

The image features a background of a blue-toned circuit board pattern with various colored dots (yellow, pink, light blue) scattered across it. The CICOR logo is positioned in the upper right quadrant. The logo consists of the word "cicor" in a lowercase, sans-serif font. The "ci" is in blue, and "cor" is in black. The "i" has a blue dot above it. The background pattern includes various circuit traces, including straight lines, right-angle turns, and wavy lines, all in shades of blue. The colored dots are arranged in some regular patterns, such as a grid in the lower right, and some are connected by thin lines.

cicor

Annual Report 2020

FROM THE IDEA TO THE MARKETABLE PRODUCT

At the Cicor Group, more than 150 well-trained engineers work on customer projects and make the engineering department a unique selling point of the company thanks to their interdisciplinary competencies. Using efficient methods and tools, they support Cicor customers in the areas of hardware and software engineering, PCB layout and component selection, test engineering, tool design, printed electronics, and process and quality management throughout the entire product life cycle.

For many years, Cicor has been able to count Regloplas AG, a leading international manufacturer of temperature control units for the processing industry, among its valued customers in the areas of engineering and production. Regloplas also counts on Cicor's know-how for its latest product, the RT200 control system, which meets all the requirements of digital production environments.



“More than 150 internal engineers make the engineering department a unique selling point of Cicor.”

ABOUT US

CICOR – YOUR TECHNOLOGY PARTNER

The Cicor Group is a globally active development and manufacturing partner with innovative technology solutions for the electronics industry. With about 1900 employees at ten production sites, Cicor offers highly complex printed circuit boards, printed electronics, hybrid circuits and substrates as well as comprehensive electronic manufacturing services (EMS) including microelectronic assembly and plastic injection molding. Cicor supplies customized products and services from the design to the finished product from one source.

The shares of Cicor Technologies Ltd. are listed on the SIX Swiss Exchange (CICN).

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KEY FIGURES

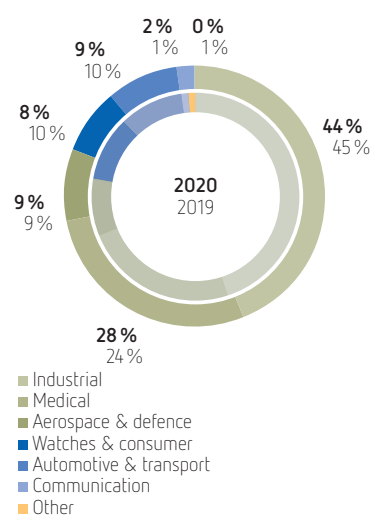
in CHF 1 000 unless otherwise specified	2017	in %	2018	in %	2019	in %	2020	in %
Net sales	216 728	100.0	248 115	100.0	253 909	100.0	214 891	100.0
Change compared to previous year (%)	14.4		14.5		2.3		-15.4	
EBITDA	19 243	8.9	24 630	9.9	24 781	9.8	19 362	9.0
Change compared to previous year (%)	52.6		28.0		0.6		-21.9	
Operating profit (EBIT)	10 505	4.8	15 234	6.1	14 901	5.9	8 851	4.1
Earnings before taxes (EBT)	8 633	4.0	13 043	5.3	11 861	4.7	6 396	3.0
Income taxes	-1 979	-0.9	-3 403	-1.4	-3 447	-1.4	-2 224	-1.1
Net profit	6 654	3.1	9 640	3.9	8 414	3.3	4 172	1.9
Earnings per share (in CHF)	2.29		3.32		2.90		1.44	
Number of employees (FTEs at end of period)	1 924		2 029		2 036		1 901	

Segment results	2017	in %	2018	in %	2019	in %	2020	in %
AMS Division								
- Net Sales	52 972	100.0	62 977	100.0	61 344	100.0	52 521	100.0
- EBITDA	8 430	15.9	12 036	19.1	10 362	16.9	7 352	14.0
ES Division								
- Net Sales	163 856	100.0	185 176	100.0	192 708	100.0	163 055	100.0
- EBITDA	13 442	8.2	14 868	8.0	15 681	8.1	13 621	8.4

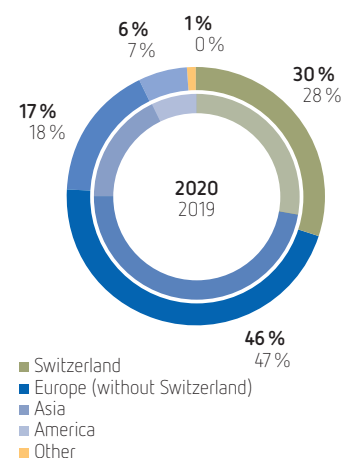
2020 / 2019

NET SALES

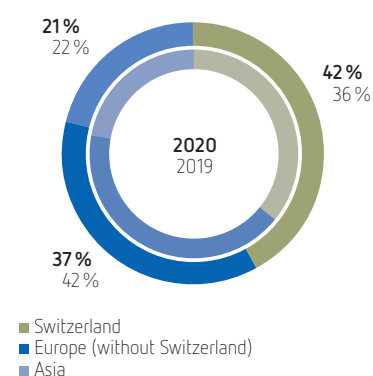
BY INDUSTRY



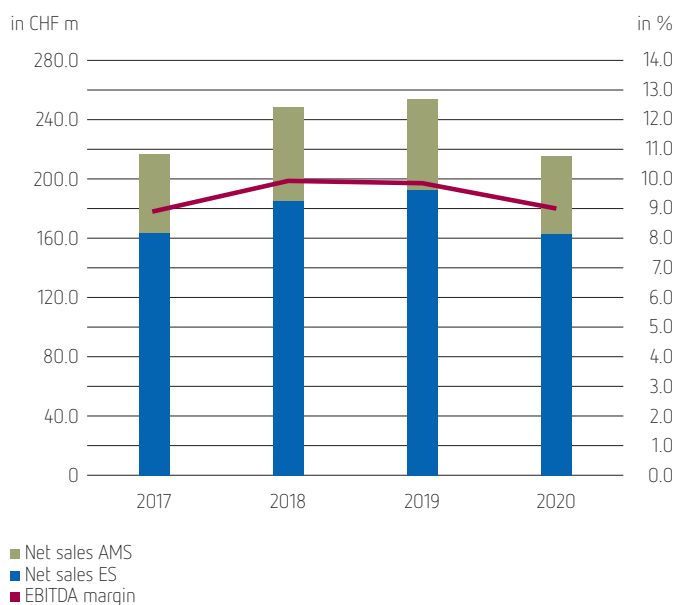
BY EXPORT REGION



BY PRODUCTION REGION



NET SALES BY DIVISION AND EBITDA MARGIN



in CHF 1 000 unless otherwise specified	31.12.2017	in %	31.12.2018	in %	31.12.2019	in %	31.12.2020	in %
Non-current assets	48 606	28.7	56 924	29.3	59 202	32.0	52 710	29.0
Current assets	120 443	71.3	137 282	70.7	125 744	68.0	129 340	71.0
Total assets	169 049	100.0	194 206	100.0	184 946	100.0	182 050	100.0
Equity	68 692	40.7	75 137	38.7	78 805	42.6	76 334	41.9
Financial liabilities	48 880	28.9	57 823	29.8	50 347	27.2	56 752	31.2
Cash and cash equivalents	29 300	17.3	29 843	15.4	33 660	18.2	43 135	23.7
Net debt*)	19 580	11.6	27 980	14.4	16 687	9.0	13 617	7.5
Gearing ratio (net debt in % of equity)	28.5		37.2		21.2		17.8	
Inventories	51 776	30.6	59 213	30.5	50 632	27.4	49 875	27.4
Trade receivables	34 147	20.2	41 994	21.6	36 444	19.7	30 679	16.9
Trade payables	-28 130	-16.6	-32 365	-16.7	-28 065	-15.1	-22 556	-12.5
Net working capital	57 793	34.2	68 842	35.4	59 011	32.0	57 998	31.8
in % of sales	26.7		27.7		23.2		27.0	
Additions tangible assets	8 392		18 831		13 964		5 072	
in % of sales	3.9		7.6		5.5		2.4	

* Net debt: financial liabilities less cash and cash equivalents

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CICOR GROUP

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CICOR TECHNOLOGIES LTD.

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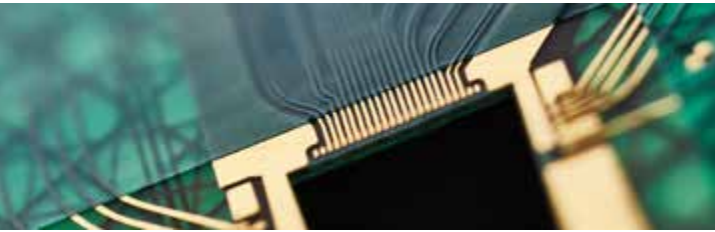
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PRODUCTS AND SERVICES



■ PRINTED CIRCUIT BOARDS

The Cicor site in Boudry (Switzerland) is a PCB manufacturer specialized in sophisticated applications and highly miniaturized circuits. The site develops and produces high-quality rigid, rigid-flexible and flexible PCBs, focusing on high- and ultrahigh-density interconnects.



■ SUBSTRATES AND HYBRID CIRCUITS

With its sites in Radeberg (Germany), Ulm (Germany) and Wangs (Switzerland), Cicor is a leading manufacturer of high-quality thin- and thick-film substrates and hybrid circuits. Thick-film technology is a sophisticated technology for the production of circuit boards that has been used for decades. Thin-film technology is used where the highest levels on miniaturization, high-frequency properties and biocompatibility are required.



■ PRINTED ELECTRONICS

The Cicor site in Bronschhofen (Switzerland) offers printed electronics with a unique printing technology which enables a wide range of conductive, non-conductive and biocompatible materials to be printed on a large number of substrate materials and shapes. In addition, new opportunities exist for interconnect technologies that lead to performance improvements and cost optimization.

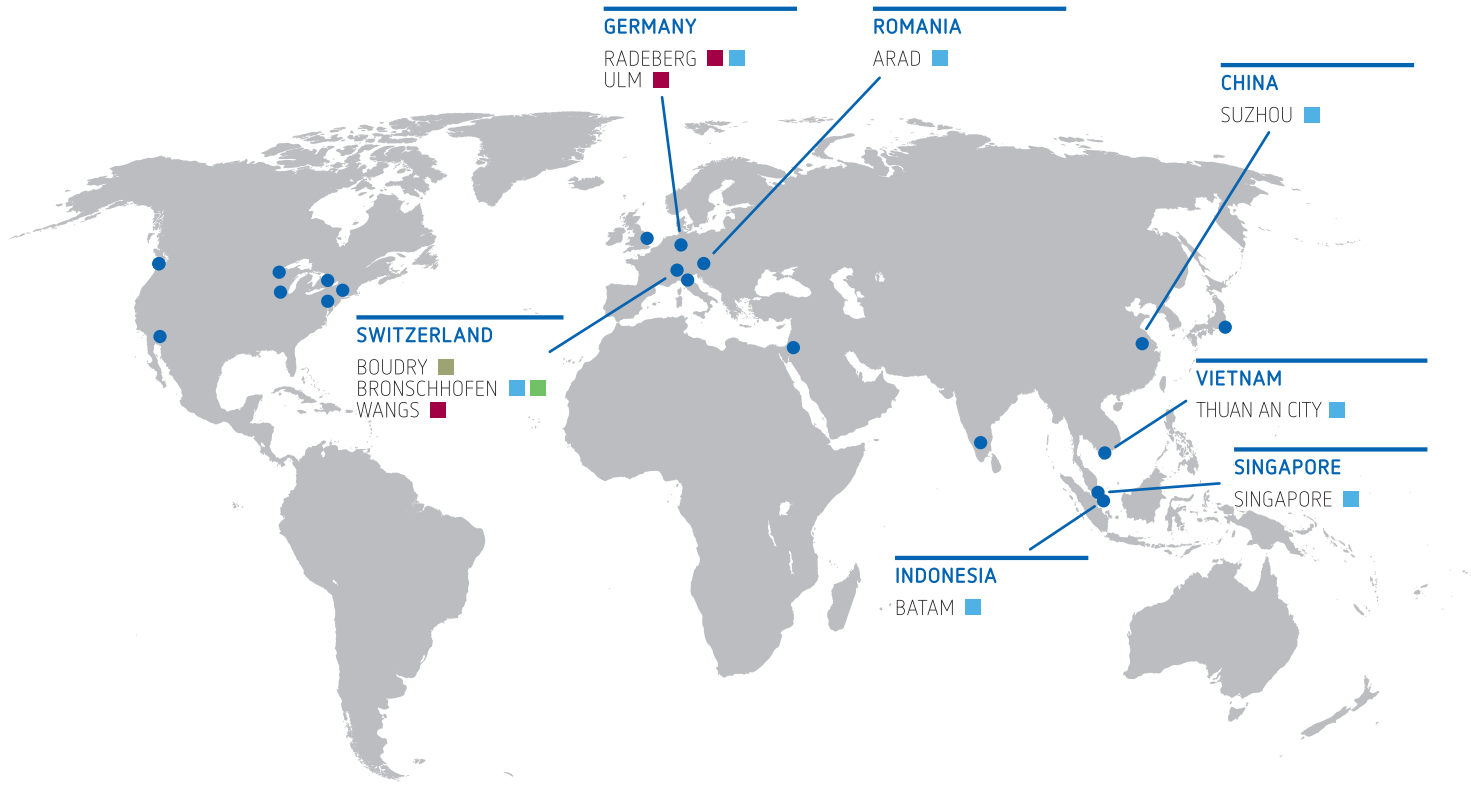


■ ELECTRONIC MANUFACTURING SERVICES

The production sites in Bronschhofen (Switzerland), Arad (Romania), Radeberg (Germany), Singapore (Singapore), Suzhou (China), Batam (Indonesia) and Thuan An City (Vietnam) are service providers in hardware and software development, as well as manufacturers of electronic components, devices and systems. With a wide range of production capabilities in the areas of printed circuit board assembly, microelectronic assembly, box building and system assembly, control cabinet construction as well as cable assembly, tool design and fabrication and plastic injection molding, Cicor offers outsourcing solutions from the idea to the finished product.

● CICOR SALES OFFICES AND REPRESENTATIVES

The keys to success for Cicor are its global positioning and proximity to its customers. Through sales offices and representatives in the target markets, Cicor ensures a consistently high level of service quality throughout the entire product life cycle.



● Cicor sales offices and representatives

Operating sites

- Substrates and hybrid circuits
- Printed circuit boards
- Electronic manufacturing services (EMS)
- Printed electronics

“The keys to success for Cicor are its global positioning and proximity to its customers.”

DEAR SHAREHOLDERS

The Cicor Group coped well with the extraordinary challenges of 2020. For example, the safety of employees was guaranteed at all times during the COVID-19 pandemic at all sites and deliveries to customers were largely uninterrupted. In response to the temporary significant drop in demand from important customers, costs were adjusted flexibly, resulting in only a slight decline in the EBITDA operating margin. Further optimization of working capital enabled a pleasing free cash flow and a continued low level of net debt. In the second half of the year, the order situation improved markedly. The number of project inquiries from existing and new customers remains at a high level. Therefore, Cicor has started the new year with positive momentum, which makes us confident for 2021 despite the current risks due to the ongoing COVID-19 pandemic as well as reemerging material shortages.



Cicor's 2020 sales decreased by 15.4 percent year-on-year to CHF 214.9 million (2019: CHF 253.9 million) due to the ordering behavior of selected major customers during the COVID-19 pandemic, which is at the upper end of guidance due to a pickup in business towards the end of the year. In local currencies, the decline in sales amounted to 11.9 percent. The development of order intake was characterized by a significant recovery in the second half of the year. With an order intake of CHF 216.0 million (2019: CHF 208.9 million), the previous year was exceeded by 3.4 % and a positive book-to-bill ratio of 1.01 was achieved.

With the onset of the COVID-19 pandemic, it was possible to flexibly adjust costs to the decline in sales. This cost discipline, coupled with financial support for short-time work in Switzerland, Germany and Singapore, enabled the operating profit margin at EBITDA level (operating profit before interest, taxes, depreciation and amortization) to be maintained at a satisfactory 9.0 % (2019: 9.8 %). The EBITDA generated thus amounted to CHF 19.4 million (2019: CHF 24.8 million). Due to slightly higher depreciation of fixed assets, EBIT decreased to CHF 8.9 million (2019: CHF 14.9 million), corresponding to a margin of 4.1 % (2019: 5.9 %) and thus slightly above guidance.

In 2020, the net result was again burdened by the appreciation of the Swiss franc - in particular against the US dollar in the reporting year. Nevertheless, a clearly positive net result of CHF 4.2 million (2019: CHF 8.4 million) was achieved. Net working capital was reduced once again, resulting in a satisfactory free cash flow of CHF 7.2 million (2019: CHF 13.7 million).

“The share of sales with customers from the strategic target markets reached 80.7 % in the reporting year.”

FURTHER STRENGTHENING OF STRATEGIC TARGET MARKETS

The focus on the strategic applications of medical technology, industrial electronics and aerospace & defence proved beneficial, as the decline in sales was significantly less pronounced in these markets: Sales in the automotive & transportation, watches & consumer, communications and other sectors declined by 24.6 %, whereas the strategic sectors performed better with a decrease of 12.8 %, thus further increasing their share of Group sales to 80.7 % (2019: 78.3 %) in line with the strategy. In particular, demand from the medical technology sector remained stable compared to the previous year despite a pandemic-related slump in sales to hearing-aid customers.

The regional distribution of sales was influenced by the ordering behavior of individual customers compared with the previous year and was mostly unchanged. The home market of Switzerland and the rest of Europe continue to be the most important regions, accounting for 77 % of total sales (2019: 75 %). The share of sales in North America declined to 6 % (2019: 7 %) due to the weak US dollar. Sales in Asia, with a 17 % share of sales (2019: 18 %), are largely with European and North American customers whose Asian production plants are supplied locally.

AMS DIVISION – READY FOR THE UPSWING

The printed circuit board (PCB), thin-film substrate and microelectronics businesses were affected by the Corona pandemic in very different ways. A large part of the PCB customers reduced their demand drastically at times during the year under review, mostly from the hearing-aid sector, the watch business and the automotive market. Demand recovered markedly towards year-end, partly due to catch-up effects.

Business development in thin-film substrates, which generate the highest sales in the medical technology and aerospace & defence segments, was quite different. These markets were not affected by the pandemic, which together with further operational improvements led to a highly satisfactory result. Cidor’s microelectronic assembly was affected on the one hand by a decline in demand from the aerospace business, and on the other hand by pandemic-related additional demand in medical technology.

Overall, the division’s sales decreased by 14.4 % to CHF 52.5 million (2019: CHF 61.3 million). The EBITDA margin declined to a still robust 14.0 % (2019: 16.9 %) due to the overall lower production utilization of the division. Due to the high asset intensity and the associated depreciation of plant and machinery, the EBIT decline was disproportionate. CHF 2.8 million were achieved (2019: CHF 6.2 million), corresponding to a margin of 5.3 % (2019: 10.1 %).

Despite the impact of the COVID-19 pandemic, further operational improvements were achieved, important investment projects were pursued and innovations were driven forward. The remedy of short-time working helped to completely avoid staff reductions at the division’s sites in Switzerland and Germany. This means that Cidor is ready for the upswing that began in the fourth quarter.

“Despite pandemic-related restrictions, customer requirements were met at all times in 2020.”

ES DIVISION SIGNIFICANTLY STRENGTHENED IN ASIA

The globally operating division suffered at the beginning of the COVID-19 pandemic from the closure of the Suzhou site during the hard lockdown in China. In the second quarter, plant closures by suppliers and customers in Italy led to a marked decline in demand. Despite the restrictions, we succeeded in meeting customer requirements at all times.

These restrictions in production contrasted with a very high level of new project activity. The departments involved were working at full capacity throughout the year and were able to perform very well even with a high proportion of work being done in the home office.

The division's sales reached CHF 163.1 million in the year under review, a decline of 15.4 % from the previous year's sales of CHF 192.7 million.

The relocation of production from Singapore to the newly created center of excellence for precision plastic injection molding in Batam (Indonesia) was completed in the year under review. Likewise, series deliveries from the new painting line for medical plastic parts commenced following successful qualification. The organizational structures in Asia were significantly simplified by the elimination of one management level, further promoting the integration of the Asian units into the division's global organization.

The sum of the measures implemented enabled an increase in operating profitability at EBITDA level to 8.4 % (2019: 8.1 %) despite the significant decline in sales. At EBIT level, the result was CHF 7.7 million (2019: CHF 10.0 million), corresponding to a margin of 4.7 % after 5.2 % in the previous year.

With a full project pipeline, operational improvements in Asia, and available production capacities in Romania and in Asia, the ES Division is excellently positioned for the future.

CUSTOMER BENEFITS THROUGH COLLABORATION AND TECHNOLOGY LEADERSHIP

Since the more direct organizational and management structure was introduced in September 2016, cooperation within the Cicor Group and between the divisions has been significantly intensified, which has also led to greater customer focus. This has created a unique service offering that is rewarded by customers and has thus contributed significantly to the market share gains of recent years as well as the strongly growing project pipeline. Around 20 % of Cicor's Group sales are now generated with customers who purchase services from both divisions or whose products pass through both divisions during the manufacturing process.

This uniqueness is coupled with high technological competence, as evidenced by more than 150 internal engineers worldwide. As a technology leader, Cicor can solve highly complex tasks and thus win attractive new business in strategic target markets. Due to the project duration of two years on average until the start of series production, these successes are now becoming visible for the first time.

One example of novel technologies is Cicor's activity in the field of electronic printing. Since the establishment of the Aerosol Jet Printing laboratory in 2019, valuable fundamental work was done, which has now led to interesting series development projects. Due to the novelty of the processes, it will still take around two years before significant series sales can be expected.

ROBUST BALANCE SHEET WITH POSITIVE LIQUIDITY DEVELOPMENT

Measures to safeguard liquidity were already initiated in the first quarter of 2020 and thus at the beginning of the COVID-19 pandemic. As a result, customer receivables were reduced disproportionately and no bad debts were recorded. Overall, net working capital fell further to CHF 58.0 million at the end of the reporting year (31.12.2019: CHF 59.0 million). Net debt was reduced again to CHF 13.6 million (31.12.2019: CHF 16.7 million). As a result, the net debt/EBITDA ratio (0,7 times) remained mostly unchanged compared to the previous year.

The equity ratio decreased slightly to 41.9 % (31.12.2019: 42.6 %) and free cash flow was again clearly positive after an excellent previous year. It reached very satisfactory CHF 7.2 million (2019: CHF 13.7 million).

PROFIT DISTRIBUTION

Based on the robust results in the 2020 financial year, the low level of debt, the satisfactory free cash flow and the positive future business outlook, Cicor shareholders are to participate in the success as in previous years via withholding tax-free dividends from capital contribution reserves. The Board of Directors will therefore propose to the Annual General Meeting on 15 April 2021, a distribution from the capital contribution reserve of CHF 1.00 per share (2019: CHF 1.50 per share) for the financial year 2020, which corresponds to a payout ratio of approximately 70 percent of the Group's net income.

CAUTIOUSLY OPTIMISTIC OUTLOOK FOR 2021

Cicor has coped well with the second wave of the pandemic with only minimal business disruptions and robust customer demand. However, the further course of the COVID-19 pandemic remains uncertain. A renewed shortage of certain raw materials and components is seen as a further risk, leading to delivery time extensions.

Based on the positive development of order intake as well as the well-filled pipeline of new projects, Cicor is cautiously optimistic for the new fiscal year 2021. Sales are expected to increase compared to the reporting year and the results of the operational improvements will be reflected in an increased operating margin.

The medium-term targets of an operating margin at EBIT level of 6 to 8 % remain unchanged due to the overall positive outlook, and Cicor should be able to reach the positive results of the previous two years by 2022 at the latest.

On behalf of the Board of Directors and the Executive Board of Cicor Group, we would like to thank everyone who made their valuable contribution to the successes of the 2020 financial year: our employees for their great commitment, our customers for their loyalty and our shareholders and business partners for their trust.



Robert Demuth
President of the Board of Directors



Alexander Hagemann
CEO

CICOR SHARES

NUMBER OF SHARES

Number of shares as at 31 December	2016	2017	2018	2019	2020
Share capital	29 020 920	29 020 920	29 020 920	29 020 920	29 020 920
Number of registered shares issued	2 902 092	2 902 092	2 902 092	2 902 092	2 902 092
Par value of registered shares (in CHF)	10.00	10.00	10.00	10.00	10.00
Of which treasury shares	1 500	–	3 000	5 500	116
Number of outstanding registered shares	2 900 592	2 902 092	2 899 092	2 896 592	2 901 976

KEY FIGURES PER SHARE

Key figures as at 31 December	2016	2017	2018	2019	2020
Profit/(loss) per share (in CHF)	0.09	2.29	3.32	2.90	1.44
Equity capital per share (in CHF)	20.75	23.67	25.90	27.21	26.30
Gross dividend (in CHF) *	–	–	2 031 464	2 897 592	4 338 888

* Distribution from capital contribution reserves

SHARE PRICE

Stock market price in CHF per share	2016	2017	2018	2019	2020
High	30.50	60.50	80.60	61.50	64.30
Low	18.40	27.60	35.40	37.20	28.25
Year-end	27.90	60.50	39.40	59.40	46.50
Average number of shares traded per day	1 383	4 675	4 111	2 481	2 150
Market capitalization at year-end (in CHF 1 000)	80 927	175 577	114 224	172 058	134 942

The registered shares of Cikor Technologies Ltd. are traded on the domestic segment on the SIX Swiss Exchange in Zurich. Securities symbol: CICN/sec. no.: 870 219/ISIN Code CH0008702190/Bloomberg: CICN SW/Reuters: CICN.S.

SHARE PRICE PERFORMANCE



CALENDAR AND CONTACTS

MAJOR SHAREHOLDERS

The following shareholders, known to Cicor Technologies Ltd. from its share register and from published disclosures of shareholdings in the "Swiss Official Gazette of Commerce" (SOGC), each held more than 3 % of the total outstanding shares as at 31 December 2020:

HEB Swiss Investment AG	29.35 %
LLB (Swiss) Investment AG	4.17 %
Escatec Holdings Ltd.	3.82 %
FundPartner Solutions (Suisse) SA	3.28 %
Credit Suisse Funds AG	3.26 %
Free float (according to SIX Swiss Exchange)	56.12 %

OVERVIEW OF SHAREHOLDERS AS PER SHARE REGISTER AS AT 31 DECEMBER 2020

Shares entered in the register	2 443 204
Shareholders entered in the register	1 064
Shareholders with 1–1,000 shares	934
Shareholders with 1,001–10,000 shares	103
Shareholders with 10,001 and more shares	27

DIVIDEND POLICY

Cicor pursues a dividend policy that allows shareholders to participate in the company's success and at the same time strengthens the equity base for further growth. The Board of Directors proposes dividend payments in line with the business's long-term and sustainable development, taking into account investments to be made into growth and the further development of the Group.

AGENDA

General Assembly 2021: 15 April 2021
Half-Year Report 2021: 12 August 2021
Annual Report 2021: March 2022

COMMUNICATION

Cicor Technologies Ltd. follows an open and transparent information policy in the interests of its shareholders and the general public. In its periodic and ad hoc reporting, the company is committed to equal treatment in terms of timing and content of all shareholders and members of the public who take an interest in the company's business.

The Group informs its shareholders, the media, financial analysts and other interested parties through the following publications and communication instruments: annual report, half-year report, investor and media presentations and press releases. Price-sensitive events are published on an ad hoc basis. Additional information about Cicor Technologies Ltd. and its subsidiaries can be found on the Group's website at www.cicor.com.

The company can be contacted at any time at investor@cicor.com or media@cicor.com. Interested parties can also sign up to a mailing list on the website to receive all new press releases immediately.

Contact address

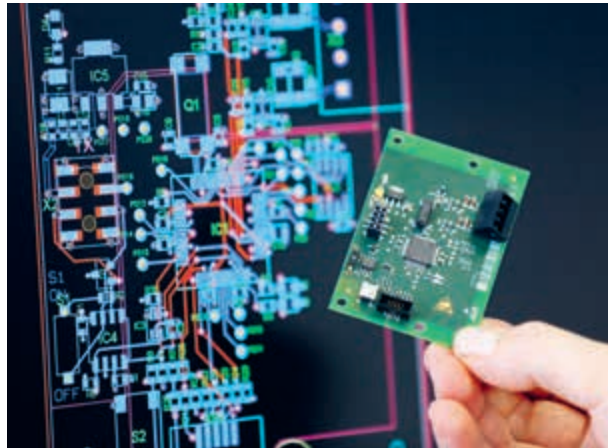
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FROM THE IDEA TO THE MARKETABLE PRODUCT

As an Electronic Manufacturing Services (EMS) provider with comprehensive development competencies, the Cicor Group has the necessary know-how and experience to optimize the engineering and design capabilities of its international customers. The ten Cicor sites are staffed by over 150 engineers who have a deep understanding of the challenges facing the electronics industry. Already in the initial phase of an engineering project, the teams focus on all important aspects for future industrialization. Compared to pure engineering companies, they have the advantage of being able to call on specialists within the Cicor Group at any time with comprehensive knowledge with regard to the future manufacturability and testing possibilities of substrates, assemblies and devices, as well as the associated cost situation. A typical engineering project may already include participation in the preparation of the specifications or may only begin with the actual development or design of a device or an injection molding tool. Smaller subprojects, such as the layout of printed circuit boards, can be good entry points for getting to know Cicor as a potential engineering partner. For optimum implementation close to production, it is advantageous if the customer brings his future engineering and production service provider on board as early as possible.

HARDWARE AND SOFTWARE ENGINEERING

Technological advances in the engineering and manufacturing of electronic products, as well as regulatory requirements, present major challenges to marketers today. Cicor's engineering department supports customers, especially from the medical technology and industrial sectors, in the realization of ideas around their innovative electronics and the associated software. Cicor designs and implements comprehensive device and machine control systems as well as software projects, for example for embedded systems or wireless data communication. All development processes are certified according to ISO 9001 and ISO 13485 and include full documentation that always guarantees complete traceability.



TEST ENGINEERING

Due to strict standards and regulations, comprehensive testing of electronic components, assemblies and devices continues to gain importance. Cicor has many years of expertise in the engineering and manufacturing of product-specific test systems for electrical and physical variables. The test engineers in the in-house test equipment department are specialists in designing, manufacturing and programming test solutions and integrating them into Cicor's global production environment.

QUALITY DATA MANAGEMENT

The test systems integrated into the production environment interact fully automatically with the system developed by Cicor for complete traceability. All data on the components used and the manufacturing processes employed, as well as the test results and reference values, are automatically transferred to the stored database. This information enables assembly-specific documentation and test certificates for customers and forms the basis internally for ongoing process optimizations. The unique quality data management system is particularly appreciated by customers from the medical technology sector and may well be the decisive argument for working with Cicor in some cases.

TOOL DESIGN

The Cicor Group's competence center for mold design and manufacturing designs and produces high-precision injection molds that meet the highest quality standards and enable the production of plastic parts in high volumes and over a long period of time. Molds with up to 64 cavities are designed and optimized using modern software. In the production of the competence center, the high-precision molds are manufactured with cold, semi-hot and hot runner systems on the highest quality machines. The service life guarantee for hardened molds at Cicor is up to 1,000,000 cycles.

TECHNOLOGY CENTER FOR PRINTED ELECTRONICS

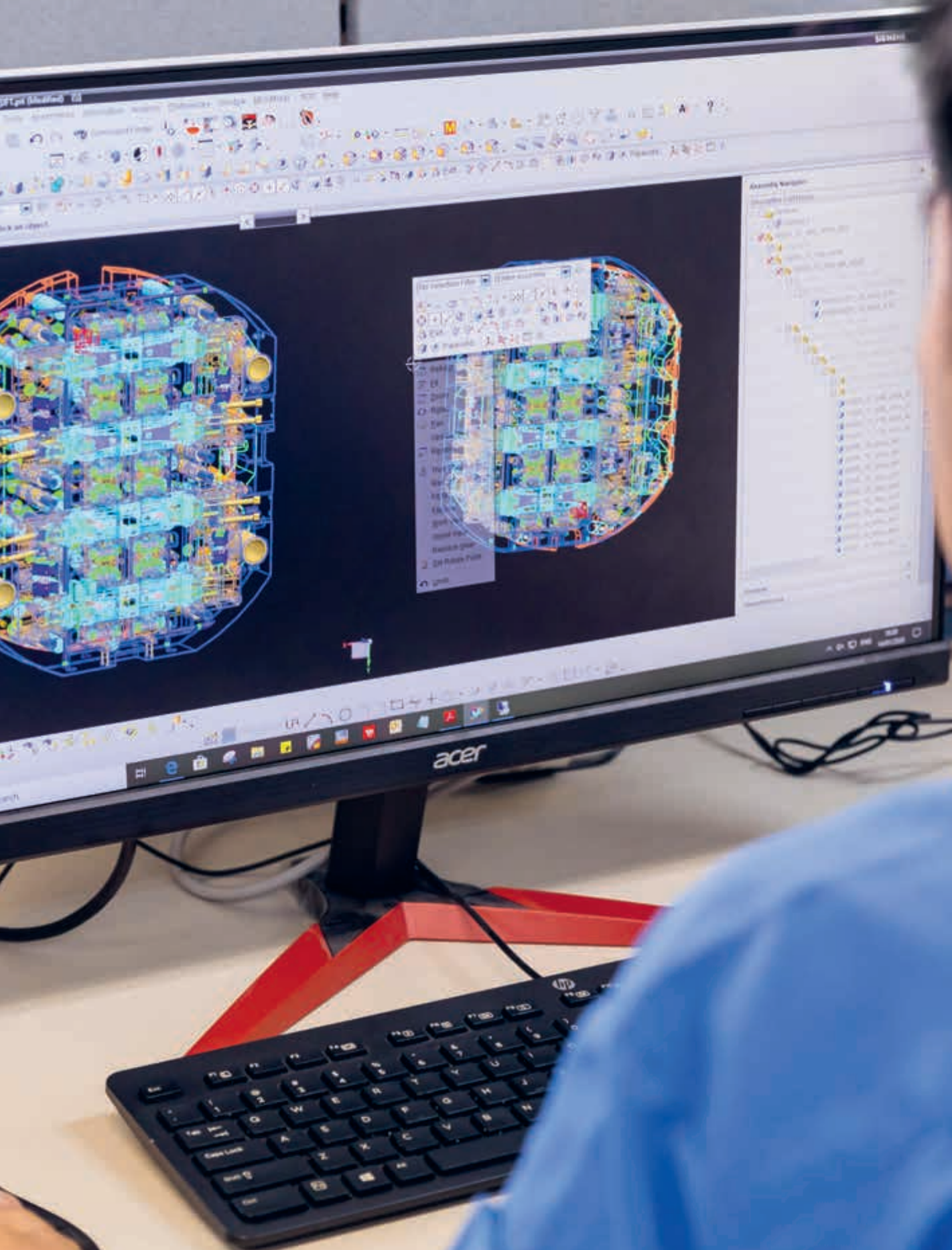
Flexible additive manufacturing processes will play a central role in substrate production and interconnection technology in the future. Cicor is the first EMS service provider in Europe who has launched a technology center for printed electronics. A team of engineers is working on application developments, but is also conducting materials research in this new field of electronics. The printing technology used enables a wide variety of conductive, non-conductive and biocompatible materials to be printed on a much wider range of substrates than it is possible with the processes used to produce three-dimensional circuit carriers. Devices for medical technology, aerospace and IoT applications can be significantly reduced in size by using the printing technology employed.

ADDED VALUE FOR CICOR CUSTOMERS

In the case of a development cooperation, the comprehensive competencies in the mentioned areas form a measurable added value for the customers of the Cicor Group. Since it is already taken into account at an early stage of the project which tool, which printed circuit board or which electronic system is to be manufactured and tested later and how this is done, the required quality and the optimum price/performance ratio of the end product are in focus from the very beginning. The engineering teams work hand in hand with the production plants and take into account all interfaces to purchasing, production, logistics and sales in their daily work. Customers can rely on Cicor's groundbreaking ideas and engineering concepts in the wide-ranging fields of expertise and, in turn, have the opportunity to concentrate on their core competencies.

The shares of EMS companies in the market for external engineering services are growing steadily. The engineering sector offers excellent opportunities to position Cicor as a strategic partner for high-margin services with potential new customers as well as with existing customers. High-quality substrates, assemblies or devices developed in-house pave the way for a long-term customer relationship and close cooperation in the areas of engineering and production.





CORPORATE GOVERNANCE

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1 GROUP STRUCTURE AND SHAREHOLDERS

Cicor Technologies Ltd. is committed to meeting the high standards of Corporate Governance that seek to balance entrepreneurship, control and transparency whilst ensuring efficient decision-making processes.

This report explains how the management and control of the Company are organized and provides background information on the Group's executive officers and bodies, effective 31 December 2020. The report complies with the SIX Swiss Exchange Directive on Information relating to Corporate Governance. In addition, the report considers Cicor Technologies Ltd.'s Articles of Incorporation as well as the Company's organization regulation.

In the following Corporate Governance Report, the terms "Cicor" and "Company" shall be used alternatively to "Cicor Technologies Ltd." and the term "Group" for the company and its subsidiaries.

1.1 GROUP STRUCTURE

Cicor Technologies Ltd. is registered in Boudry, Switzerland, and is operationally organized into the AMS and ES Divisions. Cicor Technologies Ltd. is the parent company and is listed on the SIX Swiss Exchange.

Market capitalization as of 31 December 2020	CHF 134.9 Mio.
Security symbol	CICN
Security number	870 219
ISIN	CH008702190

An overview on the Group's affiliated companies is shown on page 46.

1.2 PRINCIPAL SHAREHOLDERS

The following shareholdings correspond to the ones reported according to the regulations of the Swiss Stock Exchange (SIX Swiss Exchange) and updated as in the shares register per year-end:

	31.12.2020		31.12.2019	
	Shares	Total in %*	Shares	Total in %*
HEB Swiss Investment AG, Zurich, Switzerland	851 705	29.35	851 705	29.4
LLB (Swiss) Investment AG, Zurich, Switzerland	121 176	4.17	118 676	4.1
Escatec Holdings Ltd. Port Vila, Vanuatu	110 840	3.82	111 194	3.84
FundPartner Solutions (Suisse) SA, Geneva, Switzerland	95 385	3.28	n/a	n/a
Credit Suisse Funds AG, Zurich, Switzerland	94 732	3.26	n/a	n/a

*) in % of the total outstanding shares of the company

Cicor Technologies Ltd. has received no notice of any shareholders' agreement regarding its shares.

As of 31 December 2020, a total of 1 064 (previous year 1 056) shareholders with voting rights were registered in the share register of Cicor Technologies Ltd.

1.3 CROSS-SHAREHOLDINGS

Cicor Technologies Ltd. has no cross-shareholdings with any other company exceeding a reciprocal 3 % of capital or voting rights.

2 CAPITAL STRUCTURE

2.1 ORDINARY CAPITAL

As of 31 December 2020, the ordinary share capital of Cicor Technologies Ltd. is CHF 29 020 920 divided into 2 902 092 fully paid-in registered shares with a par value of CHF 10 each.

As of 31 December 2020, the company held 116 (previous year: 5 500) of its own shares as treasury shares. For a detailed description, please refer to section 18 of the notes to the consolidated financial statements.

2.2 AUTHORIZED AND CONDITIONAL CAPITAL

Authorized capital

At the Annual Shareholders' Meeting on 16 April 2020, the shareholders decided to renew the authorization of the Board of Directors to increase the share capital by a maximum of 600 000 fully paid-in shares at a nominal value of CHF 10 until 16 April 2022.

Conditional capital

At the Shareholders' Meeting of 13 May 2009, the shareholders decided to increase the conditional share capital up to 200 000 fully paid-in registered shares with a total nominal value up to CHF 2 000 000 for the exercise of stock option rights granted to officers and other key employees under an employee stock option plan established by the Board of Directors.

At the Shareholders' Meeting of 13 May 2009, the shareholders decided to create additional conditional share capital of up to 500 000 fully paid-in registered shares with a total nominal value of up to CHF 5 000 000 for the exercise of conversion rights granted to holders of convertible debt securities to be issued by the company. Such conversion rights would have to be exercised within five years of the issuance of such convertible debt securities.

2.3 CHANGES IN CAPITAL

The Company's share capital did not change during the last three years.

	31.12.2020	31.12.2019	31.12.2018
Ordinary capital			
Registered shares	2 902 092	2 902 092	2 902 092
Ordinary share capital (in CHF)	29 020 920	29 020 920	29 020 920
Authorized share capital			
Authorized shares	600 000	600 000	600 000
Authorized share capital (in CHF)	6 000 000	6 000 000	6 000 000
Conditional share capital			
Conditional shares	620 670	620 670	620 670
Conditional share capital (in CHF)	6 206 700	6 206 700	6 206 700

2.4 SHARES AND PARTICIPATION CERTIFICATES

With the exception of the shares held by the Company itself, each ordinary share is entitled to the same share in the Company's assets and profits and bears one voting right at the Annual Shareholders' Meeting, provided the shareholder is registered with voting rights in the Company's share register.

Provided that a shareholder does not request the printing and delivery of share certificates for their investment, the shares of the Company are held in collective deposit at Computershare Schweiz AG rather than being issued as physical certificates. At the request of some shareholders, the Company has issued a number of physical certificates.

As of 31 December 2020, the Company has not issued any participation certificates.

2.5 PROFIT-SHARING CERTIFICATES

As of 31 December 2020, the Company has not issued any profit-sharing certificates.

2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

All shares of Cicor Technologies Ltd. are registered shares and freely transferable without any limitation. Entry in the Company's share register with voting rights requires evidence that the shares have been transferred for ownership or beneficial interest. There are no registration provisions for nominees. The share register is kept by the Computershare Schweiz AG.

2.7 CONVERTIBLE BONDS AND WARRANTS/OPTIONS

The Company has not issued any convertible bonds or similar equity-linked debt instruments as of 31 December 2020.

There are currently no stock option plans for members of the management in place.

3. BOARD OF DIRECTORS

3.1 MEMBERS OF THE BOARD OF DIRECTORS

On 31 December 2020, the Board of Directors (Board) of the Company consisted of the following persons:

Name/Position/ Nationality	First election	Current term ends	Other significant board memberships
Robert Demuth Chairman Non-executive, Swiss	2007	2021	None
Andreas Dill Non-executive, Swiss	2009	2021	None
Erich Haefeli Non-executive, Swiss	2015	2021	Owner and President of Mariposa Immobilien AG Owner and CEO of EC Executive Consulting AG

3.2 OTHER ACTIVITIES AND VESTED INTERESTS

Information about other activities of the Board members in addition to their functions for Cicor Technologies Ltd. is listed in the table above. Unless otherwise described in the curriculum vitae, the non-executive members of the Board do not have any material business connections with the Group.

3.3 ELECTIONS AND TERMS OF OFFICE

According to the Company's Articles of Incorporation, the Board consists of one or more members. The members of the Board as well as the Chairman of the Board are elected by the Annual Shareholders' Meeting for a term of office of one year. There are no limits as to how many times a member can be reelected, or any upper age limit for election.

According to the Company's Articles of Incorporation, at least one member must be domiciled in Switzerland.

3.4 INTERNAL ORGANIZATIONAL STRUCTURE

The Board constitutes itself at its first meeting after the Annual Shareholders' Meeting except for the appointment of the Chairman of the Board and the members of the Remuneration Committee. It appoints if necessary its Vice Chairman, the Presidium and the Audit Committee as well as a Secretary, who does not need to be a member of the Board. The Board meets as often as the Company's affairs require or upon the written request of one of its members. The Board approves resolutions and holds elections with the majority of its votes.

The Board is the highest executive instance within the Group Management structure and takes responsibility of the overall governance of the Company and the Group. It oversees the management of their affairs. The basic principles regarding the definition of the areas of responsibility between the Board and the Group Management are described in section 3.5.

The Chairman of the Board of Directors

The Chairman heads the meetings of the Board, the Presidium and the Annual Shareholders' Meeting. He supervises the implementation of the resolutions passed by the Board and coordinates the work of the committees ensuring that the Board as a whole operates as an integrated, cohesive body. The current Chairman of the Board of Directors is Robert Demuth.

The Presidium

The Presidium consists of the Chairman of the Board and up to two additional designated Board members. The following members have been appointed to the Presidium:

- H. Essing, Chairman (until 2 November 2020)
- R. Demuth, Member (until 2 November 2020), Chairman as of 2 November 2020

It is the first priority of the Presidium to supervise the duties and functions undertaken by the CEO and CFO as well as the other members of the Group Management and to act as an intermediary between the Board and the officers entrusted with the management of the Group. The Presidium takes decisions on financial and other matters delegated by the Board in accordance with the regulations regarding the Delegation of Management. In particular, the Presidium is responsible for:



Andreas Dill, Vice-Chairman

Born 1954, graduated as an electrical engineer (MEng) from the ETH Zürich. He started his professional career in the semiconductor industry at Zevatech AG where he took on various responsibilities from R+D engineer to General Manager. From 1998 to 2015, Andreas Dill has worked in various management positions at the Oerlikon Corporation, last as CEO of the Advanced Technologies Segment and a member of the Oerlikon Executive Committee. Andreas Dill is the owner of the Consulting Company Andreas Dill Strategic Business Consulting.



Robert Demuth, Chairman

Born 1947, holds a degree in mechanical engineering (dipl. Ing. HTL Maschinenbau) from the Hochschule für Technik & Architektur Luzern as well as an Executive MBA from the University of St. Gall. Robert Demuth started his career with Rieter before being appointed head of R&D of Bühler AG. Robert Demuth then served as CEO and delegate of Dyconex AG, a Swiss company active in the field of high-tech PCBs, MCMs and electronic interconnection technology. From 2005 to 2007, Robert Demuth held executive functions within the Group. Robert Demuth is owner of the Consulting Company Robert Demuth Industrial Investment Management.



Erich Haefeli

Born 1950, studied law at the University of Zurich. For many years, he headed the legal and patent department of OC Oerlikon Balzers AG and was also a member of the company's Executive Management. In addition, he served on the Board of Directors of many firms in the Oerlikon-Bührle Group, which is today the industrial group Oerlikon. Erich Haefeli is owner and President of Mariposa Immobilien AG, Buchs SG and owner and CEO of EC Executive Consulting AG, Vaduz.

- preparing resolutions of the Board and overseeing their implementation where this function is not carried out directly by the CEO or by a committee of the Board;
- planning for the replacement of outgoing members and evaluating candidates for positions on the Board;
- proposing to the Board for approval the members of the committees of the Board, the members of the Presidium, the CEO, the CFO, the members of the Group Management;
- appointing members to the Boards of subsidiaries and appointing the Unit Managers proposed by the CEO;
- discharging other duties in the area of Corporate Governance, where such duties are not assigned to a committee or committee of the Board under the revised regulations;
- supervising and performing the ad hoc and regular information requirements, especially under the SIX Swiss Exchange regulations and guidelines;
- approving expenditures, investments or divestments of property, plant and equipment whose total value exceeds CHF 0.5 million. In case of investments and divestments whose total value exceeds CHF 2 million, the Presidium submits a report and a proposal to the full Board.

In addition, the Presidium assists the Board on matters relating to finance, investment and capital assets and in evaluating risks pertaining thereto. It prepares proposals on such issues for a vote by the Board. Specifically, the Presidium reviews:

- financial planning, budgets and budget execution;
- investments of liquid assets and financial investments, including investments of assets by the Company's post-employment benefit plans;
- long-term business plans and strategy as well as their communication in the Company's annual reports;
- reporting of non-operational results.

The Presidium also makes decisions and takes preliminary action on behalf of the full Board in urgent cases.

Audit Committee

The Audit Committee consists of three Board members elected by the Board of Directors. The following members have been appointed:

- Robert Demuth, Chairman
- Andreas Dill
- Erich Haefeli

The Audit Committee assists the Board in supervising the management of the Company, particularly with respect to financial and legal matters as well as in relation to compliance with internal business policies and codes of practice.

Remuneration Committee

In accordance with the Articles of Incorporation, Cicor has a Remuneration Committee that consists of two members of the Board of Directors, who are elected individually by the Annual Shareholders' Meeting. The following members have been elected:

- Andreas Dill, Chairman
- Robert Demuth
- Heinrich J. Essing (until 2 November 2020)

The roles and responsibilities of the Remuneration Committee are defined in detail by the Board of Directors. More information on their duties is provided in the Compensation Report.

Operating methods of the Board, the Presidium and the Committees

Between 1 January and 31 December 2020, the Board met for six ordinary Board meetings as well as 20 phone conferences. The CEO and/or the CFO of the Group attended all meetings. On a selective basis, external advisors also participated in some meetings on specific subjects. The meetings of the Board lasted on average six hours. For each Board meeting, the members were provided with adequate material in advance to prepare for the items on the agenda. At each ordinary meeting, the CEO or the CFO presented the results of Cicor Technologies Ltd. and its segments in detail. The members discussed the results comprehensively and, if required, instructed the CEO or the CFO to take necessary actions or to draw up plans for measures.

In 2020, the Presidium held no meetings.

The Audit Committee held three meetings in 2020. The CFO of the Group participated in each conference. In addition, these meetings were attended by the Head of External Audit. The meetings lasted on average one hour.

The Remuneration Committee held four meetings in 2020. The meetings lasted on average one hour.

3.5 DEFINITION OF AREAS OF RESPONSIBILITY

The duties and responsibilities of the Board, the Presidium and the Group Management are defined as follows:

The Board holds the ultimate decision-making authority and decides on all matters which have not been reserved for or conferred upon another governing body of the Company by law, the Articles of Incorporation or regulations regarding the Delegation of Management of the Company.

The Board has the following non-transferable and infeasible duties in particular:

- overall governance of the Company and the Group, including formulating medium- and long-term strategies, planning priorities and laying down guidelines for corporate policy;
- approving the annual Group budgets and medium- to long-term Group business and investment plans;
- establishing the basic organizational structure;
- defining the guidelines for accounting, financial controlling and financial planning systems;
- taking decisions on transactions of substantial strategic significance;
- appointing and removing those responsible for managing the Company's affairs and acting as its agent, in particular the members of the Presidium, the CEO, the CFO and other members of the Group Management;
- appointing and removing the members of the committees of the Board (Remuneration Committee is elected by the Annual Shareholders' Meeting);
- overall supervision of the bodies and officers responsible for the management of the Company;
- drawing up the annual and interim reports, preparing the Annual Shareholders' Meeting;
- notifying the court in the event of overindebtedness;
- proposing and implementing capital increases and amending the Articles of Incorporation;
- checking the professional qualifications of the external Group auditors.

The Board conferred management functions in the manner provided by the organizational regulation to the CEO or the Group Management. Thereby, it follows the Company's general principle according to which all executive bodies and officers delegate their duties and powers to the hierarchically lowest possible body or officer that possesses the knowledge and expertise necessary to make appropriate decisions. The transferable supervisory and representative functions of the Board are delegated to the Presidium. The Operational Group Management is responsible for the day-to-day operational business of the Group. Its main duties consist of:

- conducting day-to-day business of the Group in compliance with the applicable laws, Articles of Incorporation, regulations and instructions;
- implementing the Group strategy;
- preparing and executing the resolutions of the Board and ensuring their Group-wide implementation;
- reporting all matters to be dealt with by the Board, the Presidium and the committees;
- accounting and analyzing of the monthly results and semi-annual and annual accounts on Group and divisional levels as well as implementing the required internal control measures.

3.6 INFORMATION AND CONTROL INSTRUMENTS TOWARDS THE GROUP MANAGEMENT AND RISK MANAGEMENT

The Board receives annotated key data of all segments within the framework of a Group-wide institutionalized reporting system. The format of the data is defined within a MIS (Management Information System).

Each month, the Management Information System summarizes in a simplified format the most important key figures. Every quarter, it presents comprehensive financial statements in line with the requirements set for the year-end. These reports are available to the Group Management in full length and in a condensed format to the Board of Directors.

The Board analyzes such data in detail in its meetings. At each ordinary meeting of the Board and the Presidium, the CEO and the CFO inform on the operational day-to-day business and all important business events. The members of the Board, the Presidium and the Board committees are entitled to request information on all Company-related issues. See section 3.4 for additional information on the work methods of the Board, the Presidium and the committees. In addition to the above described Management Information System, a Risk Management System was introduced in 2008. Risk management is a fundamental element of Cicor's business practice at all levels and encompasses different types of risks. It has been integrated into the controlling and reporting process. Material risks are identified and quantified in workshops and discussed with the executive management and the Board of Directors. The risk management process will be repeated regularly, at least once a year.

4 GROUP MANAGEMENT

4.1 MEMBERS OF THE GROUP MANAGEMENT

The members of the Group Management are appointed by the Board upon proposal by the Presidium. The Group Management consists of the CEO and the CFO. As of 31 December 2020, the Group Management consisted of the following persons:

Name/Nationality	Position	Appointment
Alexander Hagemann German	CEO	September 2016
Patric Schoch Swiss	CFO	July 2012

Alexander Hagemann

Born 1962, Alexander Hagemann holds a degree in Mechanical Engineering from the RWTH Aachen University, Germany. Before he joined the Cicor Group as Chief Executive Officer in September 2016, he held the position as Chief Executive Officer of the Schaffner Group from 2007 to 2016. Prior to that, Alexander Hagemann held a number of management roles at Schott Group, including the position of Executive Vice President Optics for Devices. In the beginning of his professional career he held various management positions in the area of production and logistics at BMW. Alexander Hagemann is Chairman of the Board of Directors of Weidmann Holding AG.

Patric Schoch

Born 1972, Patric Schoch is a senior international CFO, with a proven international career in finance as a controller or CFO for major business units and regions of international companies. Patric Schoch has many years of experience in working in the industry, including living and working for more than ten years in Southeast Asia, Taiwan and China. He joined Cicor Group as interim CFO end of July 2012 and became permanent CFO as of 1 April 2013. From December 2012 to May 2015 Patric Schoch was also acting CEO of the Group.

4.2 OTHER ACTIVITIES AND VESTED INTERESTS

No member of the Group Management held a position outside the Cicor Technologies Group which could be of significance to the Company.

4.3 MANAGEMENT CONTRACTS

Cicor Technologies Ltd. delegated no management duties to legal entities or natural persons outside the Company in 2020.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

This information is provided in the Remuneration Report.

6. SHAREHOLDERS' RIGHTS

Each registered share of the company entitles the owner/beneficiary of the share to one vote at the Shareholders' Meeting, provided that he is registered in the share register of the company as a shareholder with voting rights.

6.1 VOTING RIGHTS AND REPRESENTATION RESTRICTIONS

There are no statutory restrictions on voting rights. All shareholders, provided that they are registered in the share register of the company as shareholders with voting rights, have the same right to attend the Shareholders' Meeting or to be represented by a legal representative or, with written authorization, by another person or by the independent voting proxy.

6.2 STATUTORY QUORUM

The Shareholders' Meeting passes its resolutions with the absolute majority of the votes allocated to the shares represented. If a second ballot is required, the relative majority of the votes allocated to the shares represented is sufficient for the adoption of an agenda item. In the event of equality of votes, the Chairman has the casting vote. According to the Articles of Incorporation, a resolution of the Shareholders' Meeting passed by at least two thirds of the votes represented and the absolute majority of the par value of shares represented are required for:

- changing the purpose of the company;
- introducing shares with privileged voting rights;
- limiting the transferability of registered shares;
- increasing authorized or conditional share capital;
- increasing share capital out of equity, against contributions in kind or for the purpose of acquisition of assets and granting special benefits;
- limiting or withdrawing preemptive rights;
- changing the domicile of the company;
- dissolving the company.

6.3 CONVOCAION OF THE SHAREHOLDERS' MEETING

Shareholders' Meetings are convened by the Board and, if required, by the auditors at the latest 20 days before the date of the meeting. The Annual Shareholders' Meeting is held at the latest within six months of the close of the financial year. Shareholders registered in the share register with voting rights representing an aggregate of at least 10 % of the share capital may request in writing, setting

forth the items to be discussed and the proposals to be decided, that an extraordinary Shareholders' Meeting is convened.

The Company publishes the invitation to the Shareholders' Meeting in the "SOGC", as well as in other publications as decided by the Board of Directors. Simultaneously, the written invitation is sent to the shareholders or beneficiaries who are entered in the share register of the company.

The invitation contains details of the day, time and place of the meeting as well as the agenda and the proposals of the Board and the shareholders who have requested the Shareholders' Meeting or an item to be included on the agenda.

6.4 AGENDA

Shareholders registered in the share register with voting rights, whose combined shareholdings represent an aggregate nominal value of at least CHF 1 million, may request that an item be included in the agenda of a Shareholders' Meeting. Such a request shall be made in writing at least 60 days before the meeting and shall specify the items and motions to be included in the agenda.

6.5 ENTRY INTO THE SHARE REGISTER

Computershare Schweiz AG keeps the company's share register which contains the names and addresses of shareholders and the number of shares they have registered. After dispatch of the invitation to the Shareholders' Meeting, no entries can be made in the share register until the day after the Shareholders' Meeting has taken place.

7. CHANGES OF CONTROL AND MEASURES

7.1 DUTY TO MAKE AN OFFER

The company does not have an opt-in or opt-out clause in its Articles of Incorporation, meaning that the mandatory bid obligation of the Swiss Stock Exchange Act is triggered if a shareholder or a group of shareholders acting in concert acquire more than one third of the outstanding shares of the company.

7.2 CLAUSES ON CHANGES OF CONTROL

As of 31 December 2020, there are no specific clauses included in agreements and schemes benefitting members of the Board or Group Management in the event of a change of control situation.

8. AUDITORS

8.1 DURATION OF THE MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR

The Annual Shareholders' Meeting elects the auditors for a term of one year. On 16 April 2020, the General Meeting mandated KPMG, Cicor Technologies Ltd.'s Group auditor since 2007, for an additional year. KPMG or a subsidiary of the KPMG Group audits the consolidated and statutory financial statements. The auditor in charge since 2020 of the current mandate is Kurt Stocker.

8.2 AUDITING FEES

During the year under review, KPMG charged a total of TCHF 278 (previous year: TCHF 260) for their services in connection with the auditing of consolidated and statutory financial statements.

8.3 ADDITIONAL FEES

KPMG additionally received fees of TCHF 11 (previous year: TCHF 11) for other services to the company.

8.4 SUPERVISORY AND CONTROL INSTRUMENTS PERTAINING TO THE AUDIT

The Audit Committee supervises and controls on behalf of the Board of Directors the performance and independence of the external auditors. It determines the targets of the audit and assesses the work of the external auditors and their fees. In addition, it reviews the audit result and monitors the implementation of the findings by the management.

In 2020, the Audit Committee and the external auditors met once to plan the auditing of the financial statements of the Group and its subsidiaries. In a second meeting, these statements, as well as the corresponding "Management Letter" formulated by external auditors, were reviewed and discussed in detail with the Audit Committee. In total, the Audit Committee had three meetings in the presence of the external auditors.

9. INFORMATION POLICY

For the benefit of its shareholders and the public interested in the business activities of the company, Cicor Technologies Ltd. pursues an open and transparent information policy. In terms of periodical as well as ad hoc reporting, the company aims to guarantee equal treatment with respect to time as well as to content. The company has a clear policy to prevent insider dealings. The corresponding guidelines contain provisions regarding the handling of confidential information to which all persons concerned within and outside of the company are subject, as well as clear instructions regarding time and form of the respective publication.

From internal availability to approval of the semiannual or annual results by the Board, the company and its management refrain from communicating to the investing public any qualitative and quantitative statements and information which might give an indication as to the expected sales or results. After the Board meeting, in which the semi-annual and annual reports are approved, the general public is informed in summary about the course of business by means of an ad hoc announcement.

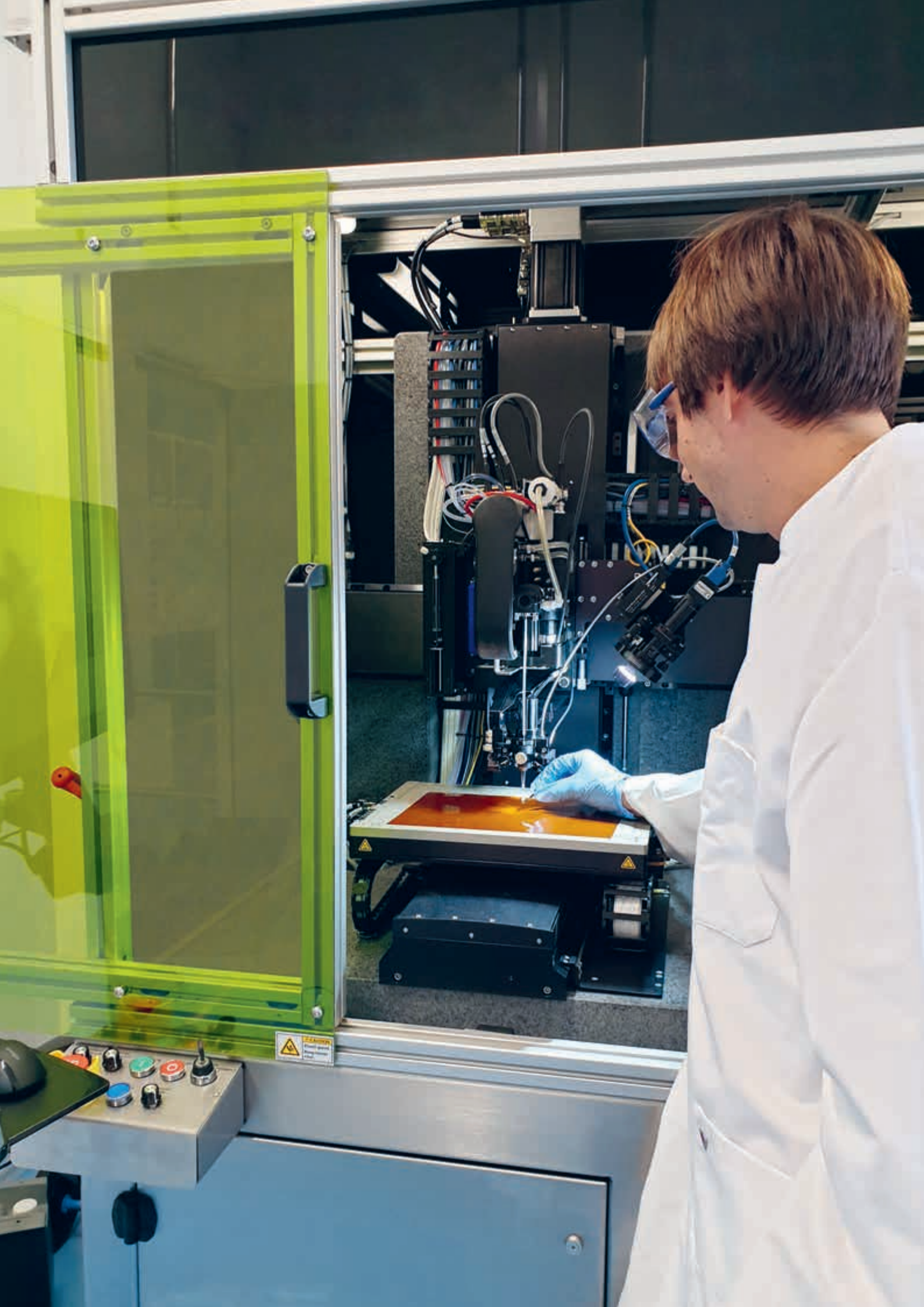
Furthermore, the company informs its shareholders, the media, financial analysts and other interested parties by using the following publications and channels:

- annual and interim reports in accordance with Swiss GAAP FER;
- presentation of annual results;
- Shareholders' Meeting;
- press releases as well as publications of share price-sensitive facts (ad hoc publicity).

The 2021 Annual Shareholders' Meeting will be held on 15 April 2021. The interim report is planned to be published on 12 August 2021.

For additional information about Cicor Technologies Ltd. and its subsidiaries, please visit the Group's website (www.cicor.com). Inter alia, previous annual reports and press releases can be found on the website.

Responsible for investor relations are Alexander Hagemann, CEO, and Patric Schoch, CFO, phone +41 71 913 73 00, investor@cicor.com.



1 INTRODUCTION

This Remuneration Report details Cicor's remuneration policy, covering all key elements and general principles and outlines the responsibilities with regard to planning, approval framework and implementation. It also contains detailed information on the remuneration of the Board of Directors and the Group Management for financial years 2020 and 2019.

This Remuneration Report meets the requirements of the Swiss Ordinance against Excessive Compensation in Listed Stock Companies (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV, which replaces Article 663bis of the Swiss Code of Obligations by the corresponding VegüV provisions) and Article 5 of the Annex to the Directive on Information Relating to Corporate Governance (Corporate Governance Directive, DCG) of the SIX Swiss Exchange dated 13 December 2016, as well as the recommendations in Art. 38 "Compensation report and transparency" of Appendix 1 to the Swiss Code of Best Practice for Corporate Governance of *economiesuisse*.

2 REMUNERATION SYSTEM

PRINCIPLES OF REMUNERATION

The remuneration paid to members of the Group Management may comprise three components:

- fixed basic remuneration;
- variable performance-related compensation;
- individual allocation of company shares.

Members of the Board of Directors have no executive duties and receive a fixed salary, plus any compensation due to them for the performance of special duties that exceed the usual scope of their mandate.

BASIC REMUNERATION

The basic remuneration for the members of the Group Management may comprise a monthly salary, a lump sum for entertainment and car expenses, other benefits as per individual agreement and the relevant social security contributions. Other benefits as per individual agreement include contributions to professional development. The monthly salary is determined on a discretionary basis, taking into account the individual's duties, amount of responsibility, qualifications and experience required, as well as the actual external

market environment in relation to the entire remuneration system for the senior management of the Group. Cicor does not provide members of the Group Management or Board members with a company vehicle.

Members of the Board of Directors receive a fixed remuneration, which is dependent on their function and committee memberships.

SHORT-TERM INCENTIVE PLAN (STI-PLAN)

The STI-Plan is a simple and clear plan aimed at motivating managers and specialists to focus their efforts on specific financial and individual objectives. It promotes initiative and coordinated efforts and rewards the performance of individuals and the company. The STI-Plan for the Group Management consists of financial and individual objectives. Financial objectives include sales growth, EBIT and operating free cash flow and account for 85 %, and individual objectives for 15 % of the target amount. The Board of Directors approves the financial and the individual objectives of members of the Group Management and of all STI-Plan participants at their meeting at year-end for the following year. Financial targets are based on the annual budget and the payout is based on the actual financial results. A financial result on target entitles to a payout of 100 % of the target amount, at the lower threshold the payout is 50 %, below the lower threshold there is no payout. Upon achieving the financial or individual objectives, the maximum payout is capped at 150 % of the target amount. The Remuneration Committee (RC) confirms the overall STI-Plan payout based on the true performance taking into account the actual business and commercial environment. It makes a recommendation to the Board of Directors for a final decision in February. At this meeting, the RC also recommends to the Board of Directors, the aggregate maximum amount for variable performance related compensation for the Group Management that is submitted to the Annual Shareholder's Meeting for approval.

For the Group Management, the weighted average payout for the STI-Plan 2020 is 17 % (2019: 118 %).

LONG-TERM INCENTIVE PLAN (LTI-PLAN)

For the Cicor Group, recruitment, motivation and long-term retention of top talent are key to achieving its goals. The Cicor long-term incentive plan (LTI-Plan) is the program designed to retain and motivate senior executives, highly skilled and other important employees by creating long-term performance incentives. The LTI-Plan is designed to reward Cicor executives and selected employees for their contribution to the company's long-term success and creation of shareholder value. The LTI-Plan thus links part of the annual performance-based remuneration of Cicor's management to the long-term development of the company.

In the context of the LTI-Plan, which rewards the relative increase in Total Shareholder Returns (TSR) of the Cicor Technologies Ltd. share compared to the TSR of selected benchmark companies, Performance Share Awards (PSAs) are allocated. TSR is a common measure used to evaluate stock performance. It is defined as the net share price change plus any dividends paid in a given period. The initial value for the measurement of the TSR corresponds to the Volume Weighted Average Price (VWAP) of the first 30 days of the first year. The end value corresponds to the VWAP of the last 30 days of the third year.

For the LTI-Plan 2020–2022, the initial value thus corresponds to the VWAP of the stock price of the trading days from 1 to 31 January 2020 and the final value of the LTI-Plan 2020–2022 thus corresponds to the VWAP of the share price of the trading days from 1 to 31 December 2022. The relative increase of the TSR of the Cicor Technologies Ltd. share compared to the TSR of corresponding peer companies is measured over a period of always three years (performance period). The right to receive a certain number of PSAs from the LTI-Plan generally arises – except in the case of change of control – only at the end of the vesting period. The performance period of the fourth LTI-Plan starts on 1 January 2020 and will end on 31 December 2022.

The vesting period, during which the plan participant merely has a non-binding entitlement to the allocated PSAs, is three years. The PSAs can also expire during the vesting period for reasons such as company affiliation, negative share price development or unsatisfactory company success. This vesting period may lapse in the event of change of control as well as personal disability or death. The vesting period of the fourth LTI-Plan starts on 1 May 2020 and will end on 1 May 2023. Each PSA represents a non-binding entitlement to Cicor Technologies Ltd. shares in dependence on the development of the Group. If the TSR of Cicor is within the top 3 of the benchmarked companies, a maximum of 200 % of the PSA target amount is converted into Cicor Technologies Ltd. shares. If ranked 6th within the benchmarked companies, the allocation is 100 %, if ranked 8th, the allocation is 80 % and if ranked 11th and below, the allocation is 0 %. In between the thresholds, interpolation will be done. The peer group is reviewed every year by the Remuneration Committee and consists of: AT&S, Benchmark Electronics, Schweizer Electronic AG, Neways, Comet, ELMA, Gavazzi, LEM, Huber & Suhner, Kitron, Plexus Corp., Sanmina, Schaffner and Unimicron. The maximum payout at the end of the vesting period is limited to 200 % of the allocated PSAs. However, in justified cases, the Board of Directors may freely set this factor between 0 % and 200 %, for example, if the payout level is considered inappropriate in the light of the general development of the Group.

The allocation of the number of PSAs to the plan participants of each LTI-Plan is determined by the following criteria:

- The RC suggests the target amount for each planned participant to the Board of Directors.
- For the determination of the number of PSAs the defined target amount in Swiss Francs is divided by the VWAP of the Cicor share of the first ten trading days after publication of the year-end results of the past year.
- The number of PSAs allocated, multiplied by the weighted payout factors based on the achieved rank of Cicor’s TSR at the end of the vesting period, determines the effective number of Cicor shares granted.

The assignment of the non-binding entitlement of the plan participant to the PSAs of the respective LTI-Plan takes place on 1 May of the first year of the corresponding LTI-Plan. The definitive allocation (vesting) of the PSAs of the concluded LTI-Plan takes place on 1 May (grant date) after the end of the third year of the LTI-Plan vesting period.

Accordingly, the allocation of the non-binding entitlements of the LTI-Plan 2020 took place on 1 May 2020 (grant date) and the definitive allocation of the PSAs will take place on 1 May 2023 (vesting date). The vested shares carry full voting and dividend right from the moment of vesting and treasury shares can be used. The value of the allocated PSAs for the Group Management is included in the amount of the variable compensation of the Group Management approved every year by the Annual Shareholder’s Meeting.

On 1 May 2021, the vesting of the allocated PSA of the LTI-Plan 2018–2020 will take place. The relative increase in Total Shareholder Return (TSR) over the performance period was -31.51 %, leading to rank 12 within the peer group. The payout factor therefore is 0 %, leading to a vesting of zero shares per plan participant (zero in total).

EMPLOYMENT CONTRACTS AND SPECIAL BENEFITS

No member of the Group Management has an employment contract with a notice period of more than 12 months. None of these employment contracts involve any severance payments.

NUMBER OF EXTERNAL MANDATES AND FUNCTIONS

According to the Articles of Incorporation, Board members may not have or perform more than three mandates in other listed companies and not more than 15 in non-listed companies.

Members of the Group Management may not have or perform more than one mandate in another listed company and not more than three in non-listed companies.

Mandates or employment relationships with associated companies outside the Cicor Group that entail sitting on a management or administrative body or a function in executive management are deemed a single mandate under this provision.

3 APPROVAL PROCESS

The remuneration system and the remuneration of the Group Management are established by the Remuneration Committee in consultation with the CEO and submitted to the Board of Directors for approval. The processes and responsibilities within Cicor are organized as follows:

CEO

The Group CEO supports the Remuneration Committee by proposing for discussion:

- the conditions of employment contracts for the Group Management and senior management members;
- the individual target achievement for the variable salary component at the beginning of the year; and
- new targets to be determined for the current financial year for the Group Management and senior management.

REMUNERATION COMMITTEE

The Remuneration Committee comprises two Board members.

It currently consists of:

- Andreas Dill, Chairman
- Robert Demuth

The Remuneration Committee reviews, evaluates and submits for approval to the entire Board:

- the conditions and remuneration set out in the employment contracts of the CEO, CFO and other members of the Group Management;

- the total remuneration for the members of the Group Management and senior management members, including the achievement of individual targets for variable compensation for the past financial year at the beginning of the year, as well as new targets to be set for the current financial year;
- remuneration guidelines;
- the introduction of performance-related remuneration systems, including the introduction of share- and option-based remuneration systems;
- changes in pension schemes;
- additional benefits for employees;
- remuneration of the Board of Directors;
- compensation for additional duties of Board members;
- compensation for the various Board committees.

BOARD OF DIRECTORS

The Board of Directors decides on all matters that are not, according to the law, Articles of Incorporation or organizational regulations, explicitly entrusted to another governing body of the company. In particular it approves, upon request by the Remuneration Committee:

- the conditions and remuneration set out in the employment contracts of the CEO, CFO and other members of the Group Management;
- total remuneration for members of the Group Management and the senior management, including variable compensation;
- remuneration guidelines;
- the introduction of performance-related remuneration systems, including the introduction of share- and option-based remuneration systems;
- changes in pension schemes;
- additional benefits for employees;
- remuneration of the Board of Directors;
- compensation for additional duties of Board members;
- appointment of members to the various Board committees, except the members of the Remuneration Committee, as well as their remuneration.

ANNUAL SHAREHOLDERS' MEETING

The Annual Shareholders' Meeting prospectively votes on the approval of the total remuneration amounts for the Board of Directors and the Group Management once a year. In addition, it can hold a consultative vote on the full remuneration report. If, after the remuneration has been prospectively approved by the Annual Shareholders' Meeting, the Group Management is expanded or a member of the Group Management is promoted or replaced, there is, compliant to the Articles of Incorporation, an additional amount available. Such additional amount may not exceed 30 % of the previously approved total compensation amount per remuneration period and per member promoted or replaced.

4 REMUNERATION DURING 2020

BOARD OF DIRECTORS

Board members receive a fixed salary, paid in cash, as well as any compensation due to them for the performance of special duties that exceed the usual scope of their office.

Remuneration is reported in accordance with the principle of accrual.

Compensation Board of Directors 2020

in CHF 1 000	Remu- neration	STI-Plan	Pension fund	Social security contri- butions	Other	Consul- tancy fee	Total
Robert Demuth	67	–	–	3	–	–	70
Andreas Dill	57	–	–	2	–	–	59
Erich Haefeli	57	–	–	–	–	–	57
Total current Board members	181	–	–	5	–	–	186
Heinrich J. Essing	84	–	–	–	–	–	84
Total former Board members	84	–	–	–	–	–	84
Total current and former Board members	265	–	–	5	–	–	270

Granted Compensation Board of Directors at Annual Shareholders' Meeting

in CHF 1 000	Remu- neration						
Total current Board members	300						

No other payments, services, payments in kind, premiums, guarantees or compensation were awarded.

GROUP MANAGEMENT

Compensation Management 2020

in CHF 1 000	Remu- neration	STI-Plan	LTI-Plan 2020–2022 (Effective value on grant date)	Pension fund	Social security contri- butions	Other	Consul- tancy fee	Total
Total current Management	820	65	200	127	98	–	–	1 310
Of which highest single compensation paid to:								
Alexander Hagemann	500	29	100	80	55	–	–	764
Total former Management	–	–	–	–	–	–	–	–
Total current and former Manage- ment	820	65	200	127	98	–	–	1 310

Granted Compensation Management at Annual Shareholders' Meeting 2020

in CHF 1 000	Remu- neration	STI-Plan	LTI-Plan (Target value)				
Total current Management	1 000	550	200				

The target STI 2020 for Alexander Hagemann is 40 % of the base salary, the target STI 2020 for all other members of the Group Management is 50 % of the base salary. The weighted average STI 2020 payout is 17 %.

No other payments, services, payments in kind, premiums, guarantees or compensation were awarded.

Allocated PSA to CEO and Group Management 2020

LTI-Plan	Participant	Date of approval by General Assembly	Date of assignment of entitlements (grant date)	Performance period	Vesting period	Number of allocated PSAs	Value at 100 % target fulfillment (excl. Social security) in CHF 1 000	Possible target fulfillment
2020–2022	Alexander Hagemann	16 April 2020	1 May 2020	1.1.2020-31.12.2022	1.5.2020-1.5.2023	3 036	100	0-200 %
2020–2022	Patric Schoch	16 April 2020	1 May 2020	1.1.2020-31.12.2022	1.5.2020-1.5.2023	3 036	100	0-200 %
Total						6 072	200	

Vesting LTIP 2018–2020 for CEO and Group Management

LTI-Plan	Participant	Date of approval by General Assembly	Performance period	Vesting date	Number of allocated PSAs	Volume Weighted Average Price (VWAP) beginning	Volume Weighted Average Price (VWAP) end	Dividends during performance period	Relative increase in Total Shareholder Return (TSR) over period	Rank achieved within benchmark companies	Payout factor based on rank	Number of allocated shares
2018–2020	Alexander Hagemann	19 April 2018	1.1.2018-31.12.2020	1 May 2021	1 457	74.07	4753	3.20	-31.51%	12	0 %	-
2018–2020	Patric Schoch	19 April 2018	1.1.2018-31.12.2020	1 May 2021	1 457	74.07	4753	3.20	-31.51%	12	0 %	-
Total					2 914							-

5 REMUNERATION DURING 2019

BOARD OF DIRECTORS

Compensation Board of Directors 2019

in CHF 1 000	Remu- neration	STI-Plan	Pension fund	Social security contri- butions	Other	Consul- tancy fee	Total
Heinrich J. Essing	73	–	–	–	–	–	73
Robert Demuth	56	–	–	2	–	–	58
Andreas Dill	46	–	–	3	–	–	49
Erich Haefeli	46	–	–	–	–	–	46
Total current Board members	221	–	–	5	–	–	226
Total former Board members	–	–	–	–	–	–	–
Total current and former Board members	221	–	–	5	–	–	226

Granted Compensation Board of Directors at Annual Shareholders' Meeting

in CHF 1 000	Remu- neration
Total current Board members	300

No other payments, services, payments in kind, premiums, guarantees or compensation were awarded.

GROUP MANAGEMENT

Compensation Management 2019

in CHF 1 000	Remu- neration	STI-Plan	LTI-Plan 2019–2021 (Effective value on grant date)	Pension fund	Social security contri- butions	Other	Consul- tancy fee	Total
Total current Management	820	417	200	92	79	–	–	1 608
Of which highest single compensation paid to:								
Alexander Hagemann	500	226	100	57	46	–	–	929
Total former Management	–	–	–	–	–	–	–	–
Total current and former Manage- ment	820	417	200	92	79	–	–	1 608

Granted Compensation Management at Annual Shareholders' Meeting 2019

in CHF 1 000	Remu- neration	STI-Plan	LTI-Plan (Target value)
Total current Management	1 000	550	200

The target STI 2019 for Alexander Hagemann is 40 % of the base salary, the target STI 2019 for all other members of the Group Management is 50 % of the base salary. The weighted average STI 2019 payout is 118 %.

No other payments, services, payments in kind, premiums, guarantees or compensation were awarded.

Allocated PSA to CEO and Group Management 2019

LTI-Plan	Participant	Date of approval by General Assembly	Date of assignment of entitlements (grant date)	Performance period	Vesting period	Number of allocated PSAs	Value at 100 % target fulfillment (excl. Social security) in CHF 1 000	Possible target fulfillment
2019–2021	Alexander Hagemann	16 April 2019	1 May 2019	01.01.2019–31.12.2021	01.05.2019–01.05.2022	1 809	100	0%-200 %
2019–2021	Patric Schoch	16 April 2019	1 May 2019	01.01.2019–31.12.2021	01.05.2019–01.05.2022	1 809	100	0%-200 %
Total						3 618	200	

Vesting LTIP 2017–2019 for CEO and Group Management

LTI-Plan	Participant	Date of approval by General Assembly	Performance period	Vesting date	Number of allocated PSAs	Volume Weighted Average Price (VWAP) beginning	Volume Weighted Average Price (VWAP) end	Dividends during performance period	Relative increase in Total Shareholder Return (TSR) over period	Rank achieved within benchmark companies	Payout factor based on rank	Number of allocated shares
2017–2019	Alexander Hagemann	19 April 2017	01.01.2017–31.12.2019	1 May 2020	2 346	30.82	59.14	1.70	97.40 %	3	200 %	4 692
2017–2019	Patric Schoch	19 April 2017	01.01.2017–31.12.2019	1 May 2020	2 346	30.82	59.14	1.70	97.40 %	3	200 %	4 692
Total					4 692							9 384

6 PAYMENTS TO RELATED PARTIES

No persons close to the Board of Directors or the Group Management were granted any loans of any kind, nor did they receive any remuneration.

7 LOANS

Cicor does not grant loans to Board members or to members of the Group Management.



Report of the Statutory Auditor

To the General Meeting of Cicor Technologies Ltd., Boudry

We have audited the accompanying remuneration report of Cicor Technologies Ltd. for the year ended 31 December 2020. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the sections 4 to 7 on pages 31 to 34 of the remuneration report.

Responsibility of the Board of Directors

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the remuneration report for the year ended 31 December 2020 of Cicor Technologies Ltd. complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Kurt Stocker
Licensed Audit Expert
Auditor in Charge

David Grass
Licensed Audit Expert

St. Gallen, 10 March 2021

KPMG AG, Bogenstrasse 7, CH-9001 St. Gallen

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

in CHF 1 000	Notes	31.12.2020	in %	31.12.2019	in %
Assets					
Property, plant and equipment	(5)	48 777	26.8	54 927	29.7
Intangible assets	(6)	920	0.5	1 325	0.7
Deferred tax assets	(11)	3 013	1.7	2 950	1.6
Non-current assets		52 710	29.0	59 202	32.0
Inventories	(7)	49 875	27.4	50 632	27.4
Trade accounts receivable	(8)	30 679	16.9	36 444	19.7
Other accounts receivable	(8)	4 520	2.5	4 009	2.2
Prepaid expenses and accruals		1 131	0.5	999	0.5
Cash and cash equivalents	(9)	43 135	23.7	33 660	18.2
Current assets		129 340	71.0	125 744	68.0
Total assets		182 050	100.0	184 946	100.0
Liabilities and shareholders' equity					
Ordinary share capital		29 022	15.9	29 022	15.7
Share premium		103 894	57.1	108 542	58.7
Treasury shares		-6	-0.0	-299	-0.2
Retained earnings		-50 864	-27.9	-55 122	-29.8
Translation reserve		-5 712	-3.2	-3 338	-1.8
Total equity		76 334	41.9	78 805	42.6
Long-term provisions	(10)	3 471	1.9	3 184	1.7
Deferred tax liabilities	(11)	304	0.2	385	0.2
Long-term financial liabilities	(12)	53 436	29.4	46 898	25.4
Liabilities for post-employment benefits	(13)	1 932	1.0	1 880	1.0
Non-current liabilities		59 143	32.5	52 347	28.3
Short-term financial liabilities	(12)	3 316	1.8	3 449	1.9
Trade accounts payable		22 556	12.5	28 065	15.1
Other current liabilities	(14)	7 696	4.2	9 406	5.1
Accruals	(14)	9 378	5.2	9 652	5.2
Short-term provisions	(10)	3 178	1.7	2 699	1.5
Income tax payable		449	0.2	523	0.3
Current liabilities		46 573	25.6	53 794	29.1
Total liabilities		105 716	58.1	106 141	57.4
Total equity and liabilities		182 050	100.0	184 946	100.0

General remark to the notes of the consolidated financial statements: unless otherwise stated all amounts in CHF 1 000

CONSOLIDATED INCOME STATEMENT

in CHF 1 000	Notes	2020	in %	2019	in %
Net Sales	(4)	214 891	100.0	253 909	100.0
Change in inventory of finished and unfinished goods		-2 031	-0.9	-1 501	-0.6
Material costs		-110 185	-51.3	-134 762	-53.1
Personnel costs	(21)	-63 550	-29.6	-69 653	-27.4
Other operating income		1 571	0.7	687	0.3
Other operating expenses	(23)	-21 334	-9.9	-23 899	-9.4
Depreciation	(5)	-10 164	-4.7	-9 537	-3.8
Amortization	(6)	-347	-0.2	-343	-0.1
Operating profit (EBIT)		8 851	4.1	14 901	5.9
Financial income	(24)	4 703	2.2	3 774	1.5
Financial expenses	(24)	-7 158	-3.3	-6 814	-2.7
Profit before tax (EBT)		6 396	3.0	11 861	4.7
Income tax	(11)	-2 224	-1.1	-3 447	-1.4
Net profit		4 172	1.9	8 414	3.3
Earnings per share (CHF)					
- basic and diluted	(19)	1.44		2.90	

CONSOLIDATED CASH FLOW STATEMENT

in CHF 1 000	Notes	2020	2019
Profit before tax		6 396	11 861
Depreciation	(5)	9 965	9 511
Impairment	(5) / (6)	199	48
Amortization	(6)	347	321
Interest income	(24)	-32	-81
Interest expenses	(24)	852	1 055
Increase / (decrease) in provisions		814	11
Other (income) / expense that do not affect the fund		-117	256
Subtotal before working capital changes		18 424	22 982
(Increase) / decrease in inventories		-313	7 296
Decrease/(increase) in trade accounts receivable		3 931	4 190
Decrease/(increase) in other current assets		463	2 670
(Decrease)/increase in trade accounts payable		-4 146	-3 152
(Decrease)/increase in other current liabilities		-1 698	-1 438
(Increase) / decrease in working capital		-1 763	9 566
Income tax paid		-2 129	-3 047
Interest paid		-758	-973
Interest received		2	9
Net cash from operating activities		13 776	28 537
Purchase of property, plant and equipment		-6 638	-14 395
Proceeds from sale of property, plant and equipment		25	34
Purchase of intangible assets	(6)	-11	-516
Net cash used in investing activities		-6 624	-14 877
(Purchase)/proceeds from sale of treasury shares		-216	-127
Payment to shareholders from capital contribution reserves		-4 339	-2 898
Payment of finance lease liabilities		-	-36
Proceeds from borrowings		12 306	3 714
Repayment of borrowings		-4 671	-10 033
Net cash from/(used in) financing activities		3 080	-9 380
Currency translation effects		-757	-463
Net increase/(decrease) in cash and cash equivalents		9 475	3 817
Cash and cash equivalents at the beginning of the period	(9)	33 660	29 843
Cash and cash equivalents at the end of the period	(9)	43 135	33 660

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF 1 000	Share capital	Share premium	Treasury shares	Retained earnings	Translation reserve	Equity attributable to Cicor shareholders	Total equity
Balance at 1 January 2019	29 022	111 440	-172	-63 778	-1 375	75 137	75 137
Net profit				8 414		8 414	8 414
Share-based payments				242		242	242
Purchase of treasury shares			-127			-127	-127
Dividend / capital contribution paid to shareholders		-2 898				-2 898	-2 898
Translation adjustment					-1 963	-1 963	-1 963
Balance at 31 December 2019	29 022	108 542	-299	-55 122	-3 338	78 805	78 805
Balance at 1 January 2020	29 022	108 542	-299	-55 122	-3 338	78 805	78 805
Net profit				4 172		4 172	4 172
Share-based payments		-309	509	86		286	286
Purchase of treasury shares			-216			-216	-216
Dividend / capital contribution paid to shareholders		-4 339				-4 339	-4 339
Translation adjustment					-2 374	-2 374	-2 374
Balance at 31 December 2020	29 022	103 894	-6	-50 864	-5 712	76 334	76 334

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

Cicor Technologies Ltd., Boudry, is a public company, the shares of which are traded on the Swiss Stock Exchange (SIX).

Cicor Group offers a seamless production and service chain for electronic components and systems – from development and engineering to large-scale manufacturing, after-sales service and product life cycle management. Mainly active in Europe, the USA and Asia, Cicor's main competences are:

- manufacture of PCBs and HDIs – rigid, rigid-flexible and flexible
- hybrid manufacturing (thin/thick film, RF boards)
- quick-turn prototypes, small, medium and large series
- microelectronics assembly (SMD, wire bonding, flip chip, etc.)
- printed electronics
- outsourcing services for the manufacture of electronic modules, component groups and complete electronic products (EMS: Electronic Engineering and Manufacturing Services)

2 BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements of the Cicor Group are based on uniform accounting and valuation principles applicable to all subsidiaries of the Group. The consolidated financial statements have been prepared in accordance with Swiss GAAP FER (GAAP = Generally Accepted Accounting Principles / FER = Fachempfehlungen zur Rechnungslegung) and the requirements of the Swiss Code of Obligations.

The consolidated financial statements of Cicor Group for the year ended 31 December 2020 were authorized for issue on 10 March 2021 and are subject to approval at the Shareholders' Meeting of 15 April 2021.

Basis of measurement

The consolidated financial statements have been prepared on an accrual basis under the historical cost convention except for derivative financial instruments which are measured at fair value.

Presentation currency

The consolidated financial statements are presented in Swiss francs (CHF).

2.2 SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of consolidation

The consolidated financial statements comprise the financial statements of Cicor Technologies Ltd. and all subsidiaries which the parent company, directly or indirectly, controls either by holding more than 50 % of the voting rights or by otherwise having the power to govern their operating and financial policies. These subsidiaries are fully consolidated. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. A list of all subsidiaries is disclosed in note 3. Cicor does not hold any subsidiaries, investments, assets or liabilities which are not fully consolidated within the financial statements of the Cicor Group.

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. Non-controlling interests in equity and profit are shown separately. Changes in the Group's interest that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group. Intercompany balances, transactions and profits are eliminated on consolidation.

Purchase method

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The consideration paid plus directly attributable transaction costs for each acquisition are eliminated at the date of acquisition against the fair value of the net assets acquired, determined based on uniform accounting policies. Any excess of the consideration transferred over the net assets acquired is recognized as goodwill. Goodwill is amortized over five years.

Foreign currency conversion

Transactions in foreign currencies are converted at the rate of exchange as of the transaction date. Gains and losses from foreign currency transactions and from converting year-end foreign currency balances are recognized in the income statement.

Foreign exchange differences on long-term loans to foreign operations with equity characteristics, where a repayment is neither likely nor planned, are recognized in equity.

The financial statements of subsidiaries that report in foreign currencies are translated into Swiss francs as follows:

- balance sheet items: at year-end exchange rates,
- income statement and cash flow statement items: at average exchange rates for the year,
- equity is translated at historical rates.

The translation differences resulting from the conversion of financial statements denominated in foreign currencies are directly charged to equity. At the date of sale of a foreign subsidiary, the respective cumulative foreign currency translation differences are recognized in profit or loss.

Foreign exchange rates		2020	2019
Closing	EUR	1.0845	1.0875
	USD	0.8829	0.9710
	RON	0.2226	0.2272
	SGD	0.6667	0.7197
	CNY	0.1353	0.1392
Average	EUR	1.0702	1.1128
	USD	0.9391	0.9938
	RON	0.2213	0.2345
	SGD	0.6807	0.7282
	CNY	0.1361	0.1440

Segment information

Segment information presented is based on the internal reporting regularly provided to the Board of Directors. This reporting includes discrete financial information for the two divisions AMS and ES which were identified as the two segments of the Group.

Property, plant and equipment

Items of property, plant and equipment are individually measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:

Land*	
Buildings	25–50 years
Improvements	max. 10 years
Machinery	3–10 years
Furniture	5–15 years
Equipment	3–10 years
Vehicles	4 years

* Land is not depreciated as it is deemed to have an indefinite life.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure is capitalized if the market value or the value in use or the useful life of the respective item of property, plant and equipment has increased substantially.

Goodwill

Goodwill represents the excess of the consideration transferred over the Group's interest in the net of the identifiable assets acquired and the liabilities assumed measured at fair value. Subsequently, goodwill is measured at cost less accumulated amortization and accumulated impairment losses. Goodwill is amortized over five years, in justified cases over twenty years at the most.

Other intangible assets

Other intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is computed on a straight-line basis over the estimated useful life of the asset (normally five years, in justified cases twenty years at the most).

Impairment of assets

Property, plant and equipment as well as intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized in profit or loss when the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount of an asset or a group of assets is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows from continuing use of an asset or a group of assets that are largely independent of cash flows of other assets are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The relevant cash flows are based on the most recent business plans of these cash-generating units (period of three years) and the assumptions therein concerning development of prices, markets and market shares. Assets for which an impairment loss was recognized are reviewed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount. The reversal is limited to the amount that would have been determined, net of depreciation or amortization, if no impairment had been recognized. Such reversal is recognized in profit or loss. Impairment losses on goodwill are not reversed.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Leasing agreements

Fixed assets acquired under leasing contracts where both the risks and rewards of ownership are substantially transferred to Cicor, are classified as finance leases. Such assets are recorded at the lower of the estimated net present value of future lease payments and the estimated fair value of the asset at the inception of the lease. Assets under finance leases are fully amortized over the shorter of the lease term and its useful life. The corresponding lease obligations, excluding finance charges, are included in either short- or long-term financial debt. Lease installments are divided into an interest and a redemption component.

Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Inventories

Inventories are valued at the lower of purchase or manufacturing costs and fair value less cost to sell. Costs for raw material are measured according to the weighted average cost method. Cost of work in progress and finished goods include materials, related manufacturing labor and related overheads. Concerning work in progress, estimated losses correspond to the negative difference between the fair value less costs to sell and the estimated costs until finalization of work in progress.

Trade accounts receivable

Trade accounts receivable are measured at nominal value less necessary allowances for bad debts. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade accounts receivables. The main components of this allowance are a specific loss component that relates to individually significant exposure and a collective loss component established for groups of assets with similar risk characteristics in respect of losses that have been incurred, but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar receivables.

Cash and cash equivalents

Cash and cash equivalents are stated at amortized costs and include cash on hand, postal and bank accounts at sight and time deposits with maturities at the balance sheet date of 90 days or less.

Bank borrowings, trade and other liabilities

Non-derivative financial liabilities are initially recognized at fair value less any attributable transaction costs and are subsequently measured at amortized cost.

Provisions

Provisions are recognized when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that resources are needed to extinguish the obligation;
- the amount of the obligation can be estimated in a reliable way.

A provision is recognized for expected warranty claims on products based on past experience of the level of repairs and returns.

Government grants

Government grants are recognized as income over the periods matching the related costs, which they are intended to compensate on a systematic basis. Government grants are only recognized when there is reasonable assurance that the company will comply with the conditions attached to them and that the grants will be received.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income taxes are accrued based on taxable income of the current year. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date. Deferred income tax assets and liabilities are recognized for all temporary differences between the tax and accounting bases of assets and liabilities at the reporting date using the liability method.

Deferred income taxes are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

Deferred tax assets arising from tax loss carryforwards and deductible temporary differences are capitalized only if it is probable that they can be used to be offset against future taxable profits.

Derivative financial instruments

Derivative financial instruments for hedging purposes of balance sheet items are stated at fair value upon conclusion of the contract and are shown under other accounts receivables respectively other current liabilities. Consequently, the derivative financial instruments are valued at market value at each end of period whereas non-realized gains and losses are recognized in the financial result. The market values of the derivative financial instruments are derived from the market prices at the end of the period.

To hedge currency risks, the Group makes use of foreign exchange forwards.

Pension plans

Cicor maintains several pension plans for employees in Switzerland and Germany. A liability is recognized if a pension plan has an underfunding and there is an economic obligation for Cicor to pay additional contribution. The assessment of whether there is an obligation is made using the recognition criteria for provisions. For Swiss plans, the measurement of the liability is based on the financial statements of the pension plan prepared in accordance with FER 26 and for German plans, this is based on an actuarial calculation. An asset arising from an economic benefit relating to an overfunding is not recognized. Employer contribution reserves are always recognized as an asset.

Changes in the economic obligation, the employer contribution reserves and the contributions incurred for the period are recognized in personnel costs in the income statement.

Earnings per share

Basic earnings per share are calculated by dividing net profit excluding non-controlling interests by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share include all potentially dilutive effects.

Treasury shares

When share capital is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized net of any tax effects as a deduction from capital reserves. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently the resulting gain or loss on the transaction is recognized in capital reserves.

Share-based payments

The grant date fair value of Performance Share Awards (PSAs) granted to employees is recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service condition is expected to be met. The grant date fair value is measured to reflect non-market conditions and there is no true-up for the differences between expected and actual outcomes.

Revenue recognition

Revenue from the sale of products comprises all revenues that are derived from sales of products to third parties after deduction of price rebates and value-added tax. Revenues from the sale of products are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the products.

Revenues from engineering and consulting services are recognized in the accounting period in which the services are rendered. Bad debt losses are included in net sales.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognized only when a future benefit is expected, costs can be measured reliably, the asset is controlled by the organization and the resources needed to complete the asset are/will be made available. Additionally, the Group has to demonstrate the technical feasibility, the availability of resources and its intention of completing the project so that it will be available for use or sale.

Capitalized development cost is measured at cost less accumulated amortization and accumulated impairment losses.

3 SCOPE OF CONSOLIDATION

in local currency 1 000	Currency	2020 Nominal share capital	Participation in %	2019 Nominal share capital	Participation in %
Cicorel SA, Boudry/Switzerland* Engineering/Production/Sales/Distribution	CHF	8 000	100	8 000	100
Reinhardt Microtech AG, Wangs/Switzerland* Engineering/Production/Sales/Distribution	CHF	1 800	100	1 800	100
Reinhardt Microtech GmbH, Ulm/Germany Engineering/Production/Sales/Distribution	EUR	500	100	500	100
RHe Microsystems GmbH, Radeberg/Germany* Engineering/Production/Sales/Distribution	EUR	216	100	216	100
Electronicparc Holding AG, Bronschhofen (Wil)/Switzerland* Holding/Finance	CHF	23 271	100	23 271	100
Swisstronics Contract Manufacturing AG, Bronschhofen (Wil)/Switzerland Engineering/Production/Sales/Distribution	CHF	3 000	100	3 000	100
Systronics SRL, Arad/Romania Production/Sales	RON	5 145	100	5 145	100
Systel Italia SRL, Milano/Italy Sales/Distribution	EUR	10	100	10	100
ESG Holding Pte Ltd., Singapore* Holding/Finance	SGD	1 896	100	1 896	100
Cicor Asia Pte Ltd., Singapore Sales/Distribution	SGD	2 000	100	1 000	100
Cicor Ecotool Pte Ltd., Singapore Engineering/Production	SGD	n/a	n/a	1 000	100
PT Cicor Panatec, Batam/Indonesia Production	USD	300	100	300	100
Brant Rock Enterprises Corporation, British Virgin Islands Holding/Finance	USD	10	100	10	100
Cicor Anam Ltd., Anam/Vietnam Production	USD	1 500	100	1 500	100
Suzhou Cicor Technology Co. Ltd., China Production	CNY	39 432	100	39 432	100
Cicor Americas Inc., USA* Sales/Distribution	USD	10	100	10	100
Cicor Management AG, Bronschhofen (Wil)/Switzerland* Management Services	CHF	250	100	250	100

* Directly held subsidiaries of Cicor Technologies Ltd.

4 SEGMENT REPORTING

2020 in CHF 1 000	AMS Division 2020	ES Division 2020	Total reportable segments 2020	Corporate and eliminations 2020	Consolidated 2020
Income statement					
Net Sales to external customers	52 317	162 574	214 891	–	214 891
Intersegment sales	204	481	685	–685	–
Segment result before depreciation and amortization (EBITDA)	7 352	13 621	20 973	–1 611	19 362
Segment result (EBIT)	2 795	7 677	10 472	–1 621	8 851
Balance sheet					
	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020
Intangible segment assets	–	917	917	3	920
Other than intangible segment assets	54 722	115 873	170 595	10 535	181 130
Segment assets	54 722	116 790	171 512	10 538	182 050
Segment liabilities	34 152	71 304	105 456	260	105 716
Other segment information					
	2020	2020	2020	2020	2020
Depreciation and amortization	4 557	5 944	10 501	10	10 511
Capital expenditures for property, plant and equipment	2 347	2 725	5 072	–	5 072
2019 in CHF 1 000					
	AMS Division 2019	ES Division 2019	Total reportable segments 2019	Corporate and eliminations 2019	Consolidated 2019
Income statement					
Net Sales to external customers	61 223	192 686	253 909	–	253 909
Intersegment sales	121	22	143	–143	–
Segment result before depreciation and amortization (EBITDA)	10 362	15 681	26 043	–1 262	24 781
Segment result (EBIT)	6 171	10 003	16 174	–1 273	14 901
Balance sheet					
	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019
Intangible segment assets	125	1 187	1 312	13	1 325
Other than intangible segment assets	57 466	121 994	179 460	4 161	183 621
Segment assets	57 591	123 181	180 772	4 174	184 946
Segment liabilities	53 604	80 948	134 552	–28 411	106 141
Other segment information					
	2019	2019	2019	2019	2019
Depreciation and amortization	4 191	5 678	9 869	11	9 880
Capital expenditures for property, plant and equipment	5 166	8 798	13 964	–	13 964

Cicor defines its reportable segments based on the internal reporting to its Board of Directors. They base their strategic and operational decisions on these monthly distributed reports, which include the aggregated financial data for the Group and for the divisions. The two divisions, AMS and ES, have been identified as the two reportable segments. The AMS Division supplies printed circuit boards and thin- and thick-film coating technologies as well as a wide range of microelectronic manufacturing capabilities to

different industries whereas the ES Division provides electronic manufacturing services from product development to volume production and after-sales service.

For internal reporting and therefore the segment reporting, the applied principles of accounting and valuation are the same as in the consolidated financial statements. Intersegment sales are recognized at arm's length.

in CHF 1 000	2020	2019
Reconciliation of total reportable segment result		
Total reportable segment result (EBIT)	10 472	16 174
Other corporate expenses	-1 621	-1 273
Financial income	4 703	3 774
Financial expenses	-7 158	-6 814
Consolidated profit before tax	6 396	11 861

Other corporate expenses contain stewardship costs and costs related to the listing at the Swiss Stock Exchange (SIX).

Entity-wide information

in CHF 1 000	31.12.2020	%	31.12.2019	%
Sales by export region				
Switzerland	65 587	30.5	71 968	28.3
Europe (without Switzerland)	99 620	46.4	119 156	46.9
Asia	35 894	16.7	44 701	17.6
America	11 891	5.5	16 665	6.6
Other	1 899	0.9	1 419	0.6
Total	214 891	100.0	253 909	100.0
Sales by industry				
Aerospace & defence	18 824	8.8	22 684	8.9
Communication	4 258	2.0	2 450	1.0
Industrial	93 971	43.7	114 762	45.2
Medical	60 635	28.2	61 493	24.2
Automotive & transport	19 117	8.9	24 498	9.6
Watches & consumer	17 542	8.2	25 621	10.1
Other	544	0.2	2 401	1.0
Total	214 891	100.0	253 909	100.0
Sales by production region				
Switzerland	89 139	41.5	91 517	36.0
Europe (without Switzerland)	79 528	37.0	105 934	41.7
Asia	46 224	21.5	56 458	22.3
Total	214 891	100.0	253 909	100.0

Major customers

Cicor Group's biggest customer contributes less than 6 % (2019: less than 6 %) to the Group's consolidated sales. In 2020, about 40 % (2019: about 37 %) of total Group's net sales can be attributed to the Group's top ten clients.

5 PROPERTY, PLANT AND EQUIPMENT

2020 in CHF 1 000	Land and buildings	Machinery	Furniture and equipment	Other equipment	Assets under construction	Total
Acquisition costs						
Balance at 1 January 2020	38 447	94 352	8 602	1 135	2 797	145 333
Additions ¹⁾	506	3 120	923	176	347	5 072
Disposals	–	–1 155	–245	–2	–	–1 402
Reclassifications	553	1 989	93	45	–2 680	–
Translation adjustment	–664	–1 775	–119	–24	–70	–2 652
Balance at 31 December 2020	38 842	96 531	9 254	1 330	394	146 351
Accumulated depreciation						
Balance at 1 January 2020	–17 509	–65 803	–6 371	–723	–	–90 406
Depreciation	–2 125	–6 750	–966	–124	–	–9 965
Impairment	–	–198	–1	–	–	–199
Disposals	–	1 155	243	2	–	1 400
Reclassification	–3	–14	53	–36	–	–
Translation adjustment	331	1 149	103	13	–	1 596
Balance at 31 December 2020	–19 306	–70 461	–6 939	–868	–	–97 574
Net book value						
1 January 2020	20 938	28 549	2 231	412	2 797	54 927
31 December 2020	19 536	26 070	2 315	462	394	48 777
Thereof net book value of assets under financial lease	–	–	–	–	–	–
Net book value of pledged assets	–	–	–	–	–	1 586
Addition of assets under financial lease	–	–	–	–	–	–

¹⁾ Of the additions in fixed assets, CHF 0.4 million have not been paid as at 31 December 2020.

In 2020, Cicor invested CHF 3.1 million in machinery. The most significant investments were undertaken in Bronschhofen, Wangs, Batam, Arad and Boudry. The biggest investment thereof was the laser trimmer in Wangs. The Assets under construction are equipment whose installation has not yet been completed.

2019 in CHF 1 000	Land and buildings	Machinery	Furniture and equipment	Other equipment	Assets under construction	Total
Acquisition costs						
Balance at 1 January 2019	38 702	93 785	8 464	1 077	628	142 656
Additions	831	9 481	773	148	2 731	13 964
Disposals	-93	-7 798	-492	-59	-	-8 442
Reclassifications	28	484	11	-	-523	-
Translation adjustment	-1 021	-1 600	-154	-31	-39	-2 845
Balance at 31 December 2019	38 447	94 352	8 602	1 135	2 797	145 333
Accumulated depreciation						
Balance at 1 January 2019	-15 571	-68 202	-6 135	-680	-	-90 588
Depreciation	-2 211	-6 339	-831	-130	-	-9 511
Impairment	-	-26	-	-	-	-26
Disposals	93	7 763	489	59	-	8 404
Reclassification	-	-	-	-	-	-
Translation adjustment	180	1 001	106	28	-	1 315
Balance at 31 December 2019	-17 509	-65 803	-6 371	-723	-	-90 406
Net book value						
1 January 2019	23 131	25 583	2 329	397	628	52 068
31 December 2019	20 938	28 549	2 231	412	2 797	54 927
Thereof net book value of assets under financial lease	-	-	-	-	-	-
Net book value of pledged assets						2 313
Addition of assets under financial lease						-

* Of the additions in fixed assets, CHF 2.0 million have not been paid as at 31 December 2019.

In 2019, Cicor invested CHF 9.5 million in machinery. The most significant investments were undertaken in Boudry, Bronschhofen, Arad, Wangs, Singapore and Batam. The biggest investment thereof was the new surface coating line installed in Boudry. The Assets under construction are machines whose installation has not yet been completed. The biggest investment under construction is the new spray painting line being installed in Indonesia which is currently in qualification phase.

6 INTANGIBLE ASSETS

2020 in CHF 1 000	Goodwill	Brand	Technology	Clients	Other	Total
Acquisition costs						
Balance at 1 January 2020	96 179	6 711	7 421	3 176	2 956	116 443
Additions	-	-	-	-	11	11
Disposal	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Translation adjustment	-43	-	-2	-	-96	-141
Balance at 31 December 2020	96 136	6 711	7 419	3 176	2 871	116 313
Accumulated depreciation						
Balance at 1 January 2020	-96 179	-6 711	-7 296	-3 176	-1 756	-115 118
Amortization	-	-	-123	-	-224	-347
Impairment	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Translation adjustment	43	-	-	-	29	72
Balance at 31 December 2020	-96 136	-6 711	-7 419	-3 176	-1 951	-115 393
Net book value						
1 January 2020	-	-	125	-	1 200	1 325
31 December 2020	-	-	-	-	920	920
2019 in CHF 1 000						
Acquisition costs						
Balance at 1 January 2019	96 186	6 711	7 454	3 176	2 507	116 034
Additions	-	-	-	-	516	516
Disposal	-	-	-	-	-2	-2
Reclassification	-	-	-	-	-	-
Translation adjustment	-7	-	-33	-	-65	-105
Balance at 31 December 2019	96 179	6 711	7 421	3 176	2 956	116 443
Accumulated depreciation						
Balance at 1 January 2019	-96 186	-6 711	-7 194	-3 176	-1 568	-114 835
Amortization	-	-	-129	-	-192	-321
Impairment	-	-	-	-	-22	-22
Disposal	-	-	-	-	2	2
Translation adjustment	7	-	27	-	24	58
Balance at 31 December 2019	-96 179	-6 711	-7 296	-3 176	-1 756	-115 118
Net book value						
1 January 2019	-	-	260	-	939	1 199
31 December 2019	-	-	125	-	1 200	1 325

7 INVENTORIES

in CHF 1 000	31.12.2020	31.12.2019
Net value of raw materials	26 252	24 978
Net value of work in progress	14 819	14 737
Net value of finished goods	8 804	10 917
Total inventories	49 875	50 632
(Decrease)/Increase in inventory allowance	-326	-2 599

8 TRADE ACCOUNTS RECEIVABLE AND OTHER ACCOUNTS RECEIVABLE

in CHF 1 000	31.12.2020	31.12.2019
Trade accounts receivable	31 185	36 950
Allowance for bad debts	-506	-506
Total trade accounts receivable	30 679	36 444

Ageing of trade accounts receivable

in CHF 1 000	31.12.2020 Gross	31.12.2020 Allowance	31.12.2019 Gross	31.12.2019 Allowance
Not yet due	25 449	-	27 379	-
Overdue 0-45 days	4 558	-	7 893	-
Overdue 46-90 days	185	-1	567	-11
Overdue 91-180 days	409	-43	612	-79
Overdue 181-360 days	225	-103	330	-254
Overdue more than 360 days	359	-359	169	-162
Total trade accounts receivable	31 185	-506	36 950	-506

Movement in the allowance for impairment for trade accounts receivable

in CHF 1 000	2020	2019
Individual allowance		
Balance as of 1 January	473	416
Allowance increase	287	208
Utilization / consumption	-257	-63
Reversal of allowance	-45	-88
Balance as of 31 December	458	473
Collective allowance		
Balance as of 1 January	33	160
Change in allowance	15	-127
Balance as of 31 December	48	33

Other accounts receivable

in CHF 1 000	31.12.2020	31.12.2019
Receivables on bullion dealers' accounts	169	268
Value-added taxes	501	403
Other	3 850	3 338
Total other accounts receivable	4 520	4 009

9 CASH AND CASH EQUIVALENTS

in CHF 1 000	31.12.2020	31.12.2019
Bank accounts	43 135	33 660
Total cash and cash equivalents	43 135	33 660

Cicor Technologies' banking partners are first-rate Swiss, German, English and Romanian banks. Cash earns interests at floating rates of -0.75 % (CHF), -0.5 % (EUR), and 0.00 % (USD).

10 PROVISIONS

2020 in CHF 1 000	Warranties	Other	Total provisions	Deferred taxes	Total provisions and deferred taxes
Balance at 1 January 2020	2 989	2 894	5 883	385	6 268
Additional provisions	1 439	1 221	2 660	2	2 662
Unused amounts reversed	-625	-171	-796	-83	-879
Amount used	-264	-786	-1 050	-	-1 050
Reclassification	-	-	-	-	-
Translation adjustments	-35	-13	-48	-	-48
Balance at 31 December 2020	3 504	3 145	6 649	304	6 953
thereof short-term provisions	1 644	1 534	3 178	-	-
thereof long-term provisions	1 860	1 611	3 471	-	-
2019 in CHF 1 000	Warranties	Other	Total provisions	Deferred taxes	Total provisions and deferred taxes
Balance at 1 January 2019	2 846	3 543	6 389	584	6 973
Additional provisions	1 212	1 277	2 489	-	2 489
Unused amounts reversed	-290	-263	-553	-199	-752
Amount used	-711	-1 214	-1 925	-	-1 925
Reclassification	-	-413	-413	-	-413
Translation adjustments	-68	-36	-104	-	-104
Balance at 31 December 2019	2 989	2 894	5 883	385	6 268
thereof short-term provisions	1 501	1 198	2 699	-	-
thereof long-term provisions	1 488	1 696	3 184	-	-

Warranty provisions are recognized for warranty claims on products sold. The additional provisions in 2020 were based on several smaller cases.

As per 31 December, other provisions consist mainly of jubilee benefits (2020: TCHF 840, 2019: TCHF 903), rebuilding costs (2020: TCHF 454, 2019: TCHF 434) and a provision regarding the renovation of a building (2020: TCHF 450, 2019: TCHF 0).

11 TAXES

Major components of tax expense

in CHF 1 000	2020	2019
Current income taxes	2 605	2 942
Income tax for prior years	-151	60
Deferred tax	-230	445
Total tax expense	2 224	3 447

Deferred tax assets and liabilities

in CHF 1 000	31.12.2020 Assets	31.12.2020 Liabilities	31.12.2019 Assets	31.12.2019 Liabilities
Deferred taxes on intangible assets	1	-	4	37
Deferred taxes on property, plant and equipment	80	29	68	113
Deferred taxes on inventory	699	119	649	103
Deferred taxes on other assets	70	238	97	214
Deferred taxes on accruals	230	38	221	88
Deferred taxes on other liabilities	441	99	331	55
Total	1 521	523	1 370	610
Deferred taxes on loss carried forward	1 711	-	1 805	-
Offset of assets and liabilities	-219	-219	-225	-225
Total deferred tax assets and liabilities	3 013	304	2 950	385
Balance at 1 January	2 950	385	3 657	584
Change of temporary differences recognized in the income statement	157	-81	-106	-199
Change in tax loss carried forward recognized in the income statement	-94	-	-601	-
Balance at 31 December	3 013	304	2 950	385

The Group average tax rate for the calculation of the deferred income taxes is 16.9% (2019: 16.9%).

Reconciliation of current income taxes and deferred taxes

in CHF 1 000	2020	2019
Profit before tax	6 396	11 861
Weighted average income tax in %	24.8%	21.6%
Expected income tax expense/(income)	1 586	2 562
Current year losses for which no deferred tax asset is recognized	219	344
Recognition of tax assets on previously unrecognized tax losses	-249	-188
Derecognition of tax assets on previously recognized tax losses	640	180
Effect of tax rate changes compared to prior period	-	106
Effect of non-deductible expenses	267	412
Adjustments for current tax of prior periods	-151	64
Other adjustments	-88	-33
Effective income taxes	2 224	3 447
Effective income taxes in % of profit before tax	34.8%	29.1%

Tax loss carried forward for which no deferred tax assets have been capitalized

in CHF 1 000	31.12.2020	31.12.2019
Tax loss carried forward expiring within 1 year	309	1 053
Tax loss carried forward expiring in 1 year	–	318
Tax loss carried forward expiring in 2 years	1 980	–
Tax loss carried forward expiring in 3 years	–	1 825
Tax loss carried forward expiring in 4 or more years	5 662	1 731

Since the Group operates in various tax jurisdictions, its average expected tax rate is calculated as a weighted average of the tax rates in these jurisdictions. This rate changes from year to year due to changes in the mix of the Group's taxable income and changes in local tax rates.

Tax losses carried forward are capitalized where the possibility of using them is high. In 2020, an additional deferred tax asset of TCHF 546 has been capitalized. The potential income statement effect of tax loss carried forward for which no deferred tax assets have been capitalized is CHF 1.4 million.

12 FINANCIAL LIABILITIES

Long-term financial liabilities

in CHF 1 000	31.12.2020	31.12.2019
Financial leases	5	–
Borrowings, long-term	53 431	46 898
Total long-term financial liabilities	53 436	46 898

Short-term financial liabilities

in CHF 1 000	31.12.2020	31.12.2019
Bank borrowings, short-term	1 308	1 305
Short-term portion of long-term borrowings	2 000	2 144
Financial leases	8	–
Total short-term financial liabilities	3 316	3 449

Maturity of financial liabilities

in CHF 1 000	31.12.2020	31.12.2019
Within 1 year	3 316	3 449
Within 2 to 5 years	53 436	46 898
Over 5 years	–	–
Total financial debts	56 752	50 347

Repayments of financial liabilities

2020	Interest rate	2021*	2022*	2023*	2024*	2025*	2026 and after*
CHF 69.5 million revolving credit line	0.9 %	2 000	53 431	–	–	–	–
EUR 5.0 million revolving credit line	1.0 %	–	–	–	–	–	–
EUR 1.9 million revolving credit line	1.4 %	1 308	–	–	–	–	–
Leasing	n.a.	8	5	–	–	–	–
Total		3 316	53 436	–	–	–	–

2019	Interest rate	2020*	2021*	2022*	2023*	2024*	2025 and after*
CHF 71.5 million revolving credit line	1.3 %	2 000	2 000	42 294	–	–	–
EUR 5.0 million revolving credit line	1.0 %	–	–	2 599	–	–	–
EUR 2.0 million revolving credit line	1.4 %	1 449	5	–	–	–	–
Total		3 449	2 005	44 893	–	–	–

* in CHF 1000

On 30 June 2017, the Group signed a new syndicated bank loan agreement on a total line of CHF 75 million plus an allowance of an external basket of CHF 10 million valid for four years, beginning on 5 July 2017, with two extension options of one additional year each, therefore running for a maximum term of six years. On 25 May 2018, the Group made use of the first extension option, prolonging this very syndicated bank loan to 30 June 2022. Up to 31.12.2020 the total line of the syndicated bank loan has been reduced to CHF 69.5 million.

The covenants are net debt / EBITDA ratio of a maximum of 2.75 times at year-end and 3.00 times during the year and a minimum equity ratio of 35 %. EBITDA is calculated before restructuring costs, possible acquisitions can be added pro forma. The interest bases on LIBOR added by a variable margin depending on the net debt / EBITDA ratio. The respective bank covenants were fulfilled at all reporting dates.

The current CHF 69.5 million revolving credit line, which was divided into CHF 62 million cash and CHF 7.5 million for guarantees, was utilized by CHF 55.5 million cash at a variable interest rate of 0.92 % on average and for guarantees of CHF 3.3 million bearing commission charges of 0.2 %.

In addition to the syndicated loan, the Group has revolving loans of EUR 6.9 million utilized with EUR 1.2 million at an average variable interest rate of 1.40 %.

Collateral assets of CHF 1.6 million were pledged. The shares of the following companies are in deposit with the lead bank, pledged as collateral for the syndicated credit line: Cicorel SA, Electronicparc Holding AG, Swisstronics Contract Manufacturing AG, Reinhardt Microtech AG and RHe Microsystems GmbH.

13 LIABILITIES FOR POST-EMPLOYMENT BENEFITS

Cicor maintains several pension plans for employees in Switzerland and Germany. Pension expenses totaled TCHF 2 095 (2019: TCHF 2 075). German pension funds are not legally independent in contrast to Swiss pension funds. Companies therefore need to recognize a provision according to the German Commercial Code. RHe Microsystems GmbH and Reinhardt Microtech GmbH did so by recognizing TCHF 954 resp. TCHF 978 as liability.

The majority of Cicor's insured employees are covered for the risk of old age, death and disability within a collective pension scheme which is administrating pension plans of various unrelated employers. The plan is an independent pension fund.

The standard retirement age is 65. Employees qualify for early retirement on their 58th birthday at the earliest. Furthermore, the employees may choose to take their entire pension or part thereof in the form of capital payment. For retirements at the age of 65, the conversion rate is 6.8 % for the compulsory part and 6.0 % for the supplementary part. This rate is relevant to determine the pension payment in relation to the accumulated savings. These savings result from employee and employer contributions which are paid into the individual savings account of each individually insured person as well as the interest accruing on the accumulated savings.

It is a collective multiemployer pension fund organized as a foundation under Swiss law. The most senior governing body of the foundation is the Board of Trustees that consists of an equal number of employers' and employees' representatives. The people entrusted with the management of the pension fund and its assets are subject to the charter of the Swiss Pension Fund Association ASIP. All processes are audited by the internal auditors and the independent external auditors as well as the investment controller. And, finally, the supervisory authority, the Zentralschweizer BVG- und Stiftungsaufsicht (ZBSA), audits the management of the pension fund and the assets in collaboration with the auditors.

The projected funding ratio as per 30 September 2020 is 108.43 %. Whenever there is a legal obligation to cover an underfunding, this has to be remedied by various measures such as increasing employee and employer contributions, lowering the interest rate on retirement account balances, reducing prospective benefits and a suspension of the early withdrawal facility.

in CHF 1 000	Surplus/ deficit	Economical part of the organization		Change to prior year period or recognized in the current result of the period, respectively	Contribu- tions concerning the business period	Pension benefit expenses within personnel expenses	
		31.12.2020	31.12.2020			31.12.2019	2020
Pension institutions without surplus / deficit	n/a	n/a	–	n/a	n/a	n/a	1 562
Pension institutions with surplus ¹⁾	–	–	–	–	2 096	2 096	499
Pension institutions without own assets	–	1 932	1 880	52	–53	–1	14
Total	–	1 932	1 880	52	2 043	2 095	2 075

¹⁾ The surplus of the collective pension fund attributable to Cicor cannot be determined.

14 OTHER CURRENT LIABILITIES AND ACCRUALS

in CHF 1 000	31.12.2020	31.12.2019
Value-added taxes	366	553
Other current liabilities	1 005	602
Other accounts payable	6 325	8 251
Total other current liabilities	7 696	9 406
Accrued personnel expenses	5 749	6 939
Other accrued expenses	3 629	2 713
Total accruals	9 378	9 652
Total other current liabilities and accruals	17 074	19 058

Other current liabilities and accrued expenses are non-interest-bearing financial liabilities. Other accounts payable also contain payables for social security.

15 LEASE COMMITMENTS

Operating leasing

in CHF 1 000	31.12.2020	31.12.2019
Within 1 year	3 922	4 006
From over 1 year to under 5 years	10 865	11 519
Due in 5 years or later	12 918	11 546
Total operating leasing	27 705	27 071

Operating leasing commitments stem mostly from mid- to long-term lease obligations for production and office premises. The leases have varying terms and renewal rights.

For financial leasings, please refer to note 12.

16 CONTINGENT LIABILITIES

There are no contingent liabilities for Cicor Group companies as at 31 December 2020.

17 ISSUED CAPITAL

Capital structure

in CHF 1 000	
Share capital at 1 January 2019	29 022
Share capital at 31 December 2019	29 022
Share capital at 31 December 2020	29 022
2 902 092 registered shares of CHF 10	

Ordinary share capital

There was no increase in ordinary share capital in 2020 and 2019. Cicor Technologies Ltd. is a holding company established under Swiss law. According to the provisions of law governing the appropriation of retained earnings by holding companies, the share capital and appropriations to the general legal reserve to the extent of 20 % of share capital as well as the reserve for treasury shares may not be distributed.

Dividend

Any dividend distribution must be proposed by the Board of Directors and approved by the Annual Shareholders' Meeting. At the Shareholders' Meeting on 16 April 2020, the shareholders decided a withholding tax-free distribution of CHF 1.50 per share (totalling MCHF 4.3) from the capital contribution reserve. At the Annual Shareholders' Meeting on 15 April 2021, the Board of Directors will propose a withholding tax-free distribution of CHF 1.00 per share (totalling MCHF 2.90) from the capital contribution reserve.

Authorized capital

At the Shareholders' Meeting on 16 April 2020, the shareholders decided to renew the authorization of the Board of Directors to increase the share capital by a maximum of 600 000 fully paid-in shares at a nominal value of CHF 10 until 16 April 2022.

Conditional capital

At the Shareholders' Meeting of 13 May 2009, the shareholders decided to increase the conditional share capital up to 200 000 fully paid-in registered shares with a total nominal value up to CHF 2 000 000 for the exercise of stock option rights granted to officers and other key employees.

At the Shareholders' Meeting of 13 May 2009, the shareholders decided to create additional conditional share capital of up to 500 000 fully paid-in registered shares with a total nominal value of up to CHF 5 000 000 for the exercise of conversion rights granted to holders of convertible debt securities to be issued by the company. Such conversion rights would have to be exercised within five years of the issuance of such convertible debt securities.

18 TREASURY SHARES

	Number of shares	in CHF 1 000
Balance as per 1 January 2019	3 000	172
Balance as per 31 December 2019	5 500	299
Purchase of own shares	4 000	216
Share-based payments	-9 384	-509
Balance as per 31 December 2020	116	6

19 EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

	2020	2019
Net profit attributable to Cicor shareholders in CHF 1 000	4 172	8 414
Weighted average number of ordinary shares outstanding	2 898 785	2 897 738
Basic and diluted earnings per share in CHF	1.44	2.90

20 LONG-TERM INCENTIVE PLAN (LTI-PLAN)

Cicor Technologies Ltd. has issued LTI-Plans during the financial years 2018-2020.

	LTI-Plan 2020–2022	LTI-Plan 2019–2021	LTI-Plan 2018–2020
Initial Value of Total Shareholder Return (TSR)	CHF 61.73	CHF 41.42	CHF 74.07
Target Value Total Plan Participants (excl. Social Security costs)	TCHF 320	TCHF 305	TCHF 305
Number of Plan Participants (Group Management and others)	10	9	9
Volume-weighted average price (VWAP)	CHF 32.94	CHF 55.27	CHF 68.64
Number of Performance Share Awards (PSA) Total Plan Participants	9 712	5 515	4 447
Maximum payout	200 %	200 %	200 %
Assignment of non-binding Entitlements (grant date)	1 May 2020	1 May 2019	1 May 2018
Allocation of PSA (vesting date)	1 May 2023	1 May 2022	1 May 2021

Plan participants of the LTI-Plan 2020–2022 are entitled to Cicor Technologies Ltd. shares in dependence on the relative increase of Total Shareholder Return (TSR) of the Cicor Technologies Ltd. share compared to peer companies over a period of three years (1 January 2020 to 31 December 2022).

The initial value for the measurement of the TSR is CHF 61.73 and corresponds to the Volume Weighted Average Price (VWAP) of the first 30 days of the first plan year (1 January 2020 - 31 January 2020). The assignment of the performance share awards (PSA) of the plan to the plan participants took place on 1 May 2020 (grant date). The definitive allocation of the PSAs will take place on 1 May 2023 (vesting date). The LTI-Plan is bound to a service condition of three years (1 May 2020 - 1 May 2023). The PSAs lapse if plan participants leave the company before 1 May 2023. Upon termination of the employment relationship between the plan participant and Cicor during the vesting period due to death, disability or retirement of the plan participant, all the PSAs allocated to the plan participant remain valid.

The Annual Shareholders' Meeting on 16 April 2020 approved a target value for the LTI-Plan 2020–2022 of TCHF 200 for the Group Management. This amount does not include any social security expenses. The performance of the LTI-Plan was estimated at grant date to be at 100 %, leading to a total potential compensation of TCHF 320 for all plan participants at vesting date.

The VWAP of the Cicor Technologies Ltd. share of the first ten trading days after publication of the 2019 year-end results (12 March 2020–25 March 2020) amounted to CHF 32.94. This leads to a total of PSAs of 9 712 (target value for each plan participant divided by the VWAP of CHF 32.94).

in CHF 1 000	2020	2019
Recognized through Income Statement LTI-Plan 2017–2019	21	64
Recognized through Income Statement LTI-Plan 2018–2020	98	107
Recognized through Income Statement LTI-Plan 2019–2021	98	71
Recognized through Income Statement LTI-Plan 2020–2022	69	n/a

21 PERSONNEL COSTS

in CHF 1 000	2020	2019
Wages and salaries	53 613	58 062
Social security costs	6 760	7 397
Other personnel costs	3 177	4 194
Total	63 550	69 653

22 EMPLOYEES

	2020	2019
Number of employees (FTE)		
Production	1 719	1 851
Sales and marketing	67	69
Administration	115	116
Total	1 901	2 036

23 OTHER OPERATING EXPENSES

in CHF 1 000	2020	2019
Facility costs	8 052	8 691
Maintenance costs	3 618	3 578
Other production costs	5 243	6 564
Sales and marketing costs	861	1 424
Administration costs	3 560	3 642
Total	21 334	23 899

24 FINANCIAL INCOME AND EXPENSES

in CHF 1 000	2020	2019
Income		
Interest income	32	81
Foreign exchange gains	4 671	3 693
Total	4 703	3 774
Expense		
Interest expense	852	1 055
Other financial expenses	318	307
Foreign exchange losses	5 988	5 452
Total	7 158	6 814

25 RELATED-PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Cicor Technologies Ltd., Boudry, and the subsidiaries listed in note 3.

The governing and supervisory bodies of Cicor Technologies Ltd. are the only other related parties.

As per 31 December 2020, HEB Swiss Investment AG, the main shareholder, holds 29.35 % of total shares outstanding. Other principal shareholders are presented in the notes of the financial statements of Cicor Technologies Ltd.

Compensation of key management personnel of the Group

The remuneration of the Board of Directors and the Management also include the remuneration recorded at subsidiaries. Detailed information concerning compensation is published within the Remuneration Report on pages 31/32.

26 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- market risk
- liquidity risk

This note presents information about the Group's exposure to each of the above risks. Further quantitative disclosures are included throughout these consolidated statements. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The following paragraphs give an overview of the extent of the above mentioned risks.

Credit risk

The credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligation. The assets mainly exposing the Group to a credit risk are: cash, cash equivalents and trade accounts receivable. The Group minimizes credit risk arising on cash and cash equivalents by investing in funds of high credit-rated banks. These investments generally have a maturity of less than three months.

The Group's exposure to credit risk arising from trade receivables is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, have less of an influence on credit risk. The danger of risk concentration is generally minimized by the large number of customer credit balances, as no single customer accounts for more than 6 % of consolidated sales 2020 (2019: no single customer accounted for more than 6 % of consolidated sales).

The carrying value of financial assets reflects the maximum credit risk and is presented in the table below:

in CHF 1000	2020	2019
Cash and cash equivalents	43 135	33 660
Trade receivables	30 679	36 444
Other accounts receivable	3 363	2 779
Other current assets	487	559
Total	77 664	73 442

Every operational unit has a credit policy under which each new customer is analyzed individually for creditworthiness. Purchase limits are established for each customer which represent the maximum open amount possible. Customer lists are reviewed in a monthly meeting with the Group Management. On a quarterly basis, the allowances made according to the Group's rules laid down in the financial manual are closely monitored.

Market risk

The market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of risk management is to manage and control market risk exposures within acceptable limits.

Currency risk

The Cicor Technologies Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective currencies of Group entities. The currencies in which these transactions are primarily denominated are Swiss francs (CHF), euros (EUR), Singapore dollars (SGD) and US dollars (USD). These risks are mostly offset by cash flows from financial assets or liabilities resulting from opposite operational transactions (natural hedge). As of 31 December 2020, the following foreign exchange forwards for the hedging of currency risks on Group loans with a remaining period of up to 18 months are outstanding:

in CHF 1000	Assets		Liabilities		Purpose
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	
Foreign exchange forwards	433	506	–	–	Hedging
Total	433	506	–	–	

Interest rate risk

The interest rate risk is the risk that there is a change in market value or future cash flow of a financial instrument if there is a change in interest rate.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest-bearing financial debts. The Group's policy is to manage its interest cost using a mix of fixed and variable debt. For the syndicated bank loan, the interest rate was reduced in 2020 from an average of 1.27 % to an average of 0.92 %. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments is presented in note 12.

Liquidity risk

The liquidity risk is the risk that Cicor Technologies Ltd. cannot meet its financial obligations when they are due.

A syndicated loan of CHF 69.5 million (utilized as per 31 December 2020: CHF 55.5 million) is available to secure short- to long-term financing requirements (see note 12). Compliance with the financial covenants defined in the syndicated loan is a central element of the Group's financial risk management. The respective bank covenants were fulfilled at all reporting dates. The short-term liquidity risk is reduced by the cash flow generated by operations, the trend of which is monitored continuously.

The following table shows the contractual cash flows of financial liabilities including interest payments as of 31 December:

2020 in CHF 1 000	Carrying amount	Contractual cash flow	2021 contractual cash flow	2022 contractual cash flow	2023 contractual cash flow	2024 contractual cash flow	2025 and after contractual cash flow
Financial liabilities	56 752	57 574	3 823	53 751	–	–	–
Trade payables	22 556	22 556	22 556	–	–	–	–
Other current liabilities and accruals	17 157	17 157	17 157	–	–	–	–
Total	96 465	97 287	43 536	53 751	–	–	–

2019 in CHF 1 000	Carrying amount	Contractual cash flow	2020 contractual cash flow	2021 contractual cash flow	2022 contractual cash flow	2023 contractual cash flow	2024 and after contractual cash flow
Financial liabilities	50 347	52 042	4 067	2 590	45 385	–	–
Trade payables	28 065	28 065	28 065	–	–	–	–
Other current liabilities and accruals	19 029	19 029	19 029	–	–	–	–
Total	97 441	99 136	51 161	2 590	45 385	–	–

The net carrying amount of financial assets and liabilities is a reasonable approximation of the fair value. No significant deviations between the net carrying amount and the fair value were noted.

Financial liability is measured using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating the interest expense over the relevant period.

27 RESEARCH AND DEVELOPMENT

Cicor Group does not have any costs for research activities, but on average spends about 7 % to 8 % of sales as development costs.

28 SUBSEQUENT EVENTS

No events took place between 31 December 2020 and 10 March 2021 that would require an adjustment to the amounts recognized in these consolidated financial statements.



Statutory Auditor's Report

To the General Meeting of Cicor Technologies Ltd., Boudry

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cicor Technologies Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 38 to 64) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority



VALUATION OF INVENTORY ALLOWANCES

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



VALUATION OF INVENTORY ALLOWANCES

Key Audit Matter

As per 31 December 2020, the Group had inventory balances, including work-in-progress (WIP) balances, of CHF 49.9 million. The Group's business model drives a variety and complexity of products, mainly electronic components, devices and systems. Management has to apply judgment in assessing the level of allowance required to account for slow-moving, excess or obsolete inventory items.

Our response

Our procedures included, amongst others, the following:

- Obtaining an understanding of the Group's process for determining inventory allowances and, for specific significant entities, testing the effectiveness of key controls that mitigate the risk of over- or under-statement of the inventory allowances;
- Challenging the appropriateness of the Group's methodologies and assumptions based on our understanding of the individual businesses within the Group, taking into account the nature of their



Inventory allowances are determined using methodologies that the Group deems appropriate to the respective business.

The level of judgment involved in assessing whether an allowance should be recognized and how it should be measured, coupled with the fact that allowance movements impact operating profit/loss, results in inventory allowances being a key area that our audit was concentrated on.

inventories, information on inventory turnover and consumption rates in the past as well as expected future usage, and evidence gained from observing physical inventory counts;

- Testing the mathematical accuracy of the calculation of the inventory allowances on a random sample basis; and
- Assessing on a sample basis the recoverability of inventory through comparison of net realizable values to cost, considering where applicable the expected cost to complete. This also involved tracing recognized cost amounts back to source documents.

For further information on the valuation of inventory allowances refer to the following:

- Note 2.2 to the consolidated financial statements (significant accounting principles, inventories, page 44)
- Note 7 to the consolidated financial statements (inventories, page 51)

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a



material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

KPMG AG

Kurt Stocker
Licensed Audit Expert
Auditor in Charge

David Grass
Licensed Audit Expert

St. Gallen, 10 March 2021

KPMG AG, Bogenstrasse 7, PO Box 1142, CH- St. Gallen

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FINANCIAL STATEMENTS OF THE CICOR TECHNOLOGIES LTD.

BALANCE SHEET

in CHF 1 000	31.12.2020	31.12.2019
Assets		
Cash and cash equivalents	22 413	17 418
Other current receivables		
– Third party	496	115
– Subsidiaries	6 910	3 473
Short-term loans to Group companies	1 909	1 871
Accruals	601	264
Current assets	32 329	23 141
Financial assets third party	–	425
Long-term loans to Subsidiaries	45 852	50 942
Long-term loans to Subsidiaries subordinated	–	18 000
Investments	67 236	83 236
Non-current assets	113 088	152 603
Total assets	145 417	175 744
Liabilities and shareholders' equity		
Financial liabilities		
– Subsidiaries	13 208	14 109
– Third parties	2 000	2 000
Other liabilities		
– Subsidiaries	–	3
– Third parties	28	–
Accrued expenses	350	861
Current liabilities	15 586	16 973
Non-current interest bearing liabilities		
– Third parties	53 500	44 500
Non-current liabilities	53 500	44 500
Ordinary share capital	29 021	29 021
Legal capital reserve		
– General reserve	1 467	1 467
– Capital contribution reserves	99 085	103 424
– Share premium	917	1 073
Voluntary retained earnings		
– Loss brought forward	–20 415	–20 952
– Net (loss) / profit of the year	–33 738	537
Treasury shares	–6	–299
Shareholders' equity	76 331	114 271
Total liabilities and shareholders' equity	145 417	175 744

INCOME STATEMENT

in CHF 1 000	2020	2019
Income		
Financial income	3 082	3 133
Interest received from Group companies	999	1 349
Interest received from third parties	–	3
Total income	4 081	4 485
Expenses		
Financial expense	2 270	2 460
Administrative expense	1 464	1 487
Impairment	34 000	–
Tax	85	1
Total expenses	37 819	3 948
Net (loss)/profit of the year	–33 738	537

NOTES TO THE FINANCIAL STATEMENTS OF THE CICOR TECHNOLOGIES LTD.

1 PRINCIPLES

General aspects

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Non-current assets

Non-current assets include long-term loans and investments. Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealized losses are recorded, but unrealized profits are not recognized. Investments are valued at their acquisition cost adjusted for impairment losses, if any.

Treasury shares

Treasury shares are recognized at historical costs and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the equity.

Long-term interest-bearing liabilities

Interest-bearing liabilities are recognized in the balance sheet at nominal value. Issue costs for financial debts are capitalized and amortized on a straight-line method over the financial debt maturity period.

Foregoing a cash flow statement and additional disclosures in the notes

As Cicor Technologies Ltd. has prepared its consolidated financial statements in accordance with a recognized accounting standard (Swiss GAAP FER), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law.

Derivative financial instruments

Derivative financial instruments for hedging purposes of balance sheet items are stated at fair value upon conclusion of the contract and are shown under other current receivables and financial assets 3rd respectively financial liabilities. Consequently, the derivative financial instruments are valued at market value at each end of period whereas non-realized gains and losses are recognized in the financial result. The market values of the derivative financial instruments are derived from the market prices at the end of the period. To hedge currency risks, the Group makes use of foreign exchange forwards.

2 INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

Loans to subsidiaries

Loans in the amount of TCHF 22 450 have been granted to our companies in Switzerland, Romania and Asia. Loans in the amount of TEUR 13 960 have been granted to our companies in Germany and Romania. Loans in the amount of TUSD 8 725 have been granted to our companies in Asia. A loan in the amount of TSGD 3 700 has been granted to one of our companies in Asia.

INVESTMENTS

in CHF 1,000, unless otherwise stated	Participation in %	Currency	31.12.2020	31.12.2019
Cicorel SA, Boudry/Switzerland* Engineering/Production/Sales/Distribution	100	CHF	8 000	8 000
Reinhardt Microtech AG, Wangs/Switzerland* Engineering/Production/Sales/Distribution	100	CHF	1 800	1 800
Reinhardt Microtech GmbH, Ulm/Germany Engineering/Production/Sales/Distribution	100	EUR	500	500
RHe Microsystems GmbH, Radeberg/Germany* Engineering/Production/Sales/Distribution	100	EUR	216	216
Electronicparc Holding AG, Bronschhofen (Wil)/Switzerland* Holding/Finance	100	CHF	23 271	23 271
Swisstronics Contract Manufacturing AG, Bronschhofen (Wil)/Switzerland Engineering/Production/Sales/Distribution	100	CHF	3 000	3 000
Systronics SRL, Arad/Romania Production/Sales	100	RON	5 145	5 145
Systel Italia SRL, Milano/Italy Sales/Distribution	100	EUR	10	10
ESG Holding Pte Ltd., Singapore* Holding/Finance	100	SGD	1 896	1 896
Cicor Asia Pte Ltd., Singapore Sales/Distribution	100	SGD	2 000	1 000
Cicor Ecotool Pte Ltd., Singapore Engineering/Production	n/a	SGD	n/a	1 000
PT Cicor Panatec, Batam/Indonesia Production	100	USD	300	300
Brant Rock Enterprises Corporation, British Virgin Islands Holding/Finance	100	USD	10	10
Cicor Anam Ltd., Anam/Vietnam Production	100	USD	1 500	1 500
Suzhou Cicor Technology Co. Ltd., China Production	100	CNY	39 432	39 432
Cicor Americas Inc., USA* Sales/Distribution	100	USD	10	10
Cicor Management AG, Bronschhofen (Wil)/Switzerland* Management Services	100	CHF	250	250

* Directly held subsidiaries

Non-current interest-bearing liabilities

Cicor signed a syndicated bank loan agreement on 30 June 2017 on a total line of CHF 75 million. Up to 31.12.2020 the total line of the syndicated bank loan has been reduced to CHF 69.5 million and was utilized by CHF 55.5 million cash on 31 December 2020 (please refer to page 56 for further information).

Capital structure

	31.12.2020	31.12.2019
Share capital at 31 December		
2 902 092 (2019: 2 902 092) registered shares of CHF 10.–	29 020 920	29 020 920

Issued capital and changes in capital structure

During 2020 and 2019, the company's share capital did not change. Cicor Technologies Ltd. is a holding company established under Swiss law. According to the provisions of law governing the appropriation of retained earnings by holding companies, the share

capital and appropriations to the general legal reserve to the extent of 20 % of share capital as well as the reserve for treasury shares may not be distributed.

Dividend

Any dividend distribution must be proposed by the Board of Directors and approved by the Annual Shareholders' Meeting. At the Shareholders' Meeting on 16 April 2020, the shareholders decided a withholding tax-free distribution of CHF 1.50 per share (totalling MCHF 4.3) from the capital contribution reserve. At the Annual Shareholders' Meeting on 15 April 2021, the Board of Directors will propose a withholding tax-free distribution of CHF 1.00 per share (totalling MCHF 2.90) from the capital contribution reserve. For more information refer to page 59.

Authorized capital

At the Shareholders' Meeting on 16 April 2020, the shareholders decided to renew the authorization of the Board of Directors to increase the share capital by a maximum of 600 000 fully paid-in shares at a nominal value of CHF 10 until 16 April 2022.

Conditional capital

At the Shareholders' Meeting of 13 May 2009, the shareholders decided to increase the conditional share capital up to 200 000 fully paid-in registered shares with a total nominal value up to CHF 2 000 000 for the exercise of stock option rights granted to officers and other key employees under an employee stock option plan. There are currently no stock option plans for members of the Management in place.

At the Shareholders' Meeting of 13 May 2009, the shareholders decided to create additional conditional share capital of up to 500 000 fully paid-in registered shares with a total nominal value of up to CHF 5 000 000 for the exercise of conversion rights granted to holders of convertible debt securities to be issued by the company. Such conversion rights would have to be exercised within five years of the issuance of such convertible debt securities.

Treasury shares

Number of shares	
1 January 2019	3 000
Purchase of own shares	2 500
31 December 2019	5 500
Purchase of own shares	4 000
Share-based payments	-9 384
31 December 2020	116

Financial income

The financial income mainly consists of the dividends of Electronicparc Holding AG (TCHF 400), RHe Microsystems GmbH (TCHF 533) and Reinhardt Microtech AG (TCHF 1 500) and of foreign exchange gains (TCHF 649).

Administrative expense

The administrative expense mainly consists of remuneration to the Board of Directors of TCHF 270 and stewardship costs of TCHF 947 (costs charged by Cicor Management AG, costs for the annual report and Annual Shareholders' Meeting as well as consulting, investor relations and audit costs).

Investment/impairment

The investment in Cicorel SA was increased by TCHF 18 000 due to the fact that the subordinated loan has been converted to equity as of 31.12.2020. The investment in Cicorel SA has then been impaired by TCHF 34 000.

3 OTHER INFORMATION

Full-time equivalents

Cicor Technologies Ltd. does not have any employees.

Collateral provided for liabilities of third parties

For a lease contract between Cicorel and a Swiss insurance company, Cicor Technologies Ltd. grants a guarantee in favor of the said insurance company in the amount of TCHF 7 976, which represents the discounted value of future rental payments.

in CHF 1,000	31.12.2020	31.12.2019
Guarantee in favour of a Swiss insurance company	7 976	3 081

Pledged assets

The shares of the following companies are in deposit with Commerzbank AG and pledged as collateral for the syndicated credit line contracted in 2017: Cicorel SA, Electronicparc Holding AG, Swisstronics Contract Manufacturing AG, Reinhardt Microtech AG and RHe Microsystems GmbH.

Principal shareholders

The following shareholdings correspond to the ones reported according to the regulations of the Swiss Stock Exchange (SIX Swiss Exchange) and updated as in the shares register per year-end.

	31.12.2020 Number of shares	in % ¹⁾	31.12.2019 Number of shares	in % ¹⁾
HEB Swiss Investment AG, Zurich, Switzerland	851 705	29.35	851 705	29.40
LLB (Swiss) Investment AG, Zurich, Switzerland	121 176	4.17	118 676	4.10
Escatec Holdings Ltd., Port Vila, Vanuatu	110 840	3.82	111 194	3.84
FundPartner Solutions (Suisse) SA, Geneva, Switzerland	95 385	3.28	n/a	n/a
Credit Suisse Funds AG, Zurich, Switzerland	94 732	3.26	n/a	n/a

¹⁾ in % of the total outstanding shares

Compensation of Board of Directors and Management 2020

Please refer to pages 31 to 32.

Shareholdings of Board of Directors and Management

in CHF 1 000	2020 Number of shares	2020 Number of options	2019 Number of shares	2019 Number of options
Robert Demuth	5 124	n/a	5 124	n/a
Andreas Dill	1 000	n/a	1 000	n/a
Erich Haefeli	–	n/a	–	n/a
Total current Board members	6 124	–	6 124	–

in CHF 1 000	2020 Number of shares	2020 Number of options	2019 Number of shares	2019 Number of options
Alexander Hagemann	6 892	n/a	1 700	n/a
Patric Schoch	9 403	n/a	4 711	n/a
Total current Management	16 295	–	6 411	–

Shares or options on shares for members of the Board and employees

In 2020 and 2019, no shares or options on shares were allocated to members of the Board or to employees. As of 31 December 2020, there are no active stock option plans.

Significant events after the balance sheet date

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

4. PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

in CHF 1 000	2020
Loss brought forward 1.1.	–20 415
Net loss of the year	–33 738
Loss brought forward 31.12.	–54 153

At the Annual Shareholders' Meeting on 15 April 2021, the Board of Directors will propose a withholding tax-free distribution of CHF 1.00 per share (totalling MCHF 2.90) from the capital contribution reserve.



Statutory Auditor's Report

To the General Meeting of Cicor Technologies Ltd., Boudry

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cicor Technologies Ltd., which comprise the balance sheet as at 31 December 2020, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 68 to 73) for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority



VALUATION OF INVESTMENTS AND LONG-TERM LOANS TO SUBSIDIARIES

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



VALUATION OF INVESTMENTS AND LONG-TERM LOANS TO SUBSIDIARIES

Key Audit Matter

The financial statements of Cicor Technologies Ltd. as per 31 December 2020 include investments in subsidiaries in the amount of CHF 67.2 million and long-term loans to subsidiaries in the amount of CHF 45.9 million.

The company annually reviews investments and long-term loans to subsidiaries for impairment on an individual basis.

In performing the impairment tests, management determined the recoverable amounts using a discounted cash flow model.

Our response

Our audit procedures included, amongst others, evaluating the methodical and mathematical accuracy of the model used for the impairment tests as well as the appropriateness of management's assumptions.

This comprised:

- Retrospectively assessing the accuracy of management's past projections by comparing historical forecasts to actual results;
- Agreeing forecasts used in the impairment tests to current expectations of management and the business plans approved by the Board of Directors; and



The impairment assessment of investments and long-term loans to subsidiaries requires significant management judgment, in particular in relation to the forecast cash flows, future growth rates and the discount rates applied, and is therefore a key area that our audit was concentrated on.

— Challenging the robustness of key assumptions on a sample basis, including forecast cash flows, long-term growth rates and discount rates, based on our understanding of the commercial prospects of the respective investments and comparison with publicly available data.

For further information on valuation of investments and long-term loans to subsidiaries refer to the following:

- Note 1 to the financial statements (non-current assets, page 70)
- Note 2 to the financial statements (long-term loans to subsidiaries, page 70)

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.



We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Kurt Stocker
Licensed Audit Expert
Auditor in Charge

David Grass
Licensed Audit Expert

St. Gallen, 10 March 2021

KPMG AG, Bogenstrasse 7, CH-9001 St. Gallen

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Published by
Cicor Technologies Ltd.

Realization
medienwerkstatt ag, sulgen
www.medienwerkstatt-ag.ch

Photos
Cicor Technologies Ltd.
Regloplas AG

This annual report is published in German and English as a print and online version. The print and online German version are binding.
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