Landis+Gyr

Landis+Gyr Announces FY 2022 Financial Results and Changes to the Board of Directors

Cham, Switzerland – May 2, 2023 – Landis+Gyr (SIX: LAND) today announced unaudited financial results for financial year 2022 (April 1, 2022–March 31, 2023). Key highlights included:

- **Continued strong order intake of USD 1,925.8 million corresponding to a book-to-bill ratio of 1.15**
- **Record committed backlog of USD 3,748.6 million, an increase of 10.6% year-over-year (YoY)**
- **FY 2022 net revenues increased 20.8% YoY in constant currency to USD 1,681.4 million, driven by a strong recovery in H2**
- **Adjusted EBITDA* of USD 139.9 million, equivalent to a margin of 8.3%, negatively impacted by significant supply chain related costs**
- **Net income of USD 207.9 million or USD 7.32 per share (diluted) includes a one-off gain from divestment of minority stake in Intellihub of USD 160.6 million**
- **Strategic investments in inventory to convert backlog lead to negative Free Cash Flow (excl. M&A) of USD (22.0) million; Free Cash Flow including the divestment effect was positive USD 160.0 million**
- **Net debt further reduced to USD 65.6 million resulting in strong balance sheet position with net debt / Adjusted EBITDA ratio of 0.47x as per financial year-end**
- **Distribution from statutory capital reserves of CHF 2.20 per share will be proposed to the Annual General Meeting in line with progressive dividend policy**
- **Guidance for FY 2023 confirmed with expected low double-digit net revenue growth, Adjusted EBITDA margin between 9% to 11%, and FCF between USD 60 million to USD 90 million**
- **Large installed base of around 130 million connected intelligent devices helped avoid more than 9.5 million tons of CO_2 emissions**
- **Peter Bason and Audrey Zibelman proposed as new members of the Board of Directors while Søren Thorup Sørensen will not stand for re-election at the upcoming Annual General Meeting**

"As a leading provider of energy efficiency solutions, we are very pleased with our revenue growth of over 20% and especially our record backlog of almost USD 3.8 billion, which highlights the trust our customers have in our longstanding partnerships and technological leadership. In light of the ongoing supply chain challenges, we were able to deliver a solid margin, while cash was temporarily impacted due to strategic investments in inventory to convert our record backlog," said Werner Lieberherr, Chief Executive Officer of Landis+Gyr.

"As part of our strategic transformation, we are further expanding our reach in Grid Edge Intelligence and Smart Infrastructure, empowering our customers and end consumers with software, services and solutions that enable the energy transition. In addition, integrating our EV solutions offering with analytics, we are uniquely positioned to drive flexibility solutions needed now more than ever as the energy situation continues to pose challenges for consumers around the world. As part of our expansive ESG efforts, we are proud to have enabled the avoidance of over nine million tons of CO_2 through our technology and to further drive positive impact as part of our commitment to the Science Based Target initiative," Lieberherr concluded.

* For a reconciliation of non-GAAP measures, see chapter "Supplemental Reconciliations and Definitions (unaudited)" in this ad hoc announcement.

Sustainability Update
With leading energy efficiency solutions, Landis+Gyr is enabling the energy transition and actively contributes to global sustainable development, not just through technologies empowering utilities and consumers, but also by actively driving green initiatives in its own operations. Ingrained in the Company's DNA, sustainability is a key driver and motivator for employees, manifested in 20% of short-term incentives for all bonus eligible employees being tied to ESG targets. In FY 2022, Landis+Gyr signed up to the Science Based Target initiative (SBTi), committing to achieve carbon neutrality by 2030 and carbon net zero by 2050 for scope 1, 2 and 3. Through its state-of-the-art solutions, the Company was able to help avoid more than 9.5 million tons of CO_2 in 2022 and strives to further increase its positive impact on the environment through consistently high investments in innovative technologies and solutions.

Order Intake and Committed Backlog
Group order intake for FY 2022 was USD 1,925.8 million, corresponding to a book-to-bill ratio of 1.15 and a decrease of 27.8% when compared to the extraordinarily strong FY 2021. The continued strong order intake was driven by major contract wins in the Americas and EMEA regions. Committed backlog was up by 10.6%, reaching a new record level of USD 3,748.6 million.

The Americas region recorded an order intake of USD 1,163.1 million (book-to-bill of 1.31) and the committed backlog rose by 17.5% to USD 2,860.9 million. In EMEA, orders of USD 623.3 million (book-to-bill of 1.03) were booked, resulting in a 0.9% lower committed backlog of USD 773.9 million due to unfavorable FX developments. In Asia Pacific, order intake amounted to USD 139.4 million (book-to-bill of 0.73), leading to a 34.0% lower committed backlog of USD 113.8 million.

Net Revenues
In FY 2022, net revenue rose by 20.8% in constant currency to USD 1,681.4 million from reported USD 1,464.0 million in FY 2021. The second half of the financial year was the strongest half year in the Company's history with USD 952.7 million in net revenues as the availability of components improved.

Net revenue per segment was as follows (in USD million, except where indicated):

Segment	FY 2022 Net revenue	FY 2021 Net revenue	Percentage change	Percentage change in constant currencies
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%
Group	**1,681.4**	**1,464.0**	**14.8%**	**20.8%**

The Americas region delivered strong net revenue growth of 26.1% in constant currency to USD 887.9 million. Growth was driven by the conversion of the strong backlog and the performance in North America, Japan and Brazil.

The business in the EMEA region also grew significantly compared to the prior year with net revenue up 13.8% in constant currency to USD 602.3 million. While unfavorable FX impacts remained significant, the businesses acquired in 2021 contributed in constant currency approximately USD 53 million year-over-year to EMEA's overall result.

Net revenue in the Asia Pacific region was up by 20.8% in constant currency to USD 191.2 million, driven by strong demand in Australia and New Zealand.

Adjusted Gross Profit and Adjusted and Reported EBITDA*

The Adjusted EBITDA by segment was as follows (in USD million, except where indicated):

Segment	FY 2022 Adjusted EBITDA	FY 2022 Percentage of net revenue	FY 2021 Adjusted EBITDA	FY 2021 Percentage of net revenue
Americas	119.0	13.4%	109.4	15.5%
EMEA	(14.1)	(2.3%)	25.7	4.4%
Asia Pacific	13.3	6.9%	7.8	4.7%
Corporate unallocated	21.7		4.1	
Group	**139.9**	**8.3%**	**147.0**	**10.0%**

Adjusted gross profit increased by 4.0% to USD 514.6 million while the corresponding margin declined by 320 basis points to a margin of 30.6%. Favorability from higher volume was more than offset by increased supply chain costs. Transactional FX pressure due to the strong US Dollar was partially mitigated through natural hedges and external hedging activities.

Adjusted operating expenses in FY 2022 increased by USD 26.8 million or 7.7% year-over-year to USD 374.7 million. 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. Adjusted R&D expenses of USD 172.9 million (up 10.5%) equal to 10.3% of net revenues in FY 2022.

Overall, the Adjusted EBITDA in FY 2022 was USD 139.9 million (down 4.8%) and the Adjusted EBITDA margin was 8.3% compared to 10.0% in FY 2021. Adjusted EBITDA decreased due to significantly higher supply chain costs of approximately USD 56 million year-over-year and higher adjusted operating expenses, partially mitigated by stronger volumes.

In FY 2022, operating income was USD 51.0 million, a decrease of 42.6% compared to USD 88.8 million in FY 2021. Reported EBITDA in the period under review was USD 133.2 million versus USD 170.3 million in the same period in FY 2021, a decline of 21.8%.

The adjustments to bridge between reported EBITDA in the Group's financial statements and Adjusted EBITDA are as follows (in USD million):

	FY 2022	FY 2021
Reported EBITDA	**133.2**	**170.3**
Adjustments		
Restructuring charges	11.8	2.9
Warranty normalization adjustments	(5.1)	(13.8)
Timing difference on FX derivatives	0.0	(12.4)
Adjusted EBITDA	**139.9**	**147.0**

In FY 2022, adjustments were made in three categories. Firstly, with respect to restructuring charges, the USD 11.8 million related mostly to the discontinuation of manufacturing activities in India. Secondly, the warranty normalization adjustments of USD (5.1) million represent the amount of warranty provisions made relative to the average actual warranty utilization for the last three years. This means warranty provisions in FY 2022 were again below historical levels. Thirdly, the effect from the timing difference on FX derivatives was neutral.

* For a reconciliation of non-GAAP measures, see chapter "Supplemental Reconciliations and Definitions (unaudited)" in this ad hoc announcement.

Net Income and EPS

Net income attributable to Landis+Gyr Group shareholders for the financial year 2022 was USD 207.9 million compared to USD 79.4 million in the prior year. Diluted earnings per share (EPS) amounted to USD 7.32 compared to USD 2.59 in FY 2021. Net income includes a gain on the sale of the minority stake in Intellihub of USD 229.7 million pre-tax and USD 160.6 million after current and deferred taxes.

Cash Flow and Net Debt

Considering the shortage of critical components, Landis+Gyr made strategic inventory investments to be able to fulfill customer orders of recently won large contracts and support growth trajectory. The inventory build-up, in large part temporary, of USD 139 million led to a significantly higher operating working capital, which in turn had a negative impact on Cash Flow.

Free Cash Flow (excl. M&A) was USD (22.0) million compared to USD 89.0 million in FY 2021, mainly as a result of significantly higher operating working capital. When including the net proceeds from the Intellihub divestment, Free Cash Flow was USD 160.0 million in FY 2022. Cash provided by operating activities was USD (45.8) million in FY 2022, including a USD (52.8) million tax payment related to the Intellihub divestment, compared to USD 115.8 million in the previous year. In FY 2022, capital expenditure amounted to USD 28.3 million, an increase of 4.5% versus FY 2021, which was mainly driven by capacity expansion at manufacturing sites.

As of March 31, 2023, the ratio of net debt to Adjusted EBITDA was 0.47 times, with net debt of USD 65.6 million after the divestment of the Intellihub minority stake and the dividend payment in June 2022.

Distributions to Shareholders

Given the strong balance sheet position and the significant gain from the Intellihub divestment, the Board of Directors proposes a distribution of CHF 2.20 per share to the Annual General Meeting on June 22, 2023. The proposal represents an increase of 5 cents compared to last year's distribution of CHF 2.15 per share and is in line with Landis+Gyr's progressive dividend policy. If approved, the distribution will be paid out entirely from statutory capital reserves and is exempt from Swiss withholding tax.

Outlook for FY 2023

As already communicated on January 25, 2023, and at the recent Capital Markets Day, Landis+Gyr expects a continuation of the strong net revenue trend in FY 2023 resulting in a low double-digit growth compared to FY 2022. With an anticipated gradual improvement of the supply chain cost situation, an Adjusted EBITDA margin in the range between 9% and 11% is expected for FY 2023. Free Cash Flow (excl. M&A) is forecasted to be between USD 60 million to USD 90 million as the elevated inventory situation is expected to partially normalize but will remain above historical averages to fulfill customer orders of large contracts won. The progressive dividend policy is confirmed.

Changes to the Board of Directors

For the upcoming Annual General Meeting of Shareholders, Søren Thorup Sørensen, representative of the Company's largest shareholder KIRKBI Invest A/S, has informed the Board of Directors that he will not stand for re-election. As the new representative of KIRKBI Invest A/S, the Board of Directors proposes the election of Peter Christopher Vestermark Bason as the new director. Peter Bason has been Head of Long-Term Equity at KIRKBI since 2020 with prior experience at Altor Equity Partners and at McKinsey & Company.

In addition, the Board of Directors proposes the election of Audrey Zibelman as a new independent director. During her long career she most recently served at Alphabet's moonshot factory X, was CEO of the Australian Energy Market Operator and CEO of the New York Public Services Commission.

Andreas Umbach, Chair of Landis+Gyr Group, said: "On behalf of my colleagues, I would like to thank Søren for his great dedication and valuable contribution to Landis+Gyr over the last four years. We look forward to working with Peter on our Board and are grateful for the long-term support of our anchor shareholder KIRKBI. Audrey brings a wealth of experience in grid operations, power markets, and public service and will further strengthen our Board of Directors."

The FY 2022 earnings presentation, which forms part of this ad hoc announcement, is available on the Company's website at www.landisgyr.com/investors/results-center/.

Investor Webcast and Telephone Conference
The management of Landis+Gyr will host an investor/analyst call and webcast to discuss the Company's FY 2022 results.

Date and time:	May 2, 2023, at 14:00 CET
Speakers:	Werner Lieberherr (Chief Executive Officer) Elodie Cingari (Chief Financial Officer)
Audio webcast:	www.landisgyr.com/investors/results-center/
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Key Dates

Publication of Annual Report 2022 and Invitation to AGM 2023	May 26, 2023
Annual General Meeting 2023	June 22, 2023
Ex-Dividend Date	June 26, 2023
Dividend Payment Date	June 28, 2023
Publication of Half Year Results 2023	October 25, 2023
Release of Results for Financial Year 2023	May 8, 2024

About Landis+Gyr
Landis+Gyr is a leading global provider of integrated energy management solutions. We measure and analyze energy utilization to generate empowering analytics for smart grid and infrastructure management, enabling utilities and consumers to reduce energy consumption. Our innovative and proven portfolio of software, services and intelligent sensor technology is a key driver to decarbonize the grid. Having avoided more than 9.5 million tons of CO_2 in FY 2022, Landis+Gyr manages energy better – since 1896. With sales of USD 1.7 billion in FY 2022, Landis+Gyr employs around 7,800 talented people across five continents. For more information, please visit our website www.landisgyr.com.

Disclaimer
This ad hoc announcement and information referred to herein contains (a) preliminary, unaudited numbers that may be subject to change and (b) information regarding alternative performance measures or non USGAAP measures, such as "Reported EBITDA", "Adjusted EBITDA", "Adjusted Gross Profit", "Adjusted Research and Development", "Adjusted Sales, General and Administrative", and "Adjusted Operating Expenses". Definitions of these measures and reconciliations between such measures and their USGAAP counterparts if not defined in this announcement may be found on pages 28 to 30 of the Landis+Gyr Half Year Financial Report Fiscal Year 2022 on our website at www.landisgyr.com/investors.

Forward-looking Information
This ad hoc announcement includes forward-looking information and statements, including statements concerning the outlook for Landis+Gyr Group AG's businesses. These statements are based on current expectations, estimates and projections about the factors that may affect the Company's future performance, including global economic conditions, and the economic conditions of the regions and industries that are major markets for Landis+Gyr. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates", "targets", "plans", "outlook", "guidance" or similar expressions. There are numerous risks, uncertainties and other factors, many of which are beyond Landis+Gyr's control, that could cause the Company's actual results to differ materially from the forward-looking information and statements made in this announcement and which could affect the Company's ability to achieve its stated targets. The important factors that could cause such differences include, among others: the duration, severity, geographic spread and potential after effects of the COVID-19 pandemic, government actions to address or mitigate the impact of the COVID-19 pandemic, and the potential negative impacts of COVID-19 on the global economy, any of the Company's operations and those of its customers and suppliers; global shortage of energy or supplied components as well as increased freight rates, business risks associated with the volatile global economic environment and political conditions, including wars or military actions; costs associated with compliance activities; market acceptance of new products and services; changes in governmental regulations and currency exchange rates; estimates of future warranty claims and expenses and sufficiency of accruals; and other such factors as may be discussed from time to time in Landis+Gyr Group AG filings with the SIX Swiss Exchange. Although Landis+Gyr Group AG believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved.

Extracts from the Financial Report 2022

Consolidated Statements of Operations (unaudited)

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

Consolidated Balance Sheets (unaudited)

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

Consolidated Statements of Cash Flows (unaudited)

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

Supplemental Reconciliations and Definitions (unaudited)

Adjusted EBITDA

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

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

Adjusted Gross Profit

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

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

Adjusted Operating Expenses

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

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