

An aerial photograph of a winding asphalt road through lush green hills. The sun is low on the horizon, creating a bright lens flare and casting long shadows. The terrain is rugged with rocky outcrops. The sky is a clear, pale blue.

MANAGE ENERGY BETTER

Half Year Report 2021

Landis+Gyr

Contents

Letter to Shareholders	3
Key Figures	5
Interim Consolidated Financial Statements (unaudited)	6
Supplemental Reconciliations and Definitions	28
Information for Shareholders	32

Letter to Shareholders

Dear Landis+Gyr Shareholders,

2021 marks a special year in our company's history, as we celebrate our 125th anniversary. Reflecting on this legacy, we are proud of our heritage as an early industry pioneer, which shaped the way utilities and people managed energy at a time when the use of electricity was in its beginnings. Today, as a leading global provider of Smart Metering, Grid Edge Intelligence and Smart Infrastructure solutions, we continue to shape and support utilities' and people's journeys to build a greener tomorrow and stronger communities.

Our strategic vision is driven by the desire to provide unrivaled customer value as the leading partner for integrated energy and resource management solutions with sustainability at the heart of everything we do. Our comprehensive portfolio of products and services uniquely positions us to empower utilities, energy consumers and communities by helping them to reduce their CO₂ footprint and manage energy in a more informed and sustainable way. Our customers' ambitions to serve communities around the world with safe and reliable energy, inspire us every day and we are proud to be a part of the global effort to decarbonize the grid.

The long-awaited regulatory approvals that our customers received over the course of the last few months, and the resulting orders we were able to celebrate, are a testament to our leading technology and the relationships we have built with our customers over the course of our successful history as an industry leading provider of critical infrastructure. Our record backlog of USD 3.2 billion inspires all of us every day to continue to develop and deliver innovative technology solutions with sustainable impact in mind.

As the global supply chain developments remain challenging, our solid balance sheet with a substantial cash position has proven resilient and we continue to carefully manage cash and liquidity. As an essential business with mission critical infrastructure equipment and services, we continue to be committed to our customers' success and we are pleased to say that the momentum resulting from our record book-to-bill ratio of 2.55 in the first half of our financial year 2021 allows us to look to the future optimistically.

We continue to serve our customers with unwavering dedication, leading-edge technology and the passion to manage energy better. Our three strategic pillars Smart Metering, Grid Edge Intelligence and Smart Infrastructure are the cornerstones in our efforts to drive profitable growth.

Half Year FY 2021 Financial Results

The results of the first half of financial year 2021 reflect the recovery from the impact of COVID-19 in the corresponding prior year period and also the constraints in the supply chain area. Order intake for the first half of FY 2021 almost quadrupled to USD 1,786.9 million, driven by major contract wins in the Americas and EMEA regions, resulting in a record high committed backlog that increased by 55.5% to USD 3.2 billion. Net revenue increased by 12.4% or 9.1% in constant currency, to USD 700.9 million in the first half of financial year 2021 compared to the corresponding prior period. The EMEA region was the main contributor to the growth as net revenues recovered strongly, up 31.4% in constant currency. The adjusted EBITDA increased by 41.3% to USD 70.8 million, translating into a margin of 10.1%, an improvement of 210 basis points. The constrained supply chain situation negatively dampened revenue growth and led to additional component and freight costs of approximately USD 10.5 million. We continued to invest in Research & Development, which accounted for 11.1% of our net revenues on an adjusted basis, in line with our strategic initiatives.

After a small loss in last year's corresponding period, net income attributable to shareholders turned positive, reaching USD 35.0 million and an earnings per share amount of USD 1.21.

Free Cash Flow (excl. M&A) of USD 41.6 million was strong despite headwinds and continued investments. We managed to maintain a solid balance sheet with low net debt of USD 79.3 million after the dividend payment and several acquisitions. The ratio of net debt to Adjusted EBITDA was 0.5 times.

We have undertaken strict cost control measures throughout the organization, while maintaining key portfolio investments. This allows us to strengthen our position for the future and we are excited about the transformation we are driving to serve our customers even better and to create sustainable shareholder value.

Creating the Future on a Solid Foundation

With our focus on creating value for our customers and shareholders, we are excited about the transformation of Landis+Gyr. Our strategy is designed to broaden our core offering of Smart Metering and further expand our reach in Grid Edge Intelligence and Smart Infrastructure with the objective to transform the business and to position Landis+Gyr for mid- and long-term profitable growth.

Essential to this is solidifying our position with a sharp focus on execution and a commitment to continue investing in R&D, while recovering from COVID-19 effects.

Organic investments in Smart Ultrasonic Gas and Water technology and the acquisition of Luna, which is expected to close at the end of calendar year 2021 and complements our portfolio with a cost-competitive metering platform, are strengthening our core in Smart Metering.

The acquisitions of Rhebo, a cybersecurity company protecting critical infrastructure technology through anomaly and threat detection down to the grid edge, which is critical for utilities as they modernize the grids, and Telia, further enhancing our managed services business in EMEA, are driving the expansion of our Grid Edge Intelligence offering.

As grid complexity increases, we are actively shaping our Smart Infrastructure offering with the acquisitions of Etrell, offering electric vehicle (EV) management software and corresponding hardware technology, and True Energy, an application provider managing the demand of charging processes for increased cost-efficiencies and sustainable energy usage, as well as the strategic investment in the charge point operator Allego. With investments in EV infrastructure technology, we are building on our strong market position and leverage our close relationships with the leading utilities in key markets by expanding our offering with EV charging hardware and smart charging software, including demand response and flexibility management to allow utilities to better manage the grid. In addition, our seven-year strategic partnership with Google enables our customers to manage the grid with real-time information and data analytics insights, leveraging machine learning and artificial intelligence. As a result, we ensure that we are well equipped to remain a leading force in the future of energy while doing so in a sustainable way as we continue to invest in efforts to decarbonize the grid and elevate our ESG efforts.

Outlook for FY 2021

For financial year 2021, we confirm our guidance provided in May 2021 with 7–11% organic net revenue growth, an Adjusted EBITDA margin between 9.0–10.5% and a Free Cash Flow (excl. M&A) of between USD 80–100 million, but we expect results at the lower end of the guided ranges due to the ongoing constrained supply chain situation. We expect the negative financial impact from the supply chain situation to increase in the second half-year compared to the first half of 2021.

Industry-wide supply chain constraints, in particular global shortages of electronic components and plastic resins as well as increased freight rates, continue to pose challenges for cost and on-time delivery performance, with impacts continuing into the second half of financial year 2021. Our teams are committed to support customers and mitigate potential impacts through effective supply chain management.

Sustainability is part of our DNA

Actively driving sustainable impact is not just what we do, but who we are. Our strategic vision is driven by the desire to provide unrivaled customer value as the leading partner for integrated energy and resource management solutions with sustainability at the heart of everything we do. Our comprehensive portfolio of products and services uniquely positions us to empower utilities, energy consumers and communities by helping them to reduce their CO₂ footprint.

Expressing our deeply rooted commitment to our ESG (Environmental, Social, Governance) targets, in the past financial year, we introduced an ESG component of 10% in our short-term incentive (STI) for all bonus-eligible employees, driving sustainable progress in support of the UN Sustainable Development Goals.

For the current financial year, we have increased the weight of the ESG component in our short-term incentive to 20%, while raising the number of ESG-related STI targets from three to eleven. These targets include environmental topics, such as the reduction of the company's and its product portfolio's carbon footprint, while increasing the benefits generated. In addition, the targets cover initiatives enhancing diversity, ESG-driven supplier management and governance topics, including employee training on compliance.

Having made the commitment to become Carbon Neutral by 2030, we are proud of our achievements and convinced that we are driving the right priorities to continue to support sustainable resource management all over the world.

Our customers' ambitious goals to serve communities around the globe with safe and reliable energy and to decarbonize the grid, inspire us every day and we would like to thank our customers and partners for their continued trust and partnership.

As we celebrate 125 years of success this year, we are excited about our transformational journey and continue to focus on offering leading innovative technology to our customers, expanding our strong partnerships, driving profitable growth and, thus, contributing to sustainable global development.

On behalf of all of us at Landis+Gyr, we thank you, our shareholders, for your continued support and ownership in Landis+Gyr, and that you have joined us in driving our mission to *manage energy better* – together.

Yours sincerely,



Andreas Umbach
Chairman



Werner Lieberherr
Chief Executive Officer

Key Figures

Committed Backlog

3,236

in million USD



Net Revenue

700.9

in million USD



Adjusted EBITDA

70.8

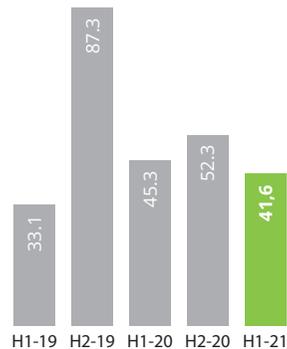
in million USD



Free Cashflow (excluding M&A)*

41.6

in million USD



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

(in million USD, unless otherwise indicated)	Six months ended September 30,		CHANGE	
	2021	2020	USD	Constant Currency
Order Intake	1,786.9	456.9	291.1%	277.4%
Committed Backlog	3,235.6	2,080.7	55.5%	54.6%
Net revenue	700.9	623.5	12.4%	9.1%
Reported EBITDA	86.2	31.8	171.1%	
Adjusted EBITDA	70.8	50.1	41.3%	
Adjusted EBITDA as % of net revenue	10.1%	8.0%	-	
Operating income (loss)	46.3	(9.9)	-	
Net income (loss) attributable to Landis+Gyr Group AG Shareholders	35.0	(2.0)	-	
Earnings per share – basic (USD)	1.21	(0.07)	-	
Earnings per share – diluted (USD)	1.21	(0.07)	-	
Free Cash Flow excluding M&A ¹	41.6	45.3	(8.2%)	
Cash provided by operating and investing activities	0.2	45.9	(99.6%)	
Net (Debt) Cash	(79.3)	12.1	-	

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

NET REVENUE TO EXTERNAL CUSTOMERS

Americas	325.4	332.6	(2.2%)	(2.4%)
EMEA	300.1	213.9	40.3%	31.4%
Asia Pacific	75.4	77.0	(2.1%)	(6.7%)
Total	700.9	623.5	12.4%	9.1%

ADJUSTED EBITDA

Americas	50.2	40.7	23.3%	
EMEA	13.1	(4.3)	-	
Asia Pacific	3.3	5.7	(42.1%)	
Corporate unallocated	4.2	8.0	-	
Total	70.8	50.1	41.3%	

Interim Consolidated Financial Statements (unaudited)

6

Interim Consolidated Statements of Operations	7
Interim Consolidated Statements of Comprehensive Income	8
Interim Consolidated Balance Sheets	9
Interim Consolidated Statements of Changes in Shareholders Equity	10
Interim Consolidated Statements of Cash Flows	11
Notes to Interim Consolidated Financial Statements	12



Interim Consolidated Statements of Operations (unaudited)

USD in thousands, except per share data and number of shares	SIX MONTHS ENDED SEPTEMBER 30,	
	2021	2020
Net revenue	700,884	623,487
Cost of revenue	460,119	459,437
Gross profit	240,765	164,050
Operating expenses		
Research and development	79,883	74,939
Sales and marketing	33,658	33,356
General and administrative	64,098	48,488
Amortization of intangible assets	16,843	17,146
Operating income (loss)	46,283	(9,879)
Other income (expense)		
Interest income	184	251
Interest expense	(1,691)	(3,664)
Non-operational pension credit	2,379	992
Gain on sale of investments	2,530	596
Loss on foreign exchange, net	(1,035)	(1,070)
Income (loss) before income tax expense	48,650	(12,774)
Income tax (expense) benefit	(8,927)	13,777
Net income before noncontrolling interests and equity method investments	39,723	1,003
Net loss from equity investments	(4,793)	(3,271)
Net income (loss) before noncontrolling interests	34,930	(2,268)
Net loss attributable to noncontrolling interests	(45)	(230)
Net income (loss) attributable to Landis+Gyr Group AG Shareholders	34,975	(2,038)

USD in thousands, except per share data and number of shares	SIX MONTHS ENDED SEPTEMBER 30,	
	2021	2020
Earnings per share:		
Basic	1.21	(0.07)
Diluted	1.21	(0.07)
Weighted average number of shares used in computing earnings per share:		
Basic	28,829,394	28,822,364
Diluted	28,829,394	28,822,364

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

Interim Consolidated Statements of Comprehensive Income (unaudited)

USD in thousands	SIX MONTHS ENDED SEPTEMBER 30,	
	2021	2020
Net income (loss) before noncontrolling interests	34,930	(2,268)
Other comprehensive (loss) income:		
Foreign currency translation adjustments, net of income tax expense	(5,219)	11,679
Pension plan benefits liability adjustments, net of income tax expense	(1,932)	(1,016)
Comprehensive income	27,779	8,395
Net loss attributable to noncontrolling interests, net of tax	45	230
Foreign currency translation adjustments attributable to the noncontrolling interests	29	(76)
Comprehensive income attributable to Landis+Gyr Group AG Shareholders	27,853	8,549

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

Interim Consolidated Balance Sheets (unaudited)

USD in thousands, except share data	September 30, 2021	March 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	85,560	140,549
Accounts receivable, net of allowance for doubtful accounts of USD 6.1 million and USD 6.7 million	254,390	282,132
Inventories, net	123,279	110,550
Prepaid expenses and other current assets	70,441	65,642
Total current assets	533,670	598,873
Property, plant and equipment, net	110,399	118,514
Intangible assets, net	256,996	251,342
Goodwill	995,951	966,823
Deferred tax assets	21,165	18,039
Other long-term assets	199,505	205,828
TOTAL ASSETS	2,117,686	2,159,419
LIABILITIES AND EQUITY		
Current liabilities		
Trade accounts payable	118,465	127,758
Accrued liabilities	46,120	45,123
Warranty provision – current	37,246	37,255
Payroll and benefits payable	42,796	51,626
Loans payable	161,004	147,672
Operating lease liabilities – current	14,012	15,187
Other current liabilities	86,660	93,933
Total current liabilities	506,303	518,554
Warranty provision – noncurrent	15,786	20,315
Pension and other employee liabilities	32,000	32,286
Deferred tax liabilities	23,653	14,543
Tax provision	32,720	32,109
Operating lease liabilities – noncurrent	94,108	95,289
Other long-term liabilities	66,622	70,573
Total liabilities	771,192	783,669

USD in thousands, except share data	September 30, 2021	March 31, 2021
Redeemable noncontrolling interests	7,876	-
Commitments and contingencies – Note 14		
Shareholders' equity		
Landis+Gyr Group AG shareholders' equity		
Registered ordinary shares (28,908,944 and 28,908,944 issued shares at September 30, 2021, and March 31, 2021, respectively)	302,756	302,756
Additional paid-in capital	1,160,180	1,225,328
Accumulated deficit	(76,257)	(111,232)
Accumulated other comprehensive loss	(42,668)	(35,546)
Treasury shares, at cost (78,154 and 81,777 shares at September 30, 2021, and March 31, 2021, respectively)	(6,645)	(6,854)
Total Landis+Gyr Group AG shareholders' equity	1,337,366	1,374,452
Noncontrolling interests	1,252	1,298
Total shareholders' equity	1,338,618	1,375,750
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,117,686	2,159,419

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

Interim Consolidated Statements of Changes in Shareholders Equity (unaudited)

USD in thousands except for shares	Registered ordinary shares		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, 2020	29,251,249	306,341	1,303,799	289,393	(68,925)	(34,338)	1,796,270	1,375	1,797,645
Net loss	-	-	-	(2,038)	-	-	(2,038)	(230)	(2,268)
Foreign currency translation adjustments, net of income tax expense	-	-	-	-	11,603	-	11,603	76	11,679
Pension plan benefits liability adjustments, net of income tax expense	-	-	-	-	(1,016)	-	(1,016)	-	(1,016)
Share based compensation	-	-	(131)	-	-	-	(131)	-	(131)
Delivery of shares	-	-	(214)	-	-	214	-	-	-
Balance at September 30, 2020	29,251,249	306,341	1,303,454	287,355	(58,338)	(34,124)	1,804,688	1,221	1,805,909
Balance at March 31, 2021	28,908,944	302,756	1,225,328	(111,232)	(35,546)	(6,854)	1,374,452	1,298	1,375,750
Net income (loss)	-	-	-	34,975	-	-	34,975	(45)	34,930
Foreign currency translation adjustments, net of income tax expense	-	-	-	-	(5,190)	-	(5,190)	(29)	(5,219)
Pension plan benefits liability adjustments, net of income tax expense	-	-	-	-	(1,932)	-	(1,932)	-	(1,932)
Net loss allocated to redeemable noncontrolling interests	-	-	-	-	-	-	-	28	28
Current period mark to redemption value of redeemable noncontrolling interest	-	-	(28)	-	-	-	(28)	-	(28)
Dividends paid (CHF 2.10 per share)	-	-	(65,908)	-	-	-	(65,908)	-	(65,908)
Share based compensation	-	-	997	-	-	-	997	-	997
Delivery of shares	-	-	(209)	-	-	209	-	-	-
Balance at September 30, 2021	28,908,944	302,756	1,160,180	(76,257)	(42,668)	(6,645)	1,337,366	1,252	1,338,618

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

Interim Consolidated Statements of Cash Flows (unaudited)

USD in thousands	SIX MONTHS ENDED SEPTEMBER 30,	
	2021	2020
Cash flow from operating activities		
Net income (loss)	34,930	(2,268)
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	39,967	41,684
Net loss from equity investments	4,793	3,271
Share-based compensation	997	(131)
Gain on sale of investments	(2,530)	(596)
Loss on disposal of property, plant and equipment	120	89
Effect of foreign currencies translation on non-operating items, net	(965)	1,775
Change in allowance for doubtful accounts	(552)	(2,756)
Deferred income tax	358	2,262
Change in operating assets and liabilities, net of effect of businesses acquired and effect of changes in exchange rates:		
Accounts receivable	29,934	115,357
Inventories	(10,627)	(2,071)
Trade accounts payable	(10,626)	(81,196)
Other assets and liabilities	(35,352)	(18,856)
Net cash provided by operating activities	50,447	56,564
Cash flow from investing activities		
Payments for property, plant and equipment	(8,875)	(11,290)
Payments for intangible assets	(1)	(16)
Proceeds from the sale of property, plant and equipment	98	61
Business acquisitions	(43,956)	-
Proceeds from the sale of investments	2,530	596
Net cash used in investing activities	(50,204)	(10,649)

USD in thousands	SIX MONTHS ENDED SEPTEMBER 30,	
	2021	2020
Cash flow from financing activities		
Proceeds from third party facility	45,594	2,664
Repayment of borrowings to third party facility	(33,342)	(2,862)
Debt issuance cost	-	(2,523)
Dividends paid	(65,908)	-
Net cash used in financing activities	(53,656)	(2,721)
Net increase (decrease) in cash and cash equivalents	(53,413)	43,194
Cash and cash equivalents at beginning of period, including restricted cash	140,549	319,379
Effects of foreign exchange rate changes on cash and cash equivalents	(911)	6,353
Cash and cash equivalents at end of period, including restricted cash	86,225	368,926
Reconciliation of cash, cash equivalents, and restricted cash reported in the Interim Consolidated Balance Sheet		
Cash and cash equivalents	85,560	368,926
Restricted cash included in other long-term assets	665	-
Total cash, cash equivalents, and restricted cash shown in the Interim Consolidated Statement of Cash Flows	86,225	368,926
Supplemental cash flow information		
Cash paid for income tax	12,515	8,916
Cash paid for interest	1,343	3,034

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

Notes to Interim Consolidated Financial Statements (unaudited)

Note 1: General Information and Basis of Presentation

1.1 General Information

Landis+Gyr Group AG (“Landis+Gyr”) and its subsidiaries (together, the “Company”) form a leading global provider of integrated energy management solutions to utilities.

Landis+Gyr’s registered ordinary shares are listed on the SIX Swiss Exchange (Securities number: 37115349; ISIN: CH0371153492; Ticker symbol: LAND).

The following notes relate to the Interim Consolidated Financial Statements of Landis+Gyr for each of the six months ended September 30, 2021 and September 30, 2020.

The Interim Consolidated Financial Statements have not been audited by the auditors. They were approved for publication by the Board of Directors on October 27, 2021.

1.2 Basis of Presentation

The unaudited Interim Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”) for interim financial information and accordingly do not include all information and disclosures as required by US GAAP for complete financial statements. Therefore, such financial information should be read in conjunction with the audited Consolidated Financial Statements for the fiscal year ended March 31, 2021.

In the opinion of the management, these unaudited Interim Consolidated Financial Statements reflect all adjustments necessary to fairly state the Consolidated Balance Sheets, Statements of Operations, Statements of Comprehensive Income, Cash Flows and Changes in Shareholders’ Equity for the interim periods presented. Management considers all such adjustments to be of a normal recurring nature.

All amounts are presented in United States dollars (“\$” or “USD”), unless otherwise stated.

Use of estimates

The preparation of Consolidated Financial Statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the Interim Consolidated Financial Statements and accompanying notes. The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, the results of operations and the Company’s financial condition, will depend on future developments that are highly uncertain, including as a result of new information that may emerge concerning COVID-19 and the actions taken to contain it or treat COVID-19, as well as the economic impact on local, regional, national and international customers and markets. We have made estimates of the impact of COVID-19 within our financial statements and there may be changes to those estimates in future periods. Actual results could differ materially from these estimates. If the estimates and assumptions used by management to the best of its knowledge at the date of the financial statements happen to differ from subsequent actual facts, the original estimates and assumptions will be adjusted in the reporting period in which the facts have changed.

1.3 Recent Accounting Pronouncements

New accounting pronouncements

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, amending the accounting for the impairment of financial instruments, including trade receivables. The new guidance requires the use of a “current expected credit loss” model for most financial assets. Under the new model, an entity recognizes as an allowance its estimate of expected credit losses, rather than the current methodology requiring delay of recognition of credit losses until it is probable a loss has been incurred. 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 currently intends to adopt the new standard as of April 1, 2023 and is currently in the process of evaluating the effect that the amendments will have on its Consolidated Financial Statements and related disclosures.

Recently Adopted Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12 – Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which simplifies the accounting for income taxes by removing certain exceptions to the general principles in this topic. The amendments also improve consistent application of existing guidance by clarifying certain aspects. This update was effective for the Company for annual and interim periods beginning April 1, 2021, but did not have a material effect on the Consolidated Financial Statements.

In January 2020, the FASB issued ASU 2020-01 – Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) – Clarifying the Interactions between Topic 321, Topic 323, and Topic 815, which improves the accounting for certain equity securities when the equity method of accounting is applied or discontinued and clarifies that, for the purpose of applying paragraph 815-10-15-141(a), an entity should not consider whether, upon the settlement of the forward contract or exercise of the purchased option, individually or with existing investments, the underlying securities would be accounted for under the equity method in Topic 323 or the fair value option in accordance with the financial instruments guidance in Topic 825. This update was effective for the Company on April 1, 2021, but did not have a material effect on the Consolidated Financial Statements.

Note 2: Shareholders' Equity

At September 30, 2021 and March 31, 2021, the capital structure reflected 28,908,944 issued registered ordinary shares with restricted transferability. The restricted transferability is related to the fact that the Board of Directors can reject a shareholder not disclosing the beneficial owner.

Registered ordinary shares carry one vote per share, as well as the right to dividends.

Conditional share capital

The share capital of the Company may be increased by up to CHF 4,500,000 by issuing up to 450,000 fully paid 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 compa-

nies according to respective regulations and resolutions of the Board of Directors. This conditional share capital has been approved and is available for use. As of September 30, 2021, 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 subsidiaries. This conditional share capital has been approved by the Annual General Meeting of Shareholders on June 30, 2020 and is available for use. As of September 30, 2021, no shares were issued from this conditional share capital.

Authorized share capital

The Board of Directors is authorized to increase the share capital at any time until June 30, 2022 by a maximum amount of CHF 28,908,940 by issuing a maximum of 2,890,894 fully paid-in registered shares with a nominal value of CHF 10 each. Increases in partial amounts are permissible. As of September 30, 2021, no shares were issued from this authorized share capital.

Treasury shares

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

On January 29, 2019, the Company announced its intention to execute a share buyback program amounting to a maximum value of CHF 100 million during a period of up to 36 months for the purpose of a capital reduction (the "Buyback program"). The implementation of the Buyback program depends on market conditions. The Buyback program lasts from January 30, 2019 to January 28, 2022 at the latest. The Company reserves the right to terminate the Buyback program at any time and has no obligation to acquire its own registered shares as part of the Buyback program. The Board of Directors of Landis+Gyr intends to request one or more capital reductions from future general meetings by cancelling the registered shares repurchased under the Buyback program, if any.

The Company has decided to temporarily suspend the Buyback program, effective March 27, 2020. As of September 30, 2021, the Buyback program remains suspended.

The changes in Treasury shares during the six-month periods ended September 30, 2021 and September 30, 2020 were as follows:

	SIX MONTHS ENDED SEPTEMBER 30,			
	2021		2020	
	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	81,777	82.46	431,205	78.35
Delivery of shares	(3,623)	57.45	(3,380)	62.33
Treasury shares – closing balance as of September 30	78,154	83.62	427,825	78.48

Dividend

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

As a precautionary measure to reflect current uncertainties related to the financial impact from the COVID-19 pandemic, no dividends were declared during the six-month period ended September 30, 2020.

Accumulated Other Comprehensive Income (Loss)

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

USD in thousands	SEPTEMBER 30,	
	2021	2020
Foreign currency translation adjustments, net of tax	(35,950)	(35,932)
Pension plan benefits liability adjustments, net of taxes of USD 1,949 and USD 4,541 as of September 30, 2021 and September 30, 2020, respectively	(6,718)	(22,406)
Accumulated other comprehensive loss	(42,668)	(58,338)

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

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

USD in thousands	Defined benefit pension items	Foreign currency items	Total
Beginning balance, April 1, 2020	(21,390)	(47,535)	(68,925)
Other comprehensive income (loss) before reclassifications	(932)	11,603	10,671
Amounts reclassified from accumulated other comprehensive loss	(84)	-	(84)
Net current-period other comprehensive income (loss)	(1,016)	11,603	10,587
Ending balance, September 30, 2020	(22,406)	(35,932)	(58,338)

The pension plan benefits liability adjustment, net of taxes, in the AOCL changed by USD (1.9) million and USD (1.0) million in the six-month periods ended September 30, 2021 and September 30, 2020, respectively. These changes represent the movement of the current year activity including the reclassified amounts from accumulated other comprehensive income to net income:

USD in thousands	SIX MONTHS ENDED SEPTEMBER 30,	
	2021	2020
Amortization of actuarial loss	448	456
Amortization of prior service cost	(553)	(540)
Amounts reclassified from other comprehensive loss to net income¹	(105)	(84)
Net actuarial loss	(2,146)	(1,484)
Total before tax	(2,251)	(1,772)
Tax benefit	319	756
Total other comprehensive loss from defined benefit pension plans (net of tax)	(1,932)	(1,016)

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

Note 3: Earnings per share

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

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

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

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

USD in thousands, except per share data	SIX MONTHS ENDED SEPTEMBER 30,	
	2021	2020
Basic earnings per share		
Net income (loss) attributable to Landis+Gyr Group AG Shareholders	34,975	(2,038)
Accretion of redeemable noncontrolling interest, net of tax	(28)	-
Net income (loss) attributable to Landis+Gyr Group AG Shareholders after accretion of redeemable noncontrolling interest	34,947	(2,038)
Weighted-average number of shares used in computing earnings per share	28,829,394	28,822,364
Basic earnings per share attributable to Landis+Gyr Group AG shareholders	1.21	(0.07)
Diluted earnings per share		
Net income (loss) attributable to Landis+Gyr Group AG Shareholders	34,975	(2,038)
Accretion of redeemable noncontrolling interest, net of tax	(28)	-
Net income (loss) attributable to Landis+Gyr Group AG Shareholders after accretion of redeemable noncontrolling interest	34,947	(2,038)
Weighted-average number of shares used in computing earnings per share	28,829,394	28,822,364
Effect of dilutive securities	-	-
Adjusted weighted-average number of shares outstanding	28,829,394	28,822,364

USD in thousands, except per share data	SIX MONTHS ENDED SEPTEMBER 30,	
	2021	2020
Diluted earnings per share attributable to Landis+Gyr Group AG shareholders	1.21	(0.07)

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

For the six months ended September 30, 2020 there were 309,444 potentially dilutive securities from the Company's share-based long-term incentive plans, of which none were included in the computation of the adjusted weighted-average number of shares outstanding as the effect would be anti-dilutive due to the net loss per share. They could be dilutive in future periods.

Note 4: Revenue

The following table provides information about contract liabilities with customers:

USD in thousands	September 30, 2021	March 31, 2021
Advances from customers	6,076	5,419
Deferred revenue	61,091	59,520
Contract liabilities	67,167	64,939

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, 2021, the Company recognized revenue of USD 21.4 million during the six-month period ended September 30, 2021.

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

Transaction price allocated to the remaining performance obligations

Total transaction price allocated to remaining performance obligations represent committed but undelivered products and services for contracts and purchase orders at period end. Twelve-month remaining performance obligations represent the portion of total transaction price allocated to remaining performance obligations that we estimate will be recognized as revenue over the next 12 months. Total transaction price allocated to remaining performance obligations is not a complete measure of the Company's future revenues as we also receive orders where the customer may have legal termination rights but it is not likely that the customer would exercise such rights.

Total transaction price allocated to remaining performance obligations related to contracts is approximately USD 784.9 million for the next twelve months and approximately USD 2,450.7 million for periods longer than 12 months. The total remaining performance obligations are comprised of product and services components. The services component relates primarily to maintenance agreements for which customers pay a full year's maintenance in advance, and services revenue is generally recognized over the service period. Total transaction price allocated to remaining performance obligations also includes the Company's extended warranty contracts, for which revenue is recognized over the warranty period, and hardware, which is recognized as units are delivered. The estimate of when remaining performance obligations will be recognized requires significant judgment.

Disaggregation of revenue

The disaggregation of revenue into categories, which depict how revenue is affected by economic factors, is disclosed in Note 17: Segment information.

Note 5: Acquisitions and divestments

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. The Company expects to benefit from strong growth opportunities with the adoption of the Electric Vehicles ("EV") and expansion from the Nordics to the rest of Europe, leveraging the existing customer base to accelerate access to the technology as well as expanding the offering into other residential areas. 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	
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.

While the Company uses its best estimates and assumptions as part of the purchase price allocation process to value assets acquired and liabilities assumed at the acquisition date, the purchase price allocation for acquisitions is preliminary for up to 12 months after the acquisition date and is subject to refinement as more detailed analyses are completed and additional information about the fair values of the acquired assets and liabilities becomes available.

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

Landis+Gyr paid a total amount of USD 88 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 Interim Consolidated Statements of Operations.

Acquisition of Etrell d.o.o.

On July 29, 2021, the Company acquired 75% of the issued and outstanding shares and voting interests of Etrell d.o.o. ("Etrell"). The consideration transferred, net of cash acquired, was USD 42.5 million. Etrell 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 Etrell 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 CO₂ 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 the remaining 25% interest of Etrell, and the noncontrolling equity holders have the option to sell their interest of Etrell within six months after September 30, 2024. Both options are non-transferrable and will terminate if the Company purchases the shares or the noncontrolling equity holders sell the shares. Under both options, the cash consideration for the 25% interest in Etrell 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 13: Redeemable noncontrolling interest.

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	10.0 years
Technology	13,294	10.0 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.

While the Company uses its best estimates and assumptions as part of the purchase price allocation process to value assets acquired and liabilities assumed at the acquisition date, the purchase price allocation for acquisitions is preliminary for up to 12 months after the acquisition date and is subject to refinement as more detailed analyses are completed and additional information about the fair values of the acquired assets and liabilities becomes available.

The results of Etrek are included in the Company's consolidated financial statements from the date of acquisition. The impact to the Company's Interim Consolidated Financial Statements is not material.

Landis+Gyr paid a total amount of USD 0.4 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 Interim Consolidated Statements of Operations.

During the six-month period ended September 30, 2021, the Company's cash outflow for business acquisitions was USD 44.0 million, being the total consideration transferred for the acquisition of True Energy and Etrek of USD 48.8 million less cash acquired and customary holdback amounts that will be paid at a later date.

Acquisition of Luna Elektrik Elektronik Sanayi ve Ticaret A.Ş.

On September 28, 2021, the Company announced that it has entered into a binding agreement to acquire 100% of the shares of Luna Elektrik Elektronik Sanayi ve Ticaret A.Ş. ("Luna") for a high double digit million US Dollar purchase price. Luna is a provider of smart metering devices for electricity, water and heat and associated software solutions, with headquarters in Izmir, Turkey. The transaction is expected to close by the end of the calendar year 2021 with closing being subject to customary governmental approvals and other customary closing conditions.

Gain on sale of investments

During the half-year end periods ended September 30, 2021, and September 30, 2020, the Company received additional cash consideration from the Australian joint venture Spark Holdco Pty Ltd ("Spark") in the amount of USD 2.5 million and USD 0.6 million, respectively, which is included within Gain on sale of investments in the Interim Consolidated Statement of Operations.

Note 6: Goodwill

The following table reflects changes in the carrying amount of goodwill for the six-month periods ended September 30, 2021 and September 30, 2020:

USD in thousands	Americas	EMEA	Asia Pacific	Total
Balance as of March 31, 2020	1,133,350	197,241	23,503	1,354,094
Changes in prior period	-	-	-	-
Balance as of September 30, 2020	1,133,350	197,241	23,503	1,354,094
Balance as of March 31, 2021	737,350	205,970	23,503	966,823
Business acquisitions ¹⁾	-	30,201	-	30,201
Effect of change in exchange rates	-	(1,073)	-	(1,073)
Balance as of September 30, 2021²⁾	737,350	235,098	23,503	995,951

1) See Note 5: Acquisitions and Divestments.

2) As of September 30, 2021, and March 31, 2021, the gross goodwill amounted to USD 1,452.0 million and USD 1,422.8 million, respectively. The accumulated impairment charges as of September 30, 2021 amounted to USD 456 million, thereof USD 396 million, USD 30 million and USD 30 million related to the Americas, EMEA and Asia Pacific segments, respectively. The accumulated impairment charges as of March 31, 2021 amounted to USD 456 million, thereof USD 396 million, USD 30 million and USD 30 million related to the Americas, EMEA and Asia Pacific segments, respectively.

Note 7: Investments in affiliated companies

The Company owns a 19.86% equity interest in Spark Holdco Pty Ltd ("Spark"). Spark, together with its subsidiaries, provides energy data management services in Australia. As of September 30, 2021, and March 31, 2021, Spark's carrying amount was USD 21.4 million and USD 27.4 million, respectively. The Company included this amount within Other long-term assets on the Interim Consolidated Balance Sheets.

The Company has elected to record its share of earnings from Spark on a three-month lag. For the six months ended September 30, 2021, the Company's share of loss from Spark was USD 4.8 million, representing the Company's share of the investee's annual operations through June 30, 2021. For the six months ended September 30, 2020, the Company's share of loss from Spark was USD 3.3 million, representing the Company's share of the investee's annual operations through June 30, 2020. The Company included these amounts within Net loss from equity investments in the Interim Consolidated Statements of Operations.

Note 8: Loans payable

The components of the loans payable are as follows:

USD in thousands	September 30, 2021		March 31, 2021	
	Balance	Weighted average interest rate	Balance	Weighted average interest rate
Multicurrency Credit Facility	150,000	0.7%	110,000	0.7%
CHF Credit Facility	–	–	31,846	0.6%
Other borrowings from banks	11,004	7.0%	5,826	6.8%
Loans payable	161,004		147,672	

At September 30, 2021, 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 maturing in May 2023 with the remaining balance 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 Swiss Franc, U.S. Dollar or British Pound, or on the Euro Interbank Offered Rate (EURIBOR) in case of borrowings in Euro, plus a margin ranging from 0.6% to 2.1% depending on the Net Total Debt / EBITDA ratio calculated every half-year at March 31 and September 30.

The Credit Facility agreements contain affirmative and negative covenants customarily found in loan agreements for similar transactions, subject to certain agreed exceptions, for the borrower and the Company, including with respect to, among other actions, maintaining the Company’s business operations and assets, carrying out transactions with third parties at market conditions, ranking all obligations at least pari passu with present or future payment obligations, complying with laws and reporting obligations, and preparation of financial statements in accordance with US GAAP. The Credit Facility agreements restrict, among other actions, the following, subject to certain exceptions: entering into certain acquisitions, mergers and joint ventures, carrying out material changes to the Company’s activities or structure, changing its accounting standards, incurring further indebtedness, granting security for indebtedness, granting credit to third parties, and carrying out certain disposals of assets. The Credit Facility agreements also contain a financial covenant requiring that the Company’s Net Total Debt (as defined therein) divided by EBITDA be not greater than a maximum threshold and its EBITDA be greater than zero, on a semi-annual rolling basis in respect of the most recent two semesters of the Company. For

the period until and including March 30, 2022, the Net Total Debt / EBITDA ratio shall be not greater than 3.50x. From March 31, 2022 until and including March 30, 2023 the Net Total Debt / EBITDA ratio shall be not greater than 3.00x. From March 31, 2023 and thereafter the Net Total Debt / EBITDA ratio shall be not greater than 2.50x.

The Credit Facility agreements contain events of default, which include, among others, payment defaults, breach of other obligations under the Agreement, cross-default, insolvency, material adverse change, or a material reservation of the auditors. Indebtedness under the Credit Facility agreement may be voluntarily prepaid in whole or in part, subject to notice, minimum amounts and break costs.

Multicurrency Credit Facility

Under the Multicurrency Credit Facility, the Company may borrow loans in U.S. Dollar, Euro, Swiss Franc and British Pound, with consecutive interest periods of one, three, six or twelve months, or other interest periods and currencies subject to the receipt of required approvals.

There may be a maximum of ten simultaneously outstanding loans with a minimum amount of USD 10 million each, or its approximate equivalent in other currencies. As of September 30, 2021, and March 31, 2021, the Company has drawn loans for a total amount of USD 150 million and USD 110 million, respectively.

As of September 30, 2021, and March 31, 2020, the Multicurrency Credit Facility’s unused portion was USD 90 million and USD 130 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 in Swiss Franc, or other allowed currencies, with consecutive interest periods of one, two, three, six or twelve months, or other interest periods subject to the receipt of required approvals.

During the six-month period ended September 30, 2020, the Company requested and obtained an amendment of the CHF Credit Facility, whereas the maximum available amount was increased by CHF 200 million (the “Facility B”) from CHF 100 million (the “Facility A”) to CHF 300 million.

For drawings under the Facility A, there may be a maximum of ten simultaneously outstanding loans with a minimum amount of CHF 10 million each. For drawings under the Facility B, there may be a maximum of twenty simultaneously outstanding loans with a minimum amount depending on the selected currency. As of September 30, 2021, and March 31, 2021, the Company has drawn loans for a total amount of nil, and CHF 30 million (or nil and USD 31.8 million at the exchange rates prevailing at the balance sheet date), respectively.

As of September 30, 2021, and March 31, 2021, the CHF Credit Facility's unused portion was CHF 300 million and CHF 270 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 CHF 45 thousand. The Company also incurs a quarterly utilization fee up to 0.3% of all outstanding Facility B loans.

During the six-month period ended September 30, 2020, in connection with the aforementioned amendment, the Company paid debt issuance cost in the amount of USD 2.5 million which was capitalized and recognized within Other long-term assets in the Company's Consolidated Balance Sheet. The Company is amortizing the arrangement fee over the facility's term.

Note 9: Derivative Financial Instruments

The Company is exposed to certain currency risks arising from its global operating, financing and investing activities. The Company uses derivative instruments to reduce and manage the economic impact of these exposures. Forward foreign exchange contracts are the main instrument used to protect the Company against the volatility of future cash flows (caused by changes in exchange rates) arising from transactions denominated in foreign currencies.

The gross notional amounts of outstanding foreign exchange contracts as of September 30, 2021 and March 31, 2021 were USD 295.5 million and USD 335.3 million, respectively.

For the six-month periods ended September 30, 2021 and 2020, the Company recognized gains (losses) from changes in the fair value of forward foreign exchange contracts of USD 8.2 million and USD (12.8) million, respectively. These amounts are included within Cost of revenue in the Interim Consolidated Statements of Operations.

The fair values of the outstanding derivatives, included in the Interim Consolidated Balance Sheet as of September 30, 2021 were as follows:

DERIVATIVE FINANCIAL INSTRUMENTS					
	Notional amount	Derivative assets		Derivative liabilities	
		Prepaid expenses and other current assets	Other long-term assets	Other current liabilities	Other long-term liabilities
September 30, 2021 (USD in thousands)					
Foreign exchange contracts:					
Foreign currency forward contracts in AUD	13,204	637	-	21	-
Foreign currency forward contracts in CHF	11,937	96	-	129	-
Foreign currency forward contracts in EUR	67,372	34	-	1,586	-
Foreign currency forward contracts in GBP	166,310	263	137	5,877	336
Foreign currency forward contracts in JPY	16,289	66	-	131	-
Foreign currency forward contracts in SEK	14,623	33	-	246	-
Foreign currency forward contracts in ZAR	5,757	47	-	45	-
Total derivative financial instruments		1,176	137	8,035	336

The fair values of the outstanding derivatives, included in the Consolidated Balance Sheet as of March 31, 2021 were as follows:

DERIVATIVE FINANCIAL INSTRUMENTS					
	Notional amount	Derivative assets		Derivative liabilities	
		Prepaid expenses and other current assets	Other long-term assets	Other current liabilities	Other long-term liabilities
March 31, 2021 (USD in thousands)					
Foreign exchange contracts:					
Foreign currency forward contracts in AUD	14,716	103	-	257	-
Foreign currency forward contracts in CHF	9,713	-	-	185	-
Foreign currency forward contracts in GBP	290,430	1,893	-	11,147	5,052
Foreign currency forward contracts in SEK	18,554	33	-	487	170
Foreign currency forward contracts in ZAR	1,897	9	-	17	-
Total derivative financial instruments		2,038	-	12,093	5,222

Note 10: Fair Value

The Company measures financial assets and liabilities at fair value. Foreign currency exchange contracts are measured at fair value on a recurring basis by means of various valuation techniques and models and the inputs used are classified based on the hierarchy outlined within the Company's significant accounting policies.

In addition, certain assets are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

The valuation techniques and models utilized for measuring financial assets and liabilities are reviewed and validated at least annually.

Recurring Fair Value Measurements

At September 30, 2021 and March 31, 2021, for each of the fair value hierarchy levels, the following assets and liabilities were measured at fair value on a recurring basis:

September 30, 2021 USD in thousands	Total	Level 1	Level 2	Level 3
Assets				
Foreign currency forward contracts	1,313	-	1,313	-
Total	1,313	-	1,313	-
Liabilities				
Foreign currency forward contracts	8,371	-	8,371	-
Total	8,371	-	8,371	-
<hr/>				
March 31, 2021 USD in thousands	Total	Level 1	Level 2	Level 3
Assets				
Foreign currency forward contracts	2,038	-	2,038	-
Total	2,038	-	2,038	-
Liabilities				
Foreign currency forward contracts	17,315	-	17,315	-
Total	17,315	-	17,315	-

The fair value of the foreign currency forward exchange contracts has been determined by assuming that the unit of account is an individual derivative transaction and that the derivative could be sold or transferred on a stand-alone basis. The foreign currency forward exchange contracts are classified as Level 2. The key inputs used in valuing derivatives include foreign exchange spot and forward rates, all of which are available in an observable market. The fair value does not reflect subsequent changes in the economy, interest and tax rates and other variables that may affect the determination of fair value.

As of September 30, 2021, and March 31, 2021, the Company had no asset or liability measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

Fair Value of Financial Instruments carried on a cost basis

The carrying amounts of Cash and Loans payable approximate their fair values due to their short maturities.

Note 11: Pension and Post Retirement Benefit Plans

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

USD in thousands	SIX MONTHS ENDED SEPTEMBER 30,	
	2021	2020
Service cost	2,518	2,141
Operational pension cost	2,518	2,141
Interest cost	882	1,237
Termination benefits	-	1,068
Expected return on plan assets	(3,156)	(3,009)
Amortization of prior service costs	(553)	(540)
Amortization of actuarial loss (gain)	448	456
Settlements and curtailments	-	(204)
Non-operational pension cost (credit)	(2,379)	(992)
Net periodic benefit cost	139	1,149

Employer contributions for the six-month periods ended September 30, 2021 and 2020 were USD 2.8 million and USD 2.7 million, respectively.

Note 12: Income Taxes

The Company's tax provision as a percentage of income before tax typically differs from the statutory rate of 7.83%, and may vary from period to period, due to fluctuations in the forecast mix of earnings in domestic and international jurisdictions, new or revised tax legislation and accounting pronouncements, tax credits, state income taxes, adjustments to valuation allowances, and uncertain tax positions, among other items.

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

Income taxes for the six-month period ended September 30, 2020 were provided at a rate of 107.85%, including non-recurring benefits related to group restructurings and adjustments to uncertain tax provisions, as well as the benefit of losses incurred in some of the major jurisdictions where the Company operates.

Note 13: Redeemable noncontrolling interests

As described in Note 5: Acquisitions and divestments, the Company completed the acquisition of 75 percent of the issued and outstanding shares of EtreI 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 balance sheet.

This noncontrolling interest is redeemable at the redemption value that is determined based on a specified, financial results driven formula. The noncontrolling interest becomes redeemable after passage of time and has to be revalued to redemption value at each balance sheet date. The Company adjusts the balance of the redeemable noncontrolling interest at the greater of (1) the initial carrying amount, increased or decreased for each noncontrolling interest's share of net income or loss and its share of other comprehensive income or loss and dividends ("carrying amount") or (2) the theoretical redemption value assuming the noncontrolling interest was redeemable at the reporting date. As of September 30, 2021, the redeemable noncontrolling interest of EtreI is recorded at the redemption amount.

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

	Six months ended September 30, 2021
Risk free rate	0.000%
Credit spread	1.800%
Expected volatility – Revenue	35.80%
Expected volatility – EBITDA	60.00%

According to the authoritative accounting guidance for redeemable noncontrolling interests, adjustments to the redemption value of the noncontrolling interest, if any, are recorded against the "Additional paid-in capital" component of Shareholders' equity. For the six months ended September 30, 2021, the adjustment to the Redeemable noncontrolling interests' balance was USD 28 thousand.

Note 14: Commitments and Contingencies

Guarantees

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

Maximum potential payments (USD in million)	September 30, 2021
Performance guarantees obtained from third parties	135.0
Financial guarantees issued in connection with financing activities	329.2
Financial guarantees issued in connection with lease agreements	4.7
Total	468.9

The Company is often required to obtain bank guarantees, bid bonds, or performance bonds in support of its obligations for customer tenders and contracts. These guarantees or bonds typically provide a guarantee to the customer for future performance, which usually covers the delivery phase of a contract and may, on occasion, cover the warranty phase. As of September 30, 2021, the Company had total outstanding performance bonds and bank guarantees of USD 135.0 million. In the event any such bank guarantee or performance bond is called, the Company would be obligated to reimburse the issuer of the guarantee or bond; however, the Company has no reason to expect that any outstanding guarantee or bond will be called.

In addition, the Company has entered into guarantees that provide financial assurances to certain third parties related to the outstanding lines of credit or to leasing arrangements, predominantly for office leases. The total amount was USD 333.9 million as of September 30, 2021.

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

Legal proceedings

The Company is subject to various legal proceedings and claims 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") has conducted an audit of business & occupation tax, sales tax and other taxes in one of Landis+Gyr's US subsidiaries for the period between January 1, 2010 through March 31, 2016. The Company received a non-income tax assessment from the Department for approximately USD 20 million, including penalties and interest. The Company strongly disagrees with this assessment and believes it to be contradictory to applicable statutes and court rulings in similar cases. The Company paid the assessment in November 2020 and filed an appeal in Washington State Court to obtain a refund. The payment was included within Other long-term assets in the Interim Consolidated Balance Sheet as of September 30, 2021. Although the Company cannot predict the ultimate outcome of this case, it believes that it is probable that the tax authority's assessment will be overturned on appeal, and therefore, the Company has not established an accrual. An unfavorable ruling will result in a charge of approximately USD 20 million. In addition, the Company has estimated that the exposure for the period from April 1, 2016 to September 30, 2021 would increase the charge by USD 10.2 million to USD 30.2 million, should there be an unfavorable ruling.

In August 2015, Energisa SA and a number of related plaintiffs filed two related lawsuits in Brazil, alleging that the Company's electric meters were excessively vulnerable to fraud. The initial petitions requested Landis+Gyr to provide new firmware to the plaintiffs and to reimburse their cost of installation in meters supplied with this firmware. A technical expert report has been completed and the cases have been consolidated. The case is in the pre-trial stage.

One of Landis+Gyr's US subsidiaries has filed a lawsuit against meter installer Grid One Solutions alleging breach of contract in Pennsylvania state court, seeking damages of approximately USD 14 million. The claims relate to the (i) Company's additional costs to install meters that Grid One could or would not install, (ii) failure of Grid One to perform audits, and (iii) the Company's additional storage costs for removed meters. The case is in the pre-trial stage and trial is expected in April 2022. The parties have agreed a mediation that is due to occur in late October 2021.

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 Council evidence demonstrating that it had not engaged in any of the alleged anti-competitive conduct. Landis+Gyr is not materially active in the Romanian metering market nor was it materially active during the period under investigation. On January 4, 2018, the Plenum of the Competition Council issued its preliminary decision against Landis+Gyr and five other companies and imposed a fine of RON 27.4 million (or USD 6.4 million, converted at the exchange rate as of September 30, 2021). The full written decision was received on April 30, 2018. In May 2018, Landis+Gyr filed an appeal of the decision on the basis that it is significantly flawed and incorrect at fact and law. The appeal remains under consideration.

In July 2020, the Landis+Gyr’s subsidiary incorporated in Italy (“Landis+Gyr S.p.A.”), received a claim from the utility company Areti in respect of damages allegedly sustained as a consequence of a limited product recall. The recall was initiated by Landis+Gyr S.p.A. as a consequence of a component failure that could, under very particular circumstances, lead to a potential safety concern. The sum claimed by Areti, comprising third party product purchase costs, reputational damages etc., sums EUR 4.1 million (or USD 4.7 million, converted at the exchange rate as of September 30, 2021). The Company has joined the component manufacturer to the litigation, which is now tripartite.

In addition to the cases listed above, Landis+Gyr and its subsidiaries are parties to various employment-related and administrative proceedings in jurisdictions where we do business. None of the proceedings are individually material to Landis+Gyr, and the Company believes that it has made adequate provision such that the ultimate disposition of the proceedings will not materially affect its business or financial condition.

In the normal course of business, the Company is party to various legal claims, actions, and complaints. It is not possible to predict with certainty whether or not the Company will ultimately be successful in any of these legal matters, or if not, what the impact might be. However, the Company’s management does not expect that the results of any of these legal proceedings will have a material adverse effect on the Company’s results of operations, financial position or cash flows.

Due to the nature of the Company’s business, it may be subject to claims alleging infringement of intellectual property rights belonging to third parties in connection with various of the Company’s products and technologies. In this context, the Company may also be exposed to allegations of patent infringement relating to communication or other technologies from time to time, for example, where the Company purchases

components or technology from vendors, which may incorporate technology belonging to third parties. In these instances, the Company relies on the contractual indemnification from such vendors against the infringement of such third-party intellectual property rights. However, where such contractual rights prove unenforceable or non-collectible, the Company may need to bear the full responsibility for damages, fees, and costs resulting from such allegations of infringement. It could also be necessary for the Company to enter into direct licenses from third parties with regard to technologies incorporated into products supplied to the Company from such vendors. As of the date of these Interim Consolidated Financial Statements there is no active or ongoing litigation related to such allegations of infringement and associated indemnification from vendors.

Indemnification

The Company generally provides an indemnification related to the infringement of any patent, copyright, trademark, or other intellectual property right on software or equipment within its customer contracts. This indemnification typically covers damages and related costs, including attorney’s fees with respect to an indemnified claim, provided that (a) the customer promptly notifies the Company in writing of the claim and (b) the Company controls the defense and all related settlement negotiations. The Company may also provide an indemnification to its customers for third party claims resulting from damages caused by the negligence or willful misconduct of its employees/agents under certain contracts. These indemnification obligations typically do not have liability caps. It is not possible to predict the maximum potential amount of future payments under these or similar agreements.

Warranty

A summary of the warranty provision account activity is as follows:

USD in thousands	SIX MONTHS ENDED SEPTEMBER 30,	
	2021	2020
Beginning balance, April 1,	57,570	61,980
Business combinations	306	-
New product warranties	3,640	7,332
Other changes / adjustments to warranties	(629)	(1,760)
Claims activity	(7,503)	(7,228)
Effect of changes in exchange rates	(352)	1,423
Ending balance, September 30,	53,032	61,747
Less: current portion of warranty	(37,246)	(37,124)
Long-term warranty	15,786	24,623

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

New product warranties for the six months ended September 30, 2021 and September 30, 2020 primarily consist of additions in line with the ordinary course of business.

Note 15: Restructuring Charges

The Company continually reviews its business, manages costs and aligns resources with market demand. As a result, the Company has taken several actions to reduce fixed costs, eliminate redundancies, strengthen operational focus, and better position itself to respond to market pressures or unfavorable economic conditions.

During the six-month periods ended September 30, 2021, the Company continued its cost reduction effort aimed at reducing costs and improving operating performance. In connection with these restructuring plans, the Company recognized costs related to termination benefits for employee positions that were eliminated. The restructuring charges, net, of approximately USD 0.2 million for the six-month periods ended September 30, 2021, consist of severance related costs. Some of the severance payments were completed during the six-month periods ended September 30, 2021, and the remaining payments are expected to be completed during the financial year ending March 31, 2022, or in the following financial year.

A summary of the Company's restructuring activity, including costs incurred during the six-month periods ended September 30, 2021 and September 30, 2020 is as follows:

USD in thousands	SIX MONTHS ENDED SEPTEMBER 30,	
	2021	2020
Beginning balance, April 1,	5,567	5,717
Restructuring charges	239	15,353
Cash payments	(4,060)	(6,435)
Effect of changes in exchanges rates	31	192
Balance as of September 30,	1,777	14,827

The outstanding balance as of September 30, 2021 and September 30, 2020, respectively, is included under Accrued liabilities in the Interim Consolidated Balance Sheets.

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

USD in thousands	SIX MONTHS ENDED SEPTEMBER 30,	
	2021	2020
Cost of revenue	126	6,574
Research and development	28	4,108
Sales and marketing	64	1,651
General and administrative	21	3,020
Total	239	15,353

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

USD in thousands	Cumulative Costs incurred up to September 30, 2021	Total Costs incurred in the six months ended
		September 30, 2021
Americas	11,202	21
EMEA	8,382	218
Asia Pacific	1,928	–
Corporate	2,923	–
Restructuring Charges	24,435	239

The cumulative costs incurred up to September 30, 2021 represent the Companies ongoing restructuring efforts under various programs over the last three years. The expected future costs for the restructuring programs are USD 7.2 million spread over the next five years and are primarily related to EMEA.

Note 16: Related Party Transactions

Transactions with affiliated Companies

The Company owns a 19.86% equity interest in Spark Holdco Pty Ltd (“Spark”).

In the six months period ended September 30, 2021, and 2020, revenues from Spark were USD 6.9 million and USD 10.0 million, respectively. Sales of goods were made at the Company's usual prices.

As of September 30, 2021, and March 31, 2021, receivables due from Spark were USD 1.9 million and USD 3.3 million, respectively. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

Transactions with other related parties

The Company conducts business with certain companies where members of the Company's Board of Directors or Group Executive Management act, or in recent years have acted, as directors or senior executives.

Eric A. Elzvik is a board member of LM Ericsson, Sweden. In the six months ended September 30, 2021, and September 30, 2020, the Company sold products to LM Ericsson and its group companies of USD 2.6 million and USD 1.4 million, respectively.

Note 17: Segment Information

The Company has organized itself into the following operating segments: Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific, which are also our reportable segments.

A description of each reportable segment is as follows:

Americas – The Americas generates the majority of its revenue in the United States, with the balance produced in Canada, Central America, South America, Japan and certain other markets which adopt US standards. The Americas reportable segment designs, manufactures, markets, and sells products for the Company's three growth platforms Smart Metering, Grid Edge Intelligence and Smart Infrastructure technology. Product examples are Landis+Gyr's Gridstream® Connect platform, advanced metering infrastructure solutions, smart electricity meters, commercial/industrial and grid meters, communication modules for water and gas meters, street light controllers, distribution automation, system deployment services, managed network services, and other advanced metering infrastructure offerings including software (head end system (HES), meter data management (MDM), analytics), installation, implementation, consulting, maintenance support, and related services.

EMEA – The EMEA segment produces the majority of its revenue in Europe with the 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.

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

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

The Company has two primary measures for evaluating segment performance: net revenue to third parties (excluding any inter-company sales) and the adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA). Management defines Adjusted EBITDA as operating income (loss) excluding (i) depreciation and amortization, (ii) impairment of intangible assets, (iii) restructuring charges, (iv) warranty normalization adjustments and (v) timing difference on FX derivatives.

The CODM primarily reviews the results of each segment on a basis that is before the elimination of profits made on inventory sales between segments. Segment results below are presented before these eliminations, with a total deduction for intersegment profits to arrive at the Company's consolidated Adjusted EBITDA.

SEGMENT INFORMATION	SIX MONTHS ENDED SEPTEMBER 30,	
	2021	2020
USD in thousands		
Net revenues		
Americas	326,237	336,532
thereof to external customers	325,396	332,580
thereof to other segments	841	3,952
EMEA	326,239	233,801
thereof to external customers	300,085	213,902
thereof to other segments	26,154	19,899
Asia Pacific	77,336	79,253
thereof to external customers	75,403	77,005
thereof to other segments	1,933	2,248
Elimination	(28,928)	(26,099)
Total Company	700,884	623,487
Adjusted EBITDA		
Americas	50,177	40,730
EMEA	13,106	(4,313)
Asia Pacific	3,294	5,717
Corporate unallocated	4,181	8,009
Total Company	70,758	50,143
Restructuring charges ¹	(239)	(15,353)
Warranty normalization adjustments ²	7,186	6,671
Timing difference on FX derivatives ³	8,545	(9,656)
Depreciation	(15,692)	(17,900)
Amortization of intangible assets	(24,275)	(23,784)
Interest income	184	251
Interest expense	(1,691)	(3,664)
Non-operational pension (cost) credit	2,379	992
Gain on sale of investments	2,530	596
Income (loss) on foreign exchange, net	(1,035)	(1,070)
Income (loss) before income tax expense	48,650	(12,774)

1 Restructuring charges are summarized in Note 15: Restructuring Charges including the line items in the Interim Consolidated Statements of Operations that include the restructuring charges.

2 Warranty normalization adjustments represents warranty expense that diverges from three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims.

3 Timing difference on FX derivatives represents unrealized gains and losses on derivatives where the underlying hedged transactions have not yet been realized.

Note 18: Subsequent events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date through October 27, 2021, which is the date that the Interim Consolidated Financial Statements were available to be issued.

On July 12, 2021, the Company announced that it has acquired Telia's Automated Meter Reading ("AMR") business in Finland. 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 transaction closed on October 19, 2021.

Besides the aforementioned subsequent acquisition, no significant events occurred subsequent to the balance sheet date but prior to October 27, 2021 that would have a material impact on the Interim Consolidated Financial Statements.

Supplemental Reconciliations and Definitions

Adjusted EBITDA

The reconciliation of Operating (loss) income to Adjusted EBITDA is as follows for the six-month periods ended September 30, 2021 and 2020:

	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
	SIX MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,	
USD in millions, unless otherwise indicated	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Operating income (loss)	46.3	(9.9)	35.7	19.5	9.5	(33.1)	1.0	0.3	0.1	3.4
Amortization of intangible assets	24.3	23.8	15.4	16.3	4.7	3.4	0.8	0.7	3.4	3.4
Depreciation	15.7	17.9	6.3	9.1	6.7	7.3	1.9	1.3	0.7	0.2
EBITDA	86.2	31.8	57.4	44.9	21.0	(22.4)	3.7	2.3	4.2	7.0
Restructuring charges	0.2	15.4	-	4.6	0.2	7.1	-	2.7	-	1.0
Warranty normalization adjustments ¹	(7.2)	(6.7)	(7.3)	(8.8)	(0.1)	1.3	0.2	0.7	-	0.1
Timing difference on FX derivatives ²	(8.5)	9.7	-	-	(8.0)	9.7	(0.6)	-	-	-
Adjusted EBITDA	70.8	50.1	50.2	40.7	13.1	(4.3)	3.3	5.7	4.2	8.0
Adjusted EBITDA margin (%)	10.1%	8.0%	15.4%	12.2%	4.4%	(2.0%)	4.4%	7.4%		

- Warranty normalization adjustments represents warranty expenses that diverge from a three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty and warranty-like claims. For the calculation of the average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty-like claims for the periods under review and going forward, see section "Warranty Provisions".
- Timing difference on FX derivatives represents unrealized gains and losses on derivatives where the underlying hedged transactions have not yet been realized.

Adjusted Gross Profit

The reconciliation of Gross Profit to Adjusted Gross Profit is as follows for the six-month periods ended September 30, 2021 and 2020:

	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
	SIX MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,	
USD in millions, unless otherwise indicated	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Gross Profit	240.8	164.1	131.3	109.8	94.4	37.1	19.3	17.0	(4.2)	0.2
Amortization of intangible assets	7.4	6.6	2.7	2.7	4.0	3.2	0.7	0.7	-	-
Depreciation	10.7	14.3	5.2	7.8	4.8	5.8	0.7	0.6	-	0.1
Restructuring charges	0.1	6.6	-	2.7	0.1	3.8	-	0.1	-	-
Warranty normalization adjustments	(7.2)	(6.7)	(7.3)	(8.8)	(0.1)	1.3	0.2	0.7	-	0.1
Timing difference on FX derivatives	(8.5)	9.7	-	-	(8.0)	9.7	(0.6)	-	-	-
Adjusted Gross Profit	243.3	194.5	131.9	114.2	95.3	60.9	20.3	19.1	(4.2)	0.3
Adjusted Gross Profit margin (%)	34.7%	31.2%	40.5%	34.3%	31.8%	28.5%	26.9%	24.8%		

Adjusted Operating Expenses

The reconciliation of Operating Expenses to Adjusted Operating Expenses is as follows for the six-month periods ended September 30, 2021 and 2020:

USD in millions, unless otherwise indicated	SIX MONTHS ENDED SEPTEMBER 30,	
	2021	2020
Research and development	79.9	74.9
Depreciation	(2.1)	(1.7)
Restructuring charges	-	(4.1)
Adjusted Research and Development	77.8	69.1
Sales and marketing	33.7	33.4
General and administrative	64.1	48.5
Depreciation	(2.9)	(1.9)
Restructuring charges	(0.1)	(4.7)
Adjusted Sales, General and Administrative	94.8	75.3
Adjusted Operating Expenses	172.6	144.4

Warranty Provisions

We offer standard warranties on our metering products and our 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 our 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. Our 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.

For the six-month periods ended September 30, 2021, and 2020, our Interim Consolidated Statements of Operations include net changes to the warranty accruals, which we recorded in Cost of revenue, of USD 3.0 million and USD 5.6 million, respectively, comprising additions to and releases of, or other adjustments to, accruals in respect of such claims.

In the six months ended September 30, 2021, net changes to warranty accruals were impacted by additional accruals of USD 3.6 million and releases of 0.6 million. In the six months ended September 30, 2020 net changes to warranty accruals were impacted by additional accruals of USD 7.3 million and releases of USD 1.8 million.

In assessing the underlying operational performance of the business over time, Management believes it is useful to consider average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty as an alternative to warranty accruals, which are estimates and subject to change and significant period-to-period volatility. For the purposes of determining warranty normalization adjustments, the average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty claims is calculated on the basis of a three-year rolling average for the six-month period ended September 30, 2021, and 2020.

Management presents Adjusted EBITDA in this Half-Year Report 2021 as an alternative performance measure (both at the Group and at the segment level). With regards to warranty, Adjusted EBITDA includes the average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of such claims, which amounted to USD 10.2 million and USD 12.2 million for the six-month periods ended September 30, 2021, and 2020. For the six-month periods ended September 30, 2021, and 2020, the warranty normalization adjustments made in calculating Adjusted EBITDA amounted to USD (7.2) million and USD (6.7) million, respectively.

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

USD in millions, unless otherwise indicated	SIX MONTHS ENDED SEPTEMBER 30,	FINANCIAL YEAR ENDED MARCH 31,		SIX MONTHS ENDED MARCH 31,	Average
	2021	2021	2020	2019	
Beginning of the period	57.6	62.0	45.2	49.9	
Business combinations	0.3	-	-	-	
Additions ¹	3.6	17.0	46.7	15.5	
Other changes / adjustments to warranties ²	(0.6)	(6.8)	(3.5)	(8.3)	
Outflow in respect of other warranty	(7.5)	(17.3)	(25.0)	(11.4)	(20.4)
Effect of changes in exchange rates	(0.3)	2.7	(1.4)	(0.5)	
Ending balance	53.0	57.6	62.0	45.2	

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 our warranty claims and the derivation of the warranty normalization adjustments used in calculating Adjusted EBITDA.

USD in millions, unless otherwise indicated	SIX MONTHS ENDED SEPTEMBER 30,	
	2021	2020
Additions ¹	3.6	7.3
Other changes / adjustments to warranties	(0.6)	(1.8)
Net changes to warranty accruals	3.0	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	10.2	12.2
Warranty normalization adjustments	(7.2)	(6.7)

¹ "Additions" reflects new product warranty amounts included in warranty provisions (USD 3.6 million and USD 7.3 million for the six-month periods ended September 30, 2021, and 2020, respectively).

Main Exchange Rates applied

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

Exchange rates	INCOME STATEMENT AVERAGE EXCHANGE RATE, SIX MONTHS		EXCHANGE RATE ON BALANCE-SHEET DATE	
	2021	2020	30.09.2021	31.03.2021
Euro countries – EUR	1.1918	1.1354	1.1571	1.1750
United Kingdom – GBP	1.3880	1.2671	1.3461	1.3800
Switzerland – CHF	1.0934	1.0628	1.0706	1.0615
Brazil – BRL	0.1902	0.1860	0.1832	0.1760
Australia – AUD	0.7520	0.6859	0.7212	0.7617

Glossary

The following table provides definitions for key terms and abbreviations used within this half-year report.

Term	Definition
Adjusted EBITDA	Operating income (loss) excluding depreciation and amortization, impairment of intangible assets, restructuring charges, warranty normalization adjustments and timing difference on FX derivatives
Adjusted Gross Profit	Total revenue minus the cost of revenue, adjusted for depreciation, amortization, restructuring charges, warranty normalization adjustments and timing difference on FX derivatives
Adjusted Operating Expense	Research and development expense (net of research and development related income), plus sales and marketing expense, plus general and administrative expense, adjusted for depreciation and restructuring charges
Committed Backlog	Cumulative sum of the awarded contracts, with firm volume and price commitments, that are not fulfilled as of the end of the reporting period
Cost of Revenue	Cost of manufacturing and delivering the products or services sold during the period
EBITDA	Earnings before Interest, Taxes, Depreciation & Amortization and Impairment of intangible assets
EPS	Earnings Per Share (the Company's total earnings divided by the weighted average number of shares outstanding during the period)
Free Cash Flow	Cash flow from operating activities (including changes in net operating working capital) minus cash flow from investing activities (capital expenditures in fixed and intangible assets), excluding merger & acquisition activities
Net Debt	Current and non-current loans and borrowings less cash and cash equivalents
Net Revenue	Income realized from executing and fulfilling customer orders, before any costs or expenses are deducted
Order Intake	Sum of awarded contracts during the reporting period, with firm volume and price commitments

Information for Shareholders

KEY STOCK EXCHANGE FIGURES

For the period	01.04.2021 –30.09.2021	01.10.2020 –31.03.2021	01.04.2020 –30.09.2020
Share price period end (CHF)	60.40	63.60	50.45
Share price high (CHF)	74.50	79.70	70.65
Share price low (CHF)	59.60	49.80	48.44
Average volume per trading day (number of shares) ¹	89,789	150,819	153,292
Market capitalization period end (excl. treasury shares; CHF million)	1,741	1,833	1,454
Number of issued shares (period end)	28,908,944	28,908,944	29,251,249
Number of treasury shares (period end)	78,154	81,777	427,825
Number of registered shareholders (period end)	9,079	7,612	7,546

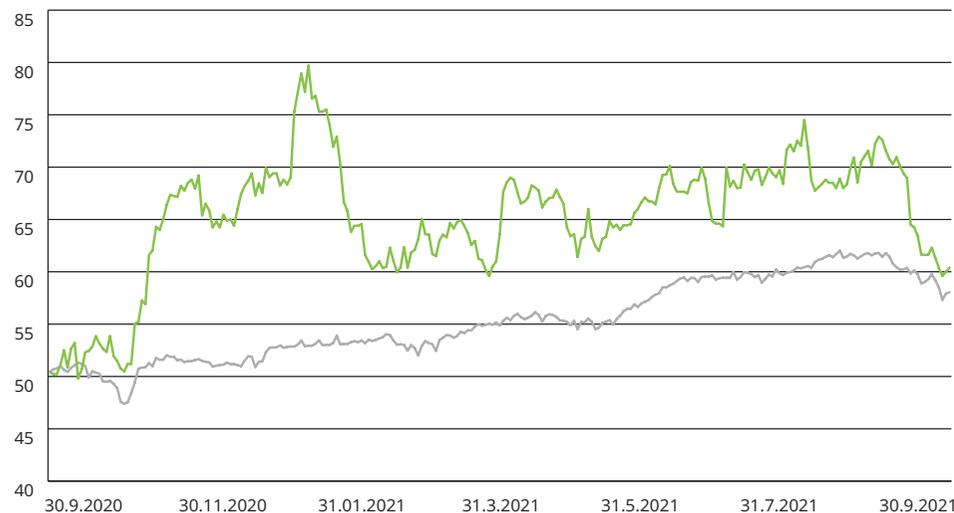
¹ On SIX Swiss Exchange.

SHAREHOLDER STRUCTURE

As of September 30, 2021, the following shareholders held 3% or more of the outstanding share capital of Landis+Gyr Group AG (as per SIX Swiss Exchange filings):

Shareholder	Number of shares	% of share capital
KIRKBI Invest A/S, Denmark	4,445,265	15.38%
Rudolf Maag, Switzerland	3,000,000	10.38%
Franklin Resources, Inc., United States	954,482	3.30%
PGGM Vermogensbeheer B.V., Netherlands	890,700	3.08%

SHARE PRICE PERFORMANCE LANDIS+GYR GROUP AG



■ Landis+Gyr ■ SPI PR (indexed)

LANDIS+GYR GROUP AG REGISTERED SHARES

Listing	SIX Swiss Exchange (International Reporting Standard)
Bloomberg Symbol	LAND SW
Reuters Symbol	LANDI.S
ISIN	CH0371153492
Valor Number	37115349
Indices	SPI®, SPI ESG, SPI EXTRA®, SPI ex SLI®, Swiss All Share Index, UBS 100 Index, Ethos Swiss Corporate Governance Index
Accounting Standard	US GAAP

CORPORATE CALENDAR

Release of Results for Financial Year 2021	May 5 th , 2022
Publication of Annual Report 2021	May 30 th , 2022
Annual General Meeting 2022	June 24 th , 2022
Publication of Half Year Results 2022	October 26 th , 2022

Information Policy

Landis+Gyr maintains an open dialog with all internal and external stakeholders. Our information policy is based on consistent, effective, open, honest and timely communication. Matters affecting the share price are published immediately in accordance with the ad hoc publicity rules of the SIX Swiss Exchange.

Contact Investors

Christian Waelti
 Phone: +41 41 935 63 31
 Email: Christian.Waelti@landisgyr.com
 Team: ir@landisgyr.com

Contact Share Register

Devigus Shareholder Services
 Birkenstrasse 47
 6343 Rotkreuz, Switzerland
 Phone: +41 41 798 48 33
 Email: landisgyr@devigus.com

Contacts Media

Melissa van Anraad
 Phone: +41 41 935 6398
 Email: Melissa.vanAnraad@landisgyr.com
 Team: pr@landisgyr.com

Eva Borowski
 Phone: +41 41 935 63 96
 Email: Eva.Borowski@landisgyr.com

© Landis+Gyr Group AG

This Half Year Report contains information regarding alternative performance measures. Definitions of these measures and reconciliations between such measures and their USGAAP counterparts may be found in pages 28 to 30 of this Half Year Report.

This Half Year Report includes forward-looking information and statements including statements concerning the outlook for our businesses. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions, and the economic conditions of the regions and industries that are major markets for Landis+Gyr Group AG (hereinafter "Landis+Gyr"). These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates", "targets", "plans", "outlook", "guidance" or similar expressions. All forward-looking statements are based only on data available to Landis+Gyr at the time of preparation of this Half Year Report. Landis+Gyr does not undertake any obligation to update any forward-looking statements contained in this Half Year Report as a result of new information, future events or otherwise.

There are numerous risks, uncertainties and other factors, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this report and which could affect our ability to achieve our stated targets. The important factors that could cause such differences include, among others: business risks associated with the volatile global economic environment and political conditions; costs associated with compliance activities; market acceptance of new products and services; changes in governmental regulations and currency exchange rates; estimates of future warranty claims and expenses and sufficiency of accruals; and such other factors as may be discussed from time to time in Landis+Gyr filings with the SIX Swiss Exchange. Although Landis+Gyr believes that its expectations reflected in any such forward-looking statement are based on reasonable assumptions, it can give no assurance that those expectations will be achieved.

Landis+Gyr Group AG
Alte Steinhäuserstrasse 18
CH-6330 Cham
Switzerland
www.landisgyr.com