

# Consolidated Financial Statements

for the years ended March 31, 2021 and 2020

# Statements of Comprehensive Income

for the years ended March 31

(in CHF 1 000)	Notes	2021	2020
<b>Continuing operations</b>			
Revenue from sale of goods		148 192	148 497
Cost of goods sold		(68 591)	(68 859)
<b>Gross profit</b>		<b>79 601</b>	<b>79 638</b>
Research & development expense		(8 124)	(8 702)
Selling, general and administrative expense		(53 429)	(60 077)
Other operating income (expense), net	7	(790)	(53)
<b>Operating profit (EBIT)</b>		<b>17 258</b>	<b>10 806</b>
Financial income	8	23	39
Financial expense	8	(837)	(785)
<b>Profit before income tax</b>		<b>16 444</b>	<b>10 060</b>
Income tax expense	20	(4 388)	(3 985)
<b>Net profit for the year</b>		<b>12 056</b>	<b>6 075</b>
<b>Other comprehensive income</b>			
Actuarial gains (losses) on employee benefit obligations	18	525	(354)
Tax impact on actuarial gains (losses) on employee benefit obligations		(66)	35
<b>Total items that will not be reclassified to profit or loss</b>		<b>459</b>	<b>(319)</b>
Exchange difference on translation of foreign operations		3 346	(4 375)
<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>3 346</b>	<b>(4 375)</b>
<b>Total other comprehensive income for the year, net of tax</b>		<b>3 805</b>	<b>(4 694)</b>
<b>Total comprehensive income for the year</b>		<b>15 861</b>	<b>1 381</b>
Net profit attributable to owners of Carlo Gavazzi Holding AG		12 056	6 075
Comprehensive income attributable to owners of Carlo Gavazzi Holding AG		15 861	1 381
<b>Earnings per share from net profit of continuing operations for the year attributable to owners of Carlo Gavazzi Holding AG</b>			
<small>(in CHF per share)</small>			
<b>Basic and diluted earnings per share of continuing operations:</b>			
- registered shares	9	3.39	1.71
- bearer shares	9	16.96	8.55

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

## Balance Sheets

(in CHF 1 000)	Notes	as of	
		March 31 2021	March 31 2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		62 466	47 462
Trade receivables	11	27 341	26 655
Other receivables	12	7 148	4 792
Inventories	13	28 080	23 909
<b>Total current assets</b>		<b>125 035</b>	<b>102 818</b>
<b>Non-current assets</b>			
Property, plant and equipment	14	9 816	9 527
Right-of-use assets	2.11	8 402	6 289
Intangible assets	15	8 202	7 346
Other receivables	12	544	1 643
Deferred income tax assets	20	3 747	3 982
<b>Total non-current assets</b>		<b>30 711</b>	<b>28 787</b>
<b>Total assets</b>		<b>155 746</b>	<b>131 605</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade payables		11 751	9 069
Other payables	16	19 392	14 059
Borrowings	17	-	1 447
Lease liabilities	2.11, 17	2 577	2 351
Current income tax liabilities		1 943	1 527
<b>Total current liabilities</b>		<b>35 663</b>	<b>28 453</b>
<b>Non-current liabilities</b>			
Other payables	16	230	1 363
Lease liabilities	2.11, 17	5 935	3 997
Employee benefit obligations	18	7 071	7 007
Other provisions	19	436	437
Deferred income tax liabilities	20	202	-
<b>Total non-current liabilities</b>		<b>13 874</b>	<b>12 804</b>
<b>Total liabilities</b>		<b>49 537</b>	<b>41 257</b>
<b>Equity</b>			
Share capital	21	10 661	10 661
Capital reserves		600	600
Other reserves		(24 426)	(28 231)
Retained earnings		119 374	107 318
<b>Total equity attributable to owners of Carlo Gavazzi Holding AG</b>		<b>106 209</b>	<b>90 348</b>
<b>Total liabilities and equity</b>		<b>155 746</b>	<b>131 605</b>

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

## Statements of Changes in Equity

(in CHF 1 000)	Notes	Attributable to owners of Carlo Gavazzi Holding AG				
		Share capital	Capital reserves	Other reserves	Retained earnings	Total equity
<b>Equity at April 1, 2019</b>		<b>10 661</b>	<b>600</b>	<b>[23 537]</b>	<b>109 772</b>	<b>97 496</b>
<b>Net profit for the year</b>		-	-	-	<b>6 075</b>	<b>6 075</b>
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	(319)	-	(319)
Exchange difference on translation of foreign operations		-	-	(4 375)	-	(4 375)
<b>Other comprehensive income for the year</b>		-	-	<b>(4 694)</b>	-	<b>(4 694)</b>
<b>Total comprehensive income for the year</b>		-	-	<b>(4 694)</b>	<b>6 075</b>	<b>1 381</b>
Dividends	10	-	-	-	(8 529)	(8 529)
<b>Total transactions with owners</b>		-	-	-	<b>(8 529)</b>	<b>(8 529)</b>
<b>Equity at March 31, 2020</b>		<b>10 661</b>	<b>600</b>	<b>[28 231]</b>	<b>107 318</b>	<b>90 348</b>
<b>Net profit for the year</b>		-	-	-	<b>12 056</b>	<b>12 056</b>
Actuarial gains (losses) on employee benefit obligations, net of tax		-	-	459	-	459
Exchange difference on translation of foreign operations		-	-	3 346	-	3 346
<b>Other comprehensive income for the year</b>		-	-	<b>3 805</b>	-	<b>3 805</b>
<b>Total comprehensive income for the year</b>		-	-	<b>3 805</b>	<b>12 056</b>	<b>15 861</b>
Dividends	10	-	-	-	-	-
<b>Total transactions with owners</b>		-	-	-	-	-
<b>Equity at March 31, 2021</b>		<b>10 661</b>	<b>600</b>	<b>[24 426]</b>	<b>119 374</b>	<b>106 209</b>

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	2021	2020
<b>Cash flow from operating activities</b>			
<b>Profit for the year</b>		<b>12 056</b>	<b>6 075</b>
Income taxes	20	4 388	3 985
Depreciation and amortization		5 909	6 118
Loss (gain) on disposal of property, plant and equipment	7	(48)	(99)
Changes in other non-cash items		892	(193)
Changes in working capital:			
- Change in trade receivables and other receivables		(1 569)	1 569
- Change in inventories		(3 147)	4 206
- Change in trade payables and other payables		7 221	(2 424)
Interest received		11	13
Interest paid	2.11	(198)	(204)
Income taxes paid		(4 392)	(4 154)
<b>Cash flow from operating activities</b>		<b>21 123</b>	<b>14 892</b>
<b>Cash flow from investing activities</b>			
Purchases of property, plant and equipment	14	(3 131)	(2 877)
Purchases of intangible assets	15	(825)	(1 072)
Proceeds from disposal of property, plant and equipment		91	167
<b>Cash flow from investing activities</b>		<b>(3 865)</b>	<b>(3 782)</b>
<b>Cash flow from financing activities</b>			
Dividends paid	10	-	(8 529)
Principal elements of lease payments	2.11, 17	(2 488)	(2 609)
Proceeds from borrowings		-	1 480
Repayment of borrowings		(1 385)	-
<b>Cash flow from financing activities</b>		<b>(3 873)</b>	<b>(9 658)</b>
<b>Change in cash and cash equivalents</b>		<b>13 385</b>	<b>1 452</b>
Cash and cash equivalents at the beginning of the year		47 462	47 784
Effects of exchange rate changes on cash and cash equivalents		1 619	(1 774)
<b>Cash and cash equivalents at the end of the year</b>		<b>62 466</b>	<b>47 462</b>

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 23, 2021, and will be recommended for approval at the Annual General Meeting to be held on July 27, 2021.

### 2. Significant accounting and valuation policies

The significant accounting and valuation policies employed in the preparation of these consolidated financial statements are described below. These policies have been applied consistently in all of 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 significant 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, 2021 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	31.03.2021	31.03.2020
BRL	100	16.79	18.52
CAD	1	0.75	0.68
CNY	100	14.43	13.62
DKK	100	14.91	14.22
EUR	1	1.11	1.06
GBP	1	1.30	1.20
HKD	100	12.17	12.44
MYR	100	22.81	22.37
NOK	100	11.05	9.22
SEK	100	10.83	9.69
SGD	1	0.70	0.68
USD	1	0.95	0.96

#### Average rates – comprehensive income statement

Currency	Unit	01.04.2020 – 31.03.2021	01.04.2019 – 31.03.2020
BRL	100	17.09	24.10
CAD	1	0.70	0.74
CNY	100	13.63	14.17
DKK	100	14.45	14.68
EUR	1	1.08	1.10
GBP	1	1.21	1.25
HKD	100	11.91	12.62
MYR	100	22.12	23.71
NOK	100	10.08	10.96
SEK	100	10.40	10.31
SGD	1	0.68	0.72
USD	1	0.92	0.99

### 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, trade receivables and other receivables in the balance sheet (notes 2.5, 2.6 and 2.7).



**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)	2021	2020
Buildings	7 308	5 220
Machinery and equipment	144	93
Motor vehicles	768	829
IT equipment	182	147
<b>Total</b>	<b>8 402</b>	<b>6 289</b>
<b>Lease liabilities</b>		
Current	2 577	2 351
Non-current	5 935	3 997
<b>Total</b>	<b>8 512</b>	<b>6 348</b>

Additions to the right-of-use assets during the 2020/21 financial year were CHF 4 312 (2019/20: CHF 2 115).

The income statement shows the following amounts relating to leases:

Depreciation charge of right-of-use assets (in CHF 1 000)	2020/21	2019/20
<b>Buildings</b>	<b>1 949</b>	<b>2 036</b>
<b>Machinery and equipment</b>	<b>60</b>	<b>65</b>
<b>Motor vehicles</b>	<b>428</b>	<b>462</b>
<b>IT equipment</b>	<b>81</b>	<b>84</b>
<b>Total</b>	<b>2 518</b>	<b>2 647</b>
<b>Interest expense (included in financial expense)</b>	<b>161</b>	<b>173</b>

The total cash outflow for leases in the 2020/21 financial year was CHF 2 488 (2019/20: CHF 2 609).

#### 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 so as 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 in particular 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 as a result 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 on the basis of 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 22 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)	2021	2020
<b>Loans and receivables</b>		
Cash and cash equivalents	62 466	47 462
Trade receivables	27 341	26 655
Other receivables	6 124	3 481
<b>Total</b>	<b>95 931</b>	<b>77 598</b>
<b>Financial liabilities (in CHF 1 000)</b>	<b>2021</b>	<b>2020</b>
<b>Other financial liabilities</b>		
Trade payables	11 751	9 069
Other payables	19 622	15 422
Borrowings	–	1 447
Leases	8 925	6 689
<b>Total</b>	<b>40 298</b>	<b>32 627</b>

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 3 530 (2020: CHF 3 727). 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 353 (2020: CHF 373) 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, taking into account 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.

#### 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 allows for maintenance of adequate liquidity levels at all times. In addition, the Group maintains credit lines with a number of 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, 2021 (in CHF 1 000)	up to 1 year	between 2-3 years	between 4-5 years	more than 5 years	Total
Trade payables	11 751	-	-	-	11 751
Other payables	19 392	230	-	-	19 622
Borrowings	-	-	-	-	-
Leases	2 807	3 674	1 870	574	8 925
<b>Total</b>	<b>33 950</b>	<b>3 904</b>	<b>1 870</b>	<b>574</b>	<b>40 298</b>

as at March 31, 2020 (in CHF 1 000)	up to 1 year	between 2-3 years	between 4-5 years	more than 5 years	Total
Trade payables	9 069	-	-	-	9 069
Other payables	14 059	1 274	89	-	15 422
Borrowings	1 447	-	-	-	1 447
Leases	2 551	2 993	918	227	6 689
<b>Total</b>	<b>27 126</b>	<b>4 267</b>	<b>1 007</b>	<b>227</b>	<b>32 627</b>

### 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, 2021, equity represented 68.2% of total assets (2020: 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 a number of factors that are determined on an actuarial basis using a number of 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

Management is closely monitoring the effects of Covid-19. Management evaluates on an ongoing basis how the Covid-19 pandemic impacts the Group's financial position and performance. It

assesses various aspects such as the value of the Group's assets including goodwill, any impairment triggers, sales trends, liquidity needs and exposure to market and credit risks. The Group's profitability is currently not significantly impacted by the Covid-19 pandemic. The impact of Covid-19 on the Group in future periods is difficult to assess and there is no assurance that the experience to date will be representative of future periods.

Significant judgements are involved regarding the assessment of the impact of Covid-19 on the global economy and new facts and circumstances may lead to adjustments of management's current estimates and assumptions.

## 5. Segment reporting

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

- Internal monthly reporting for the only operating segment is carried out in concentrated form for the whole Group.
- Because of the close integration of the group companies, 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)	2020/21	2019/20
<b>Operating profit (EBIT)</b>		
– Automation Components	20 014	13 452
– Reconciling items	(2 756)	(2 646)
<b>Total operating profit (EBIT)</b>	<b>17 258</b>	<b>10 806</b>
Financial income (expense), net	(814)	(746)
<b>Profit before income tax</b>	<b>16 444</b>	<b>10 060</b>

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

(in CHF 1 000)	2021	2020
<b>Assets</b>		
– Automation Components	133 000	110 177
– Reconciling items	22 746	21 428
<b>Total assets</b>	<b>155 746</b>	<b>131 605</b>
<b>Liabilities</b>		
– Automation Components	46 286	38 150
– Reconciling items	3 251	3 107
<b>Total liabilities</b>	<b>49 537</b>	<b>41 257</b>

## Geographical information

(in CHF 1 000)	Revenue from sale of goods by customer location	
	2020/21	2019/20
Switzerland	1 989	2 397
Italy	14 115	15 189
Germany	14 835	14 872
Other EMEA	68 210	66 269
<b>Total EMEA</b>	<b>99 149</b>	<b>98 727</b>
USA	19 105	20 117
Other North America	7 926	9 656
<b>Total North America</b>	<b>27 031</b>	<b>29 773</b>
China	16 077	12 977
Other Asia	5 935	7 020
<b>Total Asia</b>	<b>22 012</b>	<b>19 997</b>
<b>Total Group</b>	<b>148 192</b>	<b>148 497</b>

(in CHF 1 000)	Property, plant and equipment and intangible assets by location of assets	
	2021	2020
Switzerland	1 907	1 307
Italy	8 547	6 168
Germany	649	714
Other EMEA	10 354	10 404
<b>Total EMEA</b>	<b>21 457</b>	<b>18 593</b>
USA	760	277
Other North America	212	261
<b>Total North America</b>	<b>972</b>	<b>538</b>
China	3 636	3 605
Other Asia	355	426
<b>Total Asia</b>	<b>3 991</b>	<b>4 031</b>
<b>Total Group</b>	<b>26 420</b>	<b>23 162</b>

#### Revenues from external customers

The Group's revenues are split into product groups determined as Controls 40 % (2019/20: 37 %), Sensors 26 % (2019/20: 28 %), Switches 33 % (2019/20: 34 %) and Other 1 % (2019/20: 1 %). 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)	2020/21	2019/20
Wages and salaries	40 880	43 075
Post-employment benefit cost	1 359	818
Other social security cost	7 058	7 124
Other expenses	629	1 096
Termination benefit	19	58
<b>Total</b>	<b>49 945</b>	<b>52 171</b>

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 22.

## 7. Other operating income and expense

(in CHF 1 000)	2020/21	2019/20
<b>Other operating income</b>		
Gain on sale of property, plant and equipment	48	99
Other	190	142
<b>Total other operating income</b>	<b>238</b>	<b>241</b>
<b>Other operating expense</b>		
Loss on sale of property, plant and equipment	(2)	(1)
Personnel indemnity cost	(970)	(180)
Other	(56)	(113)
<b>Total other operating expense</b>	<b>(1 028)</b>	<b>(294)</b>
<b>Total other operating income (expense), net</b>	<b>(790)</b>	<b>(53)</b>

## 8. Financial income and expense

(in CHF 1 000)	2020/21	2019/20
<b>Financial income</b>		
Interest income from financial assets	23	39
Net foreign exchange gain	-	-
<b>Total financial income</b>	<b>23</b>	<b>39</b>
<b>Financial expense</b>		
Interest expense and finance charges	(70)	(56)
Interest expense for lease liabilities	(161)	(173)
Net foreign exchange loss	(606)	(556)
<b>Total financial expense</b>	<b>(837)</b>	<b>(785)</b>
<b>Total financial income (expense), net</b>	<b>(814)</b>	<b>(746)</b>

## 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)	2020/21	2019/20
<b>Net profit attributable to owners of Carlo Gavazzi Holding AG</b>	<b>12 056</b>	<b>6 075</b>
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 %
<b>Registered shares</b>		
Net profit attributable to registered shareholders	5 429	2 736
Average number of shares outstanding	1 600 000	1 600 000
<b>Basic and diluted earnings per registered share (CHF)</b>	<b>3.39</b>	<b>1.71</b>
<b>Bearer shares</b>		
Net profit attributable to bearer shareholders	6 627	3 339
Average number of shares outstanding	390 710	390 710
<b>Basic and diluted earnings per bearer share (CHF)</b>	<b>16.96</b>	<b>8.55</b>

## 10. Dividends paid and proposed

Carlo Gavazzi Holding AG pays one dividend per financial year. The Annual General Meeting held on July 28, 2020, resolved not to distribute any dividend for the financial year 2019/20.

At the Annual General Meeting to be held on July 27, 2021, payment of the following dividend for 2020/21 will be proposed:

Ordinary dividend per registered share	CHF	2.40
Ordinary dividend per bearer share	CHF	12.00
<b>Total ordinary dividend paid</b>	<b>CHF 1 000</b>	<b>8 529</b>

## 11. Trade receivables

(in CHF 1 000)	2021	2020
Trade receivables	28 076	27 451
Less provision for receivables	(735)	(796)
<b>Total</b>	<b>27 341</b>	<b>26 655</b>

Movements in the provision for impairment of receivables

(in CHF 1 000)	2020/21	2019/20
<b>Balance at April 1</b>	<b>(796)</b>	<b>(688)</b>
Utilization of provision	91	200
Reversal of unused provision	29	65
Increase in provision	(29)	(412)
Foreign exchange effect	(30)	39
<b>Balance at March 31</b>	<b>(735)</b>	<b>(796)</b>

Ageing analysis of trade receivables (in CHF 1 000)

as at March 31, 2021	Total	Not impaired
Not overdue	23 995	23 995
Less than 1 month overdue	2 745	2 723
Between 1-3 months overdue	610	598
Between 3-6 months overdue	284	244
Between 6-12 months overdue	97	97
More than 12 months overdue	345	19
<b>Total</b>	<b>28 076</b>	<b>27 676</b>

as at March 31, 2020	Total	Not impaired
Not overdue	22 417	22 417
Less than 1 month overdue	2 642	2 641
Between 1-3 months overdue	1 340	1 318
Between 3-6 months overdue	521	424
Between 6-12 months overdue	179	169
More than 12 months overdue	352	15
<b>Total</b>	<b>27 451</b>	<b>26 984</b>

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

(in CHF 1 000)	2021	2020
EUR	13 155	12 910
USD	3 270	4 267
CNY	3 716	2 854
SEK	2 458	2 200
DKK	1 318	1 245
NOK	841	646
CAD	895	818
GBP	808	788
Other	880	927
<b>Total</b>	<b>27 341</b>	<b>26 655</b>

## 12. Other receivables

(in CHF 1 000)	2021	2020
<b>Current</b>		
VAT and other tax receivables	4 957	3 141
Advances to suppliers	228	232
Receivables from suppliers	531	374
Receivables from governments	302	-
Other receivables	106	94
Prepaid expense	1 024	951
<b>Total current</b>	<b>7 148</b>	<b>4 792</b>
<b>Non-current</b>		
Deposits for deferred employee compensation	123	1 264
Deposits for rental contracts	400	357
Other receivables	21	22
<b>Total non-current</b>	<b>544</b>	<b>1 643</b>
<b>Total other receivables</b>	<b>7 692</b>	<b>6 435</b>

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

(in CHF 1 000)	2021	2020
EUR	5 503	3 723
USD	1 032	1 768
CNY	477	333
Other	680	611
<b>Total</b>	<b>7 692</b>	<b>6 435</b>

All non-current receivables are due within five years from the end of the reporting period. No impairments were recognized on other receivables in 2020/21 (2019/20: nil).

## 13. Inventories

(in CHF 1 000)	2021	2020
Raw materials and supplies	11 066	10 698
Work in progress	3 615	3 641
Finished goods	17 302	13 465
<b>Inventories, gross</b>	<b>31 983</b>	<b>27 804</b>
Less allowance for valuation	(3 903)	(3 895)
<b>Total</b>	<b>28 080</b>	<b>23 909</b>

The cost of inventories recognized as expense and included in cost of goods sold in 2020/21 amounted to CHF 68 349 (2019/20: CHF 67 975).

## 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
<b>Historical cost</b>									
Balance at April 1, 2019	91	1 240	5 760	67	34 117	3 343	2 522	4 991	52 131
Additions	-	-	318	-	1 586	119	490	364	2 877
Disposals	-	-	(42)	(8)	(1 407)	(53)	(652)	(193)	(2 355)
Currency translation differences	(5)	(62)	(326)	(1)	(1 906)	(195)	(114)	(307)	(2 916)
Reclassifications	-	-	-	(49)	49	-	-	-	-
<b>Balance at March 31, 2020</b>	<b>86</b>	<b>1 178</b>	<b>5 710</b>	<b>9</b>	<b>32 439</b>	<b>3 214</b>	<b>2 246</b>	<b>4 855</b>	<b>49 737</b>
Additions	-	-	875	4	1 621	106	260	265	3 131
Disposals	-	-	(37)	-	(2 421)	(150)	(235)	(95)	(2 938)
Currency translation differences	4	53	290	-	1 538	148	117	260	2 410
Reclassifications	-	-	-	-	-	-	-	-	-
<b>Balance at March 31, 2021</b>	<b>90</b>	<b>1 231</b>	<b>6 838</b>	<b>13</b>	<b>33 177</b>	<b>3 318</b>	<b>2 388</b>	<b>5 285</b>	<b>52 340</b>
<b>Accumulated depreciation</b>									
Balance at April 1, 2019	-	(644)	(4 513)	-	(27 114)	(2 925)	(1 829)	(4 407)	(41 432)
Annual depreciation	-	(23)	(268)	-	(2 255)	(125)	(351)	(366)	(3 388)
Depreciation on disposals	-	-	21	-	1 392	53	631	190	2 287
Currency translation differences	-	33	243	-	1 519	166	90	272	2 323
Reclassifications	-	-	-	-	-	-	-	-	-
<b>Balance at March 31, 2020</b>	<b>-</b>	<b>(634)</b>	<b>(4 517)</b>	<b>-</b>	<b>(26 458)</b>	<b>(2 831)</b>	<b>(1 459)</b>	<b>(4 311)</b>	<b>(40 210)</b>
Annual depreciation	-	(24)	(333)	-	(2 140)	(134)	(325)	(319)	(3 275)
Depreciation on disposals	-	-	37	-	2 418	150	208	90	2 903
Currency translation differences	-	(29)	(212)	-	(1 255)	(129)	(79)	(238)	(1 942)
Reclassifications	-	-	-	-	-	-	-	-	-
<b>Balance at March 31, 2021</b>	<b>-</b>	<b>(687)</b>	<b>(5 025)</b>	<b>-</b>	<b>(27 435)</b>	<b>(2 944)</b>	<b>(1 655)</b>	<b>(4 778)</b>	<b>(42 524)</b>
<b>Net book value</b>									
at March 31, 2020	86	544	1 193	9	5 981	383	787	544	9 527
at March 31, 2021	90	544	1 813	13	5 742	374	733	507	9 816

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
<b>Historical cost</b>			
Balance at April 1, 2019	6 364	2 225	8 589
Additions	-	1 072	1 072
Disposals	-	(58)	(58)
Currency translation differences	(175)	(117)	(292)
<b>Balance at March 31, 2020</b>	<b>6 189</b>	<b>3 122</b>	<b>9 311</b>
Additions	-	825	825
Disposals	-	(79)	(79)
Currency translation differences	149	96	245
<b>Balance at March 31, 2021</b>	<b>6 338</b>	<b>3 964</b>	<b>10 302</b>
<b>Accumulated amortization</b>			
Balance at April 1, 2019	-	(2 050)	(2 050)
Annual amortization	-	(83)	(83)
Amortization on disposals	-	59	59
Currency translation differences	-	109	109
<b>Balance at March 31, 2020</b>	<b>-</b>	<b>(1 965)</b>	<b>(1 965)</b>
Annual amortization	-	(116)	(116)
Amortization on disposals	-	71	71
Currency translation differences	-	(90)	(90)
<b>Balance at March 31, 2021</b>	<b>-</b>	<b>(2 100)</b>	<b>(2 100)</b>
<b>Net book value</b>			
at March 31, 2020	6 189	1 157	7 346
at March 31, 2021	6 338	1 864	8 202

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, 2021 and March 31, 2020 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, 2021 and March 31, 2020. This growth rate is consistent with forecasts included in industry reports specific to the industry in which the CGU operates. The assumptions made reflect past experience and/or market expectations. A decrease in projected growth rate after the year 2023/24 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 7.85% at March 31, 2021, and 8.49% at March 31, 2020. 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)	2021	2020
<b>Current</b>		
VAT payable	2 621	2 097
Payables to employees	467	334
Payables for social security, pensions and other employee costs	759	751
Payables for ERP project	767	137
Insurance	--	226
Other payables	303	390
Advances from customers	171	84
Accrued warranty costs	318	312
Accrued personnel expense	11 736	8 054
Accrued consultants	918	882
Other accrued expense	1 332	792
<b>Total current</b>	<b>19 392</b>	<b>14 059</b>
<b>Non-current</b>		
Other payables	106	99
Accrued personnel expense	124	1 264
<b>Total non-current</b>	<b>230</b>	<b>1 363</b>
<b>Total other payables</b>	<b>19 622</b>	<b>15 422</b>

## 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)	2021	2020
<b>Current</b>		
Cash and cash equivalents	62 466	47 462
Borrowings	-	(1 447)
Lease liabilities	(2 577)	(2 351)
<b>Net current cash (debt)</b>	<b>59 889</b>	<b>43 664</b>
<b>Non-current</b>		
Lease liabilities	(5 935)	(3 997)
<b>Net non-current cash (debt)</b>	<b>(5 935)</b>	<b>(3 997)</b>
<b>Net cash (debt)</b>	<b>53 954</b>	<b>39 667</b>

(in CHF 1 000)	Liabilities from financing activities			Other assets	
	Borrowings	Leases	Sub-total	Cash	Total
<b>Net cash (debt) at April 1, 2019</b>	-	-	-	<b>47 784</b>	<b>47 784</b>
Cash flows	(1 480)	2 609	1 129	1 452	2 581
Acquisition - leases	-	(8 957)	(8 957)	-	(8 957)
Foreign exchange adjustments	33	-	33	(1 774)	(1 741)
<b>Net cash (debt) at March 31, 2020</b>	<b>(1 447)</b>	<b>(6 348)</b>	<b>(7 795)</b>	<b>47 462</b>	<b>39 667</b>
Cash flows	1 385	2 488	3 873	13 385	17 258
Acquisition - leases	-	(4 652)	(4 652)	-	(4 652)
Foreign exchange adjustments	62	-	62	1 619	1 681
<b>Net cash (debt) at March 31, 2021</b>	<b>-</b>	<b>(8 512)</b>	<b>(8 512)</b>	<b>62 466</b>	<b>53 954</b>

## 18. Employee benefit obligations

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

(in CHF 1 000)	2021	2020
Present value of funded obligations	8 203	7 959
Fair value of plan assets	(6 118)	(5 338)
<b>Underfunding</b>	<b>2 085</b>	<b>2 621</b>
Present value of unfunded obligations	4 986	4 386
<b>Total</b>	<b>7 071</b>	<b>7 007</b>

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

(in CHF 1 000)	2020/21	2019/20
<b>Balance at April 1</b>	<b>12 345</b>	<b>13 150</b>
Current service cost	508	496
Contributions from plan participants	69	74
Interest cost	121	118
Actuarial losses (gains)	38	(11)
Benefits paid	(367)	(669)
Past service cost	-	(244)
Settlements and curtailments	-	-
Exchange differences	475	(569)
<b>Balance at March 31</b>	<b>13 189</b>	<b>12 345</b>

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

(in CHF 1 000)	2020/21	2019/20
<b>Balance at April 1</b>	<b>5 338</b>	<b>5 816</b>
Contributions from employer	167	221
Contributions from plan participants	69	74
Interest income	30	36
Actuarial gains (losses)	562	(362)
Benefits paid	(194)	(250)
Change due to plan combinations	-	-
Administrative expense	(2)	(4)
Exchange differences	148	(193)
<b>Balance at March 31</b>	<b>6 118</b>	<b>5 338</b>

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)	2020/21	2019/20
Defined benefit plans	603	335
Defined contribution plans	1 359	483
<b>Total</b>	<b>1 962</b>	<b>818</b>

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

(in CHF 1 000)	2020/21	2019/20
<b>Defined benefit plans</b>		
Current service cost	508	496
Interest cost	121	118
Return on plan assets (expected)	(30)	(36)
Administrative expense	2	4
Past service cost	-	(244)
Amortization of net gain (loss)	2	(3)
Curtailement loss (gain) recognized	-	-
<b>Total defined benefit plans</b>	<b>603</b>	<b>335</b>
<b>Defined contribution plans</b>		
Employer contributions	1 359	483
<b>Total defined contribution plans</b>	<b>1 359</b>	<b>483</b>
<b>Total</b>	<b>1 962</b>	<b>818</b>

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

(in CHF 1 000)	2020/21	2019/20
<b>Actuarial gains (losses)</b>		
- arising from changes in demographic assumptions	284	-
- arising from changes in financial assumptions	(362)	132
- arising from plan experience	42	(124)
- arising from revaluation of assets	575	(357)
- Return on plan assets (excluding amounts in net interest)	(14)	(5)
<b>Total</b>	<b>525</b>	<b>(354)</b>

During the next financial year, the Group expects employer contributions to defined benefit plans to amount to CHF 174.

The weighted average duration of the defined benefit obligation is 13.7 years (2020: 14.4 years).

The principal actuarial assumptions are as follows:

	2020/21	2019/20
<b>Switzerland</b>		
Discount rate	0.25 %	0.45 %
Inflation rate	0.50 %	1.00 %
Future salary increases	1.25 %	1.25 %
Future pension increases	0.00 %	0.00 %
<b>Norway</b>		
Discount rate	2.08 %	1.80 %
Inflation rate	0.00 %	0.00 %
Future salary increases	2.25 %	2.25 %
Future pension increases	2.00 %	2.00 %

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	(220)	231
Inflation rate	66	(48)
Future salary increases	62	(53)
Future pension increases	122	(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:

	2021	2020
<b>Switzerland</b>		
Cash and cash equivalents	1.50 %	0.60 %
Equity instruments	35.60 %	30.70 %
Debt instruments	24.00 %	25.10 %
Property	23.60 %	21.00 %
Other	15.30 %	22.60 %
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>
<b>Norway</b>		
Cash and cash equivalents	0.00 %	0.00 %
Equity instruments	8.30 %	13.60 %
Debt instruments	75.80 %	74.90 %
Property	14.80 %	0.50 %
Other	1.10 %	11.00 %
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>

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. In the event that 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. In the event that 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
<b>Balance at April 1, 2019</b>	<b>436</b>	<b>43</b>	<b>479</b>
Additions	1	-	1
Utilization	-	(20)	(20)
Reversal of unused provision	-	-	-
Currency translation differences	(22)	(1)	(23)
<b>Balance at March 31, 2020</b>	<b>415</b>	<b>22</b>	<b>437</b>
Additions	1	-	1
Utilization	-	(20)	(20)
Reversal of unused provision	-	-	-
Currency translation differences	18	-	18
<b>Balance at March 31, 2021</b>	<b>434</b>	<b>2</b>	<b>436</b>

## 20. Income taxes

Income tax expense is as follows:

(in CHF 1 000)	2020/21	2019/20
Current income taxes	5 200	3 586
Adjustments for taxes of prior periods	(380)	495
Deferred taxes	(432)	(96)
<b>Total</b>	<b>4 388</b>	<b>3 985</b>

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)	2020/21	2019/20
<b>Profit before income tax</b>	<b>16 444</b>	<b>10 060</b>
Average tax rate	26.61 %	26.67 %
<b>Expected income tax expense</b>	<b>4 376</b>	<b>2 683</b>
Effect of non-tax-deductible expense	-	170
Effect of non-taxable items	-	(262)
Effect of waived capitalization of tax losses	254	774
Utilization of previously unrecognized tax losses	-	-
Adjustments in respect of prior periods	(380)	495
Taxes not directly related to income	228	198
Other	(90)	(73)
<b>Effective income tax expense</b>	<b>4 388</b>	<b>3 985</b>

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)	2020/21	2019/20
Trade receivables	5	21
Inventories	536	802
Property, plant and equipment (non-current)	448	826
Intangible assets	1 115	790
Other assets	366	19
Other payables	792	1 297
Leases	8	13
Tax loss carry-forwards	275	214
<b>Net deferred tax assets (liabilities)</b>	<b>3 545</b>	<b>3 982</b>

of which reported in the balance sheet as:

Deferred income tax assets	3 747	3 982
Deferred income tax liabilities	(202)	-

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

#### Summary of tax loss carry-forwards

(in CHF 1 000)	Gross value		Tax benefits	
	2021	2020	2021	2020
<b>Expiring in</b>				
1-8 years	-	-	-	-
Unlimited	1 250	972	275	214
<b>Tax loss carry-forwards capitalized at March 31</b>	<b>1 250</b>	<b>972</b>	<b>275</b>	<b>214</b>
<b>Expiring in</b>				
1 year	11	14	2	4
5 years	71	-	10	-
6 years	335	71	47	7
7 years	2 331	335	326	35
8 years	1 479	2 331	207	245
Unlimited	4 238	5 350	1 365	1 688
<b>Tax loss carry-forwards not capitalized at March 31</b>	<b>8 465</b>	<b>8 101</b>	<b>1 957</b>	<b>1 979</b>
<b>Total tax loss carry-forwards</b>	<b>9 715</b>	<b>9 073</b>	<b>2 232</b>	<b>2 193</b>

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, 2021 amounts to CHF 10 661 (2020: 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 (2020: 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 (2020: 390 710 of CHF 15.00 each). All issued shares are fully paid.

There are no restrictions in Carlo Gavazzi Holding AG's statutes 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, 2021 and March 31, 2020, the Group held no own shares.

## 22. Government grants

Government grants amounting to CHF 1 323 (2020: nil) 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.

## 23. 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 1 540 (2020: CHF 1 500). These guarantees have no expiry date and continue to be effective as long as 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.



## 24. 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% (2019/20: 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 26.

### 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)	2020/21	2019/20
<b>Key management personnel compensation</b>		
Short-term employee benefits	1 491	1 385
One-off compensation fee	-	50
Post-employment benefits	40	34
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
<b>Total</b>	<b>1 531</b>	<b>1 469</b>

At the end of the reporting period, CHF 420 (2020: CHF 375) was outstanding within accrued personnel expense in other payables (note 16). Detailed remuneration disclosures are provided in the compensation report on pages 36 to 38.

### 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 75 (2019/20: CHF 73). In addition, he received board fees from subsidiary companies of CHF 27 (2019/20: CHF 27). At the end of the reporting period, CHF 148 (2020: CHF 73) 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 nil (2019/20: 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.

## 25. 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.

## 26. Subsidiaries

At March 31, 2021 the following significant 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 UNIPESOAL 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, 2021. On September 19, 2019, Carlo Gavazzi International NV Willemstad, Curaçao, moved its domicile to Steinhausen, Switzerland, and on September 30, 2019 was merged into Carlo Gavazzi Services AG, Steinhausen, Switzerland.

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

