

Extracts from the Financial Report 2020

Consolidated Statements of Operations (unaudited)

USD in thousands, except per share data	FINANCIAL YEAR ENDED MARCH 31,	
	2021	2020
Net revenue	1,357,448	1,698,999
Cost of revenue	966,780	1,166,174
Gross profit	390,668	532,825
Operating expenses		
Research and development	148,717	157,705
Sales and marketing	69,603	88,158
General and administrative	107,230	113,468
Amortization of intangible assets	34,247	34,503
Impairment of intangible assets	396,000	–
Operating income (loss)	(365,129)	138,991
Other income (expense)		
Interest income	504	5,217
Interest expense	(7,515)	(6,784)
Non-operational pension (cost) credit	2,781	3,624
Gain on sale of investments	2,260	–
Income (loss) on foreign exchange, net	(1,502)	(2,626)
Income (loss) before income tax expense	(368,601)	138,422
Income tax expense	(19,422)	(19,469)
Net income (loss) before noncontrolling interests and equity method investments	(388,023)	118,953
Net loss from equity investments	(4,636)	(5,788)
Net income (loss) before noncontrolling interests	(392,659)	113,165
Net loss attributable to noncontrolling interests, net of tax	(267)	(583)
Net income (loss) attributable to Landis+Gyr Group AG Shareholders	(392,392)	113,748
Earnings per share:		
Basic	(13.61)	3.90
Diluted	(13.61)	3.90
Weighted-average number of shares used in computing earnings per share:		
Basic	28,824,039	29,169,434
Diluted	28,824,039	29,201,789

Consolidated Balance Sheets (unaudited)

USD in thousands, except share data	March 31, 2021	March 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	140,549	319,379
Accounts receivable, net of allowance for doubtful accounts of USD 6.7 million and USD 9.7 million	282,132	335,761
Inventories, net	110,550	147,456
Prepaid expenses and other current assets	65,642	59,695
Total current assets	598,873	862,291
Property, plant and equipment, net	118,514	117,532
Intangible assets, net	251,342	288,279
Goodwill	966,823	1,354,094
Deferred tax assets	18,039	17,017
Other long-term assets	205,828	145,059
TOTAL ASSETS	2,159,419	2,784,272
LIABILITIES AND EQUITY		
Current liabilities		
Trade accounts payable	127,758	175,859
Accrued liabilities	45,123	28,357
Warranty provision – current	37,255	31,628
Payroll and benefits payable	51,626	55,542
Loans payable	147,672	352,171
Operating lease liabilities – current	15,187	13,212
Other current liabilities	93,933	84,569
Total current liabilities	518,554	741,338
Warranty provision – non current	20,315	30,352
Pension and other employee liabilities	32,286	46,054
Deferred tax liabilities	14,543	25,034
Tax provision	32,109	20,598
Operating lease liabilities – non current	95,289	59,482
Other long-term liabilities	70,573	63,769
Total liabilities	783,669	986,627
Shareholders' equity		
Landis+Gyr Group AG shareholders' equity		
Registered ordinary shares (28,908,944 and 29,251,249 issued shares at March 31, 2021 and March 31, 2020, respectively)	302,756	306,341
Additional paid-in capital	1,225,328	1,303,799
Retained earnings (Accumulated deficit)	(111,232)	289,393
Accumulated other comprehensive loss	(35,546)	(68,925)
Treasury shares, at cost (81,777 and 431,205 shares at March 31, 2021 and March 31, 2020, respectively)	(6,854)	(34,338)
Total Landis+Gyr Group AG shareholders' equity	1,374,452	1,796,270
Noncontrolling interests	1,298	1,375
Total shareholders' equity	1,375,750	1,797,645
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,159,419	2,784,272

Consolidated Statements of Cash Flows (unaudited)

USD in thousands	FINANCIAL YEAR ENDED MARCH 31,	
	2021	2020
Cash flow from operating activities		
Net income (loss)	(392,659)	113,165
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	82,861	86,357
Impairment of intangible assets	396,000	–
Net loss from equity investments	4,636	5,788
Share-based compensation	529	1,529
Gain on sale of investments	(2,260)	–
Gain on disposal of property, plant and equipment	209	1,025
Effect of foreign currencies translation on non-operating items, net	(152)	(539)
Change in allowance for doubtful accounts	(3,044)	(158)
Deferred income tax	(15,276)	(13,161)
Change in operating assets and liabilities, net of effect of businesses acquired and effect of changes in exchange rates:		
Accounts receivable	77,308	19,001
Inventories	38,794	(7,629)
Trade accounts payable	(64,370)	(32,648)
Other assets and liabilities	1,365	(23,795)
Net cash provided by operating activities	123,941	148,935
Cash flow from investing activities		
Payments for property, plant and equipment	(26,596)	(28,524)
Payments for intangible assets	(20)	(79)
Proceeds from the sale of property, plant and equipment	244	84
Business acquisitions	(13,982)	–
Proceeds from the sale of investments	2,260	–
Net cash used in investing activities	(38,094)	(28,519)
Cash flow from financing activities		
Proceeds from third party facility	1,909	507,707
Repayment of borrowings to third party facility	(207,411)	(245,088)
Dividends paid to noncontrolling interests	–	(451)
Purchase of noncontrolling interests	(100)	–
Debt issuance cost	(2,523)	–
Dividends paid	(63,288)	(93,968)
Purchase of treasury shares	–	(38,920)
Net cash provided by (used in) financing activities	(271,413)	129,280
Net increase (decrease) in cash and cash equivalents	(185,566)	249,696
Cash and cash equivalents at beginning of period	319,379	73,381
Effects of foreign exchange rate changes on cash and cash equivalents	6,736	(3,698)
Cash and cash equivalents at end of period	140,549	319,379
Supplemental cash flow information		
Cash paid for income tax	26,087	31,369
Cash paid for interest	6,003	5,995

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, 2021 and 2020:

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	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Operating income (loss)	(365.1)	139.0	(330.1)	92.6	(51.1)	25.3	4.3	4.9	11.7	16.2
Amortization of intangible assets	47.8	47.1	32.0	32.4	7.5	6.5	1.5	1.4	6.8	6.8
Depreciation	35.1	39.2	15.7	21.4	15.9	14.5	2.7	2.9	0.7	0.4
Impairment of intangible assets	396.0	–	396.0	–	–	–	–	–	–	–
EBITDA	113.7	225.3	113.6	146.4	(27.7)	46.3	8.5	9.2	19.3	23.4
Restructuring charges	15.3	6.7	6.2	4.4	6.4	1.3	1.6	0.3	1.1	0.7
Warranty normalization adjustments	(13.2)	13.1	(14.0)	12.3	(0.3)	0.4	1.1	0.4	–	–
Timing difference on FX derivatives	23.8	(7.9)	–	–	23.7	(7.9)	0.1	–	–	–
Adjusted EBITDA	139.6	237.2	105.7	163.1	2.2	40.1	11.3	9.9	20.3	24.1
Adjusted EBITDA margin (%)	10.3%	14.0%	15.1%	18.0%	0.4%	6.3%	6.9%	6.2%		

Adjusted Gross Profit

The reconciliation of Gross Profit to Adjusted Gross Profit is as follows for the financial year ended March 31, 2021 and 2020:

USD in millions, unless otherwise indicated	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Gross Profit	390.7	532.8	249.6	307.8	102.5	189.2	38.2	33.4	0.3	2.4
Amortization of intangible assets	13.6	12.6	5.5	5.1	6.7	6.2	1.4	1.3	–	–
Depreciation	26.8	32.0	13.3	18.1	12.2	12.6	1.3	1.3	–	–
Restructuring charges	7.7	1.7	3.2	1.4	4.2	0.0	0.3	0.3	–	–
Warranty normalization adjustments	(13.2)	13.1	(14.0)	12.3	(0.3)	0.4	1.1	0.4	–	–
Timing difference on FX derivatives	23.8	(7.9)	–	–	23.7	(7.9)	0.1	–	–	–
Adjusted Gross Profit	449.3	584.3	257.6	344.7	149.0	200.5	42.4	36.7	0.3	2.4
Adjusted Gross Profit margin (%)	33.1%	34.4%	36.8%	38.0%	30.1%	31.6%	26.0%	23.1%		

Adjusted Operating Expenses

The reconciliation of Operating Expenses to Adjusted Operating Expenses is as follows for the financial year ended March 31, 2021 and 2020:

USD in millions, unless otherwise indicated	FY 2020	FY 2019
Research and development	148.7	157.7
Depreciation	(3.9)	(3.8)
Restructuring charges	(3.0)	(1.7)
Adjusted Research and development	141.8	152.2
Sales and marketing	69.6	88.2
General and administrative	107.2	113.5
Depreciation	(4.4)	(3.4)
Restructuring charges	(4.7)	(3.3)
Adjusted Sales, General and Administrative	167.7	195.0
Adjusted Operating Expenses	309.5	347.2