Consolidated Financial Statements

for the years ended March 31, 2023 and 2022

Statements of Comprehensive Income

for the years ended March 31

(in CHF 1 000)	Notes	2023	2022
Continuing operations			
Revenue from sale of goods		209 601	183 389
Cost of goods sold		(100 117)	(84 837)
Gross profit		**109 484**	**98 552**
Research & development expense		(7 408)	(7 833)
Selling, general and administrative expense		(62 435)	(59 879)
Other operating income (expense), net	7	(342)	208
Operating profit (EBIT)		**39 299**	**31 048**
Financial income	8	105	34
Financial expense	8	(639)	(625)
Profit before income tax		**38 765**	**30 457**
Income tax expense	20	(10 536)	(8 421)
Net profit for the year		**28 229**	**22 036**
Other comprehensive income			
Actuarial gains (losses) on employee benefit obligations	18	342	877
Tax impact on actuarial gains (losses) on employee benefit obligations		(60)	(130)
Total items that will not be reclassified to profit or loss		**282**	**747**
Exchange difference on translation of foreign operations		(4 293)	(4 269)
Total items that may be reclassified subsequently to profit or loss		**(4 293)**	**(4 269)**
Total other comprehensive income for the year, net of tax		**(4 011)**	**(3 522)**
Total comprehensive income for the year		**24 218**	**18 514**
Net profit attributable to owners of Carlo Gavazzi Holding AG		28 229	22 036
Comprehensive income attributable to owners of Carlo Gavazzi Holding AG		24 218	18 514

Earnings per share from net profit of continuing operations for the year attributable to owners of Carlo Gavazzi Holding AG (in CHF per share)			
Basic and diluted earnings per share of continuing operations:			
- registered shares	9	7.95	6.20
- bearer shares	9	39.71	31.00

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

Balance Sheets

(in CHF 1 000)	Notes	as of March 31 2023	March 31 2022
Assets			
Current assets			
Cash and cash equivalents		49 231	66 775
Fixed deposits	2.8	15 470	-
Trade receivables	11	35 819	31 203
Other receivables	12	14 387	9 376
Inventories	13	43 307	33 954
Total current assets		**158 214**	**141 308**
Non-current assets			
Property, plant and equipment	14	8 743	8 585
Right-of-use assets	2.11	6 028	6 939
Intangible assets	15	8 055	8 562
Other receivables	12	390	564
Deferred income tax assets	20	3 917	3 159
Total non-current assets		**27 133**	**27 809**
Total assets		**185 347**	**169 117**
Liabilities and equity			
Current liabilities			
Trade payables		17 104	15 728
Other payables	16	18 288	20 522
Lease liabilities	2.11, 17	2 501	2 410
Other provisions	19	1 290	–
Current income tax liabilities		5 589	3 458
Total current liabilities		**44 772**	**42 118**
Non-current liabilities			
Other payables	16	543	745
Lease liabilities	2.11, 17	3 697	4 678
Employee benefit obligations	18	3 857	4 783
Other provisions	19	392	409
Deferred income tax liabilities	20	202	189
Total non-current liabilities		**8 691**	**10 804**
Total liabilities		**53 463**	**52 922**
Equity			
Share capital	21	10 661	10 661
Capital reserves		600	600
Other reserves	22	(31 959)	(27 948)
Retained earnings		152 582	132 882
Total equity attributable to owners of Carlo Gavazzi Holding AG		**131 884**	**116 195**
Total liabilities and equity		**185 347**	**169 117**

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

Statements of Changes in Equity

(in CHF 1 000)	Notes	Share capital	Capital reserves	Other reserves	Retained earnings	Total equity
		Attributable to owners of Carlo Gavazzi Holding AG				
Equity at April 1, 2021		**10 661**	**600**	**(24 426)**	**119 374**	**106 209**
Net profit for the year		**-**	**-**	**-**	**22 036**	**22 036**
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	747	-	747
Exchange difference on translation of foreign operations		-	-	(4 269)	-	(4 269)
Other comprehensive income for the year		**-**	**-**	**(3 522)**	**-**	**(3 522)**
Total comprehensive income for the year		**-**	**-**	**(3 522)**	**22 036**	**18 514**
Dividends	10	-	-	-	(8 528)	(8 528)
Total transactions with owners		**-**	**-**	**-**	**(8 528)**	**(8 528)**
Equity at March 31, 2022		**10 661**	**600**	**(27 948)**	**132 882**	**116 195**
Net profit for the year		**-**	**-**	**-**	**28 229**	**28 229**
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	282	-	282
Exchange difference on translation of foreign operations		-	-	(4 293)	-	(4 293)
Other comprehensive income for the year		**-**	**-**	**(4 011)**	**-**	**(4 011)**
Total comprehensive income for the year		**-**	**-**	**(4 011)**	**28 229**	**24 218**
Dividends	10	-	-	-	(8 529)	(8 529)
Total transactions with owners		**-**	**-**	**-**	**(8 529)**	**(8 529)**
Equity at March 31, 2023		**10 661**	**600**	**(31 959)**	**152 582**	**131 884**

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

Statements of Cash Flows

for the years ended March 31

(in CHF 1000)	Notes	2023	2022
Cash flow from operating activities			
Profit for the year		**28 229**	**22 036**
Income taxes	20	10 536	8 421
Depreciation and amortization		5 584	5 858
Loss (gain) on disposal of property, plant and equipment	7	(91)	(62)
Changes in other non-cash items		(168)	(346)
Changes in working capital:			
- Change in trade receivables and other receivables		(11 647)	(8 335)
- Change in inventories		(10 837)	(7 474)
- Change in trade payables and other payables		1 763	7 236
Interest received		48	18
Interest paid		(218)	(252)
Income taxes paid		(9 167)	(6 694)
Cash flow from operating activities		**14 032**	**20 406**
Cash flow from investing activities			
Purchases of property, plant and equipment	14	(3 237)	(2 403)
Purchases of intangible assets	15	(3)	(185)
Proceeds from disposal of property, plant and equipment		109	213
Payments for fixed deposits	2.8	(15 473)	-
Cash flow from investing activities		**(18 604)**	**(2 375)**
Cash flow from financing activities			
Dividends paid	10	(8 529)	(8 528)
Principal elements of lease payments	2.11, 17	(2 478)	(2 592)
Repayment of borrowings		-	-
Cash flow from financing activities		**(11 007)**	**(11 120)**
Change in cash and cash equivalents		**(15 579)**	**6 911**
Cash and cash equivalents at the beginning of the year		66 775	62 466
Effects of exchange rate changes on cash and cash equivalents		(1 965)	(2 602)
Cash and cash equivalents at the end of the year		**49 231**	**66 775**

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

Notes to the 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. The address of its registered office is 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) and, accordingly, all amounts have been rounded off to the nearest thousand Swiss Francs unless otherwise stated.

These audited consolidated financial statements were approved for publication by the Board of Directors on June 21, 2023, and will be recommended for approval at the Annual General Meeting to be held on July 25, 2023.

2. Material accounting and valuation policies

The material accounting and valuation policies employed in the preparation of these consolidated financial statements are described below. These policies have been applied consistently in all the reporting periods presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Carlo Gavazzi Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The Group's consolidated financial statements have been prepared on a historical cost basis.

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.

2.2 Changes in accounting policies

2.2.1 New and amended standards adopted by the Group

The Group did not apply any new or amended standards which had any material impact on the consolidated financial statements.

2.2.2 New and amended IFRS not yet applied

Certain new accounting standards and interpretations have been published that are not mandatory for March 31, 2023 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

Group companies

Group companies are all entities (including structured entities) over which the Group has control. Carlo Gavazzi Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. New group companies are fully consolidated from the time at which control of the company is transferred to Carlo Gavazzi Group. They are deconsolidated at the point in time at which control ceases.

Assets and liabilities as well as the income and expenses of these companies are fully (100%) consolidated. All material internal group transactions, balances and unrealized profits and losses resulting from internal group transactions are eliminated.

Non-controlling interests

The share of net assets and net profit attributable to non-controlling interests is indicated separately in the consolidated balance sheets, the consolidated statement of comprehensive income, and the consolidated statement of changes in equity. For the years presented, there were no non-controlling interests.

2.4 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Swiss Francs (CHF) as the presentation currency. The group companies compile their financial statements in their functional currency, which is the currency of the primary economic environment in which they operate.

Foreign currency translation

All assets and liabilities in the balance sheets of the group companies that are denominated in respective functional currencies are translated into Swiss Francs at the closing rate. Items in the comprehensive income statements and cash flow statements are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transactions). The resulting translation differences are recognized in other comprehensive income. When a group company is sold, the cumulative translation differences recognized in shareholders' equity are recycled to the income statement.

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

Year-end rates – balance sheets

Currency	Unit	31.03.2023	31.03.2022
BRL	100	18.06	19.48
CAD	1	0.68	0.74
CNY	100	13.32	14.56
DKK	100	13.32	13.76
EUR	1	0.99	1.02
GBP	1	1.13	1.21
HKD	100	11.66	11.79
MYR	100	20.74	21.95
NOK	100	8.74	10.55
SEK	100	8.82	9.89
SGD	1	0.69	0.68
USD	1	0.92	0.92

Average rates – comprehensive income statement

Currency	Unit	01.04.2022 – 31.03.2023	01.04.2021 – 31.03.2022
BRL	100	18.56	17.24
CAD	1	0.72	0.73
CNY	100	13.95	14.32
DKK	100	13.36	14.36
EUR	1	0.99	1.07
GBP	1	1.15	1.26
HKD	100	12.18	11.76
MYR	100	21.48	22.01
NOK	100	9.62	10.59
SEK	100	9.21	10.44
SGD	1	0.70	0.68
USD	1	0.96	0.92

Foreign currency transactions and balances in the individual financial statements

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

All exchange differences are recognized in the income statement, except for intercompany transactions having the nature of a permanent financial investment which are directly recorded in equity.

2.5 Cash and cash equivalents

The Group considers all highly liquid investments with original maturity of three months or less to be cash.

Cash and cash equivalents are reported at their nominal value.

2.6 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less impairment losses recognized for expected lifetime credit losses. The Group applies the simplified approach for the measurement of the expected lifetime credit losses which is based on known uncollectible accounts, aged receivables, historical losses and forward-looking parameters specific to the debtors and the economic environment.

Concentrations of credit risk with respect to trade receivables are limited due to the large number of geographically diverse customers which make up the Group's customer base, thus spreading credit risk. Some European countries require longer payment terms as a part of doing business and this may subject the Group to a higher risk of non-collectability. This risk is evaluated when determining the bad debt allowance. The Group generally does not require collateral from its customers.

Changes to the bad debt allowance as well as effective losses due to bad debts are shown in selling, general and administrative expense.

2.7 Other receivables

This item includes all other receivables that do not arise from deliveries of products (e.g., VAT credits, withholding tax credits, receivables from social insurances, etc.). Included are also advances to suppliers as well as prepaid expenses (e.g. for rent, consulting, insurance premiums, etc.).
Other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.8 Financial assets

The Group classifies its financial assets in the following categories: at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL). The classification depends on the Group's business model for managing the financial assets and on their contractual cash flow characteristics. Financial assets are generally classified as current assets unless they are not expected to be realized within 12 months after the end of the reporting period.

2.8.1 Classification of financial assets
a) Financial assets at amortized cost
These assets are debt instruments held to collect contractual cash flows that are solely payments of the principal amount and interest and are measured at amortized cost using the effective interest rate method less impairment losses recognized for expected credit losses (refer to note 2.8.3). Interest, foreign currency revaluations and impairment losses are recognized in the income statement. Financial assets at amortized costs comprise cash and cash equivalents and fixed deposits, trade receivables and other receivables in the balance sheet (notes 2.5, 2.6 and 2.7). Fixed deposits include money market funds and government treasury security investments in financial assets with an initial maturity date of three months up to twelve months.

b) Financial assets at FVOCI
These assets are debt instruments held both for selling and collecting contractual cash flows that are solely payments of the principal amount and interest and equity instruments not held for trading. Financial assets at FVOCI are measured at fair value. Interest, foreign currency revaluations and impairment losses (refer to note 2.8.3) are recognized in the income statement. Any other changes in fair value are recognized in other comprehensive income.

c) Financial assets at FVPL
These assets are equity instruments held for trading or financial assets designated by the Group as financial assets at FVPL. Derivatives are also categorized in this category unless they are designated as hedges. Gains or losses arising from changes in the fair value are presented in the income statement within other operating income (expense), net in the period in which they arise. Dividend income from financial assets at FVPL is recognized in the income statement as part of other operating income (expense), net when the Group's right to receive payment is established.

2.8.2 Recognition and measurement of financial assets

Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at FVPL. Financial assets at FVPL are initially recognized at fair value and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2.8.3 Impairment of financial assets at amortized costs

An allowance for expected credit losses (ECL) is recognized for all financial assets at amortized cost. For debt instruments at FVOCI fair value, changes in connection with the expected credit losses are recognized in the income statement. ECL are based on the difference between the contractual cash flows and the cash flow that the Group expects to receive. The Group applies the simplified approach for measuring the ECL allowance for trade receivables (note 2.6) and the general approach for all other financial assets at amortized cost and debt instruments at FVOCI.

The general approach for measuring the ECL allowance is based on the amount of credit losses resulting from default events expected to occur during 12 months after the reporting date, unless the credit risk has increased significantly since initial recognition. If there has been a significant increase in credit risk since initial recognition, the ECL are based on lifetime expected credit losses.

To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- Significant financial difficulty of the issuer or obligor(internal and external credit rating as far as available).

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause significant change to the borrower's ability to meet its obligations.

- Actual or expected significant changes in the operating results of the borrower.

- A breach of contract, such as a default or delinquency in interest or principal payments.

- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider.

– It becomes probable that the borrower will enter bankruptcy or other financial reorganization.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the income statement.

2.9 Inventories

Inventories are stated at the lower of cost or net realizable value. The first-in, first-out (FIFO) method is applied to finished goods inventory and the weighted-average method is applied to production inventory. The cost of finished goods and work in progress comprise raw materials, direct labour costs and other costs that can be directly allocated, such as production overhead expenditures. Provision for write-downs is established when there is a reasonable indication that the Group will not be able to recover the cost of the specific inventory items.

2.10 Property, plant and equipment

Property, plant and equipment include land, property used for operational purposes, facilities, machinery, IT equipment and motor vehicles, as well as plant and equipment under construction.

Property, plant and equipment are reported at their purchase price or construction costs less scheduled accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes the estimated costs of dismantling and removing the asset and restoring the site on which it is located (decommissioning costs) and the corresponding liability is recognized in accordance with IAS 37.

Depreciation is calculated using the straight-line method over the estimated useful lives, as follows:

Land	No depreciation
Buildings	50 years
Leasehold improvements (maximum)	10 years
Machinery and equipment	6 years
Furniture and fixtures	6 years
Motor vehicles	4 years
IT equipment	3 years

Maintenance, repairs and minor renewals are charged to expense as incurred. Major renewals and betterments are capitalized and depreciated over their estimated useful lives.

When assets are retired or otherwise disposed of, the cost is removed from the asset account and the corresponding accumulated depreciation is removed from the related reserve account. Any gain or loss resulting from such retirement or disposal is included in the income statement.

2.11 Leases

Amounts recognized in the balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

(in CHF 1 000)	2023	2022
Buildings	5 122	6 092
Machinery and equipment	72	92
Motor vehicles	810	668
IT equipment	24	87
Total	**6 028**	**6 939**
Lease liabilities		
- Current	2 501	2 410
- Non-current	3 697	4 678
Total	**6 198**	**7 088**

Additions to the right-of-use assets during the 2022/23 financial year were CHF 1 872 (2021/22: CHF 1 688).

The income statement shows the following amounts relating to leases:

Depreciation charge of right-of-use assets

(in CHF 1 000)	2022/23	2021/22
Buildings	1 979	2 060
Machinery and equipment	48	63
Motor vehicles	404	422
IT equipment	69	83
Total	**2 500**	**2 628**
Interest expense (included in financial expense)	**165**	**171**

The total cash outflow for leases in the 2022/23 financial year was CHF 2 478 (2021/22: CHF 2 592).

The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, equipment and cars. Rental contracts are typically made for fixed periods of maximum ten years but may have extension options as described below. The Group's lease contracts generally do not contain non-lease components.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments
- variable lease payments that are based on a rate
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee (which has no recent third-party financing) would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group neither revalues its land and buildings within property, plant and equipment nor its buildings within right-of-use assets.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

2.12 Intangible assets

Goodwill

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises:

(i) the fair values of the assets transferred,
(ii) the liabilities incurred to the former owners of the acquired business,
(iii) the equity interests issued by the Group,
(iv) the fair value of any asset or liability resulting from a contingent consideration arrangement, and
(v) the fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred. The excess of:

(i) the consideration transferred,
(ii) the amount of any non-controlling interest in the acquired entity, and
(iii) the acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Goodwill on acquisitions of subsidiaries is included in intangible assets as disclosed in note 15. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments. Additional information is disclosed in note 5.

Research and development

Expenditure incurred on research and development is distinguished between the research phase and the development phase. All research phase expenditure is charged to the income statement as incurred. For development expenditure, it is capitalized as an internally generated intangible asset only if it meets strict criteria relating to technical feasibility, intention to complete, ability to use or sell, generation of future economic benefits, availability of adequate technical, financial and other resources to complete its development and reliable measurement of the costs incurred. Expenditure capitalized is amortized over the planned economic life or in relation to the expected revenue over the economic useful life, up to a maximum of five years from the entry-into-service of the product or asset, using the straight-line method. Intangible assets that do not have a finite economic life and therefore cannot be depreciated on a straight-line basis are subject to an annual test for impairment.

Software

Amounts paid out for acquired software such as start-up, pre-opening, pre-operating, training costs and all the pre-going-live costs are recognized as expense when incurred and include project initiation, solution mapping, preparation, process workshops, initial system set-up, technical training, creation of solution concepts, creation of prototypes, implementation and maintenance costs relating to the software and cloud providers.
Acquired computer software licenses for own use, which are not an integral part of hardware, are capitalized on the basis of the costs incurred to acquire and bring the related software to use. These software licenses are amortized using the straight-line method over their useful economic lives of three to five years, from the point at which the asset is ready for use.

2.13 Assets held for sale

The Group's assets are reclassified as held for sale when a sale within one year is highly probable and the assets are available for immediate sale in their present condition.

Non-current assets held for sale are re-evaluated at the lower of fair value less cost to sell or the carrying amounts at the date they meet the held for sale criteria. Any resulting impairment loss is recognized in the income statement.

The liabilities of an asset classified as held for sale or of a group of assets held for sale are disclosed separately from other liabilities in the balance sheet. Such assets and liabilities may not be offset and disclosed as a single amount.

2.14 Impairment of non-financial assets

Non-financial assets are assessed on each balance sheet date for any indication of impairment. If any such indication exists, a test is carried out to estimate if the carrying amount could exceed the higher of the asset's fair value less costs to sell and its value in use. If this is the case, the appropriate impairment loss is recognized.

The same method is applied to reversals of impairment losses as for identifying impairment, i.e., a review must be carried out on each reporting date to assess whether there are indications that an impairment loss might no longer exist or might have decreased. If this is the case, the amount of the decrease in impairment loss must be determined (difference between recoverable amount and net carrying amount).

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units to which the goodwill relates. Impairment losses relating to goodwill cannot be reversed in future years.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.16 Other payables

Other payables include non-interest-bearing liabilities, in particular VAT liabilities, liabilities for social security payments, current and non-current employee benefits (e.g. accrued paid annual leave and overtime, bonuses, etc.) as well as accrued expenses, short-term provisions and prepaid income.

Other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.17 Borrowings

Borrowings are divided into current and non-current depending on the time to maturity and include bank overdrafts, loans and finance leases.

Borrowings are recognized initially at fair value, net of transaction costs incurred. In subsequent periods, loans are stated at amortized cost using the effective interest rate method with any difference between proceeds (net of transaction costs) and the redemption value being recognized in the income statement over the terms of the borrowing.

2.18 Employee benefits

Pension obligations

The Group has a range of pension plans designed to take account of local conditions and practices in individual countries in which the Group operates. The Swiss subsidiaries provide a defined benefit plan for their employees; subsidiaries in other jurisdictions provide both defined contribution plans and defined benefit plans for their employees. The plans are generally funded through payments to insurance companies or trustee-administered funds. Costs related to post-employment benefits are recognized as personnel expenses allocated to the functions to which the respective employees contribute.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (insurance company or fund). The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee services in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans typically specify an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and salary.

For defined benefit plans, the amount recognized in the balance sheet corresponds to the present value of the defined benefit obligation at the balance sheet date reduced by the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. Any underfunding will be recognized as a liability. Overfunding, however, will only be capitalized to the extent that it represents economic benefits for the Group.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in the income statement.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Termination indemnity

Italian law requires the Italian group companies to grant termination indemnity benefits (TFR) to all employees. Up to a pension reform which introduced new regulations for employee termination benefits beginning from January 1, 2007, termination indemnity benefits were classified and accounted for as defined benefit plans. Beginning January 1, 2007, the plans are considered to be defined contribution plans. The termination benefit provision accrued up to December 31, 2006 continues to be accounted for as a defined benefit plan and is recorded at the actuarial present value of the benefits for which the employees are currently entitled based on the employee's expected separation or retirement date. The benefit obligation is not covered by separately identified assets (unfunded plan).

2.19 Provisions and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation because of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
A provision is measured on the best estimate concept, i.e. the amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation on the balance sheet date. The amount of a provision is reviewed for appropriateness at every balance sheet date. Long-term provisions are discounted.

Contingent liabilities arise from past events where the outcome depends on future events. As the probability either cannot be measured reliably or the probability for a subsequent outflow lies below 50 %, contingent liabilities are not recognized in the balance sheet but are described in the Notes.

2.20 Equity

Equity includes share capital, capital reserves, other reserves and retained earnings.

Share capital is the par value of all outstanding shares.

Capital reserves contain gains and losses realized on the sale of own shares held in previous years.

Retained earnings are profits, including legal and free reserves, that are not distributed as dividends and which are generally freely available, except legal reserves.

Other reserves include currency translation differences, actuarial gains and losses on post-employment benefit obligations as well as their related income tax effect on other comprehensive income.

2.21 Revenue from contracts with customers

The Group designs and manufactures electronic control components for the global industrial automation markets. Revenue from contracts with customers comprises all revenues that are derived from sales of products to third parties after deduction of sales taxes and discounts. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the use of the product in their production and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

No element of financing is deemed present, as there are no contracts where the period between revenue recognition and payment by the customer exceeds one year. The Group's obligation to repair or replace faulty products under standard warranty terms is recognized as a provision (note 19).

A trade receivable (note 11) is recognized when the products are delivered, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. There are currently no material contract assets and liabilities in connection with revenue from contracts with customers.

For internal and external reporting purposes the Group disaggregates revenue from contracts with customers into geographical regions which is outlined in the segment information (note 5).

2.22 Borrowing costs

Borrowing costs comprise interest and other costs that are incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

2.23 Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. For leases under IFRS 16, the net method is used.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.24 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Note 23 provides further information on how the Group accounts for government grants.

2.25 Business combinations

All business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred and the equity interests issued, including the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. The identifiable assets acquired, or liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill and allocated to the cash-generating units or group of cash-generating units depending on the level at which it is monitored by management. If the consideration transferred is lower than the fair value of the acquirer's share of the identifiable net assets acquired (bargain purchase), the difference is recognized directly in the income statement.

3. Financial risk management

The Group classifies its financial assets and liabilities into the following categories as per IFRS 7:

Financial assets

(in CHF 1 000)	2023	2022
Loans and receivables		
Cash and cash equivalents	49 231	66 775
Fixed deposits	15 470	–
Trade receivables	35 819	31 203
Other receivables	12 755	8 207
Total	**113 275**	**106 185**

Financial liabilities

(in CHF 1 000)	2023	2022
Other financial liabilities		
Trade payables	17 104	15 728
Other payables	20 121	21 267
Leases	6 468	7 161
Total	**43 693**	**44 156**

No additional disclosures of fair value are presented because carrying value is a reasonable approximation of fair value.

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

Generally, financial risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance, however, the Group does not use derivative financial instruments to hedge risk exposures.

Risk management and its effectiveness is regularly monitored by the Board of Directors.

a) Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to EUR (incl. pegged currencies) against USD. The Group does not actively hedge foreign exchange risks, however, where possible it seeks to reduce these risks by natural hedging (cash inflows and outflows in a specific currency should be in balance as much as possible).

Foreign exchange risks arise when commercial transactions of operations are not denominated in the functional currency of the respective legal entity, but instead in another currency. Foreign exchange risks also arise from translation differences when preparing the consolidated financial statements in Swiss Francs, however, they are excluded for the purpose of the sensitivity analysis for currency risk. As stated above there are currency exposures with respect to EUR against USD in the amount of CHF 1 430 (2022: CHF 334). A change in foreign currency exchange rates of EUR against USD of 10 %, with all other variables held constant, would have caused the result of the Group to be higher/lower by around CHF 143 (2022: CHF 33) with a consequent effect on the equity.

Price risk

The Group is not exposed to either equity securities price risk or commodity price risk.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from bank overdrafts and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. As a result of the Group's positive net cash position and having no borrowings, the interest rate risk is considered to be immaterial. Consequently, a sensitivity analysis has not been provided.

b) Credit risk

Credit risk is managed on a local basis for accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Local management may also define credit limits for each customer. As there is no independent rating for most customers, local credit control departments assess the credit quality of the customers, considering their financial position, past experience and other factors. There is no concentration of credit risk in respect of trade receivables as the Group has a large number of geographically diverse customers.

Other credit risk arises from cash and cash equivalents and deposits with banks. Counterparty risk is minimized by ensuring that current account deposits are maintained with financial institutions whose credit ratings by one of the major independent rating agencies are usually at least "A-" or else the highest available in the country where the relevant group company is domiciled.

The Group's investments in fixed deposits are considered to be low risk investments. The credit ratings of the deposits are monitored for credit deterioration and impairment risk is considered to be minimal.

c) Liquidity risk

Liquidity risk is the risk that the Group would not be able to meet its financial obligations on time. The monitoring of liquidity and allocation of resources by the Group always allows for maintenance of adequate liquidity levels. In addition, the Group maintains credit lines with several financial institutions.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date; the amounts disclosed are the contractual undiscounted cash flows.

The remaining contractual maturities are as follows:

as at March 31, 2023 (in CHF 1 000)	up to 1 year	between 2–3 years	between 4–5 years	more than 5 years	Total
Trade payables	17 104	–	–	–	17 104
Other payables	19 578	79	–	464	20 121
Leases	2 520	2 913	913	122	6 468
Total	**39 202**	**2 992**	**913**	**586**	**43 693**

as at March 31, 2022 (in CHF 1 000)	up to 1 year	between 2–3 years	between 4–5 years	more than 5 years	Total
Trade payables	15 728	–	–	–	15 728
Other payables	20 522	83	–	662	21 267
Leases	2 473	3 105	1 329	254	7 161
Total	**38 723**	**3 188**	**1 329**	**916**	**44 156**

3.2 Capital risk management

The Group's primary objective is to maintain a strong equity base in order to maintain investor, creditor and market confidence and to sustain the future development of the business. As of March 31, 2023, equity represented 71.2 % of total assets (2022: 68.7 %).

The Group reviews the capital structure and the equity of the subsidiaries as required to cover the associated risks.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares and issue or reduce debt.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial periods mainly relate to income taxes, employee benefit obligations, allowance for doubtful accounts and warranties.

Income taxes

The Group is subject to taxation in numerous jurisdictions. In this respect the Group and its subsidiary companies are regularly exposed to audits by the various governmental bodies and authorities, where the outcome of findings particularly in the area of transfer pricing depends very often on individual judgements. Considerable judgement is required in determining tax provisions. Liabilities for anticipated tax audit issues are recognized based on estimates of whether additional taxes will be due. These estimates could prove to be too pessimistic, or, in a negative scenario, additional tax liabilities would have to be recorded in the future. Additional information is disclosed in note 20.

Furthermore, the capitalization of deferred tax assets is based on assumptions about the future profitability of certain group companies. There is an inherent risk that these estimates made by management may turn out to be too optimistic or too pessimistic.

Employee benefit obligations

The present value of the pension obligations depends on several factors that are determined on an actuarial basis using several assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The group companies determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group companies consider the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligations.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 18.

Covid-19 and the Russia-Ukraine war

Management has been closely monitoring the effects if any of Covid-19 pandemic impacts particularly in China and of the Russia-Ukraine war on the Group's financial position and performance. The Group's profitability has neither been negatively impacted by the Covid-19 pandemic nor the Russia-Ukraine war.

5. Segment reporting

The Group is an international 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, focusing 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.

The reconciliation of operating profit (EBIT) to profit before income tax is as follows:

(in CHF 1 000)	2022/23	2021/22
Operating profit (EBIT)		
– Automation Components	39 798	32 133
– Reconciling items	(499)	(1 085)
Total operating profit (EBIT)	**39 299**	**31 048**
Financial income (expense), net	(534)	(591)
Profit before income tax	**38 765**	**30 457**

Segment assets and liabilities are reconciled to total assets and liabilities as follows:

(in CHF 1 000)	2023	2022
Assets		
– Automation Components	163 292	146 620
– Reconciling items	22 055	22 497
Total assets	**185 347**	**169 117**
Liabilities		
– Automation Components	52 090	50 384
– Reconciling items	1 373	2 538
Total liabilities	**53 463**	**52 922**

Geographical information

Revenue from sale of goods by customer location

(in CHF 1 000)	2022/23	2021/22
Switzerland	4 090	2 438
Germany	21 453	20 327
Austria	22 967	12 649
Other EMEA	95 754	87 709
Total EMEA	**144 264**	**123 123**
USA	28 983	24 427
Other Americas	10 786	10 107
Total Americas	**39 769**	**34 534**
China	18 410	19 156
Other Asia	7 158	6 576
Total Asia	**25 568**	**25 732**
Total Group	**209 601**	**183 389**

Property, plant and equipment, right-of-use assets and intangible assets by location of assets

(in CHF 1 000)	2023	2022
Switzerland	1 696	1 933
Germany	369	446
Austria	70	19
Other EMEA	16 263	16 902
Total EMEA	**18 398**	**19 300**
USA	481	609
Other Americas	146	209
Total Americas	**627**	**818**
China	3 609	3 725
Other Asia	192	243
Total Asia	**3 801**	**3 968**
Total Group	**22 826**	**24 086**

Revenues from external customers

The Group's revenues are split into product groups determined as Controls 46 % (2021/22: 43 %), Sensors 20 % (2021/22: 23 %) and Switches 34 % (2021/22: 34 %). However, these product groups do not represent operating segments, because they are not used for decision-making purposes.

As stated above, the Group has a large number of customers and, during the periods, no single customer accounted for more than 10 % of the Group's revenue from the sale of goods.

6. Employee benefit expense

(in CHF 1 000)	2022/23	2021/22
Wages and salaries	44 611	44 238
Post-employment benefit cost	1 090	1 163
Other social security cost	6 730	6 392
Other expenses	656	708
Termination benefit	–	–
Total	**53 087**	**52 501**

Employee benefit expense is included in the income statement under cost of goods sold, research & development expense and selling, general and administrative expense.

Employee benefit expense is stated after deducting government grants received for wage subsidies and short-time work compensation as shown in note 23.

7. Other operating income and expense

(in CHF 1 000)	2022/23	2021/22
Other operating income		
Gain on sale of property, plant and equipment	91	62
Gain on disposal of P&T business	–	189
Reversal of provisions	–	204
Other	237	143
Total other operating income	**328**	**598**
Other operating expense		
Loss on disposal of property, plant and equipment	(8)	–
Personnel indemnity cost	(125)	(144)
Other	(537)	(246)
Total other operating expense	**(670)**	**(390)**
Total other operating income (expense), net	**(342)**	**208**

8. Financial income and expense

(in CHF 1 000)	2022/23	2021/22
Financial income		
Interest income from financial assets	105	34
Total financial income	**105**	**34**
Financial expense		
Interest expense and finance charges	(113)	(117)
Interest expense for lease liabilities	(165)	(171)
Net foreign exchange loss	(361)	(337)
Total financial expense	**(639)**	**(625)**
Total financial income (expense), net	**(534)**	**(591)**

9. Earnings per share

Earnings per registered share are computed based on the weighted average number of registered shares of CHF 3.00 each outstanding during the years.

Earnings per bearer share are computed based on the weighted average number of bearer shares of CHF 15.00 each outstanding during the years.

Basic and diluted earnings per share are as follows:

(in CHF 1 000)	2022/23	2021/22
Net profit attributable to owners of Carlo Gavazzi Holding AG	**28 229**	**22 036**
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	12 712	9 923
Average number of shares outstanding	1 600 000	1 600 000
Basic and diluted earnings per registered share (CHF)	**7.95**	**6.20**
Bearer shares		
Net profit attributable to bearer shareholders	15 517	12 113
Average number of shares outstanding	390 710	390 710
Basic and diluted earnings per bearer share (CHF)	**39.71**	**31.00**

10. Dividends paid and proposed

Carlo Gavazzi Holding AG pays one dividend per financial year. The Annual General Meeting held on July 26, 2022, resolved to distribute a dividend for the financial year 2021/22, with value August 2, 2022, as follows (in CHF):

Ordinary dividend per registered share	CHF	2.40
Ordinary dividend per bearer share	CHF	12.00
Total ordinary dividend paid	**CHF 1 000**	**8 529**

At the Annual General Meeting to be held on July 25, 2023, payment of the following dividend for 2022/23 will be proposed:

Dividend per registered share	CHF	2.40
Dividend per bearer share	CHF	12.00
Proposed dividend	**CHF 1 000**	**8 529**

11. Trade receivables

(in CHF 1 000)	2023	2022
Trade receivables	36 201	31 842
Less provision for receivables	(382)	(639)
Total	**35 819**	**31 203**

Movements in the provision for impairment of receivables

(in CHF 1 000)	2022/23	2021/22
Balance at April 1	**(639)**	**(735)**
Utilization of provision	49	94
Reversal of unused provision	298	1
Increase in provision	(113)	(51)
Foreign exchange effect	23	52
Balance at March 31	**(382)**	**(639)**

Ageing analysis of trade receivables (in CHF 1 000)

as at March 31, 2023	Total	Not impaired
Not overdue	29 393	29 393
Less than 1 month overdue	3 580	3 580
Between 1–3 months overdue	1 059	1 059
Between 3–6 months overdue	1 777	1 777
Between 6–12 months overdue	94	12
More than 12 months overdue	298	26
Total	**36 201**	**35 847**

as at March 31, 2022	Total	Not impaired
Not overdue	26 483	26 483
Less than 1 month overdue	3 358	3 336
Between 1–3 months overdue	1 185	1 082
Between 3–6 months overdue	534	474
Between 6–12 months overdue	98	72
More than 12 months overdue	184	27
Total	**31 842**	**31 474**

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

(in CHF 1 000)	2023	2022
EUR	18 509	15 267
USD	5 320	4 136
CNY	4 678	2 926
SEK	1 644	3 126
DKK	1 672	1 619
NOK	815	960
CAD	980	1 124
GBP	966	834
Other	1 235	1 211
Total	**35 819**	**31 203**

12. Other receivables

(in CHF 1 000)	2023	2022
Current		
VAT and other tax receivables	11 390	7 219
Advances to suppliers	160	318
Receivables from suppliers	899	280
Other receivables	306	390
Prepaid expense	1 632	1 169
Total current	**14 387**	**9 376**
Non-current		
Deposits for deferred employee compensation	25	200
Deposits for rental contracts	348	347
Other receivables	17	17
Total non-current	**390**	**564**
Total other receivables	**14 777**	**9 940**

The carrying amounts of the Group's other receivables are denominated in the following currencies:

(in CHF 1 000)	2023	2022
EUR	12 815	8 282
USD	323	492
CNY	771	493
SEK	255	40
Other	613	633
Total	**14 777**	**9 940**

All non-current receivables are due within five years from the end of the reporting period. No impairments were recognized on other receivables in 2022/23 (2021/22: nil).

13. Inventories

(in CHF 1 000)	2023	2022
Raw materials and supplies	18 765	15 737
Work in progress	4 620	3 827
Finished goods	23 394	17 512
Inventories, gross	**46 779**	**37 076**
Less allowance for valuation	(3 472)	(3 122)
Total	**43 307**	**33 954**

The cost of inventories recognized as expense and included in cost of goods sold in 2022/23 amounted to CHF 99 632 (2021/22: CHF 84 934).

14. Property plant and equipment

(in CHF 1 000)	Land	Buildings	Leasehold improvements	Construction in progress	Machinery and equipment	Furniture and fixtures	Motor vehicles	IT equipment	Total
Historical cost									
Balance at April 1, 2021	90	1 231	6 838	13	33 177	3 318	2 388	5 285	52 340
Additions	–	–	232		1 473	138	219	341	2 403
Disposals	–	–	(412)	–	(5 267)	(798)	(292)	(810)	(7 579)
Currency translation differences	(7)	(94)	(361)	(1)	(1 743)	(164)	(142)	(315)	(2 827)
Reclassifications	–	–	–	(4)	4	(102)	–	102	–
Balance at March 31, 2022	**83**	**1 137**	**6 297**	**8**	**27 644**	**2 392**	**2 173**	**4 603**	**44 337**
Additions	–	–	436	–	1 804	172	454	371	3 237
Disposals	–	–	(38)	–	(28)	(47)	(381)	(401)	(895)
Currency translation differences	(3)	(36)	(271)	–	(1 302)	(77)	(86)	(176)	(1 951)
Reclassifications	–	–	1	–	4	(1)	–	(4)	–
Balance at March 31, 2023	**80**	**1 101**	**6 425**	**8**	**28 122**	**2 439**	**2 160**	**4 393**	**44 728**
Accumulated depreciation									
Balance at April 1, 2021	–	(687)	(5 025)	–	(27 435)	(2 944)	(1 655)	(4 778)	(42 524)
Annual depreciation	–	(23)	(308)	–	(1 984)	(131)	(311)	(256)	(3 013)
Depreciation on disposals	–	–	412	–	5 152	798	252	807	7 421
Currency translation differences	–	53	271	–	1 514	143	100	283	2 364
Reclassifications	–	–	–	–	–	102	–	(102)	–
Balance at March 31, 2022	**–**	**(657)**	**(4 650)**	**–**	**(22 753)**	**(2 032)**	**(1 614)**	**(4 046)**	**(35 752)**
Annual depreciation	–	(23)	(389)	–	(1 636)	(135)	(227)	(231)	(2 641)
Depreciation on disposals	–		33	–	28	45	369	402	877
Currency translation differences	–	21	194	–	1 048	67	56	145	1 531
Reclassifications	–	–	–	–	–	1	–	(1)	–
Balance at March 31, 2023	**–**	**(659)**	**(4 812)**	**–**	**(23 313)**	**(2 054)**	**(1 416)**	**(3 731)**	**(35 985)**
Net book value									
at March 31, 2022	83	480	1 647	8	4 891	360	559	557	8 585
at March 31, 2023	80	442	1 613	8	4 809	385	744	662	8 743

Depreciation of property, plant and equipment is included in the income statement under cost of goods sold, research & development expense and selling, general and administrative expense.

15. Intangible assets

(in CHF 1 000)	Goodwill	Software	Total
Historical cost			
Balance at April 1, 2021	6 338	3 964	10 302
Additions	–	185	185
Disposals	–	(132)	(132)
Currency translation differences	394	(143)	251
Balance at March 31, 2022	**6 732**	**3 874**	**10 606**
Additions	–	3	3
Disposals	–	(6)	(6)
Currency translation differences	(60)	(79)	(139)
Balance at March 31, 2023	**6 672**	**3 792**	**10 464**
Accumulated amortization			
Balance at April 1, 2021	–	(2 100)	(2 100)
Annual amortization	–	(217)	(217)
Amortization on disposals	–	132	132
Currency translation differences	–	141	141
Balance at March 31, 2022	–	**(2 044)**	**(2 044)**
Annual amortization	–	(443)	(443)
Amortization on disposals	–	6	6
Currency translation differences	–	72	72
Balance at March 31, 2023	–	**(2 409)**	**(2 409)**
Net book value			
at March 31, 2022	6 732	1 830	8 562
at March 31, 2023	6 672	1 383	8 055

Within intangible assets only goodwill is assumed to have an indefinite life. Amortization of intangible assets is included in the income statement under cost of goods sold, research & development expense and selling, general and administrative expense.

All goodwill resulting from past business combinations is monitored for internal management purposes at the operating segment (ACBU) level, as reflected in these consolidated financial statements. Goodwill has been tested for impairment as at March 31, 2023 and March 31, 2022 at this level. No impairment charge arose.
The recoverable amount of the cash-generating unit is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using an appropriate estimated growth rate of 1.5% at March 31, 2023 and March 31, 2022. This growth rate is consistent with forecasts included in industry reports specific to the industry in which the CGU operates. The assumptions made reflect experience and/or market expectations. A decrease in projected growth rate after the year 2025/26 to zero would not change the result of the impairment test. The discount rate applied to the cash flow projections is based on the weighted average cost of capital and is correspondingly adjusted to the specific business risks. The pre-tax discount rate applied was 8.98% at March 31, 2023, and 8.08% at March 31, 2022. Management is of the opinion that possible changes in the assumptions made, barring any exceptional events, would not lead to any impairment charge.

16. Other payables

(in CHF 1 000)	2023	2022
Current		
VAT payable	2 407	2 953
Payables to employees	541	791
Payables for social security, pensions and other employee costs	686	647
Insurance	–	37
Other payables	352	509
Advances from customers	162	320
Accrued warranty costs	249	315
Accrued personnel expense	10 880	11 179
Accrued distributor costs	307	58
Accrued ERP consultants	215	1 376
Accrued consultants	923	834
Other accrued expense	1 566	1 503
Total current	**18 288**	**20 522**
Non-current		
Other payables	521	548
Accrued personnel expense	22	197
Total non-current	**543**	**745**
Total other payables	**18 831**	**21 267**

17. Borrowings

This section sets out an analysis of net cash (debt) and the movements in net cash (debt) for each of the years presented:

Net cash (debt) reconciliation

(in CHF 1 000)	2023	2022
Current		
Cash and cash equivalents	49 231	66 775
Lease liabilities	(2 501)	(2 410)
Net current cash (debt)	**46 730**	**64 365**
Non-current		
Lease liabilities	(3 697)	(4 678)
Net non-current cash (debt)	**(3 697)**	**(4 678)**
Net cash (debt)	**43 033**	**59 687**

	Liabilities from financing activities			Other assets	
(in CHF 1 000)	Borrowings	Leases	Sub-total	Cash	Total
Net cash (debt) at April 1, 2021	–	**(8 512)**	**(8 512)**	**62 466**	**53 954**
Cash flows	–	2 592	2 592	6 911	9 503
Acquisition - leases	–	(1 168)	(1 168)	–	(1 168)
Foreign exchange adjustments	–	–	–	(2 602)	(2 602)
Net cash (debt) at March 31, 2022	–	**(7 088)**	**(7 088)**	**66 775**	**59 687**
Cash flows	–	2 478	2 478	(15 579)	(13 101)
Acquisition - leases	–	(1 588)	(1 588)	–	(1 588)
Foreign exchange adjustments	–	–	–	(1 965)	(1 965)
Net cash (debt) at March 31, 2023	–	**(6 198)**	**(6 198)**	**49 231**	**43 033**

18. Employee benefit obligations

The amounts recognized in the balance sheet for pension benefits are determined as follows:

(in CHF 1 000)	2023	2022
Present value of funded obligations	7 496	7 595
Fair value of plan assets	(6 488)	(6 394)
Underfunding	**1 008**	**1 201**
Present value of unfunded obligations	2 849	3 582
Total	**3 857**	**4 783**

The movement in the defined benefit obligation over the year is as follows:

(in CHF 1 000)	2022/23	2021/22
Balance at April 1	**11 133**	**13 189**
Current service cost	419	427
Contributions from plan participants	104	61
Interest cost	172	90
Actuarial losses (gains)	(574)	(672)
Benefits paid	(365)	(1 061)
Past service cost	(119)	(23)
Settlements and curtailments	–	(468)
Exchange differences	(426)	(410)
Balance at March 31	**10 344**	**11 133**

The movement in the fair value of plan assets over the year is as follows:

(in CHF 1 000)	2022/23	2021/22
Balance at April 1	**6 394**	**6 118**
Contributions from employer	233	195
Contributions from plan participants	104	61
Interest income	84	28
Actuarial gains (losses)	(231)	208
Benefits paid	118	(156)
Change due to plan combinations	(14)	(14)
Administrative expense	(2)	(2)
Exchange differences	(198)	(44)
Balance at March 31	**6 488**	**6 394**

The employee benefit expense charged in the income statement under cost of goods sold, research & development expense and selling, general and administrative expense is as follows:

(in CHF 1 000)	2022/23	2021/22
Defined benefit plans	385	465
Defined contribution plans	1 090	1 163
Total	**1 475**	**1 628**

The amounts recognized in the income statement are determined as follows:

(in CHF 1 000)	2022/23	2021/22
Defined benefit plans		
Current service cost	419	427
Interest cost	172	90
Return on plan assets (expected)	(84)	(28)
Administrative expense	2	2
Past service cost	(119)	(23)
Amortization of net gain (loss)	(5)	(3)
Curtailment loss (gain) recognized	–	–
Total defined benefit plans	**385**	**465**
Defined contribution plans		
Employer contributions	1 090	1 163
Total defined contribution plans	**1 090**	**1 163**
Total	**1 475**	**1 628**

The remeasurement recognized in the statement of other comprehensive income is comprised as follows:

(in CHF 1 000)	2022/23	2021/22
Actuarial gains (losses)		
– arising from changes in demographic assumptions	(1)	–
– arising from changes in financial assumptions	881	980
– arising from plan experience	(307)	(310)
– arising from revaluation of assets	(234)	208
– Return on plan assets (excluding amounts in net interest)	3	(1)
Total	**342**	**877**

During the next financial year, the Group expects employer contributions to defined benefit plans to amount to CHF 268.

The weighted average duration of the defined benefit obligation is 13.2 years (2022: 13.4 years).

The principal actuarial assumptions are as follows:

	2022/23	2021/22
Switzerland		
Discount rate	2.15 %	1.20 %
Inflation rate	1.50 %	0.75 %
Future salary increases	2.00 %	1.25 %
Future pension increases	0.00 %	0.00 %
Norway		
Discount rate	3.00 %	2.58 %
Inflation rate	0.00 %	0.00 %
Future salary increases	3.75 %	2.75 %
Future pension increases	3.50 %	2.50 %

The sensitivity of the defined benefit obligation to a change of +/- 0.25 % in these assumptions is as follows:

(in CHF 1 000)	+0.25 %	–0.25 %
Discount rate	(164)	174
Inflation rate	18	(18)
Future salary increases	46	(40)
Future pension increases	101	(26)

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for Switzerland are based on post-retirement mortality tables BVG 2020 GT and for Norway on the tables K 2013 BE.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The major categories of plan assets are as follows:

	2023	2022
Switzerland		
Cash and cash equivalents	2.40 %	0.60 %
Equity instruments	30.90 %	33.60 %
Debt instruments	23.00 %	24.30 %
Property	27.40 %	25.50 %
Other	16.30 %	16.00 %
Total	**100.00 %**	**100.00 %**
Norway		
Cash and cash equivalents	0.00 %	0.00 %
Equity instruments	12.20 %	10.30 %
Debt instruments	77.40 %	78.50 %
Property	9.90 %	10.40 %
Other	0.50 %	0.80 %
Total	**100.00 %**	**100.00 %**

All equity and debt instruments are quoted or daily traded (mostly collective funds).

Carlo Gavazzi operates two funded defined benefit plans in Switzerland and Norway. The pension plans grant old-age, disability, spouse and child-pensions. The benefits are granted in relation to a percentage of the salary (in Norway final salary plan). In Switzerland, when reaching retirement age, the savings capital will be converted at a fixed conversion rate into an old-age pension. If an employee leaves his employment with Carlo Gavazzi prior to reaching pensionable age, the cumulative balance of the savings account is withdrawn from the pension plan and is transferred into the pension plan of the employee's new employer. If a pension fund would enter into an underfunded status, the active members and Carlo Gavazzi would be required to make additional contributions until such time as the fund is in a fully funded position. Both the Swiss and the Norwegian plans are expected to outperform corporate bonds in the long-term. Pension plan assets of the subsidiaries in Norway and Switzerland are invested with trustee-administered funds. Investment strategy and decisions are made at the sole discretion of the respective fund trustees. The Boards of Trustees handle the general management of the pension schemes, ensure compliance with the statutory requirements, define the strategic objectives and policies of the pension schemes and identify the resources for their implementation. They determine the level of benefits and the investment strategy for the plan assets based on asset/liability analyses performed periodically. The basis for these analyses are the statutory pension obligations as these largely determine the cash flows of the funds. The Boards decide also on the asset allocation and are responsible towards the authorities for the correct administration of the collective foundations.

Subsidiaries in all other jurisdictions provide unfunded pension plans only.

19. Other provisions

(in CHF 1 000)	Restoration cost	Warranties	Total
Current			
Balance at March 31, 2021	–	–	–
Additions	–	–	–
Utilization	–	–	–
Reversal of unused provision	–	–	–
Currency translation differences	–	–	–
Balance at March 31, 2022	–	–	–
Additions	–	1 290	1 290
Utilization	–	–	–
Reversal of unused provision	–	–	–
Currency translation differences	–	–	–
Balance at March 31, 2023	–	**1 290**	**1 290**

(in CHF 1 000)	Restoration cost	Warranties	Total
Non-current			
Balance at March 31, 2021	**434**	**2**	**436**
Additions	3	–	3
Utilization	–	(2)	(2)
Reversal of unused provision	–	–	–
Currency translation differences	(28)	–	(28)
Balance at March 31, 2022	**409**	–	**409**
Additions	–	–	–
Utilization	–	–	–
Reversal of unused provision	–	–	–
Currency translation differences	(17)	–	(17)
Balance at March 31, 2023	**392**	–	**392**

20. Income taxes

Income tax expense is as follows:

(in CHF 1 000)	2022/23	2021/22
Current income taxes	11 576	7 877
Adjustments for taxes of prior periods	(36)	379
Deferred taxes	(1 004)	165
Total	**10 536**	**8 421**

Carlo Gavazzi Holding AG is incorporated in Switzerland, but the Group operates in numerous countries with differing tax laws and rates. Profits are generated primarily outside Switzerland. The Group calculates its expected tax rate as a weighted average of the tax rates in the relevant tax jurisdictions.

Reconciliation of profit before income tax to income tax expense is as follows:

(in CHF 1 000)	2022/23	2021/22
Profit before income tax	**38 765**	**30 457**
Average tax rate	25.71 %	25.72 %
Expected income tax expense	**9 970**	**7 833**
Effect of non-tax-deductible expense	714	67
Effect of non-taxable items	(711)	(477)
Effect of waived capitalization of tax losses	1	2
Utilization of previously unrecognized tax losses	(170)	(92)
Adjustments in respect of prior periods	(36)	379
Taxes not directly related to income	442	361
Other	326	348
Effective income tax expense	**10 536**	**8 421**

Variations in the average tax rate depend on the breakdown of results among the various entities and tax jurisdictions. The average tax rate did not differ materially from the previous year.

At the balance sheet date, the deferred tax assets and liabilities were attributable to items in the balance sheet as follows:

(in CHF 1 000)	2023	2022
Trade receivables	(15)	(312)
Inventories	1 906	1 011
Property, plant and equipment	305	334
Intangible assets	28	26
Other assets	8	319
Other payables	1 169	1 320
Leases	43	28
Tax loss carry-forwards	271	244
Net deferred tax assets (liabilities)	**3 715**	**2 970**
of which reported in the balance sheet as:		
Deferred income tax assets	3 917	3 159
Deferred income tax liabilities	(202)	(189)

For tax return purposes, certain subsidiaries have tax loss carry-forwards as follows:

Summary of tax loss carry-forwards

	Gross value		Tax benefits	
(in CHF 1 000)	2023	2022	2023	2022
Expiring in				
1–8 years	–	–	–	–
Unlimited	1 234	1 107	271	244
Tax loss carry-forwards capitalized at March 31	**1 234**	**1 107**	**271**	**244**
Expiring in				
1 year	–	13	–	2
4 years	–	71	–	11
5 years	99	354	12	53
6 years	1 033	1 029	129	154
7 years	1 147	1 023	143	153
8 years	–	796	–	119
Unlimited	3 918	4 104	1 331	1 399
Tax loss carry-forwards not capitalized at March 31	**6 197**	**7 390**	**1 615**	**1 891**
Total tax loss carry-forwards	**7 431**	**8 497**	**1 886**	**2 135**

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The major amounts are derived from non-profitable subsidiaries which, based on approved mid-term business plans and budgets, are not expected to generate taxable profits in the foreseeable future.

21. Share capital

The share capital of Carlo Gavazzi Holding AG at March 31, 2023 amounts to CHF 10 661 (2022: CHF 10 661) and is divided into registered shares of CHF 3.00 each and bearer shares of CHF 15.00 each. Each share carries one vote and all shares are entitled to receive dividends. The registered share capital amounts to CHF 4 800 divided into 1 600 000 registered shares of CHF 3.00 each (2022: 1 600 000 of CHF 3.00 each). The bearer share capital amounts to CHF 5 861 divided into 390 710 bearer shares of CHF 15.00 each (2022: 390 710 of CHF 15.00 each). All issued shares are fully paid.

There are no restrictions in the Statutes of Carlo Gavazzi Holding AG concerning the registration of registered shares. Under Swiss law, a company can hold up to a maximum of 10 % of its own shares. As at March 31, 2023 and March 31, 2022, the Group held no own shares.

22. Other reserves

(in CHF 1 000)	Foreign exchange translation reserve	Other OCI	Total other reserves
Equity at March 31, 2021	**(22 807)**	**(1 619)**	**(24 426)**
Actuarial gains (losses) on employee benefit obligations, net of tax	–	747	747
Exchange difference on translation of foreign operations	(4 269)	–	(4 269)
Other comprehensive income for the year	(4 269)	747	(3 522)
Total comprehensive income for the year	**(4 269)**	**747**	**(3 522)**
Equity at March 31, 2022	**(27 076)**	**(872)**	**(27 948)**
Actuarial gains (losses) on employee benefit obligations, net of tax	–	282	282
Exchange difference on translation of foreign operations	(4 293)	–	(4 293)
Other comprehensive income for the year	(4 293)	282	(4 011)
Total comprehensive income for the year	**(4 293)**	**282**	**(4 011)**
Equity at March 31, 2023	**(31 369)**	**(590)**	**(31 959)**

23. Government grants

Government grants amounting to CHF 248 (2022: 219) were received mainly for job support, wage subsidies, short-time work compensation and quarantine benefits in connection with Covid-19 support. Government grants are included in the income statement under cost of goods sold, research & development expense and selling, general and administrative expense. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

24. Commitments and contingencies

Guarantees and sureties

The Group has guaranteed the debt to banks and other third parties on behalf of consolidated subsidiaries to cover banking facilities amounting to CHF 1 425 (2022: CHF 1 460). These guarantees have no expiry date and continue to be effective if the respective banking facilities continue to be extended.

There are no loans and overdraft facilities granted to group companies by outside lenders which have been collateralized by pledging assets.

Pending legal cases

There are no legal cases pending against the Group where the outcome could have any material effect on the financial statements.

25. Related party transactions

The related parties consist primarily of shareholders (with voting rights of more than 20 %), members of the Board of Directors and members of Executive Management. Valeria Gavazzi, Zug, indirectly controls 73.85 % (2021/22: 73.85 %) of the voting rights at the end of the reporting period through Barguzin Participation SA, Zug.

Subsidiaries

Interests in subsidiaries are set out in note 27.

Key management compensation

Key management consists of members of the Board of Directors and members of Executive Management. The compensation paid or payable to key management personnel (all for short-term benefits), including employer's social security contributions, is as follows:

(in CHF 1 000)	2022/23	2021/22
Key management personnel compensation		
Short-term employee benefits	3 192	1 910
Post-employment benefits	93	45
Long-term benefits	–	–
Termination benefits	–	–
Share-based payments	–	–
Total	**3 285**	**1 955**

At the end of the reporting period, CHF 1 142 (2022: CHF 973) was outstanding within accrued personnel expense in other payables (note 16). Detailed remuneration disclosures are provided in the compensation report on pages 35 to 40.

Other transactions

During the year, the Group received advisory services from the member of the Board of Directors Stefano Premoli Trovati for a total of CHF 35 (2021/22: CHF 75). In addition, he received board fees from subsidiary companies of CHF nil (2021/22: CHF 24). At the end of the reporting period, CHF nil (2022: CHF 75) was outstanding within accrued consultants in other payables (note 16). Outstanding balances at the end of the reporting period are interest free and settlement occurs in cash. There were no further transactions other than dividends paid to shareholders. Dividends paid to related party shareholders amounted to CHF 3 536 (2021/22: CHF 3 536). Transactions relating to dividends were on the same terms and conditions that applied to all other shareholders.

There were no other significant transactions with related parties during the periods.

26. 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.

27. Subsidiaries

At March 31, 2023 the following non-listed companies were held by Carlo Gavazzi Holding AG:

Percentage of shares held			Company name and domicile		Share capital (Local currency in 1 000)
100%			CARLO GAVAZZI PARTICIPATION DANMARK A/S, Hadsten, Denmark	DKK	10 000
	100%		CARLO GAVAZZI GmbH, Vienna, Austria	EUR	73
	100%		CARLO GAVAZZI SA, Vilvoorde, Belgium	EUR	224
	100%		CARLO GAVAZZI (CANADA) Inc, Mississauga, Canada	CAD	5
	100%		CARLO GAVAZZI AUTOMATION (KUNSHAN) Co Ltd, Kunshan, China	CNY	7 484
	100%		CARLO GAVAZZI HANDEL A/S, Hadsten, Denmark	DKK	5 000
	100%		CARLO GAVAZZI INDUSTRI A/S, Hadsten, Denmark	DKK	10 000
		100%	CARLO GAVAZZI INDUSTRI KAUNAS UAB, Kaunas, Lithuania	EUR	10
	100%		CARLO GAVAZZI OY AB, Espoo, Finland	EUR	50
	100%		CARLO GAVAZZI Sàrl, Roissy, France	EUR	274
	100%		CARLO GAVAZZI GmbH, Darmstadt, Germany	EUR	500
	100%		CARLO GAVAZZI UK Ltd, Frimley, Great Britain	GBP	100
	100%		CARLO GAVAZZI SpA, Lainate, Italy	EUR	2 300
	100%		CARLO GAVAZZI AUTOMATION SpA, Lainate, Italy	EUR	7 180
	100%		CARLO GAVAZZI LOGISTICS SpA, Lainate, Italy	EUR	1 500
	100%		CARLO GAVAZZI CONTROLS SpA, Belluno, Italy	EUR	916
	100%		CARLO GAVAZZI AUTOMATION (M) Sdn Bhd, Petaling Jaya, Malaysia	MYR	730
	100%		CARLO GAVAZZI Ltd, Zejtun, Malta	EUR	1 048
	100%		CARLO GAVAZZI BV, Beverwijk, Netherlands	EUR	136
	100%		CARLO GAVAZZI AS, Porsgrunn, Norway	NOK	1 000
	100%		CARLO GAVAZZI UNIPESSOAL Lda, Lisbon, Portugal	EUR	25
	100%		CARLO GAVAZZI AUTOMATION SINGAPORE Pte Ltd, Singapore	USD	358
		100%	CARLO GAVAZZI AUTOMATION (CHINA) Co Ltd, Shenzhen, China	CNY	1 735
		100%	CARLO GAVAZZI AUTOMATION HONG KONG Ltd, Hong Kong	HKD	50
	100%		CARLO GAVAZZI SA, Leioa, Spain	EUR	451
	100%		CARLO GAVAZZI AB, Karlstad, Sweden	SEK	800
	100%		CARLO GAVAZZI AG, Steinhausen, Switzerland	CHF	200
	100%		CARLO GAVAZZI Inc, Buffalo Grove, USA	USD	5
		1%	CARLO GAVAZZI Mexico SA de CV, Naucalpan de Juarez, Mexico	MXN	1 328
	99%		CARLO GAVAZZI Mexico SA de CV, Naucalpan de Juarez, Mexico	MXN	1 328
	100%		CARLO GAVAZZI Automação Ltda, Sao Paulo, Brazil	BRL	10 163
100%			CARLO GAVAZZI SERVICES AG, Steinhausen, Switzerland	CHF	500

There were no major changes in principal subsidiaries held by the Group during the year ended March 31, 2023.

In all cases, the voting rights in the subsidiaries are the same as the percentages of shares held.