type of good or service, and availability of other transactional data, among others. The Company determines the estimated standalone selling prices of goods or services used in the allocation of arrangement consideration on an annual basis or more frequently if there is a significant change in the business or if the Company experiences significant variances in its transaction prices.

Many of the Company's contracts with customers include variable consideration, which can include liquidated damage provisions, rebates and volume and early payment discounts. Some of the contracts with customers contain clauses for liquidated damages related to the timing of delivery or milestone accomplishments, which could become material in the event of failure to meet the contractual deadlines. At the inception of the arrangement and on an ongoing basis, the Company evaluates the probability and magnitude of having to pay liquidated damages. The Company estimates variable consideration using the expected value method, taking into consideration contract terms, historical customer behavior and historical sales. In the case of liquidated damages, the Company also takes into consideration progress toward meeting contractual milestones, including whether milestones have not been achieved, specified rates, if applicable, stated in the contract, and the history of paying liquidated damages to the customer or similar customers. Variable consideration is included in the transaction price if, in management's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur.

In the normal course of business, the Company does not accept product returns unless the item is defective as manufactured. The Company establishes provisions for estimated returns and warranties. In addition, the Company does not typically provide customers with the right to a refund.

Hardware revenues are recognized at a point in time. Transfer of control is typically at the time of shipment, receipt by the customer, or, if applicable, upon receipt of customer acceptance provisions. The Company recognizes revenue prior to receipt of customer acceptance for hardware in cases where the customer acceptance provision is determined to be a formality. Transfer of control would not occur until receipt of customer acceptance in hardware arrangements where such provisions are subjective or where the Company does not have a history of meeting the acceptance criteria.

Perpetual software licenses are considered to be a right to use intellectual property and are recognized at a point in time. Transfer of control is considered to be at the point at which it is available to the customer to download and use or upon receipt of customer acceptance. In certain contracts, software licenses may be sold with professional services including implementation services that involve a significant service of integrating, customizing or modifying the software. In these instances, the software license is combined into a single performance obligation with the implementation services and recognized over time as the implementation services are performed or, if applicable, upon receipt of customer acceptance provisions.

Hardware and software licenses (when not combined with professional services) are typically billed when delivered and revenue recognized at a point in time. As a result, the timing of revenue recognition and invoicing does not have a significant impact on contract assets and liabilities.

Cloud services and SaaS arrangements where customers have access to certain of our software within a cloud-based IT environment that we manage, host, and support are offered to customers on a subscription basis. Revenue for the cloud services and SaaS offerings is generally recognized over time, ratably over the contract term commencing with the date the services are made available to the customer.

Professional services, which include implementation, project management, installation, and consulting services are recognized over time. The Company measures progress toward satisfying these performance obligations using input methods, most commonly based on the costs incurred in relation to the total expected costs to provide the service. The Company expects this method to best depict its performance in transferring control of services promised to the customer or to represent a reasonable proxy for measuring progress. The estimate of expected costs to provide services requires judgment. Cost estimates take into consideration past experience and the specific scope requested by the customer and are updated quarterly. The Company may also offer professional services on a stand-ready basis over a specified period of time, in which case revenue would be recognized ratably over the term. Invoicing of these services is commensurate with performance and occurs on a monthly basis. As such, these services do not have a significant impact on contract assets and contract liabilities. Services, including professional services, are commonly billed on a monthly basis in arrears and typically result in an unbilled receivable, which is not considered a contract asset as the Company's right to consideration is unconditional.

Certain revenue arrangements include extended or noncustomary warranty provisions that cover all or a portion of a customer's replacement or repair costs beyond the standard or customary warranty period. Whether or not the extended warranty is separately priced in the arrangement, such warranties are considered to be a separate good or service, and a portion of the transaction price is allocated to this extended warranty performance obligation. This revenue is recognized, ratably over the extended warranty coverage period.

Hardware and software post-sale maintenance support fees are recognized over time, ratably over the life of the related service contract. Shipping and handling costs and incidental expenses billed to customers are recognized as revenue, with the associated cost charged to cost of revenues. The Company recognizes sales, use, and value added taxes billed to customers on a net basis.

Payment terms with customers can vary by customer; however, amounts billed are typically payable within 30 to 90 days, depending on the destination country.

The Company incurs certain incremental costs to obtain contracts with customers, primarily in the form of sales commissions. Where the amortization period is one year or less, the Company has elected to apply the practical expedient and recognize the related commissions as an expense when incurred.

2.5 Accounting for Business and Assets Acquisitions

The Company evaluates each transaction in order to determine if the assets acquired constitute a business. The evaluation consists of consideration of the inputs, processes, and outputs acquired. For assets acquired in transactions that do not meet the definition of a business, the full fair value of the consideration given is allocated to the assets acquired based on their relative fair values, and no goodwill is recognized.

The Company uses the acquisition method of accounting to account for business combinations. The Company allocates the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition, including intangible assets that can be identified. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired. Among other sources of relevant information, the Company uses independent appraisals and actuarial or other valuations to assist in determining the estimated fair values of the assets and liabilities acquired.

2.6 Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity or remaining maturity at the date of purchase of three months or less to be cash equivalents.

2.7 Restricted Cash

From time to time, the Company is required to maintain cash balances that are restricted in order to secure certain bank guarantees.

Restricted cash is generally deposited in bank accounts earning market rates; therefore, the carrying value approximates fair value. Such cash is excluded from Cash and cash equivalents in the Consolidated Balance Sheets.

2.8 Derivative Instruments

The Company's activities expose it to the financial risks of changes in foreign exchange rates. The Company uses derivative financial instruments, primarily foreign currency forward contracts, to economically hedge specific substantial foreign currency payments and receipts. Derivatives are not used for trading or speculative purposes.

The Company enters into foreign exchange derivative contracts to economically hedge the risks associated with foreign currency transactions and minimize the impact of changes in foreign currency exchange rates on earnings. Derivative instruments that the Company uses to economically hedge these foreign denominated contracts include foreign exchange forward contracts. Revaluation gains and losses on these foreign currency derivative contracts are recorded within Cost of revenue in the Consolidated Statements of Operations.

All derivative instruments are recorded on the Consolidated Balance Sheet at fair value on the date the derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The Company does not apply hedge accounting and, therefore, changes in the fair value of all derivatives are recognized in Cost of revenue during the period. The fair value of derivative instruments is presented on a gross basis, even when the derivative instruments are subject to master netting arrangements. Cash collateral payables and receivables associated with derivative instruments are not added to or netted against the fair value amounts. The Company classifies cash flows from its derivative programs as cash flows from operating activities in the Consolidated Statement of Cash Flows.

The fair values of the Company's derivative instruments are determined using the fair value measurements of significant other observable inputs, as defined by Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures". The Company uses observable market inputs based on the type of derivative and the nature of the underlying instrument. When appropriate, the Company adjusts the fair values of derivative instruments for credit risk, which is a risk of loss due to the failure by either the Company or counterparty to meet its contractual obligations, considering the credit risk of all parties, as well as any collateral pledged.

2.9 Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk are primarily accounts receivable, cash and cash equivalents and derivative instruments.

The Company performs ongoing credit evaluations of its customers and, in general, does not require collateral from its customers.

The Company maintains cash and cash equivalents with various financial institutions that management believes to be of high credit quality. These financial institutions are located in many different jurisdictions throughout the world. The Company's cash equivalents are primarily comprised of cash deposited in checking and money market accounts. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions with reputable credit and therefore bear minimal credit risk.

The amount subject to credit risk related to derivative instruments is generally limited to the amount, if any, by which a counterparty's obligations exceed the obligations of the Company with that counterparty. To mitigate such risk, the Company pursues, where possible, the use of legally enforceable master netting arrangements and collateral agreements.

2.10 Fair Value Measurement

The Company accounts for certain assets and liabilities at fair value. Fair value is defined as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, emphasizing that fair value is a market-based measurement and not an entity-specific measurement. These valuation techniques include the market approach, income approach and cost approach. The income approach involves converting future cash flows to a single present amount. The measurement is valued based on current market expectations about those future amounts. The market approach uses observable market data for identical or similar assets and liabilities while the cost approach would value the cost that a market participant would incur to develop a comparable asset.

Inputs used to determine the fair value of assets and liabilities are defined by a three-level hierarchy, depending on the nature of those inputs. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. The three levels within the fair value hierarchy are described as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

2.11 Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are initially recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for probable losses inherent in its trade accounts receivable portfolio at the balance sheet date. The allowance is maintained at a level which the Company considers to be adequate and is based on ongoing assessments and evaluations of the collectability and historical loss experience of accounts receivable. The allowance is established through the provision for doubtful accounts, which is charged to income. Credit losses are charged, and recoveries are credited to the allowance. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

The allowance is based on the Company's review of the historical credit loss experience and such factors that, in management's judgment, deserve consideration under existing economic conditions in estimating probable credit losses. Management considers, among other factors, historical losses, current receivables aging, periodic credit evaluation of its customers' financial condition, and existing industry and national economic data.

From time to time, the Company may sell certain accounts receivable to third-party financial institutions under the factoring arrangements with these financial institutions. Under the terms of these agreements, the Company transfers the receivables in an outright sale, with no recourse, and no continued involvement with the assets transferred. The Company records such transfers as sales of accounts receivable when it is considered to have surrendered control of such receivables.

2.12 Inventories

Inventories are stated at the lower of cost (which approximates cost determined on a weighted average basis) or net realizable value. The costs include direct materials, labor, and an appropriate portion of fixed and variable overhead expenses and are assigned to inventories using the weighted average method. Net realizable value is the estimated selling price in the normal course of business, minus the cost of completion, disposal and transportation. The Company writes down the value of inventories for estimated excess and obsolete inventories based upon historical trends, technological obsolescence, assumptions about future demand and market conditions.

2.13 Property, Plant & Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are recognized on a straight-line basis over the estimated useful life of the related asset, with the exception of leasehold improvements which are amortized over the shorter of the asset's useful life or the term of the lease, and network equipment which is depreciated over the shorter of the useful life of the asset or the life of the customer contract under which the equipment is deployed. The estimated useful lives are as follows:

ESTIMATED USEFUL LIVES

Item	Years
Land	no depreciation
Buildings	20–40
Network equipment	5–10
Machinery and equipment	5–10
Vehicles and other equipment	3–10
Construction in progress	no depreciation

Repairs and maintenance are expensed as incurred, while major renovations and improvements are capitalized as property, plant and equipment and depreciated over their estimated useful lives. Gains or losses on disposals are included in the Consolidated Statements of Operations at amounts equal to the difference between the net book value of the disposed assets and the proceeds received upon disposal.

2.14 Goodwill

Goodwill is tested for impairment annually in the fourth quarter of each financial year or more often, if an event or circumstance indicates that an impairment may have occurred.

When evaluating goodwill for impairment, the Company uses either a qualitative or quantitative assessment method for each reporting unit. The qualitative assessment involves determining, based on an evaluation of qualitative factors, if it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, based on this qualitative assessment, it is determined to be more likely than not that the reporting unit's fair value is less than its carrying value or the Company elects not to perform the qualitative assessment for a reporting unit, the Company proceeds to perform a quantitative impairment assessment.

The Company applies the simplified quantitative impairment test, which compares the fair value of a reporting unit (based on the income approach whereby the fair value is calculated based on the present value of future cash flows) with its carrying value. If the carrying value of the reporting unit exceeds its fair value, the Company records an impairment charge equal to the difference.

2.15 Intangible Assets with Finite Lives
Intangible assets with finite lives, principally customer contracts and relationships, are amortized on a straight-line basis over their estimated useful lives, ranging from three to twenty years, which management has determined is the methodology best reflective of the expected benefits arising from the intangibles. The Company believes that the straight-line method is appropriate as these relationships are generally distributed over a long period of time and historical experience from each acquired entity has indicated a consistent experience with each customer.

Intangible assets with finite lives and property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Where such indicators exist, the Company first compares the undiscounted cash flows expected to be generated by the asset (or asset group) to the carrying value of the asset (or asset group). If the carrying value of the long-lived asset exceeds the future undiscounted cash flows to be generated by the asset (or asset group), an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and assistance by third-party independent appraisals, as considered necessary.

2.16 Investments
Investments in Affiliated Companies
Each reporting period, the Company reviews all equity method investments to determine whether a significant event or change in circumstance has occurred that may have an adverse effect on the fair value of each investment. When such events or changes occur, the Company evaluates the fair value compared to the carrying amount of the investment. Management's assessment of fair value is based on valuation methodologies using discounted cash flows, EBITDA and revenue multiples, as appropriate.

In the event the fair value of an investment declines below the carrying amount, the Company determines if the decline in fair value is other than temporary. If the Company determines the decline is other than temporary, an impairment charge is recorded. The Company's assessment as to the nature of a decline in fair value is based on, among other things, the length of time and the extent to which the market value has been less than its cost basis, the financial condition and near-term prospects of the entity, and the Company's intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.

Other Investments
Other investments include participation in other entities where the Company does not have the power to exercise significant influence nor to exercise control. Equity investments with readily determinable fair values are measured at fair value. Other investments without readily determinable fair values are accounted at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. Changes in value are recorded in Other income (expense), net.

2.17 Warranty
The Company offers standard warranties on its metering products and its solution products for periods ranging from one to five years. In some instances, warranty periods can be further extended based on customer specific negotiations. Standard warranty provision represents the Company's estimate of the cost of projected warranty claims and are based on historical and projected warranty trends, specific quality issues identified (if any), supplier information and other business and economic projections. If the Company's quality control processes fail to detect a fault in a product, the Company could experience an increase in warranty claims.

The Company tracks warranty claims to identify potential product specific design or quality issues. If an unusual trend is noted, an additional warranty provision may be recorded when a product failure is probable, and the cost can be reasonably estimated. Management continually evaluates the sufficiency of the warranty provisions and makes adjustments when necessary. The calculation of the warranty provision requires management to make estimates with respect to projected failure rates, as well as material, labor and other costs to be incurred in order to satisfy the Company's warranty commitments. As a result, actual warranty costs incurred in the future could differ significantly from the provision. The long-term warranty balance includes estimated warranty claims beyond one year. Warranty expense is included within Cost of revenue in the Consolidated Statements of Operations.

2.18 Commitments and Contingencies

Liabilities for loss contingencies, including environmental remediation costs, arising from claims, assessments, litigation, fines, penalties and other sources, are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Any such provision is generally recognized on an undiscounted basis using the Company's best estimate of the amount of loss incurred or at the lower end of an estimated range when a single best estimate is not determinable. Changes in these factors and related estimates could materially affect the Company's financial position, results of operations, and cash flows.

The Company has asset retirement obligations ("ARO") arising from contractual requirements to remove certain leasehold improvements at the time that the Company vacates leased property. The liability is initially measured on the date of executing the lease agreement at fair value, and subsequently is adjusted for accretion expense and changes in the amount or timing of the estimated cash flows. In determining the fair value of the ARO, the Company has considered, among other factors, the estimated cost to remove the assets based on consultations with, and written estimates from, third-party contractors, the expected settlement dates, ranging from financial year ending March 31, 2024 to 2031, and an effective interest rate, which for the Company is based on the credit-adjusted risk-free rate. The corresponding AROs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the shorter of the asset's remaining useful life or the lease term. The Company classifies such liabilities in Other long-term liabilities in the Consolidated Balance Sheets.

Legal costs incurred in connection with loss contingencies are expensed as incurred.

Accruals for estimated losses from environmental remediation obligations, excluding AROs, generally are recognized no later than completion of the remediation feasibility study. Such accruals are adjusted as further information develops or circumstances change. Recoveries of environmental remediation costs from third parties, which are probable of realization, are separately recorded as assets, and are not offset against the related environmental liability.

2.19 Employee Benefit Plans

The Company accounts for employee and retirement benefits in accordance with ASC 710, "Compensation".

Employee Benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required, and the liability can be estimated reliably. Liabilities recognized in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognized in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

Retirement Benefits

The Company contributes, in accordance with legal and statutory requirements, to various statutory defined benefit and defined contribution pension plans. In addition, the Company sponsors various post-retirement benefit plans that provide medical benefits to retired participants.

The Company records annual amounts relating to its defined benefit plans and post-retirement plans based on calculations that incorporate various actuarial and other assumptions including discount rates, mortality table assumptions, assumed rates of return, compensation increases, turnover rates and healthcare cost trend rates. The Company reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded in other comprehensive income/(loss). The unrecognized amounts recorded in Accumulated Other Comprehensive Income ("AOCI") are subsequently recognized as expense on a straight-line basis only to the extent that they exceed 10% of the higher of the market-related value or the projected benefit obligation, over the average remaining service period of active participants.

In addition to the defined benefit pension plans and post-retirement benefits plans, the Company also sponsors various employee retirement savings plans in which employees of certain subsidiaries are eligible to participate. Each plan provides for employee contributions as well as matching contributions by the Company. The Company recognizes an expense for matching contributions to defined contribution plans as they are incurred.

2.20 Income Taxes

Income taxes are based on the laws and rates in effect in the countries in which operations are conducted or in which the Company or its subsidiaries are considered resident for income tax purposes.

The Company accounts for income taxes using the asset and liability method. Under this method, deferred income taxes are recorded for temporary differences between the financial reporting basis and tax basis of assets and liabilities in each of the taxing jurisdictions in which the Company operates. These deferred taxes are measured using the tax rates expected to be in effect when the temporary differences reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Deferred tax assets are evaluated each period to determine whether or not it is more likely than not that they will be realized. In making such determination, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. Valuation allowances are established where it is considered more likely than not that the Company will not realize the benefit of such assets.

Valuation allowances are reviewed each period on a tax jurisdiction by tax jurisdiction basis to analyze whether there is sufficient positive or negative evidence to support a change in judgment about the realizability of the related deferred tax assets.

The Company has elected not to reclassify prior periods stranded tax. In accordance with its accounting policy, the Company releases income tax effects from accumulated other comprehensive income once the reasons the tax effects were established cease to exist (e.g., when prior service cost and pension gains (losses) are reclassified out of accumulated other comprehensive income and recognized within Net periodic benefit cost).

The Company accounts for uncertain tax positions in accordance with ASC 740, “Income Taxes”, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities based solely on the technical merits of the position.

The Company recognizes interest expense and penalties accrued related to unrecognized tax benefits in the provision for income taxes. Accrued interest and penalties are included within the related tax liability caption in the Consolidated Balance Sheets.

2.21 Foreign Currencies

The reporting currency of Landis+Gyr is the U.S. Dollar. The functional currency of most of the Company’s subsidiaries is the applicable local currency. The translation from the applicable functional currencies into the Company’s reporting currency is performed for Balance Sheet accounts using exchange rates in effect at the balance sheet date, and for Statement of Operations and Statement of Cash Flows using average exchange rates prevailing during the year. The resulting translation adjustments are excluded from earnings and are recognized in accumulated other comprehensive income/(loss) until the entity is sold, substantially liquidated or evaluated for impairment in anticipation of disposal.

Foreign currency exchange gains and losses, such as those resulting from foreign currency denominated receivables or payables, are included in the determination of earnings with the exception of intercompany loans that are long-term investment in nature with no reasonable expectation of repayment, which are recognized in other comprehensive income.

2.22 Leases

The Company determines if an arrangement is a lease at inception. A lease exists when a contract conveys to the customer the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. The definition of a lease embodies two conditions: (1) there is an identified asset in the contract that is land or a depreciable asset (i.e., property, plant, and equipment), and (2) the customer has the right to control the use of the identified asset.

Right-of-use (“ROU”) assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company uses the implicit rate when readily determinable. As most of its leases do not provide an implicit rate, in determining the present value of lease payments, the Company uses its incremental borrowing rate based on the remaining lease term, currency of the lease, and the Company’s credit rating. The ROU assets also include any lease payments made and exclude lease incentives received and initial direct costs incurred. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

The Company has lease agreements, which include lease and nonlease components. For each of the existing asset classes, the Company has elected the practical expedient to account for the lease and nonlease components as a single lease component when the nonlease components are fixed.

The Company has elected to utilize the short-term lease exemption for all lease asset classes. All leases with a lease term that is not greater than twelve months are not subject to recognition and measurement of lease ROU assets and liabilities in the Consolidated Balance Sheet.

Operating leases are included in Other long-term assets, Operating lease liabilities – current, and Operating lease liabilities – non current in the Consolidated Balance Sheet. Operating lease costs are recognized on a straight-line basis over the lease term.

Finance leases are included in Property, plant, and equipment, Other current liabilities, and Other long-term liabilities in the Consolidated Balance Sheet. Finance lease ROU assets are generally amortized on a straight-line basis over the lease term with the interest expenses on the lease liability recorded using the interest method.

Lease expenses for variable lease payments, where the timing or amount of the payment is not fixed, are recognized when the obligation is incurred. Variable lease payments generally arise in lease arrangements where executory and other lease-related costs are billed to the Company when incurred by the lessor.

2.23 Research and Development Costs

Research and development costs primarily consists of salaries and payroll taxes, third-party contracting fees, depreciation and amortization of assets used in R&D activities, and other overhead infrastructure costs. Research and development activities primarily consist of the development and design of new meters, network equipment and related software and are expensed as incurred.

2.24 Advertising

Advertising costs are expensed as incurred. Advertising expenses included in Sales and marketing expenses were USD 4.2 million and USD 1.9 million, respectively, for the financial years ended March 31, 2023 and March 31, 2022.

2.25 Earnings per Share

ASC 260, "Earnings per Share", requires entities to present both basic and diluted earnings per share. Basic earnings per share is calculated by dividing net income (loss) by the weighted-average number of common shares outstanding during the year.

Diluted earnings per share is calculated by dividing net income (loss) by the weighted-average number of common shares outstanding during the year plus all potentially dilutive common shares outstanding. Potentially dilutive shares that are anti-dilutive are excluded from the diluted earnings per share calculation.

As of March 31, 2023 and March 31, 2022, the Company had 115,222 and nil, respectively, dilutive shares outstanding.

2.26 Share-based Compensation

The Company sponsors a share-based long-term incentive plan ("LTIP") providing the members of the Group Executive Management and other eligible key managers with a possibility to receive shares in the Company, subject to certain conditions. The LTIP consists of two components that are weighted equally: (i) a component with a market condition that is based on the total shareholders' return ("TSR") measured over three years relative to a peer group of comparable public companies as determined by the Company's Board of Directors, or the SPI Industrials Index ("SPI Industrials"), summarized under the heading Performance Share Plan PSP-TSR, and (ii) a component with a performance condition that is based on the Company's fully diluted earnings per share ("EPS") performance, summarized under the heading Performance Share Plan PSP-EPS. The Board of Directors, at its discretion, may allow the EPS normalization of certain significant and unforeseen one-off events, not indicative of underlying performance

Share-based compensation expense is recognized and measured based on the guidance codified in ASC 718 "Compensation – Stock Compensation".

The fair value of performance stock units ("PSUs") granted under the PSP-TSR is estimated using the Monte Carlo simulation methodology. The Monte Carlo simulation input assumptions are determined based on available internal and external data sources. The risk-free rate is interpolated from country-specific government sovereign debt yields derived from Standard & Poor's as of the valuation date matching the measurement period. The expected volatility of the share price returns is based on the historic volatility of daily share price returns of the Company, derived from Standard & Poor's and measured over a historical period matching the performance period of the awards. The dividend yield is based on the expected dividend yield over the expected term of the awards granted.

The fair value of performance stock units granted under the PSP-EPS is determined based on the closing share price of the Company's share at the day preceding the grant date less the present value of expected dividends.

The Company recognizes stock-based compensation costs considering estimated future forfeiture rates, which are reviewed annually or whenever indicators are present that actual forfeitures may differ materially from previously established estimates.

Total compensation cost for the PSP-EPS is expensed on a straight-line basis over the requisite service period for each separately vesting portion of the award. Total compensation cost for the PSP-TSR is recognized on a straight-line basis over the requisite service period for the entire award (see Note 22: Share-based Compensation).

2.27 Recent Accounting Pronouncements Applicable for Future Periods

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. In November 2018, the FASB issued ASU 2018-19 – Codification Improvements to Topic 326, Financial Instruments – Credit Losses to clarify, improve, and correct various aspects of ASU 2016-13. In May 2019, the FASB issued ASU 2019-05 – Financial Instruments – Credit Losses (Topic 326): Targeted Transition Relief, to simplify transition requirements. In November 2019, the FASB issued ASU 2019-11 – Codification Improvements to Topic 326, Financial Instruments – Credit Losses to clarify, improve, and correct various aspects of ASU 2016-13. In March 2020, the FASB issued ASU 2020-03 – Codification Improvements to Financial Instruments, which improves the financial instruments guidance, including the current expected credit losses guidance. The effective date and transition requirements in ASU 2018-19, ASU 2019-05, ASU 2019-11 and ASU 2020-03 are the same as the effective date and transition requirements of ASU 2016-13. In November 2019, the FASB issued ASU 2019-10, – Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates, deferring the effective dates for certain major Updates. As a result, 2016-13 is effective for the Company for annual and interim periods beginning on April 1, 2023, with early adoption in any interim period permitted. The requirements of the amended guidance should be applied using a modified retrospective approach except for debt securities, which require a prospective transition approach. The Company will adopt the new standard as of April 1, 2023, but does not expect this update to have a significant impact on its Consolidated Financial Statements.

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

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 beginning 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 May 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2021-04 amending Earnings Per Share (Topic 260), Debt-Modifications and Extinguishments (Subtopic 470-50), Compensation – Stock Compensation (Topic 718), and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40). The amendment affects entities when a freestanding equity-classified written call option is modified or exchanged and remains equity classified after the modification or exchange. This update was effective for the Company on April 1, 2022, and did not have any impact on the Consolidated Financial Statements.

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 on April 1, 2022, and did not have any impact on the Consolidated Financial Statements.

In November 2021, the FASB issued ASU 2021-10 amending Government Assistance: (Topic 832). The FASB issued this update to increase the transparency of government assistance including the disclosure of (1) the types of assistance, (2) an entity's accounting for the assistance, and (3) the effect of the assistance on an entity's financial statements. The effective date for this amendment was April 1, 2022. The adoption of this amendment did not have any impact on the Consolidated Financial Statements.

Note 3: Shareholder's Equity

At March 31, 2023 and 2022, the capital structure reflected 28,908,944 authorized, registered and issued 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; see art. 5 of Landis+Gyr's articles of association for further information.

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 March 31, 2023, no shares were issued from this conditional share capital.

Furthermore, the share capital of the Company may be increased by up to CHF 28,908,940, at any time until June 24, 2024, 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 group companies. As of March 31, 2023, 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 by a maximum amount of CHF 28,908,940 through the issuance of a maximum of 2,890,894 fully paid-in registered shares with a nominal value of CHF 10 each until June 24, 2024. Increases in partial amounts are permissible. As of March 31, 2023, no shares were issued from this authorized share capital.

The aggregate number of registered shares issued until June 24, 2024 in connection with the above conditional share capital, with the exclusion of advance subscription rights of existing shareholders, and/or the authorized share capital, with the exclusion of pre-emptive rights of existing shareholders, must not exceed 2,890,894 registered shares.

Treasury Shares

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

The changes in Treasury shares during the financial years ended March 31, 2023 and 2022 were as follows:

TREASURY SHARES

	FINANCIAL YEAR ENDED MARCH 31,			
	2023	**2023**	2022	2022
	Number of shares	**Average acquisition price per share (in CHF)**	Number of shares	Average acquisition price per share (in CHF)
Treasury shares – opening balance as of April 1,	74,344	84.94	81,777	82.46
Purchases	5,400	71.09	–	–
Delivery of shares	(24,980)	66.53	(7,433)	57.65
Treasury shares – closing balance as of March 31,	**54,764**	**91.98**	**74,344**	**84.94**

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 on 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 60.5 million (USD 65.9 million at the exchange rate prevailing on June 24, 2021) and was paid in June 2021.

Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss ("AOCL") of the Company consist of:

ACCUMULATED OTHER COMPREHENSIVE LOSS

	MARCH 31,	
USD in thousands	**2023**	2022
Foreign currency translation adjustments, net of tax	(63,937)	(41,138)
Pension plan benefits liability adjustments, net of taxes of USD (2,020) and USD (164) as of March 31, 2023 and March 31, 2022, respectively	11,519	4,542
Accumulated other comprehensive loss	**(52,418)**	**(36,596)**

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

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) – FY 2022

USD in thousands	Defined benefit pension items	Foreign currency items	Total
Beginning balance, April 1, 2022	**4,542**	**(41,138)**	**(36,596)**
Other comprehensive income before reclassifications	7,292	(22,799)	(15,507)
Amounts reclassified from accumulated other comprehensive income	(315)	–	(315)
Net current-period other comprehensive income (loss)	6,977	(22,799)	(15,822)
Ending balance, March 31, 2023	**11,519**	**(63,937)**	**(52,418)**

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) – FY 2021

USD in thousands	Defined benefit pension items	Foreign currency items	Total
Beginning balance, April 1, 2021	**(4,786)**	**(30,760)**	**(35,546)**
Other comprehensive loss before reclassifications	9,059	(10,378)	(1,319)
Amounts reclassified from accumulated other comprehensive income	269	–	269
Net current-period other comprehensive income (loss)	9,328	(10,378)	(1,050)
Ending balance, March 31, 2022	**4,542**	**(41,138)**	**(36,596)**

The pension plan benefits liability adjustment, net of taxes, in the AOCL changed by USD 7.0 million and USD 9.3 million in the financial years ended March 31, 2023 and March 31, 2022, respectively. These changes represent the movement of the current year activity including the reclassified amounts from accumulated other comprehensive income to net income:

AOCL – PENSION PLAN BENEFIT LIABILITY ADJUSTMENT

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2023**	2022
Amortization of actuarial loss	697	1,353
Amortization of prior service credit	(1,012)	(1,084)
Amounts reclassified from other comprehensive income to net income (1)	(315)	269
Net actuarial gain	9,609	10,854
Prior service cost	(461)	–
Total before tax	**8,833**	**11,123**
Tax benefit	(1,856)	(1,795)
Total other comprehensive income from defined benefit pension plans (net of tax) for the financial year ended March 31,	**6,977**	**9,328**

1) These accumulated other comprehensive income components are included in the computation of net periodic pension costs (see Note 21: Pension and Post-retirement Benefit Plans for additional details).

Note 4: Earnings per Share

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

Diluted earnings per share is calculated by dividing net income by the weighted-average number of shares outstanding during the period, assuming that all potentially dilutive securities were exercised, if dilutive. Potentially dilutive securities comprise shares granted subject to certain conditions under the Company's share-based payment arrangements (see Note 22: Share-based Compensation).

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

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

EARNINGS PER SHARE

USD in thousands, except per share data	FINANCIAL YEAR ENDED MARCH 31, 2023	2022
Basic earnings per share		
Net income attributable to Landis+Gyr Group AG Shareholders	207,934	79,403
Accretion of redeemable noncontrolling interest, net of tax	4,169	(4,653)
Net income attributable to Landis+Gyr Group AG Shareholders after accretion of redeemable noncontrolling interest	**212,103**	**74,750**
Weighted-average number of shares used in computing earnings per share	**28,843,658**	**28,831,212**
Basic earnings per share attributable to Landis+Gyr Group AG shareholders	**7.35**	**2.59**
Diluted earnings per share		
Net income attributable to Landis+Gyr Group AG Shareholders	207,934	79,403
Accretion of redeemable noncontrolling interest, net of tax	4,169	(4,653)
Net income attributable to Landis+Gyr Group AG Shareholders after accretion of redeemable noncontrolling interest	**212,103**	**74,750**
Weighted-average number of shares used in computing earnings per share	**28,843,658**	**28,831,212**
Effect of dilutive securities	115,222	–
Adjusted weighted-average number of shares outstanding	**28,958,880**	**28,831,212**
Diluted earnings per share attributable to Landis+Gyr Group AG shareholders	**7.32**	**2.59**

There were 339,696 potentially dilutive securities from the Company's share-based long-term incentive plans for the financial year ended March 31, 2023, of which 115,222 were included in the computation of the adjusted weighted-average number of shares outstanding. The remaining 224,474 stock-based awards could be dilutive in future periods.

There were 299,476 potentially dilutive securities from the Company's share-based long-term incentive plans for the financial year ended March 31, 2022, of which none were included in the computation of the adjusted weighted-average number of shares outstanding as their effect was nil.

Note 5: Other Income (Expense), net

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

OTHER INCOME (EXPENSE), NET

USD in thousands	FINANCIAL YEAR ENDED MARCH 31, 2023	2022
Interest income	1,347	575
Interest expense	(10,273)	(4,298)
Income (loss) on foreign exchange, net	17,245	(2,567)
Non-operational pension credit	3,985	4,458
Gain on sale of investments	–	2,533
Gain from change in fair value of earn-out liabilities	1,300	–
Gain (loss) from change in fair value of investments in equity securities	(6,355)	2,560
Other income (expense), net	**7,249**	**3,261**

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 of 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 financial year ended March 31, 2022, the Company received additional cash consideration from Spark in the amount of USD 2.5 million, which is included within Other income (expense), net in the Consolidated Statement of Operations.

On April 1, 2022, Landis+Gyr fully divested its equity investment in Spark (see Note 15: Investments in Affiliated Companies). As result of the divestment, the Company is no longer entitled to receive additional contingent consideration from Spark.

Gain from Change in Fair Value of Earn-out Liabilities

In connection with the acquisition of Luna (see Note 11: Acquisitions and Divestments), the Company recorded a contingent consideration liability, which is payable subject to the achievement of certain financial targets by December 31, 2024. During the financial years ended March 31, 2023 and March 31, 2022, the Company recorded gains from the change in value of the Luna earn-out liability of USD 1.3 million and nil, respectively, which are included within Other income (expense), net, in the Consolidated Statement of Operations.

Gains (Loss) from Change in Fair Value of Investments in Equity Securities
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 financial years ended March 31, 2023 and 2022, the Company recorded a loss and a gain from the change in value of its equity interest in Allego of USD (6.4) million and 2.6 million, respectively, which is included within Other income (expense), net in the Consolidated Statement of Operations.

Note 6: Revenue

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

CONTRACT LIABILITIES

	MARCH 31,	
USD in thousands	**2023**	2022
Advances from customers	8,058	8,479
Deferred revenue	72,100	61,985
Contract liabilities	**80,158**	**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 45.2 million during the financial year ended March 31, 2023.

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

Transaction Price Allocated to the Remaining Performance Obligations
Total transaction price allocated to remaining performance obligations represents committed, but undelivered products and services for contracts and purchase orders at period end. Twelve-month remaining performance obligations represent the portion of total transaction price allocated to remaining performance obligations that the Company estimates will be recognized as revenue over the next 12 months. 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 is not likely to exercise such rights.
Total transaction price allocated to remaining performance obligations related to contracts is approximately USD 1,598.8 million for the next twelve months and approximately USD 2,149.9 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 revenue is generally recognized over the service period. 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.

Costs to Obtain a Contract and Costs to Fulfill a Contract with a Customer
Costs to obtain a contract and costs to fulfill a contract are capitalized and amortized using a systematic rational approach to align with the transfer of control of underlying contracts with customers.

As of March 31, 2023, and 2022, the carrying balances of assets recognized from the costs incurred to obtain a contract were USD 3.2 million and USD 3.0 million, respectively. These amounts are included in Other long-term assets in the Consolidated Balance Sheets.

For the financial years ended March 31, 2023 and 2022, the Company recognized USD 1.4 million and USD 1.2 million, respectively, amortization of capitalized costs incurred to obtain a contract. These amounts are included within Sales and marketing expenses in the Consolidated Statements of Operations.

Disaggregation of Revenue
The disaggregation of revenue into categories, which depicts how revenue is affected by economic factors, is disclosed in Note 31: Segment Information.

Note 7: Accounts Receivable, net

A summary of accounts receivable, net is as follows:

TRADE ACCOUNTS RECEIVABLE

	MARCH 31,	
USD in thousands	**2023**	2022
Trade accounts receivable	305,848	283,046
Contract receivable	53,188	47,990
Allowance for doubtful accounts	(7,418)	(6,166)
Total trade accounts receivable, net	**351,618**	**324,870**
Less: current portion of accounts receivable, net	351,379	323,612
Long-term accounts receivable, net	**239**	**1,258**

The long-term portion of accounts receivable, net, is included in Other long-term assets in the Consolidated Balance Sheets.

The carrying amount of accounts receivable approximates their fair value. Normal credit terms are 30 to 90 days, averaging slightly more than 60 days.

Contract receivable amounts are recorded when revenues are recognized and rights to receive payment become unconditional, upon product shipment/installation or service delivery, and invoicing occurs at a later date. Generally, contract receivable amounts are invoiced within one week after month-end.

A summary of the provision for doubtful accounts activity is as follows:

PROVISION FOR DOUBTFUL ACCOUNTS

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2023**	2022
Beginning balance	(6,166)	(6,652)
Provisions for doubtful accounts	(2,429)	(1,213)
Deductions, net of recoveries	1,177	1,699
Balance at March 31,	**(7,418)**	**(6,166)**

Note 8: Inventories, net

Inventories, net consist of the following:

INVENTORIES

	MARCH 31,	
USD in thousands	**2023**	2022
Raw material and supplies	174,435	113,148
Work in progress	14,417	16,214
Finished goods	84,899	44,280
Total inventories gross	**273,751**	**173,642**
Inventory reserve	(31,411)	(30,536)
Total inventories, net	**242,340**	**143,106**

Note 9: Prepaid Expenses and Other Current Assets

A summary of the prepaid expenses and other current assets balance is as follows:

PREPAID EXPENSES AND OTHER CURRENT ASSETS

	MARCH 31,	
USD in thousands	**2023**	2022
Prepaid expenses and advance payments	53,304	14,488
Sales and other non-income tax receivables	28,013	23,502
Income tax receivables/advances	6,831	5,305
Derivative financial instruments	3,326	2,149
Others	17,544	14,236
Total prepaid expenses and other current assets	**109,018**	**59,680**

Note 10: Property, Plant & Equipment

A summary of the property, plant & equipment balance is as follows:

PROPERTY, PLANT AND EQUIPMENT

USD in thousands	MARCH 31, 2023	2022
Land	3,491	3,156
Buildings	25,385	26,424
Network equipment (1)	126,176	123,073
Machinery and equipment	143,237	127,505
Vehicles and other equipment	106,641	107,648
Construction in progress	18,361	12,581
Total cost	**423,291**	**400,387**
Less accumulated depreciation	(306,076)	(284,077)
Property, plant and equipment, net	**117,215**	**116,310**

1) Network equipment is comprised of meters, and meter reading equipment that is deployed under various customer contracts of Landis+Gyr Technology Inc., a US based subsidiary of Landis+Gyr Group AG.

Total depreciation expense for the financial years ended March 31, 2023 and March 31, 2022 was USD 25.3 million and USD 30.6 million, respectively. The difference between the total change in accumulated depreciation and the depreciation expense of property, plant & equipment represents the effect from the disposal of assets and the change in exchange rates.

Note 11: Acquisitions and Divestments

During the financial year ended March 31, 2022, the Company's cash outflow for business acquisitions was USD 150.7 million, being the total consideration transferred for the acquisitions described below of USD 163.1 million less cash acquired and customary holdback amounts that will be paid at a later date.

Acquisition of True Energy A/S

On April 16, 2021, the Company acquired all the issued and outstanding shares and voting interests of True Energy A/S ("True Energy"), incorporated in Denmark. The consideration transferred, net of cash acquired, was USD 5.9 million. True Energy is a software provider offering intelligent automatic power consumption software and services for electric vehicles charging infrastructure, home appliances and solar solutions. The acquisition of True Energy complements the Company's portfolio by expanding its smart infrastructure. Consequently, the goodwill acquired represents expected operating synergies and cost savings as well as intangible assets that are not separable such as employee know-how and expertise.

The Group allocated the purchase price to the assets acquired and liabilities assumed in accordance with ASC 805, Accounting for Business Combinations and Noncontrolling Interests.

The following table discloses the allocation of the purchase price to the identifiable assets acquired and liabilities assumed as of the date of acquisition:

USD in thousands	Fair Value	Useful life
Total consideration transferred – cash	**6,271**	
Cash	351	
Other current assets	99	
Property, plant and equipment, net	–	
Current liabilities	(278)	
Fair value of tangible assets acquired and liabilities assumed, net	**172**	
Identified intangible assets – definite life:		
Brand	673	3 years
Technology	1,638	10 years
Goodwill	4,273	
Recognition of deferred tax liabilities	(485)	
Total net assets acquired	**6,271**	

The value assigned to the identified brand intangible asset was estimated using the income approach. Under the income approach, the fair value reflects the present value of the projected cash flows that are expected to be generated. The value assigned to the technology intangible asset was estimated using the replacement cost approach. Under the cost approach, the fair value reflects the costs that the Company would incur to develop the same technology. The intangible assets are being amortized on a straight-line basis, which management has determined is the methodology most reflective of the expected benefits arising from the intangibles. The residual balance of the purchase price, after the allocations to all identified assets and liabilities based on their fair value, represents goodwill. Goodwill related to this acquisition is not deductible for tax purposes. As of April 16, 2022, the purchase price allocation has been finalized.

The results of True Energy are included in the Company's Consolidated Financial Statements from the date of acquisition. The impact to the Consolidated Financial Statements is not material.

During the financial year ended March 31, 2022, Landis+Gyr paid a total amount of USD 108 thousands in transaction related expenses, primarily consisting of professional services. The Company has expensed such transaction related expenses as incurred and included them within General and administrative expenses in the Consolidated Statements of Operations.

Acquisition of Etrel d.o.o.

On July 29, 2021, the Company acquired 75% of the issued and outstanding shares and voting interests of Etrel d.o.o. ("Etrel"). The consideration transferred, net of cash acquired, was USD 42.5 million. Etrel provides interactive smart charging stations for home and public applications, complemented by an advanced software suite that enables utilities to manage load and demand response for optimized grid stability. The acquisition of Etrel strengthens the Company's position in the EV market as the rise of EVs and other smart appliances offer opportunities for demand response and flexibility management to save cost for customers and reach ambitious CO_2 targets. Consequently, the goodwill acquired represents expected operating synergies and cost savings as well as intangible assets that are not separable such as employee know-how and expertise.

Pursuant to the respective agreement, the Company has the option to purchase at any time starting from May 31, 2024 the remaining 25% interest of Etrel, and the noncontrolling equity holders have the option to sell their interest of Etrel within six months after September 30, 2024. Both options are non-transferrable. Under both options, the cash consideration for the 25% interest in Etrel is contingent upon the entity achieving certain financial objectives and the noncontrolling shareholders fulfilling certain service requirements. The redemption feature causes the interest to be classified as redeemable equity under the applicable guidance (see Note 25: Redeemable Noncontrolling Interests).

The Group allocated the purchase price to the assets acquired, liabilities assumed and noncontrolling interests in accordance with ASC 805, Accounting for Business Combinations and Noncontrolling Interests.

The following table discloses the allocation of the purchase price to the identifiable assets acquired and liabilities assumed as of the date of acquisition:

USD in thousands	Fair Value	Useful life
Total consideration transferred – cash	**42,530**	
Cash	39	
Other current assets	5,108	
Property, plant and equipment, net	351	
Other noncurrent assets	383	
Current liabilities	(2,911)	
Noncurrent liabilities	(1,205)	
Fair value of tangible assets acquired and liabilities assumed, net	**1,765**	
Identified intangible assets – definite life:		
Brand	4,024	10 years
Technology	13,294	10 years
Customer relationships	10,930	12.5 years
Goodwill	25,928	
Recognition of deferred tax liabilities	(5,323)	
Redeemable noncontrolling interest	(8,088)	
Total net assets acquired	**42,530**	

The value assigned to the identified intangible assets was estimated using the income approach. Under the income approach, the fair value reflects the present value of the projected cash flows that are expected to be generated. The intangible assets are being amortized on a straight-line basis, which management has determined is the methodology most reflective of the expected benefits arising from the intangibles. The residual balance of the purchase price, after the allocations to all identified assets and liabilities based on their fair value, represents goodwill. Goodwill related to this acquisition is not deductible for tax purposes. As of July 29, 2022, the purchase price allocation has been finalized.

The results of Etrel are included in the Company's Consolidated Financial Statements from the date of acquisition. The impact to the Consolidated Financial Statements is not material.

During the financial year ended March 31, 2022, Landis+Gyr paid a total amount of USD 0.6 million in transaction related expenses, primarily consisting of professional services. The Company has expensed such transaction related expenses as incurred and included them within General and administrative expenses in the Consolidated Statements of Operations.

Acquisition of Luna Elektrik Elektronik Sanayi ve Ticaret A.Ş.
On January 31, 2022, the Company acquired all of the issued and outstanding shares and voting interests of Luna Elektrik Elektronik Sanayi ve Ticaret A.Ş. ("Luna"). The total consideration transferred, net of cash acquired, was USD 101.8 million. Of the total consideration transferred USD 99.5 million was paid in cash. The remaining USD 2.3 million relates to the fair value of additional contingent consideration to be paid by the Company if specified future events occur or conditions are met, such as the achievement of certain financial targets until December 31, 2024. The fair value of this additional contingent consideration was estimated using the Monte Carlo simulation methodology.

Luna is a provider of smart metering devices for electricity, water and heat and associated software solutions, with headquarters in Izmir, Turkey. The acquisition of Luna strengthens the Company's position in the Smart Electricity and Water Metering markets while increasing the Company's manufacturing capabilities. Consequently, the goodwill acquired represents expected operating synergies and cost savings as well as intangible assets that are not separable such as employee know-how and expertise.

The Group allocated the purchase price to the assets acquired and liabilities assumed in accordance with ASC 805, Accounting for Business Combinations and Noncontrolling Interests.

The following table discloses the allocation of the purchase price to the identifiable assets acquired and liabilities assumed as of the date of acquisition:

USD in thousands	Fair Value	Useful life
Total consideration transferred	**107,300**	
Cash	5,530	
Other current assets	24,605	
Property, plant and equipment, net	3,634	
Other noncurrent assets	100	
Current liabilities	(9,853)	
Noncurrent liabilities	(350)	
Fair value of tangible assets acquired and liabilities assumed, net	**23,666**	
Identified intangible assets – definite life:		
Brand	3,318	8 years
Technology	15,624	8 years
Customer relationships	15,251	10 years
Backlog	3,565	1 year
Non-compete agreement	897	5 years
Goodwill	52,114	
Recognition of deferred tax liabilities	(7,135)	
Total net assets acquired	**107,300**	

The value assigned to the identified intangible assets was estimated using the income approach. Under the income approach, the fair value reflects the present value of the projected cash flows that are expected to be generated. The intangible assets are being amortized on a straight-line basis, which management has determined is the methodology most reflective of the expected benefits arising from the intangibles. The residual balance of the purchase price, after the allocations to all identified assets and liabilities based on their fair value, represents goodwill. Goodwill related to this acquisition is not deductible for tax purposes.

During the financial year ended March 31, 2023, the Company finalized the measurement period including reviewing and identifying acquisition accounting adjustments for current liabilities in the amount of USD 0.8 million.

The results of Luna are included in the Company's Consolidated Financial Statements from the date of acquisition. The Company's Consolidated Statement of Operations for the financial year ended March 31, 2022, includes total revenues of USD 6.0 million and net loss of USD 2.4 million in respect of Luna since the date of acquisition.

The unaudited pro forma financial information in the table below summarizes the combined pro forma results of the Company and Luna for the financial year ended March 31, 2022, as if Luna had been acquired on April 1, 2021.

USD in thousands	FINANCIAL YEAR ENDED MARCH 31, 2022
Net revenue	1,515,654
Net income attributable to Landis+Gyr Group AG Shareholders	85,273

The pro forma results are for information purposes only and do not include any anticipated cost synergies or other effects of the planned integration of Luna. Accordingly, such pro forma amounts are not necessarily indicative of the results that would have occurred had the acquisition been completed on the date indicated, nor are they indicative of the future operating results of the combined company.

The unaudited pro forma results above include certain adjustments related to the Luna acquisition. The table below summarizes the adjustments necessary to present the pro forma financial information of the combined entity as if Luna had been acquired on April 1, 2021.

USD in thousands	FINANCIAL YEAR ENDED MARCH 31, 2022
Impact on cost of revenue from additional amortization of intangible assets	(1,628)
Impact on sales and marketing expenses from additional amortization of intangible assets	(4,737)
Taxation adjustments	1,591
Total pro forma adjustments	**(4,774)**

During the financial year ended March 31, 2022, Landis+Gyr paid a total amount of USD 2.0 million in transaction related expenses, primarily consisting of professional services. The Company has expensed such transaction related expenses as incurred and included them within General and administrative expenses in the Consolidated Statements of Operations.

Acquisition of Telia Finland Oyj's Automated Meter Reading business

On October 19, 2021, the Company acquired the Automated Meter Reading ("AMR") business of Telia Finland Oyj ("Telia"). The scope of service currently delivered by Telia consists of meter reading for more than 950,000 residential smart meters, data collection services and transfer of the measurement data to 23 utilities. The consideration transferred was USD 7.0 million, of which USD 1.9 million represents goodwill. The results of Telia's AMR business are included in the Company's Consolidated Financial Statements from the date of acquisition. The impact to the Consolidated Financial Statements is not material.

Note 12: Intangible Assets, net

The gross carrying amount, accumulated amortization, and impairments of the Company's intangible assets, other than goodwill, are as follows:

INTANGIBLE ASSETS

March 31, 2023 (USD in thousands)	Gross asset	Accumulated amortization	Accumulated impairment	Carrying amount	Weighted average useful life (in years)
Finite Lived Intangibles:					
Trade name and trademarks	122,933	(82,722)	–	40,211	5
Order backlog	44,311	(44,311)	–	–	–
Customer contracts & relationships	445,462	(306,688)	–	138,774	6
Developed technologies & others	227,836	(179,343)	(11,166)	37,327	6
Total finite lived intangibles	**840,542**	**(613,064)**	**(11,166)**	**216,312**	

INTANGIBLE ASSETS

March 31, 2022 (USD in thousands)	Gross asset	Accumulated amortization	Accumulated impairment	Carrying amount	Weighted average useful life (in years)
Finite Lived Intangibles:					
Trade name and trademarks	123,044	(74,325)	–	48,719	8
Order backlog	44,530	(41,559)	–	2,971	1
Customer contracts & relationships	446,607	(279,983)	–	166,624	7
Developed technologies	226,920	(163,475)	(11,166)	52,279	6
Total finite lived intangibles	**841,101**	**(559,342)**	**(11,166)**	**270,593**	

Refer to Note 11: Acquisitions and Divestments for information about the finite live intangibles acquired in business combinations.

The following table presents the line items within the Consolidated Statement of Operations that include amortization of intangible assets:

AMORTIZATION EXPENSE

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2023**	2022
Cost of revenue	17,626	15,730
Operating expenses	39,237	35,147
Total	**56,863**	**50,877**

Estimated future annual amortization expense related to identified intangible assets for each of the five years to March 31, 2028 and thereafter is as follows:

FUTURE AMORTIZATION EXPENSE

Financial year ending March 31, (USD in thousands)	Estimated annual amortization
2024	40,856
2025	40,702
2026	41,106
2027	40,386
2028	31,603
Thereafter	21,659
Total identifiable intangibles, net	**216,312**

Note 13: Goodwill

Landis+Gyr has three reporting units with goodwill: Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific, which are also the Company's reportable segments.

The changes in the carrying amount of goodwill for the year ended March 31, 2023 and 2022, are as follows:

GOODWILL

USD in thousands	Americas	EMEA	Asia Pacific	Total
Balance as of March 31, 2021	**737,350**	**205,970**	**23,503**	**966,823**
Business acquisitions (1)	–	83,984	–	83,984
Effect of change in exchange rates	–	(2,403)	–	(2,403)
Balance as of March 31, 2022	**737,350**	**287,551**	**23,503**	**1,048,404**
Adjustments during the measurement period	–	774	–	774
Effect of change in exchange rates	–	(670)	–	(670)
Balance as of March 31, 2023 (2)	**737,350**	**287,655**	**23,503**	**1,048,508**

1) See Note 11: Acquisitions and Divestments.
2) As of March 31, 2023 and March 31, 2022, the gross goodwill amounted to USD 1,504.5 million and USD 1,504.4 million, respectively. The accumulated impairment charges as of March 31, 2023 and March 31, 2022 amounted to USD 456.0 million, thereof USD 396.0 million, USD 30.0 million and USD 30.0 million related to the Americas, EMEA and Asia Pacific segments, respectively.

Note 14: Impairment of Intangible Assets

Finite Lived Intangibles

No impairment charges for finite lived intangibles were recorded in the financial years ended March 31, 2023 and 2022.

Goodwill

In the last quarter of the financial years ended March 31, 2023 and March 31, 2022, the Company performed a quantitative goodwill impairment analysis for all its reporting units that included an assessment of certain qualitative factors, the overall financial performance, macroeconomic and industry conditions, as well as determining the fair value of the reporting units and comparing that fair value to the carrying values. As a result of the assessment performed, no goodwill impairment charges were recorded in the financial years ended March 31, 2023 and March 31, 2022.

Note 15: Other Long-term Assets

The components of Other long-term assets are as follows:

OTHER LONG-TERM ASSETS

USD in thousands	MARCH 31, 2023	2022
Investments in affiliated companies	–	7,048
Other investments	3,205	9,560
Overfunded pension plans (1)	34,293	23,022
Operating lease right-of-use assets (2)	88,698	98,032
Washington State Court Deposit (3)	20,000	20,000
Others	32,095	40,243
Total other long-term assets	**178,291**	**197,905**

1) See Note 21: Pension and Post-retirement Benefit Plans.
2) See Note 24: Leases.
3) See Note 26: Commitments and Contingencies – Legal Proceedings.

Investments in Affiliated Companies

As of March 31, 2022, the carrying amount of the Company's share in Spark was USD 7.0 million. The Company included this amount within Other long-term assets on the 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 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 financial year ended March 31, 2022, the Company's share of loss from Spark was USD 19.6 million, representing the investee's operations through December 31, 2021. The Company included these amounts within Net loss from equity investments in the Consolidated Statements of Operations.

Other Investments

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. The market price of Allego's stock as of March 31, 2023, and 2022 was USD 2.41/share, and USD 15.12/share, respectively. As of March 31, 2023, and March 31, 2022, the carrying amount of the Company's equity interest in Allego was USD 1.2 million, and USD 7.6 million, respectively, which is included within Other long-term assets in the Consolidated Balance Sheets.

The Company owns a 3% equity interest in Sense Labs, Inc. ("Sense") that was acquired on January 16, 2019. Sense develops and provides electronic devices for analyzing electricity usage in households in the USA, as well as related application software. As of March 31, 2023, and March 31 2022, the carrying amount of the Company's share in Sense was USD 2.0 million, and USD 2.0 million, respectively. The Company performed an impairment analysis that included an assessment of certain qualitative indicators. As a result of the assessment performed, no impairment charges were recorded in the financial years ended March 31, 2023 and March 31, 2022.

Note 16: Other Current Liabilities

The components of Other current liabilities are as follows:

OTHER CURRENT LIABILITIES

USD in thousands	MARCH 31, 2023	2022
Contract liabilities	53,917	45,170
Income tax provision	4,755	6,308
Sales tax payable	27,061	20,392
Others	16,304	19,040
Total other current liabilities	**102,037**	**90,910**

Note 17: Loans Payable

The components of the loans payable are as follows:

LOANS PAYABLE

USD in thousands	March 31, 2023		March 31, 2022	
	Balance	Weighted average interest rate	Balance	Weighted average interest rate
Multicurrency Credit Facility	170,000	5.6%	220,000	1.0%
Other borrowings	10,661	7.2%	8,831	6.6%
Loans payable	**180,661**		**228,831**	

At March 31, 2023, the Company had in place two credit facility agreements ("Credit Facility"), provided by a bank syndicate led by UBS Switzerland AG, to be used for general corporate purposes: (a) a USD 240 million Credit Facility (the "Multicurrency Credit Facility") maturing in February 2025 and (b) a CHF 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 the 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 Group, including with respect to, among other actions, maintaining the Group'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 Group'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 Group'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. From March 31, 2023 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 March 31, 2023, and March 31, 2022, the Company has drawn loans for a total amount of USD 170 million and USD 220 million, respectively.

As of March 31, 2023, and 2022, the Multicurrency Credit Facility's unused portion was USD 70 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 March 31, 2023, 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 18: Other Long-term Liabilities

The components of Other long-term liabilities are as follows:

OTHER LONG-TERM LIABILITIES

	MARCH 31,	
USD in thousands	**2023**	2022
Contract liabilities	26,241	25,294
Others	29,754	40,945
Total other long-term liabilities	**55,995**	**66,239**

Note 19: 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 March 31, 2023 and March 31, 2022 were USD 266.6 million and USD 317.0 million, respectively.

For the financial year ended March 31, 2023 and 2022, the Company recognized gains from changes in the fair value of forward foreign exchange contracts of USD 3.3 million and USD 13.1 million, respectively. These amounts are included within Cost of revenue in the Consolidated Statements of Operations.

The fair values of the outstanding derivatives, included in the Consolidated Balance Sheet as of March 31, 2023 and March 31, 2022, were as follows:

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

A summary of the effect of netting arrangements on the Company's financial position related to the offsetting of its recognized derivative assets and liabilities under master netting arrangements or similar agreements is as follows:

DERIVATIVE FINANCIAL INSTRUMENTS OFFSETTING

		Gross amounts not offset in the Consolidated Balance Sheets		
Offsetting of derivative assets	Gross amounts of recognized assets	Derivative financial instruments	Cash collateral received	Net amount
March 31, 2023	3,326	(2,009)	–	1,317
March 31, 2022	2,149	(1,915)		234

		Gross amounts not offset in the Consolidated Balance Sheets		
Offsetting of derivative liabilities	Gross amounts of recognized liabilities	Derivative financial instruments	Cash collateral pledged	Net amount
March 31, 2023	2,188	(2,009)	–	179
March 31, 2022	4,345	(1,915)	–	2,430

The Company's derivative assets and liabilities subject to netting arrangements include foreign exchange forward contracts with six counterparties on March 31, 2023 and six counterparties on March 31, 2022. No derivative asset or liability balance with any of Landis+Gyr's counterparties was individually significant on March 31, 2023 and March 31, 2022. The Company's derivative contracts with each of these counterparties exist under agreements that provide for the net settlement of all contracts through a single payment in a single currency in the event of default. The Company has no pledges of cash collateral against its obligations, and it has not received pledges of cash collateral from its counterparties under the associated derivative contracts.

Note 20: 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 March 31, 2023, for each of the fair value hierarchy levels, the following assets and liabilities were measured at fair value on a recurring basis:

FAIR VALUE MEASUREMENTS

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

At 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:

FAIR VALUE MEASUREMENTS

March 31, 2022 (USD in thousands)	Total	Level 1	Level 2	Level 3
Assets				
Foreign currency forward contracts	2,149	–	2,149	–
Other long-term assets – Investments in equity securities	7,560	7,560	–	–
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**

Investments in Equity Securities

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

Foreign Currency Forward Contracts

The fair value of the foreign currency forward exchange contracts has been determined using price quotes for similar instruments, appropriately adjusted, or present value techniques, based on available market data, or option pricing, under the assumption that the unit of account is an individual derivative transaction, and that 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 (see Note 11: Acquisitions and Divestments), the Company recorded a contingent consideration liability, which is payable subject to the achievement of certain financial targets by 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 value of the Company's financial instruments approximates carrying value due to their short maturities.

Refer to Note 25: Redeemable Noncontrolling Interests for a discussion of certain temporary equity instruments issued by the Company.

Note 21: Pension and Post-retirement Benefit Plans

A large portion of the Company's employees are covered by defined benefit plans which are funded by the Company, the employees, and in certain countries, by state authorities. The Company has pension plans in various countries with the majority of the Company's pension liabilities deriving from Germany, the US and Switzerland. Such plans can be set up as state or company-controlled institutions, as contracts with private insurance companies, as independent trusts or pension funds. The benefits provided by such entities vary by country based on the legal and economic environment and primarily are based on employees' years of service and average compensation, covering the risks of old age, death and disability in accordance with legal requirements and the pension legislation in the respective countries.

Net periodic pension cost and the pension obligation of the Company's defined benefit plans are calculated based on actuarial valuations. Such valuations consider, inter alia, the years of service rendered by employees and assumptions about future salary increases. The latest actuarial valuations were performed for the defined benefit plans as of March 31, 2023 and using that as the measurement date.

The underlying actuarial assumptions are based on the actual local economic circumstances of the countries where the defined benefit plans are situated. The Company contributes to the employee benefit plans in accordance with applicable laws and requirements and the pension plan assets are invested in accordance with applicable regulations.

The following tables summarize the movement of the benefit obligation, plan assets, funded status and amounts recognized in the Consolidated Balance Sheets for the defined benefit pension plans for the periods indicated in the tables below:

BENEFIT OBLIGATION

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2023**	2022
Change in benefit obligation:		
Benefit obligation at April 1,	261,462	289,302
Service cost	3,809	4,803
Interest cost	3,703	1,883
Employee contributions	2,714	3,134
Benefits paid by employer	(920)	(889)
Benefits paid through pension assets	(14,251)	(12,593)
Actuarial (gains) / losses	(20,517)	(23,552)
Liabilities extinguished on settlements	(308)	(4,372)
Plan amendments	461	–
Business combinations	–	132
Effect of changes in exchange rates	192	3,614
Benefit obligation at March 31,	**236,345**	**261,462**

PLAN ASSETS

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2023**	2022
Change in plan assets:		
Fair value of plan assets at April 1,	259,584	270,128
Actual return on plan assets	(3,763)	(6,466)
Employer contributions	4,132	4,555
Employee contributions	2,714	3,134
Benefits paid through pension assets	(14,251)	(12,593)
Assets distributed on settlement	(308)	(4,097)
Effect of changes in exchange rates	1,746	4,923
Fair value of plan assets at March 31,	**249,854**	**259,584**
Funded status at March 31,	**13,509**	**(1,878)**
Accumulated benefit obligation	**231,714**	**257,739**

As of March 31, 2023 and March 31, 2022, the net plan assets for the overfunded plans were equal to USD 34.3 million and USD 23.0 million, respectively. These amounts are included within Other long-term assets in the Consolidated Balance Sheets.

As of March 31, 2023, and March 31, 2022, the net benefit obligations for the Company's underfunded plans were equal to USD 20.8 million and USD 24.9 million, respectively. These amounts are included within Pension and other employee liabilities in the Consolidated Balance Sheets.

The projected benefit obligation ("PBO"), accumulated benefit obligation ("ABO") and fair value of plan assets, for pension plans with a PBO in excess of fair value of plan assets or ABO in excess of fair value of plan assets, was as follows:

	PBO exceeds fair value of plan assets		ABO exceeds fair value of plan assets	
March 31, (USD in thousands)	**2023**	**2022**	**2023**	**2022**
PBO	34,944	46,077	34,944	46,077
ABO	32,633	43,867	32,633	43,867
Fair value of plan assets	14,161	21,167	14,161	21,167

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

NET PERIODIC PENSION BENEFIT COST

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2023**	2022
Service cost	3,809	4,803
Operational pension cost	**3,809**	**4,803**
Interest cost	3,716	1,891
Expected return on plan assets	(7,343)	(6,344)
Amortization of prior service costs	(1,012)	(1,084)
Amortization of actuarial loss	634	1,353
Settlements and curtailments	20	(274)
Non-operational credit (1)	**(3,985)**	**(4,458)**
Net periodic benefit cost (credit)	**(176)**	**345**

1) Non-operational credit is included within Other income (expense), net in the Consolidated Statements of Operations.

Changes in plan assets and benefit obligations recognized in other comprehensive loss (pre-tax) are as follows:

CHANGES IN PLAN ASSETS AND BENEFIT OBLIGATIONS RECOGNIZED IN AOCL

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2023**	2022
Net actuarial gain	(9,609)	(10,854)
Amortization of actuarial loss	(697)	(1,353)
Prior service cost	461	–
Amortization of prior service credit	1,012	1,084
Total change recognized in AOCL	**(8,833)**	**(11,123)**

The following represents the amounts included in accumulated other comprehensive loss related to the Company's defined benefit pension plans:

AMOUNTS RECOGNIZED IN AOCL FROM DEFINED BENEFIT PENSION PLANS

	MARCH 31,	
USD in thousands	**2023**	2022
Actuarial gain	(10,840)	(534)
Prior service cost	(2,929)	(4,402)
Deferred tax liability	2,020	164
Effect of changes in exchange rates	230	230
Total	**(11,519)**	**(4,542)**

The weighted average assumptions used in accounting for the defined benefit pension plans are as follows:

WEIGHTED AVERAGE ASSUMPTIONS

	March 31, 2023	March 31, 2022
Weighted average assumptions to determine benefit obligations:		
Discount rate (1)	2.67%	0.67%
Expected rate of increase in future compensation (2)	1.62%	1.05%
Expected rate of increase in future pension benefits (3)	0.10%	0.12%
Weighted average assumptions to determine net periodic pension costs:		
Discount rate (1)	2.67%	0.67%
Expected long-term rate of return on plan assets (4)	2.96%	2.33%

1) The Company determined a discount rate for each individual defined benefit pension plan based on high-quality corporate bonds with currency and duration matching the associated liabilities. Where there is no deep market for such bonds, government bonds with an appropriate spread are used.
2) The Company determined the expected rate of increase in future compensation levels based on expectation of expected inflation rates and merit-based increases.
3) The Company determined the expected rate of increase in future pension benefits based on expected inflation in the plans' national markets, if such increase is included in the plan benefits.
4) The expected rate of return on plan assets was determined on the basis of the weighted average expected return on plan assets. The Company's assessment of the expected returns is based on historical return trends for equities, real estate and other assets and analysts' predictions of the market for debt instruments. The assets do not include any financial instruments issued by the Company.

Holding all other assumptions constant, a 0.5-percentage point decrease in the discount rate would have increased the PBO related to the defined benefit pension plans by USD 13.8 million while a 0.5-percentage point increase in the discount rate would have decreased the PBO related to the defined benefit pension plans by USD 12.1 million.

Holding all other assumptions constant, a decrease or increase of 0.5 percentage points in the discount rate would have decreased the interest cost in the financial year ended March 31, 2023 by USD 0.8 million or increased the interest cost by USD 0.8 million, respectively. The actual asset allocation for the defined benefit pension plan assets is as follows:

ACTUAL ASSET ALLOCATION

	March 31, 2023	March 31, 2022
Equity Instruments	32%	20%
Debt Instruments	38%	47%
Property	21%	23%
Other	9%	10%

The Company's pension plan assets for each individual plan are invested in accordance with statutory regulations, pension plan rules and decisions of the pension fund trustees. The Company's actual invested positions in various securities change over time based on short and longer-term investment opportunities. Strategic pension plan asset allocations are determined by the objective to achieve an investment return, which together with the contributions paid, is sufficient to maintain reasonable control over the various funding risks of the plans. Based upon current market and economic environments, the actual asset allocation may periodically be permitted to deviate from policy targets. The plan's assets are divided according to asset class. The financial year ending March 31, 2024 targeted allocations are equities (32%), debt securities (38%), real estate (21%) and others (9%).

Annual benefit payments, including amounts to be paid from the Company's assets for unfunded plans, and reflecting expected future service, as appropriate, are expected to be as follows:

FUTURE BENEFIT PAYMENTS

Financial year ending March 31, (USD in thousands)	
2024	17,092
2025	15,813
2026	15,736
2027	15,884
2028	16,421
2029–2034	77,057

The following tables present, for each of the fair-value hierarchy levels, the Company's defined benefit pension plan assets that are measured at fair value on a recurring basis as at March 31, 2023 and at March 31, 2022:

PENSION PLAN ASSETS

Fair Value Measurements March 31, 2023 (USD in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	–	–	–	–
Equity instruments	79,305	73,218	6,087	–
Debt instruments	95,120	75,676	19,444	–
Real estate	51,707	–	51,357	350
Other	23,722	10,490	13,232	–
Total	**249,854**	**159,384**	**90,120**	**350**

PENSION PLAN ASSETS

Fair Value Measurements March 31, 2022 (USD in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	–	–	–	–
Equity instruments	53,076	46,361	6,715	–
Debt instruments	122,514	98,188	24,326	–
Real estate	59,091	–	7,638	51,453
Other	24,903	2,477	22,426	–
Total	**259,584**	**147,026**	**61,105**	**51,453**

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

Debt and Equity Instruments

Debt and equity instruments classified as Level 1 are valued at the closing price reported on the active market where the individual securities are traded. Equity instruments classified as Level 2 consist of investments in traded institutional funds, which are not actively traded, valued at the repurchase price as calculated by the fund manager on a daily basis and alternative investments valued at their net asset value which is based on the fair value of the underlying assets that are traded in active markets and have quoted market prices.

Real Estate

Real estate investments classified as Level 2 are valued at the repurchase price as calculated by the fund manager on a daily basis. Real estate investments classified as Level 3 are valued using a discounted cash-flow approach, the discount rates are based on the age of the real estate and stand at 4.5%.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth a summary of changes in the fair value of the Level 3 assets:

CHANGES IN FAIR VALUE – LEVEL 3

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2023**	2,022
Balance at April 1,	51,453	47,057
Actual return on plan assets	(23)	3,380
Sales	(49,341)	–
Effect of changes in exchange rates	(1,739)	1,016
Balance at March 31,	**350**	**51,453**

In addition to its defined benefit plans, the Company also provides post-retirement health care benefit plans to certain of its employees. As of March 31, 2023, and March 31, 2022, the post-retirement benefit plans had an obligation of USD 0.2 million and USD 0.2 million, respectively.

For the post-retirement plan, the expected premium for financial year ending March 31, 2024 is assumed to be USD 3,180 both for retired employees and spouse. The medical trend rate is assumed to increase to 5.2% for the financial year ending March 31, 2024 and gradually decrease to 4.3% thereafter.

Furthermore, the Company sponsors various defined contribution plans in which employees of certain subsidiaries are eligible to participate. Total expenses related to such plans for the financial years ended March 31, 2023 and March 31, 2022 were USD 9.3 million and USD 6.7 million, respectively.

Note 22: Share-based Compensation

Long-term Incentive Plan

The Company sponsors a share-based long-term incentive plan ("LTIP") providing the members of the Group Executive Management and other eligible key managers with a possibility to receive shares in the Company, subject to certain conditions.

Each new award under the LTIP is a contingent entitlement (Performance Stock Unit or "PSU") to receive shares in the Company, provided certain results are achieved during the three-year period. The LTIP consists of two components that are weighted equally: (i) a component with a market condition that is based on the total shareholders' return ("TSR"), summarized under the heading PSP-TSR, and (ii) a component with a performance condition that is based on the Company's fully diluted earnings per share ("EPS") performance, summarized under the heading PSP-EPS. The board of directors, at its discretion, may allow the EPS normalization of certain significant one-off events.

The following table summarizes the number of outstanding nonvested share equivalents allocated to each component of the LTIP as of March 31, 2023 and March 31, 2022:

MAXIMUM OUTSTANDING NONVESTED SHARE EQUIVALENTS UNDER THE LTIP

	March 31, 2023	**March 31, 2022**
Maximum share equivalents under the PSP-TSR	169,848	149,738
Maximum share equivalents under the PSP-EPS	169,848	149,738
Total maximum outstanding nonvested share equivalents under the LTIP	**339,696**	**299,476**
Exercisable	–	–

The number of share equivalents represents the maximum number of shares that can potentially vest and be distributed to employees if the Company were to achieve the highest vesting scenario for each component.

Total compensation costs recognized in the Consolidated Statement of Operations with respect to the LTIP for the financial years ended March 31, 2023 and 2022 were USD 4.5 million and USD 1.5 million, respectively.

Performance Stock Plan with a Market Condition (PSP-TSR Plan)

The Company allocates annually PSUs of its publicly traded shares to eligible employees who are employed with the Company at the grant date. These awards are subject to a TSR market condition, which compares the Company's TSR measured over three years relative to the performance of the SPI Industrials or a peer group of comparable publicly traded companies. The relative TSR condition is calculated considering not only the variations of the closing price over the three-year period but also the dividends distributed in the same period, assuming that those dividends are reinvested at the time of distribution in the shares of the Company.

PSUs granted under the PSP-TSR component will cliff-vest and be converted into the Company's shares in a range of 0% to 200% following the 3-year measurement period. With respect to the award cycle started on April 1, 2020, none of the PSP-TSR awards will vest if Landis+Gyr's absolute TSR attributable to the relevant three-year measurement period is negative, regardless of the Company's performance relative to the SPI Industrials. With respect to the award cycles started on April 1, 2021 and April 1, 2022, the PSP-TSR awards multiple shall be capped at 100% if Landis+Gyr's absolute TSR attributable to the relevant three-year measurement period is negative, regardless of the Company's performance relative to the peer group.

The following tables summarize the activities under the PSP-TSR component for the financial year ended March 31, 2023 and 2022:

TSR COMPONENT

	FINANCIAL YEAR ENDED MARCH 31, 2023		
	Number of awards	Maximum number of shares conditionally granted	Weighted-average grant-date fair value per share (Swiss francs)
Nonvested at April 1, 2022	74,868	149,738	55.11
Granted	39,115	78,230	52.80
Vested	–	–	–
Forfeited	(29,059)	(58,120)	52.23
Nonvested at March 31, 2023	**84,924**	**169,848**	**55.03**
Exercisable at March 31, 2023	–	–	–

TSR COMPONENT

	FINANCIAL YEAR ENDED MARCH 31, 2022		
	Number of awards	Maximum number of shares conditionally granted	Weighted-average grant-date fair value per share (Swiss francs)
Nonvested at April 1, 2021	72,687	145,376	49.70
Granted	30,827	61,654	68.57
Vested	–	–	–
Forfeited	(28,646)	(57,292)	55.87
Nonvested at March 31, 2022	**74,868**	**149,738**	**55.11**
Exercisable at March 31, 2022	–	–	–

The Company recorded share-based compensation expense for the PSP-TSR Plan of USD 1.5 million and USD 1.2 million, respectively, for the financial years ended March 31, 2023 and 2022, which is included within General and administrative expense in the Consolidated Statements of Operations. As of March 31, 2023, total unrecognized compensation costs related to nonvested PSP-TSR awards amount to USD 1.9 million. These costs are expected to be recognized over a weighted-average period of 1.8 years.

Equity-settled awards are recorded in the "Additional paid-in capital" component of Shareholders' equity, with compensation cost recorded in General and administrative expenses over the vesting period, which is from the grant date to the end of the vesting period, including adjustments for actual forfeitures. The PSP-TSR awards are subject to a market condition, which based on the guidance in ASC 718 is reflected in the grant-date fair value. Compensation cost is recognized for the PSP-TSR awards, provided that the requisite service is rendered, regardless of when, if ever, the market condition is satisfied. In case of an outperformance of the PSP-TSR award compared to the targets, there will be no adjustment as long as the employee performs the requisite service period.

The weighted-average exercise price of PSP-TSR awards is zero. The following assumptions have been applied in the valuation model:

TSR COMPONENT

	FINANCIAL YEAR ENDED MARCH 31,	
	2023	2022
Expected term	3 years	3 years
Risk free rate	0.990%	(0.240%)
Expected dividend yield	3.5%	4.0%

Performance Stock Plan with an Earnings per Share Condition (PSP-EPS Plan)
The Company allocates annually PSUs of its publicly traded shares to eligible employees, who are employed with the Company at the grant date. These awards are subject to a predefined cumulative diluted earnings per share performance condition, which has to be met over a measurement period of three years. The EPS condition is set based on an outside-in view, taking into account growth expectations, risk profile, investment levels and profitability levels.

PSUs granted under the PSP-EPS Plan will cliff-vest and be converted into the Company's shares in a range of 0% to 200% following the 3-year performance period, if the performance conditions are met. None of the PSP-EPS awards will vest if a minimum cumulative target on fully diluted EPS has not been achieved over the performance period.

With respect to the award cycle started on April 1, 2020, the Board of Directors has approved the EPS normalization of certain significant and unforeseen one-off events such as the impact from the global supply chain challenges and the goodwill impairment in FY 2020 as such events are not indicative of the underlying performance.

The following tables summarize the activities under the PSP-EPS Plan for the financial years ended March 31, 2023 and 2022:

EPS COMPONENT

	FINANCIAL YEAR ENDED MARCH 31, 2023		
	Number of awards	Maximum number of shares conditionally granted	Weighted-average grant-date fair value per share (Swiss francs)
Nonvested at April 1, 2022	74,868	149,738	55.92
Granted	39,115	78,230	45.37
Vested		–	–
Forfeited	(29,059)	(58,120)	55.65
Nonvested at March 31, 2023	**84,924**	**169,848**	**51.15**
Exercisable at March 31, 2023	–	–	–

EPS COMPONENT

	FINANCIAL YEAR ENDED MARCH 31, 2022		
	Number of awards	Maximum number of shares conditionally granted	Weighted-average grant-date fair value per share (Swiss francs)
Nonvested at April 1, 2021	72,687	145,376	58.30
Granted	30,827	61,654	57.30
Vested	–	–	–
Forfeited	(28,646)	(57,292)	63.44
Nonvested at March 31, 2022	**74,868**	**149,738**	**55.92**
Exercisable at March 31, 2022	–	–	–

The Company recorded stock-based compensation expense for the PSP-EPS Plan of USD 3.0 million and USD 0.3 million, respectively, for the financial years ended March 31, 2023 and 2022, which is included within General and administrative expense in the Consolidated Statements of Operations. As of March 31, 2023, total unrecognized compensation costs related to nonvested PSP-EPS awards are USD 2.2 million. These costs are expected to be recognized over a weighted-average period of 1.7 years.

Equity-settled awards are recorded in the "Additional paid-in capital" component of Shareholders' equity, with compensation cost recorded in General and administrative expenses over the vesting period, which is from the grant date to the end of the vesting period, including adjustments for actual forfeitures. The PSP-EPS awards are subject to a performance condition, which based on the guidance in ASC 718 is not reflected in the grant-date fair value. The actual number of PSUs that will vest can range from 0% to 200% of the grant, depending upon actual Company performance below or above the target level. The Company estimates performance in relation to the established target when determining the projected number of PSUs that will vest and calculating the compensation cost related to these awards. If it is not probable that the performance target for the EPS component will be achieved, then compensation expense recorded to date will be reversed.

The weighted-average exercise price of PSP-EPS awards is zero. The fair value of performance stock units granted under the PSP-EPS Plan is determined based on the closing price of the Company's shares at the day preceding the grant date less the present value of expected dividends.

Other Share-based Compensation

The remuneration of the members of the Company's Board of Directors is paid 65% in cash and 35% in Landis+Gyr's shares, which are blocked for sale for a period of three years. In the financial years ended March 31, 2023 and 2022, the Company allotted 7,637 and 7,433 shares, respectively, out of the treasury stock, and recorded USD 0.5 million and USD 0.4 million, respectively, of expense which is included within General and administrative expense in the Consolidated Statements of Operations.

On October 31, 2022, the Company launched an Employee Stock Purchase Plan ("ESPP"). The ESPP provides an opportunity for eligible employees to purchase Landis+Gyr's stock at preferential conditions. The Company's Board of Directors in its sole discretion determines if and when an offering shall be made, as well as the detailed parameters of such offering. By participating in the ESPP, an eligible employee may purchase Landis+Gyr's shares at a 15% discount from the SIX Swiss Exchange closing price at the date identified in each offering.

In connection with the ESPP, during the financial year ended March 31, 2023, the Company issued 17,343 shares, out of treasury stock and recognized USD 0.2 million expense which is included within General and administrative expense in the Consolidated Statements of Operations. The proceeds from the issuance of shares under the ESPP were USD 1.0 million, which is included within Cash flow from financing activities in the Consolidated Cash Flow Statements.

Note 23: Income Taxes

The components of profit (loss) before income tax expense, are as follows:

INCOME BEFORE INCOME TAX EXPENSE

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2023**	2022
Domestic (1)	13,574	(783)
Foreign	44,710	92,815
L+G Group	**58,284**	**92,032**

1) Domestic jurisdiction represents Switzerland, the country where the Company is incorporated.

Income tax benefit (expense) by location of the taxing jurisdiction consisted of the following:

INCOME TAX BENEFIT (EXPENSE)

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2023**	2022
Current income taxes:		
Domestic (1)	(1,216)	(1,242)
Foreign	(81,372)	(10,499)
Total current taxes	(82,588)	(11,741)
Deferred taxes:		
Domestic (1)	(1,866)	(3,890)
Foreign	3,572	22,633
Total deferred taxes	1,706	18,743
Total income taxes	**(80,882)**	**7,002**

1) Domestic jurisdiction represents Switzerland, the country where the Company is incorporated.

The Company is a global corporation, generating income in several jurisdictions. Although the company is headquartered in Switzerland, taxable income generated outside of Switzerland is subject to the locally enacted tax rates and not the Swiss statutory rate.

The weighted average tax rate for the Company is derived by dividing the aggregated subsidiaries' tax charge by the group's income before income tax expense. The subsidiaries' tax charge is calculated by aggregating the income/loss before income tax expense in each subsidiary, multiplied by the locally enacted tax rate.

The reconciliation of the tax expense at the company's weighted average tax rate to the provision for income taxes is shown in the table below.

INCOME TAX EXPENSE RECONCILIATION

USD in thousands	FINANCIAL YEAR ENDED MARCH 31, 2023	2022
Income before income tax expense	**58,284**	**92,032**
Weighted average global tax rate	**21.50%**	**24.84%**
Items taxed at weighted average rate	(12,531)	(22,861)
Items taxed at rates other than the Company's weighted average rate	(5,592)	(7,716)
Tax on the divestment of Spark	(69,055)	–
Other permanent adjustments	5,144	7,248
Provision for uncertain tax positions	2,192	6,823
Tax credits	1,591	1,392
Withholding taxes	(1,177)	(1,507)
Change in valuation allowance	(3,517)	23,698
Adjustments to prior year	(128)	(82)
Effects of changes in tax rate, net	2,191	7
Tax benefit (expense)	**(80,882)**	**7,002**

The mix of income and loss before income tax expense by jurisdiction impacts the weighted average tax rate and the corresponding tax charge disclosed in "items taxed at the weighted average rate". Losses in certain jurisdictions can have substantial impacts on the weighted average rate.

The current year tax expense is primarily driven by the Spark transaction. "Tax on the divestment of Spark" segregates the tax impact of this transaction. Income related to this divestment is recorded in "Net income from equity investments" and does not form part of the "Income before income tax expense".

"Other permanent adjustments" are comparatively lower, mainly due to a negative impact from the indirect participation exemption mechanism in Switzerland.

"Change in valuation allowance" is an expense in the current year compared to a benefit in the prior year. In the prior year the announcement of the Spark divestment in Australia provided sufficient positive evidence for the valuation allowance on available tax losses to be released.

Deferred Taxes

The significant components of the deferred tax assets and liabilities are as follows:

DEFERRED TAX ASSETS AND LIABILITIES

USD in thousands	MARCH 31, 2023	2,022
Deferred tax assets:		
Net operating loss carryforwards	68,721	74,386
Inventories	7,698	7,749
Prepaid expenses and other	562	534
Accrued liabilities	8,503	8,749
Intangible assets	7,231	7,485
Operating leases	19,053	18,981
Pension and other employee related liabilities	16,049	16,299
Other	31,658	37,247
Total gross deferred tax assets	**159,475**	**171,430**
Deferred tax liabilities:		
Accrued liabilities	(1)	(5)
Property, plant, and equipment	(4,434)	(4,932)
Intangible assets	(29,123)	(49,878)
Operating leases	(17,524)	(17,813)
Other	(30,705)	(23,218)
Total gross deferred tax liabilities	**(81,787)**	**(95,846)**
Net deferred tax assets before valuation allowance	**77,688**	**75,584**
Valuation allowance	(71,364)	(68,573)
Net deferred tax assets	**6,324**	**7,011**
Included in:		
Deferred tax assets – non-current	43,789	43,557
Deferred tax liabilities – non-current	(37,465)	(36,546)
Net deferred tax assets	**6,324**	**7,011**

As of March 31, 2023, and March 31, 2022, the Company had total tax losses carried forward in the amount of USD 166.6 million and USD 216.6 million, respectively.

The expiration of the tax losses carried forward as of March 31, 2023 is as follows:

TAX LOSSES CARRIED FORWARD

Financial year ending March 31, (USD in thousands)	
2024	661
2025	2,618
2026	–
2027	8,320
2028	9,662
Thereafter	34,671
Never expire	110,686
Total	**166,618**

Due to "change in ownership" provisions in certain jurisdictions, the use of a portion of the Company's tax losses may be limited in future periods.

The Company believes that it is more likely than not that the benefit from certain net operating loss carryforwards and other deferred tax assets will not be realized due to insufficient profit projections.

The Company considered all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance.

The valuation allowances are mainly provided against net deferred tax assets in the United States, the United Kingdom, France, India, Switzerland, and Brazil. In the event that certain deferred tax assets become realizable, the reversal of the valuation allowance would result in a reduction in income tax expense, as in the prior year.

Deferred taxes on undistributed earnings of foreign subsidiaries as of March 31, 2023 and March 31, 2022 are USD 10.9 million and USD 7.8 million, respectively.

The Company does not provide deferred taxes on temporary differences related to its foreign subsidiaries that are considered permanent in duration. Determination of the amount of deferred taxes on these temporary differences is not practical.

Provisions for Uncertain Tax Positions

ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows:

GROSS UNRECOGNIZED TAX BENEFITS

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2023**	2022
Balance as of April 1,	26,068	30,492
Gross increases to positions in prior years	859	75
Gross increases to current period tax positions	2,862	3,263
Audit settlements	(370)	(369)
Expiry of statute of limitations	(5,651)	(6,153)
Gross decreases to prior year positions	(839)	(1,188)
Effect on change in exchange rates	(95)	(52)
Balance as of March 31,	**22,834**	**26,068**

In the financial years ended March 31, 2023 and 2022, the net interest and penalties benefit related to unrecognized tax were USD 1.4 million and USD 1.5 million, respectively.

As of March 31, 2023, and March 31, 2022, accrued interest and penalties were USD 4.8 million and USD 6.2 million, respectively.

The Company does not expect any material changes in unrecognized tax benefits within the next 12 months.

The Company is subject to taxation in various states and foreign jurisdictions. As of March 31, 2023, the Company could be subject to income tax examination by the tax authorities in the following major tax jurisdictions:

STATUTE OF LIMITATIONS

Tax Jurisdiction	Open tax years
Australia	April 1, 2015 – March 31, 2023
Switzerland	April 1, 2021 – March 31, 2023
U.S. Federal	April 1, 2019 – March 31, 2023
Germany	April 1, 2014 – March 31, 2023
Greece	April 1, 2017 – March 31, 2023
United Kingdom	April 1, 2020 – March 31, 2023
Brazil	January 1, 2018 – March 31, 2023

Note 24: Leases

The Company is party to several noncancelable operating leases, primarily for office space and company vehicles, that expire over the next 12 years. These leases might include renewal options and do not contain material residual value guarantees.

The components of lease expense are as follows:

OPERATING & FINANCE LEASE COST

USD in thousands	FINANCIAL YEAR ENDED MARCH 31, 2023	2022
Finance lease cost – Right-of-use assets amortization	1,208	1,073
Finance lease cost – Interest on lease liabilities	89	101
Operating lease cost	16,843	18,941
Variable lease cost	958	329
Short-term lease cost	6,768	7,056
Total lease cost	**25,866**	**27,500**

Supplemental cash flow information related to leases is as follows:

OPERATING & FINANCE LEASES

USD in thousands	FINANCIAL YEAR ENDED MARCH 31, 2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	16,236	19,015
Financing cash flows from finance leases	166	243
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	11,547	7,749
Finance leases	2,692	142

Supplemental balance sheet information related to leases is as follows:

OPERATING & FINANCE LEASES

USD in thousands, unless otherwise stated	MARCH 31, 2023	2022
Operating Leases		
Right-of-use assets, net	88,698	98,032
Lease liabilities	95,592	103,656
Finance Leases		
Property, plant and equipment, net	4,364	2,892
Lease liabilities	2,646	2,291
Weighted-average remaining lease term (years)		
Operating leases	8.5	9.2
Finance leases	3.8	4.0
Weighted-average discount rate (percentage)		
Operating leases	2.4%	2.2%
Finance leases	4.3%	3.3%

Remaining maturities of lease liabilities as of March 31, 2023 are as follows:

FUTURE LEASE PAYMENTS

Financial year ending March 31, (USD in thousands)	Finance Leases	Operating Leases
March 31, 2024	908	16,619
March 31, 2025	812	16,822
March 31, 2026	508	13,443
March 31, 2027	409	12,396
March 31, 2028	237	9,909
Thereafter	–	40,695
Total lease payments	**2,874**	**109,884**
Less: Imputed interest	(228)	(14,292)
Total lease liabilities	**2,646**	**95,592**

As of March 31, 2023, the Company has additional operating lease commitments, primarily for office space, that have not yet commenced of USD 2.8 million. These operating leases will commence in the following financial year with lease terms of 7 years.

Note 25: Redeemable Noncontrolling Interests

As described in Note 11: Acquisitions and Divestments, the Company completed the acquisition of 75 percent of the issued and outstanding shares of Etrel on July 29, 2021. 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 Consolidated Balance Sheets.

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 interests 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 March 31, 2023, the redeemable noncontrolling interest of Etrel is recorded at the carrying amount.

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

	Financial year ended March 31, 2023
Risk free rate	2.10%
Expected volatility – EBITDA	72.00%

According to the authoritative accounting guidance for redeemable noncontrolling interests, adjustments to the redemption value of the noncontrolling interest, if any, are recorded against the "Additional paid-in capital" component of Shareholders' equity. For the financial years ended March 31, 2023 and March 31, 2022, the adjustments to the Redeemable noncontrolling interests' balance were USD (4.2) million and USD 4.7 million.

Note 26: Commitments & Contingencies

Guarantees

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

GUARANTEES

Maximum potential payments (USD in million)	March 31, 2023
Performance guarantees obtained from third parties	168.0
Financial guarantees issued in connection with financing activities	323.9
Financial guarantees issued in connection with lease agreements	6.9
Total	**498.8**

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 March 31, 2023, the Company had total outstanding performance bonds and bank and insurance guarantees of USD 168.0 million. In the event any such bank or insurance 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 330.8 million as of March 31, 2023.

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

Legal Proceedings

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

The State of Washington Department of Revenue ("Department") had conducted an audit of business & occupation tax, sales tax and other taxes in the Company for the period between January 1, 2010 through March 31, 2016. The Company had received a non-income tax assessment from the Department for approximately USD 20.0 million, including penalties and interest. The Company strongly disagreed with this assessment and believed it to be contradictory to applicable statutes and court rulings in similar cases. The Company paid the assessment in November 2020 and filed an appeal in Washington State Court to obtain a refund. The payment was included in Other long-term assets on the Consolidated Balance Sheets as of March 31, 2023 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 believed the lower court's decision was flawed and filed an appeal to the Washington State Appellate Court. On March 28, 2023, the Washington State Appellate Court reversed the Washington State Superior Court's decision, ruling in the Company's favor that the Company's services were indeed non-taxable data processing services. The Department decided to not appeal the decision from the Washington State Appellate Court, the judgment in the Company's favor is now final. Following this summary judgment, the Company expects the tax assessment, originally paid in November 2020, to be refunded as soon as the required court steps are completed.

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

On October 5, 2015, the Romanian Competition Council ("RCC") launched an ex officio investigation against the Company together with several of its competitors on the alleged infringement of certain provisions of Romanian competition law in connection with auctions on the market of electricity meters and connected equipment. In response the Company immediately engaged external experts to conduct an extensive internal forensic investigation that did not reveal any violation of competition law. Additionally, the Company provided the RCC evidence demonstrating that it had not engaged in any of the alleged anti-competitive conduct. The Company is not materially active in the Romanian metering market nor was it materially active during the period under investigation. On January 4, 2018, the Plenum of the RCC issued its preliminary decision against the Company and five other companies and imposed a fine of RON 27.4 million (or USD 6.0 million, converted at the exchange rate as of March 31, 2023). In May 2018, the Company filed an appeal of the decision on the basis that it is significantly flawed and incorrect at fact and law. The referral request to the ECJ was dismissed by the Court on April 26, 2022. On August 8, 2022, the Court released an oral verdict, dismissing the Company's appeal and its subsidiary request to reduce the fine. The Court is yet to issue its written judgement, including the arguments for its decision. The Company will initiate the additional appeal process as soon as the written judgement is received. Although the Company cannot predict the ultimate outcome of this case, it believes that it is probable that the fine will be reduced.

In July 2020, the Company received a claim from the utility company Areti in respect of damages allegedly sustained as a consequence of a limited product recall. The recall was initiated by the Company as a consequence of a component failure that could, under very particular circumstances, lead to a potential safety concern. The amount claimed by Areti, comprising third-party product purchase costs, reputational damages etc., amounts to EUR 4.1 million (or USD 4.4 million, converted at the exchange rate as of March 31, 2023). The Company has joined the component manufacturer to the litigation, which is now tripartite. After deciding on the parties' evidence requests and hearing the parties' witnesses on October 25, 2022 and January 24, 2023, the court is to issue its decision regarding Areti's request to rule the matter on a technical appraisal.

In addition to the cases listed above, Landis+Gyr and its subsidiaries are parties to various employment-related 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 no 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 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:

WARRANTY PROVISION

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	2023	2022
Beginning balance, April 1	48,325	57,570
Business combinations	–	1,383
New product warranties	11,233	6,696
Other changes/adjustments to warranties	(1,791)	(1,058)
Claims activity	(10,278)	(16,049)
Effect of changes in exchange rates	(1,223)	(217)
Ending balance, March 31,	**46,266**	**48,325**
Less: current portion of warranty	(30,862)	(33,433)
Long-term warranty	15,404	14,892

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

New product warranties recorded during the financial year ended March 31, 2023, and the financial year ended March 31, 2022, primarily consist of additions in line with the ordinary course of business.

Note 27: 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 financial year ended March 31, 2023, the Company continued its restructuring effort, aimed at reducing costs and improving operating performance. In connection with these restructuring plans, the Company recognized costs related to termination benefits for employee positions that were eliminated. The total initiatives in the financial year ended March 31, 2023 represent approximately USD 11.8 million in primarily severance related costs in connection with the discontinuation of manufacturing activities in India. Some of the severance payments were completed during the financial year ended March 31, 2023 and the remaining payments are expected to be completed during the financial year ending March 31, 2024.

A summary of the Company's restructuring activity, including costs incurred during the financial years ended March 31, 2023 and March 31, 2022 is as follows:

RESTRUCTURING ACTIVITY

USD in thousands	FINANCIAL YEAR ENDED MARCH 31, 2023	2022
Beginning balance, April 1,	1,553	5,567
Restructuring charges	11,760	2,921
Cash payments	(6,445)	(6,939)
Effect of changes in exchange rates	(161)	4
Balance as of March 31,	**6,707**	**1,553**

The outstanding balance at March 31, 2023 and at March 31, 2022, respectively, is included under Accrued liabilities and Other long-term liabilities in the Consolidated Balance Sheets.

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

RESTRUCTURING COST

USD in thousands	FINANCIAL YEAR ENDED MARCH 31, 2023	2022
Cost of revenue	7,323	1,305
Research and development	110	65
Sales and marketing	526	219
General and administrative	3,801	1,332
Total	**11,760**	**2,921**

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

RESTRUCTURING BY SEGMENT

USD in thousands	Cumulative costs incurred up to March 31, 2023	Total costs incurred in the financial year ended March 31, 2023
Americas	6,760	399
EMEA	10,035	1,338
Asia Pacific	12,119	10,023
Corporate	1,065	–
Restructuring Charges	**29,979**	**11,760**

The cumulative costs incurred up to March 31, 2023 represent the Company's ongoing restructuring efforts under various programs over the last three financial years. The expected future costs for the restructuring programs are USD 10.9 million spread over the next year and are primarily related to EMEA.

Note 28: Asset Retirement Obligations

AROs exist in Germany, Switzerland, the UK, Australia and New Zealand. The following table presents the activity for the AROs, excluding environmental remediation liabilities:

ASSET RETIREMENT OBLIGATION

USD in thousands	FINANCIAL YEAR ENDED MARCH 31, 2023	2022
Beginning balance, April 1	3,498	6,562
Additional obligations incurred	55	33
Obligations settled in current period	(670)	(3,098)
Changes in estimates, including timing	221	21
Accretion expense	31	63
Effect of changes in exchange rates	(118)	(83)
Obligation balances, March 31,	**3,017**	**3,498**

Note 29: Related Party Transactions

Transactions with Affiliated Companies

Until April 1, 2023, the Company had a 19.92% equity interest in Spark Holdco Pty Ltd ("Spark"). In the financial year ended March 31, 2022, revenues from Spark were USD 21.8 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. The amounts outstanding were settled in cash.

Transactions with Other Related Parties

The Company conducts business with certain companies where members of the Company's Board of Directors or Executive Committee 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 financial years ended March 31, 2023 and March 31, 2022, sales to LM Ericsson and its group companies were USD 4.4 million and USD 3.4 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 financial year ended March 31, 2023, the Company sold products to Techem GmbH and its group companies of USD 2.1 million.

Note 30: Concentrations

The Company generates the majority of its revenue in the United States and Europe, with the balance in Asia Pacific, Middle East, Africa, South America, and Canada. None of the Company's customers exceeded ten percent of the consolidated revenue for the financial years ended March 31, 2023 and 2022. The majority of the revenue is derived from the sale of energy meters.

Approximately 37% of the Company's workforce is subject to collective bargaining agreements expiring between 2023 and 2037. Approximately 6% of the Company's workforce is subject to collective bargaining agreements expiring within one year.

Note 31: Segment Information

As noted in Note 13: Goodwill, the Company is organized into the following operating segments:

Americas
The Americas generates the majority of its revenue in the United States, with the 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, Revelo® meters, 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 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 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.

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) change in unrealized gains and losses on derivatives where the underlying hedged transactions have not yet been realized.

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

USD in thousands	FINANCIAL YEAR ENDED MARCH 31, 2023	2022
Net revenues		
Americas	891,513	709,520
thereof to external customers	887,950	706,682
thereof to other segments	3,563	2,838
EMEA	663,216	645,598
thereof to external customers	602,270	590,115
thereof to other segments	60,946	55,483
Asia Pacific	194,320	170,711
thereof to external customers	191,166	167,164
thereof to other segments	3,154	3,547
Elimination	(67,663)	(61,868)
Total Company	**1,681,386**	**1,463,961**
Adjusted EBITDA		
Americas	118,972	109,417
EMEA	(14,081)	25,659
Asia Pacific	13,272	7,812
Corporate unallocated	21,739	4,129
Total Company	**139,902**	**147,017**
Restructuring charges (1)	(11,760)	(2,921)
Warranty normalization adjustments (2)	5,093	13,812
Timing difference on FX derivatives (3)	(18)	12,363
Depreciation	(25,319)	(30,623)
Amortization of intangible assets	(56,863)	(50,877)
Other income (expense), net	7,249	3,261
Income before income tax expense	**58,284**	**92,032**

1) Restructuring charges are summarized in Note 27: Restructuring Charges including the line items in the 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 claims.
3) Timing difference on FX derivatives represents unrealized gains and losses on derivatives where the underlying hedged transactions have not yet been realized.

The following table presents segment depreciation and amortization and capital expenditures for the financial years ended March 31, 2023 and 2022:

SEGMENT INFORMATION

	DEPRECIATION AND AMORTIZATION		CAPITAL EXPENDITURE	
	FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2023**	2022	**2023**	2022
Americas	41,205	43,343	10,478	14,833
EMEA	28,657	25,140	15,346	10,179
Asia Pacific	4,203	4,826	3,249	2,034
Corporate	8,117	8,191	198	66
Total	**82,182**	**81,500**	**29,271**	**27,112**

The Company does not monitor total assets by operating segment and such information is not reviewed by the CODM.

The following tables represent the continuing operations' revenue for the financial years ended March 31, 2023 and 2022:

SEGMENT REVENUE

Financial year ended March 31, 2023 (USD in thousands)	Total	Americas	EMEA	Asia Pacific
Total revenue	**1,681,386**	**887,950**	**602,270**	**191,166**
thereof United States	735,953	734,368	1,564	21
thereof United Kingdom	160,489	–	160,489	–
thereof Switzerland	63,877	–	63,877	–
thereof Australia	81,399	–	735	80,664

SEGMENT REVENUE

Financial year ended March 31, 2022 (USD in thousands)	Total	Americas	EMEA	Asia Pacific
Total revenue	**1,463,961**	**706,682**	**590,115**	**167,164**
thereof United States	603,346	602,524	822	–
thereof United Kingdom	211,681	–	211,681	–
thereof Switzerland	45,605	–	45,605	–
thereof Australia	65,869	–	569	65,300

The following tables represent the property, plant and equipment, net as of March 31, 2023 and 2022:

SEGMENT PP&E

March 31, 2023 (USD in thousands)	Total	Americas	EMEA	Asia Pacific
Property, plant and equipment	**117,215**	**48,127**	**61,337**	**7,751**
thereof United States	32,026	32,026	–	–
thereof United Kingdom	6,407	–	6,407	–
thereof Switzerland	9,001	–	9,001	–
thereof Australia	2,762	–	–	2,762

SEGMENT PP&E

March 31, 2022 (USD in thousands)	Total	Americas	EMEA	Asia Pacific
Property, plant and equipment	**116,310**	**48,576**	**59,544**	**8,187**
thereof United States	35,709	35,709	–	–
thereof United Kingdom	8,836	–	8,836	–
thereof Switzerland	9,830	–	9,830	–
thereof Australia	1,886	–	–	1,886

Sales to external customers are based on the location of the customer (destination). Disclosure of long-lived assets is based on the location of the asset.

Note 32: Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date through May 25, 2023, which is the date that the Consolidated Financial Statements were available to be issued.

No significant events occurred subsequent to the balance sheet date but prior to May 25, 2023 that would have a material impact on the Consolidated Financial Statements.

Statutory Financial Statements of Landis+Gyr Group AG

Report of the statutory auditor

to the General Meeting of Landis+Gyr Group AG

Cham

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Landis+Gyr Group AG (the Company), which comprise the balance sheet as at March 31, 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 71 to 77) comply with Swiss law and the Company's articles of incorporation.

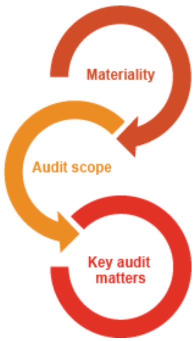
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 15'880'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matter the following area of focus has been identified:

Valuation of investment in and long-term loan receivable from subsidiary

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 15'880'000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the most relevant measure for the activities of Landis+Gyr Group AG as a holding company.

We agreed with the Audit, Finance and Risk Committee that we would report to them misstatements above CHF 790'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment in and long-term loan receivable from subsidiary

Key audit matter	How our audit addressed the key audit matter
On March 31, 2023, the carrying value of the Company's investment in and long-term loan receivable from subsidiary amount to CHF 0.9 Billion and CHF 0.3 Billion, respectively. We consider the valuation of investment in and long-term loan receivable from subsidiary a key audit matter due to the estimation uncertainty and judgement involved in determining the recoverable amount used to support the recoverability of these assets. Refer to Note 3.2 Investment, Note 3.3 Long-term loan receivable, and Note 5 Investments of the financial statements.	We assessed whether the combined carrying value of the investment in and long-term loan receivable from subsidiary is recoverable as of March 31, 2023 by performing the following procedures: • We compared the recoverable amount of the Company to the combined carrying value of the investment in and long-term loan receivable from subsidiary company. • We considered the reasonableness of the recoverable amount of the Company by assessing management's impairment analyses. • We compared the market capitalisation of the Company at March 31, 2023 to the combined carrying value of the investment in and long-term loan receivable from subsidiary. On the basis of work performed, we determined the principles used by management to assess the carrying value of the investment in and long-term loan receivable from subsidiary to be reasonable.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of the accumulated deficit and the statutory capital reserves comply with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Rolf Johner	Rahel Sopi
Licensed audit expert Auditor in charge	Licensed audit expert

Zug, May 25, 2023

Balance Sheet

CHF	Notes	March 31, 2023	March 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		2,752	186
Total current assets		**2,752**	**186**
NON-CURRENT ASSETS			
Long-term loan receivable from subsidiary		288,585,380	284,165,045
Investment	5	897,205,088	897,205,088
Total non-current assets		**1,185,790,468**	**1,181,370,133**
TOTAL ASSETS		**1,185,793,220**	**1,181,370,319**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade accounts payable to subsidiary		10,824,358	9,572,307
Accrued liabilities		16,450	72,813
Total current liabilities		**10,840,808**	**9,645,120**
Non-current liabilities			
Long-term loan payable to subsidiary		354,653,798	278,313,574
Provision for unrealized FX gain		43,800,320	40,648,229
Total non current liabilities		**398,454,118**	**318,961,803**
Total liabilities		**409,294,926**	**328,606,923**

CHF	Notes	March 31, 2023	March 31, 2022
SHAREHOLDERS' EQUITY			
Share capital	6	289,089,440	289,089,440
Statutory capital reserves	7	682,489,451	743,210,042
Reserve for treasury shares held by subsidiary			
– against statutory capital reserves	8	5,036,990	6,315,057
Statutory retained earnings		2,952,483	2,952,483
Accumulated deficit		(203,070,070)	(188,803,626)
Accumulated deficit brought forward		(188,803,626)	(178,693,380)
Loss for the year		(14,266,444)	(10,110,246)
Treasury shares			
– against statutory capital reserves	8	–	–
Total shareholders' equity		**776,498,294**	**852,763,396**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,185,793,220**	**1,181,370,319**

See notes to the statutory financial statements.

Income Statement

CHF	Notes	FINANCIAL YEAR ENDED MARCH 31, 2023	2022
Operating expenses		(11,330,138)	(9,478,122)
OPERATING LOSS		**(11,330,138)**	**(9,478,122)**
Financial income		7,189,636	4,100,243
Financial expense		(10,167,123)	(4,698,910)
LOSS BEFORE TAXES		**(14,307,625)**	**(10,076,789)**
Direct taxes		41,181	(33,457)
LOSS FOR THE YEAR		**(14,266,444)**	**(10,110,246)**

See notes to the statutory financial statements.

Notes to the Statutory Financial Statements

Note 1: General

Landis+Gyr Group AG, Cham Switzerland (the Company) is the parent company of the Landis+Gyr Group which is a leading global provider of energy metering products and solutions to utilities.

The Company's registered ordinary shares are listed on the SIX Swiss Exchange.

Note 2: Applicable Accounting Law

These standalone financial statements have been prepared in accordance with the articles 957–963b of the Swiss Code of Obligations (CO).

Note 3: Summary of Significant Accounting Principles

3.1 Conversion of Foreign Currencies

The functional currency is the US Dollar, translated into Swiss Francs for statutory financial reporting purposes. Transactions during the year denominated in foreign currencies are translated and recorded in US Dollars at actual exchange rates prevailing at the dates of the transactions. Profits and losses on exchange are recognized in the income statement, with the exception of unrealized gains, which are deferred until they are realized.

With the exception of investments and equity which are translated at historical rates, all other assets and liabilities are translated into Swiss Francs using the year-end closing rate, whereas income and expenses are translated using the average exchange rate. Foreign currency exchange losses arising from translation are shown as currency translation differences under financial expense. Foreign currency exchange gains arising from translation are deferred on the balance sheet. A foreign exchange translation gain of CHF 43.8 million (prior year: CHF 40.6 million) has been deferred on the balance sheet.

The current year foreign exchange rate realized gain is CHF 0.1 million. In the prior year a foreign exchange gain of CHF 0.4 million was realized. These realized exchange rate gains and losses are not taxable as the taxable currency is equivalent to the functional currency which is the US Dollar.

3.2 Investment
The investment in subsidiary is carried at cost less adjustments for impairment, if any. The investment is reviewed annually for impairment and adjusted to the recoverable amount in instances where the carrying value is determined to be in excess of the recoverable amount.

3.3 Long-term Loan Receivable
Financial assets are valued at acquisition cost less adjustments for foreign currency losses and any other impairment of value.

Note 4: Number of Employees

The Company did not have any employees in the financial years ended March 31, 2023 and 2022.

Note 5: Investments

As at the balance sheet date, the Company holds the following direct investment:

COMPANY	NOMINAL CAPITAL	OWNERSHIP & VOTING RIGHTS MARCH 31,	
		2023	2022
Landis+Gyr AG, Alte Steinhauserstrasse 18, Cham	CHF 29,700,000	100%	100%

At March 31, 2023 and 2022, the Company performed an impairment analysis. No impairment charge was recorded in the financial years ended March 31, 2023 and 2022.

As at the balance sheet date, the Company holds the following substantial indirect investments:

COMPANY	NOMINAL CAPITAL	OWNERSHIP & VOTING RIGHTS MARCH 31,	
		2023	2022
Landis+Gyr Investments LLC, Lafayette USA	USD 100	100%	100%
Bayard Metering (UK) Unlimited, Peterborough, United Kingdom	GBP 6,986,361	100%	100%

Note 6: Share Capital

At March 31, 2023 the share capital represents 28,908,944 (prior year: 28,908,944) authorized, registered and issued ordinary shares with restricted transferability with a nominal value of CHF 10 each. 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 dividend.

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 up 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 March 31, 2023, no shares were issued from this conditional share capital.

Furthermore, the share capital of the Company may be increased by up to CHF 28,908,940 by the issuance of up to 2,890,894 fully paid up 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 group companies. As of March 31, 2023, 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 by a maximum amount of CHF 28,908,940 through the issuance of 2,890,894 fully paid-in registered shares with a nominal value of CHF 10 each until June 24, 2024. Increases in partial amounts are permissible. As of March 31, 2023, no shares were issued from this authorized share capital.

The aggregate number of registered shares issued until June 24, 2024 in connection with the above conditional share capital, with the exclusion of advance subscription rights of existing shareholders, and/or the authorized share capital, with the exclusion of pre-emptive rights of existing shareholders, must not exceed 2,890,894 registered shares.

Note 7: Statutory Capital Reserves

MOVEMENT IN STATUTORY CAPITAL RESERVES

	FINANCIAL YEAR ENDED MARCH 31,	
CHF	**2023**	2022
Statutory capital reserves as at April 1,	743,210,042	803,322,563
Dividend payment of CHF 2.15 (prior year: CHF 2.10) per share	(61,998,658)	(60,541,020)
Retirement of shares	–	–
Transfer to reserve for treasury shares held by subsidiary – against statutory capital reserves	1,278,067	428,499
Statutory capital reserves carried forward	**682,489,451**	**743,210,042**

The statutory capital reserves from additional paid-in capital resulted from a contribution in kind of shares in Landis+Gyr AG, Cham and a loan from Landis+Gyr AG, Cham. The balance per March 31, 2022 has been approved by the tax authorities.

The transfer to the reserve for treasury shares held by subsidiary is outlined in Note 8.

Note 8: Treasury Shares and Reserve for Treasury Shares Held by Subsidiary

During the financial years ended March 31, 2023 and 2022, 7,637 and 7,433 treasury shares, respectively, were purchased and delivered as compensation-in-kind to the members of the Board of Directors.

The movement in the number of Treasury shares during the year was as follows:

	FINANCIAL YEAR ENDED MARCH 31,			
	2023	**2023**	2022	2022
	Number of shares	**Average acquisition price per share (in CHF)**	Number of shares	Average acquisition price per share (in CHF)
Treasury shares – opening balance as of April 1,	–	–	–	–
Purchase of shares	7,637	69.00	7,433	57.65
Delivery of shares	(7,637)	69.00	(7,433)	57.65
Treasury shares – closing balance as of March 31,	**–**	**–**	**–**	**–**

In addition, a subsidiary company, Landis+Gyr AG, also purchased shares in the Company, and as at March 31, 2023 held 54,764 shares (prior year: 74,344 shares) at an average acquisition price of CHF 91.98 per share (prior year: CHF 84.94) which are reserved for the employee and board compensation plans.

During the year the subsidiary purchased 5,400 additional shares and the number of shares transferred to the Company for distribution to Board members was 7,637 (average purchase price of CHF 69.00).

The value of the movement during the year of shares held by Landis+Gyr AG, amounting to CHF 1.28 million (Prior Year: CHF 0.43 million) has been credited to the Statutory capital reserves and debited to the Reserve for treasury shares held by subsidiary.

Note 9: Contingent Liabilities

Landis+Gyr Group AG forms part of the Swiss VAT group of Landis+Gyr and is therefore a liable party for any tax liabilities. The VAT group consists of Landis+Gyr AG, Landis+Gyr Group AG and Caligyr AG.

Note 10: Third Party Guarantees

The Company has entered into guarantees that provide financial assurances to certain third parties related to the outstanding lines of credit. The total amount was CHF 245 million and CHF 335 million as of March 31, 2023 and 2022, respectively. The exchange rates used to convert the maximum liability amounts into CHF are USD 0.91 (Prior Year: 0.92) and EUR 0.99 (Prior Year: 1.0).

The Company is party to various guarantees whereby the Company has assured the performance of its wholly owned subsidiaries' products or services according to the terms of specific contracts. Such guarantees may include guarantees that a project will be completed within a specified time. If the subsidiary were to fail to fulfil its obligations under the contract, then the Company could be held responsible for the other party's damages resulting from such failure. Because the Company'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.

Note 11: Shareholdings of Board and Group Executive Management

At March 31, 2023 and 2022, the members of the Board held the following number of shares in the Company:

NAME	FUNCTION	NUMBER OF SHARES HELD AT MARCH 31, 2023	2022
Andreas Umbach	Chair of the Board of Directors	75,751	73,553
Eric Elzvik	Lead Independent Director	9,636	7,886
Dave Geary [a]	Independent Member	n/a	2,626
Andreas Spreiter	Independent Member	10,236	9,330
Christina Stercken	Independent Member	4,160	3,276
Peter Mainz	Independent Member	3,405	2,499
Søren Thorup Sørensen [b]	Not independent; representative of largest shareholder	–	–
Laureen Tolson	Independent Member	1,289	496

(a) Did not stand for re-election at the 2022 AGM.
(b) Representative of the Company's largest shareholder KIRKBI Invest A/S, holding 4,445,265 shares, which amounts to 15.38% of outstanding share capital.

At March 31, 2023 and 2022, respectively, the members of the Group Executive Management held the following number of shares in the Company and the conditional rights to receive Landis+Gyr Group AG shares under the long-term incentive plan ("LTIP"):

		FINANCIAL YEAR ENDED MARCH 31, 2023	
NAME	FUNCTION	NUMBER OF SHARES HELD	NONVESTED SHARE EQUIVALENTS UNDER THE LTIP
Werner Lieberherr	Chief Executive Officer	3,300	29,253
Elodie Cingari	Chief Financial Officer	1,000	8,318
Sean Cromie	Head of Americas	–	8,486
Bodo Zeug	Head of EMEA	–	7,966

		FINANCIAL YEAR ENDED MARCH 31, 2022	
NAME	FUNCTION	NUMBER OF SHARES HELD	NONVESTED SHARE EQUIVALENTS UNDER THE LTIP
Werner Lieberherr	Chief Executive Officer	3,300	18,115
Elodie Cingari	Chief Financial Officer	1,000	3,677
Sean Cromie [(a)]	Head of Americas	–	4,945
Bodo Zeug [(b)]	Head of EMEA	–	6,696

(a) Member of the GEM as of January 1, 2022.
(b) Member of the GEM as of September 1, 2021.

Note 12: Significant Shareholders

At March 31, 2023 and 2022, respectively, the significant shareholders in the Company, holding more than 3% of the total shares, were:

	MARCH 31, 2023	
Name (Beneficial owner / legal shareholder)	**Number of Shares**	**Holding %**
Kjeld Kirk Kristiansen, Thomas Kirk Kristiansen, Sofie Kirk Kristiansen, Agnete Kirk Thinggaard / KIRKBI Invest A/S	4,445,265	15.38%
Rudolf Maag	3,000,000	10.38%
PGGM Vermögensbeheer B.V.	890,700	3.08%

	MARCH 31, 2022	
Name (Beneficial owner / legal shareholder)	**Number of Shares**	**Holding %**
Kjeld Kirk Kristiansen, Thomas Kirk Kristiansen, Sofie Kirk Kristiansen, Agnete Kirk Thinggaard / KIRKBI Invest A/S	4,445,265	15.38%
Rudolf Maag	3,000,000	10.38%
PGGM Vermögensbeheer B.V.	890,700	3.08%

To the best of the Company's knowledge no other shareholders held 3% or more of Landis+Gyr Group AG's total share capital and voting rights on March 31, 2023 and March 31, 2022.

Proposed Appropriation of the Accumulated Deficit and Statutory Capital Reserves

PROPOSED APPROPRIATION OF THE ACCUMULATED DEFICIT

CHF	FINANCIAL YEAR ENDED MARCH 31, 2023	2022
Balance carried forward from previous year	(188,803,626)	(178,693,380)
Loss for the year	(14,266,444)	(10,110,246)
Accumulated deficit	**(203,070,070)**	**(188,803,626)**

The Board of Directors proposes to the Annual General Meeting to carry forward the accumulated deficit.

PROPOSED APPROPRIATION OF STATUTORY CAPITAL RESERVES

CHF	FINANCIAL YEAR ENDED MARCH 31, 2023	2022
Statutory capital reserves as at March 31 (a)	682,489,451	743,210,042
Proposed dividend payment of CHF 2.20 per share on 28,908,944 shares out of statutory capital reserves (b)	(63,599,677)	(62,154,229)
Statutory capital reserves carried forward (c)	**618,889,774**	**681,055,813**

(a) Refer to Note 7 for the movements in statutory capital reserves during the year.
(b) Treasury shares held by Landis+Gyr AG at the record date will not receive dividends. Accordingly, the total amount distributed will be lower.
(c) Amount depends on the total distribution.

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