Annual Report 2019

Landis+Gyr
manage energy better

At a Glance

Global leader

Global leader in Smart Metering and Smart Grid solutions serving 3,500+ utilities worldwide

Three Platforms for Growth

Capitalizing on Industry Dynamics with Smart Metering, Grid Edge Intelligence and Smart Infrastructure as three Platforms for Growth

Highly flexible business model

from product delivery to turn-key AMI solutions and Software-as-a-Service

Reduce CO_2 emissions

Helping society to manage energy better and reduce their CO_2 emissions substantially:

Enabled 8 million tons of direct CO_2 emission reduction in FY 2019 through the installed Smart Meter base

Growing number of functions and use cases to help consumers reduce CO_2 emission

Comprehensive own CSR program in place

100 million +

Over 100 million Smart Grid connected intelligent devices deployed

14 million

More than 14 million meter points under managed services

UN Global

We support UN Global Compact

Landis+Gyr combines know-how, clarity of vision and cutting-edge technology to help utilities capitalize on decentralization of generation, decarbonization of economies, digitalization of utility operations and better serve their customers. With sales of USD 1.7 billion, and 5,800 people in more than 30 countries across five continents, Landis+Gyr unleashes the true potential of change to transform the world of energy for the better.

Table of Contents

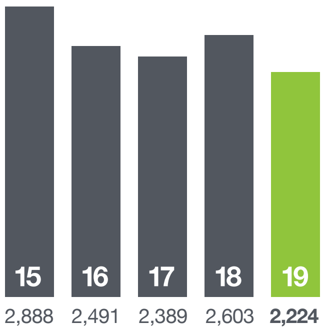
Learn and discover more
at www.landisgyr.com

Key Figures 2019

Committed Backlog

in million USD

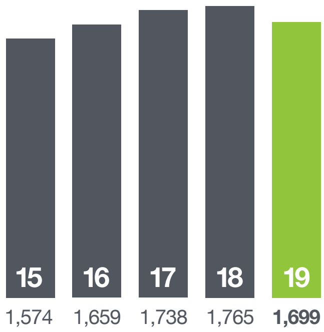
2,223.9



Net Revenue

in million USD

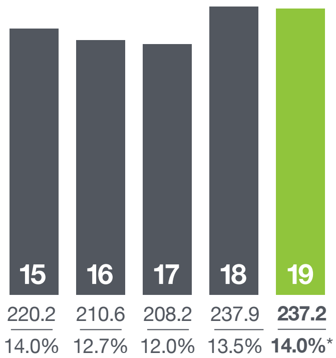
1,699.0



Adjusted EBITDA

in million USD

237.2

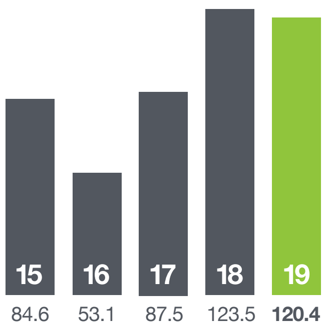


* % of sales; FY 2019 figure includes a one-off gain of USD 5.6 million resulting from a Brazilian VAT court case; excluding this Adjusted EBITDA margin was 13.6%.

Free Cashflow (excluding M&A)*

in million USD

120.4

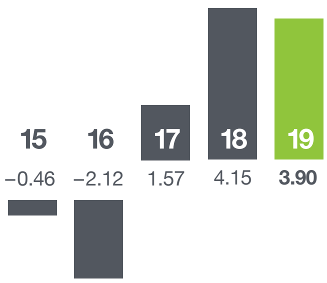


* Net cash provided by operating activities minus net cash used in investing activities, excluding merger & acquisition activities.

Earnings per Share

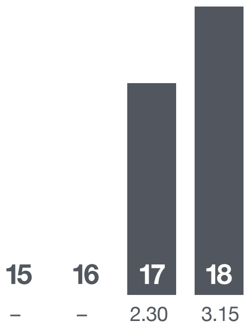
in USD

3.90



Dividend per Share

in CHF

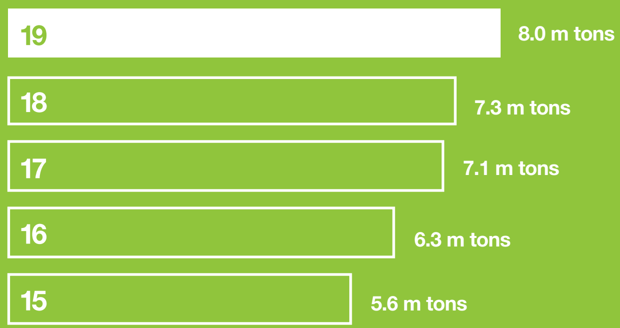


– In May, as a precautionary measure due to COVID-19 driven uncertainty, the Board of Directors will defer the decision on the FY 2019 dividend and intends to revisit the topic in conjunction with the release of the results for the first half year ending September 2020.

Direct CO_2 emissions reduced by 8 million tons

in 2019

CO_2 emission reduction through Landis+Gyr's installed Smart Meter base

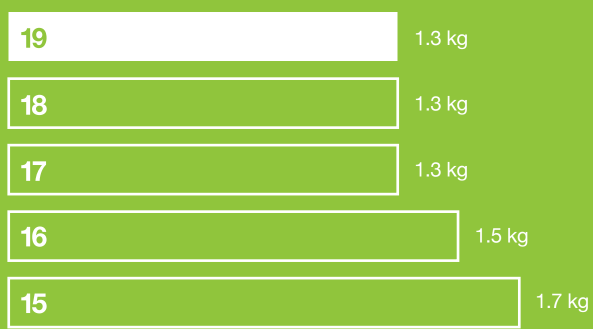


CO_2 emissions from Landis+Gyr Operations

Kg CO_{2e} per USD 100 turnover

1.3 kg

in 2019



Consolidated Statements of Operations

USD in thousands, except per share data	March 31, 2020	March 31, 2019	March 31, 2018
Net revenue	**1,698,999**	**1,765,159**	**1,737,814**
Cost of revenue	1,166,174	1,188,824	1,227,743
Gross profit	**532,825**	**576,335**	**510,071**
Operating expenses			
Research and development	157,705	156,847	163,833
Sales and marketing	88,158	95,407	104,946
General and administrative	113,468	130,892	161,623
Amortization of intangible assets	34,503	34,937	35,702
Operating income	**138,991**	**158,252**	**43,967**
Other income (expense)			
Interest income	5,217	479	877
Interest expense	(6,784)	(6,847)	(6,966)
Non-operational pension (cost) credit	3,624	4,078	3,801
Gain on divestments	–	14,563	–
Income (loss) on foreign exchange, net	(2,626)	(1,526)	7,290
Income before income tax expense	**138,422**	**168,999**	**48,969**
Income tax expense	(19,469)	(42,121)	(2,175)
Net income before noncontrolling interests and equity method investments	**118,953**	**126,878**	**46,794**
Net loss from equity investments	(5,788)	(4,250)	–
Net income before noncontrolling interests	**113,165**	**122,628**	**46,794**
Net income attributable to noncontrolling interests, net of tax	(583)	383	423
Net income attributable to Landis+Gyr Group AG Shareholders	**113,748**	**122,245**	**46,371**
Earnings per share			
Basic	3.90	4.15	1.57
Diluted	3.90	4.15	1.57
Weighted-average number of shares used in computing earnings per share			
Basic	29,169,434	29,489,321	29,510,000
Diluted	29,201,789	29,489,321	29,510,000

Consolidated Balance Sheets

USD in thousands, except per share data	March 31, 2020	March 31, 2019	March 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents	319,379	73,381	101,763
Restricted cash			5,000
Accounts receivable, net of allowance for doubtful accounts of USD 9.7 million, USD 9.9 million and USD 6.2 million	335,761	367,943	315,788
Inventories, net	147,456	133,659	121,398
Prepaid expenses and other current assets	59,695	54,798	45,363
Total current assets	**862,291**	**629,781**	**589,312**
Property, plant and equipment, net	117,532	142,058	164,400
Intangible assets, net	288,279	332,030	381,674
Goodwill	1,354,094	1,354,094	1,361,591
Deferred tax assets	17,017	15,821	16,021
Other long-term assets	145,059	78,156	37,683
TOTAL ASSETS	**2,784,272**	**2,551,940**	**2,550,681**
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable	175,859	220,314	150,168
Accrued liabilities	28,357	31,232	40,015
Warranty provision – current	31,628	34,257	47,870
Payroll and benefits payable	55,542	66,842	65,210
Loans payable	352,171	90,661	142,327
Operating lease liabilities – current	13,212	–	–
Other current liabilities	84,569	81,438	69,655
Total current liabilities	**741,338**	**524,744**	**515,245**
Warranty provision – non current	0,352	10,920	25,557
Pension and other employee liabilities	46,054	48,382	55,743
Deferred tax liabilities	25,034	37,347	32,520
Tax provision	20,598	29,172	25,492
Operating lease liabilities – non current	59,482	–	–
Other long-term liabilities	63,769	68,000	88,103
Total liabilities	**986,627**	**718,565**	**742,660**
Shareholders' equity Landis+Gyr Group AG			
Registered ordinary shares (29,251,249 / 29,510,00 / 29,510,00 issued shares at March 31, 2020, March 31, 2019, and March 31, 2018, respectively)	306,341	309,050	309,050
Additional paid-in capital	1,303,799	1,408,122	1,475,421
Retained earnings	289,393	177,966	55,721
Accumulated other comprehensive loss	(68,925)	(52,145)	(35,554)
Treasury shares, at cost (431,205, 198,674 and nil shares at March 31, 2020, March 31, 2019, March 31, 2018 respectively)	(34,338)	(12,332)	–
Total Landis+Gyr Group AG shareholders' equity	**1,796,270**	**1,830,661**	**1,804,638**
Noncontrolling interests	1,375	2,714	3,383
Total shareholders' equity	**1,797,645**	**1,833,375**	**1,808,021**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,784,272**	**2,551,940**	**2,550,681**

Highlights 2019

April

Selected by Ameren Missouri for Advanced Metering Solution

Landis+Gyr will support Ameren Missouri's Smart Meter Project through the deployment of 1.4 million advanced meters and a utility IoT network. Ameren Missouri will implement Landis+Gyr's Gridstream® Connect solution, including 1.27 million advanced electricity meters and 130,000 gas meters.

Advanced Billing and Enhanced Gas Monitoring Features for MDMS

The Group announced the release of MDMS 4.1, the latest version of its meter data management system software that adds features for gas utilities and includes enhanced support for consumption interval billing and complex rebilling operations.

May

Grand Bahama Power Company Selects Landis+Gyr for Smart Grid Project

In the context of its grid modernization strategy, Grand Bahama Power Company will deploy Landis+Gyr's Gridstream® Connect solution to include advanced electricity meters, distribution automation devices and meter data management software.

Recognized for Safety Record at Minnesota Facility

Landis+Gyr was recognized for excellence in operational safety at two of its North American facilities. The Group received the Meritorious Achievement Award from the Minnesota Safety Council, highlighting the health and safety record and related programs at the company's Roseville, MN facility.

June

Hong Kong AMI Contract Extension with CLP Power

The Group's work on CLP Power's Advanced Metering Infrastructure (AMI) platform in Hong Kong has been extended to support the full smart metering roll-out covering 2.6 million customers. The contract extension will see Landis+Gyr deploying additional smart meter endpoints, as well as the Gridstream® solution platform, to CLP Power's Hong Kong service territory over seven years.

Partnership with Aqist to serve E.ON in the Czech Republic

Landis+Gyr secured a contract to partner with Slovakian IT solutions provider Aqist for the delivery of E.ON's smart metering solution in the Czech Republic. Landis+Gyr will provide more than 30,000 smart electricity meters, data concentrators and a head-end software system.

July

Major Contract with E.ON in Sweden

The Group will deliver its Gridstream® Connect solution for one million metering points to E.ON in Sweden. With the contract, E.ON will transition to second-generation smart metering technology in order to improve customer service and grid efficiency.

Colorado Springs Utilities Selects Landis+Gyr for Intelligent Grid

Colorado Springs Utilities will deploy the business's Gridstream® Connect platform connecting more than 590,000 electric, natural gas and water meters to an integrated network management and data acquisition system. The new contract also extends the existing managed service agreement.

August

The Group Joins Forces with Utilidata to Transform Grid Operations

Landis+Gyr is joining forces with Utilidata, the industry leader in energy optimization software from the substation to the grid edge, to provide groundbreaking grid management through the deployment of edge applications on Landis+Gyr advanced meters, planned initially for the North American market.

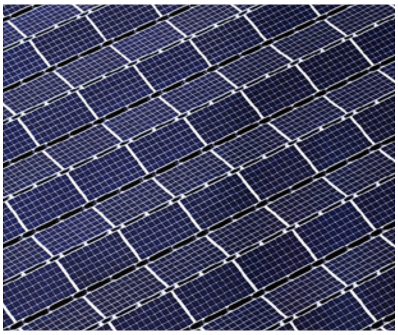
September

Partnership with GeoPal Solutions to Offer Utilities a Complete AMI Field Operations Management Solution

Landis+Gyr strengthened its offering for smart metering field operations support by combining its Advanced Metering Infrastructure (AMI) deployment and operations experience with an Android mobile application and digital platform hosted by GeoPal Solutions.

Extensive Service Partnership in Liechtenstein

As part of a Software-as-a-Service contract, Landis+Gyr is taking over the data and software hosting for smart metering at Liechtensteinische Kraftwerke (LKW). As well as the backup and maintenance of the metering, order and billing data, the scope of services includes audits and the implementation of all relevant security and data protection measures.



Advanced Interoperability with Network Bridge Certification to Wi-SUN FAN 1.0

The Group announced the certification of the Network Bridge, an intelligent routing and distribution automation device, as a border router under the Wi-SUN FAN 1.0 field area network certification program.

October

Release of Industry-first 320 Amp Meter with Integrated Remote Service Switch

Many consumer residences today have large electrical loads where typical 200 amp residential service is no longer adequate. Landis+Gyr released a first-of-its-kind advanced meter with an integrated remote service switch to safely manage 320 ampere residential applications.

Applauded by Frost & Sullivan

Frost & Sullivan awarded Landis+Gyr the "Global AMI Company of the Year" 2019 Award for its innovative AMI solutions that meet current and future customer needs. According to Frost & Sullivan, Gridstream® Connect is capable of transforming utility operations.

Completion of Advanced Metering Project in Rio Grande Do Sul

Landis+Gyr completed an advanced metering and smart grid project for CEEE, the largest electric distribution utility serving the state of Rio Grande do Sul in Brazil. The project includes both Gridstream® RF mesh and cellular deployment for nearly 12,000 commercial and industrial meters.

Improved Integration and Increased Business Process Automation of MDMS

Landis+Gyr released MDMS 4.2. The new MDMS version improves integration with Landis+Gyr's Command Center head-end software to increase the speed with which reads, intervals and events are processed, as well as providing improved integration of gas and water endpoints.

November

Landis+Gyr Introduces Internet of Things Platform in the EMEA Region

The Group announced the launch of its Gridstream® Connect solution for European energy companies. As an open, secure and scalable IoT platform, Gridstream Connect combines smart sensors, communication technologies, software and applications.

December

New Line of Multi-Relay Load Control Switches

Landis+Gyr added four-relay and two-relay load control switches to its North American load management product portfolio. The new generation of switches allows the control of multiple appliances from a single installation, to support more effective utility demand response and variable rate programs.

January

WWZ Relies on Landis+Gyr for Smart Meter Roll-out

Landis+Gyr delivered the technology Swiss energy supplier WWZ AG's first wave of smart meter rollouts. This includes modern meters, as well as the necessary communication technology and an as-a-service meter data processing system in cooperation with a third-party supplier.

February

Unveils the latest metering platform, Revelo

With the Revelo release, Landis+Gyr has changed the way utilities visualize the quality of power delivery at the edge of the grid, enabling them to manage energy more proactively. Combining edge computing, with Landis+Gyr's proven grid metering technology for waveform data capture, Revelo enables utilities to develop real-time pattern recognition of energy delivery.

Letter to Shareholders

Dear Landis+Gyr Shareholders,

In these unprecedented times, while the global economy is disturbed and most aspects of our lives are altered, we believe we are well equipped to manage through the current crisis. Our first priority remains the safety and wellbeing of our employees, partners and customers, promoting and enabling digital collaboration as well as well as social distancing.

Always, and especially now, we manage cost and liquidity carefully across the group to maintain our sound balance sheet with a substantial cash position. These attributes ensure that we can act from a position of strength as we go through the current crisis. Furthermore, Landis+Gyr, as an essential business, continues to support the world's utilities with mission critical infrastructure equipment and services. Although the current pandemic has caused some utilities to suspend installations, no major projects have been cancelled and Software and Services contracts remain on track. As a result, we firmly believe that the demand downturn in our markets is temporary in nature.

Additionally, we are proud to contribute actively to a sustainable environment and will continue to expand our role in this effort by maintaining the R&D investments at levels consistent with prior years.

Financial year 2019 results
Landis+Gyr delivered mixed financial results for the 2019 financial year. Order intake for FY 2019 was USD 1,371.4 million, a book to bill ratio of 0.81. Committed backlog was down 14.6% year-over-year at USD 2,223.9 million. The Americas and EMEA reported decreases in committed backlog compared to the prior year, while Asia Pacific rose slightly. In FY 2019, net revenue fell 2.0% year-over-year in constant currency to USD 1,699.0 million with growth experienced in both EMEA and Asia Pacific regions that partially offset the decline in the Americas. This decline was due to delays in regulatory approvals in the US and the roll off of two large projects underway in the US in FY 2018. The COVID-19 crisis impact lowered net revenue by approximately 1% in FY 2019.

Adjusted EBITDA was USD 237.2 million, including a one-off gain of USD 5.6 million resulting from a Brazilian VAT court case; excluding this, Adjusted EBITDA margin was 13.6%. All regions were profitable. Finally, turning to

Free Cash Flow (excluding M&A activity), this was USD 120.4 million, a decrease of 2.5% year-over-year, reflecting solid cash generation driven by operating performance.

As a precautionary measure given the current COVID-19 driven global economic uncertainty, the Board of Directors has decided to postpone the decision on the proposed FY 2019 dividend for now, and intends to revisit the situation in conjunction with the release of the results of the first half year ending September 2020. Likewise, the share buyback program was suspended on March 27, 2020.

In that context, the Group Executive Management will take a 10% reduction in base salary for six months, and the members of the Board of Directors will likewise have their base and committee fees reduced by 10% for six months. In addition to the executive pay reduction, we have furloughed many of our staff and implemented short-time work for office functions in some locations. Currently, the future treatment of the short-term incentives for FY 2020 is also under review.

Leadership Change, Innovation and Operational Excellence

On April 1, 2020, we appointed Werner Lieberherr as Landis+Gyr's new Chief Executive Officer. Werner's global leadership experience with publicly traded companies in both the energy sector as well as the aerospace industry demonstrates his ability to build market-leading positions of global technology companies. He has a proven track record of delivering profitable organic and inorganic growth, while leading successful transformational activities and driving innovation. Therefore, Landis+Gyr will benefit from his in-depth technological know-how and experience in continuing the strategic transformation of our portfolio and the expansion of our offering in integrated energy management solutions. To further expand our technology leading position, investments in R&D remain a key focus and we plan to continue our funding at around the same level as in previous years. During FY 2019 we spent USD 152.2 million in Adjusted R&D expenses, equivalent to 9.0% of the Company's annual sales and largely unchanged from the prior year. Our global force of 1,400 engineering professionals strives every day to provide leading-edge technologies, intelligent endpoints and flexible communications and applications to meet our markets' expectations and to maintain and expand our grid edge intelligence leadership. Software, both discrete and embedded, is an essential element in our offering and was the largest area of R&D spending for the year. To further improve our successful competitive positioning, we are dedicated to realizing continuous productivity and cost reduction gains. Our asset light business model leverages best practices in supply chain management, while Project Lightfoot, an EMEA focused effort and one of our most important programs in this regard, delivered USD 10 million in incremental savings in FY 2019 compared to FY 2018, leading to a total in excess of USD 20 million annual savings delivered since the program's inception. In the Americas, prior to the onset of the COVID-19 crisis, and in response to the top line pressure caused by regulatory delays, additional cost down actions delivered USD 19 million in annual run rate savings across the region. These benefits will start to materialize in the current year.

Solving Complex Challenges Utilities Face

Relevant innovation is fundamental in helping utilities to manage energy better. We actively shape the requirements around communications protocols, grid edge intelligence technologies and the smart infrastructure model through our contributions to standardization bodies and expert forums. Specifically, in FY 2019 we introduced two major new products. First, our Gridstream® Connect solution for European utilities, which is an open, secure and scalable Internet of Things (IoT) platform designed to unlock added value and maximize efficiencies from advanced metering infrastructures (AMI) by bringing together intelligent endpoints, communications, software and applications. Secondly, in North America Landis+Gyr announced the next generation of electric meters with leading-edge grid sensing technology in January 2020. The Revelo® metering platform introduces high resolution data sampling, increased computing power and provides communications flexibility, all supported by an application ecosystem, enabling use case support ranging from consumer appliance-level energy usage details to grid level anomaly detection.

These new products deliver critical infrastructure to solve the complex challenges utilities face globally. Therefore, the continuing selection of Landis+Gyr's products, solutions and services worldwide speaks to our strong and advantageous value proposition.

- In North America, Colorado Springs Utilities will deploy the Gridstream© Connect platform connecting more than 590,000 electric, natural gas and water meters to an integrated network management and data acquisition system. The new contract provides for managed services by Landis+Gyr for a 20-year period, including deployment and post-deployment services.
- In Sweden, Landis+Gyr will deliver its Gridstream© Connect solution for 1 million metering points to E.ON Sweden. With the contract, E.ON transitions to second-generation Smart Metering technology for excellent customer service and grid efficiency.
- In the UK, the transition to the next-generation smart meters (SMETS2) is underway at scale with more than 11 million smart meters deployed. As the UK market leader, Landis+Gyr has approximately 21 million meters deployed or under contract.
- In April 2020, Landis+Gyr announced the ward of an Advanced Metering Infrastructure (AMI) contract by The Hongkong Electric Co., Ltd. in support of Hong Kong's transformation into a smart city.
- Frost & Sullivan selected Landis+Gyr as their Global AMI Company of the Year for 2019. This is the fifth consecutive time the company has received the award.

FY 2020

At this time we will not be providing guidance for the current financial year, as we are not able to estimate the FY 2020 net revenue impact from the COVID-19 crisis, which could have a material effect. The impacts vary widely, with most North American customers, though varied in pace, continuing to deploy meters, and several key customers in EMEA have currently suspended or delayed installations. Although there is currently no major impact to the supply chain, risks remain as the situation is evolving. The Group's factories comply with relevant government policies and have been subject to lockdowns in some countries.

Delivering Critical Infrastructure and CO_2 reductions

Each day all of our 5,768 Landis+Gyr employees, as well as key business partners, work passionately and with focus to deliver critical infrastructure to our customers and value to our shareholders. As a company we continuously seek to be active and engaged corporate citizens of the communities in which we operate. We promote a long-term vision and our comprehensive portfolio of products and services, contributes constructively to a reduced CO_2 footprint both internally as well as for society at large.

Landis+Gyr has a longstanding history of success and we will continue to focus on offering leading innovation to customers, expanding 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 the support and ownership in Landis+Gyr, and that you have joined us in continuing to achieve our our mission.

Yours sincerely,

Andreas Umbach
Chairman

Werner Lieberherr
Chief Executive Officer

Strategy & Business Model

Welcome to the new energy world! Through its Smart Metering, Grid Edge Intelligence and Smart Infrastructure solutions, Landis+Gyr is helping utilities respond to and capitalize on fast-changing industry dynamics and the ongoing digital revolution.

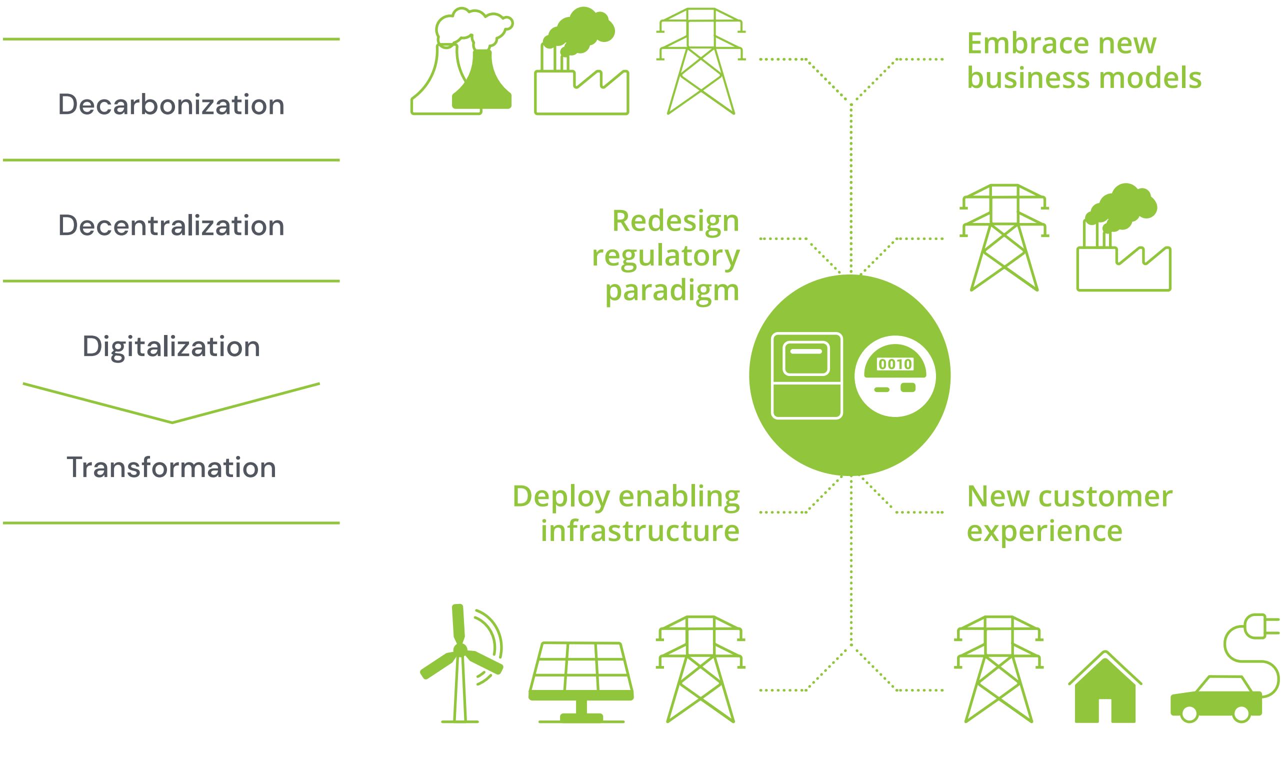
The transformation of the energy grid continues apace. Decarbonization and the shift to renewable energy resources, the resulting decentralization of energy resources, and the digitalization of grid operations – these three different but interconnected trends represent a fundamental change to how the energy industry and its partners operate.

Utilities need to embrace new business models, adjust to a continually changing regulatory environment and respond to new demand patterns. These mega-trends are driven by the ongoing transformation of consumers to become more digitalized "prosumers", who both produce and consume energy. To be successful in this new reality, utilities need a partner who offers flexible, secure solutions with a high degree of automation.

As a market leader with a proven track-record, Landis+Gyr is in an excellent position to both respond to utilities' evolving needs and to profit from the opportunities that emerge as a result. The business' strategy remains unchanged; to capitalize on current industry dynamics and to gain further market share, the Group will continue to build on its three growth platforms: Smart Metering, Grid Edge Intelligence and Smart Infrastructure.

3D Factors Fueling Energy Grid Transformation

Smart meters, as grid edge sensors, are the foundation of enabling infrastructure for future energy distribution systems



Continuous Improvement of Our Core Offering

Smart Metering or Advanced Metering Infrastructure is Landis+Gyr's core offering. Smart meters are the foundation of future energy distribution systems, playing a decisive role at the grid edge where many new disruptive resources and their associated load dynamics are located.

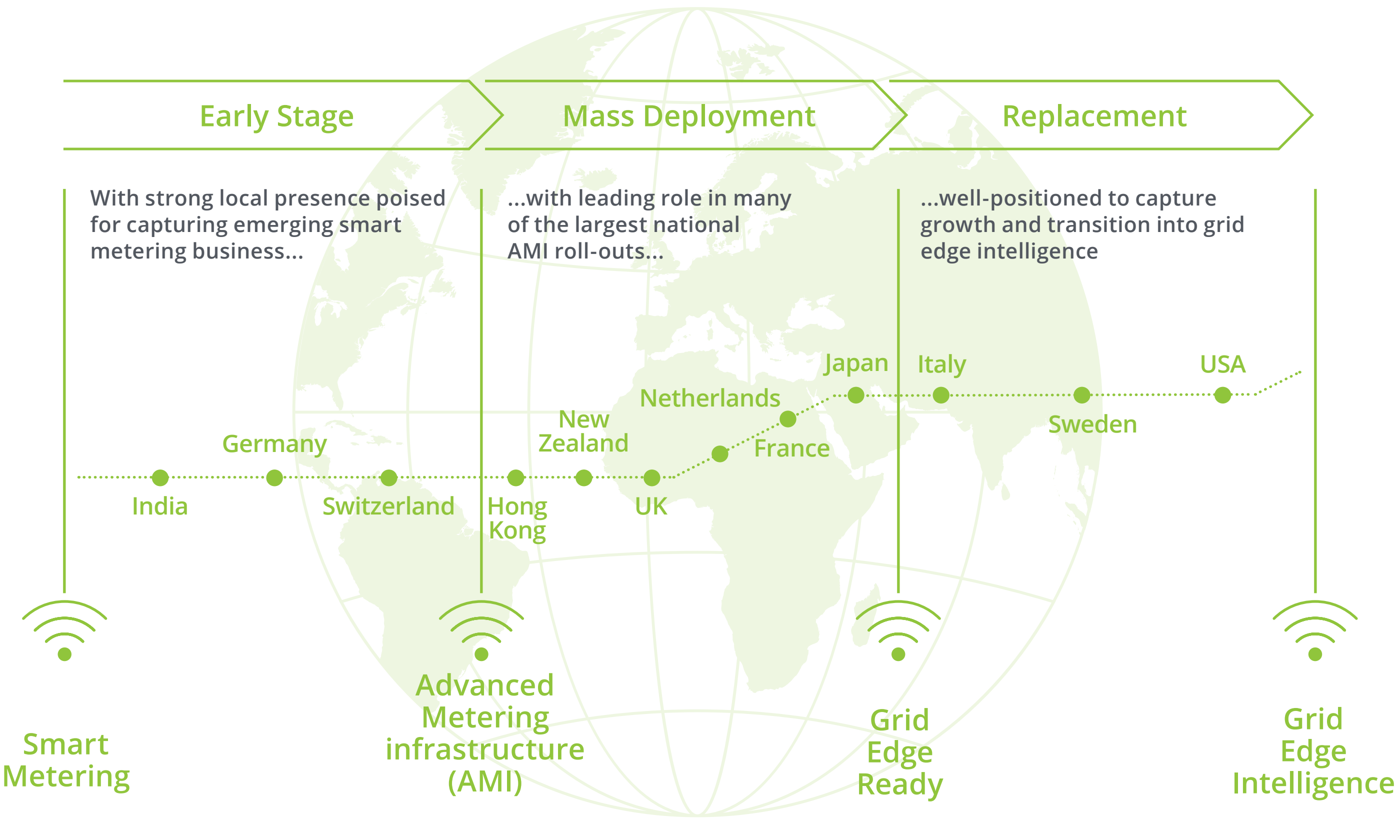
Advanced smart metering solutions offer new opportunities for analysis and connectivity, with faster response times for fault location and predictive measures for grid-hardening. Landis+Gyr is continuously strengthening its offering in the field of electricity, gas and heat metering to match the demands of the market.

Geographic Diversity Fuels Long-Term Growth

The Group benefits from the geographic diversity of its smart metering business. Landis+Gyr distinguishes multiple development phases: from an early stage in countries in which the first smart meter roll-outs take place, to more comprehensive mass roll-outs in other countries, to the replacement stage which will ultimately provide the foundation for greater grid-edge intelligence.

Utilities in countries with emerging smart metering businesses, such as India, Germany or Switzerland, turn to Landis+Gyr thanks to its strong presence across the globe and its credibility as a market leader. Landis+Gyr also plays a leading role in some of the most important national AMI roll-outs in second-stage countries such as France, the United Kingdom and Japan. And the Group is ready to capture market share in countries in which next-generation meters are installed. New opportunities emerge as additional markets begin to undergo the technological advancement process.

Geographic Diversity of Smart Metering Business Fueling Long-term Growth and Transitioning into Grid Edge Intelligence



Grid Edge Intelligence Enables the Digital Energy Revolution

Enhanced technology capabilities have begun to drive more utility use-case requirements, while the ongoing digitalization of the energy grid, has seen “second-wave” use cases emerge. These require more computing power, distributed intelligence and flexible communications across the grid - the foundations of Landis+Gyr’s Grid Edge Intelligence offering.

The Company meets the needs of these “second-wave” use cases through its Gridstream® Connect solution. The utility-orientated Internet of Things platform encompasses Landis+Gyr’s next-generation metering, edge intelligence card, next-generation network equipment, network and device management software, and an app store and software development kit, to support third-party applications.

The platform, announced during FY 2019 for the Americas market as Revelo, allows for real-time data collection and enhanced functionality and builds the basis for next generation communication technologies. Through Gridstream® Connect and Revelo, Landis+Gyr supports utilities in their transition towards a more digitalized energy supply and management system.

Smart Infrastructure: An Avenue for Expansion

Landis+Gyr’s smart infrastructure offering goes beyond smart metering and grid edge use cases. The Group leverages its Gridstream® Connect platform to add further devices, sensors, applications and services, such as smart street lighting, EV charging, smart water metering and other infrastructure opportunities, in order to deliver continued top-line growth.

The Group already has experience in several smart infrastructure verticals, built on in-house know-how, partnerships and previous acquisitions. Landis+Gyr will continue to evaluate ‘buy-or-make’ opportunities, to maintain its growth trajectory in smart infrastructure markets.

Supporting Development towards a Smart Ecosystem

Landis+Gyr helps energy providers, consumers and society as a whole manage energy better, through its core values: trusted partnership,

Grid Edge Intelligence Enabled Digital Energy Revolution

1st-Wave Model		Grid Edge Intelligence Model
Talk Think **Measure** • 15 min interval data • Outage detection and restoration • Service connect switch	Grid Edge Sensors	• Real-time data • Over-the-air upgrade • Enhanced functionality
Talk **Think** Measure • Demonstrated capabilities with early-stage apps (Demand Manager) • Revenue protection	Enhanced Intelligence	• Real-time data enabled intelligence • Open development ecosystem • App environment and secure infrastructure
Talk Think Measure • Technology development from IPv4 to IPv6 • Push for standardization and communications interoperability	Interoperability & Interchangeability	• Internet Protocol to the endpoint • Open standards based technology • Flexible architecture for next-generation communication technologies

customer focus, an innovative spirit and commitment to quality. By providing transparent information on energy demand and use, the Company's products and services enable utilities and distribution system operators to meet the need for new, future-oriented solutions.

Landis+Gyr continues to leverage its position as an industry leader in AMI to create an ecosystem of Connected Intelligent Devices, as the IoT foundation for value-added process automation and business applications in Smart Grid, Smart Cities and beyond.

This strategy is underpinned by the Group's commitment to operational excellence and cost-competitiveness, driving business efficiency through an efficient supply and delivery chain, as well as platform-based modular product development, which provides the Company with flexibility, by engaging best-in-class assembly partners for design, manufacturing and supply chain services.

Serving a Broad Range of Customer Needs

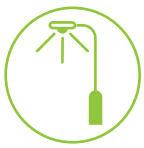
Landis+Gyr's offering ranges from the sale of individual products or software applications, to complex full-service partnerships including technology and operational consulting, as well as the installation, operation and continuous optimization of metering, sensor and analysis infrastructure. The "product business" focuses on the delivery of metering devices to customers and the subsequent installation of the devices themselves. The "AMI Project business model" involves hardware, software and integration in the existing infrastructure. The Gridstream® suite ensures reliable energy management and full interoperability among multi-network systems, meters, and communication technologies. Finally, the "services-based business model" includes delivery, deployment, integration and operation on behalf of the customer.

Furthermore, Landis+Gyr offers utilities a broad range of customized services. Through its Managed Services contracts, the business can completely outsource AMI operations, in tandem with comprehensive training, installation and software design support. The Group complements this offering with a suite of customer service solutions related to software licenses, cloud services and Software as a Service (SaaS).

Smart Infrastructure Offers Additional Avenues for Expansion

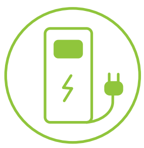
Continue leveraging connectivity platforms to further integrate sensors and devices for use cases beyond smart metering and grid edge applications, building smart infrastructure ecosystem for sustainable energy future

Smart Street Lighting solutions



Smart Water resource usage solutions

EV Load Management and Charging Optimization solutions

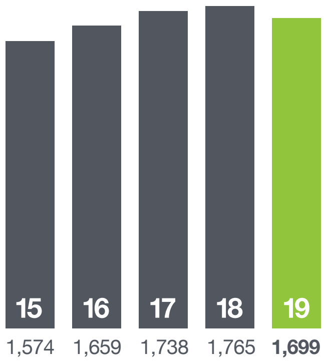


Other IoT Application solutions & services

Net Revenue

1,699.0

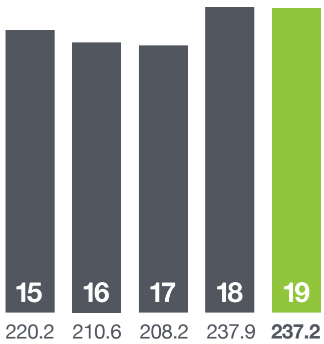
in million USD



Adjusted EBITDA

237.2

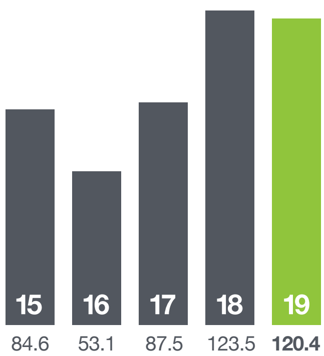
in million USD



Free Cashflow (excluding M&A)*

120.4

in million USD



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

Performance Review Group

In 2019 Landis+Gyr continued to make solid progress in growing sales and improving the profitability of the EMEA and APAC regions. This was offset by a sales and profitability decrease in the Americas.

In the financial year 2019 (FY 2019; April 1, 2019 to March 31, 2020), Landis+Gyr delivered mixed results. Overall net revenues were down 2.0% in constant currency to USD 1,699.0 million. Adjusted EBITDA for the full year was USD 237.2 million, resulting in an Adjusted EBITDA margin of 14.0%. This included the impact of a one-off gain of USD 5.6 million from a favorable ruling regarding a Brazilian VAT court case. Excluding this gain, the Adjusted EBITDA margin was 13.6%. This compares to FY 2018 results of USD 237.9 million, a margin of 13.5%. Free cash flow (excluding M&A) was USD 120.4 million, down slightly from the USD 123.5 million delivered in FY 2018.

The COVID-19 pandemic did impact Landis+Gyr during the final months of FY 2019. Net revenues were negatively impacted by the COVID-19 crisis, reducing sales by approximately 1% for the year.

Order intake for FY 2019 was USD 1,371.4 million, book-to-bill ratio of 0.81 and a decrease of 32.9% year-over-year in constant currency, reflecting a demanding year-over-year comparison due to strong FY 2018 performance (FY 2018 book-to-bill ratio of 1.18), the lumpy nature of contract awards and US regulatory delays. Committed backlog was down 14.6% year-over-year at USD 2,223.9 million. Americas and EMEA reported decreases in committed backlog compared to the prior year, while Asia Pacific rose slightly. The decline was driven by existing contract deployment cadence not being offset by large project contracts signed in the second half of FY 2019.

Revenue Growth in EMEA and Asia Pacific

In the Americas region, sales fell 8.1%, or 7.7% in constant currency due to a demanding year-over-year comparison as well as regulatory delays caused by a complex submission process for Advanced Metering Infrastructure (AMI) projects. Net revenues in the EMEA region grew compared to the prior year by 0.2%, or 3.9% in constant currency as the UK roll-out gained further momentum. Asia Pacific also delivered higher sales year-over-year, up 8.5% or 12,7% in constant currency.
For more information on regional performances, see pages 22 ff.

Profitability dynamics

Adjusted Gross Profit for the reporting period was USD 584.3 million, a 4.1% decrease or USD 25.0 million, from the USD 609.3 million delivered in FY 2018 as net revenue declines in the Americas region drove lower margins. Adjusted Operating Expenses were reduced by USD 24.3 million year-over-year, aided in part by the USD 5.6 million Brazilian VAT court ruling. In FY 2019, Adjusted Research and Development (R&D) spending was USD 152.2 million or 9.0% of revenue, flat in USD compared to the prior year.

Project Lightfoot, aimed at bundling and partially outsourcing manufacturing activities to enhance production efficiencies, lower supply chain costs and further reduce capital intensity, was ahead of plan and delivered in excess of USD 20 million of annual savings.

As a result of continued cost control, Adjusted EBITDA grew strongly in EMEA and Asia Pacific and compensated for the decline in the Americas. Overall, FY 2019 Adjusted EBITDA was essentially flat year-over-year, reaching USD 237.2 million, including a one-off gain of USD 5.6 million resulting from a Brazilian VAT court case ruling. FY 2019 Adjusted EBITDA margin, net of the Brazilian VAT impact increased marginally to 13.6% from 13.5% in the prior year.

In FY 2019, Operating income was USD 139.0 million, a decline of 12.2% from the USD 158.3 million achieved in FY 2018. Reported EBITDA was USD 225.3 million versus USD 251.1 million in FY 2018. Overall, the FY 2019 EBITDA impact of the COVID-19 crisis on the Group was the consequent flow through of the approximately 1% net revenue reduction.

In FY 2019, adjustments to bridge from Reported EBITDA to Adjusted EBITDA were in three primary categories. Firstly, with respect to Restructuring Charges, the USD 6.7 million related to streamlining measures taken across the organization, with the largest piece coming from the Americas region as the Company worked to lower the Americas' cost base in light of the regulatory delays. Secondly, the Normalized Warranty Expenses adjustment of USD 13.1 million represents the amount of provisions made relative to the average annualized actual warranty utilization for the last three years. FY 2019 Reported

"Landis+Gyr has a longstanding history of success and we will continue to focus on offering leading innovation to customers, expanding strong partnerships, driving profitable growth and, thus, contributing to sustainable global development."

Werner Lieberherr
Chief Executive Officer

Industry Dynamics

75 billion

By 2025, 75 billion IoT devices are expected to be connected and sharing data worldwide[1]

>50%

of total electricity generation by 2040 coming from low-carbon sources[2]

>250%

Increase in distributed solarPV capacity during the period 2019-24, reaching 530 GW by 2024[3]

EBITDA included an increase to the legacy component warranty provision in the Americas of USD 28.2 million, net of the related insurance proceeds. Thirdly, the Timing Difference on FX Derivatives adjustment was USD (7.9) million in FY 2019. FX hedges put in place generated unrealized gains on a mark-to-market basis, primarily as a result of GBP exchange rate movements. Finally, the adjustment category of Exceptional Warranty Expenses was nil for FY 2019.
Net income for FY 2019 was USD 113.7 million, or USD 3.90 per share, and compares to USD 122.2 million, or USD 4.15 per share, for FY 2018, a decrease of 7.0% and 6.0% respectively, the one percentage point difference being attributable to the impact of the share Buyback program on EPS.

Free Cash Flow and Net Debt

Free Cash Flow (excluding M&A) was USD 120.4 million in FY 2019, a decrease of USD 3.1 million compared to FY 2018.

In FY 2019, capital expenditure amounted to USD 28.6 million, 29.4% below the FY 2018 level of USD 40.5 million, consistent with the Company's asset-light business model. As of March 31, 2020, the ratio of net debt to Adjusted EBITDA was 0.1 times, with net debt of USD 32.6 million, after the payment of USD 94.0 million in FY 2018 dividends and USD 38.9 million for share repurchases, both inside and outside the share Buyback program, during FY 2019. The share Buyback program was approximately 43% complete when it was suspended on March 27, 2020.

FY 2020

Landis+Gyr is unable to estimate the FY 2020 net revenue impact from the COVID-19 crisis, but it could have a material effect. Therefore, the Company will not be providing guidance for the financial year 2020 at this time. The impacts vary widely with most North American customers currently continuing to deploy meters, though the pace differs by utility. Several key customers in EMEA have currently suspended or delayed installations, notably in the UK, France and the Netherlands. No major project cancellations have occurred, and Software and Services contracts remain on track. Although there is currently no major impact to the supply chain, risks remain as this is an evolving position which changes day by day. The Group's factories comply with relevant government policies and are subject to lockdowns in some countries.

1. Source: Statista.
2. Source: IEA (World Energy Outlook 2019).
3. Source: IEA – Renewables 2019.

As a precautionary measure due to the uncertainties surrounding the COVID-19 pandemic and the current business environment, the Board of Directors will not propose a dividend to the June 2020 Annual General Meeting. Rather, the Board has decided to defer the decision on the FY 2019 dividend and intends to revisit the situation in conjunction with the release of the results of the first half year ending September 2020. By taking this measure, Landis+Gyr further strengthens an already robust level of liquidity, adding support to the company's overall financial position in view of the uncertainties stemming from the present crisis. A further announcement will be made at the time of the release of the Group's first half FY 2020 results on October 28, 2020. In that context, the Group Executive Management will take a 10% reduction in base salary for 6 months, and the members of the Board of Directors will likewise have their base and committee fees reduced by 10% for six months as well.

The share Buyback program remains suspended.

Recent Corporate Developments

- At the last European Utility Week tradeshow, the Company introduced its Gridstream® Connect solution for European utilities. Gridstream Connect is an open, secure and scalable Internet of Things (IoT) platform designed to unlock added value and maximize efficiencies from advanced metering infrastructures (AMI) by bringing together intelligent endpoints, communications, software and applications.
- In North America, Landis+Gyr introduced the next generation of electric meters with leading-edge grid sensing technology in January 2020. The Revelo metering platform builds on Landis+Gyr's deep metering experience that spans residential, commercial and grid sensing, taking full advantage of the strength and success of these technologies.
- In January 2020, Landis+Gyr released an omni-carrier cellular meter and services solution to simplify installation and operation of cellular communications for utility IoT applications. A first of its kind for North America, Landis+Gyr's LTE-M cellular meter is omni-carrier capable, with a single meter model that is capable of supporting a variety of available cellular carriers and is fully integrated with RF mesh capability.
- On April 1, 2020 Werner Lieberherr became Landis+Gyr's Chief Executive Officer.

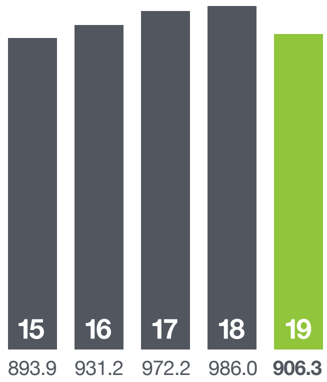
"To maintain our strong balance sheet, we will continue to focus on cash generation and liquidity."

Jonathan Elmer
Chief Financial Officer

Net Revenue

906.3

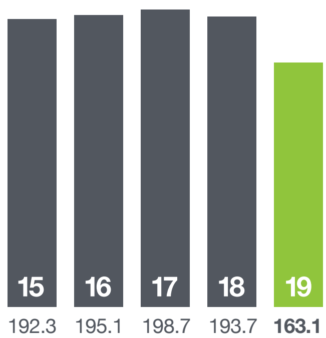
in million USD



Adjusted EBITDA

163.1

in million USD



Performance Review Americas

Landis+Gyr's deployments in the Americas continue despite some regulatory delays for new projects. The region introduced an exiting new IoT grid sensing meter, and has won a number of new customers.

Expanding Innovative Platforms and Long-Term Partnerships

Landis+Gyr strengthened its position as a leading utility partner in the Americas. Building on strong deployments and new customer wins, Landis+Gyr also announced the development of a game-changing electric metering platform, Revelo(TM). This IoT sensor is foundational to unleashing grid edge intelligence applications that benefit consumers with knowledge, control, options, and help utilities better manage the distribution system.

Key customer deployments are making strides, notably a grid modernization project with Hawaiian Electric Company (HECO, see box). Also, long-term partner Ameren continues to progress its smart metering project in Missouri and has started to deploy Landis+Gyr's Gridstream® Connect solution, with smart electricity and gas meter installations. The agreement also includes Landis+Gyr's managed services until 2035.

Finally, a strong trend in the extension of long-term utility partnerships was demonstrated. Colorado Springs Utilities signed an agreement to replace the utility's end-of-life metering system. The partnership includes the deployment of Landis+Gyr's Gridstream Connect platform, connecting more than 590,000 electric, natural gas, and water meters, and a 20-year turn-key managed services agreement. Also leveraging the flexible IoT technology of Gridstream Connect, Indianapolis Power & Light extended its managed services contract, including 350,000 electric meters, network and data management software.

Navigating a Complex Regulatory Process

In the US, every capital investment for which investor-owned utilities seek rate recovery is subject to an extensive regulatory approval process. In recent years, utilities have been scrutinized on consumer benefits as regulators seek to ensure investments deliver benefits across the entire customer base. These extended regulatory reviews, and some resubmission requirements have delayed several new AMI deployments. Additionally, the impact of the global pandemic has placed even more pressure on utility expenditures. Although temporary in nature, this has affected Landis+Gyr's results in 2019.

While strict cost management and a focus on operational excellence will be instrumental for Landis+Gyr in managing through these delays, the regulatory environment and pandemic also create new opportunities. Policymakers give special attention to solutions that enable consumers to be engaged and take control of their energy costs, support the integration of renewables, and improve grid resiliency and reliability. Additionally, COVID-19 brings a heightened value to technologies that enable remote and automated management of the grid. In alignment with these priorities, the Landis+Gyr US business is sharply focused on highlighting these outcomes with customers and policymakers.

Net Revenue Decline Leads to Profitability Dip

A challenging year-over-year comparison is due to a combination of strong FY 2018 performance, the lumpy nature of contract awards and regulatory delays in the US. As a result, net revenues decreased to USD 906.3 million compared to USD 986.0 million in FY 2018, a reduction of 8.1%, or 7.7% in constant currencies. The committed backlog was USD 1,480.3 million at the end of the financial year, down 15.6% compared to FY 2018.

The FY 2019 Adjusted EBITDA was affected by lower sales which had a commensurate impact on Adjusted Gross Profit. Despite cost control efforts Adjusted EBITDA was USD 163.1 million compared to USD 193.7 million in FY 2018, and the FY 2019 result includes a one-off gain of USD 5.6 million resulting from a Brazilian VAT court case ruling. The adjusted EBITDA margin was 18.0%, or 17.4% excluding the Brazilian VAT impact, compared to 19.6% in FY 2018.

New Product Fuels Demand for Grid Edge Intelligence

Landis+Gyr anticipates accelerated growth in the Americas region in coming years. In the US, first-wave AMI technology roll-outs are reaching maturity, while the second wave is gaining traction. The remaining utilities that have yet to begin deployments along with second-wave utilities are requiring new use cases and a broader suite of benefits. With grid edge intelligence, expansion to IoT services and innovative next-generation energy sensors, Landis+Gyr expects to win a large share of the upcoming AMI contracts. A catalyst for this market opportunity is the Revelo™ IoT sensing platform. Revelo powers edge intelligence with best-in-class measurement capability and will provide Landis+Gyr with a real market differentiator.

Gridstream Connect also continues to be a strong offering, providing utilities with a foundational IoT platform. Designed to address the expanded use cases required by utilities and their customers for ‘second-wave’ AMI adoption, Gridstream Connect’s flexible communications remain a key differentiator.

Additionally, Gridstream Connect continues to be an essential component of enabling the future of grid intelligence with its edge application platform.

Demand in Japan and Brazil Will Increase

In Japan, Landis+Gyr is leveraging its long-standing relationship with TEPCO to capitalize on the next AMI wave, which will start in 2023. This next wave will present a key opportunity for Landis+Gyr to develop strong, direct relationships with Japanese meter companies.

In Latin America, while Brazil continues to be key, the overall market is expected to grow over the next three years. Landis+Gyr is well-positioned in Latin America to capitalize on this opportunity as it matures, with recent wins in the Bahamas, Guatemala and Panama.

Overall, growth in edge intelligence, data and complex devices will drive the demand for Landis+Gyr’s expertise in utility-focused software and services. With Gridstream Connect, Landis+Gyr offers a flexible solution, scaling from small customers to large utilities like TEPCO.

“We delivered mixed financial results in FY 2019, however, we now strongly focus on a solid opportunity pipeline including our industry leading Revelo platform.”

Prasanna Venkatesan
Executive Vice-President, Americas

Leading

advanced metering partner for utilities in the Americas

65+ million

connected intelligent devices

processing >10%

Customer operations center processing >10% of the US meter population

14 operation

centers, 2 manufacturing facilities and a regional HQ across the region

24+ million

World’s largest utility IoT network with 24+ million endpoints deployed

> “Growth in grid edge intelligence, data and complex devices will drive the demand for Landis+Gyr's expertise.”

Prasanna Venkatesan
Executive Vice-President, Americas

Hawaiian Electric Company (HECO)

Landis+Gyr and Hawaiian Electric Company are partnering for the first phase of an advanced metering project built on Wi-SUN-certified network components, to support the utility's Grid Modernization Strategy. The project will utilize Landis+Gyr's Gridstream® Connect solution, providing flexible communication options at both the field area network and device level.

Benefits for Utility and Consumers

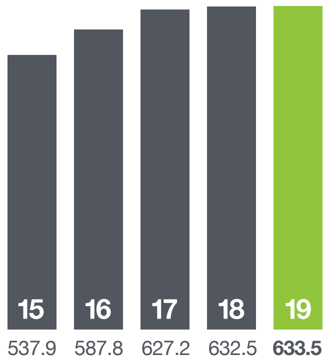
- Enabling operation of RF Mesh IP, Cellular, PLC and other communication options from a single network manager
- Provision of connectivity to participating customer accounts
- New grid and distributed energy resource management capabilities
- Support data validation

Support for Local Schools

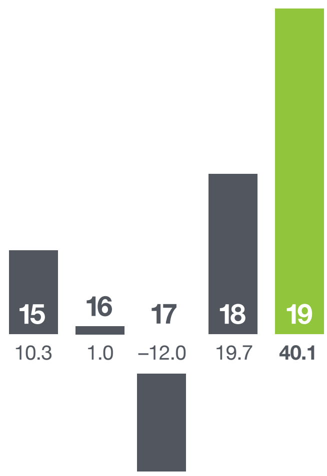
In the Americas region, Landis+Gyr invested both money and man-hours to support local schools in the reporting period. In Reynosa, Mexico, Landis+Gyr donated nine laptops to an Elementary School. This gave 150 students access to computers who previously had no laptops in the classroom. In Alpharetta, USA, the System Deployment group's network design team had set the goal to participate in a community volunteer effort. They put their resolutions into practice and supported a new elementary school in the preparation for the first day of school. The five-member team unpacked and sorted educational reading materials and school supplies, categorized books and assembled gift bags for the 1st to 5th grade students.

Performance Review Europe, Middle East and Africa

Net Revenue
633.5
in million USD



Adjusted EBITDA
40.1
in million USD



The region recorded slight revenue growth while significantly improving perfor-mance and profita-bility in 2019.

Upward Trend in Figures
Driven by the UK, sales in the EMEA region increased to USD 633.5 million, up 3.9% compared to FY 2018 on a constant currency basis. roll-out of Linky meters in France as well as the Netherlands' smart meter installation efforts continued. In 2019, the EMEA region reaped the rewards of the efficiency and performance programs initiated in preceding years. Thanks to the lower cost base, Adjusted EBITDA more than doubled to USD 40.1 million, with the Adjusted EBITDA margin increasing from 3.1% to 6.3%.

The region recorded an order intake of USD 556.1 million and the committed backlog was down to USD 649.4 million in 2019 from USD 754.6 million in FY 2018.

New Contracts in 2019
Landis+Gyr won its first European customer for the new Utility IoT platform Gridstream® Connect, with E.ON in Sweden (see text on page 29). In addition, the business has concluded a Software as a Service (SaaS) contract with Liechtensteinische Kraftwerke (LKW) for its first Software as a Service (Saas) contract outside the Nordics. The contract is an expansion of an existing partnership with LKW, which has been using Landis+Gyr's advanced metering infrastructure solution since 2011.

Landis+Gyr is also supplying the technology for the first wave of the smart meter roll-out of the Swiss energy supplier Wasserwerke Zug (WWZ). In addition to the cutting-edge meters, the contract includes communication technology and an as-a-service meter data processing system, which Landis+Gyr is implementing in cooperation with a third-party supplier.

Solid Positioning in UK and France
In the UK and France, where large roll-out continue to take place, Landis+Gyr has further strengthened its position. In the UK, the most critical market in the region, a total of 53 million smart electricity and gas meters are to be deployed before 2024 as part of the country's plans to upgrade their energy infrastructure. 21 million of these meters have already been awarded to or delivered by Landis+Gyr. In 2019 Landis+Gyr signed further significant contracts and contract extensions with energy retailers, such as E.ON UK.

In France, Enedis' roll-out (with 35 million meters one of the largest projects worldwide) is in full swing with 30,000 Linky smart meters being installed per day in the country prior to the COVID-19 outbreak, a quarter of which are produced locally and supplied by Landis+Gyr.

Improving operating performance

Following a strong top line and profitability improvements, EMEA has levers to further improve Adjusted EBITDA margin. Three levers will be utilized for the region's continued margin progression; First, improved margin quality based on product cost reductions. Landis+Gyr has already completed cost reductions on high-volume AMI products, which have led to savings in the region.

Second, the conclusion of Project Lightfoot rationalizing the business's manufacturing and supply chain setup resulted in USD 20 million savings in FY 2019 and is expected to deliver further savings in the future.

The third and biggest factor in the region's growth is the operating leverage, as higher net revenue volumes have led to economies of scale. Based on its existing market presence and client relationships, as well as targeted investments in solutions, software and managed services, Landis+Gyr expects further efficiency gains.

Smart Market

Landis+Gyr is currently number two in the EMEA region for smart electricity meters, smart gas meters and heat meters and is confident it will be able to increase its footprint in the future.

The European market for smart metering is forecast to grow in the coming years mainly due to a European Union directive implemented in 2012, requiring each member state to fit 80% of households with smart meters.

In total, the installed smart meter base in EMEA amounted to 145 million at the end of 2019 and Landis+Gyr expects that number to reach 200 million in 2022, with 55 million new AMI and 14 million 2nd-wave meters to be installed. In 2019, Landis+Gyr contracted over 1 million 2nd-wave deployments in Sweden alone, and expects to capture a large share of the upcoming smart meter deployments across the wider EMEA region.

In Germany, a very large market with 45 million meters, the overall energy transition plan as well as the smart meter roll-out have been delayed. However, Landis+Gyr is well-positioned and continues to ship substantial amounts of meters into the market. With partners for financing and software, the company is additionally piloting a new end-to-end solution (so-called Infrastructure as a Service (IaaS)) targeted at small and medium-size utilities. In Switzerland, where Landis+Gyr has been a leader for many years both with its residential and industrial / commercial / grid portfolio, the regulator expects to have 80% smart meter coverage by 2027. In this very fragmented market, 600 utilities follow their own, individual roll-out strategy and timeline. In 2019 Landis+Gyr was able to secure contracts with first movers (WWZ, Stadtwerk Winterthur).

A focus of Landis+Gyr's future will be on targeting small and medium Distribution Service Operators (DSOs) with the Group's end-to-end solutions. Landis+Gyr will leverage its installed base and existing customer relationships and grow services through geographic expansion and valued-added services. Moreover, the business is well-positioned to grow in the Software and Services space, which will gain significance as the need for data handling and processing increases.

> "In EMEA, our teams have delivered visible results in terms of net revenue growth and bottom line improvement. Our recently launched Gridstream Connect solution will further enable our customers' to manage energy better in the future"

Susanne Seitz
Executive Vice-President, EMEA

18 countries

Sales offices in 18 countries across the EMEA region

1,300+ utilities

served as trusted partner

35+ million

Installed base in Europe of 35+ million connected intelligent devices

160

end-to-end smart metering solutions in the field

1.6+ million

meter points under Managed Services

"We will leverage our installed base and expand our customer relationships to grow our services activities and offering."

Susanne Seitz
Executive Vice-President, EMEA

Landis+Gyr Secures Major Contract with E.ON in Sweden

Landis+Gyr will deliver its Gridstream® Connect solution for one million metering points with NB-IoT/M1 communication technology and a Gridstream® Connect platform to E.ON in Sweden. The contract will see E.ON transition to second-generation smart metering technology, delivering excellent customer service and grid efficiency.

Benefits for Utility and Consumers

- Increased transparency and control in E.ON's distribution grid
- Enhanced customers' experience through reliable and precise data
- Enabling of the introduction of extended applications and further services in the next phase

#EachforEqual and Cycling for a Good Cause

On International Women's Day on March 8, 2020, Landis+Gyr's UK sites celebrated #EachforEqual. The schedule of events included a roundtable with Executive Vice-President EMEA Susanne Seitz, who shared her experiences in business and discussed equality in the workplace and in society.

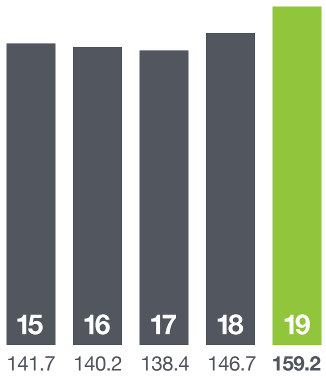
In Greece, Landis+Gyr sponsored a team of cyclists around one of the Group's employees. They pedaled 830 kilometers from Milan over the Alps to Munich as part of the European tour of the Global Biking Initiative (GBI). GBI is a global community which organizes cycling events to raise funds for charities in more than twenty countries. The team sponsored by Landis+Gyr donated to a SOS Children's Village based in Athens.

Landis+Gyr's employees in Zug, Switzerland, participated in the "Bike to Work" health initiative: Ten teams of four persons cycled a combined distance of 6490 kilometers in June 2019.

Performance Review Asia Pacific

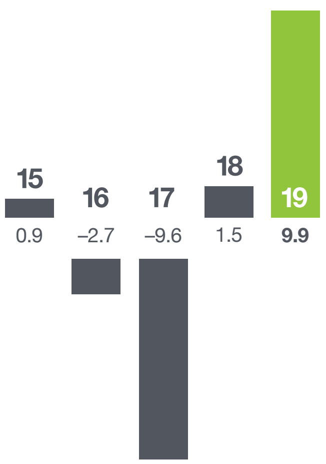
Net Revenue 159.2

in million USD



Adjusted EBITDA 9.9

in million USD



Landis+Gyr continues to expand its presence in the Asia Pacific region. Contracts in Australia and Hong Kong drove revenue growth, while next mover markets like Malaysia offer new opportunities.

Major Contract Extension and New Wins

The shift to Smart Metering in the Asia Pacific region continued and led to a successful FY 2019 for Landis+Gyr. The business strengthened its market-leading position, recording major wins in Australia, India and Hong Kong.

In Hong Kong, Landis+Gyr was awarded a contract extension with China Light and Power to provide the utility its Gridstream IoT solution and will supply a portion of the 1 million smart meters to be installed over the next three years with a build out to more than 2.4 million meters by the end of the program. Hong Kong Electric will also deploy Landis+Gyr's Gridstream solution and a further 600,000 smart meters in the next five to six years, 120,000 of which will be provided by Landis+Gyr (see box).

In India, the Tata Power project, the biggest project of its kind in the country, is moving ahead, with 175,000 Landis+Gyr meters deployed by the end of FY 2019. With Tata as a reference, Landis+Gyr has won a second AMI project in India, representing another building block for the Group's Indian business. In Australia, the Group continued to provide products and solutions to its partner intelliHUB.

Improving performance

The success of the contract awards positively impacted order intake. In addition, the backlog reached 94.3 million, up 0.7% despite the increase in revenues.

Driven by Australia and Hong Kong, net revenues in the region increased to USD 159.2 million, or 12.7% in constant currency.

Landis+Gyr's repositioning of the intelliHUB assets and broader restructuring in the region in recent years is now paying dividends in the form of improved operating margins. These actions contributed to an adjusted EBITDA which increased by USD 8.4 million to USD 9.9 million in FY 2019. As a result, adjusted EBITDA margin rose by 470bps to 6.2%.

Market-leading position

On the back of a number of contract wins, Landis+Gyr has expanded its market position in Asia Pacific and now has the second highest smart electricity market share in Australia and New Zealand, third highest in South-East Asia and is number four in India. With expected further market growth opportunities for smart meters, the region offers excellent opportunities for the business to continue expanding its footprint.

Australia and New Zealand Main Drivers

Much of the growth potential is located in Australia and New Zealand. New national "Power of Choice" electricity metering reforms in Australia require all new and replacement electricity meters in the country to have smart capability. As a result, Landis+Gyr expects 500,000 new smart meters to be deployed in the Australian market annually for the foreseeable future.

In Australia, the deployment of renewable energy solutions continues to rise and as a result customers and consumers require more information to control the use of renewables and storage at the grid edge. Landis+Gyr is able to meet this need through its Gridstream® Connect platform, which enables monitoring and load control at the grid edge.

The situation in New Zealand is different, where the market is primarily driven by replacement cycles.

Momentum in Hong Kong and India

Across the Asia Pacific Region, the transition to AMI is taking place at different paces. In South-East Asia, many utilities have only recently begun to develop the business cases to tackle the complex migration to AMI systems.

First movers like Singapore and Hong Kong began to transition to AMI a few years ago. Next in line are countries such as Malaysia – where Landis+Gyr expects to deliver the first smart meters in 2020 – Indonesia, Thailand and The Philippines.

Landis+Gyr is focused on selected countries in South East Asia that show concrete signs of supporint AMI deployment.

In India, government support for the reform of the energy sector, will create more opportunities for AMI deployment. In 2019, the Ministry of Power announced its objective to deploy 240 million AMI meters by 2022.

Positioning for Success

Landis+Gyr expects to continue to grow on the back of the emerging AMI roll-outs. Through close customer relationships and its strong partner network, the business will participate in the increasing opportunities across the region, as it expands its offering and demand for grid-edge applications grows. At the same time, Landis+Gyr has further opportunities to improve its margins through a combination of value-adding services and continued focus on the portfolio and cost-out programs.

"The shift to Smart Metering in the Asia Pacific region continued. Major wins in Australia and Hong Kong led to a successful FY 2019 for Landis+Gyr."

Steve Jeston
Executive Vice-President, Asia Pacific

Serving

major markets
across the region

Strong

customer relationships/
service drives continued
long-term success

4+ million

connected
intelligent devices
in the field

Leading Supplier

in smart metering[1]
with deployments
in Australia, Hong Kong
and India

[1] excluding China except Hong Kong.

"Through close customer relationships and a strong partner network, we will solidify increasing opportunities across the Asia Pacific region."

Steve Jeston
Executive Vice-President, Asia Pacific

HK Electric Selects Landis+Gyr for AMI roll-out

Landis+Gyr supports Hong Kong's transformation into a smart city. The Group has been awarded an Advanced Metering Infrastructure (AMI) contract by The Hongkong Electric Co., Ltd. (HK Electric) comprising smart meters, communication infrastructure, a head-end system and meter data management all combined in Landis+Gyr's Gridstream® solution platform.

Benefits for Utility and Consumers

- Facilitated monitoring and control of the grid, getting closer to a smart grid
- Enabling better management of electricity consumption for customers
- Helping HK Electric to meet its future sustainable development goals

Invincible Women and Bushfire Donations

In Australia, the bushfires marked the year-end 2019 and the start into 2020. Landis+Gyr's teams contributed to reducing the consequences of the fires: In Melbourne, they held a barbecue to raise donations to support those affected. In Sydney, Landis+Gyr employees sold raffle tickets to collect donations for the Port Macquarie Koala Hospital, which cares for the koalas affected by the bushfires.

In India, a program to empower women was launched. Landis+Gyr created the Women Invincible Forum (WIN) to help women interact with each other more often and share their experiences. WIN promotes the personal and professional growth of women in technology and encourages leadership, mentorship and career development of women in the community.

Our Innovation Focus

Innovation is the backbone of –any technology company, therefore, Landis+Gyr continues to build on its longstanding engineering mindset to develop leading-edge capabilities required to both innovate and shape the industry.

Landis+Gyr has developed a talented and committed team of technology experts, who provide future-proof products, solutions and services to serve as the foundation of the next-generation critical infrastructure ingredients for utilities around the world.

Continuous Investment in Leading-Edge Technology

In the financial year 2019 Adjusted Research and Development (Adjusted R&D) spending was USD 152.2 million or 8.9% of the Company's annual sales (FY 2018: USD 151.9; 8.6%). 81% of the R&D expenditures were dedicated to the development of embedded or application specific software, reflecting Landis+Gyr's evolution from a pure hardware company to an integrated end-to-end utilities solutions business. Consequently, the share of R&D investments directed at software projects remained high.

For the year ended March 31, 2020, Landis+Gyr committed USD 115.7 million to the development of new product introductions, reflecting 76% of total R&D investment, with the remaining USD 36.6 million or 24% focused on refreshing existing core offerings. Breaking down total R&D expenses by product category, USD 36.1 million or 24% was dedicated to hardware products, USD 61.2 million or 40% to software products and USD 55.0 million or 36% to embedded software.

The R&D investment comprised 14% of research & platform development., with product development and customizations representing 73% and 13%, respectively.

Comprehensive and Globally Coordinated Innovation and Product Development

To improve the balance between global and regional responsibilities, Landis+Gyr's global Technology Office focuses on "technology strategies", "global platforms" and "processes and tools" while the regions focus on "customer intimacy" and "speed to market". The R&D strategy builds on:

- **Investment in Leading-Edge Innovation**
  Focusing on leading-edge technology evolution that enables new capabilities for customers. In parallel, the strategy enhances the Group's industry leading portfolio with relevant differentiation in features and optimized total cost of ownership for customers. Co-innovation also creates the opportunity for greater customer intimacy.

- **Comprehensive and Globally Coordinated Innovation and Product Development**
  Targeting commonality and reusable assets to achieve faster time to market allows greater R&D efficiency and improved quality. Modular platform architecture using best-in-class processes and tools reduces time to market while enhancing the competitiveness of the portfolio. The key ingredients of Landis+Gyr's market-leading technology include:

- **Intelligent endpoints**
  To meet the needs of a sophisticated grid, sensor networks require communications and computing power at the edge. Using layered intelligence allows utilities to optimize resources and maximize functionality.

- **Flexible communications**
  Landis+Gyr's R&D efforts reflect the growing importance of connectivity among intelligent devices. As such, the organization is focused on the connectivity and security of its products and solutions.

- **Applications enablement**
  Modern technology development means extending interactions with developers and related parties to enhance the functionality of the offering. Landis+Gyr is determined to enable applications that can improve customer outcomes.

- **Driving standards**
  To the customer, delivering products and solutions that meet open standards drive efficiency. Internally, enhancing predictability through standardization of processes is critical and relies on more automation in testing. Greater predictability of schedules ensures higher customer satisfaction levels.

- **Software is the bulk of what we do and who we are**
  Landis+Gyr spends over 80% of its R&D investments in software and embedded software. This makes software engineering a key part of the Group's fabric.

Our Intellectual Property Rights

Landis+Gyr's most important intangible asset is its corporate brand. With a re-branding, the Group is aligning its market appearance to a refreshed positioning as utilities' partner on their transformational journey.

Landis+Gyr has changed significantly since being founded in 1896 and since the last rebrand in 2002. In order to adapt its brand to its current product offering, Landis+Gyr undertook a re-branding project in 2019, aiming to match corporate identity to the evolving needs of the markets and customers. In order to gain a better understanding of its present positioning, Landis+Gyr conducted an in-depth analysis of the Group's current market appearance. Interviews with selected customers helped align the brand with market expectations and clarify areas where Landis+Gyr can differentiate itself.

Landis+Gyr as a Partner in the Transformation Process

As part of the exercise, Landis+Gyr also reconsidered its corporate narrative. Since its inception, the business has partnered with customers around the globe to navigate periods of change such as is taking place in the market today. The business's services and solutions enable utilities to realize greater value from their existing assets and future investments, no matter where they are in their transformation journey.

Through the expertise of its staff, strategic vision and cutting-edge technology, Landis+Gyr continues to help utilities respond to the disruption in the industry and to better serve their customers. The Group plans to further strengthen its positioning as a partner in this utility transformation. In short, Landis+Gyr's ambition is to help the world "manage energy better".

A Refreshed Visual Identity

In the context of the rebranding process, Landis+Gyr has revised its visual appearance while remaining true to its roots. The plus in Landis+Gyr's logo is the heart of the Group's revised visual identity and its key colors remain green and gray in different variations, optically differentiating Landis+Gyr from its competitors. As the branding project is still underway, the roll-out will start in the next fiscal year.

Capitalizing on an Iconic Brand

Landis+Gyr's brand protection and maintenance activities focus primarily on the company's iconic brand as its most valuable asset, representing quality and longevity since its first registration in 1904. It is registered and protected in all countries in which the Group maintains operations or where the company has relevant export business.

Since product brands are less important in a B-2-B business, the brand portfolio is deliberately limited. Among the protected product brands of the Group are Gridstream®, Focus® and the newly launched Revelo™.

Landis+Gyr's brands are protected by the Legal team, which takes rigorous action against infringements. By conducting comprehensive and careful assessment before registering a new trademark, the Group mitigates the risk of legal disputes.

Increasing Number of Patents

Landis+Gyr's global patent portfolio reflects innovation in a broad array of energy management technologies. Of note, recent patent filings affirm the company's continued focus on advancing grid edge intelligence, along with new inventions supporting growth in solar and other distributed energy resources. Landis+Gyr continues its long tradition of protecting a pipeline of new ideas that will further strengthen its position as a global technology leader into the future.

Patents

	2019	2018
Active	803	708
Pending	389	149
Grants	114	59

Our Comprehensive Portfolio

Landis+Gyr's offering is designed to help utilities, energy retailers and energy consumers manage energy better. As smart metering and advanced metering infrastructure stand center stage within the smart grid, the business is enhancing the functionality of its products, solutions and services with edge intelligence, as the basis for smart infrastructure operations.

Smart Metering Infrastructure

Smart meters provide the basis of AMI networks as they deliver real-time data and advanced metrics. Landis+Gyr's range of intelligent products enables utilities to build modular communication platforms to create an ecosystem of connected intelligent devices. Landis+Gyr offers communication technology, devices and networks, enabling secure and reliable data flow from the meter point to the head-end system and back. In addition, the offering includes software and analytics tools to transform data into the information required to effectively manage the distribution assets and improve customer service and operational efficiency.

Grid Edge Intelligence

Landis+Gyr helps utilities build a more modern grid. Designed for seamless integration into existing networks. The business's solutions and applications leverage smart metering assets to address increasing grid edge complexity, building a modern, robust and reliable smart grid and utility's Internet of Things (IoT) as the open and interoperable backbone for smart infrastructure operations.

Smart Infrastructure

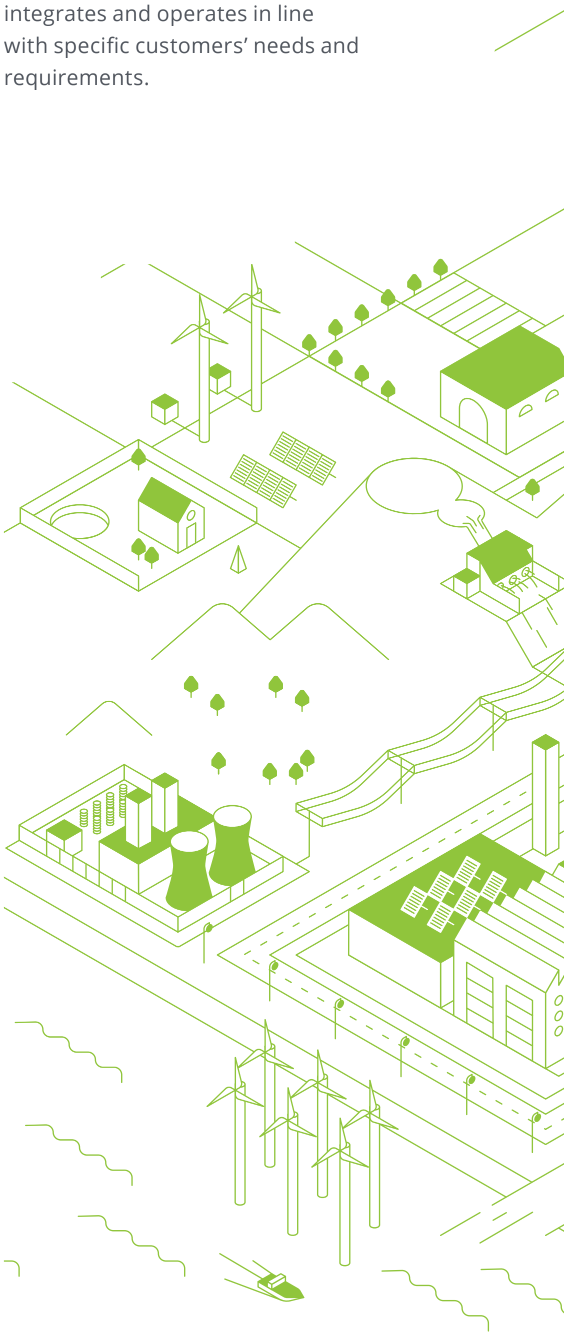
Landis+Gyr's smart infrastructure solutions are designed to deliver benefits for energy companies from the proliferation of intelligence beyond simple energy, to also include other urban infrastructure segments, addressing emerging opportunities with new services offerings that maximize infrastructure performance. A unique suite of open, scalable and robust solutions built on a state-of-the-art utility IoT platform enables many related benefits. These include real-time data access and the integration of complementary services, such as street light management and others, which lay the foundation for smart infrastructure management.

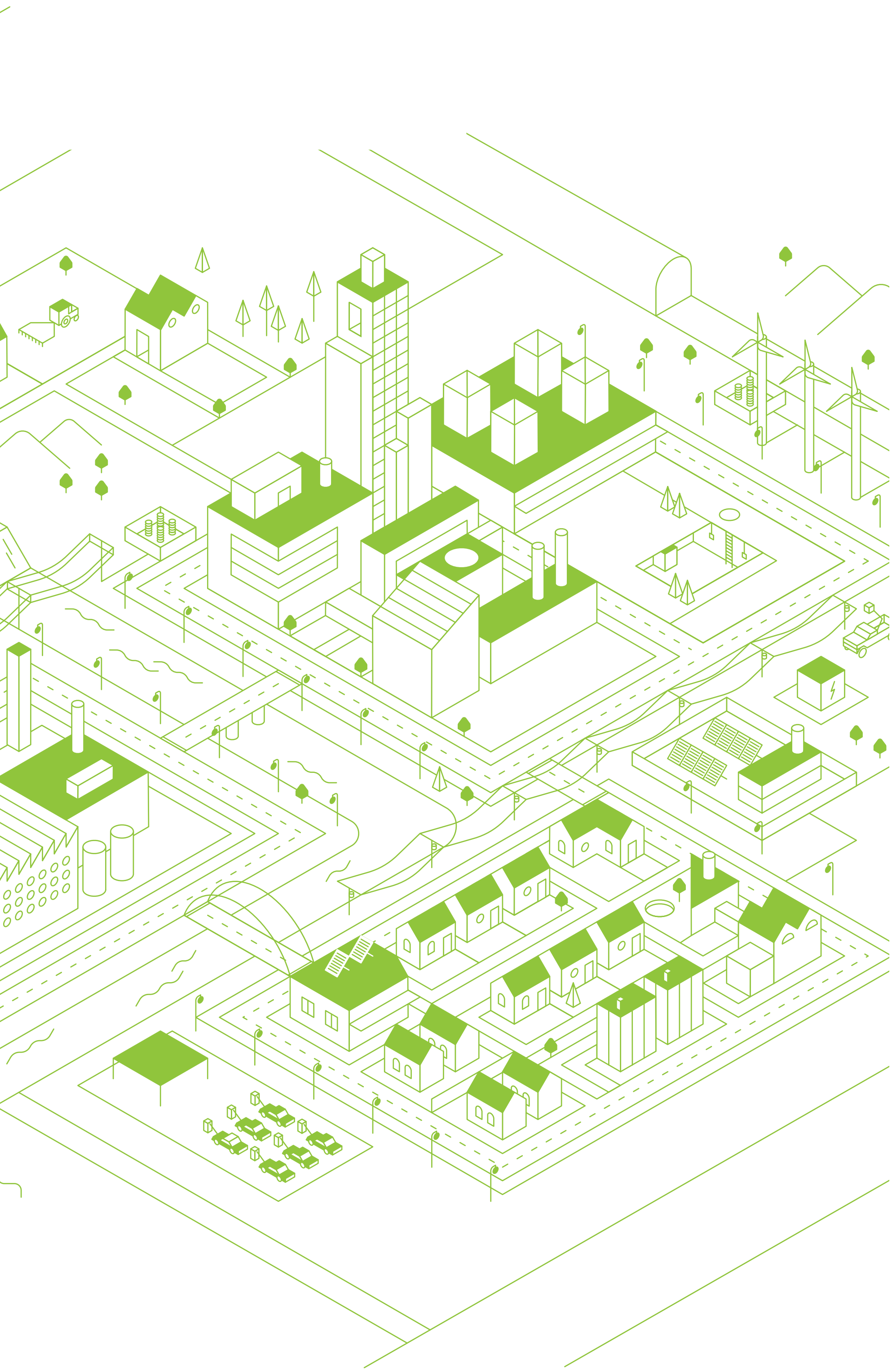
Services Tailored to Utilities' Needs

Landis+Gyr's service offering is one of the most comprehensive in the market, providing utilities with any preferred level of support along the asset ownership continuum. Services include management of metering assets but also SaaS and other innovative proposals that help utilities and their customers to manage energy better.

Most Comprehensive Portfolio in the Industry

Landis+Gyr's offering is tailored to each utility's needs independent of the size or business model of its customers. The portfolio includes traditional products, complex solutions, innovative applications and comprehensive services. As a proven utility partner Landis+Gyr delivers, deploys, integrates and operates in line with specific customers' needs and requirements.





The offering includes:

Stand-alone Meters
Digital meters for electricity, heat/cold and gas

Smart Meters
Electricity, gas and heat/cold meters with two-way communication

Advanced Load Management
Managing load capacity effectively

Street Light Management
Remote monitoring and control of lighting

Distribution Automation
Monitoring and management of the distribution grid

Distributed Energy Management
Manage Distributed Energy Resources intelligently

Head-End Systems
Translate meter data into relevant business information

Meter Data Management
Process and prepare data for a variety of utility programs and operations

Advanced Grid Analytics
Gain transparency on grid traffic, loads and peaks

Communication Devices and Networks
Paving the way for the creation of utilities' Internet of Things

Services and Training
Tailor-made and flexible – proven by dozens of utility customers

More to be found at
www.landisgyr.com

Corporate Social Responsibility

Landis+Gyr supports both energy industry and consumers by providing solutions which allow for better planning and management of energy consumption, enabling positive environmental outcomes. In parallel, the Group is constantly working on reducing its own environmental footprint as well as the one of its products.

Climate change, technological innovations as well as demographic and social changes are challenging individuals but also the energy industry. Landis+Gyr is determined to meet and manage these challenges as sustainably as possible and to fulfill its Corporate Social Responsibility (CSR) holistically and as a leader within the industry. In recent years, the Company has strengthened its group-wide sustainability management and introduced standards to ensure socially balanced, healthy and safe working conditions in all areas of its operations and supply chain. Landis+Gyr is committed to a safe working environment and an inclusive corporate culture that encourages employees to develop their unique skills (for more information on Landis+Gyr's approach to employees, see chapter "Our People" on pages 44 ff.). The Group and its employees engage in a wide range of activities to strengthen relationships with local communities, customers, business partners, employees and other important stakeholders.

Through a range of operational enhancements and training programs, Landis+Gyr works to reduce greenhouse gas emissions, waste and the consumption of water and hazardous chemical substances caused by its business activities. The Group is dedicated to improving employees' awareness of sustainability issues, encouraging them to actively participate and promoting improvement along the entire internal energy consumption value chain. In addition, the Group has set goals to reduce its CO_2 impact and works on designing a portfolio with a better environmental footprint.

Nine material topics from the ESG1 materiality analysis

Environmental

- Energy efficiency & climate protection
- Resource efficiency
- Strategic responsible sourcing

Social

- Employee motivation
- Occupational health and safety
- Fair labor practices
- Community engagement

Governance

- Data security and privacy
- Business integrity

Nine Priority Topics for Future Development

During FY 2019, Landis+Gyr expanded its CSR program efforts to further identify and enhance the scope and focus of its sustainability management processes. The program considers the ecological, social and governance related as well as economic impact of the Group's activities. It focuses on nine key topics which were identified as most relevant for Landis+Gyr in an in-depth materiality analysis.

For each work stream, objectives are defined for a three-year basis. Currently, Landis+Gyr is in the implementation phase of the first CSR cycle from 2019 to 2021. More than 70 unique tasks have been initiated to reach the objectives. The measures are determined and managed by nine work stream leaders all supported by the central CSR office. They coordinate the CSR actions for their respective material topic, track the progress and report quarterly to a newly established Sustainability Committee.

The Committee reviews the work streams, aligns the various activities and priorities and provides guidance and support where needed. It meets four times a year and reports to the Executive Management Team and the Board of Directors.

The objective of the CSR program is to formalize Landis+Gyr's ESG strategy and to both coordinate and advance its implementation across the Group. For example, a Research & Development working group is currently developing a Green Design Manual. It aims to consolidate Landis+Gyr's sustainable practices for its global hardware portfolio and considers aspects like the disassembly process or energy self-consumption of Landis+Gyr products. The CSR program also will mitigate operational risks and address new regulatory requirements and business opportunities. More details on the nine material topics and Landis+Gyr's goals for each of them can be found in the Group's Sustainability Report 2018/2019.

Further Reduction of Ecological Footprint

Landis+Gyr's mission "Manage energy better" is a clear commitment to customers, consumers and the society. In the reporting period, Landis+Gyr successfully continued its efforts to further improve the Group's environmental profile including its carbon footprint.

As a result, the Group reduced its CO_2 emissions by another 9% to 24,889t in FY 2019. Minimized process emissions and less road travel were the main drivers of this reduction which was also impacted by the shutdown of several factories in March 2020 due to CCOVID-19 and the outsourcing of some product lines, primarily in the UK.

Focus Areas of Environmental Program 2019–2021

Carbon Footprint

Further improvement of the Company's Carbon Footprint

Waste Management

Enhancement of Landis+Gyr's waste management and further reduction of landfill ratio

Product Portfolio

Optimization and renewal of the portfolio of products with optimized environmental impact over the full product life cycle

Total waste volume went down by 16% to 3,641 t compared to 4,345 t in FY 2018. Overall water consumption decreased by 13% to 99,903 m^3 compared to 115,326m^3 in the previous year. Modernizing of in-house water supply at our sites in China and India made a positive contribution whereas increase of water consumption in Lafayette (US) and Reynosa (MEX) was driven by wetter conditions. The total decrease of chemical use by 13% to 9.3 t compared to 10.6 t in FY 2018 was seen throughout all regions. Changes of processing methods, improved awareness and training and the outsourcing of product lines drove the impact.

Since it began measuring its carbon footprint in 2007, Landis+Gyr has lowered its CO_2 emissions on a per-turnover basis from 2.8 to just below 1.3 kg per USD 100, a 42% decrease.

Landis+Gyr will publish a detailed update of the Group's CSR achievements and initiatives for its financial year 2019/20 with the release of the half-year results 2020 on October 28th, 2020.

Contributing to the Sustainability of Utilities and End-Users

Besides Landis+Gyr's continuous efforts to reduce its own ecological footprint, the Group contributes to the decrease of CO_2 emissions of both utilities and end-users. With its intelligent products and solutions, Landis+Gyr provides valuable insights into energy consumption. By making the usage more visible, the Group helps to increase the awareness for the consumption and thus the attempts to reduce it. As an example, Landis+Gyr's products enable remote control and supply switch management, which contributes to the reduction of truck rolls needed for the maintenance of the products. The proactive alarming of faults and outages leads to a faster service restoration. This, again, results in better customer service and a impact on CO_2 emissions for the impacted utilities. Finally, the Smart Metering supported peak load shifting results in enhanced efficiency.

For the first time, Landis+Gyr has calculated the reduction in CO_2 emissions made possible by its installed smart metering products. Landis+Gyr's smart meter base enabled a direct CO_2 emission reduction of 8 million tons in 2019. This does not include all the operational benefits on the supply side. As a good corporate citizen and frontrunner of its industry, Landis+Gyr is committed to continue this journey and to help society manage energy better.

Key environmental data

	2019	2018	2017	2016	2015
Net revenue in USD million	1,699	1,765	1,738	1,659	1,574
Employees	5,768	5,611	5,915	5,919	6,001
m^3 water	99,903	115,326	104,962	116,520	116,340
t waste	3,641	4,345	4,083	3,874	3,949
t chemicals	9.3	10.6	11.9	12.2	13.6
t CO_{2e}	24,889	27,334	28,088	31,594	32,296
Kg Co_{2e}/USD 100 turnover	1.3	1.3	1.3	1.5	1.7
t Co_{2e} per employee	3.7	4.0	3.8	4.2	4.3

Landis+Gyr Group's fiscal year runs from April 1 to March 31.

"As a forerunner in the area of Corporate Social Responsibility, we take our role as responsible corporate citizens seriously and Landis+Gyr is actively contributing to a more sustainable environment."

Hans Sonder
Senior Vice President Business Transformation

Environmental Benefits of Smart Metering

Insights

in energy consumption increase awareness and help reduce the consumption

Remote

reads and supply switch management significantly reduce truck rolls

Proactive

alarming of faults and outages leading to faster service restoration positively impacting CO_2 emissions

Smart

Metering supported peak load shifting leading to enhanced efficiency

Our People

Doug Jeademann
Vice President Product Lines, is working on the reduction of non-compliant components.

"We are tracking down all projects related to hazardous substances and work on the substitution of environmentally critical components and materials."

Christopher Hope
Systems and Process Manager EMEA, safeguards the sustainability of Landis+Gyr's sourcing.

"With a study on environmental requirements in each region and measures like the Supplier Declaration of Conformity Certificate we ensure the Strategic Responsible Sourcing of Landis+Gyr."

Tara Murali
Product Manager, drives smarter and more sustainable functionality of the Gridstream® Connect solution.

"Enabling our customers to manage energy better is and remains our key focus. Our solution offers utilities a leading-edge IoT platform which we are now rolling out globally."

Lars Willer
Head of Information Security, drives Landis+Gyr towards high information security standards.

"Securing all our and our customer's information is key for being successful in the market. The whole InfoSec team loves to provide guidance – simply ask us!"

Hassan Ali
Senior Vice President Global Platforms, is contributing the efficiency of Landis+Gyr's electricity meters.

"We set self-consumption standards that are stricter than international policies. Thus, our customers can optimize their total cost of ownership with our products."

Dayanna Palacios Vivanco
Business Transformation Manager, is engaged in the revision of the Employee Onboarding Program.

"Through our new Onboarding modules for all new hires, we will raise awareness of issues that are relevant for the Company, our industry and society."

Our People

Landis+Gyr is keen to attract, develop and retain the brightest, most moti–vated and talented employees in our industry worldwide.

Employee motivation is one of four strategic priorities set by Landis+Gyr's Executive Management Team, as part of the Social element within the broader ESG strategy and 2021 roadmap, described in further detail in the Company's 2018/2019 Sustainability Report (see the relevant chapter "Committed to Employees" on page 48-50.). Furthermore, proper business conduct and standards of behavior for all employees are clearly outlined in the Landis+Gyr Global Code of Conduct and Business Ethics. It includes, among other topics, the principle of equal employment opportunity and non-discrimination and forms the basis of requirements for new hires.

Learning Hours FY2019

Compulsory Learning Hours

25,362

Development Learning Hours

82,525

(completed external courses + LiL videos)

At the end of the last fiscal year, Landis+Gyr employed 5,768 people worldwide. Their combined knowledge establishes the foundation of Landis+Gyr's success. The Group is committed to increasing and preserving this know-how, which is why all employees are covered by a Global Learning & Development Policy that outlines access to learning and development support. A global learning management system is used to roll out any internal learning programs and mandatory training (e.g. Code of Conduct and Business Ethics, Information Security Training, etc.) as well as certain track completion based on position requirements. Furthermore, 3,500 employees at Landis+Gyr have access to LinkedIn Learning, which offers unlimited admission to more than 10,000 online courses. With an activation rate of 90%, the platform is widely used by Landis+Gyr's office employees. During a Global Learning Week in November, all sites offer special on- and offline activities for the employees. For non-office workers, face-to-face training is offered.

Fostering Internal Talents

Based on the Global Performance Review Policy, Landis+Gyr strives that all employees make the most of their potential. Managers and employees have two formal opportunities to discuss business behavior and performance against goals each year. Regular, two-way feedback is actively encouraged. The global people platform myGPS (Success Factors) records individual development plans, learning history and goals. Landis+Gyr is also committed to promoting internal talent. In 2019, the Group launched a Business Transformation Manager program. This two-year program assigns high-potential members with Executive Leadership. They manage important projects independently with the goal of taking a leading role after completing the program. In addition, Landis+Gyr continuously identifies potential successors for all key positions. It is the Group's ambition to help employees create and maintain their Individual Development Plan that sits within myGPS (Success Factors) and wherever possible to fill vacancies with internal talent.

Regular Employee Engagement Survey

In September 2019, Landis+Gyr conducted a survey among all employees in order to evaluate their level of engagement and to identify room for improvement. With a response rate of 88%, participation was high. With a favorability score of 84%, the Landis+Gyr's Sustainable Engagement was rated at the top end by comparison to an external benchmark. The category reflects the levels of attachment toward the organization and the employees' willingness to give discretionary effort. Customer Focus was also highly rated, as was the Group's Culture of Collaboration and People Management. Landis+Gyr outperformed the Global High Technology norm in all of the mentioned categories.

Employees and Managers have collaborated on areas for improvement and over 400 action ideas have been formally registered with the goal being to enhance the level of employee engagement. An example of a survey action is the introduction of a global database (hosted in Success Factors) which will provide visibility to employees for all vacancies across the Group. Bringing improved visibility and transparency to employees on functional and locational career opportunities. Another example linked to action planning is the launch of a global sustainability competition where cross-functional and cross-locational teams will be invited to innovate new sustainability initiatives as an enhancement or complement to the existing initiatives. The Employee Engagement Survey will be conducted every two years.

Speak-up Policy

In the event of non-compliance with the Code of Business Ethics and Conduct, Landis+Gyr's whistleblower policy builds on a 'speak-up' culture. Multiple channels are installed globally for reporting suspected or known violations of the Code: In addition to a 24-hour hotline, a case management system has been rolled out to record and monitor concerns reported throughout the organization. Regional Compliance Officers assist with overseeing compliance with corporate standards and control measures both internally and across the Company's entire supply chain.

Global Intranet for Increased Exchange

Landis+Gyr launched a new, global intranet platform in 2019. It is a one-stop shop for all relevant information and offers the possibility to publish both regional and global news and success stories.

Human Capital Data

Age Range (in years)	Asia Pacific	EMEA[1]	Americas	Group
Under 20	1	9	52	62
20–29	439	205	380	1,024
30–39	576	596	573	1,745
40–49	278	636	603	1,517
50–59	192	590	338	1,120
60–64	19	131	97	247
65+	5	11	37	53
	1,510	**2,178**	**2,080**	**5,768**

Gender Distribution	Asia Pacific	EMEA[1]	Americas	Group
Female	370	805	750	1,925
Male	1,140	1,373	1,330	3,843
	1,510	**2,178**	**2,080**	**5,768**

Length of service (in years)	Asia Pacific	EMEA[1]	Americas	Group
0–1	597	554	522	1,673
2–5	360	583	490	1,433
6–15	290	605	756	1,651
16–25	162	238	283	683
26+	101	198	29	328
	1,510	**2,178**	**2,080**	**5,768**

[1] including Headquarters.

Employees per Function	Total
Other	900
R&D	1,414
Sales & Customer Operations	1,150
SCM & Operations	2,304
	5,768

Our People

Shelley Moister
Senior Director Marketing, is promoting the sustainability of Smart Metering.

"By harnessing the power of our next-generation products and solutions, utilities can stay ahead of emerging industry challenges and modernize the smart grid for the future."

Thomas Beez
Vice President Quality, is committed to improving the energy efficiency at Landis+Gyr's sites.

"We use specific energy audits to uncover the potential for optimizing the energy efficiency of our production sites and define the necessary measures for improvements."

Carlo Diener
Group Project Manager, calculated the CO_2 impact of Landis+Gyr's products for the first time ever.

"In 2019, Landis+Gyr helped save 8 million tons of CO_2. This makes us proud and drives us to anchor sustainability more firmly in our corporate culture."

Gerard Meichan
AP Head of Manufacturing Engineering & Quality, contributes to Landis+Gyr's Occupational Health & Safety.

"The health and safety of our employees is of great importance to us. We are pleased that our efforts in this regard are regularly recognized with national awards."

Claudia Corbin
Head of Human Resources, is working on a global recruitment module to improve the promotion of career development opportunities.

"Our approach of sustainability emphasizes recruitment of best qualified candidates and generates engagement in our global workforce. We recognize and encourage the value of diversity in the workplace."

Raimond Bauknecht
Head of Global Practice Team, is responsible for Resource Efficiency and Waste Reduction at Landis+Gyr.

"Waste is a major environmental problem. Our strategies for using less material and improving disassembly of products reduce the waste that goes to landfill."

Risk Management

Landis+Gyr manages potential business risks with a structured process and dedicated management oversight.

Landis+Gyr, like all companies, is exposed to various risks which could potentially affect the Group's business. In order to mitigate these risks, the Group has developed a systematic risk management process. This process includes the identification, analysis and assessment of the various risks and the determination of appropriate risk control measurements. The net result is continuously ensuring compliance and improving corporate governance policies together with best practices as well as risk management laws and regulations.

At the moment, the Group faces significant new risks arising from the COVID-19 pandemic. These risks depend on the duration, severity and geographic spread of the COVID-19 pandemic, government actions to address or mitigate the impact of the pandemic, the potential negative impacts of COVID-19 on the global economy and how these factors might impact the Group's operations and those of our customers and suppliers. The Group's response to the COVID-19 pandemic is outlined on page 49.

Clear Procedures and Responsibilities

Landis+Gyr tracks its risk exposure across the entire spectrum of 64 unique operational, strategic, financial and compliance categories. Other considerations include the potential impact of important business-related aspects such as sustainability, political, reputational and regulatory risks. Each of Landis+Gyr's regions and functions annually conduct an individual assessment to identify potential risks, the likelihood of their occurrence and their potential impact on the Group. The findings are then consolidated at Group level and summarized in a Group Risk Report. Management is responsible for the implementation, tracking and reporting of risk mitigation measures. A risk owner at the senior management level is assigned to each material risk identified and is responsible for the implementation of appropriate measures.

Oversight by the Board of Directors

Risks with a significant impact on the Group's business and financial position are regularly reviewed by the Board's Audit and Finance Committee. The committee also discusses with the CFO and the Group General Counsel any legal matters that could have a material impact on the Group, as well as any significant reports or inquiries from regulatory or governmental authorities. At least once a year, the Board of Directors is briefed by the Group Executive Management of any significant changes in risk management. In the 2019 financial year, the Group Risk Report approved by management was reviewed with the Board of Directors at the February board meeting.

Amongst the top 10 material risks for Landis+Gyr are:

- **Supply Chain Management Risk**
  For certain components, sub-assemblies, commodities and materials, Landis+Gyr depends on a limited number of contract manufacturers and suppliers. Late delivery by these third parties could increase the Group's costs, reduce margins and delay shipments. In addition, price fluctuations could have a material adverse effect on the Group's operating results and financial condition.

  To reduce the impact of these potential risks, Landis+Gyr seeks to source certain components from dual suppliers. Also, the company maintains an inventory on important components. The Group identifies and qualifies alternative sources and technologies for critical components. To mitigate lead time for critical component suppliers, Landis+Gyr has developed an ongoing, intensive collaboration with contract manufacturers. The owner of the Supply Chain Management Risk is the Executive Vice President Operations & Supply Chain Management.

- **Portfolio and Technology Risk**
  Landis+Gyr's industry is highly competitive and characterized by new and rapidly evolving technologies, standards, regulations and customer requirements. The Group has therefore to continually develop and introduce new products, product enhancements and/or solutions. In FY 2019, Landis+Gyr spent USD 152.3 million on (adjusted) Research & Development. For more information on R&D, see section "Innovation Strategy" on pages 16–19. There is, however, no guarantee that Landis+Gyr's investments in Research & Development will yield the desired results. In order to mitigate the portfolio and technology risk, Landis+Gyr makes significant investments in new products, with a strong focus on software products. In addition, the Group has invested in platforms that reuse technology, streamline development and manufacturing processes. Together, these attributes allow for a quick response to rapidly changing market needs. The Group may also be exposed to allegations of patent infringement

relating to communication or other technologies. Additionally, the Group purchases components or technology from vendors, which may incorporate technology belonging to third parties and, in these instances, Landis+Gyr relies on the contractual indemnification from such vendors against the infringement of such third party intellectual property rights.
The Regional Heads are responsible for portfolio risk, while the Executive Vice President and Chief Technology Officer is responsible for technology risk.

- **Foreign Exchange Risk**
  Due to the broad scope of Landis+Gyr's international operations, a portion of revenue and expenses are not fully matched operationally and/or are denominated in currencies other than the reporting currency USD. As a result, the Group's business is exposed to transactional and translational currency exchange risks caused by fluctuations in exchange ratesamong those different currencies.

  As a result, the Group maintains hedging contracts. Additionally, as a consequence of the BREXIT situation in EMEA, Landis+Gyr has mitigated its FX exposure by expanding the hedging program and putting hedges in place in respect of part of the exposure to the GBP.

- **Quality Risk**
  Landis+Gyr closely cooperates with suppliers and contract manufacturers to meet the standards of product quality of both the Group and its utility customers, as well as to satisfy applicable regulatory requirements. Furthermore, Landis+Gyr is following state-of-the-art design rules and test specifications, which are enforced into the supply chain and closely monitored. The failure of Landis+Gyr's suppliers and contract manufacturers to meet these requirements may have a material adverse effect on the Group's reputation and business.

  To counter the quality risk, the Group follows focused quality programs to support all global operations with aligned engagement models. This starts with a global standardized supplier management process being in place and continuously improving procedures with learnings from field experience. Landis+Gyr has also adopted the quality management system standard from the automotive industry (VDA 6.3) to ensure best-in-class processes with the supply base. Moreover, Landis+Gyr has built a team of trained and certified Production Part Approval Process (PPAP) experts who manage suppliers at all levels. The Executive Vice President Operations & Supply Chain Management and the Executive Vice President and Chief Technology Officer are responsible for mitigating the quality risk.

Protecting people, customers and the business

Landis+Gyr is committed to meeting customer requirements as well as ensuring the health and wellbeing of all employees during these rather extraordinary times created by the COVID-19 pandemic. This situation continues to be extremely fluid, with information changing hourly in different countries across the operations and sales footprint.

To this end, the Company has regional and local task forces that meet weekly to determine and make necessary decisions as conditions warrant to ensure employees have the timely information on the latest precautionary measures, no matter where they are based, in accordance to local government and public health authorities rules. Likewise, well established Business Continuity Procedures are in place as part of ISO processes and these have been activated.

Landis+Gyr has taken a series of precautionary measures – which can vary based on country-specific practices – to ensure the safety and wellbeing of employees while continuing to serve customers. These include:

- A company-wide decision to promote working remotely to enforce social distancing, while providing business continuity for our customers for office-based staff. To that end, the Company has well-structured collaboration tools for employees to communicate with each other across the globe as well as with customers and partners. This ensures that no matter where employees are working, they are available as trusted partners.

- Comprehensive business continuity procedures are in place for all production sites that optimize safety, output and limit potential impacts to operations. Essential support in meeting consumer demands through consistent delivery of products, solutions and software.

- Landis+Gyr remains in regular contact with all strategic suppliers globally to identify any potentially adverse effects from the COVID-19 virus impacts. If there is an impact on the supply chain, the Group will determine the most appropriate remediation approach and contact any relevant customers immediately.

Share Information

Key Stock Exchange Figures

	01.04.2019 – 31.03.2020	01.04.2018 – 31.03.2019"
Share price period end (CHF)	66.60	63.00
Share price high (CHF)	105.20	76.85
Share price low (CHF)	57.30	54.05
Market capitalization period end (excl. treasury shares; CHF million)	1,939	1,847
Average daily trading volume on SIX Swiss Exchange (number of shares)[1]	140,716	92,098
Number of issued shares	29,251,249	29,510,000
Number of treasury shares (period end)	431,205	198,674
Nominal value per share (CHF)	10.00	10.00

[1] Data source: SIX Swiss Exchange.

Key Per Share Figures

	Financial year ended March 31, 2020	Financial year ended March 31, 2019
Earnings per share – basic and diluted (USD)	3.90	4.15
Dividend per share (CHF)	n/a[1]	3.15

[1] As precautionary measure due to COVID-19 driven uncertainty, the Board of Directors will defer the decision on the FY 2019 dividend and intends to revisit the situation in conjunction with the release of the results of the first half year ending September 2020.

Shareholder Structure [1]
As of March 31, 2020, 11,099 shareholders were entered in the share register. The following shareholders held 3% or more of the outstanding share capital of Landis+Gyr Group AG.

Shareholder	Number of shares	% of share capital
KIRKBI Invest A/S, Denmark	4,445,265	15.20%
Rudolf Maag, Switzerland	3,000,000	10.26%

[1] For more details see Corporate Governance Report 2019, chapter 1.2 Significant Shareholders.

Share Price Performance Landis+Gyr Group AG

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 EXTRA, SPI ex SLI, Swiss All Share Index, UBS 100 Index, Ethos Governance Index
Accounting Standard	US GAAP

Corporate Calendar

Annual General Meeting 2020	June 30, 2020
Release of Half Year Results 2020	October 28, 2020
Release of Sustainability Report	October 28, 2020
Release of Results for Financial Year 2020	May 05, 2021
Release of FY 2020 audited financial statements	May 28, 2021

Information Policy

The Landis+Gyr Group 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 Investor Relations

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

Stan March - New York
Phone: +1 678 258 1321
Email: stan.march@landisgyr.com

Contact Share Register

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

Global Contacts

Global Contacts
Group Headquarters
Landis+Gyr AG
Theilerstrasse 1
P.O. Box 260
CH-6302 Zug
Switzerland

AMERICAS

Regional Headquarters
Landis+Gyr
30000 Mill Creek Ave., Suite 100
Alpharetta, GA 30022, USA

USA
Landis+Gyr
30000 Mill Creek Ave., Suite 100
Alpharetta, GA 30022

Brazil
Landis+Gyr Equip. de Medição Ltda.
Rua Hasdrubal Bellegard, 400
81460-120 Curitiba Paraná

Canada
Landis+Gyr Canada, Inc.
1000 De La Gauchetière Street West.
Suite 2100,
Montréal, Québec, H3B 4W5

Mexico
Landis+Gyr
Brecha E-99 Nortge Parque
Industrial Reynossa Cd
Reynosa Tamaulipas
Mexico 88780

EMEA

Regional Headquarters
Landis+Gyr AG
Theilerstrasse 1
P.O. Box 260
CH-6302 Zug
Switzerland

Austria
Landis+Gyr GmbH
Altmannsdorfer Strasse 76
A-1120 Wien

Belgium
Landis+Gyr N.V.
Guido Gezellestraat 121
B-1654 Beersel/Huizingen

Czech Republic
Landis+Gyr s.r.o.
Plzenská 5a, c.p. 3185
CZ-150 00, Praha 5

Denmark
Landis+Gyr A/S
Skovlytoften 33
Øverød
DK-2840 Holte

Finland
Landis+Gyr Oy
Salvesenintie 6
FI-40420 Jyskä

France
Landis+Gyr S.A.S.
77–81 Bd. de la République
F-92250 La Garenne Colombes

Germany
Landis+Gyr GmbH
Humboldtstrasse 64
D-90459 Nürnberg

Greece
Landis+Gyr A.E.
78 km National Road Athens-Corinth
P.O. Box 207 GR-20100 Corinth

Italy
Landis+Gyr S.p.A
Via Mazzini 3/A
20063 Cernusco Sul Naviglio
Milano

Netherlands
Landis+Gyr B.V.
Tielweg 10
2803 PK Gouda

Poland
Landis+Gyr Sp.zo.o.
Al.Jerozolimskie 212
02-486 Warszawa

Slovakia
Landis+Gyr s.r.o.
Mlynske Nivy 43
821 09 Bratislava

Slovenia
Landis+Gyr d.o.o.
Poslovna cona A 2
SI-4208 ŠENČUR

South Africa
Landis+Gyr (Pty) Ltd.
2 Slate Avenue, N1 Business Park
Kosmosdal Ext. 7, Gauteng

Spain
Landis+Gyr S.A.U.
Carretera de la Esclusa, 11
Edificio Galia Puerto
E-41011 Sevilla

Sweden
Landis+Gyr AB
Frösundaleden 2B
169 70 Solna

Switzerland
Landis+Gyr AG
Verkauf Schweiz
Theilerstrasse 1
P.O. Box 260
CH-6302 Zug

United Kingdom
Landis+Gyr Limited
1 Lysander Drive,
Northfields Industrial Estate,
Market Deeping
Peterborough, PE68FB

ASIA PACIFIC

Regional Headquarters
Landis & Gyr Pty Ltd.
241 O'Riordan Street
Mascot NSW 2020
PO Box 6274
South Sydney Business Hub NSW 2015,
Australia

Australia
Landis & Gyr Pty Ltd.
Level 10, 241 O'Riordan Street
Mascot NSW 2020,
PO Box 6274
South Sydney Business Hub NSW 2015
Sydney

China
Landis+Gyr Meters & Systems (Zhuhai) Co. Ltd.
NO.12 Pingdong 3RD
Nanping Industry Community
Zuhai City, Guangdong, 519060

Hong Kong
Landis & Gyr Limited
1501-2 Laford Centre
838 Lai Chi Kok Road
Kowloon

India
Landis+Gyr Ltd.
J.K Millennium Centre, 7th Floor,
46 D Jawaharlal Nehru Road
Kolkata - 700071,
West Bengal

Japan
Landis & Gyr Japan KK
Level 3
Ginza Mitsui Building
8-13-1 Ginza Chuo-ku
Tokyo 104-0061

New Zealand
Landis & Gyr Ltd.
12 Parkway Drive
Auckland 0632

Singapore
Landis+Gyr Pte. Ltd.
229 Mountbatten Road
#02- 05 Mountbatten Square
Singapore 398007

Contacts

Landis+Gyr AG
Theilerstrasse 1
6302 Zug, Schweiz
www.landisgyr.com

New address as of December 1st, 2020
Landis+Gyr AG
Alte Steinhauserstrasse 18
CH-6330 Cham
www.landisgyr.com

Thomas Zehnder
Vice President
Group Communications
Phone +41 41 935 60 19
thomas.zehnder@landisgyr.com

Christian Waelti
Investor Relations
Phone +41 41 935 6331
christian.waelti@landisgyr.com

Stan March
Senior Vice President
Group Communications
New York, USA
Phone +1 678 258 1321
stan.march@landisgyr.com

This Annual 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 21 to 25 of Volume 4 of this Annual Report.

This Annual 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. 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 Annual Report. Landis+Gyr does not undertake any obligation to update any forward-looking statements contained in this Annual 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 Group AG filings with the SIX Swiss Exchange. Although Landis+Gyr Group AG believes that its expectations reflected in any such forward-looking statement are based on reasonable assumptions, it can give no assurance that those expectations will be achieved.

Imprint

Concept and Text
IRF Reputation AG, Zurich

Concept and Design
hilda design matters, Zurich

Corporate Governance Report 2019

Landis+Gyr
manage energy better

Table of Contents

Corporate Governance Report

Purpose of this Report

Good corporate governance is an essential element of Landis+Gyr's vision and values. We are committed to building trust with our customers and other stakeholders. Our Board of Directors are all non-executive directors and six of our eight directors are independent. We have a Lead Independent Director who ensures independence and leadership for other independent directors. Further, the Chairman does not serve on either the Audit and Finance Committee or the Remuneration Committee. These practices contribute to the Board's independence and enhance the Board's ability to supervise Group Executive Management, including on matters of strategy, risk, compensation and compliance. We also have a compliance and data privacy function in addition to an independent internal audit function.

We shape our corporate governance efforts by reference to leading international standards. In addition, we follow the recommendations of the Swiss Code of Best Practice for Corporate Governance[1] and comply with applicable requirements of the SIX Swiss Exchange Directive on Information relating to Corporate Governance (DCG). This report follows generally the structure recommended by the DCG.[2]

Group Structure and Shareholders

1.1 Group structure[3]

1.1.1 Our Group's operational structure

To be close to our markets and efficiently provide our products, services and solutions in more than 100 countries around the world, the Landis+Gyr Group is organized in three regional reportable segments: the Americas, EMEA and Asia Pacific.

Americas

Our operations in the Americas are headquartered in Alpharetta, Georgia, USA and serve customers in North America, South America, Japan and certain other countries that have adopted the United States' ANSI metering standard. Our Americas segment primarily focuses on smart metering communications networks and solutions, connected intelligent devices, software and services.

EMEA

Our operations in EMEA are headquartered in Zug, Switzerland. The EMEA segment comprises our operations in Europe, the Middle East and Africa. In this region, the product offerings primarily focus on connected intelligent as well as standalone metering devices, software and services.

Asia Pacific

Our operations in the Asia Pacific region are headquartered in Sydney, Australia and serve customers in Australia, New Zealand, China, India, Southeast Asia and elsewhere in Asia (but excluding Japan and certain other counties that have adopted the United States' ANSI metering standard). This segment primarily focuses on connected intelligent and standalone metering devices, software and services.

1.1.2 Listing and capitalization

Landis+Gyr Group AG[4] shares are listed on SIX Swiss Exchange (ISIN: CH0371153492, ticker symbol: LAND, valor number: 37,115,349). On March 31, 2020, the market capitalization (excluding treasury shares) was CHF 1,919,414,930. There are no other listed companies belonging to the Group.

1 As in force on March 31, 2020.
2 This Governance Report is subject to all legal reservations and disclaimers set forth on page 56 of the Annual Report.
3 As used in this report, references to the "Company" or to "L+G" are to Landis+Gyr Group AG, Theilerstrasse 1, 6302 Zug, Switzerland and references to "we", "us", "our" or the "Group" are to Landis+Gyr Group AG and its consolidated subsidiaries, unless context requires otherwise.
4 Its registered offices are at c/o Landis+Gyr AG, Theilerstrasse 1, 6302 Zug, Switzerland.

1.1.3 Non-listed companies belonging to Landis+Gyr Group AG

Landis+Gyr Group AG is the ultimate parent company of the Group. Its sole shareholding is in Landis+Gyr AG, which directly or indirectly owns the other companies in the Group. The table below sets forth, as of March 31, 2020, the name, place of incorporation, ownership interest and share capital of the significant direct and indirect subsidiaries of Landis+Gyr Group AG.

NON-LISTED SIGNIFICANT DIRECT AND INDIRECT SUBSIDIARIES OF LANDIS+GYR GROUP AG

Company name	Registered office	Country	Interest %	Share capital in thousands	Currency
Landis+Gyr Pty Ltd.	Mascot, NSW	Australia	100	5,000	AUD
Landis+Gyr E.d.M. Ltd.	Curitiba	Brazil	99.99	31,543	BRL
Landis+Gyr Meters & Syst. (Zhuhai) Co. Ltd.	Zhuhai	China	100	65,000	HKD
Landis+Gyr OY	Jyväskylä	Finland	100	16,818	EUR
Landis+Gyr SAS	Montluçon	France	100	2,460	EUR
Landis+Gyr Ltd.	Peterborough	Great Britain	100	2,800	GBP
Landis+Gyr GmbH	Nuremberg	Germany	100	1,023	EUR
Landis+Gyr A.E	Corinth	Greece	100	7,950	EUR
Landis+Gyr Ltd.	Kolkata	India	100	457,400	INR
Landis+Gyr S.A. de C.V.	Reynosa	Mexico	99.99	10	MXN
Landis+Gyr BV	Gouda	Netherlands	100	90	EUR
Landis+Gyr (Pty) Ltd.	Kosmosdal	South Africa	69.9	2,000	ZAR
Landis+Gyr AG	Zug	Switzerland	100	29,700	CHF
Landis+Gyr LLC	Lafayette, IN	USA	100	0.002	USD
Landis+Gyr Technology Inc.	Alpharetta, GA	USA	99.99	10,001	USD

1.2 Significant shareholders

To the best of Landis+Gyr's knowledge, the following shareholders had holdings of 3% or more of the voting rights of the Company as of March 31, 2020.[5]

The number of registered shareholders as of March 31, 2020 was 6,829 holding 18.8 million shares, approximately 64.2% of the total shares. Unregistered shares (in disposition) amounted to 10.5 million or approximately 35.8% of the total shares.

As of March 31, 2020, the Group held 431,205 treasury shares, whereas 342,305 thereof were repurchased under the share buyback program. The source of the treasury shares is explained in more detail in Section 2.3.

Shareholder	Number of shares	% of voting rights
KIRKBI Invest A/S[6], Denmark	4,445,265	15.20%
Rudolf Maag, Switzerland	3,000,000	10.26%

After March 31, 2020, Norges Bank reported that it had crossed and re-crossed the reporting threshold of 3% of voting rights several times, see notifications of April 21, 2020 (above 3%), of April 22, 2020 (below 3%), of April 29, 2020 (above 3%), of May 5, 2020 (below 3%), of May 11, 2020 (above 3%) and of May 18, 2020 (below 3%).

1.3 Cross-shareholdings

The Company is not aware of any cross-shareholding exceeding 5% of the capital or voting rights with any other company.

5 The number of shares shown here and the holding percentages are based on the last disclosure of shareholding communicated by the shareholder to the Company and the Disclosure Office of SIX Swiss Exchange. The number of shares held by the relevant shareholder may have changed since the date of such shareholder's notification. Any reportable changes since the date hereof can also be found on the website of the Disclosure Office of the SIX Swiss Exchange, which also includes the individual reports of the significant shareholders: www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

6 Kjeld Kirk Kristiansen, 7190 Billund, Denmark, Thomas Kirk Kristiansen, 5300 Kerteminde, Denmark, Sofie Kirk Kristiansen, 6670 Holsted, Denmark, Agnete Kirk Kristiansen, 8752 Oestbirk, Denmark, ("Kristiansen Group") holding directly or indirectly through KIRKBI Invest A/S, 7190 Billund, Denmark, 4,445,265 registered shares corresponding to 15.20% of voting rights.

Capital Structure

2.1 Capital

On March 31, 2020, the Company's ordinary share capital as registered with the Commercial Register of the Canton of Zug amounted to CHF 292,512,490, divided into 29,251,249 fully paid registered shares with a par value of CHF 10.00 per share. The shares are non-assessable.

The Company's Articles of Association do not provide for any authorized capital.

2.2 Conditional capital

The Company may increase its share capital by up to CHF 4,500,000 by issuing up to 450,000 fully paid in registered shares with a nominal value of CHF 10.00 each, upon the exercise of option rights or in connection with similar rights regarding shares (including PSUs or performance stock units and/or RSUs, restricted stock units) granted to officers and employees at all levels of the Group. Pre-emptive rights and advance subscription rights of shareholders do not apply, and the shares may be issued at a price below the market price. If fully utilized, the maximum amount of conditional capital (CHF 4,500,000) would equal approximately 1.5% of the existing share capital.[7]

2.3 Share buyback program

On January 29, 2019 the Company announced that its Board of Directors had approved a share buyback program of up to CHF 100 million or a maximum of 8% of shares outstanding. The shares are being repurchased for the purposes of cancellation, subject to approval by future Annual General Shareholders' Meetings. On March 27, 2020, the Company announced to suspend its share buyback program with immediate effect. As of March 31, 2020, 601,056 shares (2.04% of shares outstanding when the share buyback program was announced) had been repurchased under the program. In addition, Landis+Gyr AG regularly purchases additional shares for the purposes of Board of Director compensation and the Company's Long-Term Incentive Plan.

2.4 Changes in capital

From 2012 through the date of the initial public offering, the Company had a nominal share capital of CHF 295,100,000, divided into 295,100,000 fully paid-in registered shares with a nominal value of CHF 1.00 each. In connection with the initial public offering of the Company, the shareholders' meeting held on July 11, 2017 resolved to change the number and nominal value of shares such that since the date of the initial public offering on July 21, 2017 the nominal issued share capital of the Company is CHF 295,100,000, divided into 29,510,000 fully paid-in registered ordinary shares with a nominal value of CHF 10.00 each. As a consequence of its share buyback program, the Company resolved at the AGM 2019 to reduce its share capital by CHF 2,587,510 to CHF 292,512,490, divided into 29,251,249 fully paid-in registered ordinary shares with a nominal value of CHF 10.00 each.

2.5 Shares and participation certificates

The 29,251,249 shares are registered shares with a nominal value of CHF 10.00 each and are fully paid-in. Each share carries one vote at a shareholders' meeting. The shares rank pari passu in all respects with each other, including, in respect of entitlements to dividends, to a share in the liquidation proceeds in the case of a liquidation of the Company and to pre-emptive rights.

The Company issues its shares as uncertificated securities (Wertrechte), within the meaning of Art. 973c CO, and enters them into the main register of SIS and, consequently, constitutes them as book-entry securities (Bucheffekten) within the meaning of the Federal Act on Intermediated Securities (FISA). In accordance with Art. 973c CO, the Company maintains a register of uncertificated securities (Wertrechtebuch).

7 For a more comprehensive description of the terms and conditions of the issuance of the conditional capital, refer to Art. 3a of the Articles of Association.

2.6 Dividend-right certificate

There are no dividend-right certificates *(Genussscheine).*

2.7 Limitations on transferability and nominee registrations

The Company's Articles of Association contain no limitations on transferability. Every person recorded in the share register is regarded as a shareholder of the Company. Persons not expressly declaring themselves to be holding shares for their own account in their application for entry in the share register or upon request by the Company (Nominees[8]) are entered in the share register with voting rights without further inquiry up to a maximum of 3.0% of the share capital outstanding at the time. Above this limit, shares held by Nominees are entered in the share register with voting rights only after the Nominee discloses the names, addresses and shareholdings of the persons for whose account the Nominee is holding 0.5% or more of the share capital and provided that the disclosure requirements stipulated by the FMIA are complied with. The same restrictions also apply to the subscription for or acquisition of shares by exercising pre-emptive, option or convertible rights arising from shares.

Under Article 5 of the Articles of Association, the Company may in special cases approve exceptions to the above restrictions. The decision to grant exceptions is made at the discretion of the Board. As of March 31, 2020, no exemptions under Article 5 of the Articles of Association had been granted.[9]

2.8 Convertible bonds and options

The Company has no bonds or options regarding its shares outstanding as of March 31, 2020.

8 Legal entities or partnerships or other associations which are linked through capital ownership or voting rights, through common management or in a similar manner, as well as individuals, legal entities or partnerships which act in concert with the intent to circumvent the entry restriction, are considered as one shareholder or Nominee.

9 For a comprehensive description of the limitations to transferability and nominee registration refer to Art. 5 of the Articles of Association.

Board of Directors

3.1 Members of the Board of Directors

3.1.1 Overview

The Board of Directors is entrusted with the ultimate strategic direction of the Company as well as the supervision of the management. Accordingly, Board candidates are carefully selected to ensure qualified, committed members who are able and will devote the effort and time necessary to effectively carry out their governance responsibilities.

In selecting members, the Board looks for diversity of backgrounds (current members represent six nationalities and diverse ages) as well as experience and expertise relevant for the specific role they will play on the Board, including on one or both of its two committees, Audit & Finance and Remuneration.

The Board consists entirely of non-executive members. In addition, because the current Chairman formerly served as Chief Executive Officer of the Company, the Board also has a Lead Independent Director. The role of the Lead Independent Director is described in Section 3.4.2 below. As of March 31, 2020, the Board members were:

Name	Role	First Election	Expires[10]	Committees
Andreas Umbach	Chairman, not independent	2017	2020 AGM	None
Eric Elzvik	Lead Independent Director	2017	2020 AGM	Remuneration (Chair), Audit and Finance
Dave Geary	Independent Member	2017	2020 AGM	Remuneration
Pierre-Alain Graf	Independent Member	2017	2020 AGM	Remuneration
Peter Mainz	Independent Member	2018	2020 AGM	None
Søren Thorup Sørensen	Not independent; representative of biggest shareholder	2019	2020 AGM	None
Andreas Spreiter	Independent Member	2017	2020 AGM	Audit and Finance (Chair)
Christina Stercken	Independent Member	2017	2020 AGM	Audit and Finance

3.1.2 Independence

The Board of Directors has applied the independence criteria in excess of the SIX Swiss Exchange Directive on Information relating to Corporate Governance, the FINMA Circular on Corporate Governance and the Swiss Code of Best Practice for Corporate Governance.

The Company's non-executive members of the Board of Directors are deemed independent if they:

- Are not currently, and have not in the previous three years, been employed in some other function within the Company;
- Have not been employed in the previous three years by the Company's audit firm as a lead auditor for the statutory audit;
- Have no commercial links with the Company which, in view of their nature and scope, would lead to a conflict of interests (including directorships on the board of a commercial partner);
- Are not significant shareholders of the Company (shareholdings of 10% or more) and are not representatives of individual shareholders (private or institutional) or a specific group of shareholders.

10 All Board members are elected annually in accordance with Swiss Corporate law and Landis+Gyr Group AG's Articles of Association.

Andreas Umbach

Chairman, not independent
Since July 19, 2017
Born: 1963

Nationality: Swiss/German

Prior positions at Landis+Gyr:
Executive Chairman of the Board of Directors of Landis+Gyr AG (April 2017 to July 2017); Group CEO/COO (2002 to 2017)

Current positions at profit-oriented companies other than Landis+Gyr:
Chairman of the Board of Directors of SIG Combibloc Group AG (SIX: SIGN) (2018 to present); Board member of Ascom Holding AG (SIX: ASCN) until April 2020 (Director since 2010, Chairman between 2017 and 2019, afterwards regular board member); Board member of WWZ AG (2013 to present); Chairman of the Supervisory Board of Techem Energy Services GmbH (since 2018)

Prior other positions:
Board member at LichtBlick SE (2012 to 2016); President of the Siemens Metering Division within the Power Transmission and Distribution Group and other positions within Siemens (2002 and prior)

Education:
Master of Business Administration, University of Texas at Austin, USA; Diplom-Ingenieur in Mechanical Engineering, Technical University of Berlin, Germany

Eric Elzvik

Lead Independent Director
Since July 19, 2017
Born: 1960

Nationality: Swiss/Swedish

Prior positions at Landis+Gyr:
None

Current positions at profit-oriented companies other than Landis+Gyr:
Board member at AB Volvo (STO: VOLV) (2018 to present); Board member and Chairman of the audit and compliance committee of LM Ericsson Telephone Company (STO: ERIC) (2017 to present); Chairman of IP-Only/Global Connect group (2019 to present); Board member of Fenix Marine Services (2017 to present); and Board member of VFS Global (2018 to present)

Prior other positions:
Chief Financial Officer and Group Executive Committee Member, ABB Ltd (2013 to 2017); various other positions at ABB including Division CFO ABB Discrete Automation & Motion (2010 to 2013); Division CFO Automation Products Division (2006 to 2010) and prior to that various senior positions within finance, mergers & acquisitions and new ventures; Board member of the Swiss Swedish Chamber of Commerce (2016 to 2017)

Education:
Master of Business Administration (Civilekonom), Stockholm School of Economics, Sweden

Dave Geary

Independent Member
Since July 19, 2017
Born: 1955

Nationality: USA

Prior positions at Landis+Gyr:
None

Current positions at profit-oriented companies other than Landis+Gyr:
Founder of DJGeary Consulting, LLC (2016 to present)

Prior other positions:
Executive Vice President Business Integration at Nokia Networks (2016); President of the Wireless Networks business at Alcatel-Lucent (2012 to 2015); President of Wireline Networks (2009 to 2012); and before that other senior positions within Lucent Technologies and AT&T Network Systems

Education:
Master of Business Administration in Finance, Kellogg School of Management, Northwestern University, USA; Bachelor of Science in Electrical Engineering, Bradley University, USA

Pierre-Alain Graf

Independent Member
Since July 19, 2017
Born: 1962

Nationality: Swiss

Prior Positions at Landis+Gyr:
None

Current positions at profit-oriented companies other than Landis+Gyr:
Senior Vice President of Global Security Business within the Power Grids Division of ABB Ltd. (SIX: ABBN) (2017 to present); Board member of Broadband Networks AG (2016 to present); and owner of PAG Consulting & Services GmbH (2016 to present); Board member of DEPSys SA (2020 to present)

Prior other positions:
Board member of Leclanché SA (2017 to 2018); Chief Executive Officer of Swissgrid (2008 to 2015); Chairman of the TSC – TSO Security Cooperation (2011 to 2015); Earlier positions include General Manager, Cisco Systems Switzerland

Education:
Master of Business Administration, University of St. Gallen, Switzerland; Master's in Law, University of Basel

Peter Mainz

Independent Member
Since June 28, 2018
Born: 1964

Nationality: Austrian

Prior Positions at Landis+Gyr:
None

Current positions at profit-oriented companies other than Landis+Gyr:
Chairman of the Board at Metasphere Ltd. (2019 to present); Member of the Board at Metron Farnier (2019 to present)

Prior other positions:
Board Member of Itron, Inc. (2016 to 2018); Non-Executive Director of Cyan Connode Holdings (2014 to 2015); President and Chief Executive Officer of Sensus (2008 to 2014); Other positions at Sensus including Executive Vice President of Operations and Chief Financial Officer (2003 to 2008); Various Positions at Invensys including VP Finance Metering Systems Division (1999 to 2003); and previously Controller at Schlumberger

Education:
Master of Business Administration, Texas A&M University, USA; Bachelor of Business Administration and Computer Science, Johannes Kepler University, Linz, Austria

Søren Thorup Sørensen

Not independent; representative of biggest shareholder
Since June 25, 2019
Born: 1965

Nationality: Danish

Prior Positions at Landis+Gyr:
None

Current positions at profit-oriented companies other than Landis+Gyr:
Chief Executive Officer of KIRKBI A/S (2010 to present); Board member at KIRKBI Invest A/S , including Board membership for subsidiary companies (2010 to present); Board member at LEGO A/S 2 (2010 to present); Board member at Koldingvej 2, Billund A/S (2010 to present); Board member and Chairman of audit committee at Falck A/S 2 (2011 to present); Board member at Merlin Entertainments plc (2013 to present); Board member at ISS A/S (CO: ISS) (2020 to present)

Prior other positions:
Group Chief Financial Officer at A. P. Møller-Mærsk Group (2006 to 2009); Partner at KPMG (1987 to 2006)

Education:
State Authorized Public Accountant; M. Sc. (Aud.) from the Copenhagen Business School; Advanced Management Program at Harvard Business School

Andreas Spreiter

Independent Member
Since July 19, 2017
Born: 1968

Nationality: Swiss/British

Prior Positions at Landis+Gyr:
Group CFO (2002 to 2012); prior positions at Landis+Gyr and its predecessors including Business Unit Head Digital Meters/Head of Center of Competence Electronic Meters and Business Unit Controller/Head of Finance & Controlling

Current positions at profit-oriented companies other than Landis+Gyr:
Board member and Chairman of audit committee of Reichle & De-Massari Holding AG (2010 to present); Member of the supervisory board and Chairman of the audit and risk committee at Alpha ABMD Holdco B.V. (Ammega Group) (2019 to present)

Prior other positions:
Group CFO of Forbo International AG (2013 to 2017)

Education:
Master in Industrial Engineering, Swiss Federal Institute of Technology (ETH), Switzerland

Christina Stercken

Independent Member
Since July 19, 2017
Born: 1958

Nationality: German

Prior Positions at Landis+Gyr:
None

Current positions at profit-oriented companies other than Landis+Gyr:
Board member of Ascom Holding AG (SIX: ASCN) (2014 to April 2020) and Board member of Ansell Ltd. (ASX: ANN) (2017 to present)

Prior other positions:
Partner at Euro Asia Consulting PartG (EAC) (2006 to 2017). Earlier positions include Siemens AG, Managing Director Corporate Finance M&A, Lead of the Siemens Task Force China and Head of Public Sector Business Unit, Siemens Business Services; and BMW Pvt. Ltd., South Africa

Education:
Executive Master of Business Administration, Duke University, N.C., USA; Diploma, Economics and Business Administration, University of Bonn and Technical University of Berlin, Germany

3.1.3 Skillset and Assessment of the Board of Directors

We aim to have a well-balanced Board of Directors with individuals who bring a variety of perspectives, backgrounds and skills and who apply them to permit the Board of Directors to offer informed stewardship.

When identifying members for the new Board of Directors at the time of the Company's initial public offering, a collective set of important skills/traits was defined with the support of an external consultant. This set of skills/traits was reviewed and expanded in financial year 2018 and reconfirmed in FY 2019. The Board Skill Matrix below summarizes the updated set of skills/traits grouped into six categories. The actual skillset/traits of the current Board of Directors were then reviewed and mapped against the matrix and it was confirmed that the existing Board of Directors collectively possesses all of the identified skills/traits.

General	Governance	Technical/Functional	Industry Experience	Personality	Diversity
Independence	Understanding Fiduciary, Legal and Ethical Duties	Strategy Development and Execution	Utility Markets and Regulation	Honest, Fair and Diligent	Multicultural Background
Financial Proficiency	Board Experience	Growth and Innovation	Utility Operations	Commitment, Efficiency and Effectiveness	Gender
Global / International / Emerging Markets Experience	Governance Experience	Operational Excellence	Solutions, Software and Services in Energy Management	Independent Thinking	
Leadership, General Management and P&L Experience	Risk Management and Oversight	Financial Expertise			
	Sustainability/ Environmental/ Health and Safety	Digitalization incl. Cybersecurity			
		Transformation and Restructuring			

The Board of Directors conducts an annual self-assessment based on a comprehensive and anonymous questionnaire. The Chairman conducts individual, feedback and performance reviews with each director. The Lead Independent Director conducts the Chairman's performance review with the Board of Directors and in absence of the Chairman. Finally, the full Board of Directors jointly reviews the results of the self-assessment and defines any relevant changes or improvement actions.

3.1.4 Previous service as executives and other relationships

None of the Board members or companies or organizations they represent have important business connections with Landis+Gyr, except as follows: The Chairman served as Chief Executive Officer ("CEO") of the Group until March 31, 2017 and was thereafter elected as executive Chairman of Landis+Gyr AG[11] and served in that role until the initial public offering. Six of the current non-executive members of the Board of Directors were elected on July 19, 2017 in connection with the IPO; one non-executive member of the Board of Directors was elected on June 28, 2018 at the 2018 AGM and one non-executive member of the Board of Directors on June 25, 2019 at the 2019 AGM.

3.1.5 Cross-shareholdings and other business connections

The Group has not entered into cross-shareholdings with other companies in terms of capital or voting rights, and no member of the Board serves on the board or executive management of any company having a material commercial relationship with Landis+Gyr. Two members served on the same board until April 2020 (Ascom Holding AG) as further shown in the table under 3.2 below. Ascom and Landis+Gyr are in different industries.

11 Landis+Gyr AG is the senior operating subsidiary of Landis+Gyr Group AG.

3.2 Permitted mandates outside Landis+Gyr

In the interest of good governance, Article 23 of the Company's Articles of Association limits the number of outside mandates by the members of our Board as follows:

a) no more than four mandates as a member of the board of directors or of the senior management or administrative body of any publicly traded company, other than the Chairman for whom a limit of three applies;
b) no more than 10 mandates as a member of the board of directors or of the senior management or administrative body of non-publicly-traded, for-profit legal entities;
c) no more than 10 mandates in associations or in charity or employee assistance foundations.

The members of the Board of Directors currently have, on average, one outside mandate at public companies, two outside mandates at non-public companies and one outside mandate at non-profit-oriented companies. To ensure compliance, the Board has a process for review of current and new mandates.

Name	Outside mandates at public profit-oriented companies	Outside mandates at non-public profit-oriented companies	Outside mandates at non-profit-oriented companies
Andreas Umbach (Chairman)	SIG Combibloc Group AG (SIX: SIGN) (Chairman), Ascom Holding AG (SIX: ASCN) (Director until April 2020)[12]	WWZ AG (Board member), Techem Energy Services GmbH (Chairman of the supervisory board)	Zug Chamber of Commerce and Industry (President)
Eric Elzvik	AB Volvo (STO: VOLV) (Board member), LM Ericsson Telephone Company (STO: ERIC) (Board member and Chairman of audit and compliance committee)	Fenix Marine Services (Board member), VFS Global (Board member), IP-only/Global Connect group (Chairman)	None
Dave Geary	None	DJGeary Consulting, LLC (Founder)	None
Pierre-Alain Graf	ABB Ltd. (SIX: ABBN) (Senior Vice President)	Broadband Networks AG (Board member), PAG Consulting & Services GmbH (Owner), DEPSys SA (Board member)	None
Peter Mainz	None	Metasphere Ltd (Chairman of the board); Metron Farnier, Inc. (Board member)	None
Søren Thorup Sørensen	ISS A/S (CO: ISS) (Board member)	KIRKBI A/S (CEO), KIRKBI Invest A/S (Board member), LEGO A/S (Board Member), Koldingvej 2 (Board member), Merlin Entertainments (Board member), Falck A/S (Board member and chairman of audit committee)	Ole Kirk's Foundation (Board member); ATTA Fonden (Board member)
Andreas Spreiter	None	Reichle & De-Massari Holding AG (Board member and Chairman of audit committee); Alpha ABMD Holdco B.V. (Member of the supervisory board and chairman of the audit and risk committee)	None
Christina Stercken	Ascom Holding AG (SIX: ASCN) (Board member until April 2020)[12], Ansell Ltd. (ASX: ANN) (Board member)	None	Myanmar Foundation (Vice Chairman)

3.3 Elections and terms of office

As prescribed by Swiss law, members of the Board of Directors, including the Chairman, are elected individually by the shareholders at the ordinary General Meeting for a one-year term. Re-election is possible as long as at the time of election or re-election the relevant member has not completed the age of 70.[13]

12 Mr. Umbach and Ms. Stercken chose not to stand for re-election as members of the Board of Ascom at the Ascom General Meeting in April 2020.
13 For more information on the terms of office of Board members, see Article 4 of the Organization Regulations.

3.4 Internal organizational structure

3.4.1 Allocation of tasks within the Board of Directors

To operate effectively and allow in-depth focus in specific areas, the Board of Directors has an Au- dit and Finance Committee and a Remuneration Committee. The members of each committee are shown in the table under Section 3.1.1 above. The Board of Directors occasionally defines temporary delegation to a group of Board members for preparation of matters for Board of Directors decisions, one example in the past year was the identification and nomination of the CEO.

3.4.2 Tasks and area of responsibility of the Lead Independent Director

Appointed by the Board of Directors, the role of the Lead Independent Director (LID) is to provide leadership to the independent directors. Besides creating a governance means to address any potential issue where the Chairman – due to his previous role as CEO of the Group – may be conflicted, the LID function enhances the opportunity for each Board member's point of view to be heard. Further, if the Chairman is indisposed or conflicted, the LID chairs the Board meetings. This includes any deliberations or decision-taking involving the assessment of the Chairman's work.

3.4.3 Tasks and responsibilities of the Audit and Finance Committee

In addition to assisting the Board with oversight of financial reporting, the Audit and Finance Committee (AFC)[14] focuses on assessment of the adequacy of the Group's systems, policies, and controls regarding financial and non-financial risks. This includes compliance with legal and regulatory obligations, insurance and related matters.

The Committee also evaluates the work of the internal control functions (e.g. Internal Audit and Compliance) and of the external auditor, making proposals to the Board on the choice of the external auditor and, on request of the Chief Financial Officer ("CFO"), approving the budget for auditing and other fees from the external auditors.[15] The Committee also assesses the yearly business expenses of the members of Group Executive Management.

The AFC typically meets once every two to three months. Comprising independent Board members, the AFC regularly reports to the Board of Directors on its findings and recommendations. The overall responsibility, including for approving recommendations, remains with the Board of Directors. The Head of Global Internal Audit reports to the AFC. The Chief Compliance and Data Privacy Officer provides regular, independent reports to the CEO and to the AFC and ad hoc reports whenever requested by the AFC. The reports cover the compliance and data privacy programs and relevant issues and risks.

In addition, the Chief Compliance and Data Privacy Officer will provide independent, ad hoc reports to the Board/AFC regarding any significant Group compliance or data privacy issues or risks.[16]

3.4.4 Tasks and responsibilities of the Remuneration Committee

The Remuneration Committee (RemCo) supports the Board of Directors in ensuring that executives and employees are paid in accordance with Landis+Gyr's remuneration principles, which incentivize and reward performance in alignment with shareholder' interests, and which help the Company to attract and retain the talent it needs to achieve its business goals.

Comprising three independent Board members[17], the RemCo establishes and reviews the remuneration strategy and prepares the annual proposals to the shareholders' meeting regarding the maximum aggregate remuneration of the Board of Directors and the Group Executive Management, as well as the Remuneration Report. Further, the RemCo regularly reviews the remuneration system, the remuneration-related targets for the Group Executive Management and other members of senior management, and proposes the individual remuneration of the CEO, as well as

14 The three members of the AFC are appointed by the Board of Directors based on relevant qualifications and experience. They serve for one year and may be re-elected for further terms.

15 The external auditor is PwC (auditors of Landis+Gyr Group AG and of the Consolidated Financial Statements of the Landis+Gyr Group). It conducts its audit in compliance with Swiss law and in accordance with Swiss auditing standards and auditing standards generally accepted in the United States of America (US GAAS).

16 The organization, detailed responsibilities and reporting duties of the AFC are stipulated in its Charter and in Article 7.2 of the Organization Regulations.

17 In accordance with Swiss law, these members are elected each year by the shareholders' meeting. They serve for one year and may be re-elected for further terms.

reviews the individual remuneration of other members of the Group Executive Management. The RemCo also reviews and proposes the individual remuneration of the Chairman of the Board and other members of the Board.

The RemCo typically meets once every two to three months. The Chairman of the RemCo reports to the full Board on the RemCo's findings and recommendations after each meeting, and the minutes of the meetings are made available to the members of the Board. The overall responsibility, including for approval of recommendations, remains with the Board of Directors.[18]

3.4.5 Board meetings and attendance

The Board of Directors meets as often as necessary to fulfill its duties and responsibilities, usually monthly in person or via conference call.[19]

Between April 1, 2019 and March 31, 2020, the Board held 11 meetings (of which six were in-person meetings and five were conference calls). The in-person meetings were for a full day, except for the strategy session, which was conducted over two full days. The calls had an average duration of approximately two hours. The overall attendance was 100% and is further detailed in the table below. In addition to the meetings, the Board held two onboarding sessions for a new director.

BOARD ATTENDANCE FROM APRIL 1, 2019 THROUGH MARCH 31, 2020

	30.4.	28.5.	24.6.	18.7.	4/5.9.	28.10.	22.11.	19.12.	24.1.	25.2.	27.3.
Andreas Umbach	√	√	√	√	√	√	√	√	√	√	√
Eric Elzvik	√	√	√	√	√	√	√	√	√	√	√
Dave Geary	√	√	√	√	√	√	√	√	√	√	√
Pierre-Alain Graf	√	√	√	√	√	√	√	√	√	√	√
Mary Kipp	√	√	√	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Peter Mainz	√	√	√	√	√	√	√	√	√	√	√
Søren Thorup Sørensen	n/a	n/a	n/a	√	√	√	√	√	√	√	√
Andreas Spreiter	√	√	√	√	√	√	√	√	√	√	√
Christina Stercken	√	√	√	√	√	√	√	√	√	√	√

Between April 1, 2019 and March 31, 2020, the Audit and Finance Committee held five regular meetings with 100% attendance. These meetings generally lasted approximately four to five and a half hours. In addition, there were various ad hoc conference calls each of approximately one hour's duration to deal with matters as they arose. The Remuneration Committee held five meetings with 100% attendance. These meetings generally lasted approximately three hours.

The Board meetings were, with the exception of certain Directors-only sessions, attended by the CEO and members of the Group Executive Management and other senior managers. Meetings of the Audit and Finance Committee were all attended by the Chairman, the CEO and the CFO. Starting October 2019, the Head of Global Internal Audit attended for the full meeting extent. Meetings of the Remuneration Committee were all attended by an external advisor to the Remuneration Committee (in person or via conference call) and the Head of Human Resources; the CEO and the CFO attended parts of meetings of the Remuneration Committee in an advisory function, but were excluded from certain discussions. No member of management attended the part of the meetings in which their own performance or remuneration were discussed. The Chairman of the Board attended all Remuneration Committee meetings, but he was not present during meetings or parts thereof during which his own remuneration was discussed.

18 The organization, detailed responsibilities and reporting duties of the RemCo are stipulated in its Charter, in Article 19 of the Company's Articles of Association and in Article 7.3 of the Organization Regulations.
19 This is pursuant to the Organization Regulations, which foresee that meetings take place at the request of the Chairman or Lead Independent Director, or of any other member if done in writing and justifying the reason for such request.

3.5 Responsibilities between the Board of Directors and Group Executive Management
Landis+Gyr's two main governing bodies allocate their tasks and responsibilities as follows:

3.5.1 Board of Directors
The Board of Directors is entrusted with the ultimate strategic direction of the Company as well as with the oversight of management. This includes determining the strategy of the Group upon recommendation of the CEO and appointing the CEO and the other members of the Group Executive Management, as well as the Head of Global Internal Audit.

Although pursuant to the Articles of Association and the Organization Regulations, the Board may, to the extent permitted by law, delegate various responsibilities to the CEO, it retains in line with Articles 16 and 17 of the Articles of Association and the provisions of the Organization Regulations, certain duties, including in respect of determining the risk profile of the Group, monitoring risks, and ensuring fundamental policies and controls are in place such as with regard to compliance with applicable law and regulations.[20]

Resolutions of the Board of Directors require the affirmative simple majority of the votes cast. Circular resolutions require the majority of the members of the Board. In the case of a tie on any issue, the Chairman has the casting vote.

3.5.2 Group Executive Management (Konzernleitung)
The CEO[21] leads and is assisted by the Group Executive Management and the Extended Executive Management. The Group Executive Management comprises the CEO, the CFO, the Executive Vice President ("EVP") for the Americas and the EVP for EMEA. The CEO is appointed and removed by the Board of Directors. The other Group Executive Management members are appointed and removed by the Board of Directors upon recommendation of the CEO. The Extended Executive Management is a larger group comprising key functional leaders and direct reports to the CEO. The Extended Executive Management generally meets on a monthly basis.

3.6 Information and control instruments vis-à-vis the Group Executive Management
At the invitation of the Board of the Directors, members of Group Executive Management and Extended Executive Management may attend Board meetings and report on significant projects and events. However, the Board may limit their participation to relevant meetings or parts of meetings. In addition, the Board may meet in private session, i.e. without management presence.

To ensure the Board of Directors receive timely information on material matters involving the Group's business, the members of the Group Executive Management and Extended Executive Management report to the Board and its committees before or at every meeting, including regarding strategic, financial, risk and compliance matters. Internal audit and compliance also make regular reports to the Board or its committees. In addition, the Chairman acts as liaison between the Board and management and in this capacity has regular interactions with the CEO, other members of the Group Executive Management and the Group General Counsel. The LID has regular interactions with the CEO and the Senior Vice President of Global Human Resources, and the Chairman of the AFC has regular interactions with the CFO and the Head of Global Internal Audit.

In addition to reviewing and approving the Group's comprehensive annual risk assessment process, the Board and its committees are updated regularly by members of the Group Executive Management and Extended Executive Management on all key risks facing the Group, such as quality issues, the progress of major customer projects, the progress of R+D projects and other risk areas as they are identified.

Other reports to the Board include information about the balance sheet, the income and cash flow statements, and key figures for the company and its segments. The reports incorporate comments on the respective business results and a forecast of the key figures. The CEO and CFO report at every Board meeting on business developments and all matters relevant to the company, including competitor activities and emerging opportunities and threats. Furthermore, the Board

20 The detailed description of these retained responsibilities and duties are stipulated in Articles 16 and 17 of the Articles of Association.
21 The CEO exercises those duties which the Board of Directors has delegated to management in accordance with the Company's Organizational Regulations and Swiss law.

reviews and approves major customer contracts that exceed a certain value or have particular risk characteristics. During the Board Meetings, the Chairmen of the Audit and Finance Committee and the Remuneration Committee also report on all matters discussed by their committees and on the key findings and assessments, and they submit proposals accordingly. Each year, the Board of Directors discusses and approves the budget for the following year and the five-year midterm plan.

The Board's responsibility includes defining the fundamentals of and monitoring the effectiveness of an internal control system (ICS) relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The ICS ensures the implementation of appropriate procedures and measures to identify and monitor the main financial risks to which the Company is exposed. In particular, the aim of the ICS is to ensure the integrity and completeness of accounting, to provide timely and reliable financial reporting, and to prevent, minimize and identify errors and irregularities in the financial statements.

In order to achieve these objectives, Group companies in scope for external and internal audit are determined annually. Hence, it is ensured that at least 80% of the revenue and of total assets of the Group are covered. The external audit confirms the existence of the ICS in connection with the year-end audit. Additionally, the external auditor submits improvement suggestions on a yearly basis, which are implemented in the following year.

The internal audits are conducted by the internal audit function in accordance with an annual plan approved by the AFC. A distinction is made between regular and special engagement audits. The latter consist of limited reviews, compliance audits and other special engagements that are incident-specific and upon request of senior management, the AFC or the Board. In all cases, internal audit engagements are approved by the AFC. Regular audits focus on the larger entities and higher risk areas. Detailed reports of identified deficiencies are prepared (with deficiencies classified as either high, medium or low risk) and remedial action plans are agreed with management. The risks and deficiencies identified in these audits are minimized or eliminated by measures adopted by management and are regularly monitored. In FY 2019, twelve internal audits were conducted. The internal audits were restricted to selected business processes. In its review of audited Group companies and organizations, risks and control deficiencies in connection with the above-mentioned business processes were analyzed. Internal audit reports are submitted to the AFC and reviewed by the AFC with the Head of Global Internal Audit, at least four times per year. The implementation and reliability of the controls introduced with the ICS were examined by the Group and regional management to ensure that deviations were identified and that appropriate corrective measures were implemented.

Group Executive Management

4.1 Members of the Group Executive Management
As of March 31, 2020, the members of the Group Executive Management were:

Name	Position	Year of Appointment
Richard Mora	Chief Executive Officer (CEO)	2017
Jonathan Elmer	Chief Financial Officer (CFO)	2012
Susanne Seitz	Head of EMEA	2018
Prasanna Venkatesan	Head of Americas	2013

The Company informed in the press releases on March 6, 2020, that by mutual agreement Richard Mora would cease his role as CEO as of March 31, 2020. The Board of Directors has appointed Werner Lieberherr as the new CEO starting on April 1, 2020. Jonathan Elmer (CFO) has decided to retire and will be succeeded by Elodie Cingari in the course of the financial year 2020.

4.2 Professional background and other activities and functions

Werner Lieberherr

CEO
Since April 1, 2020

Nationality: Swiss/USA

Prior positions at Landis+Gyr:
None

Current positions outside of Landis+Gyr:
None

Prior other positions:
President & Chief Executive Officer of MANN+HUMMEL Group (2018 to 2019); Executive Vice President & Chief Operating Officer of Rockwell Collins (NASDAQ:COL) (2017 to 2018); President & Chief Executive Officer of B/E Aerospace (NASDAQ:BEAV) (2010 to 2017) and Senior Vice President & General Manager Commercial Aircraft Segment (2006 to 2010); various executive roles at the utility businesses of ABB (1991 to 2003) and Alstom (2004 to 2006)

Education:
Master of Business Administration from the Kellogg School of Management, Northwestern University; Master of Science in Operations Research & Industrial Engineering, ETH Zurich

Richard Mora

CEO from April 2017 until
March 31, 2020

Nationality: USA

Prior positions at Landis+Gyr (2001 to 2017):
COO (November 2013 to April 2017); EVP and President & CEO Americas (2011 to 2013); EVP and President & CEO North America (2008 to 2011)

Current positions outside of Landis+Gyr:
Board member of Enphase Energy, Inc. (NASDAQ: ENPH) (2014 to present)

Prior other positions:
Various management positions within the Siemens Group, including CEO of Siemens Metering, Inc.; Director of Quality for Siemens Power Transmission & Distribution; positions at GE Capital, including as a Manager of Strategy & Analysis, and as a Manager of Productivity & Income Improvement

Education:
Bachelor of Arts in Economics, Stanford University, USA

Jonathan Elmer

EVP and CFO
Since August 2012 (will retire in the course of the financial year 2020)

Nationality: British

Prior positions at Landis+Gyr (1996 to 2012):
CFO, EMEA (2009 to 2012); EVP and CEO, UK/Prepayment region (2004 to 2008); Finance Manager and then CEO, Ampy Metering Ltd. (1996 to 2004)

Current positions outside of Landis+Gyr:
None

Prior other positions:
None

Education:
Degree in Economics and Politics, University of Exeter, UK; member of the Institute of Chartered Accountants, England and Wales, UK

Susanne Seitz

EVP and Head of EMEA
Since November 2018

Nationality: Swiss

Prior positions at Landis+Gyr:
None

Current positions outside of Landis+Gyr:
Since 2019: Member of the Expert Committee for the Technology Fund, Swiss Federal Office for the Environment

Prior other positions:
Various management positions with Siemens Building Technologies (2003 to 2018), including SVP Europe North (2017 to 2018), SVP Systems & Solutions (2015 to 2017); VP Enterprise Security (2012 to 2015); and Director of Product Line Intrusion (2006 to 2010). Earlier in her career she worked for BT&T Asset Management in corporate communications and as a project manager with Ernst Basler and Partners

Education:
Executive Master of Business Administration from the University of St Gallen; Master of Science in Environmental Engineering, ETH Zurich

Prasanna Venkatesan

EVP and Head of Americas
Since November 2013

Nationality: USA

Prior positions at Landis+Gyr (2006 to 2013):
SVP & General Manager Systems & Services, Landis+Gyr North America (2009 to 2013); VP Research and Development, Landis+Gyr (Jan 2008 to Jan 2009); positions at Cellnet Technology, Inc. (acquired by Landis+Gyr in 2007), included VP of Supply Chain and Manufacturing engineering and leading the integration process of Cellnet Technology, Inc. into Landis+Gyr

Current positions outside of Landis+Gyr:
Advanced Energy Economy (Board member of not-for-profit organization) (2015 to present)

Prior other positions:
Several senior level engineering and operations management positions (including as Technology Center Manager), Schlumberger

Education:
Master of Science in Industrial Engineering, University of Oklahoma, USA

4.3 Mandates permitted outside Landis+Gyr
In the interest of good governance and to ensure our executives focus on the business of the Company, Article 23 of the Company's Articles of Association limits the number of outside mandates by members of the Group Executive Management as follows:
a) no more than one mandate as member of the board of directors or of any other superior management or administrative body of any publicly traded company[22]
b) no more than five mandates as member of the board of directors or of any other superior management or administrative body of legal entities not meeting the above-mentioned criteria.

All members of the Group Executive Management combined currently have only one outside mandate at public companies and one outside mandate at other companies. To ensure compliance, the Group Executive Management must secure approval from the Board of Directors before accepting any new mandate.

4.4 Management contracts
There are no management contracts with third parties at Landis+Gyr.

Compensation, Shareholdings and Loans

The remuneration programs within Landis+Gyr are periodically reviewed to ensure continued alignment with the Group's strategy and market practice, and all details of compensation, shareholdings and loans are set forth on pages 17 to 23 of the Remuneration Report 2019.

Rules regarding the principles of compensation, participation plans, loans, credits and pension benefits are set in Articles 24, 25, 26, 28 and 29 of the Articles of Association. The rules regarding the approval of the remuneration by the Annual General Meeting are set forth in Article 12 of the Articles of Association.

Shareholders' Participation Rights

6.1 Voting rights restrictions and representations

6.1.1 Voting rights restrictions and rules on granting exceptions
Voting rights are as set forth in the Articles of Association.[23] They may be exercised only after a shareholder has been registered in the Company's share register as a shareholder with voting rights up to a specific qualifying day (Record Date) designated by the Board of Directors. On application, persons acquiring shares are entered in the share register as shareholders with voting rights without limitations, provided they expressly declare having acquired the shares in their own name and for their own account and that they comply with the disclosure requirement stipulated by the Federal Act on Financial Market Infrastructure (FMIA). Entry in the share register of registered shares with voting rights is subject to the approval of the Company.

The entry may be refused based on the grounds set forth in article 5, paragraphs 3, 4 and 5 of the Articles of Association. The respective rules, including the group clause, the rules on granting exceptions, and on exceptions granted during the period under review have been described in Section 2.7 "Limitations on transferability and nominee registrations" on page 7 of this Corporate Governance Report.

If the Company does not refuse to register the acquirer as a shareholder with voting rights within 20 calendar days upon receipt of the application, the acquirer is deemed to be a shareholder with voting rights. Non-recognized acquirers are entered in the share register as shareholders without voting rights. The corresponding shares are considered as not represented in the General Meeting of Shareholders.

22 Pursuant to Article 727 para. 1 number 1 of the Swiss Code of Obligations.
23 The Articles of Association set forth all relevant conditions, including as to when the entry may be refused based on the grounds set forth in Article 5, para. 3, para. 4 and para. 5 of the Articles of Association. See also Section 2.7 above "Limitations on transferability and nominee registrations" of this report.

The Company may in special cases approve exceptions to the above restrictions. After due consultation with the persons concerned, the Company may delete entries in the share register of a shareholder with voting rights with retroactive effect if these were effected on the basis of false information or if the respective person does not provide the information pursuant to Article 5 para. 3 of the Articles of Association. The concerned person is immediately informed of the deletion.

6.1.2 Procedure and conditions for abolishing voting rights restrictions
Procedure and conditions for abolishing voting rights restrictions in the Articles of Association require resolution of the General Meeting passed by at least two thirds of the represented share votes. An absolute majority of the par value of represented shares is required to ease or abolish the restrictions on the transferability of registered shares (see Article 13 of the Articles of Association).

6.2 Rules on participation in the General Meeting of shareholders
At shareholders' meetings, shareholders may be represented by an independent proxy or any other person who need not be a shareholder. The Board of Directors determines the requirements regarding proxies and voting instructions.

6.3 Rules on instructions to the independent proxy and on the electronic participation in the General Meeting of shareholders
As the Articles of Association do not contain requirements on the subject, instructions in written or electronic form to an independent proxy for participation in the General Meeting of shareholders are governed by Swiss law.

6.4 Quorums required by the Articles of Association
The Company's Articles of Association do not stipulate any resolutions of the shareholders' meeting that can be passed only by a majority greater than that required by the statutory legal provisions.

6.5 Convocation of the General Meeting of shareholders
The Company's Articles of Association do not differ from applicable Swiss statutory provisions under Swiss law, other than that the Board of Directors is required to convene an extraordinary shareholders' meeting within two months if requested by one or more shareholder(s) representing in aggregate at least 5% of the Company's nominal share capital registered in the commercial register. Shareholders' meetings may also be convened by the Board of Directors or, if necessary, by a Company's statutory auditors or liquidators under Swiss law.

A shareholders' meeting is convened by publication of a notice of such meeting in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) at least 20 days before the date of the meeting. To the extent the post or e-mail addresses of the shareholders are known, a notice is sent simultaneously by mail or e-mail. The notice states the day, time and place of the meeting, the agenda, the proposals of the Board of Directors and the proposals of the shareholders who have requested the shareholders' meeting or that an item be included on the agenda.

6.6 Inclusion of items on the agenda
Registered shareholders with voting rights individually or jointly representing at least CHF 1 million of the nominal share capital of the Company may demand that items be put on the agenda. Such demands have to be submitted to the Chairman of the Board of Directors at least 45 days before the date of the shareholders' meeting and must be in writing specifying the items and the proposals.

6.7 Entries in the share register
The relevant date to determine the shareholders' right to participate in the AGM on the basis of the registrations appearing in the share register is set by the Board of Directors and included in the invitation to the AGM.

Change of Control and Defense Measures

7.1 Duty to make an offer
The Company does not have a provision on opting-out or opting-in in the Articles of Association.

7.2 Clauses on change of control
There are no such agreements.

Auditor

8.1 Duration of the mandate and term of office of the lead auditor
The independent statutory auditor of the Company is PricewaterhouseCoopers AG (PwC), Dammstrasse 21, 6302 Zug, Switzerland, who has been the auditor of the Company since financial year 2016 (FY 2016; April 1, 2016 to March 31, 2017). The auditor in charge is Rolf Johner, who has been carrying out this function since PwC became the Company's statutory auditors. The lead auditor is rotated every seven years in accordance with Swiss law.

8.2 Auditing fees
PwC was paid compensation of CHF 1.7 million for services in connection with auditing the annual financial statements of the Company and the consolidated statements of the Group for FY 2019.

8.3 Additional fees
PwC charged CHF 0.3 million for non-audit services performed during the year-ended March 31, 2020. The non-audit services primarily included tax advisory services.

8.4 Information instruments pertaining to the external audit
PwC presents to the Audit and Finance Committee, on an annual basis, a detailed report on the results of the audit of the consolidated and stand-alone financial statements, the findings on significant accounting and reporting matters, and findings on the internal control system. The results and findings of this report are discussed in detail with the CFO.

The AFC reviews annually the appropriateness of retaining PwC as the auditor of the Landis+Gyr Group AG and its subsidiaries, before proposing to the Board and to the Annual General Meeting of Landis+Gyr Group AG the election of PwC as auditors. The AFC assesses the effectiveness of the work of the auditor in accordance with Swiss law, based on its understanding of the Group's business, control, accounting and reporting issues, together with the way in which matters significant at Group level or in the statutory accounts are identified and resolved. It also makes a recommendation to the Board of Directors concerning the choice of the external auditor.

The AFC is also informed on the work of PwC through briefings from its Chairman, who is in turn briefed as required by PwC. Audit fees are ultimately approved by the AFC.

In the period under review, PwC attended two meetings of the AFC at which PwC presented its report on the audit of the Group's accounts for the financial year 2018, (FY 2018; April 1, 2018 to March 31, 2019) and the audit plan for the audit of the Group's accounts for FY 2019.

The Group and PwC have agreed on clear guidelines and firewalls for non-audit services that are appropriate for PwC to provide. These services include due diligence on mergers, acquisitions and disposals and certain tax and business risk assurance and IS/IT advisory support. These guidelines are aimed at ensuring PwC's independence in their capacity as auditors to the Group. PwC monitors its independence throughout the year and confirms its independence to the AFC annually.[24]

24 For more information on the AFC in respect of the external auditor, see Section 3.4.3 above.

Information Policy

9.1 Investor Relations – guiding principles
Landis+Gyr is committed to communicating in a timely and transparent way to shareholders, potential investors, financial analysts and customers. Toward this end, the Board of Directors takes an active interest in fostering good relations and engagement with shareholders and other stakeholders. In addition, the Company complies with the requirements of SIX Swiss Exchange on the dissemination of material and price-sensitive information.

9.2 Methodology
The Company releases its financial results in an annual report that is published within four months after the 31 March balance sheet date. In addition, the Company releases results for the first half of each fiscal year within three months of the 30 September balance sheet date. The Company's annual report and half year results are announced via press releases and media and investor conferences in person and via telephone. The Company also publishes press releases at the time of any potentially price-sensitive event.

Notices to shareholders are made by publication in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt). The Board of Directors may designate further means for official publications. The following web links provide further information:

The Company's website:
www.landisgyr.com

Ad-hoc messages (pull system):
www.landisgyr.com/investors

Subscription for ad hoc messages (push system):
www.landisgyr.com/investors/media-releases

Financial reports:
www.landisgyr.com/investors/results-center

Corporate calendar:
www.landisgyr.com/investors/corporate-calendar

The Landis+Gyr Group Investor Relations Department can be contacted, either through the website, or by telephone, e-mail or letter.

Contact addresses

Group Communications and Investor Relations
Stan March
Stan.March@landisgyr.com
+1 678 258 1321

Investor Relations
Christian Waelti
Christian.Waelti@landisgyr.com
+41 41 935 6331

The Board of Directors thanks the Company's shareholders, customers and other stakeholders for their interest in and support of the Company.

Landis+Gyr Group AG
Theilerstrasse 1
CH-6302 Zug
+41 41 935 6000
ir@landisgyr.com
www.landisgyr.com/investors

Remuneration Report 2019

Landis+Gyr
manage energy better

Table of Contents

Letter from the Chairman of the Remuneration Committee

Dear Shareholders,
On behalf of the Board of Directors and the Remuneration Committee, I am pleased to introduce Landis+Gyr's Remuneration Report for the financial year ended March 31, 2020.

The Remuneration Report explains our remuneration system and its governance, as well as how the performance results impacted the variable incentive payments to the Group Executive Management in their remuneration plans.

At the last Annual General Meeting in 2019, you expressed your support of the Board's and the Remuneration Committee's activities and the changes implemented in the remuneration systems through the very positive approval votes of all remuneration related resolutions. The Board and I wish to thank you for your support, which reinforced our ongoing review and enhancements of our remuneration framework in the interest of our shareholders.

Following the IPO in 2017 and the implementation of several changes and improvements in our remunerations systems during the past two years, financial year 2019 was a year of continuity and stability. As in previous years, we continued to assess our remuneration systems and programs, with particular focus on alignment of our incentive plans with Landis+Gyr's business strategy and shareholder interests. Valuable inputs received during our ongoing engagement and dialogue with investors and stakeholders represented an integrative part of this review process. This assessment led to the decision to expand the short-term incentive plan with non-financial performance considerations. Starting with financial year 2020, we will introduce a Corporate Social Responsibility ("CSR")-related component in the short-term incentive plan with a 10% overall weight. The remaining 90% of the short-term incentive plan will continue to be measured against financial key performance indicators. Linking a portion of variable remuneration to our CSR strategy reinforces and emphasizes Landis+Gyr's strong commitment to sustainable development. Overall, in the context of the current situation, the treatment of the short-term incentive for financial year 2020 is under review.

Also, as already announced in the Remuneration Report 2018, the reference group used for the relative total shareholder return component of Landis+Gyr's long-term incentive plan was adjusted for the grant made in financial year 2019. The Swiss Performance Index, which was used as the reference group for the grant in 2018, was replaced with the SPI Industrials Index (SWX ID Industry TR Index), thereby allowing for more specific market and performance comparability.

In addition, the Remuneration Committee conducted its regular activities during the past year, including the preparation of the remuneration report and the say-on-pay votes for the Annual General Meeting, as well as an assessment of the succession planning for executive positions, the review of Group Executive Management performance and remuneration levels.

During the coming year, the Remuneration Committee and the Board will continue their discussions and assessment of the remuneration systems, in particular the variable incentive plans, to ensure ongoing alignment with the evolving business environment and the link between pay and performance.

As announced, Werner Lieberherr was appointed Chief Executive Officer as of April 1, 2020, replacing Richard Mora, who ceased his role as Chief Executive Officer as of March 31, 2020. Werner Lieberherr's overall target remuneration under the Landis+Gyr remuneration programs is comparable to that of the previous Chief Executive Officer. In financial year 2020, Richard Mora will receive remuneration in accordance with his contractual terms for the 12-month notice period. Remuneration in relation to financial year 2020 will be disclosed in the Remuneration Report 2020.

At the Annual General Meeting in June 2020, we will ask for your approval of the maximum aggregate remuneration amount to be awarded to the Board of Directors for the period to the next Annual General Meeting in 2021 and to the Group Executive Management for the financial year ending March 31, 2022. In addition, you will again have the opportunity to express your opinion on our remuneration principles and systems through a consultative vote on the Remuneration Report.

We encourage and pursue open and regular dialogue with our shareholders and their representatives as we continue to evolve our remuneration system.

On behalf of the Board of Directors and the Remuneration Committee, I would like to thank you again for your feedback and ongoing support.

Eric Elzvik
Chairman of the Remuneration Committee
and Lead Independent Director
Zug, May 2020

Remuneration Report 2019

The Remuneration Report provides a comprehensive overview of Landis+Gyr's (Landis+Gyr Group AG defined as the "Company", and its subsidiaries, together the "Group") remuneration governance and principles, structure and elements. The Remuneration Report also includes information on the remuneration awarded to members of the Board of Directors ("Board") and Group Executive Management ("GEM") for the financial year ended March 31, 2020 ("FY 2019").

The Remuneration Report is written in accordance with the Ordinance Against Excessive Compensation in Listed Companies ("Ordinance"), the standard relating to information on Corporate Governance of the SIX Swiss Exchange, and the principles of the Swiss Code of Best Practice for Corporate Governance of economiesuisse.

Remuneration Governance and Principles

Shareholder engagement

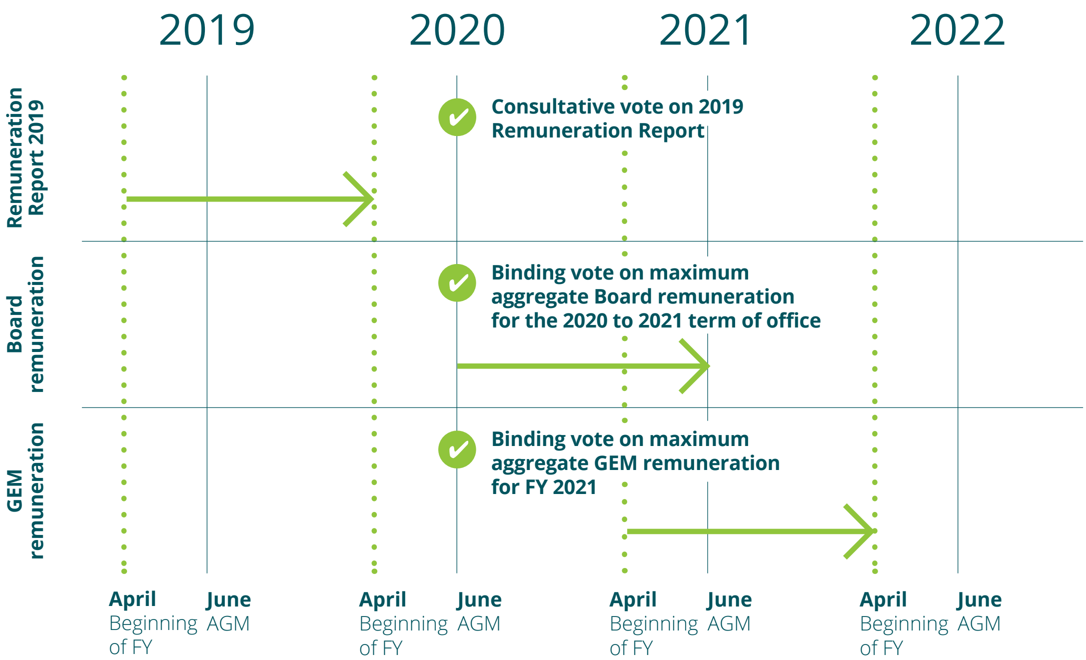
Under the Ordinance, shareholders of Swiss listed companies have significant influence on the remuneration of governing bodies and annually approve the maximum aggregate remuneration for the members of such governing bodies. In addition, the principles governing remuneration must be defined in a company's articles of association, which are also subject to shareholder approval.

Landis+Gyr's Articles of Association include the principles governing remuneration (specifically Articles 12, 25, 26, 28 and 29) and can be viewed online at: www.landisgyr.com/about/executive-management-and-board/ → Corporate Governance Documents → Articles of Association. The key provisions are summarized below:

- **Votes on remuneration (Article 12):** Every year the Annual General Meeting ("AGM") votes separately and bindingly on the maximum aggregate remuneration of the Board for the term of office until the next AGM and on the maximum aggregate remuneration of the GEM (fixed and variable components) for the subsequent financial year.
- **Principles relating to the remuneration of the Board (Article 25) and the members of the GEM (Article 26):** The remuneration of the Board consists of a fixed base fee, fixed committee fees and a lump sum for expenses. The fees are awarded in cash and shares. The remuneration of the GEM consists of a fixed annual base salary and variable remuneration, which includes an annual short- term incentive paid in cash as well as a long-term incentive settled in shares, and other benefits.
- **Loans and credits (Article 28):** Loans and credits may not be granted to members of the Board or the GEM.
- **Additional amount for new members of the GEM (Article 29):** If the maximum aggregate remuneration already approved by the AGM is not sufficient to cover the remuneration for newly appointed or promoted members of the GEM in the respective financial year, the Company may pay an additional amount in each case up to 30% of the last maximum aggregate remuneration amount approved.

In line with the Company's Articles of Association, the Board will submit three separate remuneration-related resolutions for shareholder approval at the 2020 AGM as illustrated in Exhibit 1:
- This Remuneration Report (consultative vote).
- The maximum aggregate remuneration amount for the Board for the term of office from 2020 AGM to 2021 AGM (binding vote).
- The maximum aggregate remuneration amount for the GEM for the financial year starting April 1, 2021 and ending March 31, 2022 (binding vote).

EXHIBIT 1: SAY ON PAY – REMUNERATION-RELATED SHAREHOLDER APPROVALS



At the 2019 AGM held on June 25, 2019, shareholders approved a maximum aggregate remuneration amount for the Board for the term of office until the 2020 AGM of CHF 2.0 million, as well as the maximum aggregate amount of fixed and variable remuneration for members of the GEM for FY 2020 in the amount of CHF 8.5 million. In addition, shareholders approved the FY 2018 Remuneration Report in a consultative vote.

The estimated remuneration granted to the Board for the term of office from 2019 AGM to 2020 AGM is CHF 1.5 million compared to the approved amount of CHF 2.0 million. An amount of CHF 5.9 million was granted to the GEM in FY 2019 compared to the approved amount of CHF 11.5 million. For a reconciliation of approved versus awarded amounts please refer to page 24.

Governance on remuneration matters

As outlined in Exhibit 2, the Remuneration Committee acts in an advisory capacity while the Board retains the decision authority on remuneration matters relating to the Board and GEM, except for the remuneration-related shareholder approvals for the Board and GEM. Members of the Remuneration Committee are elected annually and individually by the shareholders at the respective Annual General Meeting. The Chairman of the Remuneration Committee reports to the full Board after each meeting. The minutes of the meetings are made available to the members of the Board. The Chairman of the Board generally attends the Remuneration Committee meetings as a non-voting guest; however, he is not present during meetings or parts thereof during which his own remuneration is discussed. The CEO and the Head of HR may attend the Remuneration Committee meetings in an advisory function but are excluded from certain discussions. The Chairman of the Remuneration Committee may decide to invite other executives to attend the meetings as appropriate. No member of management attends the meetings or the part of the meetings in which their own performance or remuneration is discussed.

The Remuneration Committee may decide to consult an external advisor on specific remuneration matters. In FY 2019, HCM International AG ("HCM") was mandated as an independent advisor on Board and GEM remuneration matters. HCM does not have any other mandates with Landis+Gyr.

EXHIBIT 2: GOVERNANCE ON REMUNERATION MATTERS

	CEO	Remuneration Committee	Board	AGM
Remuneration principles (Articles of Association)		Proposes	Reviews	Approves (binding vote)
Remuneration principles and system for the Board and GEM		Proposes	Approves	
Remuneration report		Proposes	Approves	Consultative vote
Maximum aggregate amount of remuneration for the Board		Proposes	Reviews	Approves (binding vote)
Individual remuneration of Board members		Proposes	Approves	
Maximum aggregate amount of remuneration for GEM		Proposes	Reviews	Approves (binding vote)
Remuneration of the Chief Executive Officer ("CEO")		Proposes	Approves	
Individual remuneration of other GEM members	Proposes	Reviews	Approves	

Activities of the Remuneration Committee during FY 2019

The Remuneration Committee meets as often as business requires but at least four times a year. In FY 2019, the Remuneration Committee held five meetings and covered the topics described in Exhibit 3. Details on Remuneration Committee members and their meeting attendance are provided in the Corporate Governance Report on page 8ff.

EXHIBIT 3: OVERVIEW OF THE MAIN TOPICS DISCUSSED BY THE REMUNERATION COMMITTEE DURING FY 2019

	Apr	May	Oct	Dec	Feb
Remuneration governance and policy					
Preparation of AGM related reward items including maximum aggregate remuneration amounts for the Board and GEM to be submitted to AGM vote	X	X			X
Remuneration Report	X	X			X
Review of remuneration principles, strategy and systems			X	X	X
Review of stakeholder feedback on remuneration disclosure			X		
Remuneration Committee governance, meeting schedule and agenda setting			X		
Communication with major shareholders and their representatives					X
Board remuneration					
Review of benchmarking peer group and external benchmark for Board remuneration			X	X	
GEM remuneration					
Review of GEM performance	X		X		X
Review and recommendation of individual GEM remuneration levels					X
Review of short-term incentive performance target setting for new financial year and performance and payouts for previous financial year	X	X			X
Review of long-term incentive performance target setting and eligibility for new performance period and performance for previous performance period	X				X
People & Talent					
Succession, engagement			X	X	X

Remuneration principles

Landis+Gyr's remuneration programs are designed to recognize and reward performance, enabling the organization to attract, motivate and retain talented employees who drive performance and the achievement of business strategy and objectives as well as the creation of shareholder value.

The remuneration programs within Landis+Gyr are periodically reviewed to ensure continued alignment with the Group's strategy and market practice and are built around the following principles:

Principle	Description
Performance	Anchor Landis+Gyr's business strategy, drive results and sharpen the focus on long-term performance and incentivize and reward performance in a sustainable manner, also in alignment with our Corporate Social Responsibility strategy
Shareholder value	Align with shareholders' interests, drive creation of shareholder value and foster entrepreneurial thinking
Talent management	Attract, motivate and retain talented employees who can drive world class performance, and who are incentivized based on such performance
Market orientation	Ensure a best practice remuneration system with competitive levels and structures, reflecting a sustainable balance between short-term and long-term performance focus

Determination of Board and GEM remuneration

The remuneration for the Board and the target remuneration for the GEM take into account the roles and responsibilities, the respective experience required as well as current market pay practices. In addition, for the GEM, internal compensation structures as well as affordability are considered.

To support remuneration recommendations to the Board, the Remuneration Committee periodically benchmarks remuneration of the members of the Board and GEM against remuneration of comparable companies. For these purposes, the Remuneration Committee regards Swiss listed industrial companies as the most relevant reference group. For the purpose of Board benchmarking, in order to allow for a sufficiently broad and representative comparison for non-executive Board members in Switzerland, this core reference group is expanded with a selection of cross-industry Swiss listed companies of comparable size to Landis+Gyr in terms of revenue[1] (basis for the selection are the top 100 Swiss Performance Index companies in terms of market capitalization, excluding companies in the financial services industry). For target structure and target pay levels for members of the GEM, international comparators represented by European and US companies from relevant traditional and innovation-driven industries are additionally considered in the assessment of remuneration practices, because Landis+Gyr operates and competes for talent at a global level.

EXHIBIT 4: REFERENCE GROUPS USED FOR GEM AND BOARD BENCHMARKING

GEM	Board
Geography: Switzerland + International	**Geography:** Switzerland
Industry: Industrials + technology	**Industry:** Industrials + diverse (excl. financials)
Size: Comparable (Revenue)	**Size:** Comparable (Revenue)

The last benchmarking for the remuneration of the members of the GEM was undertaken in FY 2018. For the members of the Board, a benchmarking was undertaken in FY 2019. The benchmarking analysis focused not only on remuneration levels but also considered fee structure and pay instruments and did not reveal any significant deviations from market practice. Following this comprehensive review of the Board remuneration structure, the Board currently does not foresee any changes with regard to structure and fee levels.

1 The Swiss listed industrial companies included in the reference group in FY 2019 for the purpose of Board benchmarking are: Sulzer, Geberit, Bucher, Dormakaba, OC Oerlikon, SIG, Conzzeta, SFS Group, Bobst Group, Daetwyler, Flughafen Zuerich, Schweiter. As described above, the reference group was expanded with the following further 12 cross-industry Swiss listed companies: Emmi, Galenica Sante, Logitech, Sonova, EMS-Chemie, Sunrise, KTM Industries, AMS, Vifor Pharma, Straumann, Forbo, Tamedia.

Remuneration System

Remuneration system of the Board

To ensure its independence in fulfilling its supervisory duties, the remuneration of the Board is fixed and does not contain any variable component.

The Chairman of the Board receives a fixed annual base fee of CHF 400,000 and a lump sum for expenses. The Chairman is not entitled to being compensated for assuming additional committee responsibilities. Due to his previous long-standing employment relationship with Landis+Gyr, during which he was continuously covered under the collective pension scheme offered by Landis+Gyr in Switzerland in accordance with Swiss pension regulations, the pension cover was subsequently continued under the terms of his directorship with the Company, under the provision that all contributions, including the employer portion, are to be funded by the Chairman himself. This ensures that the Company does not incur costs for pension fund contributions in addition to the Chairman's fixed base fee of CHF 400,000. The actual base fee payment to the Chairman is therefore reduced by the amount remitted by the Company into the pension scheme representing the employer pension contributions. To the extent that these contributions change, based on the regulations of the pension scheme, the actual base fee payment is adjusted accordingly. In FY 2019 the Company paid CHF 37,541 in employer pension contributions, which were deducted accordingly from the Chairman's base fee payment. In FY 2018 the employer pension contributions amounted to CHF 37,304.

Other members of the Board receive a fixed annual base fee and fixed fees for membership in Board committees, as well as a lump sum for expenses.

The amounts of the base fee and committee membership fees, as illustrated in Exhibit 5, reflect the responsibility and time requirement inherent to the respective function and remained the same in FY 2019 compared to FY 2018. The base fee and committee membership fee are paid 65% in cash and 35% in Company shares, which are blocked for sale for a period of three years from the date of grant. The cash portion of the base fee and committee membership fee is paid monthly; the share portion is granted in four quarterly instalments, with each instalment blocked for three years from the date of its grant. Should a Board member resign before completion of the respective term of office, such member is entitled to the respective pro-rata remuneration and any shares already received that are in excess of the pro-rata entitlement are to be re-transferred to the Company. All granted shares remain blocked until the end of the respective blocking period. Should a Board member not stand for re-election, or not be re-elected following completion of the previous term of office, already granted shares also remain blocked until the end of the respective blocking period. In the event of a change of control, the blocking period on the shares is lifted.

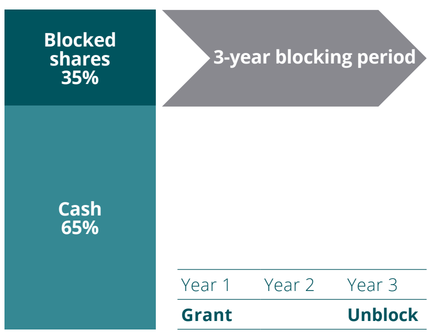
EXHIBIT 5: REMUNERATION SYSTEM OF THE BOARD, IN CHF

Fixed remuneration

Base fee	
Chairman [1]	400,000
Lead Independent Director	230,000
Member	120,000

Committee fee	Chair	Member
Audit Committee	30,000	15,000
Remuneration Committee	30,000	15,000

Pay Mix



1 The base fee for the Chairman is CHF 400,000 (no change compared to FY 2018); CHF 37,541 of the base fee were deducted in FY 2019 (FY 2018: CHF 37,304) as the Chairman is financing the entire cost of the pension cover himself, including the Company contribution, by way of a reduction to the base fee. Accordingly, the actual base fee paid in FY 2019 was CHF 362,459 (FY 2018: CHF 362,696). The split of the base fee into 65% cash and 35% shares is applied to the base fee after the deduction of the Company pension contributions.

Remuneration system of the Group Executive Management

The remuneration elements of the GEM are summarized in Exhibit 6.

EXHIBIT 6: REMUNERATION SYSTEM OF THE GEM

	FIXED REMUNERATION		VARIABLE REMUNERATION	
	Base salary	**Pension and Other Benefits**	**Short-Term Incentive Plan**	**Long-Term Incentive Plan**
Purpose	Attract and retain	Risk protection, market competitiveness	Focus on Landis+Gyr's one-year operational and financial performance[1]	Participate in the long-term success of Landis+Gyr and align with shareholders' interests
Performance period	–	–	1 year	3 years
Key drivers	Role, experience and individual performance	Market practice, legal requirements	Group and (if relevant) regional performance	Group long-term performance
Instrument/settlement	Cash	Pension and insurance plans, other benefits	Cash	Performance Stock Units settled in shares
Performance KPIs	–	–	Net Sales, adjusted EBITDA[2], operating Cash Flow less tax paid	Equally weighted relative Total Shareholder Return and Earnings Per Share
Target incentive amount	–	–	Individually defined target amounts based on respective role and in alignment with market; cannot exceed the equivalent of 80% of base salary	Individually defined target amounts based on respective role and in alignment with market; cannot exceed the equivalent of 80% of base salary; converted into number of Performance Stock Units at grant
Payout range	–	–	0% to 200% of target incentive amount; in addition, payout respective to each KPI is capped at 200%	0% to 200% of number of granted Performance Stock Units; in addition, the vesting multiple respective to each KPI is capped at 200%
Impact of share-price on payout value	–	–	NO	YES
Forfeiture provisions	–	–	YES	YES
Clawback provisions	–	–	YES	YES

1 As detailed on page 13, as of FY 2020 the short-term incentive plan will also include non-financial performance considerations linked to Landis+Gyr's Corporate Social Responsibility strategy.

2 Consolidated global Landis+Gyr Group EBITDA derived from US GAAP financial statements as adjusted for restructuring expenses, exceptional X2 related warranty costs, timing difference on FX derivatives and special items, all as shown in our H1 and full year financial reporting as Adjusted EBITDA with the exception of the warranty normalization items.

Base Salary
Base salary is the fixed remuneration paid to employees for carrying out their role and is established considering the following factors:
– scope and responsibilities of the role, as well as qualifications and experience required to perform the role,
– market value of the role in the location in which Landis+Gyr competes for talent,
– skills and expertise of the individual in the role, and
– individual performance.

The base salary is paid out to GEM members in twelve equal monthly cash instalments.

Pension benefits
The purpose of pension benefits is to provide security for employees and their dependents in the event of retirement, sickness, inability to work and death. The GEM members participate in the social insurance and pension plans in the countries where their employment contracts were entered into. The plans vary according to local market practice and legislation; at a minimum they reflect the statutory requirements of the respective countries. In line with local employment practice for Swiss employees, GEM members under Swiss employment contracts are covered by a supplementary non-compulsory occupational welfare plan in addition to the Company's compulsory occupational pension scheme.

Other benefits
In addition, Landis+Gyr aims to provide competitive employee benefits. Benefits are considered from a global perspective, while appropriately reflecting differing local market practice and employment conditions.

For the GEM members, benefits include local market benefits such as company car, health cover, etc. and, where relevant, international benefits such as executive benefits allowance, tax advisory services, etc. Further, to the extent applicable, replacement awards to incoming GEM members awarded to compensate, generally on a "like-for-like" basis, for remuneration forfeited at the previous employer as a result of joining Landis+Gyr are reported as "other benefits". The monetary value of these remuneration elements is evaluated at fair value and is disclosed in the remuneration table.

Short-Term Incentive Plan ("STIP")
The STIP is an annual cash incentive plan. The purpose of the STIP is to motivate eligible participants to deliver outstanding performance and increased contribution towards Landis+Gyr's success.

Plan participants at Group and regional level are incentivized based on the achievement of financial performance targets, which are determined by the Board at the beginning of each financial year. The performance targets correlate with the mid-term plan and long-term strategy and are aligned with business priorities, with the aim of achieving sustainable profitability and growth in alignment with shareholders' interests.

These targets represent commercially sensitive information and are therefore not disclosed. Information on realized payout for FY 2019 is provided on page 19.

Payouts under the STIP are calculated based on the achievement level of the respective financial performance targets, with 100% achievement resulting in 100% payout. For each financial performance target, minimum threshold performance levels, below which there is no payout, as well as maximum performance levels, at which payout is capped at 200%, apply. Linear interpolation is used to calculate the payout between threshold, target and maximum. Total payout under the STIP can range from 0% to 200% of the target incentive amount. For FY 2019, the individual target incentive amount for the CEO corresponds to approximately 75% (FY 2018: 75%) of base salary and for the other members of the GEM on average to 67% (FY 2018: 65%) of base salary. The maximum payout amount for the CEO is hence equivalent to approximately 150% (FY 2018: 150%) of base salary and for other members of the GEM on average to 134% of base salary (FY 2018: 130%).

In case of termination of employment during the performance period, the STIP payout may be reduced or forfeited depending on the conditions of such termination and subject to applicable law.

For FY 2019, the STIP scorecard comprised Sales, Profit and Cash Flow financial performance targets referred to as Key Performance Indicators ("KPIs"), as detailed in Exhibit 7.

EXHIBIT 7: STIP PERFORMANCE SCORECARD FOR THE GEM FOR FY 2019

Topic	KPI	Weight FY 2019
Sales	Net Sales	30%
Profit	Adjusted EBITDA[1]	40%
Cash Flow	Operating Cash Flow less tax paid	30%

1 Consolidated global Landis+Gyr Group EBITDA derived from US GAAP financial statements as adjusted for restructuring expenses, exceptional X2 related warranty costs, timing difference on FX derivatives and special items, all as shown in our H1 and full year financial reporting as Adjusted EBITDA with the exception of the warranty normalization items.

For the CEO and CFO, 100% Group results are considered when determining the level of performance of these KPIs. For the GEM members with regional responsibility, 30% Group results and 70% regional results of the respective region are evaluated with the above KPIs correspondingly assessed at both global and regional level.

Outlook FY 2020: During the review of remuneration systems undertaken in FY 2019, the Board further evaluated the possibility of including non-financial performance considerations in the short-term incentive plan. Given the importance of Landis+Gyr's CSR strategy and its commitment to sustainable development, the decision was taken to introduce CSR related targets with a weight of 10% in the short-term incentive plan as of FY 2020. The remaining 90% will continue to be measured against the financial KPIs as described above, maintaining the same proportionality as in 2019. The CSR related targets will be directly linked to the environmental topics of Landis+Gyr's CSR strategy focusing on energy and resource efficiency.

Long-Term Incentive Plan ("LTIP")

The current LTIP, under which the first grant was made in FY 2018, is a share-based incentive plan measured over a three-year performance period. Its purpose is to foster long-term value creation for the Group by providing the members of the GEM and other eligible key managers with the possibility:

- to become shareholders or to increase their shareholding in the Company,
- to participate in the future long-term success of Landis+Gyr, and
- to further align the long-term interests of the plan participants with those of the shareholders.

The individual target award amounts under the LTIP are determined based on the role and responsibilities, taking into account external market levels, and do not exceed the equivalent of 80% of base salary. In FY 2019, the individual target award amount at grant for the CEO corresponds to approximately 50% (FY 2018: 50%) of base salary and for other members of the GEM represents on average 50% (FY 2018: 42%) of base salary. Awards under the LTIP are a contingent entitlement, granted in the form of Performance Stock Units ("PSUs"), to receive Landis+Gyr shares, provided certain performance targets are achieved during the three-year performance period (see Exhibit 8) and subject to continuous employment. In case the performance does not reach certain pre-determined thresholds after three years, no PSUs will vest under the LTIP.

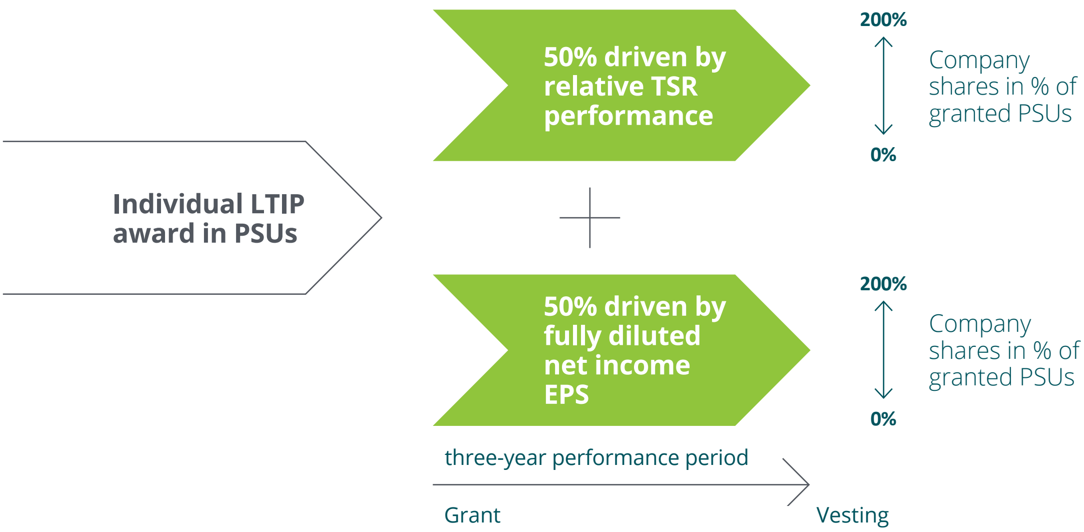
For the purpose of the LTIP, the measurement of Landis+Gyr's long-term performance comprises two equally weighted KPIs:

- 50% of the award is linked to the Total Shareholder Return ("TSR") measured over three years relative to the SPI Industrials Index[1] and
- 50% of the award is linked to the fully diluted net income Earnings per Share ("EPS").

As already disclosed in the Remuneration Report 2018, the SPI Industrials Index replaced the Swiss Performance Index as the reference group for the relative TSR measurement for the grant made in FY 2019. The Board decided to apply this change to the reference group in FY 2019 to allow for more specific market and performance comparability.

1 SPI Industrials Index is the SWX ID Industry TR Index

EXHIBIT 8: VESTING UNDER THE LTIP



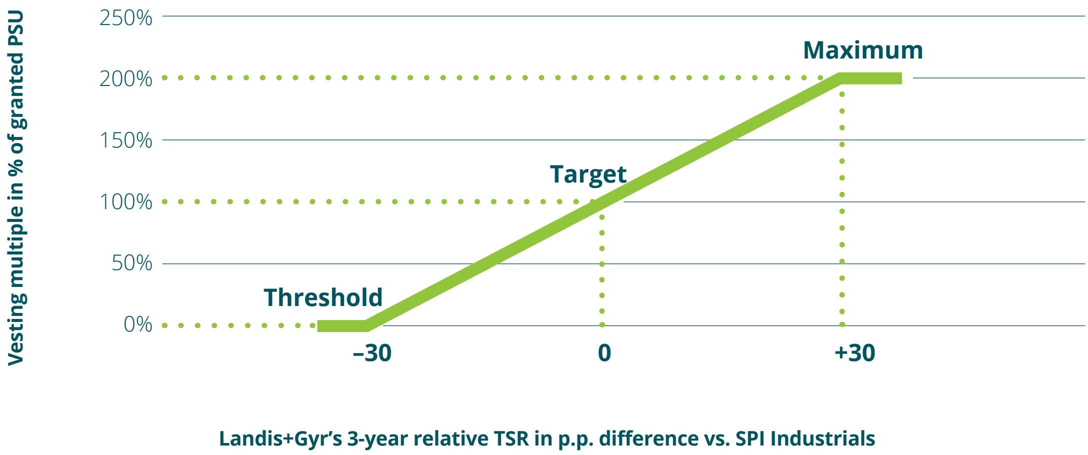
The relative TSR is calculated considering not only the variations of the closing price over the three-year performance period but also the dividends distributed in the same period, assuming that those dividends are reinvested at the time of the distribution in the shares of Landis+Gyr.

For the FY 2019 grant, 100% of the PSUs linked to the relative TSR performance will vest following the 3-year performance period, if the Landis+Gyr TSR is equivalent to the SPI Industrials TSR. The maximum vesting multiple of 200% applies if the Landis+Gyr TSR is 30 or more percentage points above the SPI Industrials TSR. The vesting multiple of 0% applies, should the Landis+Gyr TSR be 30 or more percentage points below the SPI Industrials TSR. Linear interpolation applies between the threshold, target and maximum performance levels.

The Remuneration Committee and the and Board have chosen this approach for the following reasons:
- To allow for the PSU grant under the LTIP to fulfill the purposes mentioned previously in this Remuneration Report, it was purposefully decided to provide a realistic performance-related chance to realize vesting.
- Furthermore, the PSU grant under the LTIP supports symmetrical performance and payout situations below and above the target. This means that increases (or decreases) in the level of performance (benchmarked against the performance of the SPI Industrials Index) lead to a proportionate increase (decrease) in the number of PSUs vesting in shares.
- As an additional safeguard from the shareholders' perspective, if Landis+Gyr's absolute TSR attributable to the relevant three-year performance period is negative, the relative TSR vesting multiple will be set at zero regardless of Landis+Gyr's performance relative to the SPI Industrials Index.

Exhibit 9 represents an illustration of the relative TSR vesting curve for the FY 2019 grant.

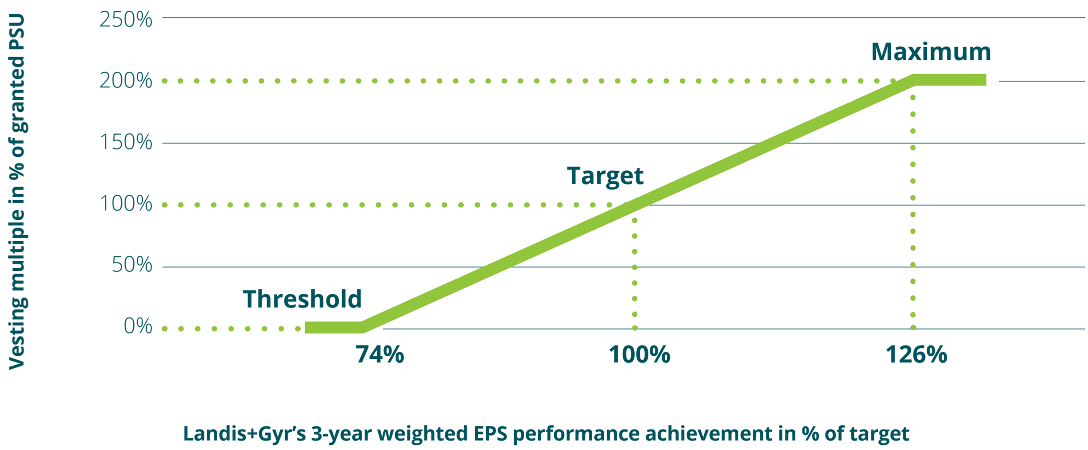
EXHIBIT 9: VESTING CURVE 3-YEAR RELATIVE TSR FOR FY 2019 GRANT



The three-year fully diluted net income EPS is calculated as the cumulative weighted sum of the reported net income fully diluted EPS attributable to shareholders for the financial years covered by the respective 3-year performance period. In order to give more weight to the EPS achieved in the later years of the performance period, the EPS of each year is weighted as follows: The first financial year is weighted at 1/6, the second financial year at 2/6 and the third financial year at 3/6.

Threshold and maximum performance levels apply; if the weighted EPS target is reached, 100% of the respective PSUs granted under the EPS KPI will vest. If the weighted EPS performance is at or above the maximum performance level, 200% of respective granted PSUs will vest. If the weighted EPS performance is at or below the threshold performance level, 0% of PSUs granted under the EPS KPI will vest. Linear interpolation applies between the threshold, target and maximum performance levels. Exhibit 10 represents an illustration of the weighted EPS vesting curve for the FY 2019 grant.

EXHIBIT 10: VESTING CURVE 3-YEAR WEIGHTED EPS FOR FY 2019 GRANT



Actual EPS targets are considered commercially sensitive information and communicating such targets would allow insight into the strategy of Landis+Gyr and may create a competitive disadvantage for the Company. Consequently, the decision was made not to disclose the specifics of those targets at the time of their setting, but to explain in more detail the process applied in setting EPS targets, and to subsequently disclose the target achievement at the end of the respective performance period, i.e. for the 2019 grant with the reporting for FY 2021.

EPS targets for each grant are set by the Board following a thorough outside-in approach conducted by the Remuneration Committee's independent external advisor. Investors' return expectations on market value, stock risk profile, investment projections and current profitability levels were taken as a starting point and translated into EPS targets, using multifactor valuation models and statistical analyses in order to establish an appropriate link between LTIP payouts and the value created for investors. The results of the outside-in approach were assessed against historical company performance, as well as equity analysts' expectations and strategic plan as suggested by management, to reinforce the Remuneration Committee's and Board's confidence in the overall quality and robustness of the EPS targets.

At the end of the vesting period, based on actual performance achieved, the resulting multiple of PSUs will be settled in ordinary shares of Landis+Gyr, however, subject to forfeiture rules in case of termination of employment before the end of the respective period as summarized in Exhibit 11.

EXHIBIT 11: SUMMARY OF LTIP FORFEITURE PROVISIONS

Termination reason	Vesting Provisions	Early vesting	Vesting level
Death and disability	Pro-rata vesting	Yes	At target
Retirement	Pro-rata vesting	No	Based on actual performance
Termination without cause	Pro-rata vesting	No	Based on actual performance
Other termination reasons	Full forfeiture	n/a	n/a

In addition, in the event of a change of control, early vesting on a pro-rata basis at target, i.e. without consideration of performance, applies.

Previous LTIP (until FY 2017)

The previous cash-based LTIP was discontinued as of the IPO event, with the last grants made in FY 2017 (prior to the IPO). These vested after three years at the end of FY 2019, subject to meeting performance and service conditions (except with regard to the grants for the CEO and CFO which are subject to meeting performance conditions only). The realized payout from this grant corresponds to 92.7% of the originally granted target amounts, except for the CEO and CFO for who the realized payout corresponds to 85.4% of the originally granted target amounts.

Clawback of variable remuneration

Landis+Gyr's clawback provisions allow for partial or full recovery of performance-based cash or equity paid or vested to members of the GEM during the previous three financial years (but not earlier than FY 2018). These provisions apply in cases where the Company is required to make a material restatement to its accounts (due to fraud or error) as well as in the event of fraud, gross negligence or willful misconduct, any serious breach of Landis+Gyr's code of business ethics and conduct or in the event of actions that caused serious reputational harm to the Company.

Employment conditions

The members of the GEM are employed under contracts of unlimited duration with a notice period up to a maximum of twelve months. GEM members are not contractually entitled to termination payments or any change of control provisions other than the early vesting of LTIP awards as mentioned above, which are applicable to all plan participants. Correspondingly, members of the GEM are not disproportionately advantaged by change of control provisions in comparison to any other employees. Employment contracts for GEM members include non-competition agreements not exceeding a period of twelve months following end of employment.

Remuneration awarded to Members of Governing Bodies

The section below is in line with Swiss law and specifically with Arts. 14 to 16 of the Ordinance which requires disclosure of remuneration granted to members of the Board and GEM. Remuneration paid to members of the Board and to the highest paid member of the GEM is shown separately.

Remuneration awarded to the Board for FY 2019

Explanatory comments

Exhibit 12 summarizes remuneration paid to the Board for the full FY 2019. Mary Kipp did not stand for re-election at the 2019 AGM; Exhibit 12 therefore includes the remuneration paid to her for the period from April 1, 2019 to June 30, 2019. The other seven Board members were re-elected at the 2019 AGM; in addition, Søren Thorup Sørensen was newly elected at the 2019 AGM, keeping the overall number of members unchanged. As the representative of Kirkbi Invest A/S, Landis+Gyr's biggest shareholder, he waived all remuneration for his Board duties for the term of office from 2019 AGM to 2020 AGM.

Exhibit 13 summarizes remuneration paid for the full FY 2018 to the six non-executive Board members who were re-elected at the 2018 AGM, as well as the two Board members newly elected at the same time (Mary Kipp and Peter Mainz).

In FY 2019 the Board received total remuneration of CHF 1,530,200 (FY 2018: CHF 1,561,971). There was no change to individual fee levels in FY 2019 as compared to FY 2018. The difference in total remuneration in FY 2019 as compared to FY 2018 is due to the different composition of the Board as explained above.

Remuneration of the Board (audited)

EXHIBIT 12: REMUNERATION OF MEMBERS OF THE BOARD FOR FY 2019[1] (AUDITED), IN CHF

Non-executive Board members	Role in the Board	Base fees paid in cash	Committee fees paid in cash	Base and committee fees delivered in shares[2]	Pension fund contribution[3]	Total fees (cash and shares)	Expenses	Employer Social Security Contributions	Total remuneration
Andreas Umbach	Chairman	235,409		127,050	37,541	400,000	20,000	26,156	446,156
Eric Elzvik	Lead Independent Director	149,500	29,250	96,250		275,000	10,000	20,062	305,062
David Geary	Independent Member	78,000	9,750	47,250		135,000	10,000		145,000
Pierre-Alain Graf	Independent Member	78,000	9,750	47,250		135,000	10,000	10,176	155,176
Andreas Spreiter	Independent Member	78,000	19,500	52,500		150,000	10,000	11,306	171,306
Christina Stercken	Independent Member	78,000	9,750	47,250		135,000	10,000		145,000
Mary Kipp[4]	Independent Member	19,500		10,500		30,000	2,500		32,500
Peter Mainz	Independent Member	78,000		42,000		120,000	10,000		130,000
Søren Thorup Sørensen[5]	Not independent; representative of biggest shareholder								
Total Board of Directors		**794,409**	**78,000**	**470,050**	**37,541**	**1,380,000**	**82,500**	**67,700**	**1,530,200**

1 Represents gross amounts, prior to deductions for social security, withholding tax, etc. for services rendered from April 1, 2019 until March 31, 2020 (with exception of one Board member who did not stand for re-election at the 2019 AGM as per footnote 4 below).
2 Granted in quarterly instalments; fair value is defined using the volume weighted average share price for the last 20 trading days of the month preceding the month of the respective quarterly grant.
3 Employer pension contribution funded by the Chairman through a reduction to base fee paid.
4 Amounts reflect the period in office from April 1, 2019 until June 30, 2019. Mary Kipp did not stand for re-election at the 2019 AGM.
5 Newly elected at 2019 AGM; waived all remuneration for the term of office 2019/2020.

EXHIBIT 13: REMUNERATION OF MEMBERS OF THE BOARD FOR FY 2018[1] (AUDITED), IN CHF

Non-executive Board members	Role in the Board	Base fees paid in cash	Committee fees paid in cash	Base and committee fees delivered in shares[2]	Pension fund contribution[3]	Total fees (cash and shares)	Expenses	Employer Social Security Contributions	Total remuneration
Andreas Umbach	Chairman	267,408		95,288	37,304	400,000	20,000	24,993	444,993
Eric Elzvik	Lead Independent director	169,625	33,187	72,188		275,000	10,000	20,262	305,262
David Geary	Independent Member	88,500	11,062	35,438		135,000	10,000		145,000
Pierre-Alain Graf	Independent Member	88,500	11,062	35,438		135,000	10,000	10,285	155,285
Andreas Spreiter	Independent Member	88,500	22,125	39,375		150,000	10,000	11,431	171,431
Christina Stercken	Independent Member	88,500	11,062	35,438		135,000	10,000		145,000
Mary Kipp[4]	Independent Member	58,500		31,500		90,000	7,500		97,500
Peter Mainz[4]	Independent Member	58,500		31,500		90,000	7,500		97,500
Total Board of Directors		**908,033**	**88,498**	**376,165**	**37,304**	**1,410,000**	**85,000**	**66,971**	**1,561,971**

1 Represents gross amounts, prior to deductions for social security, withholding tax, etc. for services rendered from April 1, 2018 until March 31, 2019 (with exception of two newly elected Board members as per footnote 4 below).
2 Granted in quarterly instalments (first grant in July 2018); fair value is defined using the volume weighted average share price for the last 20 trading days of the month preceding the month of the respective quarterly grant.
3 Employer pension contribution funded by the Chairman through a reduction to base fee paid.
4 Amounts reflect the period in office since election at the 2018 AGM from July 1, 2018 until March 31, 2019.

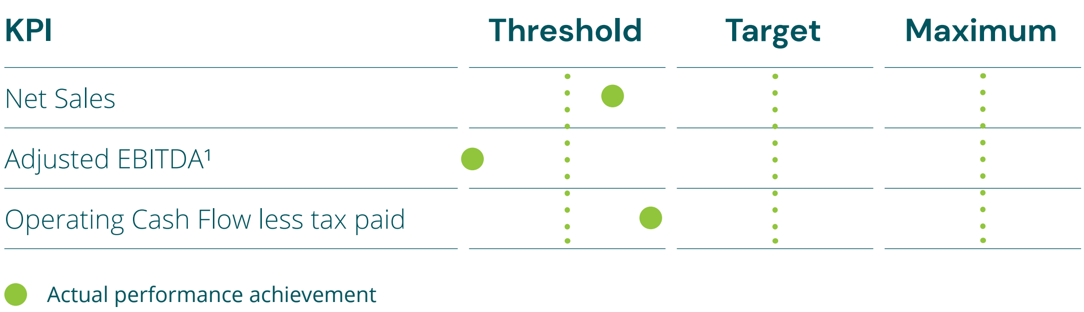
Remuneration awarded to the GEM for FY 2019

Performance assessment and explanatory comments

For FY 2019, the members of the GEM received base salary, variable remuneration and pension and other benefits, in line with the remuneration system, as detailed in Exhibit 6.

For the Group as a whole FY 2019 results, as illustrated in Exhibit 14 below, were below the targets with regards to Net Sales and Operating Cash Flow less tax paid and below the threshold with regards to Adjusted EBITDA. For the regions, there was a significant variation in performance with Americas under-performing on all targets; overall, EMEA and Asia Pacific were above target.

EXHIBIT 14: PERFORMANCE AT GROUP LEVEL FY 2019



1 Consolidated global Landis+Gyr Group EBITDA derived from US GAAP financial statements as adjusted for restructuring expenses, exceptional X2 related warranty costs, timing difference on FX derivatives and special items, all as shown in our H1 and full year financial reporting as Adjusted EBITDA with the exception of the warranty normalization items.

This resulted in an overall payout of 29.6% of the STIP target incentive amount for the CEO (FY 2018: 111.5%) and between 15.2% and 108.8% of the STIP target incentive amounts for other members of the GEM (FY 2018: 92.7%–111.5%).

In FY 2019, GEM members received total remuneration of CHF 5,913,740 (FY 2018: CHF 7,252,822). This is an overall decrease of 18% compared to previous year.

Remuneration of the GEM (audited)

EXHIBIT 15: REMUNERATION OF GROUP EXECUTIVE MANAGEMENT MEMBERS FOR FY 2019[1] (AUDITED), IN CHF

Remuneration elements	Members of the GEM[2]	Highest remuneration Richard Mora, CEO
Base salary	2,692,945	800,000[7]
Short-term incentive in cash[3]	809,909	175,232
Fair value at grant under the LTIP[4]	1,094,473	388,994
Other benefits[5]	872,437	226,423
Pension costs[6]	225,566	10,703
Employer Social Security Contributions	218,410	28,536
Total remuneration	**5,913,740**	**1,629,888**

1 Represents gross amounts paid, prior to deductions for social security, withholding tax, etc. for services rendered from April 1, 2019 until March 31, 2020.
2 Reflects remuneration of six members of the GEM for FY 2019, including pro-rated remuneration for two members for their remaining contractual notice periods ending during FY 2019, of 6 months (from April 1, 2019 to September 30, 2019) and 7 months (from April 1, 2019 to October 31, 2019), respectively.
3 Payable in FY 2020 for FY 2019.
4 Disclosure reflects awards for the reporting year, that is, fair value at grant for FY 2019. The LTIP value at vesting may vary based on performance outcomes and respective share price at the time of vesting. Resulting employer social security contributions (and tax equalization related costs for expatriates) will be reflected at the time of settlement of the LTIP.
5 Includes car benefits, allowances, tax advisory services, tax equalization for expatriates, employer contribution to 409a, etc. as well as the replacement award as mentioned below.
6 For GEM members under Swiss employment contracts, the employer's contribution to the supplementary welfare plan in FY 2019 also includes company contributions to retirement savings in addition to the already existing risk cover for death and disability. The change took effect as of January 2020 and resulted in an additional cost of CHF 19,300 for FY 2019 as compared to FY 2018.
7 Paid in USD.

EXHIBIT 16: REMUNERATION OF GROUP EXECUTIVE MANAGEMENT MEMBERS FOR FY 2018[1] (AUDITED), IN CHF

Remuneration elements	Members of the GEM[2]	Highest remuneration Richard Mora, CEO
Base salary	2,976,225	800,000[6]
Short-term incentive in cash[3]	1,958,508	662,535
Fair value at grant under the LTIP[4]	1,015,650	335,183
Other benefits[5]	820,125	220,319
Pension costs	210,137	11,282
Employer Social Security Contributions	272,177	37,871
Total remuneration	**7,252,822**	**2,067,190**

1 Represents gross amounts paid, prior to deductions for social security, withholding tax, etc. for services rendered from April 1, 2018 until March 31, 2019.
2 Reflects remuneration of seven members of the GEM for FY 2018, including pro-rated remuneration to one newly appointed member (for the period November 19, 2018 to March 31, 2019), as well as pro-rated remuneration for the period April 1, 2018 to June 30, 2018 to one member whose employment ended June 30, 2018.
3 Payable in FY 2019 for FY 2018.
4 Disclosure reflects awards for the reporting year, that is, fair value at grant for FY 2018. The LTIP value at vesting may vary based on performance outcomes and respective share price at the time of vesting. Resulting employer social security contributions (and tax equalization related costs for expatriates) will be reflected at the time of settlement of the LTIP.
5 Includes car benefits, allowances, tax advisory services, tax equalization for expatriates, employer contribution to 409a, etc.
6 Paid in USD.

The following explanatory comments can be given with regard to the changes compared to prior year:

Composition of the GEM: Exhibit 15 includes remuneration paid in FY 2019 to six members of the GEM, including pro-rated remuneration for Roger Amhof and Ellie Doyle. They ceased serving as active members of the GEM during FY 2018 and were both contractually entitled to a twelve months' notice period which extended over FY 2018 and FY 2019. Correspondingly, the remuneration awarded for the remainder of their notice periods in FY 2019, 6 and 7 months respectively, has been included in the remuneration table for FY 2019. Neither of the two received a LTIP grant in FY 2019. Remuneration for FY 2018 as shown in Exhibit 16 was for seven members of the GEM, including pro-rated remuneration for one newly appointed member who joined in November 2018 and for one member who left the Company at the end of June 2018. These two members did not receive LTIP grants in FY 2018.

Base salary: The variance in base salary is due to the changes of the GEM composition during the year, as mentioned above. Base salaries were not increased for any members of the GEM in FY 2019.

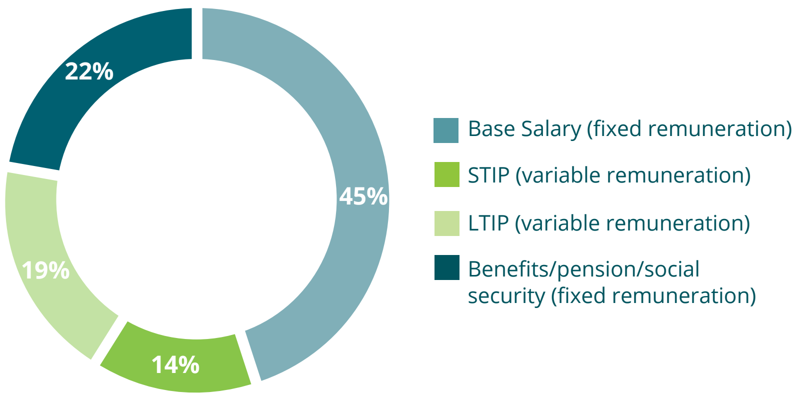
STIP: The overall lower payouts under the STIP in FY 2019 vs. FY 2018 reflect the achieved performance levels as described above. The target incentive amount for one member of the GEM was increased from 65% to 68% of base salary in FY 2019 to align total remuneration with respective market levels. No other member of the GEM, including the CEO, received an increase to the STIP target incentive amount in FY 2019 as compared to FY 2018.

LTIP: The target incentive amount for one member of the GEM was increased from 30% to 40% of base salary in FY 2019. This adjustment was made to more closely align the variable pay portion and overall remuneration level for this member to the respective market levels. No other member of the GEM, including the CEO, received an increase to the LTIP target incentive amount in FY 2019 as compared to FY 2018. Further, the disclosed grant amounts are impacted by the difference between the share price used to convert the target incentive amount into number of PSUs, which was the 20-day average share price prior to the start of the performance period, and the higher share price at grant date used for the fair value calculation. Additionally, as the target incentive amount for the CEO and one other member of the GEM is contractually determined in USD, there is a foreign exchange rate impact.

Other benefits: One member of the GEM, who joined Landis+Gyr during FY 2018, is entitled to a replacement award partially compensating the deferred remuneration forfeited at the previous employer as a result of joining Landis+Gyr. As per contract, this replacement award is payable in two instalments subject to continued employment of the GEM member at each respective payment date. The first instalment was paid after 12 months of employment in November 2019 and is correspondingly included in the remuneration for FY 2019 as shown in Exhibit 15. The second instalment is payable after 24 months of employment, i.e. in November 2020, and will be included in the remuneration disclosure for FY 2020.

As illustrated in Exhibit 17, for FY 2019 the total variable remuneration, i.e. STIP and LTIP, for the GEM represents 33% of total remuneration received. For the CEO total variable remuneration represents 35% of his total remuneration and 53% of his total fixed remuneration, i.e. base salary, benefits, pension and social security. For the other members of the GEM total variable remuneration represents on average 32% of total remuneration and ranges from 22% to 76% of total fixed remuneration, reflecting the variation in achieved performance levels. The target mix between variable STIP and LTIP in relation to fixed remuneration for the GEM balances short- and long-term performance in alignment with Landis+Gyr's remuneration strategy and shareholders' interests.

EXHIBIT 17: GEM PAY COMPOSITION FY 2019



Holding of Shares by Members of the Board and the GEM (Audited)

The members of the Board and GEM, including related parties, hold a total participation of 0.55% of the outstanding registered shares as of March 31, 2020 (0.56% as of March 31, 2019). This participation includes registered shares purchased as well as fully vested shares allocated in connection with the remuneration schemes and, for members of the Board, shares allocated in payment of part of their fees. However, unvested PSUs are not included.

EXHIBIT 18: SHARES HELD BY MEMBERS OF THE BOARD (AUDITED)

	Role	Shares held as at March 31, 2020	Shares held as at March 31, 2019
Andreas Umbach	Chairman	69,589	67,999
Eric Elzvik	Lead Independent Director	4,779	3,574
David Geary	Independent Member	1,150	558
Pierre-Alain Graf	Independent Member	1,534	942
Andreas Spreiter	Independent Member	7,689	7,030
Christina Stercken	Independent Member	1,800	1,208
Mary Kipp[1]	Independent Member	n/a	495
Peter Mainz	Independent Member	1,022	495
Søren Thorup Sørensen[2]	Not independent; representative of biggest shareholder	0	n/a

1 Did not stand for re-election at 2019 AGM held on June 25, 2019.
2 Newly appointed at 2019 AGM held on June 25, 2019; representative of Landis+Gyr's biggest shareholder KIRKBI Invest A/S, holding 4,445,265 shares which amounts to 15.2% of outstanding share capital.

EXHIBIT 19: SHARES HELD BY MEMBERS OF THE GEM (AUDITED)

	Role	Shares held as at March 31, 2020	Shares held as at March 31, 2019
Richard Mora	Chief Executive Officer	41,641	41,641
Jonathan Elmer	Chief Financial Officer	9,030	9,030
Roger Amhof[1]	Chief Strategy Officer	n/a	6,425
Ellie Doyle[2]	Head of Asia Pacific	n/a	3,774
Prasanna Venkatesan	Head of Americas	22,072	22,072
Susanne Seitz[3]	Head of EMEA	0	0

1 Active member of the GEM until December 31, 2018; employment ended on September 30, 2019.
2 Active member of the GEM until October 31, 2018; employment ended on October 31, 2019.
3 Member of the GEM as of November 19, 2018.

In addition, as at March 31, 2020 members of the GEM held a total of 23,530 PSUs with respect to grants made under the LTIP. As at March 31, 2019 members of the GEM held a total of 11,793 PSUs.

Shareholding Guidelines for the GEM Members

Shareholding guidelines were introduced for GEM members in FY 2018, which are designed to increase the alignment of the interests of GEM members and shareholders. The target ownership levels are defined based on the role and correspond to:
- 300% of base salary for the position of CEO
- 200% of base salary for other GEM members

GEM members are expected to build up their shareholding to the targeted ownership levels within five years, from the introduction of the guidelines or appointment to the GEM respectively.

Loans granted to Members of the Board or the GEM

As referenced on page 6, in accordance with Article 28 of the Articles of Association, Landis+Gyr Group AG may not grant loans to members of the Board or the GEM and hence did not do so during FY 2019.

Related-Party Transactions

Disclosure on remuneration for FY 2019 covers members of the Board and the GEM as indicated, and for both includes related parties to the extent applicable. Such related parties cover spouses, partners, children and other dependents or closely linked persons. In FY 2019 no remuneration was paid to any related party.

Remuneration to Former Members of Governing Bodies

During FY 2019 no payments were made to former members of the Board or the GEM or related parties.

Reconciliation of AGM Remuneration Resolutions

For the term to the 2020 AGM, the 2019 AGM approved a maximum aggregate remuneration amount for the Board of CHF 2.0 million (including social security costs). Exhibit 20 below shows the reconciliation between the remuneration that has been/will be paid/granted for the respective term of office and the maximum aggregate amount approved by the shareholders.

The maximum aggregate amount, comprising fixed and variable remuneration, of the existing members of the GEM for FY 2019 approved by the 2018 AGM, is CHF 11.5 million (including social security costs, benefits, etc.). Exhibit 21 below shows the reconciliation between the remuneration paid to the GEM for FY 2019 and the maximum aggregate amount approved by the shareholders.

EXHIBIT 20: REMUNERATION APPROVED AND PAID/GRANTED FOR THE MEMBERS OF THE BOARD

	Total remuneration granted (paid/payable)	Maximum aggregate amount available	Status
2018 AGM to 2019 AGM	CHF 1.6 million[1]	CHF 2.0 million	Approved (2018 AGM)
2019 AGM to 2020 AGM	CHF 1.5 million[2]	CHF 2.0 million	Approved (2019 AGM)
2020 AGM to 2021 AGM		CHF 1.8 million[3]	Proposed (2020 AGM)

1 For 8 members of the Board.
2 For 8 members of the Board of which one member waived his remuneration for the term of office; represents an estimate for the term of office from 2019 AGM to 2020 AGM; the final amount will be disclosed in the 2020 Remuneration Report.
3 For 8 members of the Board.

EXHIBIT 21: REMUNERATION APPROVED AND PAID/GRANTED FOR THE MEMBERS OF THE GEM

	Total remuneration granted	Maximum aggregate amount available	Status
FY 2018	CHF 7.3 million[1]	CHF 12.5 million	Approved (2017 EGM)
FY 2019	CHF 5.9 million[2]	CHF 11.5 million	Approved (2018 AGM)
FY 2020		CHF 8.5 million	Approved (2019 AGM)
FY 2021		CHF 8.5 million[3]	Proposed (2020 AGM)

1 For 7 members of the GEM as per the explanations given on page 20.
2 For 6 members of the GEM as per the explanations given on pages 19 and 20.
3 The amount requested for FY 2021 is for 4 members of the GEM, consistent with the amount requested for FY 2020.

Report of the statutory auditor

to the General Meeting of Landis+Gyr Group AG

Zug

We have audited the remuneration report of Landis+Gyr Group AG for the year ended March 31, 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the sections labelled 'audited' on pages 17-20 and page 22 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion

In our opinion, the remuneration report of Landis+Gyr Group AG for the year ended March 31, 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Rolf Johner
Audit expert
Auditor in charge

Claudia Muhlinghaus
Audit expert

Zug, May 27, 2020

PricewaterhouseCoopers AG, Dammstrasse 21, Postfach, CH-6302 Zug, Switzerland
Telephone: +41 58 792 68 00, Telefax: +41 58 792 68 10, www.pwc.ch

Financial Report 2019

Landis+Gyr

manage energy better

Table of Contents

Financial Review of Landis+Gyr Group

Table of Contents

Overview

The following discussion of the financial condition and results of the operations of Landis+Gyr Group AG ("Landis+Gyr") and its subsidiaries (together, the "Company") should be read in conjunction with the Consolidated Financial Statements, which have been prepared in accordance with US GAAP, and the related notes thereto included in this Financial Review.

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

The Company is the leading global provider of smart metering solutions helping utilities, energy retailers and energy consumers manage energy better. Building on over 120 years of industry experience, we enable our customers to manage their billing for revenue assurance, improve the efficiency of their networks, upgrade energy delivery infrastructures, reduce energy costs and contribute to a sustainable use of resources.

Traditional standalone metering products represent the historical core of the Company's offerings. However, over the last 10 to 15 years, many utilities have transitioned from using standalone, or non-smart, meters, which require on-site or one-way reading to report energy consumption, to modernized networks that deploy intelligent devices and two-way communications technologies for near real-time measurement, management and control of energy distribution and consumption, i.e., "smart metering". Smart metering technology serves, in turn, as an essential building block in the development of the Smart-Grid and smart communities where utilities are able to measure and control production, transmission and distribution of energy resources more efficiently through the use of communications technology. Increasingly, we are also seeing the adoption of grid edge technologies.

We provide our products, services and solutions in more than 70 countries around the world.

To best serve our customers, we have organized our business into three regional reportable segments: the Americas, EMEA and Asia Pacific.

- Americas comprises the United States, Canada, Central America, South America, Japan and certain other markets which adopt US standards. This segment reported 53.3% of our total net revenue for the financial year 2019 (FY 2019; April 1, 2019 to March 31, 2020). We are a leading supplier of Advanced Metering Infrastructure ("AMI") communications networks and the leading supplier of smart electricity meters in North America. In addition, we are one of the leading suppliers of modern standalone and smart electric meters in South America.
- EMEA, which comprises Europe, the Middle East, South Africa and certain other markets adopting European standards, reported 37.3% of our total net revenue for the financial year 2019. In EMEA, we are one of the leading providers of smart electricity meters and we are the leading supplier of smart ultrasonic gas meters.
- Asia Pacific comprises Australia, New Zealand, China, Hong Kong and India, while the balance is generated in Singapore and other markets in Asia. It reported 9.4% of our total revenue for the financial year 2019. In Asia Pacific (excluding China), we are one of the leading smart electricity meter providers.

Summary of Financial Information

RESULTS OF OPERATIONS

	FINANCIAL YEAR ENDED MARCH 31,				
USD in millions, except per share data	**2020**	2019	2018	2017	2016
Order Intake	1,371.4	2,079.0	1,574.4	1,325.5	1,998.7
Committed Backlog as of March 31,	2,223.9	2,603.1	2,389.0	2,491.4	2,887.9
Net revenue	**1,699.0**	**1,765.2**	**1,737.8**	**1,659.2**	**1,573.5**
Cost of revenue	1,166.2	1,188.8	1,227.7	1,117.0	1,087.7
Gross profit	**532.8**	**576.3**	**510.1**	**542.2**	**485.7**
Operating expenses (*)					
Research and development	157.7	156.8	163.8	162.8	148.3
Sales and marketing	88.2	95.4	104.9	104.7	99.7
General and administrative	113.5	130.9	161.6	186.2	146.2
Amortization of intangible assets	34.5	34.9	35.7	35.1	42.4
Impairment of intangible assets	–	–	–	60.0	34.1
Operating income (loss)	**139.0**	**158.3**	**44.0**	**(6.6)**	**15.1**
Net interest and other finance expense	(4.2)	(7.9)	1.2	(25.0)	(16.9)
Non-operational pension (cost) credit (*)	3.6	4.1	3.8	1.4	0.8
Gain on divestments	–	14.6	–	–	–
Income (loss) before income tax expense	**138.4**	**169.0**	**49.0**	**(30.3)**	**(1.0)**
Income tax benefit (expense)	(19.5)	(42.1)	(2.2)	(31.8)	(12.5)
Net income (loss) before noncontrolling interests and equity method investments	**119.0**	**126.9**	**46.8**	**(62.1)**	**(13.5)**
Net loss from equity investments	(5.8)	(4.3)	–	–	–
Net income before noncontrolling interests	**113.2**	**122.6**	**46.8**	**(62.1)**	**(13.5)**
Net income attributable to noncontrolling interests, net of tax	(0.6)	0.4	0.4	0.5	0.2
Net income (loss) attributable to Landis+Gyr Group AG Shareholders	**113.7**	**122.2**	**46.4**	**(62.6)**	**(13.7)**
Earnings per share (basic)	3.90	4.15	1.57	(2.12)	(0.46)
Earnings per share (diluted)	3.90	4.15	1.57	(2.12)	(0.46)
Adjusted Gross Profit	584.3	609.3	597.3	620.2	601.9
Adjusted Operating Expenses	347.2	371.4	389.1	409.6	381.7
Adjusted EBITDA	**237.2**	**237.9**	**208.2**	**210.6**	**220.2**
Free Cash Flow (excluding M&A)	**120.4**	**123.5**	**87.5**	**53.1**	**84.6**

* Following the adoption by the Company of ASU 2017-07 relating to defined benefit pension scheme costs, all pension income and expenses other than service costs are now reported under "Non-operational pension (cost) credit". Net income is unchanged. For comparison purposes, we applied the new standard retrospectively in the Consolidated Statements of Operations for the years ended March 31, 2018, 2017 and 2016 presented above.

SUMMARY CONSOLIDATED BALANCE SHEETS

USD in millions (*)	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
ASSETS					
Current assets					
Cash and cash equivalents	319.4	73.4	101.8	101.0	22.1
Accounts receivable, net	335.8	367.9	315.8	301.4	302.4
Inventories, net	147.5	133.7	121.4	115.7	117.0
Prepaid expenses and other current assets	59.7	54.8	50.4	44.4	136.7
Total current assets	**862.3**	**629.8**	**589.3**	**562.5**	**578.1**
Property, plant and equipment, net	117.5	142.1	164.4	188.8	199.8
Goodwill and other Intangible assets, net	1,642.4	1,686.1	1,743.3	1,786.6	1,895.6
Deferred tax assets	17.0	15.8	16.0	12.9	28.1
Other long-term assets	145.1	78.2	37.7	34.2	35.1
TOTAL ASSETS	**2,784.3**	**2,551.9**	**2,550.7**	**2,585.1**	**2,736.7**
LIABILITIES AND EQUITY					
Current liabilities					
Trade accounts payable	175.9	220.3	150.2	139.3	147.3
Accrued liabilities	28.4	31.2	40.0	37.0	45.2
Warranty provision – current	31.6	34.3	47.9	43.8	32.9
Payroll and benefits payable	55.5	66.8	65.2	76.6	73.9
Loans and current portion of shareholder loans	352.2	90.7	142.3	227.9	113.8
Operating lease liabilities – current	13.2	–	–	–	–
Other current liabilities	84.6	81.4	69.7	87.6	73.3
Total current liabilities	**741.3**	**524.7**	**515.2**	**612.2**	**486.4**
Shareholder loans	–	–	–	–	215.0
Warranty provision – non current	30.4	10.9	25.6	8.0	58.8
Pension and other employee liabilities	46.1	48.4	55.7	65.2	101.1
Deferred tax liabilities	25.0	37.3	32.5	55.0	95.1
Tax provision	20.6	29.2	25.5	28.7	21.1
Operating lease liabilities – non current	59.5	–	–	–	–
Other long-term liabilities	63.8	68.0	88.1	83.5	29.4
Total liabilities	**986.6**	**718.6**	**742.7**	**852.5**	**1,006.8**
Shareholders' equity					
Total Landis+Gyr Group AG shareholders' equity	**1,796.3**	**1,830.7**	**1,804.6**	**1,730.1**	**1,728.0**
Noncontrolling interests	1.4	2.7	3.4	2.6	1.8
Total shareholders' equity	**1,797.6**	**1,833.4**	**1,808.0**	**1,732.6**	**1,729.9**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,784.3**	**2,551.9**	**2,550.7**	**2,585.1**	**2,736.7**

* Certain amounts reported for prior years in the Consolidated Balance Sheets have been reclassified to conform to the current year's presentation. These changes primarily relate to 1) the reclassification of certain contract liabilities, from Trade accounts payable to Other current liabilities, following the adoption of the ASU 2014-09 Revenue from Contracts with Customers and 2) the reclassification and netting of deferred tax assets and liabilities as a result of the adoption of the ASU 2015-17 Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes, which requires deferred tax assets and liabilities to be classified as noncurrent in the Consolidated Balance Sheets.

Order Intake

Order intake decreased by USD 707.6 million, or 34.0%, from USD 2,079.0 million in the year ended March 31, 2019 (FY 2018) to USD 1,371.4 million in the year ended March 31, 2020 (FY 2019), on a reported currency basis (32.9% on a constant currency basis). The decrease in order intake was predominantly driven by a lack of bookings due to regulatory delays in the USA.

Committed Backlog

We define our committed backlog as the sum of our awarded contracts with firm volume and price commitments.

Our committed backlog represents the aggregate amount of individual contract orders we have for specified products, services or solution sales that have a specified value and delivery schedule. As of March 31, 2020, in the Americas, committed backlog related to products, services and solutions was USD 1,480.3 million compared to USD 1,754.9 million as of March 31, 2019. In EMEA, as of March 31, 2020, committed backlog was USD 649.4 million compared to USD 754.6 million as of March 31, 2019. More than half of the committed backlog in EMEA relates to contracts in the UK. In Asia Pacific, as of March 31, 2020, committed backlog was USD 94.3 million compared to USD 93.6 million as of March 31, 2019.

Net Revenue

Net revenue decreased by USD 66.2 million, or 3.8%, from USD 1,765.2 million in the year ended March 31, 2019 to USD 1,699.0 million in the year ended March 31, 2020, on a reported currency basis (decrease of 2.0% on a constant currency basis). The decrease in net revenue was predominantly driven by lower sales in the Americas segment of USD 75.4 million in constant currency as compared to the previous period, while the EMEA and APAC segments showed a constant currency growth of USD 23.5 million and USD 18.0 million, respectively. In the Americas segment, the decrease in net revenue was driven by delays in regulatory approvals in the US and the roll-off of two full-scale deployments previously underway in the US in FY 2018. The EMEA segment experienced a reasonable growth as major planned AMI rollouts continued (predominantly in the UK). Meanwhile, the Asia Pacific segment net revenue recorded an increase of 12.7% on a constant currency basis driven by sales in Australia and in Hong Kong. The COVID-19 crisis impact lowered net revenue by approximately 1% in FY 2019.

Cost of Revenue and Gross Profit

Cost of revenue decreased by USD 22.7 million, or 1.9%, from USD 1,188.8 million in the year ended March 31, 2019 to USD 1,166.2 million in the year ended March 31, 2020. This decrease reflects the lower sales and the improvement in the supply chain cost structure due to the successful product cost down initiatives combined with Project Lightfoot in EMEA that delivered in excess of USD 20 million of annual savings in FY 2019, partly offset by higher warranty expenses of USD 28.0 million. Warranty expenses increased to USD 42.0 million for the year ended March 31, 2020 from USD 18.7 million in the previous period, due to an increase to the legacy component warranty provision in the Americas of USD 28.2 million, net of the related insurance proceeds. In addition, there was a consequent flow through of approximately 1% of net revenue reduction attributable to the COVID-19 crisis. As a result, gross profit decreased by USD 43.5 million, or 7.5%, from USD 576.3 million (or 32.7% in percentage of revenue) in the financial year 2018 to USD 532.8 million (or 31.4% as a percentage of revenue) in the financial year 2019.

OPERATING EXPENSES

	FINANCIAL YEAR ENDED MARCH 31,	
USD in millions	**2020**	2019
Research and development	157.7	156.8
Sales and marketing	88.2	95.4
General and administrative	113.5	130.9
Amortization of intangible assets	34.5	34.9
Total operating expenses	**393.8**	**418.1**

Research and Development

Research and development expenses remained flat with a slight increase of USD 0.9 million, or 0.5%, from USD 156.8 million in the year ended March 31, 2019 to USD 157.7 million in the year ended March 31, 2020.

Sales and Marketing

Sales and marketing expenses decreased by USD 7.2 million, or 7.6%, from USD 95.4 million in the year ended March 31, 2019 to USD 88.2 million in the year ended March 31, 2020. This decrease in sales and marketing expenses is a result of tighter cost control measures.

General and Administrative

General and administrative expenses decreased by USD 17.4 million, or 13.3%, from USD 130.9 million in the year ended March 31, 2019, to USD 113.5 million in the year ended March 31, 2020. The decrease in general and administrative expenses was driven by the continuous effort worldwide to reduce expenses and a one-off benefit of a court ruling relating to overpaid VAT in Brazil for USD 5.6 million.

Amortization of Intangible Assets

Certain amortization charges were included in cost of revenue in the amount of USD 12.6 million and USD 13.8 million for the years ended March 31, 2020 and 2019, respectively; amortization of intangible assets included under operating expenses decreased by USD 0.4 million, or 1.2%, from USD 34.9 million in the year ended March 31, 2019 to USD 34.5 million in the year ended March 31, 2020.

Operating Income

Operating income decreased by USD 19.3 million to USD 139.0 million for the year ended March 31, 2020 from USD 158.3 million for the year ended March 31, 2019 largely as a result of lower sales. Operating income included depreciation and amortization of USD 86.4 million for the year ended March 31, 2020 and USD 92.8 million for the year ended March 31, 2019, which are included in various line items in the Consolidated Statement of Operations.

Operating income before depreciation and amortization, which corresponds to EBITDA, decreased by USD 25.8 million, or 10.2%, to USD 225.3 million for the year ended March 31, 2020 from USD 251.1 million for the year ended March 31, 2019. EBITDA included non-recurring and other items in the financial year ended March 31, 2020, which amounted to USD 11.9 million. These non-recurring and other items included (i) restructuring expenses in the amount of USD 6.7 million relating to costs associated with restructuring programs in all segments, (ii) warranty normalization adjustments of USD 13.1 million, included to adjust warranty expenses to the three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty claims and (iii) change in unrealized gains and losses on derivatives where the underlying hedged transactions have not yet been realized amounting to USD (7.9) million. EBITDA included non-recurring and other items in the financial year ended March 31, 2019, which amounted to USD (13.2) million. These non-recurring and other items included (i) restructuring expenses in the amount of USD 4.8 million relating to costs associated with restructuring programs in all segments, (ii) exceptional warranty related expenses of USD 1.1 million in respect of the X2 matter (refer to section Warranty Provision below), (iii) warranty normalization adjustments of USD (16.1) million, included to adjust warranty expenses to the three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty claims and (iv) change in unrealized gains and losses on derivatives where the underlying hedged transactions have not yet been realized amounting to USD (3.0) million.

In the year ended March 31, 2020, Adjusted EBITDA, which corresponds to EBITDA adjusted for certain non-recurring or other items that Management believes are not indicative of operational performance (as outlined above), was USD 237.2 million, compared to USD 237.9 million in the year ended March 31, 2019. The consistent Adjusted EBITDA was driven by lower operating expenses and the impact of the court ruling on VAT in Brazil. For further details, refer to the next chapter Segment Information.

OTHER INCOME (EXPENSE) AND INCOME TAXES

	FINANCIAL YEAR ENDED MARCH 31,	
USD in millions	**2020**	2019
Other income (expense)		
Interest income	5.2	0.5
Interest expense	(6.8)	(6.8)
Non-operational pension (cost) credit	3.6	4.1
Gain on divestments	–	14.6
Income (loss) on foreign exchange, net	(2.6)	(1.5)
Income before income tax expense	**138.4**	**169.0**
Income tax benefit (expense)	(19.5)	(42.1)

Interest Income
Interest income increased by USD 4.7 million, from USD 0.5 million in the year ended March 31, 2019 to USD 5.2 million in the year ended March 31, 2020 attributable to the expected interest income from the VAT ruling in Brazil of approximately USD 4.7 million.

Interest Expense
Interest expense was USD 6.8 million in each of the years ended March 31, 2019 and 2020, respectively.

Non-operational pensions (cost) credit
Non-operational pension credit decreased by USD 0.5 million, from USD 4.1 million in the year ended March 31, 2019 to USD 3.6 million in the year ended March 31, 2020.

Gain on divestment
On May 31, 2018, the Company entered into an agreement with Pacific Equity Partners ("PEP"), an Australian private equity firm, to establish IntelliHUB Holdings Pty Ltd, a joint venture for the acquisition of Acumen, a metering service provider, formerly owned by Origin Energy Limited, an Australian energy retailer.

Under the agreement, the Company contributed all the 100 outstanding shares of its wholly owned subsidiary IntelliHUB Operations Pty Ltd ("IntelliHUB"), with net assets of USD 1.0 million previously included in the Asia Pacific reportable unit, and USD 19.1 million in cash, in exchange for 57.5 million shares, representing a 20.3% equity interest in the newly established entity.

On June 19, 2018, the date the transaction was completed, the Company derecognized IntelliHUB's assets and liabilities, as well as USD 7.5 million of allocated goodwill, representing the portion of the Asia Pacific reporting unit's goodwill being attributable to IntelliHUB based on relative fair values. The Company recorded USD 14.6 million gain on divestments, which is included within Other income (expense), net in the Consolidated Financial Statements.

Upon divestment of IntelliHUB, the Company has entered into certain commercial agreements with the newly incorporated joint venture, for the sale of hardware and software licenses.

Income (Loss) on Foreign Exchange, Net
Net loss on foreign exchange, increased by USD 1.1 million, from a loss of USD(1.5) million in the year ended March 31, 2019 to a loss of USD(2.6) million in the year ended March 31, 2020. Both losses in FY 2019 and in FY 2018 were primarily driven by the stronger USD against other major currencies.

Provision for Taxes
Income tax expense decreased by USD 22.6 million, from USD 42.1 million in the year ended March 31, 2019 to USD 19.5 million in the year ended March 31, 2020. The variance in total income tax expenses is impacted by recurring items such as tax rates in the different jurisdictions where the company operates and the income mix within jurisdictions. The significant decrease of income tax expense was driven by movements in non-recurring items such as the decrease of unrecognized tax benefits related to the expiration of the statute of limitations in the Americas and EMEA, combined with certain non-taxable benefits in Americas during the current financial year.

Segment Information

The following tables set forth net revenues and Adjusted EBITDA for our segments: Americas, EMEA and Asia Pacific for the years ended March 31, 2020 and 2019.

	FINANCIAL YEAR ENDED MARCH 31,		CHANGE	
USD in millions, unless otherwise indicated	2020	2019	USD	Constant Currency
Committed Backlog				
Americas	1,480.3	1,754.9	(15.6%)	(14.6%)
EMEA	649.4	754.6	(13.9%)	(10.4%)
Asia Pacific	94.3	93.6	0.7%	3.6%
Total	**2,223.9**	**2,603.1**	**(14.6%)**	**(12.8%)**
Net revenue to external customers				
Americas	906.3	986.0	(8.1%)	(7.7%)
EMEA	633.5	632.5	0.2%	3.9%
Asia Pacific	159.2	146.7	8.5%	12.7%
Total	**1,699.0**	**1,765.2**	**(3.8%)**	**(2.0%)**
Adjusted Gross Profit				
Americas	344.7	392.8	(12.2%)	
EMEA	200.5	186.9	7.3%	
Asia Pacific	36.7	30.0	22.3%	
Inter-segment eliminations	2.4	(0.4)		
Total	**584.3**	**609.3**	**(4.1%)**	
Adjusted EBITDA				
Americas	163.1	193.7	(15.8%)	
EMEA	40.1	19.7	103.6%	
Asia Pacific	9.9	1.5	560.0%	
Corporate unallocated	24.1	23.0		
Total	**237.2**	**237.9**	**(0.3%)**	
Adjusted EBITDA % of net revenue to external customers				
Americas	18.0%	19.6%		
EMEA	6.3%	3.1%		
Asia Pacific	6.2%	1.0%		
Group	**14.0%**	**13.5%**		

Americas

Segment Revenue
Net revenue to external customers in the Americas segment decreased by USD 79.7 million, or 8.1%, from USD 986.0 million in the year ended March 31, 2019 to USD 906.3 million in the year ended March 31, 2020, on a reported currency basis (7.7% on a constant currency basis). The decrease in revenue in the Americas segment was primarily driven by two large projects that rolled off coupled with delays in regulatory approvals of customer projects.

Segment Adjusted EBITDA
Adjusted EBITDA in the Americas segment decreased by USD 30.6 million, or 15.8%, from USD 193.7 million in the year ended March 31, 2019 to USD 163.1 million in the year ended March 31, 2020. The decrease in Adjusted EBITDA is largely the result of a lower Adjusted Gross Profit of USD 48.1 million driven by the combination of lower sales and higher normalized warranty expense. Offsetting these negative trends, Americas showed lower Adjusted operating expenses of USD 17.5 million as a result of the lower variable personnel remuneration, the benefit of restructuring measures taken and the one-off impact of a court ruling on overpaid VAT in Brazil for USD 5.6 million. For a reconciliation of Adjusted EBITDA on a segment basis to Adjusted EBITDA on a Group basis, see the section Supplemental Reconciliations and Definitions.

EMEA

Segment Revenue
Net revenue to external customers in the EMEA segment increased by USD 1.0 million, or 0.2%, from USD 632.5 million in the year ended March 31, 2019 to USD 633.5 million in the year ended March 31, 2020, on a reported currency basis (3.9% on a constant currency basis). The increase in revenue to external customers in the EMEA segment was mainly driven by the UK roll-out.

Segment Adjusted EBITDA
Adjusted EBITDA in the EMEA segment increased by USD 20.4 million, from USD 19.7 million in the year ended March 31, 2019 to USD 40.1 million in the year ended March 31, 2020. The increase in Adjusted EBITDA is largely the result of the lower cost of goods sold attributable to product cost reductions and the benefit of the Project Lightfoot, which translated into an improved Adjusted Gross Profit (USD 13.6 million increase), and lower Adjusted operating expenses (of USD 6.8 million, driven by efficiency measures undertaken). For a reconciliation of Adjusted EBITDA on a segment basis to Adjusted EBITDA on a Group basis, see the section Supplemental Reconciliations and Definitions.

Asia Pacific

Segment Revenue
Net revenue to external customers in the Asia Pacific segment increased by USD 12.5 million, or 8.5%, from USD 146.7 million in the year ended March 31, 2019 to USD 159.2 million in the year ended March 31, 2020, on a reported currency basis (12.7% on a constant currency basis). The increase in revenue in the Asia Pacific segment was primarily driven by higher revenue in Australia and in Southeast Asia.

Segment Adjusted EBITDA
Adjusted EBITDA in the Asia Pacific segment increased by USD 8.4 million, from USD 1.5 million in the year ended March 31, 2019 to USD 9.9 million in the year ended March 31, 2020. The increase in profitability in the Asia Pacific segment was driven by an improved Adjusted Gross Profit (increase of USD 6.8 million) and overall lower Adjusted operating expenses (mainly the results of prior year restructuring). For a reconciliation of Adjusted EBITDA on a segment basis to Adjusted EBITDA on a Group basis, see the section Supplemental Reconciliations and Definitions.

Restructuring and other Saving Initiatives

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

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

USD in millions	Cumulative Costs incurred up to March 31, 2020	Total Costs incurred in the Financial year ended March 31, 2020
Americas	7.0	4.4
EMEA	15.9	1.3
Asia Pacific	0.8	0.3
Corporate	2.3	0.7
Restructuring Charges	**26.1**	**6.7**

During the financial year 2019, the Company continued its effort on rightsizing its operations and has introduced a program in the Americas to align the cost base with the lower revenue in FY 2019 attributable to the roll-off of two large projects and the delays in regulatory approvals in the United States. A similar program was introduced in EMEA to respond to market changes in certain countries.

The Company continued its effort on maximizing the efficiency of its manufacturing footprint through capacity and utilization improvements (“Project Lightfoot”). Currently, Project Lightfoot concentrates on our operations in EMEA where we are continuing to improve our production and assembly processes, consolidate our manufacturing capacities in a reduced number of designated facilities, transfer selected manufacturing activities to lower cost countries in order to gain cost efficiencies and reduce our depth of manufacturing through outsourcing. In FY 2019, Project Lightfoot delivered in excess of USD 20 million of annual savings.

Liquidity and Capital Resources

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

CASH FLOWS

	FINANCIAL YEAR ENDED MARCH 31,	
USD in millions	**2020**	2019
Cash flows provided by operating activities	148.9	162.9
Cash flows used in investing activities	(28.5)	(60.6)
Business acquisitions	–	21.1
Free Cash Flow (excluding M&A)	**120.4**	**123.5**
Cash flows provided by (used in) financing activities	129.3	(132.7)

Operating Activities
Cash flow provided by operating activities decreased by USD 14.0 million, or –8.6%, from USD 162.9 million in financial year 2018 to USD 148.9 million in the financial year 2019, as a result of lower EBITDA and unfavorable operating working capital development.

Investing Activities
Cash flow used in investing activities decreased by USD 32.1 million, or 52.9%, from USD (60.6) million in the financial year 2018 to USD (28.5) million in the financial year 2019, reflecting our asset light approach and the nonrecurrence of the business acquisitions in prior year (USD 19.1 million paid to establish a joint venture for the acquisition of Acumen, an Australian metering service provider, as well as USD 2.0 million paid to acquire a minority interest in Sense, a US provider of electronic devices for residential applications). In accordance with the Company's definitions, Business acquisitions were excluded in the computation of Free Cash Flow, excluding mergers and acquisition activities.

Financing Activities
Cash flow provided by (used in) financing activities increased by USD 262 million, from USD (132.7) million in the financial year 2018 to USD 129.3 million in the financial year 2019. In the year ended March 31, 2020, the inflow from financing activities was driven mainly by the full utilization of the existing corporate credit facilities as a precautionary measure against the uncertainties brought by the COVID-19 pandemic with net proceeds of USD 263.7 million, reduced by the dividend payment of USD (94.0) million and USD (38.9) million used to purchase treasury shares under the Company's share Buyback program and the share-based compensation schemes. As a further precautionary action, the share Buyback program was suspended on March 27, 2020. In the year ended March 31, 2019, the outflow for financing activities was driven mainly by the dividend payment of USD (68.4) million, USD (12.7) million used to purchase treasury shares under the Company's share Buyback program and the share-based compensation schemes, as well as the decrease by USD (50.0) million of the borrowings under the corporate credit facility agreements.

Net Operating Working Capital

A key factor affecting cash flow from operating activities is, amongst others, changes in working capital. Operating working capital ("OWC") reflects trade account receivables from third and related parties (net of allowance for doubtful accounts) including notes receivables and unbilled receivables, plus inventories less trade accounts payable from third and related parties including prepayments. The table below outlines our operating working capital for the Group and each of our segments as of March 31, 2020 and 2019.

NET OPERATING WORKING CAPITAL

USD in millions, except percentages	March 31, 2020	March 31, 2019
Accounts receivable, net	335.8	367.9
Inventories, net	147.5	133.7
Trade accounts payable	(175.9)	(220.3)
Operating Working Capital	**307.4**	**281.3**
Operating Working Capital as a percentage of Net Revenue	18.1%	15.9%

During the periods under review, the main changes to the Group's OWC arose from higher inventory in the Americas, combined with phasing effects on trade accounts receivable and payable.

Capital Expenditures

A key component of cash flow used in investing activities is capital expenditures ("Capex"). We calculate Capex as the amounts invested in property, plant and equipment and intangibles assets. Our Capex is composed of three elements: (i) Replacement Capex; (ii) Expansion Capex (i.e. directly linked to expected volume growth); and (iii) Service Contract Capex (i.e. for our Managed Services business unit in the Americas to fund on-balance sheet metering devices). Capex decreased relative to sales and in absolute terms during the periods under review and amounted to 1.7%, and 2.3% of net revenue for the financial years 2019 and 2018, respectively. Capex has been fully funded by cash flow from operating activities.

CAPITAL EXPENDITURES

	FINANCIAL YEAR ENDED MARCH 31,	
USD in millions, except percentages	2020	2019
Service contracts	1.0	5.4
Expansion	8.9	15.4
Replacement	18.7	19.7
CapEx	**28.6**	**40.5**
CapEx as a percentage of Net Revenue	1.7%	2.3%

Capital expenditures decreased by USD (11.9) million, or 29.4%, from USD 40.5 million in the financial year 2018 to USD 28.6 million in the financial year 2019, primarily driven by the phasing effect of deployment projects in the Americas segment.

Net Debt

The table below presents the components of net debt as of March 31, 2020 and 2019.

NET DEBT

USD in millions	March 31, 2020	March 31, 2019
Cash and cash equivalents	(319.4)	(73.4)
Credit facilities	343.5	80.0
Other borrowings from banks	8.6	10.7
Other financial liabilities (assets), net	(0.2)	(0.1)
Net Debt	**32.6**	**17.2**

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

Indebtedness

Total outstanding debt was as follows:

INDEBTEDNESS

USD in millions	March 31, 2020	March 31, 2019
Credit Facilities	343.5	80.0
Other borrowings from banks	8.6	10.7

For the description of the Company's indebtedness, refer to the Note 16: Loans payable in our Consolidated Financial Statements.

Critical Accounting Policies and Estimates

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

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

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

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

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

The following policies should be considered when reading the Consolidated Financial Statements:
- Revenue Recognition
- Contingencies
- Pension and Other Post-retirement Benefits
- Income Taxes
- Goodwill and Other Intangible Assets
- Leases

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

Supplemental Reconciliations and Definitions

Adjusted EBITDA

The reconciliation of EBITDA to Adjusted EBITDA is as follows for the financial years ended March 31, 2020 and 2019:

	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
	FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,	
USD in millions, unless otherwise indicated	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Operating income	**139.0**	**158.3**	**92.6**	**148.8**	**25.3**	**1.0**	**4.9**	**(4.0)**	**16.2**	**12.5**
Amortization of intangible assets	47.1	48.7	32.4	33.0	6.5	7.3	1.4	1.6	6.8	6.8
Depreciation	39.2	44.1	21.4	25.1	14.5	15.1	2.9	3.3	0.4	0.6
EBITDA	**225.3**	**251.1**	**146.4**	**206.9**	**46.3**	**23.4**	**9.2**	**0.9**	**23.4**	**19.9**
Restructuring charges	6.7	4.8	4.4	2.1	1.3	1.0	0.3	0.6	0.7	1.1
Exceptional warranty related expenses [1]	–	1.1	–	–	–	(1.0)	–	–	–	2.1
Warranty normalization adjustments [2]	13.1	(16.1)	12.3	(15.3)	0.4	(0.7)	0.4	–	0.0	(0.1)
Timing difference on FX derivatives [3]	(7.9)	(3.0)	–	–	(7.9)	(3.0)	–	–	–	–
Adjusted EBITDA	**237.2**	**237.9**	**163.1**	**193.7**	**40.1**	**19.7**	**9.9**	**1.5**	**24.1**	**23.0**
Adjusted EBITDA margin (%)	14.0%	13.5%	18.0%	19.6%	6.3%	3.1%	6.2%	1.0%		

1) Exceptional warranty related expenses related to the X2 matter. See section "Warranty Provisions".
2) Warranty normalization adjustments represents warranty expenses that diverge from a three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty claims. For the calculation of the average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty claims for the periods under review and going forward, see section "Warranty Provisions".
3) Timing difference on FX derivatives represents unrealized gains and losses on derivatives where the underlying hedged transactions have not yet been realized.

Adjusted Gross Profit

The reconciliation of Gross Profit to Adjusted Gross Profit is as follows for the financial years ended March 31, 2020 and 2019:

	L+G GROUP AG		AMERICAS		EMEA		ASIA PACIFIC		CORPORATE AND ELIMINATIONS	
	FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,	
USD in millions, unless otherwise indicated	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Gross Profit	**532.8**	**576.3**	**307.8**	**380.4**	**189.2**	**171.6**	**33.4**	**26.7**	**2.4**	**(2.4)**
Amortization of intangible assets	12.6	13.8	5.1	5.4	6.2	7.0	1.3	1.4	–	–
Depreciation	32.0	36.4	18.1	21.5	12.6	13.3	1.3	1.7	–	(0.1)
Restructuring charges	1.7	0.8	1.4	0.9	–	(0.3)	0.3	0.2	–	–
Exceptional warranty related expenses	–	1.1	–	–	–	(1.0)	–	–	–	2.1
Warranty normalization adjustments	13.1	(16.1)	12.3	(15.4)	0.4	(0.7)	0.4	–	–	–
Timing difference on FX derivatives	(7.9)	(3.0)	–	–	(7.9)	(3.0)	–	–	–	–
Adjusted Gross Profit	**584.3**	**609.3**	**344.7**	**392.8**	**200.5**	**186.9**	**36.7**	**30.0**	**2.4**	**(0.4)**
Adjusted Gross Profit margin (%)	34.4%	34.5%	38.0%	39.8%	31.6%	29.5%	23.1%	20.4%		

Adjusted Operating Expense

The reconciliation of Operating Expenses to Adjusted Operating Expenses is as follows for the financial years ended March 31, 2020 and 2019:

	FINANCIAL YEAR ENDED MARCH 31,	
USD in millions	**2020**	2019
Research and development	**157.7**	**156.8**
Depreciation	(3.8)	(4.0)
Restructuring charges	(1.7)	(0.9)
Adjusted Research and Development	**152.2**	**151.9**
Sales and Marketing	88.2	95.4
General and administrative	113.5	130.9
Depreciation	(3.4)	(3.7)
Restructuring charges	(3.3)	(3.1)
Adjusted Sales, General and Administrative	**195.0**	**219.5**
Adjusted Operating Expenses	**347.2**	**371.4**

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 financial years ended March 31, 2020 and 2019, our Consolidated Statements of Operations include net changes to the warranty accruals, which we recorded in cost of goods sold, of USD 38.5 million and USD 5.8 million, respectively, comprising additions to and releases of, or other adjustments to, accruals in respect of such claims.

In the financial years 2019 and 2018, net changes to warranty accruals were impacted by additional accruals net of insurance proceeds received of USD 28.2 million and USD (1.1) million related to a legacy component issue in the Americas.

In assessing the underlying operational performance of the business over time, Management believes that it is useful to consider average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty claims as an alternative to warranty accruals, which are estimates and subject to change and significant period-to-period volatility. For the years ended March 31, 2020, 2019 and 2018, the outflow (in cash or the value of other compensation paid out to customers) in respect of warranty claims (excluding X2) amounted to USD 25.0 million, USD 30.8 million and USD 20.5 million, respectively, resulting in three-year average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of such claims of USD 25.4 million. For the year ended March 31, 2019, the three-year average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) amounted to USD 22.3 million. The main part of the outflow (in cash or the value of other compensation paid out to customers) in respect of warranty in the years ended March 31, 2020 and March 31, 2019 was related to the legacy component issue in the Americas.

Management presents Adjusted EBITDA in this Financial Report 2019 as an alternative performance measure (both at the Group and at the segment level). With regards to warranty, Adjusted EBITDA excludes the accruals associated with the X2 claim (as well as the associated legal expenses) and, with respect to other warranty claims, includes only the average actual warranty costs incurred over the last 3 years (in cash or the value of other compensation paid out to customers) in respect of such claims, which amounted to USD 25.4 million and USD 22.3 million for the years ended March 31, 2020 and 2019. For the years ended March 31, 2020 and 2019, the warranty normalization adjustments made in calculating Adjusted EBITDA amounted to USD 13.1 million and USD (16.1) 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.

	FINANCIAL YEAR ENDED MARCH 31,			
USD in millions, unless otherwise indicated	**2020**	2019	2018	**Average**
Beginning of the year	**45.2**	**73.4**	**51.7**	
Additions [1]	46.7	18.7	48.0	
Other changes / adjustments to warranties [2]	(3.5)	(12.8)	(7.3)	
Outflow in respect of X2 matter	–	(1.2)	(1.0)	
Outflow in respect of other warranty	(25.0)	(30.8)	(20.5)	(25.4)
Total outflow in respect of X2 matter and other warranty	(25.0)	(32.0)	(21.5)	
Effect of changes in exchange rates	(1.4)	(2.2)	2.6	
Ending balance	**62.0**	**45.2**	**73.4**	

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, including the impact of the X2 matter on our accruals and the derivation of the warranty normalization adjustments used in calculating Adjusted EBITDA.

	FINANCIAL YEAR ENDED MARCH 31,	
USD in millions, unless otherwise indicated	**2020**	2019
Additions		
Additions (including X2)[1]	46.7	18.7
X2 Additions	–	–
Additions (excluding X2)	**46.7**	**18.7**
Other changes / adjustments to warranties		
Releases (including X2)	(3.5)	(12.8)
X2 Reclassification	–	–
X2 Releases	–	0.4
Releases (excluding X2)	**(3.5)**	**(12.4)**
Insurance proceeds		
Expected proceeds from insurance receivable[2]	(4.7)	–
Expected proceeds from insurance receivable	**(4.7)**	**–**
Net changes to warranty accruals (including X2)	38.5	5.8
Net changes to warranty accruals relating to X2	–	0.4
Net changes to warranty accruals (excluding X2)	**38.5**	**6.2**
Three-year average actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty claims (excluding X2)	(25.4)	(22.3)
Warranty normalization adjustments	**13.1**	**(16.1)**

1 "Additions (including X2)" reflects new product warranty amounts included in warranty provisions (USD 46.7 million and USD 18.7 million for the years ended March 31, 2020 and 2019, respectively).
2 Expected proceeds from insurance receivable represents the expected cash inflow over several years from an insurance receivable.

Main Exchange Rates applied

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

	INCOME STATEMENT AVERAGE EXCHANGE RATE, 12 MONTHS		EXCHANGE RATE ON BALANCE-SHEET DATE	
Exchange rates	**2020**	2019	**31.03.2020**	31.03.2019
Euro countries – EUR	1.1113	1.1580	1.0971	1.1221
United Kingdom – GBP	1.2704	1.3126	1.2398	1.2993
Switzerland – CHF	1.0135	1.0098	1.0353	1.0043
Brazil – BRL	0.2431	0.2645	0.1923	0.2564
Australia – AUD	0.6813	0.7293	0.6102	0.7097

Glossary

The following table provides definitions for key terms and abbreviations used within this annual report.

Term	Definition
Adjusted EBITDA	Operating income (loss) excluding depreciation and amortization, impairment of intangible assets, restructuring charges, exceptional warranty related expenses, 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, exceptional warranty related expenses, 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
Effective cash tax rate	Total projected cash tax payments as a percentage of income (loss) before income tax expenses
Effective P&L tax rate	Total projected tax expense including current and deferred taxes, as well as discrete events as a percentage of income (loss) before income tax expenses
EPS	Earnings Per Share (the Company's total earnings divided by the weighted-average number of shares outstanding during the period)
Free Cash Flow (excluding M&A)	Cash flow from operating activities (including changes in net operating working capital) minus cash flow from investing activities (capital expenditures in fixed and intangible assets) excluding mergers and 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

Consolidated Financial Statements of Landis+Gyr Group

Table of Contents

Report of the statutory auditor

to the General Meeting of Landis+Gyr Group AG

Zug

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Landis+Gyr Group AG and its subsidiaries (the "Company"), which comprise the consolidated statement of operations, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and notes (pages 34 to 91), for the year ended March 31, 2020.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the Company's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended March 31, 2020 present fairly, in all material respects, the financial position, the results of operations and the cash flows in accordance with accounting principles generally accepted in the United States of America (US GAAP) and comply with Swiss law.

PricewaterhouseCoopers AG, Dammstrasse 21, Postfach, CH-6302 Zug, Switzerland
Telephone: +41 58 792 68 00, Telefax: +41 58 792 68 10, www.pwc.ch

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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

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

Key audit matter	How our audit addressed the key audit matter
As of March 31, 2020, the Company's carrying value of goodwill assigned to the EMEA reporting unit was USD 197 million. The Company tests goodwill for impairment annually, or more frequently if events or changes in circumstances indicate a potential impairment. When evaluating goodwill for impairment, the Company uses either a qualitative or quantitative assessment method for each reporting unit. If, based on the qualitative assessment, it is determined to be more likely than not that a reporting unit's fair value is less than its carrying value or if the Company elects not to perform the qualitative assessment for a reporting unit, the Company proceeds to perform a quantitative impairment assessment. The quantitative impairment test involves comparing the fair value of the reporting unit to its carrying value. If the carrying value exceeds its fair value, the Company records an impairment charge equal to the difference. The determination of the fair value of the EMEA reporting unit involves significant estimation and judgment, including determining key assumptions used in estimating the future cash flows to support the fair value of the EMEA reporting unit, such as the projections of future business performance and profitability, terminal growth rates and discount rates. Due to the estimation uncertainty and judgement pertaining to the estimate, we view the matter as a key audit matter. Refer to Note 2.14 *Goodwill,* Note 12 *Goodwill,* and Note 13 *Impairment of intangible assets* of the consolidated financial statements.	We assessed management's identification of the Company's EMEA reporting unit and the related assets, liabilities and goodwill assigned to it. We obtained management's fair value calculation for the EMEA reporting unit and assessed the consistency of the methodology applied with prior years. We tested the mathematical accuracy of the model and agreed inputs to supporting documentation. We agreed the FY 2020-FY 2024 projections to the Board of Directors approved mid-term plan and discussed with management the key drivers, as well as the intentions and the actions planned to achieve expected results. We also compared the current year actual results with prior year projections to assess any inaccuracies or bias in assumptions. We utilized PwC internal valuation specialists to assess the appropriateness of management's value in use model for the EMEA reporting unit and the reasonableness of management's discount and terminal growth rates. We obtained the Company's sensitivity analysis around key assumptions to ascertain the effect of changes to those assumptions on the fair value estimates and recalculated these sensitivities. In addition, we performed our own independent sensitivity analysis by changing various key assumptions to assess whether these would result in an impairment. On the basis of procedures performed, we determined that the approach taken, and the conclusions reached by management with regards to the recoverability of EMEA reporting unit's goodwill were reasonable.

pwc

Warranty provision – legacy component issue in the Americas segment

Key audit matter	How our audit addressed the key audit matter
As of March 31, 2020, a significant portion of the Company's warranty provision relates to a legacy component issue in the Americas segment. This warranty provision is an estimate that involves management's judgement on key assumptions, namely projected failure rates, costs incurred to repair or replace each unit, and affected units in service. Due to the estimation uncertainty and judgement pertaining to the estimate, we view the matter as a key audit matter. Refer to Note 24 *Commitments and Contingencies* of the consolidated financial statements.	We obtained an understanding of management's methodology in determining the warranty provision. We assessed the historical failure rates for major customers to ensure the projected failure rates were reasonable. We tested the cost incurred to repair or replace each unit used in the provision calculation and agreed the costs to supporting documentation. We recalculated a sample of units in service by agreeing them to original purchase orders and proofs of delivery. Based on the procedures performed, we found the approach taken and judgments made by management in relation to the warranty provision related to the legacy component issue in the Americas segment to be reasonable.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

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

PricewaterhouseCoopers AG

Rolf Johner

Audit expert
Auditor in charge

Claudia Muhlinghaus

Audit expert

Zug, May 27, 2020

pwc

Consolidated Statements of Operations

USD in thousands, except per share data	FINANCIAL YEAR ENDED MARCH 31, 2020	2019
Net revenue	**1,698,999**	**1,765,159**
Cost of revenue	1,166,174	1,188,824
Gross profit	**532,825**	**576,335**
Operating expenses		
Research and development	157,705	156,847
Sales and marketing	88,158	95,407
General and administrative	113,468	130,892
Amortization of intangible assets	34,503	34,937
Operating income	**138,991**	**158,252**
Other income (expense)		
Interest income	5,217	479
Interest expense	(6,784)	(6,847)
Non-operational pension (cost) credit	3,624	4,078
Gain on divestments	–	14,563
Income (loss) on foreign exchange, net	(2,626)	(1,526)
Income before income tax expense	**138,422**	**168,999**
Income tax expense	(19,469)	(42,121)
Net income before noncontrolling interests and equity method investments	**118,953**	**126,878**
Net loss from equity investments	(5,788)	(4,250)
Net income before noncontrolling interests	**113,165**	**122,628**
Net income attributable to noncontrolling interests, net of tax	(583)	383
Net income attributable to Landis+Gyr Group AG Shareholders	**113,748**	**122,245**
Earnings per share:		
Basic	3.90	4.15
Diluted	3.90	4.15
Weighted-average number of shares used in computing earnings per share:		
Basic	29,169,434	29,489,321
Diluted	29,201,789	29,489,321

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

Consolidated Statements of Comprehensive Income

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2020**	2019
Net income before noncontrolling interests	**113,165**	**122,628**
Other comprehensive (loss) income:		
Foreign currency translation adjustments, net of income tax expense	(12,232)	(14,930)
Pension plan benefits liability adjustments, net of income tax expense	(4,853)	(2,227)
Comprehensive income	**96,080**	**105,471**
Net income attributable to noncontrolling interests, net of tax	583	(383)
Foreign currency translation adjustments attributable to the noncontrolling interests	305	566
Comprehensive income attributable to Landis+Gyr Group AG Shareholders	**96,968**	**105,654**

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

Consolidated Balance Sheets

USD in thousands, except share data	March 31, 2020	March 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	319,379	73,381
Accounts receivable, net of allowance for doubtful accounts of USD 9.7 million and USD 9.9 million	335,761	367,943
Inventories, net	147,456	133,659
Prepaid expenses and other current assets	59,695	54,798
Total current assets	**862,291**	**629,781**
Property, plant and equipment, net	117,532	142,058
Intangible assets, net	288,279	332,030
Goodwill	1,354,094	1,354,094
Deferred tax assets	17,017	15,821
Other long-term assets	145,059	78,156
TOTAL ASSETS	**2,784,272**	**2,551,940**
LIABILITIES AND EQUITY		
Current liabilities		
Trade accounts payable	175,859	220,314
Accrued liabilities	28,357	31,232
Warranty provision – current	31,628	34,257
Payroll and benefits payable	55,542	66,842
Loans payable	352,171	90,661
Operating lease liabilities – current	13,212	–
Other current liabilities	84,569	81,438
Total current liabilities	**741,338**	**524,744**
Warranty provision – non current	30,352	10,920
Pension and other employee liabilities	46,054	48,382
Deferred tax liabilities	25,034	37,347
Tax provision	20,598	29,172
Operating lease liabilities – non current	59,482	–
Other long-term liabilities	63,769	68,000
Total liabilities	**986,627**	**718,565**
Commitments and contingencies – Note 24		
Shareholders' equity		
Landis+Gyr Group AG shareholders' equity Registered ordinary shares (29,251,249 and 29,510,000 issued shares at March 31, 2020 and March 31, 2019, respectively)	306,341	309,050
Additional paid-in capital	1,303,799	1,408,122
Retained earnings	289,393	177,966
Accumulated other comprehensive loss	(68,925)	(52,145)
Treasury shares, at cost (431,205 and 198,674 shares at March 31, 2020 and March 31, 2019, respectively)	(34,338)	(12,332)
Total Landis+Gyr Group AG shareholders' equity	**1,796,270**	**1,830,661**
Noncontrolling interests	1,375	2,714
Total shareholders' equity	**1,797,645**	**1,833,375**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,784,272**	**2,551,940**

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

Consolidated Statements of Changes in Shareholders' Equity

USD in thousands except for shares	Registered ordinary shares		Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury shares	Total Landis+Gyr Group AG equity	Noncontrolling interests	Total shareholders' equity
Balance at March 31, 2018	**29,510,000**	**309,050**	**1,475,421**	**55,721**	**(35,554)**	**–**	**1,804,638**	**3,383**	**1,808,021**
Net income	–	–	–	122,245	–	–	122,245	383	122,628
Foreign currency translation adjustments, net of income tax expense	–	–	–	–	(14,364)	–	(14,364)	(566)	(14,930)
Pension plan benefits liability adjustment, net of income tax expense	–	–	–	–	(2,227)	–	(2,227)	–	(2,227)
Dividends paid (CHF 2.30 per share)			(68,383)	–	–	–	(68,383)	–	(68,383)
Dividends paid to noncontrolling interest	–	–	–	–	–	–	–	(486)	(486)
Share based compensation	–	–	1,461	–	–	–	1,461	–	1,461
Purchase of treasury shares	–	–	–	–	–	(12,709)	(12,709)	–	(12,709)
Delivery of shares	–	–	(377)	–	–	377	–	–	–
Balance at March 31, 2019	**29,510,000**	**309,050**	**1,408,122**	**177,966**	**(52,145)**	**(12,332)**	**1,830,661**	**2,714**	**1,833,375**
Net income	–	–	–	113,748	–	–	113,748	(583)	113,165
Foreign currency translation adjustments, net of income tax expense	–	–	–	–	(11,927)	–	(11,927)	(305)	(12,232)
Pension plan benefits liability adjustment, net of income tax expense	–	–	–	–	(4,853)	–	(4,853)	–	(4,853)
Dividends paid (CHF 3.15 per share)	–	–	(93,968)	–	–	–	(93,968)	–	(93,968)
Dividends paid to noncontrolling interest	–	–	–	–	–	–	–	(451)	(451)
Share based compensation	–	–	1,529	–	–	–	1,529	–	1,529
Purchase of treasury shares	–	–	–	–	–	(38,920)	(38,920)	–	(38,920)
Delivery of shares	–	–	(370)	–	–	370	–	–	–
Retirement of shares	(258,751)	(2,709)	(11,514)	(2,321)	–	16,544	–	–	–
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**

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

Consolidated Statements of Cash Flows

USD in thousands	FINANCIAL YEAR ENDED MARCH 31, 2020	2019
Cash flow from operating activities		
Net income	113,165	122,628
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	86,357	92,815
Net loss from equity investments	5,788	4,250
Share-based compensation	1,529	1,461
Gain on divestments	–	(14,563)
Gain on disposal of property, plant and equipment	1,025	526
Effect of foreign currencies translation on non-operating items, net	(539)	(4,203)
Change in allowance for doubtful accounts	(158)	3,633
Deferred income tax	(13,161)	4,625
Change in operating assets and liabilities, net of effect of businesses acquired and effect of changes in exchange rates:		
Accounts receivable	19,001	(77,040)
Inventories	(7,629)	(10,818)
Trade accounts payable	(32,648)	89,271
Other assets and liabilities	(23,795)	(49,647)
Net cash provided by operating activities	**148,935**	**162,938**
Cash flow from investing activities		
Payments for property, plant and equipment	(28,524)	(40,328)
Payments for intangible assets	(79)	(141)
Proceeds from the sale of property, plant and equipment	84	1,016
Business acquisitions	–	(21,101)
Net cash used in investing activities	**(28,519)**	**(60,554)**
Cash flow from financing activities		
Proceeds from third party facility	507,707	195,073
Repayment of borrowings to third party facility	(245,088)	(245,620)
Dividends paid to noncontrolling interests	(451)	(486)
Debt issuance cost	–	(614)
Dividends paid	(93,968)	(68,383)
Purchase of treasury shares	(38,920)	(12,709)
Net cash provided by (used in) financing activities	**129,280**	**(132,739)**
Net increase (decrease) in cash and cash equivalents	**249,696**	**(30,355)**
Cash and cash equivalents at beginning of period, including restricted cash	73,381	106,763
Effects of foreign exchange rate changes on cash and cash equivalents	(3,698)	(3,027)
Cash and cash equivalents at end of period, including restricted cash	**319,379**	**73,381**
Supplemental cash flow information		
Cash paid for income tax	31,369	32,569
Cash paid for interest	5,995	5,912

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

Notes to the Consolidated Financial Statements

Note 1: Description of Business and Organization

Description of Business
Landis+Gyr Group AG ("Landis+Gyr") and subsidiaries (together, the "Company") form a leading global provider of energy metering products and solutions to utilities. The Company is organized in a geographical structure, which corresponds to the regional segments of the Americas, EMEA, and Asia Pacific. Landis+Gyr offers a comprehensive portfolio of products, solutions and services, including meters, related devices, communications technologies and software applications that are essential to the measurement and management of energy distribution and consumption.

Since July 21, 2017, the Company's registered ordinary shares have been listed on the SIX Swiss Exchange (Securities number: 37115349; ISIN: CH0371153492; Ticker symbol: LAND).

Note 2: Summary of Significant Accounting Principles

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

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

The Company presents noncontrolling interests in less-than-wholly-owned subsidiaries within the equity section of its consolidated financial statements. At March 31, 2020, and at March 31, 2019, the Company had one less-than-wholly-owned subsidiary in South Africa with an ownership interest of 76.7% in both periods.

All intercompany balances and transactions have been eliminated.

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

2.3 Use of Estimates
The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant items subject to such estimates include warranty provisions, allowances for doubtful accounts, valuation allowances for deferred tax assets, valuation of goodwill and other intangible assets, valuation of defined benefit pension obligations, income tax uncertainties and other contingencies and items recorded at fair value, including assets and liabilities obtained in a business combination. The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations and 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 may differ materially from these estimates.

2.4 Revenue Recognition

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The amount subject to credit risk related to derivative instruments is generally limited to the amount, if any, by which a counterparty's obligations exceed the obligations of the Company with that counterparty.

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

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. The three levels within the fair value hierarchy are described as follows:
- Level 1–Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

The fair value measurement involves various valuation techniques and models, which involve inputs that are observable, when available, and include derivative financial instruments and long-term debt.

2.11 Accounts Receivable and Allowance for Doubtful Accounts

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

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

From time to time, the Company may sell certain accounts receivable to third-party financial institutions under the factoring arrangements with these financial institutions.

Under the terms of these agreements, the Company transfers the receivables in an outright sale, with no recourse, and no continued involvement with the assets transferred. The Company records such transfers as sales of accounts receivable when it is considered to have surrendered control of such receivables.

2.12 Inventories

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

2.13 Property, Plant & Equipment

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

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

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

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

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

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

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

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

2.16 Investments

Investments in Affiliated Companies

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

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

Other investments

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

2.17 Warranty

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

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

2.18 Commitments and Contingencies

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

The Company has asset retirement obligations ("ARO") arising from contractual requirements to remove certain leasehold improvements at the time that the Company vacates leased property. The liability is initially measured on the date of executing the lease agreement at fair value, and subsequently is adjusted for accretion expense and changes in the amount or timing of the estimated cash flows. In determining the fair value of the ARO, the Company has considered, among other factors, the estimated cost to remove the assets based on consultations with, and written estimates from, third-party contractors, the expected settlement dates, ranging from financial year ending March 31, 2021 to 2027, and an effective interest rate, which for the Company is driven based on the credit-adjusted risk-free rate. The corresponding AROs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the shorter of the asset's remaining useful life or the lease term. The Company classifies such liabilities in Other long-term liabilities on the Consolidated Balance Sheets.

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

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

2.19 Employee Benefit Plans

The Company accounts for employee and retirement benefits in accordance with ASC 715, "Compensation – Retirement Benefits".

Employee benefits

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

Retirement benefits

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.24 Advertising
Advertising costs are expensed as incurred. Advertising expenses included in Sales and marketing expenses were USD 5.0 million and USD 5.1 million, respectively, for the financial years ended March 31, 2020 and March 31, 2019.

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

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

As of March 31, 2020 and 2019, the Company had 32,355 and nil dilutive shares outstanding, respectively.

2.26 Share-based Compensation
In April 2018, the Company introduced a new share-based long-term incentive plan ("LTIP") providing the members of the Group Executive Management and other eligible key managers with a possibility to receive shares in the Company, subject to certain conditions. The LTIP consists of two components that are weighted equally: (i) a component with a market condition that is based on the total shareholders' return ("TSR") measured over three years relative to the Swiss Performance Index ("SPI"), or the SPI Industrials Index ("SPI Industrials"), summarized under the heading Performance Share Plan PSP-TSR, and (ii) a component with a performance condition that is based on the Company's fully diluted earnings per share ("EPS") performance, summarized under the heading Performance Share Plan PSP-EPS.

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

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

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

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

Total compensation costs for the PSP-EPS, and for the PSP-TSR, is recognized on a straight-line basis over the requisite service period for the entire award (see Note 21: Share-based compensation).

2.27 Recent Accounting Pronouncements

Applicable for future periods

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, amending the accounting for the impairment of financial instruments, including trade receivables. The new guidance requires the use of a "current expected credit loss" model for most financial assets. Under the new model, an entity recognizes as an allowance its estimate of expected credit losses, rather than the current methodology requiring delay of recognition of credit losses until it is probable a loss has been incurred. In November 2018, the FASB issued ASU 2018-19 – Codification Improvements to Topic 326, Financial Instruments – Credit Losses to clarify, improve, and correct various aspects of ASU 2016-13. In May 2019, the FASB issued ASU 2019-05 – Financial Instruments – Credit Losses (Topic 326): Targeted Transition Relief, to simplify transition requirements. In November 2019, the FASB issued ASU 2019-11 – Codification Improvements to Topic 326, Financial Instruments – Credit Losses to clarify, improve, and correct various aspects of ASU 2016-13. The effective date and transition requirements in ASU 2018-19, ASU 2019-05 and ASU 2019-11 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.

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 is effective for the Company for annual and interim periods beginning April 1, 2021, with early adoption in any interim period permitted. Depending on the amendment, adoption may be applied on a retrospective, modified retrospective or prospective basis. The Company is currently evaluating the impact of this update on its Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-13, Changes to the Disclosure Requirements for Fair Value Measurement, which eliminates the requirements to disclose the amount of and reasons for transfers between Level 1 and 2 of the fair value hierarchy, the timing of transfers between levels and the Level 3 valuation process, while expanding the Level 3 disclosures to include the range and weighted average used to develop significant unobservable inputs and the changes in unrealized gains and losses on recurring fair value measurements. This update is effective for the Company for annual and interim periods beginning April 1, 2020, with early adoption permitted. The changes and modifications to the Level 3 disclosures are to be applied prospectively, while all other amendments are to be applied retrospectively. The Company is currently evaluating the impact of this update on its disclosures but does not expect that it will have a material effect on its Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-14, Changes to the Disclosure Requirements for Defined Benefit Plans, which removes certain disclosures relating to (i) amounts expected to be recognized in net periodic benefit cost over the next twelve months, (ii) plan assets expected to be returned to the Company, (iii) a one-percentage-point change in assumed health care costs, and (iv) related parties, including insurance and annuity contracts. It clarifies the disclosure requirements for both the projected and accumulated benefit obligations, as well as requiring additional disclosures for cash balance plans and explanations for significant gains and losses related to changes in the benefit obligations. This update is effective for the Company on April 1, 2020 on a retrospective basis, with early adoption permitted. This update will modify the Company's disclosures but will not have a material effect on its 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 is effective for the Company on April 1, 2021, with early adoption in any interim period permitted. The Company is currently evaluating the impact of this update but does not expect that it will have a material effect on its Consolidated Financial Statements.

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. Certain conforming amendments are effective for the Company immediately but don't have a material effect on its Consolidated Financial Statements. The effective dates and the transition requirements for the amendments to the current expected credit losses guidance are the same as the effective date and transition requirements in ASU 2016-13 (see above).

Recently Adopted Accounting Pronouncements
In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which required substantially all leases to be recognized by lessees on their balance sheet as a right-of-use asset and corresponding lease liability, including leases previously accounted for as operating leases. The new standard also resulted in enhanced quantitative and qualitative disclosures, including significant judgments made by management, to provide greater insight into the extent of expense recognized and expected to be recognized from existing leases. The standard required modified retrospective adoption and was effective for annual reporting periods beginning after December 15, 2018, with early adoption permitted. In July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, Leases, to clarify, improve, and correct various aspects of ASU 2016-02, and also issued ASU 2018-11, Targeted Improvements to Topic 842, Leases, to simplify transition requirements and, for lessors, provide a practical expedient for the separation of nonlease components from lease components. In March 2019, the FASB issued a second Codification Improvements to Topic 842, Leases (ASU 2019-01) to provide further guidance and clarity on several topics of ASU 2016-02. The effective date and transition requirements in ASU 2018-10, ASU 2018-11, and ASU 2019-01 are the same as the effective date and transition requirements of ASU 2016-02. The Company adopted Accounting Standards Codification (ASC) 842 on April 1, 2019 on a modified retrospective basis. It has elected to apply the package of practical expedients which permits the Company to not reassess under the new standard prior conclusions about lease identification, lease classification and initial direct cost. The adoption of this standard resulted in an increase of Other long-term assets, Operating lease liabilities – current, and Operating lease liabilities – non-current of USD 47.2 million, USD 17.3 million, and USD 31.4 million, respectively, and a decrease in Other current assets and Other current liabilities of USD 0.7 million and USD 2.2 million, respectively. Comparable information has not been restated to reflect the adoption of this new standard and continues to be measured and reported under ASC 840. Refer to the updated Leases accounting policy described above and Note 23: Leases for additional disclosure regarding the Company's leases and the adoption of ASC 842.

In February 2018, the FASB issued ASU 2018-02 Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income that allows entities to elect an option to reclassify the stranded tax effects related to the application of U.S. tax reform from Accumulated other comprehensive income/(loss) ("AOCI") to Retained earnings. The Company adopted the guidance effective April 1, 2019 and elected not to reclassify prior periods stranded tax. In accordance with its accounting policy, the Company releases income tax effects from AOCI once the reason the tax effects were established cease to exist (e.g. when prior service cost and pension gains (losses) are reclassified out of AOCI and recognized within Net periodic benefit cost).

In March 2020, the FASB issued ASU 2020-04 – Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, to provide temporary optional expedients and exceptions to the US GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates, such as SOFR. The guidance is effective upon issuance and generally can be applied through December 31, 2022. The guidance on contract modifications is applied prospectively from any date beginning March 12, 2020. This update was applied as of March 12, 2020 and had no impact on the Consolidated Financial Statements.

Note 3: Shareholder's equity

At March 31, 2020 and 2019, the capital structure reflected 29,251,249 and 29,510,000, respectively, authorized, registered and issued ordinary shares with restricted transferability. The restricted transferability is related to the fact that the Board of Directors can reject a shareholder not disclosing the beneficial owner.

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 companies according to respective regulations and resolutions of the Board of Directors. This conditional share capital has been approved and is available for use. As of March 31, 2020, and March 31, 2019 no shares were issued from this conditional 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 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.

As a precautionary measure to reflect current uncertainties related to the financial impact from the COVID-19 pandemic, the Company has decided to temporarily suspend the Buyback program, effective March 27, 2020.

The changes in Treasury shares during the financial years ended March 31, 2020 and 2019 were as follows:

MOVEMENT IN TREASURY SHARES

	FINANCIAL YEAR ENDED MARCH 31,			
	2020	**2020**	2019	2019
	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,	198,674	62.05	–	–
Purchases for share Buyback program	443,214	75.27	157,842	62.39
Other purchases	53,994	93.75	46,748	61.09
Delivery of shares	(5,926)	62.28	(5,916)	63.24
Retirement of shares	(258,751)	64.15	–	–
Treasury shares – closing balance as of March 31,	**431,205**	**78.35**	**198,674**	**62.05**

Share capital reduction

At the Annual General Meeting of Shareholders on June 25, 2019, shareholders approved the proposal of the Board of Directors to reduce the share capital of the Company by cancelling 258,751 treasury shares which were acquired under the Buyback program. This cancellation was completed in September 2019, resulting in a decrease in Treasury shares of USD 16.5 million and a corresponding combined decrease in Registered ordinary shares, Additional paid-in capital and Retained earnings.

Dividend

At the Annual General Meeting of Shareholders on June 25, 2019, shareholders approved the proposal of the Board of Directors to distribute 3.15 Swiss francs per share to shareholders. The declared dividend amounted to CHF 91.7 million (USD 94.0 million at the exchange rate prevailing at June 25, 2019) and was paid in July 2019.

At the Annual General Meeting of Shareholders on June 28, 2018, shareholders approved the proposal of the Board of Directors to distribute CHF 2.30 per share to shareholders. The declared dividend amounted to CHF 67.9 million (USD 68.4 million at the exchange rate prevailing at June 28, 2018) and was paid in July 2018.

Accumulated Other Comprehensive Income (Loss)

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

	MARCH 31,	
USD in thousands	**2020**	2019
Foreign currency translation adjustments, net of tax	(47,535)	(35,608)
Pension plan benefits liability adjustments, net of taxes of USD 3,784 and USD 2,693 as of March 31, 2020 and March 31, 2019, respectively	(21,390)	(16,537)
Accumulated other comprehensive income (loss)	**(68,925)**	**(52,145)**

The following tables present the reclassification adjustments in accumulated other comprehensive loss by component:

USD in thousands	Defined benefit pension items	Foreign currency items	Total
Beginning balance, April 1, 2019	**(16,537)**	**(35,608)**	**(52,145)**
Other comprehensive income (loss) before reclassifications	(4,537)	(11,927)	(16,464)
Amounts reclassified from accumulated other comprehensive income	(316)	–	(316)
Net current-period other comprehensive income (loss)	(4,853)	(11,927)	(16,780)
Ending balance, March 31, 2020	**(21,390)**	**(47,535)**	**(68,925)**

USD in thousands	Defined benefit pension items	Foreign currency items	Total
Beginning balance, April 1, 2018	**(14,310)**	**(21,244)**	**(35,554)**
Other comprehensive income (loss) before reclassifications	(1,451)	(14,364)	(15,815)
Amounts reclassified from accumulated other comprehensive income	(776)	–	(776)
Net current-period other comprehensive income (loss)	(2,227)	(14,364)	(16,591)
Ending balance, March 31, 2019	**(16,537)**	**(35,608)**	**(52,145)**

The pension plan benefits liability adjustment, net of taxes, in the AOCL changed by USD (4.9) million and USD(2.2) million in the financial years ended March 31, 2020 and March 31, 2019, respectively. These changes represent the movement of the current year activity including the reclassified amounts from accumulated other comprehensive income to net income:

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2020**	2019
Amortization of actuarial loss	694	229
Amortization of prior service cost	(1,010)	(1,005)
Amounts reclassified from other comprehensive income to net income [1]	(316)	(776)
Net actuarial loss	(5,629)	(2,198)
Prior service cost	–	(15)
Total before tax	**(5,945)**	**(2,989)**
Tax benefit	1,092	762
Total other comprehensive income (loss) from defined benefit pension plans (net of tax) for the fiscal year ended March 31,	**(4,853)**	**(2,227)**

1) These accumulated other comprehensive income components are included in the computation of net periodic pension costs (see Note 20: Pension and Post-retirement benefit plans for additional details).

Note 4: Earnings per share

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

Diluted earnings per share is calculated by dividing net income by the weighted-average number of shares outstanding during the period, assuming that all potentially dilutive securities were exercised, if dilutive. Potentially dilutive securities comprise shares granted subject to certain conditions under the Company's share-based payment arrangements (see Note 21: Share-based compensation).

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

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

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands, except per share data	**2020**	2019
Basic earnings per share		
Net income attributable to Landis+Gyr Group AG Shareholders	113,748	122,245
Weighted-average number of shares used in computing earnings per share	**29,169,434**	**29,489,321**
Basic earnings per share attributable to Landis+Gyr Group AG shareholders	**3.90**	**4.15**
Diluted earnings per share		
Net income attributable to Landis+Gyr Group AG Shareholders	113,748	122,245
Weighted-average number of shares used in computing earnings per share	**29,169,434**	**29,489,321**
Effect of dilutive securities	32,355	–
Adjusted weighted-average number of shares outstanding	**29,201,789**	**29,489,321**
Diluted earnings per share attributable to Landis+Gyr Group AG shareholders	**3.90**	**4.15**

There were 199,016 potentially dilutive securities for the financial year ended March 31, 2020. For the financial year ended March 31, 2020, 32,355 incremental potentially dilutive securities were included in the computation of the adjusted weighted-average number of shares outstanding. The remaining 166,661 stock-based awards could be dilutive in future periods.

There were 90,810 potentially dilutive securities for the financial year ended March 31, 2019. For the financial year ended March 31, 2019, the effect of dilutive securities from the new share-based long-term incentive plan was nil and no incremental potentially dilutive securities were included in the computation of the adjusted weighted-average number of shares outstanding.

Note 5: Revenue

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

USD in thousands	March 31, 2020	March 31, 2019
Contract assets	**–**	**1,259**
Advances from customers	6,766	4,789
Deferred revenue	58,020	48,937
Contract liabilities	**64,786**	**53,726**

Contract assets primarily relate to the Company's right to receive consideration for work completed but for which no invoice has been issued at the reporting date. Contract assets are transferred to receivables when rights to receive payment become unconditional.

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, 2019, the Company recognized revenue of USD 20.5 million during the financial year ended March 31, 2020.

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

Transaction price allocated to the remaining performance obligations
Total transaction price allocated to remaining performance obligations 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 future revenues as the Company also receives orders where the customer may have legal termination rights but is not likely to exercise such rights.

Total transaction price allocated to remaining performance obligations related to contracts is approximately USD 520.4 million for the next twelve months and approximately USD 1,703.4 million for periods longer than 12 months. The total remaining performance obligations is 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.

Cost to obtain a contract and cost to fulfill a contract with a customer
Cost to obtain a contract and cost to fulfill a contract are capitalized and amortized using a systematic rational approach to align with the transfer of control of underlying contracts with customers.

As of March 31, 2020 and 2019, the carrying balances of assets recognized from the cost incurred to obtain a contract were USD 1.9 million and USD 1.5 million, respectively. These amounts are included in Other long-term assets in the Consolidated Balance Sheets.

For the financial years ended March 31, 2020 and 2019, the Company recognized USD 0.5 million and USD 0.3 million, respectively, amortization of capitalized cost incurred to obtain a contract. These amounts are included within Sales and marketing expenses in the Consolidated Statements of Operations.

Disaggregation of revenue
The disaggregation of revenue into categories, which depict how revenue is affected by economic factors, is disclosed in Note 29: Segment Information.

Note 6: Accounts Receivable, net

A summary of accounts receivable, net is as follows:

	MARCH 31,	
USD in thousands	**2020**	2019
Trade accounts receivable	314,798	342,729
Contract receivable	33,049	36,766
Allowance for doubtful accounts	(9,696)	(9,854)
Total trade accounts receivable, net	**338,151**	**369,641**
Less: current portion of accounts receivable, net	335,761	367,943
Long-term accounts receivable, net	**2,390**	**1,698**

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

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

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

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

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2020**	2019
Beginning balance	(9,854)	(6,221)
Provisions for doubtful accounts	(5,244)	(5,446)
Deductions, net of recoveries	5,402	1,813
Balance at March 31,	**(9,696)**	**(9,854)**

Note 7: Inventories, net

Inventories, net consist of the following:

	MARCH 31,	
USD in thousands	**2020**	2019
Raw material and supplies	96,705	94,852
Work in progress	7,921	7,739
Finished goods	56,646	40,611
Total inventories gross	**161,272**	**143,202**
Inventory reserve	(13,816)	(9,543)
Total inventories, net	**147,456**	**133,659**

Note 8: Prepaid expenses and other current assets

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

	MARCH 31,	
USD in thousands	**2020**	2019
Prepaid expenses	15,457	10,866
Other tax receivables	9,003	8,514
Income tax receivables/advances	9,033	14,917
Others	26,202	20,501
Total prepaid expenses and other current assets	**59,695**	**54,798**

Note 9: Property, Plant & Equipment

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

	MARCH 31,	
USD in thousands	**2020**	2019
Land	3,101	3,342
Buildings	18,846	16,613
Network equipment(1)	119,792	147,309
Machinery and equipment	135,475	132,048
Vehicles and other equipment	77,110	70,109
Construction in progress	19,725	20,515
Total cost	**374,049**	**389,936**
Less accumulated depreciation	(256,517)	(247,878)
Property, plant and equipment, net	**117,532**	**142,058**

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

Total depreciation expense for the financial years ended March 31, 2020 and March 31, 2019 was USD 39.2 million and USD 44.1 million, respectively. The difference between the total change in accumulated depreciation and the depreciation expense of property, plant & equipment represents the effect from the disposal of assets and the change in exchange rates.

Note 10: Acquisitions and divestments

IntelliHUB

On May 31, 2018, the Company entered into an agreement with Pacific Equity Partners ("PEP"), an Australian private equity firm, to establish IntelliHUB Holdings Pty Ltd, a joint venture for the acquisition of Acumen, a metering service provider, formerly owned by Origin Energy Limited, an Australian energy retailer.

Under the agreement, the Company contributed all the 100 outstanding shares of its wholly owned subsidiary IntelliHUB Operations Pty Ltd ("IntelliHUB"), with net assets of USD 1.0 million previously included in the Asia Pacific reportable unit, and USD 19.1 million in cash, in exchange for 57.5 million shares, representing a 20.3% equity interest in the newly established entity.

On June 19, 2018, the date the transaction was completed, the Company derecognized IntelliHUB's assets and liabilities, as well as USD 7.5 million of allocated goodwill, representing the portion of the Asia Pacific reporting unit's goodwill being attributable to IntelliHUB based on relative fair values. The Company recorded USD 14.6 million gain on divestments, which is included within Other income (expense), net in the Consolidated Statement of Operations.

Upon divestment of IntelliHUB, the Company has entered into certain commercial agreements with the newly incorporated investee, for the sale of hardware and software licenses.

Sense

On January 16, 2019, the Company acquired a 3% equity interest in Sense Labs, Inc. ("Sense"), in exchange for USD 2 million in cash. Sense develops and provides electronic devices for analyzing electricity usage in households in the USA, as well as related application software.

Note 11: Intangible Assets, net

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

March 31, 2020 (USD in thousands)	Gross asset	Accumulated amortization	Accumulated impairment	Carrying amount	Weighted average useful life (in years)
Finite Lived Intangibles:					
Trade name and trademarks	113,960	(59,432)	–	54,528	9
Order backlog	40,264	(40,264)	–	–	–
Customer contracts & relationships	418,315	(227,580)	–	190,735	9
Developed technologies	183,985	(129,803)	(11,166)	43,016	3
Total finite lived intangibles	**756,524**	**(457,079)**	**(11,166)**	**288,279**	

March 31, 2019 (USD in thousands)	Gross asset	Accumulated amortization	Accumulated impairment	Carrying amount	Weighted average useful life (in years)
Finite Lived Intangibles:					
Trade name and trademarks	113,960	(52,616)	–	61,344	10
Order backlog	35,643	(35,643)	–	–	–
Customer contracts & relationships	421,647	(205,996)	–	215,651	10
Developed technologies	185,923	(119,722)	(11,166)	55,035	4
Total finite lived intangibles	**757,173**	**(413,977)**	**(11,166)**	**332,030**	

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

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2020**	2019
Cost of revenue	12,609	13,810
Operating expenses	34,503	34,937
Total	**47,112**	**48,747**

Estimated future annual amortization expense related to identified intangible assets for each of the five years, to March 31, 2025 and thereafter is as follows:

Financial year ending March 31, (USD in thousands)	**Estimated annual amortization**
2021	46,540
2022	44,981
2023	44,361
2024	32,176
2025	32,093
Thereafter	88,128
Total identifiable intangibles, net	**288,279**

Note 12: Goodwill

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

Goodwill allocated to the reporting units was tested for impairment in the fourth quarter of the financial years 2018 and 2019, after the completion of the annual forecasting process.

The changes in the carrying amount of goodwill for the year ended March 31, 2020 and 2019, are as follows:

USD in thousands	**Americas**	**EMEA**	**Asia Pacific**	**Total**
Balance as of March 31, 2018	**1,133,350**	**197,241**	**31,000**	**1,361,591**
Goodwill allocated to divestments	–	–	(7,497)	(7,497)
Balance as of March 31, 2019	**1,133,350**	**197,241**	**23,503**	**1,354,094**
Changes in current year	–	–	–	–
Balance as of March 31, 2020	**1,133,350**	**197,241**	**23,503**	**1,354,094**

Note 13: Impairment of intangible assets

At March 31, 2020 and 2019, the Company performed a goodwill impairment analysis that included an assessment of certain qualitative factors, the overall financial performance, macroeconomic and industry conditions, as well as determining and comparing the fair value of the reporting unit to the carrying value of the reporting unit when performing a quantitative impairment test.

As a result of the assessment performed, no impairment charges were recorded in the financial years ended March 31, 2020 and March 31, 2019.

The Company's assessments considered the current and expected future economic and market conditions surrounding COVID-19 pandemic and its impact on each of the reporting units and intangible assets. The assumptions used within the impairment assessments represent the Company's best estimate. The Company's assessment that no impairment is required for its reporting units assumes the trading conditions develop as forecasted. The ability to achieve its forecasts could be materially impacted by the duration, severity, and geographic spread, as well as government actions to address or mitigate the impact, of the COVID-19 pandemic.

Note 14: Other long-term assets

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

	MARCH 31,	
USD in thousands	**2020**	2019
Investments in affiliated companies	26,344	36,672
Other investments	2,000	2,000
Operating lease right-of-use assets (1)	70,210	–
Others	46,505	39,484
Total other long-term assets	**145,059**	**78,156**

1) See Note 23: Leases.

Investments in Affiliated Companies

The Company owns a 20.3% equity interest in Spark Holdco Pty Ltd ("Spark") since June 19, 2018, see Note 10: Acquisitions and Divestments. Spark, together with its subsidiaries, provides energy data management services in Australia. As of March 31, 2020 and 2019, the carrying amount of the Company's share in Spark was USD 26.3 million and USD 36.7 million, respectively.

The Company has elected to record its share of earnings from Spark on a three-month lag. For the financial year ended March 31, 2020, the Company's share of loss from Spark was USD 5.8 million, representing the investee's operations through December 31, 2019. For the financial year ended March 31, 2019, the Company's share of loss from Spark was USD 4.2 million, representing the investee's operations through December 31, 2018, including certain initial transaction costs incurred by the equity investee as part of merger and acquisition activities. The Company included these amounts within Net loss from equity investments in the Consolidated Statements of Operations.

Other investments

The Company owns a 3% equity interest in Sense Labs, Inc. ("Sense") that was acquired on January 16, 2019. Sense develops and provides electronic devices for analyzing electricity usage in households in the USA, as well as related application software. As of March 31, 2020 and 2019, the carrying amount of the Company's share in Sense was USD 2.0 million. The Company performed an impairment analysis that included an assessment of certain qualitative indicators. As a result of the assessment performed, no impairment charges were recorded in the financial years ended March 31, 2020 and 2019.

Note 15: Other current liabilities

The components of other current liabilities are as follows:

	MARCH 31,	
USD in thousands	**2020**	2019
Warranty settlement liability	–	20,784
Contract liabilities	30,769	15,219
Tax payable	13,744	10,321
Others	40,056	35,114
Total other current liabilities	**84,569**	**81,438**

Note 16: Loans payable

The components of the loans payable are as follows:

USD in thousands	**March 31, 2020**		March 31, 2019	
	Balance	**Weighted average interest rate**	Balance	Weighted average interest rate
Multicurrency Credit Facility	240,000	1.6%	80,000	3.2%
CHF Credit Facility	103,528	0.6%	–	na
Other borrowings from banks	8,643	7.5%	10,661	9.1%
Loans payable	**352,171**		**90,661**	

At March 31, 2020, the Company had in place two Credit Facility agreements, provided by a bank syndicate led by UBS Switzerland AG, to be used for general corporate purposes: a USD 240 million Credit Facility (the “Multicurrency Credit Facility”), thereof USD 40 million maturing in February 2024 with the remaining balance maturing in February 2025 and a CHF 100 million Credit Facility (the “CHF Credit Facility”) maturing in February 2025.

As a precautionary measure against the uncertainties brought by the COVID-19 pandemic, at March 31, 2020 the Company was utilizing the maximum available amount under both facilities.

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 1.30% depending on the Net Senior Debt / EBITDA ratio calculated every half-year at March 31 and September 30.

The Credit Facility agreements contain affirmative and negative covenants customarily found in loan agreements for similar transactions, subject to certain agreed exceptions, for the borrower and the Group, including with respect to, among other actions, maintaining the Group’s business operations and assets, carrying out transactions with third parties at market conditions, ranking all obligations at least pari passu with present or future payment obligations, complying with laws and reporting obligations, and preparation of financial statements in accordance with US GAAP. The Credit Facility agreements restrict, among other actions, the following, subject to certain exceptions: entering into certain acquisitions, mergers and joint ventures, carrying out material changes to the Group’s activities or structure, changing its accounting standards, incurring further indebtedness, granting security for indebtedness, granting credit to third parties, and carrying out certain disposals of assets. The Credit Facility agreements also contain a financial covenant requiring that the Group’s Net Senior Debt (as defined therein) divided by EBITDA be less than 2.50x and its EBITDA be greater than zero, on a semi-annual rolling basis in respect of the most recent two semesters of the Group.

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 March 31, 2020 and March 31, 2019, the Company has drawn loans for a total amount of USD 240 million and USD 80 million, respectively.

As of March 31, 2020 and 2019, the Multicurrency Credit Facility's unused portion was nil and USD 160 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. In addition, in the financial year ended March 31, 2018, the Company paid USD 840 thousand as an arrangement fee 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.

CHF Credit Facility
Under the CHF Credit Facility, the Company may borrow loans in Swiss Franc, with consecutive interest periods of one, two, three, six or twelve months, or other interest periods subject to the receipt of required approvals.

There may be a maximum of ten simultaneously outstanding loans with a minimum amount of CHF 10 million each. As of March 31, 2020, and March 31, 2019, the Company has drawn loans for a total amount of CHF 100 million, or USD 103.5 million at the exchange rate prevailing at the balance sheet date, and nil, respectively.

As of March 31, 2020, and 2019, the CHF Credit Facility's unused portion was nil and CHF 100 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 25 thousand.

In addition, in the financial year ended March 31, 2019, the Company paid USD 614 thousand as an arrangement fee 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 17: Other long-term liabilities

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

USD in thousands	MARCH 31, 2020	MARCH 31, 2019
Contract liabilities	34,017	38,507
Others	29,752	29,493
Total other long-term liabilities	**63,769**	**68,000**

Note 18: Derivative financial instruments

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

The gross notional amounts of outstanding foreign exchange contracts as of March 31, 2020 and March 31, 2019 were USD 383.9 million and USD 216.4 million, respectively.

For the financial year ended March 31, 2020 and 2019, the Company recognized gains from changes in the fair value of forward foreign exchange contracts of USD 14 million and USD 0.3 million, respectively. These amounts are included within cost of revenue in the Consolidated Statements of Operations.

The fair values of the outstanding derivatives, included in the Consolidated Balance Sheet as of March 31, 2020 and March 31, 2019, were as follows:

DERIVATIVE FINANCIAL INSTRUMENTS

		Derivative assets		Derivative liabilities	
March 31, 2020 (USD in thousands)	Notional amount	Prepaid expenses and other – current	Other long-term assets	Other current liabilities	Other long-term liabilities
Foreign exchange contracts:					
Foreign currency forward contracts in GBP	333,180	10,902	4,935	1,685	1,631
Foreign currency forward contracts in SEK	11,459	454	282	–	–
Foreign currency forward contracts in AUD	8,237	856	–	–	–
Foreign currency forward contracts in CHF	31,058	–	–	20	–
Total derivative financial instruments		**12,212**	**5,217**	**1,705**	**1,631**

DERIVATIVE FINANCIAL INSTRUMENTS

		Derivative assets		Derivative liabilities	
March 31, 2019 (USD in thousands)	Notional amount	Prepaid expenses and other – current	Other long-term assets	Other current liabilities	Other long-term liabilities
Foreign exchange contracts:					
Foreign currency forward contracts in GBP	192,405	717	2,379	–	–
Foreign currency forward contracts in SEK	23,991	–	–	2,996	–
Total derivative financial instruments		**717**	**2,379**	**2,996**	**–**

Note 19: Fair Value

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

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

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

Recurring Fair Value Measurements
At March 31, 2020, for each of the fair value hierarchy levels, the following assets and liabilities were measured at fair value on a recurring basis:

FAIR VALUE MEASUREMENTS

March 31, 2020 (USD in thousands)	Total	Level 1	Level 2	Level 3
Assets				
Foreign currency forward contracts	17,429	–	17,429	–
Total	**17,429**	**–**	**17,429**	**–**
Liabilities				
Foreign currency forward contracts	3,336	–	3,336	–
Total	**3,336**	**–**	**3,336**	**–**

At March 31, 2019 for each of the fair value hierarchy levels, the following assets and liabilities were measured at fair value on a recurring basis:

FAIR VALUE MEASUREMENTS

March 31, 2019 (USD in thousands)	Total	Level 1	Level 2	Level 3
Assets				
Foreign currency forward contracts	3,096	–	3,096	–
Total	**3,096**	**–**	**3,096**	**–**
Liabilities				
Foreign currency forward contracts	2,996	–	2,996	–
Total	**2,996**	**–**	**2,996**	**–**

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 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 March 31, 2020 and 2019, 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
The fair value of the Company's financial instruments approximates carrying value due to their short maturities.

Note 20: Pension and Post-retirement Benefit Plans

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

Net periodic pension cost and the pension obligation of the Company's defined benefit plans are calculated based on actuarial valuations. Such valuations consider, inter alia, the years of service rendered by employees and assumptions about future salary increases. The latest actuarial valuations were performed for the defined benefit plans as of March 31, 2020 and using that as the measurement date.

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

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

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2020**	2019
Change in benefit obligation:		
Benefit obligation at April 1,	280,492	291,929
Service cost	4,925	5,145
Interest cost	2,488	3,249
Employee contributions	3,173	3,233
Benefits paid	(480)	(468)
Assets distributed on settlements	(16,211)	(19,494)
Actuarial (gains) / losses	(419)	8,905
Curtailments	(3)	–
Termination benefits [1]	259	265
Liabilities extinguished on settlements	(17)	–
Plan amendments	–	15
Effect of changes in exchange rates	6,018	(12,287)
Benefit obligation at March 31,	**280,225**	**280,492**

1) Termination benefits include costs in connection with the restructuring initiatives in Switzerland and Greece.

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2020**	2019
Change in plan assets:		
Fair value of plan assets at April 1,	243,128	250,346
Actual return on plan assets	262	13,636
Employer contributions	4,185	4,740
Employee contributions	3,173	3,233
Benefits paid	(16,211)	(19,494)
Effect of changes in exchange rates	6,128	(9,333)
Fair value of plan assets at March 31,	**240,665**	**243,128**
Funded status at March 31,	**(39,560)**	**(37,364)**
Accumulated benefit obligation	**275,396**	**275,986**

As of March 31, 2020, the net benefit obligation for the Company's underfunded plans was equal to USD 39.6 million. There were no net plan assets for overfunded plans to be reported. As of March 31, 2019, the net benefit obligation for the Company's underfunded plans was equal to USD 39.2 million, and net plan assets for the overfunded plans were equal to USD 1.8 million.

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

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2020**	2019
Service cost	4,925	5,404
Operational pension cost	**4,925**	**5,404**
Interest cost	2,510	3,273
Termination benefits	259	265
Expected return on plan assets	(6,063)	(6,840)
Amortization of prior service costs	(1,010)	(1,005)
Amortization of actuarial loss (gain)	694	229
Settlements and curtailments	(14)	–
Non-operational cost (credit)	**(3,624)**	**(4,078)**
Net periodic benefit cost	**1,301**	**1,326**

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

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2020**	2019
Net actuarial loss (gain)	5,629	2,198
Amortization of actuarial (loss) gain	(694)	(229)
Prior service cost	–	15
Amortization of prior service cost	1,010	1,005
Total change recognized in AOCL	**5,945**	**2,989**

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

	MARCH 31,	
USD in thousands	**2020**	2019
Actuarial loss	31,546	26,611
Prior service cost	(6,601)	(7,611)
Deferred tax liability (assets)	(3,784)	(2,693)
Effect of changes in exchange rates	229	230
Total	**21,390**	**16,537**

The actuarial loss and the prior service cost expected to be recognized as components of the net periodic benefit cost over the financial year ending March 31, 2021 are USD 1.0 million cost and USD 1.0 million benefit, respectively. The Company expects to make contributions of USD 4.2 million to the defined benefit pension plans during the financial year ending March 31, 2021.

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

	March 31, 2020	March 31, 2019
Weighted average assumptions to determine benefit obligations:		
Discount rate [1]	0.93%	0.92%
Expected rate of increase in future compensation [2]	1.18%	1.18%
Expected rate of increase in future pension benefits [3]	0.10%	0.11%
Weighted average assumptions to determine net periodic pension costs:		
Discount rate [1]	0.92%	1.18%
Expected long-term rate of return on plan assets [4]	2.65%	2.89%

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

Holding all other assumptions constant, a 0.5-percentage point decrease in the discount rate would have increased the projected benefit obligation ("PBO") related to the defined benefit pension plans by USD 20.2 million while a 0.5-percentage point increase in the discount rate would have decreased the PBO related to the defined benefit pension plans by USD 18.0 million.

Holding all other assumptions constant, a decrease or increase of 0.5 percentage points in the discount rate would have decreased the interest cost in the financial year ended March 31, 2020 by USD 1.3 million or increased the interest cost by USD 1.1 million respectively.

The actual asset allocation for the defined benefit pension plan assets is as follows:

	March 31, 2020	March 31, 2019
Equity Instruments	19%	24%
Debt Instruments	52%	45%
Property	21%	17%
Other	8%	14%

The Company's pension plan assets for each individual plan are invested in accordance with statutory regulations, pension plan rules and decisions of the pension fund trustees. The Company's actual invested positions in various securities change over time based on short and longer-term investment opportunities. Strategic pension plan asset allocations are determined by the objective to achieve an investment return, which together with the contributions paid, is sufficient to maintain reasonable control over the various funding risks of the plans. Based upon current market and economic environments, the actual asset allocation may periodically be permitted to deviate from policy targets. The plan's assets are divided according to asset class. The financial year ending March 31, 2021 targeted allocations are equities (21 percent), debt securities (50 percent), real estate (24 percent) and others (5 percent).

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

Financial year ending March 31, (USD in thousands)	
2021	14,970
2022	14,173
2023	13,685
2024	14,365
2025	14,423
2026–2031	73,763

The following tables present, for each of the fair-value hierarchy levels, the Company's defined benefit pension plan assets that are measured at fair value on a recurring basis as at March 31, 2020 and at March 31, 2019:

Fair Value Measurements March 31, 2020 (USD in thousands)	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	–	–	–	–
Equity instruments	46,416	40,388	6,028	–
Debt instruments	124,364	97,829	26,535	–
Real estate	50,354	–	6,558	43,796
Other	19,531	2,957	16,574	–
Total	**240,665**	**141,174**	**55,695**	**43,796**

Fair Value Measurements March 31, 2019 (USD in thousands)	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	–	–	–	–
Equity instruments	58,126	47,030	11,096	–
Debt instruments	110,171	66,699	43,472	–
Real estate	41,740	–	579	41,161
Other	33,091	3,124	29,967	–
Total	**243,128**	**116,853**	**85,114**	**41,161**

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

Debt and equity instruments

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

Real estate

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

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

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

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2020**	2019
Balance at April 1,	41,161	39,496
Actual return on plan assets	1,962	2,698
Purchases	–	676
Sales	(615)	–
Effect of changes in exchange rates	1,288	(1,709)
Balance at March 31,	**43,796**	**41,161**

In addition to its defined benefit plans, the Company also provides post-retirement health care benefit plans to certain of its employees. As of March 31, 2020, and March 31, 2019, the post-retirement benefit plans had an obligation of USD 0.3 million and USD 0.4 million, respectively.

For the post-retirement plan, the expected premium for financial year ending March 31, 2021 is assumed to be USD 2,695 for retired employees (USD 6,548 for spouse). The medical trend rate is assumed to increase to 5.2% for the financial year ending March 31, 2021 and gradually decrease to 4.3% thereafter.

As an indicator of sensitivity, increasing the assumed health care cost trend rate by 1% would have increased the accumulated post-retirement benefit obligation by USD 5 thousand at March 31, 2020. Decreasing the assumed health care cost trend rate by 1% would have decreased the accumulated post-retirement benefit obligation at March 31, 2020 by USD 5 thousand. Increasing or decreasing the assumed health care cost trend rate by 1% would have not changed the aggregate of the service and interest components of net post-retirement benefit expense.

Furthermore, the Company sponsors various defined contribution plans in which employees of certain subsidiaries are eligible to participate. Total expenses related to such plans for the financial years ended March 31, 2020 and March 31, 2019 were USD 8.8 million and USD 8.4 million, respectively.

Note 21: Share-based compensation

Long-term incentive plan
In April 2018, the Company introduced a new share-based long-term incentive plan ("LTIP") providing the members of the Group Executive Management and other eligible key managers with a possibility to receive shares in the Company, subject to certain conditions.

Each new award under the LTIP is a contingent entitlement (Performance Stock Unit or "PSU") to receive shares in the Company, provided certain performance targets are achieved during the three-year performance period. In case the performance does not reach certain pre-determined thresholds after three years, no shares of the Company will vest under the LTIP. The LTIP consists of two components that are weighted equally: (i) a component with a market condition that is based on the total shareholders' return ("TSR") measured over three years relative to the Swiss Performance Index ("SPI"), for the award cycle started on April 1, 2018, or the SPI Industrials Index ("SPI Industrials"), for the award cycle started on April 1, 2019, summarized under the heading PSP-TSR, and (ii) a component with a performance condition that is based on the Company's fully diluted earnings per share ("EPS") performance, summarized under the heading PSP-EPS.

The following table summarizes the number of outstanding nonvested share equivalents allocated to each component of the LTIP as of March 31, 2020 and March 31, 2019:

Maximum outstanding nonvested share equivalents under the LTIP	March 31, 2020	March 31, 2019
Maximum share equivalents under the PSP-TSR	99,508	45,405
Maximum share equivalents under the PSP-EPS	99,508	45,405
Total maximum outstanding nonvested share equivalents under the LTIP	**199,016**	**90,810**
Exercisable	–	–

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

Total compensation costs recognized in the Consolidated Statement of Operations with respect to the LTIP for the financial years ended March 31, 2020 and 2019 were USD 1.1 million and USD 1.1 million, respectively.

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

PSUs granted under the PSP-TSR component will cliff-vest and be converted into the Company's shares in a range of 0% to 200% following the 3-year performance period. None of the PSP-TSR awards will vest if Landis+Gyr's absolute TSR attributable to the relevant three-year performance period is negative, regardless of the Company's performance relative to the SPI or the SPI Industrials.

The following tables summarize the activities under the PSP-TSR component for the financial year ended March 31, 2020 and 2019:

TSR COMPONENT	FISCAL YEAR ENDED MARCH 31, 2020		
	Number of awards	Maximum number of shares conditionally granted	Weighted-average grant-date fair value per share (Swiss francs)
Nonvested at April 1, 2019	22,702	45,405	56.35
Granted	34,470	68,940	51.14
Vested	–	–	
Forfeited	(7,419)	(14,837)	52.99
Nonvested at March 31, 2020	**49,753**	**99,508**	**53.24**
Exercisable at March 31, 2020	–	–	–

TSR COMPONENT	FINANCIAL YEAR ENDED MARCH 31, 2019		
	Number of awards	Maximum number of shares conditionally granted	Weighted-average grant-date fair value per share (Swiss francs)
Nonvested at April 1, 2018	–	–	
Granted	26,743	53,485	56.35
Vested	–	–	–
Forfeited	(4,041)	(8,080)	56.35
Nonvested at March 31, 2019	**22,702**	**45,405**	**56.35**
Exercisable at March 31, 2019	–	–	–

The Company recorded share-based compensation expense for the PSP-TSR Plan of USD 0.8 million and USD 0.4 million, respectively, for the financial years ended March 31, 2020 and 2019, which is included within General and administrative expense in the Consolidated Statements of Operations. As of March 31, 2020, total unrecognized compensation costs related to nonvested PSP-TSR awards amount to USD 1.2 million. These costs are expected to be recognized over a weighted-average period of 1.7 years.

Equity-settled awards are recorded in the “Additional paid-in capital” component of Shareholders’ equity, with compensation cost recorded in General and administrative expenses over the vesting period, which is from the grant date to the end of the vesting period, including adjustments for actual forfeitures. The PSP-TSR awards are subject to a market condition, which based on the guidance in ASC 718 is reflected in the grant-date fair value. The actual number of PSUs that will vest can range from 0% to 200% of the grant, depending upon actual Company performance below or above the target level. Compensation cost is recognized for the PSP-TSR awards, provided that the requisite service is rendered, regardless of when, if ever, the market condition is satisfied. In case of an outperformance of the PSP-TSR award compared to the targets, there will be no adjustment as long as the employee performs the requisite service period.

The weighted-average exercise price of PSP-TSR awards is zero.

The following assumptions have been applied in the valuation model:

	FINANCIAL YEAR ENDED MARCH 31,	
	2020	2019
Expected term	3 years	3 years
Risk free rate	(0.683%)	(0.483%)
Expected volatility	24.24%	20.13%
Expected dividend yield	4%	3%

For the PSUs granted on April 1, 2018, the expected volatility of the share price returns was measured over a historic period of 180 days only, given that the IPO only took place in July 2017.

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

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

The following tables summarize the activities under the PSP-EPS Plan for the financial years ended March 31, 2020 and 2019:

EPS COMPONENT	FINANCIAL YEAR ENDED MARCH 31, 2020		
	Number of awards	Maximum number of shares conditionally granted	Weighted-average grant-date fair value per share (Swiss francs)
Nonvested at April 1, 2019	22,702	45,405	73.95
Granted	34,470	68,940	56.32
Vested	–	–	–
Forfeited	(7,419)	(14,837)	60.36
Nonvested at March 31, 2020	**49,753**	**99,508**	**60.86**
Exercisable at March 31, 2020	–	–	–

EPS COMPONENT	FINANCIAL YEAR ENDED MARCH 31, 2019		
	Number of awards	Maximum number of shares conditionally granted	Weighted-average grant-date fair value per share (Swiss francs)
Nonvested at April 1, 2018	–	–	–
Granted	26,743	53,485	73.95
Vested	–	–	–
Forfeited	(4,041)	(8,080)	73.95
Nonvested at March 31, 2019	**22,702**	**45,405**	**73.95**
Exercisable at March 31, 2019	–	–	–

The Company recorded stock-based compensation expense for the PSP-EPS Plan of USD 0.3 million and USD 0.7 million, respectively, for the financial years ended March 31, 2020 and 2019, which is included within General and administrative expense in the Consolidated Statements of Operations. As of March 31, 2020, total unrecognized compensation costs related to nonvested PSP-EPS awards amount to USD 0.9 million. These costs are expected to be recognized over a weighted-average period of 1.7 years.

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

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

Other share-based compensation

Starting from the annual term which commenced with the 2018 Annual General Meeting (June 28, 2018), the remuneration of the members of the Company’s Board of Directors is paid 65% in cash and 35% in Company’s shares, which are blocked for sale for a period of three years. In the financial years ended March 31, 2020 and 2019, the Company allotted 5,926 and 5,916 shares, respectively, out of the treasury stock, and recorded USD 0.5 million and USD 0.4 million, respectively, of expense which is included within General and administrative expense in the Consolidated Statements of Operations.

Note 22: Income Taxes

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

USD in thousands	FINANCIAL YEAR ENDED MARCH 31, 2020	2019
Domestic (1)	8,950	39,004
Foreign	129,472	129,995
L+G Group	**138,422**	**168,999**

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

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

USD in thousands	FINANCIAL YEAR ENDED MARCH 31, 2020	2019
Current income taxes:		
Domestic (1)	(939)	(795)
Foreign	(31,691)	(36,701)
Total current taxes	(32,630)	(37,496)
Deferred taxes:		
Domestic (1)	(2,203)	(5,399)
Foreign	15,364	774
Total deferred taxes	13,161	(4,625)
Total income taxes	**(19,469)**	**(42,121)**

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

The reconciliation of tax expense at the statutory federal tax rate of 7.83% to the provision for income taxes is shown in the table below:

USD in thousands	FINANCIAL YEAR ENDED MARCH 31, 2020	2019
Regular statutory rate expense	(10,838)	(13,233)
Items taxed at rates other than the Company's statutory rate	(21,767)	(33,100)
Other permanent adjustments	4,408	925
Provision for uncertain tax positions	8,261	(3,099)
Tax credits	1,805	2,095
Withholding taxes	(1,008)	(796)
Change in valuation allowance	818	4,645
Adjustments to prior year	(2,121)	162
Effects of changes in tax rate, net	965	367
Other, net	8	(87)
Tax expense	**(19,469)**	**(42,121)**

Deferred Taxes

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

USD in thousands	MARCH 31, 2020	2019
Deferred tax assets:		
Net operating loss carryforwards	76,185	91,800
Inventories	3,558	2,269
Prepaid expenses and other	–	690
Accrued liabilities	13,084	8,947
Intangible assets	9,589	9,482
Operating leases	14,499	–
Pension and other employee related liabilities	18,533	21,642
Other	25,794	23,665
Total gross deferred tax assets	**161,242**	**158,495**
Deferred tax liabilities:		
Accrued liabilities	(50)	(231)
Property, plant, and equipment	(4,920)	(9,495)
Intangible assets	(54,210)	(61,240)
Operating leases	(13,979)	–
Other	(18,738)	(22,202)
Total gross deferred tax liabilities	**(91,897)**	**(93,168)**
Net deferred tax assets before valuation allowance	**69,345**	**65,327**
Valuation allowance	(77,362)	(86,853)
Net deferred tax liabilities	**(8,017)**	**(21,526)**
Included in:		
Deferred tax assets – non-current	17,017	15,821
Deferred tax liabilities – non-current	(25,034)	(37,347)
Net deferred tax liabilities	**(8,017)**	**(21,526)**

As of March 31, 2020, and March 31, 2019, the Company had total tax losses carried forward in the amount of USD 232.5 million and USD 287.4 million, respectively.

The expiration of the tax losses carried forward as of March 31, 2020 is as follows:

Financial year ending March 31, (USD in thousands)	
2021	–
2022	357
2023	28,096
2024	17,653
2025	9,523
Thereafter	8,756
Never expire	168,129
Total	**232,514**

Due to “change in ownership” provisions in certain jurisdictions, the use of a portion of our tax losses may be limited in future periods.

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

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

The valuation allowances are mainly provided against net deferred tax assets in Australia, Denmark, France, United States and United Kingdom. In the event that all of the deferred tax assets become realizable, the reversal of the valuation allowance would result in a reduction in income tax expense.

Deferred taxes on undistributed earnings of foreign subsidiaries as of March 31, 2020 and March 31, 2019 are USD 0.3 million and USD 0.5 million, respectively.

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

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

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

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2020**	2019
Balance as of April 1,	24,584	24,378
Gross increases to positions in prior years	1,210	306
Gross increases to current period tax positions	4,551	3,839
Audit settlements	–	(696)
Expiry of statute of limitations	(7,599)	(967)
Gross decreases to prior year positions	(2,887)	(2,003)
Effect on change in exchange rates	(428)	(273)
Balance as of March 31,	**19,431**	**24,584**

As of March 31, 2020, and March 31, 2019, accrued interest and penalties were USD 4.9 million and USD 7.6 million, respectively.

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

The Company is subject to taxation in various states and foreign jurisdictions. As of March 31, 2020, the Company could be subject to income tax examination by the tax authorities in the following major tax jurisdictions:

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

Note 23: Leases

The Company is party to several noncancelable operating leases, primarily for office space and company vehicles, that expire over the next 15 years. These leases might include renewal options and do not contain material residual value guarantees.

The components of lease expense are as follows:

USD in thousands	Financial year ended March 31, 2020
Finance lease cost – Right of use assets amortization	535
Finance lease cost – Interest on lease liabilities	93
Operating lease cost	17,811
Variable lease cost	67
Short-term lease cost	9,069
Total lease cost	**27,575**

Supplemental cash flow information related to leases are as follows:

	FINANCIAL YEAR ENDED MARCH 31, 2020	
USD in thousands	Finance Leases	Operating Leases
Cash paid for amounts included in the measurement of lease liabilities	482	16,851
Right-of-use assets obtained in exchange for lease liabilities	210	40,313

Supplemental balance sheet information related to leases are as follows:

	MARCH 31, 2020	
USD in thousands, unless otherwise stated	Finance Leases	Operating Leases
Right-of-use assets, net	687	70,210
Lease liabilities	2,751	72,694
Weighted-average remaining lease term (Years)	2.5	9.2
Weighted-average discount rate	4.5%	2.9%

Remaining maturities of lease liabilities as of March 31, 2020 are as follows:

Financial year ending March 31, (USD in thousands)	Finance Leases	Operating Leases
March 31, 2021	1,437	14,748
March 31, 2022	1,126	11,484
March 31, 2023	284	7,447
March 31, 2024	29	6,451
March 31, 2025	–	5,932
Thereafter	–	38,180
Total lease payments	**2,876**	**84,242**
Less: Imputed interest	(125)	(11,548)
Total lease liabilities	**2,751**	**72,694**

As of March 31, 2020, the Company has additional operating lease commitments, primarily for office space, that have not yet commenced of USD 42 million. These operating leases will commence in the following financial year with lease terms ranging from 2 to 15 years.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of March 31, 2019, as determined prior to adoption of ASC 842 are:

Fiscal year ending March 31, 2019 (USD in thousands)	Capital Leases	Operating Leases
2020	543	18,030
2021	355	15,617
2022	218	11,262
2023	68	4,256
2024	12	2,973
Thereafter	–	4,159
Total minimum lease payments	**1,196**	**56,297**
Less estimated executory costs	(114)	
Net minimum lease payments	1,082	
Less amount representing interest	(117)	
Present value of net minimum capital lease payments	964	
Less current installments of obligation under capital leases	(451)	
Obligations under capital leases, excluding current installments	**513**	

Note 24: Commitments & Contingencies

Guarantees

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

Maximum potential payments (USD in million)	March 31, 2020
Performance guarantees obtained from third parties	139.7
Financial guarantees issued in connection with financing activities	560.8
Financial guarantees issued in connection with lease agreements	6.9
Total	**707.4**

The Company is often required to obtain bank guarantees, bid bonds, or performance bonds in support of its obligations for customer tenders and contracts. These guarantees or bonds typically provide a guarantee to the customer for future performance, which usually covers the delivery phase of a contract and may, on occasion, cover the warranty phase. As of March 31, 2020, the Company had total outstanding performance bonds and bank and insurance guarantees of USD 139.7 million. In the event any such bank or insurance guarantee or performance bond is called, the Company would be obligated to reimburse the issuer of the guarantee or bond; however, the Company has no reason to expect that any outstanding guarantee or bond will be called.

In addition, the Company has entered into guarantees that provide financial assurances to certain third parties related to the outstanding lines of credit or to leasing arrangements, predominantly for office leases. The total amount was USD 567.7 million as of March 31, 2020.

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

Legal proceedings

We are 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 we determine that a loss is probable, and the amount can be reasonably estimated.

The Washington Department of Revenue ("Department") has conducted an audit of business & occupation tax, sales tax and other taxes in one of our 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 22 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. 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 22 million. In addition, the Company has estimated that the exposure for the period from April 1, 2016 to March 31, 2020 would increase the charge by USD 7 million to USD 29 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.

On October 5, 2015, the Romanian Competition Council ("RCC") launched an ex officio investigation against Landis+Gyr 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 we immediately engaged external experts to conduct an extensive internal forensic investigation that did not reveal any violation of competition law.

Additionally, Landis+Gyr 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 6.2 million, converted at the exchange rate as of March 31, 2020). 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 under the law. The appeal remains under consideration.

In September 2019, the Company has been notified that a decision of the Federal Court in Curitiba in a lawsuit between our Brazilian subsidiary and the Brazilian tax authority became final and non-appealable. Based on this decision, the Company shall be entitled to reclaim tax payments made in prior years through tax credits. The Company has estimated the amount of such tax credits to be USD 10.4 million and has recorded USD 5.6 million as operating income in the line item "General and administrative" and the remaining amount of USD 4.8 million as Interest income in its Consolidated Statements of Operations.

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 and its subsidiaries are parties to various legal claims, actions, and complaints. It is not possible to predict with certainty whether or not the Company and its subsidiaries 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 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 us 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:

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2020**	**2019**
Beginning balance, April 1	45,177	73,427
New product warranties	46,704	18,685
Other changes / adjustments to warranties	(3,574)	(12,808)
Claims activity	(25,032)	(31,971)
Effect of changes in exchange rates	(1,295)	(2,156)
Ending balance, March 31,	**61,980**	**45,177**
Less: current portion of warranty	(31,628)	(34,257)
Long-term warranty	30,352	10,920

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

During the financial year ended March 31, 2020, the Company determined that the provision for product warranties for a legacy component issue in the Americas was no longer sufficient to cover expected warranty costs in the remaining warranty period. Accordingly, the previously estimated product warranty provision was increased by a total of USD 28.2 million, net of related insurance proceeds. The corresponding increase was included in Cost of revenue.

The additional provision of USD 28.2 million increases the accrual related to the legacy component issue to USD 39.6 million as of March 31, 2020, of which the current and non-current portions are USD 12.6 million and USD 27.0 million, respectively. The Company expects that the noncurrent portion will mainly be paid out after one year and within eight years of March 31, 2020.

New product warranties for the financial year ended March 31, 2019 primarily consist of additions in line with the ordinary course of business.

Note 25: Restructuring Charges

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

During the financial year ended March 31, 2020, the Company continued its restructuring effort, aimed at reducing costs and improving operating performance. In connection with these restructuring plans, the Company recognized costs related to termination benefits for employee positions that were eliminated. The total financial year ended March 31, 2020 initiatives represent approximately USD 6.7 million in severance related costs. Some of the severance payments were completed during the financial year ended March 31, 2020 and the remaining payments are expected to be completed during the financial year ending March 31, 2021.

A summary of the Company's restructuring activity, including costs incurred during the financial years ended March 31, 2020 and March 31, 2019 is as follows:

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2020**	2019
Beginning balance, April 1,	5,052	8,460
Restructuring charges	6,727	4,760
Cash payments	(5,895)	(7,667)
Effect of changes in exchanges rates	(167)	(501)
Balance as of March 31,	**5,717**	**5,052**

The outstanding balance at March 31, 2020 and at March 31, 2019, respectively, is included under Accrued liabilities in the Consolidated Balance Sheets.

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

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2020**	2019
Cost of revenue	1,744	770
Research and development	1,647	912
Sales and marketing	1,702	1,635
General and administrative	1,634	1,443
Total	**6,727**	**4,760**

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

USD in thousands	Cumulative costs incurred up to March 31, 2020	Total costs incurred in the financial year ended March 31, 2020
Americas	7,050	4,358
EMEA	15,929	1,332
Asia Pacific	827	293
Corporate	2,343	744
Restructuring Charges	**26,149**	**6,727**

The cumulative costs incurred up to March 31, 2020 represent the Companies ongoing restructuring efforts under various programs over the last three financial years. The expected future costs for the restructuring programs are USD 12.3 million spread over the next four years and are primarily related to EMEA.

Note 26: Asset Retirement Obligations

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

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2020**	2019
Beginning balance, April 1	2,236	2,802
Additional obligations incurred	58	152
Obligations settled in current period	–	(629)
Changes in estimates, including timing	1,155	–
Accretion expense	10	36
Effect of changes in exchange rates	(63)	(125)
Obligation balances, March 31,	**3,396**	**2,236**

Note 27: Related Party Transactions

Transactions with affiliated Companies
Since June 19, 2018 and resulting from the acquisition described in Note 10: Acquisitions and Divestments, the Company has a 20.3% equity interest in Spark Holdco Pty Ltd ("Spark").

In the financial years ended March 31, 2020 and 2019, revenues from Spark were USD 24.4 million and USD 15.5 million, respectively. Sales of goods were made at the Company's usual prices.

As of March 31, 2020, and 2019, receivables due from Spark were USD 1.8 million and USD 3.0 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 Executive Committee act, or in recent years have acted, as directors or senior executives. Eric A. Elzvik is a board member of LM Ericsson, Sweden. In the financial year ended March 31, 2020, sales to and purchases from LM Ericsson and its group companies were USD 2.4 million and USD 1.1 million, respectively. In the financial year ended March 31, 2019 the Company sold products to and purchased products from LM Ericsson and its group companies of USD 2.1 million and USD 5.4 million, respectively.

Note 28: Concentrations

The Company generates the majority of its revenue in the United States and Europe, with the balance in Asia Pacific, Middle East, Africa, South America, and Canada. None of the Company's customers exceeded ten percent of the consolidated revenue for the financial years ended March 31, 2020 and 2019. The majority of the revenue is derived from the sale of energy meters.

Approximately 43% of the Company's workforce is subject to collective bargaining agreements expiring between 2020 and 2037. Approximately 11% of the Company's workforce is subject to collective bargaining agreements expiring within one year.

Note 29: Segment Information

As noted in Note 12: Goodwill, the Company is organized into the following operating segments:

Americas
The Americas generates the majority of its revenue in the United States, with the balance produced in Canada, Central America, South America, Japan and certain other markets which adopt US standards. The Americas reportable segment designs, manufactures, markets, and sells the Company's Gridstream and advanced meter solutions, digital electricity meters, commercial/industrial and grid meters, system deployment services, managed network services, and other advanced metering infrastructure offerings including software, 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 the Company's Gridstream and advanced meter solutions, digital electricity meters, prepayment electricity meters, commercial / industrial and grid meters, gas meters and prepayment solutions, heat and water meters and solutions, load control devices, system deployment services, and advanced metering infrastructure offerings including software, installation, implementation, consulting, maintenance support, and related services.

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 other markets in Asia. The Asia Pacific reportable segment designs, manufactures, markets, and sells the Company's Gridstream and advanced meter solutions, digital electricity meters, prepayment electricity meters, commercial / industrial and grid meters, gas meters and prepayment solutions, heat and water meters and solutions, load control devices, system deployment services, and advanced metering infrastructure offerings including software, installation, implementation, consulting, maintenance support, and related services.

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

The Company has two primary measures for evaluating segment performance: net revenue to third parties (excluding any inter-company sales) and the adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA). Management defines Adjusted EBITDA as operating income (loss) excluding (i) depreciation and amortization, (ii) impairment of intangible assets, (iii) restructuring charges, (iv) exceptional warranty related expenses, (v) warranty normalization adjustments and (vi) change in unrealized gains and losses on derivatives where the underlying hedged transactions have not yet been realized.

	FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2020**	2019
Net revenues		
Americas	914,025	989,064
thereof to external customers	906,256	985,982
thereof to other segments	7,769	3,082
EMEA	712,065	714,505
thereof to external customers	633,493	632,460
thereof to other segments	78,572	82,045
Asia Pacific	162,463	150,228
thereof to external customers	159,250	146,717
thereof to other segments	3,213	3,511
Elimination	(89,554)	(88,638)
Total Company	**1,698,999**	**1,765,159**
Adjusted EBITDA		
Americas	163,139	193,655
EMEA	40,102	19,731
Asia Pacific	9,882	1,483
Corporate unallocated	24,042	23,063
Total Company	**237,165**	**237,932**
Restructuring charges (1)	(6,727)	(4,760)
Exceptional warranty related expenses (2)	–	(1,136)
Warranty normalization adjustments (3)	(12,995)	16,054
Timing difference on FX derivatives (4)	7,905	2,977
Depreciation	(39,245)	(44,068)
Amortization of intangible assets	(47,112)	(48,747)
Interest income	5,217	479
Interest expense	(6,784)	(6,847)
Non-operational pension (cost) credit	3,624	4,078
Gain on divestments	–	14,563
Income (loss) on foreign exchange, net	(2,626)	(1,526)
Income before income tax expense	**138,422**	**168,999**

1) Restructuring charges are summarized in Note 25 including the line items in the Consolidated Statements of Operations that include the restructuring charges.
2) Exceptional warranty related expense related to a legacy component issue in the EMEA segment.
3) Warranty normalization adjustments represents warranty expense that diverges from three-year average of actual warranty costs incurred (in cash or the value of other compensation paid out to customers) in respect of warranty claims.
4) Timing difference on FX derivatives represents unrealized gains and losses on derivatives where the underlying hedged transactions have not yet been realized.

The following table presents segment depreciation and amortization and capital expenditures for the financial years ended March 31, 2020 and 2019:

	DEPRECIATION AND AMORTIZATION		CAPITAL EXPENDITURE	
	FINANCIAL YEAR ENDED MARCH 31,		FINANCIAL YEAR ENDED MARCH 31,	
USD in thousands	**2020**	2019	**2020**	2019
Americas	53,839	58,115	8,334	18,597
EMEA	20,996	22,428	11,739	16,983
Asia Pacific	4,276	4,882	4,172	4,518
Corporate	7,246	7,390	4,358	371
Total	**86,357**	**92,815**	**28,603**	**40,469**

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

The following tables represent the continuing operations' revenue for the financial years ended March 31, 2020 and 2019:

Financial year ended March 31, 2020 (USD in thousands)	**Total**	**Americas**	**EMEA**	**Asia Pacific**
Total revenue	**1,698,999**	**906,256**	**633,493**	**159,250**
thereof United States	803,730	795,116	8,614	–
thereof United Kingdom	258,614	–	258,614	–
thereof Switzerland	42,169	–	42,169	–
thereof Australia	69,740	–	856	68,884

Financial year ended March 31, 2019 (USD in thousands)	**Total**	**Americas**	**EMEA**	**Asia Pacific**
Total revenue	**1,765,159**	**985,982**	**632,460**	**146,717**
thereof United States	867,440	858,357	9,083	–
thereof United Kingdom	194,812	–	194,812	–
thereof Switzerland	43,578	–	43,578	–
thereof Australia	61,796	–	826	60,970

The following tables represent the property, plant and equipment, net as of March 31, 2020 and 2019:

March 31, 2020 (USD in thousands)	Total	Americas	EMEA	Asia Pacific
Property, plant and equipment	**117,532**	**50,900**	**56,304**	**10,328**
thereof United States	46,739	46,739	–	–
thereof United Kingdom	19,481	–	19,481	–
thereof Switzerland	5,226	–	5,226	–
thereof Australia	1,863	–	–	1,863

March 31, 2019 (USD in thousands)	Total	Americas	EMEA	Asia Pacific
Property, plant and equipment	**142,058**	**75,089**	**56,892**	**10,077**
thereof United States	69,261	69,261	–	–
thereof United Kingdom	25,008	–	25,008	–
thereof Switzerland	1,535	–	1,535	–
thereof Australia	2,596	–	–	2,596

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

Note 30: Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date through May 27, 2020, which is the date that the consolidated financial statements were available to be issued.

No significant events occurred subsequent to the balance sheet date but prior to May 27, 2020 that would have a material impact on the Consolidated Financial Statements.

Statutory Financial Statements of Landis+Gyr Group AG

Table of Contents

Report of the statutory auditor

to the General Meeting of Landis+Gyr Group AG

Zug

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Landis+Gyr Group AG (the "Company"), which comprise the balance sheet, income statement and notes (pages 96 to 103), for the year ended March 31, 2020.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the Company's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended March 31, 2020 comply with Swiss law and the Company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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

PricewaterhouseCoopers AG, Dammstrasse 21, Postfach, CH-6302 Zug, Switzerland
Telephone: +41 58 792 68 00, Telefax: +41 58 792 68 10, www.pwc.ch

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

Key audit matter	How our audit addressed the key audit matter
At March 31, 2020, the carrying value of the Company's investment in and long-term loan receivable from subsidiary amounts to CHF 1.1 billion and CHF 0.3 billion, respectively. We consider the valuation of investment in and the long-term loan receivable from subsidiary a key audit matter due to the estimation uncertainty and judgement involved in determining the enterprise value used to support the recoverability of these assets. Refer to Note 3.2 *Investments* and Note 3.3 *Short-term and long-term loans receivable* of the financial statements.	We assessed whether the combined carrying value of the investment in and long-term loan receivable from subsidiary is recoverable as of March 31, 2020 by performing the following procedures: • We compared the market capitalization of the Company at March 31, 2020 to the combined carrying value of the investment in and long-term loan receivable from subsidiary. • We considered the reasonableness of the enterprise value of the Company by assessing management's impairment analyses. • We compared the enterprise value of the Company to the combined carrying value of the investment in and long-term loan receivable from subsidiary company. On the basis of work performed, we determined the principles used by management to support the carrying value of the investments in and long-term loan receivable to be reasonable.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

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

PricewaterhouseCoopers AG

Rolf Johner Audit expert Auditor in charge	Claudia Muhlinghaus Audit expert

Zug, May 27, 2020

pwc

Balance Sheet

CHF	Notes	March 31, 2020	March 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents		1,017	9,325
Short-term loans receivable from subsidiary companies		–	110,442,804
Total current assets		**1,017**	**110,452,129**
NON-CURRENT ASSETS			
Long-term loans receivable from subsidiary companies		286,669,865	176,511,852
Investments	5	1,067,205,088	1,067,205,088
Total non-current assets		**1,353,874,953**	**1,243,716,940**
TOTAL ASSETS		**1,353,875,970**	**1,354,169,069**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade accounts payable to subsidiary companies		12,554,551	8,497,332
Accrued liabilities		40,045	38,884
Total current liabilities		**12,594,596**	**8,536,216**
Non-current liabilities			
Long-term loans payable to subsidiary companies		133,912,336	–
Provision for unrealized FX gain		47,913,645	53,840,017
Total non current liabilities		**181,825,981**	**53,840,017**
Total liabilities		**194,420,577**	**62,376,233**
SHAREHOLDERS' EQUITY			
Share capital	6	292,512,490	295,100,000
Statutory capital reserves	7	883,728,858	994,146,251
Reserve for treasury shares held by subsidiary			
- against statutory capital reserves	8	7,174,729	2,481,618
Statutory retained earnings		2,952,483	2,952,483
Accumulated (deficit)/profit		(303,462)	6,959,532
Accumulated profit/(deficit) brought forward		6,959,532	(9,515,422)
(Loss)/profit for the year		(7,262,994)	16,474,954
Treasury shares		–	–
- against statutory capital reserves	8	(26,609,706)	(9,847,048)
Total shareholders’ equity		**1,159,455,393**	**1,291,792,836**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,353,875,970**	**1,354,169,069**

See notes to the statutory financial statements.

Income Statement

	FINANCIAL YEAR ENDED MARCH 31,	
CHF	**2020**	2019
Operating expenses	(12,796,958)	(8,499,152)
OPERATING LOSS	**(12,796,958)**	**(8,499,152)**
Financial income	8,849,425	25,013,738
Financial expense	(3,274,303)	–
PROFIT BEFORE TAXES	**(7,221,836)**	**16,514,586**
Direct taxes	(41,158)	(39,632)
PROFIT FOR THE YEAR	**(7,262,994)**	**16,474,954**

See notes to the statutory financial statements.

Notes to the Statutory Financial Statements

Note 1: General

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

Since July, 2017, the Company's registered ordinary shares have been listed on the SIX Swiss Exchange.

Note 2: Applicable accounting law

These unconsolidated financial statements have been prepared in accordance with the provisions on commercial accounting laid down in articles 957–963b of the Swiss Code of Obligations (CO).

Note 3: Summary of significant accounting principles

3.1 Conversion of foreign currencies

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

With the exception of investments and equity which are translated at historical rates, all other assets and liabilities are translated into Swiss Francs using the year-end closing rate, whereas income and expenses are translated using the average exchange rate. Foreign currency exchange losses arising from translation are shown as currency translation differences under financial expense. Foreign currency exchange gains arising from translation are deferred on the balance sheet. A foreign exchange translation gain of CHF 47.9 million (Prior Year: CHF 53.8 million) has been deferred on the balance sheet.

The current year foreign exchange rate gain is CHF 0.45 million. In the prior year a foreign exchange rate gain of CHF 15.7 million was realized, mainly on the reduction in the USD loan to a subsidiary company. These realized exchange rate gains are not taxable as the taxable currency is equivalent to the functional currency which is US Dollar.

3.2 Investments
The investments in subsidiaries are carried at no higher than cost less adjustments for impairment, if any. The investments are reviewed annually for impairment and adjusted to their recoverable amount in instances where the carrying value is determined to be in excess of fair value.

The Company's assessments considered the current and expected future economic and market conditions surrounding COVID-19 pandemic and its impact on each of the investments. The assumptions used within the impairment assessments represent the Company's best estimate. The Company's assessment that no impairment is required for its investments assumes the trading conditions develop as forecasted. The ability to achieve its forecasts could be materially impacted by the duration, severity, and geographic spread, as well as government actions to address or mitigate the impact, of the COVID-19 pandemic.

3.3 Short-term and long-term loans receivable
Financial assets are valued at acquisition cost less adjustments for foreign currency losses and any other impairment of value.

Note 4: Number of employees

The Company did not have any employees in the financial years ended March 31, 2020 and 2019.

Note 5: Investments

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

COMPANY	NOMINAL CAPITAL	OWNERSHIP & VOTING RIGHTS MARCH 31,	
		2020	2019
Landis+Gyr AG, Theilerstrasse 1, Zug	CHF 29,700,000	100%	100%

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

COMPANY	NOMINAL CAPITAL	OWNERSHIP & VOTING RIGHTS MARCH 31,	
		2020	2019
Landis+Gyr Investments LLC, Lafayette USA	USD 20	100%	100%
Bayard Metering (UK) Unlimited, Peterborough, United Kingdom	GBP 6,986,361	100%	100%

Note 6: Share capital

At March 31, 2020 the share capital represents 29,251,249 (Prior Year: 29,510,000) authorized, registered and issued ordinary shares with restricted transferability with a nominal value of CHF 10 each. The restricted transferability is related to the fact that the Board of Directors can reject a shareholder not disclosing the beneficial owner. Registered ordinary shares carry one vote per share, as well as the right to dividend.

At the Annual General Meeting of Shareholders on June 25, 2019, shareholders approved the proposal of the Board of Directors to reduce the share capital of the Company by cancelling 258,751 treasury shares which were acquired under the Buyback program outlined in Note 9. This cancellation was completed in September 2019, resulting in a decrease in Treasury shares of USD 16.6 million and a corresponding decrease in Registered ordinary shares and Additional paid-in capital.

The share capital of the Company may be increased by up to CHF 4,500,000 by issuing up to 450,000 fully paid up registered shares with a nominal value of CHF 10 each, upon the exercise of option rights or in connection with similar rights regarding shares granted to officers and employees at all levels of the Company and its group companies according to respective regulations and resolutions of the Board of Directors.

Note 7: Statutory capital reserves

MOVEMENT IN STATUTORY CAPITAL RESERVES	FINANCIAL YEAR ENDED MARCH 31,	
CHF	**2020**	2019
Statutory capital reserves as at April 1,	994,146,251	1,064,500,869
Dividend payment of CHF 3.15 (PY: CHF 2.30) per share	(91,712,477)	(67,873,000)
Retirement of shares	(14,011,806)	–
Transfer to reserve for treasury shares held by subsidiary – against statutory capital reserves	(4,693,111)	(2,481,618)
Statutory capital reserves carried forward	**883,728,857**	**994,146,251**

The statutory capital reserves from additional paid-in capital resulted from a contribution in kind of shares in Landis+Gyr AG, Zug and a loan from Landis+Gyr AG, Zug. The balance per March 31, 2018 has been approved by the tax authorities.

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

Note 8: Treasury Shares and reserve for Treasury shares held by subsidiary

On January 29, 2019, the Company announced its intention to execute a share Buyback program amounting to a maximum value of CHF 100,000,000 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 the 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 Group AG intends to request one or more capital reductions to future general meetings by cancelling the registered shares repurchased under the Buyback program.

As a precautionary measure to reflect current uncertainties related to the financial impact from COVID-19, Landis+Gyr Group AG decided to suspend the share Buyback program on March 27, 2020.

As of March 31, 2020, the Company held directly 342,305 shares (Prior Year: 157,842), which were repurchased for the purpose of a capital reduction, which is subject to approval by the Annual General Shareholders’ Meeting. Additional treasury shares were purchased and delivered as compensation-in-kind to the members of the Board of Directors.

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

	FINANCIAL YEAR ENDED MARCH 31,			
	2020	**2020**	2019	2019
	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,	157,842	62.39	–	–
Purchases for share Buyback program	443,214	75.27	157,842	62.39
Other purchases	5,926	62.28	5,916	63.24
Delivery of shares	(5,926)	62.28	(5,916)	63.24
Retirement of shares	(258,751)	64.15	–	–
Treasury shares – closing balance as of March 31,	**342,305**	**77.74**	**157,842**	**62.39**

In addition, a subsidiary company, Landis+Gyr AG, also purchased shares in the Company, and as at March 31, 2020 held 88,900 shares (Prior Year: 40,832) at an average acquisition price of CHF 80.71 per share (Prior Year: CHF 60.78) which are reserved for the employee and board compensation plans.

During the year the number of shares purchased was 53,994 at an average acquisition price of CHF 93.75 and the number of shares transferred to the Company for distribution to Board members was 5,926 at an average acquisition price of CHF 62.28.

The value of the movement during the year of shares held by Landis+Gyr AG, amounting to CHF 4.7 million (Prior Year: CHF 2.5 million) has been debited to the Statutory capital reserves and credited to the Reserve for treasury shares held by subsidiary.

Note 9: Contingent liabilities

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

Note 10: Third party guarantees

The Company has entered into guarantees that provide financial assurances to certain third parties related to the outstanding lines of credit. The total amount was CHF 488 million and CHF 354 million as of March 31, 2020 and 2019, respectively. The exchange rates used to convert the maximum liability amounts into CHF are USD 0.96 (Prior Year: 0.99) and EUR 1.06 (Prior Year: 1.12).

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

Note 11: Shareholdings of Board and Group Executive Management

At March 31, 2020 and 2019, the members of the Board held the following number of shares in the Company:

NAME	FUNCTION	NUMBER OF SHARES HELD AT MARCH 31,	
		2020	2019
Andreas Umbach	Chairman of the Board	69,589	67,999
Eric Elzvik	Lead Independent Director	4,779	3,574
Dave Geary	Independent Member	1,150	558
Pierre-Alain Graf	Independent Member	1,534	942
Andreas Spreiter	Independent Member	7,689	7,030
Christina Stercken	Independent Member	1,800	1,208
Peter Mainz	Independent Member	1,022	495
Mary Kipp [(a)]	Independent Member	n/a	495
Søren Thorup Sørensen [(b)]	Not independent; representative of biggest shareholder	–	n/a

(a) Did not stand for re-election at 2019 AGM held on June 25, 2019.
(b) Newly appointed at 2019 AGM held on June 25, 2019, representative of the Company's biggest shareholder KIRKBI Invest A/S.

At March 31, 2020 and 2019, respectively, the members of the Group Executive Management held the following number of shares in the Company and the conditional rights to receive Landis+Gyr Group AG shares under the long-term incentive plan ("LTIP"):

		FINANCIAL YEAR ENDED MARCH 31, 2020	
Name	**Function**	**Number of shares held**	**Nonvested share equivalents under the LTIP**
Richard Mora	Chief Executive Officer	41,641	5,573
Jonathan Elmer	Chief Financial Officer	9,030	9,598
Prasanna Venkatesan	Head of Americas	22,072	5,143
Susanne Seitz	Head of EMEA	–	3,216

		FINANCIAL YEAR ENDED MARCH 31, 2019	
Name	**Function**	**Number of shares held**	**Nonvested share equivalents under the LTIP**
Richard Mora	Chief Executive Officer	41,641	5,144
Jonathan Elmer	Chief Financial Officer	9,030	4,372
Roger Amhof [(a)]	Chief Strategy Officer	6,425	–
Ellie Doyle [(b)]	Head of Asia Pacific	3,774	348
Prasanna Venkatesan	Head of Americas	22,072	1,929
Susanne Seitz [(c)]	Head of EMEA	–	–

(a) Active member of GEM until December 31, 2018; employment ended on September 30, 2019.
(b) Active member of GEM until October 31, 2018; employment ended on October 31, 2019.
(c) Member of GEM as of November 19, 2018

Note 12: Significant Shareholders

At March 31, 2020 and 2019, respectively, the significant shareholders in the Company, holding more than 3% of the total shares, were:

	MARCH 31, 2020	
Name	Number of Shares	Holding %
KIRKBI Invest A/S	4,445,265	15.20%
Rudolf Maag	3,000,000	10.26%

	MARCH 31, 2019	
Name	Number of Shares	Holding %
KIRKBI Invest A/S	4,445,265	15.06%
Rudolf Maag	3,000,000	10.17%
Franklin Resources Inc	1,825,813	6.19%
Fir Tree Value Master Fund	1,136,000	3.85%
Nordea 1, SICAV	918,351	3.11%
Norges Bank (the Central Bank of Norway)	909,534	3.08%
Credit Suisse Funds AG	907,466	3.08%

To the best of the Company's knowledge no other shareholders held 3% or more of Landis+Gyr Group AG's total share capital and voting rights on March 31, 2020 and March 31, 2019.

Proposed Appropriation of the Accumulated (Deficit) / Profit and Statutory Capital Reserves

PROPOSED APPROPRIATION OF THE ACCUMULATED (DEFICIT)/PROFIT

	FINANCIAL YEAR ENDED MARCH 31,	
CHF	2020	2019
Balance carried forward from previous year	6,959,532	(9,515,422)
(Loss)/Profit for the year	(7,262,994)	16,474,954
Accumulated (deficit)/profit	**(303,462)**	**6,959,532**

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

PROPOSED APPROPRIATION OF STATUTORY CAPITAL RESERVES

	FINANCIAL YEAR ENDED MARCH 31,	
CHF	2020	2019
Statutory capital reserves as at March 31 [(a)]	883,728,858	994,146,251
Dividend payment of CHF 3.15 per share on 29,115,072 shares out of statutory capital reserves	–	(91,712,477)
Statutory capital reserves carried forward	**883,728,858**	**901,189,751**

(a) Refer to Note 7 for the movements in statutory capital reserves during the year.

The Board of Directors proposes to the Annual General Meeting to carry forward the accumulated statutory capital reserves.

Landis+Gyr Group AG
Theilerstrasse 1
CH-6302 Zug
Switzerland
www.landisgyr.com