



CARLO GAVAZZI

Interim Report
April 1 – September 30, 2021

At a Glance

(CHF million)	1.4.-30.9.21	1.4.-30.9.20	%
Bookings	121.0	68.8	+75.9
Operating revenue	92.6	69.3	+33.6
EBITDA	18.9	8.3	+127.7
EBIT	15.9	5.3	+200.0
Net income	11.2	3.1	+261.3
Cash flow	14.3	6.1	+134.4

(CHF million)	30.9.21	31.3.21	%
Shareholders' equity	107.3	106.2	+1.0
Net working capital	33.2	27.0	+23.0
Net cash position	58.8	62.5	-5.9

Letter to the Shareholders

Dear Shareholders.

In many industries, disruptions to supply chains have been visible for a while and have now led to bottlenecks in factory production. Carlo Gavazzi has also felt the effects of these events but until now has been able to manage the situation quite well.

During the first half of the 2021/22 financial year, the overall business performance of Carlo Gavazzi benefitted from the economic recovery from the coronavirus pandemic (Covid-19) and its resulting consequences for the global economy.

The Group's operating revenue in local currency increased by 30.9% and bookings were up by 72.0%. In Swiss Francs, operating revenue increased by 33.6% to CHF 92.6 million (CHF 69.3 million in the first semester of the 2020/21 business year). Sales in local currency increased by 30.4% in Europe, by 36.0% in the Americas and by 27.4% in Asia-Pacific. Bookings in Swiss Francs increased by 75.9% to CHF 121.0 million (CHF 68.8 million in 2020/21), resulting in a book-to-bill ratio of 1.31 at September 30, 2021.

Gross profit increased by CHF 13.5 million to CHF 49.8 million (CHF 36.3 million in 2020/21) resulting in a gross margin of 53.8% (52.4% in 2020/21).

Carlo Gavazzi reacted early to the difficult global situation resulting from the coronavirus pandemic and managed to reduce operating costs noticeably across the organization in the previous year. Operating expenses in the current period increased by CHF 3.5 million from CHF 30.4 million in the previous first half year to CHF 33.9 million including continuing investment in the development of the new ERP system. The expense increase of 10.3% was substantially below the increase of 33.6% in operating revenue thereby considerably enhancing the bottom line.

As a result, operating profit (EBIT) increased from CHF 5.3 million to CHF 15.9 million.

Group net income increased by CHF 8.1 million to CHF 11.2 million (CHF 3.1 million in 2020/21).

At September 30, 2021, shareholders' equity amounted to CHF 107.3 million, giving an equity ratio of 68.0%.

Geographical markets

Sales grew above the same period of last year, thanks to increased demand in all product categories and markets as well as overall resilient performance despite the Covid-19 pandemic.

In Europe, sales increased by 30.4%, mainly due growth across the whole region in energy efficiency, building automation, and industrial automation markets.

Sales in the Americas grew by 36.0%, mainly due to recovery in OEMs and distribution activities in the US market, particularly in industrial automation.

In Asia-Pacific, sales were 27.4% above the previous period, mainly due to development in industrial automation markets with OEMs and distribution channels in China.

The geographical share of revenue outside Europe was 34.1%, with sales in the Americas and Asia-Pacific accounting for 18.4% and 15.7%, respectively.

Markets and products

Sales in priority markets increased 35.4% versus the same period of last year. The growth was spread across the relevant markets in industrial automation and building automation.

Sensors product sales were 17.7% above the same period of last year mainly due to the increase in manufacturing activity globally. Sales in capacitive sensors increased by 21.0% compared to the previous year, also thanks to steady growth in HVAC (heating, ventilation and air-conditioning) applications. Sales in inductive sensors went up by 33.5% compared to the previous year, mainly due to industrial automation markets gaining momentum once again.

Controls product sales increased by 32.4% mainly due to a strong increase in energy products and monitoring relays of 42.6% and 28.1%, respectively, particularly driven by ongoing strong demand for energy management and energy efficiency solutions.

Sales of Switches products increased by 40.5% compared to the previous year. Sales in solid state relays and motor controls grew by 54.8% and 12.1%, respectively, mainly due to resurgence of business with OEMs in industrial automation markets and HVAC (heating, ventilation and air-conditioning) applications.

Outlook

The global recovery is characterized by major uncertainties as a consequence of the Covid-19 pandemic and its impact.

Current challenging economic conditions and bottlenecks in global supply chains will continue to be present in both industrial and building automation markets, however, the effect on our business is difficult to estimate. Nevertheless, it is expected that any shortages will remain transitory and not become more permanent.

Nevertheless, the Carlo Gavazzi Group continues to focus on strengthening its sales organization, increasing the penetration of its product portfolio, broadening market reach with new product releases also towards the internet of things, and to adapt its supply chain to maintain business continuity.



Valeria Gavazzi
Chairman



Anthony M. Goldstein
Chief Financial Officer

Condensed Consolidated Statement of Comprehensive Income

for the six months ended September 30

(in CHF 1 000)	Notes	2021	2020
Continuing operations			
Revenue from sale of goods		92 612	69 278
Cost of sale of goods		(42 766)	(32 981)
Gross profit		49 846	36 297
Research & development expense		(4 190)	(3 892)
Selling, general and administrative expense		(29 722)	(26 488)
Other income (expense), net		(57)	(644)
Operating profit (EBIT)		15 877	5 273
Finance income		11	3
Finance expense		(358)	(526)
Profit before income tax		15 530	4 750
Income tax expense		(4 284)	(1 619)
Profit for the half-year		11 246	3 131
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Exchange differences on translation of foreign operations		(1 601)	281
Items that may be reclassified to profit or loss		(1 601)	281
Other comprehensive income for the half-year, net of tax		(1 601)	281
Total comprehensive income for the half-year		9 645	3 412
Profit attributable to owners of Carlo Gavazzi Holding AG		11 246	3 131
Comprehensive income attributable to owners of Carlo Gavazzi Holding AG		9 645	3 412
Earnings per share from net profit of continuing operations for the period attributable to owners of Carlo Gavazzi Holding AG			
(in CHF per share)			
Basic and diluted earnings per share of continuing operations:			
- registered shares	8	3.17	0.88
- bearer shares	8	15.82	4.40

The accompanying notes are an integral part of the consolidated financial statements

Condensed Consolidated Balance Sheet

(in CHF 1 000)	Notes	as of	
		September 30 2021	March 31 2021
Assets			
Current assets			
Cash and cash equivalents		58 819	62 466
Trade receivables		31 142	27 341
Other receivables		7 485	7 148
Inventories		31 760	28 080
Total current assets		129 206	125 035
Non-current assets			
Property, plant and equipment		8 946	9 816
Right-of-use assets		7 115	8 402
Intangible assets		8 210	8 202
Other receivables		629	544
Deferred tax assets		3 634	3 747
Total non-current assets		28 534	30 711
Total assets		157 740	155 746
Liabilities and equity			
Current liabilities			
Trade payables		12 560	11 751
Other payables		19 948	19 392
Borrowings		–	–
Lease liabilities		2 404	2 577
Current tax liabilities		2 265	1 943
Total current liabilities		37 177	35 663
Non-current liabilities			
Other payables		775	230
Lease liabilities		4 833	5 935
Employee benefit obligations		7 003	7 071
Other provisions		429	436
Deferred tax liabilities		198	202
Total non-current liabilities		13 238	13 874
Total liabilities		50 415	49 537
Equity			
Share capital		10 661	10 661
Capital reserves		600	600
Other reserves		(26 027)	(24 426)
Retained earnings		122 091	119 374
Total equity attributable to owners of Carlo Gavazzi Holding AG		107 325	106 209
Total liabilities and equity		157 740	155 746

The accompanying notes are an integral part of the consolidated financial statements

Condensed Consolidated Statement of Changes in Equity

(in CHF 1 000)	Notes	Attributable to owners of Carlo Gavazzi Holding AG				Total equity
		Share capital	Capital reserves	Other reserves	Retained earnings	
Equity at April 1, 2020		10 661	600	(28 231)	107 318	90 348
Net profit for the half-year		-	-	-	3 131	3 131
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	-	-	-
Exchange difference on translation of foreign operations		-	-	281	-	281
Other comprehensive income for the half-year		-	-	281	-	281
Total comprehensive income for the half-year		-	-	281	3 131	3 412
Dividends	7	-	-	-	-	-
Total transactions with owners		-	-	-	-	-
Equity at September 30, 2020		10 661	600	(27 950)	110 449	93 760
Equity at April 1, 2021		10 661	600	(24 426)	119 374	106 209
Net profit for the half-year		-	-	-	11 246	11 246
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	-	-	-
Exchange difference on translation of foreign operations		-	-	(1 601)	-	(1 601)
Other comprehensive income for the half-year		-	-	(1 601)	-	(1 601)
Total comprehensive income for the half-year		-	-	(1 601)	11 246	9 645
Dividends	7	-	-	-	(8 529)	(8 529)
Total transactions with owners		-	-	-	(8 529)	(8 529)
Equity at September 30, 2021		10 661	600	(26 027)	122 091	107 325

The accompanying notes are an integral part of the consolidated financial statements

Condensed Consolidated Statement of Cash Flows

for the six months ended September 30

(in CHF 1 000)	Notes	2021	2020
Cash flow from operating activities			
Profit for the half-year		11 246	3 131
Income taxes		4 284	1 619
Depreciation and amortization		3 018	3 016
Loss (gain) on disposal of property, plant and equipment		(23)	(20)
Change in other non-cash items		460	(588)
Changes in working capital:			
– Change in trade receivables and other receivables		(4 775)	(552)
– Change in inventories		(4 156)	(4 047)
– Change in trade payables and other payables		(929)	3 811
Interest received		3	3
Interest paid		(134)	(92)
Income taxes paid		(887)	(286)
Net cash inflow from operating activities		8 107	5 995
Cash flow from financing activities			
Purchases of property, plant and equipment		(940)	(1 066)
Purchases of intangible assets		(159)	(176)
Proceeds from disposal of property, plant and equipment		58	26
Net cash outflow from investing activities		(1 041)	(1 216)
Cash flows from financing activities			
Dividends paid to company's shareholders	7	(8 529)	–
Principal elements of lease payments		(1 317)	(1 255)
Proceeds from borrowings		–	–
Repayment of borrowings		–	(1 413)
Net cash outflow from financing activities		(9 846)	(2 668)
Change in cash and cash equivalents		(2 780)	2 111
Cash and cash equivalents at the beginning of the half-year		62 466	47 462
Effects of exchange rate changes on cash and cash equivalents		(867)	100
Cash and cash equivalents at the end of the half-year		58 819	49 673

The accompanying notes are an integral part of the consolidated financial statements

Notes to the Condensed Consolidated Financial Statements

1. General information

Carlo Gavazzi Holding AG with its subsidiaries (together Carlo Gavazzi Group, hereinafter “the Group”) is an internationally active electronics company. Its core business Automation Components consists of design and manufacture of electronic control components for the global industrial automation markets. Carlo Gavazzi Holding AG is a publicly traded company listed on the Swiss stock exchange (SIX Swiss Exchange) in Zurich. Its registered office is at Sumpfstrasse 3, CH-6312 Steinhausen, Switzerland.

The financial year of the Group ends on March 31. The Group reporting currency is Swiss Francs (CHF). The consolidated financial statements are presented in thousands of Swiss Francs (CHF 1 000).

These unaudited consolidated half-year financial statements of the Group were approved for publication by the Board of Directors on November 23, 2021.

The Group’s business is not usually impacted by seasonality.

include all the information and disclosures required in annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended March 31, 2021, which were prepared in accordance with IFRS.

The Group’s consolidated half-year financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that may affect the reported amounts of assets and liabilities, income and expenses, as well as the disclosure of contingent liabilities and contingent assets during the reporting period. Whilst these estimates are based on management’s best knowledge of current circumstances and possible future events, actual results may ultimately differ from these estimates. In this interim report, management has not made any significant changes to the estimates and assumptions compared with the previous periods.

2. Significant accounting and valuation policies

The significant accounting and valuation policies are described in detail in the annual report for the financial year ended March 31, 2021. These policies have been applied consistently in the reporting periods presented, unless otherwise stated.

2.1 Basis of preparation

The Group’s unaudited consolidated half-year financial statements have been prepared in accordance with the International Accounting Standard IAS 34 “Interim Financial Reporting”. The consolidated interim financial statements do not

2.2 Changes to accounting policies

New and amended standards adopted by the Group
The Group did not apply any new or amended standards which had any significant impact on the consolidated financial statements.

Impact of standards issued but not yet applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for March 31, 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3 Principles of consolidation

The principles of consolidation and the number of consolidated legal entities remained unchanged compared with the ones presented in the Group's annual report for the financial year ended March 31, 2021.

2.4 Foreign currency translation

The following exchange rates into Swiss Francs were used during the periods:

Exchange Rates

Period end rates applied for the consolidated balance sheet

Currency	Unit	30.09.2021	31.03.2021
BRL	100	17.12	16.79
CAD	1	0.74	0.75
CNY	100	14.46	14.43
DKK	100	14.54	14.91
EUR	1	1.08	1.11
GBP	1	1.26	1.30
HKD	100	11.98	12.17
MYR	100	22.29	22.81
NOK	100	10.69	11.05
SEK	100	10.67	10.83
SGD	1	0.69	0.70
USD	1	0.93	0.95

Average rates applied for the consolidated income statement

Currency	Unit	01.04.2021 30.09.2021	01.04.2020 30.09.2020
BRL	100	17.12	17.53
CAD	1	0.74	0.69
CNY	100	14.15	13.46
DKK	100	14.66	14.33
EUR	1	1.09	1.07
GBP	1	1.27	1.19
HKD	100	11.77	12.16
MYR	100	21.99	22.11
NOK	100	10.68	9.85
SEK	100	10.72	10.16
SGD	1	0.68	0.68
USD	1	0.92	0.94

3. Significant events and business transactions

During the periods, there were no significant events or business transactions in connection with the critical accounting estimates and judgments defined in the Group's annual financial statements for the year ended March 31, 2021.

4. Segment reporting

The Group is an internationally active electronics company active in designing, manufacturing and marketing electronic control components for the global markets of industrial and building automation. The Group has only one operating and reportable segment, the information for the segment therefore mainly corresponds to the figures in the consolidated financial statements. When the Group implemented IFRS 8 „Operating Segments“, the following circumstances led to the conclusion that it only has one reportable segment:

- Internal monthly reporting for the only operating segment is carried out in concentrated form for the whole Group.
- Because of the close integration of the Group companies, focussing individually on production, logistics, marketing and selling, key decisions are, consequently, made by corporate management at consolidated Group level and not on the basis of the financial statements of individual legal entities.
- The holding company only provides corporate services; its operating result is monitored in the internal monthly reporting.

5. Notes to the Condensed Consolidated Statement of Comprehensive Income

Gross sales in the first six months of the financial year 2021/22 amounted to CHF 92 612 (2020/21 CHF 69 278). The increase of 33.6% is related to an organic increase in local currency of 30.9% and a positive currency effect from the translation into Swiss Francs of 2.7%. Net income increased in the first six months of the financial year 2021/22 to CHF 11 246 (2020/21 CHF 3 131) or 259.2%. The increase is related to the 1.4% increase in gross margin and the under-proportional increase in operating expenses of 10.3% compared with the increase in operating revenue of 33.6%.

6. Contingent assets and contingent liabilities

There have not been any other significant changes to the Group's contingent assets or contingent liabilities since the approval of the consolidated financial statements for the year ended March 31, 2021.

7. Dividend

Carlo Gavazzi Holding AG pays one dividend per financial year. The Annual General Meeting held on July 27, 2021, resolved to pay a dividend for the financial year 2020/21 with value August 6, 2021. For the previous financial year 2019/20, Carlo Gavazzi Holding AG did not distribute a dividend.

8. Earnings per share

Earnings per registered share are computed based on the weighted average number of registered shares of CHF 3 each outstanding during the periods.

Earnings per bearer share are computed based on the weighted average number of bearer shares of CHF 15 each outstanding during the periods.

Basic and diluted earnings per share are as follows:

Basic and diluted earnings per share for the half year ended September 30 (in CHF 1 000)		
	2021	2020
Net profit attributable to owners of Carlo Gavazzi Holding AG	11 246	3 131
Percentage of registered shares outstanding in comparison with the share capital outstanding	45.03 %	45.03 %
Percentage of bearer shares outstanding in comparison with the share capital outstanding	54.97 %	54.97 %
Registered shares		
Net profit attributable to registered shareholders	5 064	1 410
Average number of shares outstanding	1 600 000	1 600 000
Basic and diluted earnings per registered share (CHF)	3.17	0.88
Bearer shares		
Net profit attributable to bearer shareholders	6 182	1 721
Average number of shares outstanding	390 710	390 710
Basic and diluted earnings per bearer share (CHF)	15.82	4.40

9. Related party transactions

The related parties consist primarily of shareholders, members of the Board of Directors and members of Executive Management.

During the periods there were no significant transactions with related parties.

10. Events after the balance sheet date

There were no events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.

Declaration on Forward-Looking Statements

This Interim Report contains statements that constitute “forward-looking statements”, relating to the Group. Because these forward-looking statements are subject to risks and uncertainties, the reader is cautioned that actual future results may differ from those expressed in or implied by the statements, which constitute projections of possible developments. All forward-looking statements are based only on data available to the Group at the time of preparing this Report. The Group does not undertake any obligation to update any forward-looking statements contained in this Report as a result of new information, future events or otherwise.

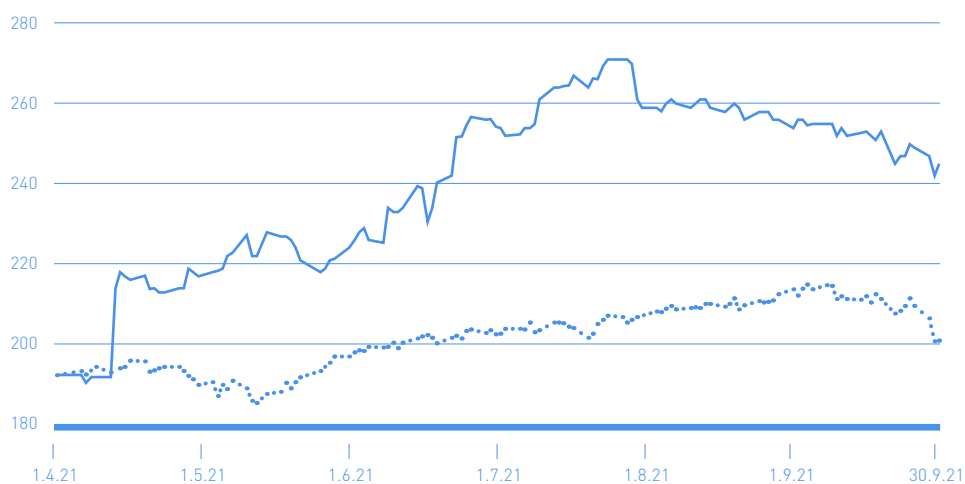
The Interim Report of the Group can also be viewed online: www.carlogavazzi.com

Information for Investors

(CHF)	1.4.–30.9.21	1.4.–30.9.20	1.4.–30.9.19	1.4.–30.9.18	1.4.–30.9.17
Share price September 30	250	150	248	290	352
– half year-high	273	204	285	358	373
– half year-low	193	150	243	290	289
Average daily volume	95	339	356	272	580
Earnings per share	15.82	4.40	4.64	6.50	5.73
Book value per share	151	132	127	131	130
Stock market capitalization (CHF million)	178	107	176	206	250
– in % of equity	166	114	195	221	271

Share price 1.4.2021 – 30.9.2021

(CHF)



— CARLO GAVAZZI BEARER SHARE (NOT ADJUSTED FOR DIVIDENDS)
 SPI EXTRA™ (REBASED, NOT ADJUSTED FOR DIVIDENDS)

Financial calendar

Media and financial analysts' meeting 2021/22
 Shareholders' meeting 2021/22
 Interim Report 2022/23

June 23, 2022
 July 26, 2022
 November 24, 2022



CARLO GAVAZZI

CARLO GAVAZZI HOLDING AG
Sumpfstrasse 3
CH-6312 Steinhausen, Switzerland
Phone: +41 41 747 45 25
Internet: www.carlogavazzi.com
E-Mail: gavazzi@carlogavazzi.ch