Ad hoc announcement pursuant to Art. 53 LR

Media Information

2023/24 result mirrors general market slowdown

- **Revenue from sale of goods decreases by 17.8 % to CHF 172.2 million (CHF 209.6 million in 2022/23)**
- **Bookings decrease to CHF 134.0 million (CHF 229.8 million in 2022/23; -41.7%)**
- **Gross margin increases to 55.0% (52.2% in 2022/23)**
- **ERP implementation project completed successfully worldwide**
- **EBIT reaches CHF 25.3 million (CHF 39.3 million in 2022/23; -35.6%)**
- **Net profit of CHF 18.7 million (CHF 28.2 million in 2022/23, -33.7%)**
- **Solid equity ratio increases further to 76.4% (2022/23: 71.2%)**
- **Sustainability Report confirms commitment towards ESG targets**
- **Virtual Annual General Meeting scheduled for July 30**
- **Board of Directors proposes dividend of CHF 8.00 per ordinary share**

Steinhausen, June 27, 2024 - During the second half of the 2023/24 financial year, Carlo Gavazzi continued to experience a general slowdown in the industrial and building automation markets, directly driven by customers' excess inventory in all geographies. Revenue from sale of goods, EBIT and net profit for the year declined by double digit rates. However, the Group's sound financial position was maintained.

The Group's revenue from the sale of goods in Swiss Francs decreased by 17.8 % to CHF 172.2 million (CHF 209.6 million in 2022/23) while bookings fell by 41.7% to CHF 134.0 million (CHF 229.8 million in 2022/23), resulting in a book-to-bill ratio of 0.78 for the year 2023/24. Bookings were lower in the second half of the year than in the first semester due to high inventories across all industries.

Significant operational milestones

Gross profit decreased by CHF 14.8 million to CHF 94.7 million (CHF 109.5 million in 2022/23), with an improvement of the gross margin to 55.0% (52.2% in 2022/23) corresponding to a favorable evolution of the customer-mix. Thanks to continued cost control and currency impacts, operating expenses also decreased from CHF 69.8 million in the previous year to CHF 68.9 million, notwithstanding the continuing investments in the business especially in the ongoing development and finalization of the worldwide rollout of the new ERP system. A new manufacturing site in China was selected and the start of operations will be completed before the end of the new year after the corresponding investments have been made. The Board of Directors also approved the establishment of a production site in the Americas.

Operating profit (EBIT) declined to CHF 25.3 million, compared to CHF 39.3 million in the previous year (-35.6% versus 2022/23). The EBIT margin decreased 4.1 percentage points to 14.7% (18.8% in 2022/23). After considering financial income of less than CHF 0.1 million and income taxes of CHF 6.7 million, the Group net profit for the year amounted to CHF 18.7 million (CHF 28.2 million in 2022/23), a decrease of 33.7%.

At March 31, 2024, the total equity attributable to the owners of the Group amounted to CHF 139.2 million (CHF 131.9 million in 2022/23), giving an equity ratio of 76.4% (2022/23: 71.2%) with a net cash position of CHF 51.3 million. The Board of Directors will propose to the Annual General Meeting (AGM) that the Company pays a dividend of CHF 8.00 per ordinary share and CHF 1.60 per voting share for the reporting period. The AGM will be held virtually on July 30, 2024.

Challenging markets world-wide

Revenue from sale of goods in local currencies decreased at double-digit rates across Europe and the Americas and by single digit rates in Asia-Pacific.

In Europe, revenue from sale of goods in local currency recorded a decline by 14.5% versus the previous year mainly due to less activities in energy efficiency and EV charging stations in many European countries. Industrial automation industries and the distribution channel were on the same level as last year.

Revenue from sale of goods in local currency in the Americas reduced by 12.9% compared to the previous year. This was driven by lower performance mainly in the USA as customers have high inventory levels, which particularly impacted the distribution channel as well as the industrial automation market. Activities in Brazil, Mexico and Canada were more favorable.

In Asia-Pacific, revenue from sale of goods in local currency decreased by 7.1% versus the previous year mainly due to manufacturing contraction in the Chinese market following local pandemic policies and increasing trade barriers as well as the slower China economy.

Concerning the geographical distribution, revenue from sale of goods outside Europe reached 30.9%, with the Americas and Asia-Pacific accounting for 17.9% and 13.0%, respectively.

Energy Monitoring with double-digit growth

Controls, the Group’s largest product line, performed below the previous year with a 25.9% slowdown of the EV charging market due to over-capacity and inventory build-up of the main players. Growth of 12.4% compared to last year in the standard energy monitoring markets was positively impacted by the success of our new AC energy meters as well as the innovative DC energy transducer DCT1. Developed in our competence center in Italy, the DCT1 is specifically designed for accurate measurements in new emerging DC current applications such as EV fast charging stations, PV energy storage, and DC micro grids, in full compliance with the latest international standards for DC energy. Also the monitoring relays product range delivered positive growth of 7.6% following a pricing adjustment in the Americas.

Sensors performed below the previous year. Photoelectric sensors were almost in line with last year’s sales thanks to the good performance in industrial automation markets, in particular agriculture and mobile equipment. In this product range the achievement was driven also by the new product PD30 IO LINK sensors designed to fulfill the industrial requirements in providing a flexible smart sensor with accurate detection of objects of different sizes, shapes, or surface structures. On the other hand, capacitive sensors declined significantly due to the drop in the heating, ventilation & air conditioning (HVAC) market and in particular in the pellet burner segment in the Central European countries.

Switches developed negatively versus the prior year. The decline was heavily impacted by the solid-state relays product range which had reduced sales of 25.1% compared to the previous year. This negative performance was affected by the decline in the industrial automation industries, in particular the food & beverage market in the Americas and the plastic and rubber and semiconductors markets in the Asia Pacific region, particularly China. However, this was partially offset by a positive growth from the motor controllers product range which increased 13.6% compared to last year's sales performance. The newly launched soft starter RSBT 45mm impacted positively. Developed in our competence center in Malta, this soft starters series has been designed to provide our customers with a more advanced product offering in the HVAC market segment, primarily for the heat pumps and commercial refrigeration cabinet applications.

Focus on new products and accelerated penetration

The Group's strategy remains centered on developing new and differentiated automated products to accelerate the penetration in specific, growing industries worldwide.

Furthermore, the Group is focused on continuous improvement of its business model, by embracing excellence and improving its agility to changing market conditions. The main initiatives include new products from engineering interactions with the leading OEMs of our strategic industries, improved channel and go-to-market strategies, continuous improvement of the new global ERP system with enhanced logistics and supply chain alignments, the reallocation of production capabilities through regionalization, and ultimately the enhancement of customer service indicators worldwide.

2023 Sustainability Report confirms ESG targets and measures

The Group is fully committed to its contribution towards developing a more sustainable world. Accordingly, a sustainability report was instituted (separately issued) covering the 2023 calendar year. Based on the conducted double materiality assessment, various ESG (Environmental, Social and Governance) targets were established and measures to achieve these targets in the long run were put in place and continue to have a high focus.

Positive sales growth rates in the medium term

In full awareness of the acute geopolitical challenges, somewhat still inflationary economies and global supply chain issues, Carlo Gavazzi Group believes that its commitment to developing continuous operational excellence and anticipating core market trends will lead the Group to continue improving its performance in the industrial and building automation markets. As adversity will persist in the foreseeable future, the ability to adapt to changing conditions will allow Carlo Gavazzi Group to confirm its presence and differentiation strategy in high growth strategic industries.

As many customers are currently still reducing their inventories, Carlo Gavazzi expects incoming orders to remain slow in the short term. In the current business year, negative growth can therefore not be excluded. Nonetheless, marketing, R&D and manufacturing investments in markets that require constant updates into value-innovation will prove beneficial to return to positive sales growth rates in the medium term. In an increasingly complex world, Carlo Gavazzi has invested particularly into R&D capacity and the capability to continue fulfilling customer requirements while further developing its product offering and processes.

Carlo Gavazzi is well positioned in terms of financial stability, focused strategy, innovative technology and long-term relationships with our very broad customer base.

Consolidated key figures (CHF million)

Income Statement	**2023/24**	**2022/23**	%
Bookings	**134.0**	229.8	-41.7
Revenue from sale of goods	**172.2**	209.6	-17.8
EBITDA	**31.9**	44.9	-29.0
EBIT	**25.3**	39.3	-35.6
Net profit for the year	**18.7**	28.2	-33.7
Balance Sheet (as at 31 March)	**2024**	**2023**	
Net working capital	**70.5**	64.2	+9.8
Total equity attributable to owners of the Group	**139.2**	131.9	+5.5
Total liabilities and equity	**182.1**	185.3	-1.8
Equity ratio	**76.4%**	71.2%	

For some figures Carlo Gavazzi Group uses alternative performance measures (APMs) which are not defined in accordance with International Financial Reporting Standards (IFRS). The respective definitions can be found at Carlo Gavazzi Alternative performance measures.

The complete Annual Report 2023/24 can be downloaded from the website at:
Carlo Gavazzi Annual Report 2023/24.

The Sustainability Report 2023 can be downloaded from the website at:
Carlo Gavazzi Sustainability Report 2023.

About Carlo Gavazzi:
Carlo Gavazzi is a publicly listed international electronics group (SIX: GAV) with activities in the design and marketing of electronic control components for factory and building automation. Please visit our website: www.carlogavazzi.com.

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