



Life Energy Motion



**Financial Half Year Report**  
**22 | 23**

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# Interim consolidated statement of financial position

## Assets

in CHF thousands	Notes	30.9.2022	31.3.2022
<b>Current assets</b>			
Cash and cash equivalents		23'334	17'198
Accounts receivable		85'452	80'096
Inventories		47'956	46'140
Income tax receivable	12	3'915	3'470
Other current assets		5'694	6'582
<b>Total current assets</b>		<b>166'352</b>	<b>153'486</b>
<b>Noncurrent assets</b>			
Property, plant and equipment		64'628	60'574
Right-of-use assets		25'706	28'436
Intangible assets		4'741	4'072
Deferred tax assets	12	50'740	54'102
Other noncurrent assets		700	728
<b>Total noncurrent assets</b>		<b>146'515</b>	<b>147'911</b>
<b>Total assets</b>		<b>312'867</b>	<b>301'397</b>

## Liabilities and equity

in CHF thousands	Notes	30.9.2022	31.3.2022
<b>Current liabilities</b>			
Accounts payable		30'712	26'677
Accrued expenses		26'779	30'423
Lease liabilities		2'203	1'646
Income tax payable	12	3'068	3'793
Current provisions	6	512	94
Interest-bearing loans and borrowings	7	77'000	40'650
Other current liabilities		2'050	1'267
<b>Total current liabilities</b>		<b>142'324</b>	<b>104'549</b>
<b>Noncurrent liabilities</b>			
Noncurrent lease liabilities		27'100	28'375
Noncurrent provisions	6	767	856
Deferred tax liabilities	12	3'328	3'469
Interest-bearing loans and borrowings	7	2'216	
Other noncurrent liabilities	8	1'467	2'952
<b>Total noncurrent liabilities</b>		<b>34'878</b>	<b>35'651</b>
<b>Total liabilities</b>		<b>177'202</b>	<b>140'200</b>
<b>Equity</b>			
Share capital		570	570
Treasury shares	9	(1'277)	(977)
Reserves	9	6'696	9'701
Retained earnings	9	129'675	151'904
<b>Total equity</b>		<b>135'665</b>	<b>161'197</b>
<b>Total liabilities and equity</b>		<b>312'867</b>	<b>301'397</b>

# Interim consolidated income statement

	Notes	April to September	
		2022/23	2021/22
in CHF thousands			
Sales		198'066	183'665
Cost of goods sold		(104'240)	(98'066)
<b>Gross margin</b>		<b>93'826</b>	<b>85'600</b>
Sales expenses		(13'675)	(14'109)
Administration expenses		(17'709)	(14'251)
Research & development expenses		(16'711)	(15'216)
Other income		22	90
<b>Operating profit</b>	10	<b>45'752</b>	<b>42'114</b>
Financial expenses		(717)	(226)
Financial income		165	177
Foreign currency exchange effect		(2'464)	(329)
<b>Profit before taxes</b>		<b>42'736</b>	<b>41'736</b>
Income taxes	12	(7'526)	(6'551)
<b>Net profit</b>		<b>35'210</b>	<b>35'185</b>
Earnings per share, in CHF			
Basic earnings per share		30.90	30.87
Diluted earnings per share		30.88	30.87

The accompanying notes are integral part of the interim consolidated financial statements.

# Interim consolidated statement of comprehensive income

	Notes	April to September	
		2022/23	2021/22
in CHF thousands			
<b>Net profit for the period recognized in the income statement</b>		<b>35'210</b>	<b>35'185</b>
<b>Other comprehensive income to be reclassified to profit and loss in subsequent periods</b>			
Currency translation difference		(3'749)	795
Income tax		446	(53)
<b>Total other comprehensive income to be reclassified to profit and loss in subsequent periods</b>		<b>(3'303)</b>	<b>742</b>
<b>Other comprehensive income not to be reclassified to profit and loss in subsequent periods</b>			
Remeasurement gains/(losses) on defined benefit plans	8	(171)	3'905
Income tax			(518)
<b>Total other comprehensive income not to be reclassified to profit and loss in subsequent periods</b>		<b>(171)</b>	<b>3'387</b>
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>(3'475)</b>	<b>4'129</b>
<b>Total comprehensive income for the period</b>		<b>31'735</b>	<b>39'314</b>

# Interim consolidated statement of changes in equity

## Attributable to shareholders

	Notes	Share capital	Treasury shares	Capital reserve	Translation reserve	Retained earnings	Total equity
in CHF thousands							
<b>1 April 2021</b>		<b>570</b>	<b>(1'156)</b>	<b>13'099</b>	<b>(3'917)</b>	<b>123'304</b>	<b>131'899</b>
Net profit for the period						35'185	35'185
Other comprehensive income/(loss)					742	3'387	4'129
<i>Total comprehensive income</i>					742	38'572	39'314
Dividends paid	9					(47'858)	(47'858)
Movement in treasury shares	9		(160)	160		(57)	(57)
<b>30 September 2021</b>		<b>570</b>	<b>(1'316)</b>	<b>13'259</b>	<b>(3'175)</b>	<b>113'961</b>	<b>123'298</b>
<b>1 April 2022</b>		<b>570</b>	<b>(977)</b>	<b>12'920</b>	<b>(3'219)</b>	<b>151'904</b>	<b>161'197</b>
Net profit for the period						35'210	35'210
Other comprehensive income/(loss)					(3'303)	(171)	(3'475)
<i>Total comprehensive income</i>					(3'303)	35'039	31'735
Share-based payments	11					224	224
Dividends paid	9					(56'958)	(56'958)
Movement in treasury shares	9		(299)	299		(533)	(533)
<b>30 September 2022</b>		<b>570</b>	<b>(1'277)</b>	<b>13'219</b>	<b>(6'523)</b>	<b>129'675</b>	<b>135'665</b>

# Interim consolidated cash flow statement

	Notes	April to September	
		2022/23	2021/22
in CHF thousands			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Profit before taxes</b>		<b>42'736</b>	<b>41'736</b>
Adjustment for noncash items		8'721	8'127
Interest received/paid and taxes paid		(4'983)	(30'035)
<b>Cash flow before changes in net working capital</b>		<b>46'474</b>	<b>19'828</b>
<b>Cash flow from changes in net working capital</b>		<b>(9'671)</b>	<b>(7'976)</b>
<b>Cash flow from operating activities</b>		<b>36'803</b>	<b>11'853</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investment in fixed assets		(10'587)	(6'783)
Investment in intangible assets		(3)	(76)
Increase in other assets		(95)	(53)
Decrease in other assets		74	131
<b>Cash flow from investing activities</b>		<b>(10'611)</b>	<b>(6'781)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Treasury shares acquired	9	(4'457)	(7'215)
Treasury shares divested	9	3'923	7'158
Payment of lease liabilities		(917)	(1'165)
Dividends paid to the shareholders of LEM HOLDING SA	9	(56'958)	(47'858)
Increase in financial liabilities	7	94'150	67'200
Decrease in financial liabilities	7	(55'500)	(19'100)
<b>Cash flow from financing activities</b>		<b>(19'759)</b>	<b>(980)</b>
<b>Change in cash and cash equivalents</b>		<b>6'433</b>	<b>4'092</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>17'198</b>	<b>22'418</b>
Exchange effect on cash and cash equivalents		(296)	238
<b>Cash and cash equivalents at the end of the period</b>		<b>23'334</b>	<b>26'748</b>

# Notes to the interim consolidated financial statements

## 1. General information

LEM Group (the Group) is a leading company in electrical measurement. LEM engineers best-in-class solutions for energy and mobility, ensuring that its customers' systems are optimized, reliable and safe.

The parent company of LEM Group is LEM HOLDING SA (the Company), which is a limited company incorporated in Switzerland. Since 30 June 2022 LEM HOLDING SA is registered at Route du Nant-d'Avril 152, 1217 Meyrin.

## 2. Significant accounting principles

These unaudited consolidated financial statements for the six months ended on 30 September 2022 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". They do not include all the information and disclosures presented in the annual consolidated financial statements and should therefore be read in conjunction with those for the year ended 31 March 2022.

The accounting and valuation policies are consistent with those applied in preparing the annual consolidated financial statements for the year 2021/22.

The preparation of the interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and related disclosures at the date of the interim financial statements. These estimates are based on management's best knowledge of current events and actions that the Group may undertake in the future. However, actual results could differ from those estimates.

The financial information is presented in thousands of CHF. The totals are calculated with the original unit amounts, which could lead to rounding differences. These differences in thousands of units are not changed in order to keep the accuracy of the original data.

Amendments in IFRS, effective as of January 2022, did not have a material impact on the interim consolidated financial statements. The Group has not early adopted any standard or amendment that has been issued but is not yet effective.

## 3. Exchange rates

The exchange rates for the most significant currencies are as follows:

Currency	Income statement of	Income statement of	Balance sheet	Balance sheet
	2022/23	2021/22	30.9.2022	31.3.2022
	Average rate in CHF	Average rate in CHF	Half-year rate in CHF	Year-end rate in CHF
BGN	0.511	0.557	0.491	0.525
CNY	0.144	0.141	0.138	0.146
DKK	0.134	0.147	0.129	0.138
EUR	1.000	1.090	0.961	1.026
GBP	1.174	1.270	1.092	1.213
JPY	0.0072	0.0083	0.0068	0.0076
MYR	0.219	0.220	0.211	0.219
RUB	0.015	0.012	0.017	0.011
USD	0.965	0.914	0.980	0.923

## Notes to the interim consolidated financial statements

## 4. Segment information

As of 1 April 2022, LEM Group decided to modify its organizational structure and to manage its business primarily on a geographic basis and therefore dissolved the two operating segments, Industry and Automotive.

For management purposes, LEM Group is now organized into two reportable segments, as follows:

- Region of Asia which includes China, Japan, South-Korea, India, South-East Asia;
- Region of Europe/Americas which includes Europe, Middle East, Africa, NAFTA and Latin America.

Although the reportable segments provide similar electronics components called transducers for applications in different customer sectors, each region is managed separately to better align with the location of the Group's customers and distribution partners and the unique market dynamics of each geographic region.

The Group evaluates the performance of its reportable segments based on net sales and operating profit. Net sales for geographic segments are based on the location of customers. Operating profit for each segment includes net sales to third parties, related cost of sales and operating expenses directly attributable to the segment.

Operating profit for each segment excludes centralized headquarter support functions as well as certain research and development costs managed outside of the reportable segments.

The segment information is presented net of inter-segment transactions.

The Group does not include intercompany transfers between segments for management reporting purposes. The reporting segments are presented in a manner consistent with the internal reporting.

LEM Group has restated the sales and corresponding items of segment information for earlier periods.

As of 30 September 2022, LEM Group has not disclosed comparable segment information of the previous period's operating profit due to unavailable information to date, resulting from significant change of cost centers and allocations between segments and costs managed outside of the reportable segments.

Also, it was not possible to disclose the current period based on the old basis of segmentation as the necessary information is not available and not comparable.

### Business segment information

in CHF thousands	Asia		Europe/Americas		Total	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Sales	116'025	103'989	82'041	79'676	198'066	183'665
Operating profit	47'154		23'985		71'140	
Other operating costs <sup>1</sup>					(25'388)	
Group operating profit					45'752	42'114

<sup>1</sup> Those costs are managed outside of the reporting segments and are linked to centralized headquarter support functions as well as certain research and development costs.

## Notes to the interim consolidated financial statements

### 5. Revenue information

#### Geographical information

in CHF thousands	China		USA		Germany		Japan	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Sales	82'062	70'747	20'776	15'824	19'380	18'071	14'189	14'282

  

in CHF thousands	Korea		Italy		Other countries		LEM Group	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Sales	11'190	9'693	6'009	7'151	44'459	47'897	198'066	183'665

#### Regional information

in CHF thousands	2022/23	2021/22
<b>Sales</b>		
China	82'062	70'747
Rest of Asia	33'964	33'242
<b>Total region Asia</b>	<b>116'025</b>	<b>103'989</b>
Europe	58'406	61'495
Americas	23'634	18'181
<b>Total region Europe/Americas</b>	<b>82'041</b>	<b>79'676</b>
<b>LEM Group</b>	<b>198'066</b>	<b>183'665</b>

## Notes to the interim consolidated financial statements

### 6. Current and noncurrent provisions

#### Warranty and customer claims

Provisions for warranty and customer claims have been estimated based on past experience and the risk assessment of management. The warranty provision is expected to be used over the next five years.

At 30 September 2022, the provisions increased by CHF 0.3m.

#### Litigation and consumption taxes

Despite the care that LEM applies in the separation process with personnel, such separation may result in legal conflicts. The Group will defend its case and management estimates the reasonable risk to be adequately provided for.

The Group operates in multiple jurisdictions with complex legal and tax regulatory environments. In the frame of the continuous improvement of its processes and systems, LEM has reviewed the consumption taxes in several countries. It has appeared that some of LEM's subsidiaries may not have been fully compliant with their local consumption tax regulations. As a consequence, LEM has estimated consumption tax provisions according to management's best judgment. Some of these positions are inherently uncertain and include the interpretation of local regulations applied to complex transactions.

### 7. Financial liabilities

LEM Group increased its financial short-term liabilities to CHF 77.0 million (CHF 40.7 million at 31 March 2022) through short-term credit lines in order to finance the CHF 57.0 million dividend payment of July 2022.

LEM Group increased its financial long-term liabilities to CHF 2.3 million to finance its future Malaysian plant.

### 8. Other noncurrent liabilities

As of 30 September 2022, the retirement benefit obligation remains in surplus amounting to CHF 5.0 million (CHF 3.8 million at 31 March 2022). Consistent with year-end, the surplus has been restricted to nil as the economic benefit in the form of a reduction in future contributions cannot be realized.

### 9. Equity

At the shareholders' meeting held in Geneva on 30 June 2022, the shareholders approved the distribution of an ordinary dividend of CHF 50.00 per share. The gross dividend effectively paid on 7 July 2022 amounted to CHF 57.0 million (prior year: ordinary dividend of CHF 42.00; total CHF 47.9 million).

In the frame of its market-making contract, LEM holds its own shares. Per 30 September 2022, the Group held 778 shares (31 March 2022: 449).

### 10. Operating profit

Our sales increased by +7.8% to CHF 198.1 million in the first half of 2022/23; at constant exchange rates, this represents a sales increase of +9.5%.

Our gross margin stood at 47.4%, slightly up from 46.6% in the first half of 2022/23, with an EBIT amounting to CHF 45.8 million (increase of +8.6% in the first half of 2022/23). Our operating profit margin for the first six months of 2022/23 was 23.1%, compared with 22.9% a year earlier.

## Notes to the interim consolidated financial statements

### 11. Share-based payments

As of 2022/23, the Board of Directors of LEM HOLDING SA decided to replace the current cash-based long-term incentive plan for LEM's Executive Management by a share-based Performance Share Unit ("PSU") plan.

The number of shares obtained per PSU can thereby vary between 0% and 200% of the award, subject to continuous employment and depending on the achievement of pre-agreed performance conditions.

The performance conditions include non-market and market conditions such as economic value added ("EVA"), absolute total shareholder return ("absolute TSR"), and total shareholder return measured relative to the SPI EXTRA® Total Return Index ("relative TSR"). The grant-date fair value estimate of market conditions are based on a Monte Carlo simulation. The performance conditions are measured over the period of three consecutive financial years starting with the financial year during which the award date occurs relevant for measuring the long-term performance.

The Group accounts for the PSU as an equity-settled plan.

These allotments are recognized as an expense representing the fair value of the services rendered by the beneficiaries. The fair value of the services is determined by reference to the fair value of the shares on the grant date. The performance conditions are taken into account when estimating the number of shares to be granted at the end of the vesting period. The benefits granted constitute expenses and are recognized on a straight-line basis over the vesting period in the income statement together with a corresponding increase in the consolidated reserves.

The first plan has been granted as of 20 July 2022. The vesting date will occur at the third anniversary of the grant date. As of 30 September 2022, the amount accrued amounts to CHF 0.2 million.

### 12. Income taxes

Income tax expense is calculated based on the best estimate of the applicable annual income tax rate expected for the full year.

The Group operates in multiple jurisdictions with complex legal and tax regulatory environments. In certain of these jurisdictions, the Group has taken income tax positions that management believes are supportable and are intended to withstand challenge by tax authorities. Some of these positions are inherently uncertain and include those relating to transfer pricing matters and the interpretation of income tax laws applied to complex transactions. The Company periodically reassesses its tax positions. Changes to the financial statement recognition, measurement, and disclosure of tax positions are based on management's best judgment given any changes in the facts, circumstances, information available and applicable tax laws. Considering all available information and the history of resolving income tax uncertainties, the Group believes that the ultimate resolution of such matters will not have a material effect on its financial statements.

Differences between the final tax outcome and the amounts that were initially recorded impact the income and deferred taxes in the period in which such determinations are made. The Group calculates its expected average tax rate as a weighted average of the tax rates in the tax jurisdictions in which the Group operates.

At 17.6%, the average tax rate increased compared to 15.7% for the first half-year 2021/22.

## Notes to the interim consolidated financial statements

### 13. Financial assets and liabilities

#### Financial assets

in CHF thousands	30.9.2022 Book value	31.3.2022 Book value	Amortized cost	At fair value through profit and loss
Cash and cash equivalents	23'334	17'198	X	
Accounts receivable	85'452	80'096	X	
Derivative financial instruments – current	32	32		X
Other current financial assets	16	90	X	
Derivative financial instruments – noncurrent				X
Other noncurrent financial assets	700	728	X	
<b>Total</b>	<b>109'534</b>	<b>98'144</b>		

#### Financial liabilities

in CHF thousands	30.9.2022 Book value	31.3.2022 Book value	Other finan- cial liabilities	At fair value through profit and loss
Accounts payable	30'712	26'677	X	
Accrued expenses	26'779	30'423	X	
Derivative financial instruments – current	3	8		X
Other current financial liabilities	77'000	40'650	X	
Other noncurrent financial liabilities	2'216		X	
<b>Total</b>	<b>136'710</b>	<b>97'758</b>		

#### Changes in liabilities arising from financing activities

in CHF thousands	1.4.2021	Cash flows Inflow	Cash flows (Outflow)	Cash impact	Non-cash impact Fair value changes and Others	30.9.2021
Interest-bearing loans and borrowings	24'000	67'200	(19'100)			72'100
<b>Total</b>	<b>24'000</b>	<b>67'200</b>	<b>(19'100)</b>			<b>72'100</b>

  

in CHF thousands	1.4.2022	Cash flows Inflow	Cash flows (Outflow)	Cash impact	Non-cash impact Fair value changes and Others	30.9.2022
Interest-bearing loans and borrowings	40'650	94'150	(55'500)		(84)	79'216
<b>Total</b>	<b>40'650</b>	<b>94'150</b>	<b>(55'500)</b>		<b>(84)</b>	<b>79'216</b>

## Notes to the interim consolidated financial statements

The management assessed that fair value level of cash and cash equivalents, accounts receivables, other current and noncurrent assets, accounts payables, accrued expenses and other current and noncurrent liabilities that are not measured at fair value, are approximate to their carrying amounts in view of their short-term nature and are consequently not separately disclosed.

The Group enters into derivative transactions such as currency risk reversal and forward contracts to hedge the USD, EUR risks. The purpose of these currency hedges is to manage the currency risks arising from the Group's operations.

It is the Group's policy that no derivatives for speculative purposes shall be entered into.

The main risks arising from the Group's financial instruments are foreign currency risks and credit risks, whereas the others are of minor or no impact.

The Board of Directors reviews and agrees policies for managing each of those risks.

The Group's net financial assets at fair value amount to CHF 29 thousand per 30 September 2022 (net financial assets of CHF 24 thousand per 31 March 2022), all classified under level 2.

During the last reporting period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

### 14. Changes in scope of consolidation

On 31 August 2022, LEM Advisory Services SA is in liquidation.

### 15. Events after the balance sheet date

The Board of Directors and Senior Management are not aware of any significant events up to the date of approval of the interim consolidated financial statements on 2 November 2022 that would require an adjustment in carrying amounts of the Group's assets and liabilities.

## Notes to the interim consolidated financial statements

### Financial calendar

The financial year runs from 1 April to 31 March

6 February 2023	9 months results 2022/23
25 May 2023	Full year results 2022/23
29 June 2023	Annual General Meeting of Shareholders for the financial year 2022/23
4 July 2023	Dividend ex-date
6 July 2023	Dividend payment date

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