



Record sales and double-digit EBITDA margin - Cicor withstands negative external influences and grows again profitably

Ad hoc announcement pursuant to Art. 53 LR

Bronschhofen, March 2, 2023 - Cicor's (SIX Swiss Exchange: CICN) 2022 reporting year was successful in every respect: strategically, newly acquired companies Axis Electronics and SMT Elektronik were integrated according to plan and two further acquisitions were agreed. Operationally, Cicor has managed well challenges of material shortages, disrupted supply chains and high inflation, while delivering strong growth. This led to record results in order intake, sales and operating margin at the EBITDA and Core EBIT levels. Continued high book-to-bill rate, record high order backlog and acquisitions completed in the first weeks of 2023 lead us to expect continued growth in sales and operating profit also in 2023.

Cicor's sales increased 2022 by 31.0% year-on-year to an all-time high of CHF 313.2 million (2021: CHF 239.0 million), a result of Cicor's ability to withstand negative external influences. In local currencies, sales growth was 35.8%. Adjusted for acquisitions, Cicor's sales also grew at a double-digit rate of 12.0% (15.3% in local currencies). Despite the general economic slowdown, order intake reached a record high of CHF 358.9 million (2021: CHF 286.6 million) and exceeded the previous year by 25.2%. As a result, the book-to-bill ratio remained positive at 1.15, slightly down on the previous year's figure of 1.20.

In the second half of the year, price increases to pass on cost inflation to customers had a positive impact, resulting in a margin acceleration compared to the first half. The operating margin at EBITDA level was therefore in double digits, for the first time since Cicor has engaged in EMS activities, in the reporting year at 10.3% (2021: 9.7%). The EBITDA generated thus amounted to CHF 32.3 million, 39.6% above the previous year's figure of CHF 23.1 million. Depreciation and amortization of fixed assets increased significantly slower than sales due to increased capacity utilization at the sites, which contributed to the 65.1% increase in Core EBIT (before acquisition-related amortization of intangible assets) to CHF 21.4 million (2021: CHF 13.0 million), corresponding to a margin of 6.8% (2021: 5.4%). Core net income (before acquisition-related amortization of intangible assets) increased by 50.1% to CHF 12.3 million (2021: CHF 8.2 million). Core net income growth was slightly lower than Core EBIT growth due to foreign exchange effects, higher interest costs and an increased tax burden.

Despite only slight improvements in the supply shortages of electronic components at the end of the year, Cicor took effective measures to ensure its ability to deliver. This enabled good delivery service allowing to win over new customers that are driving organic growth also in the years to come. While the resulting growth of net working capital from inventory build-up is considered to be temporary only, we expect some time needed to bring inventory levels down to target levels. Overall Cicor recorded a significant negative free cash flow from operating activities - before the purchase price payment for SMT Elektronik as well as the earn-out for Axis Electronics Ltd. - of CHF -21.5 million (2021: CHF 1.2 million). Taking these payments into account, a negative free cash flow of CHF -41.1 Mio. (2021: CHF -43.8 million) resulted.

First Milestones of growth strategy achieved

Axis Electronics Ltd (Bedford, U.K.), consolidated as of November 30, 2021, was successfully integrated and achieved its sales and earnings targets for 2022, its first full year as part of Cicor. The acquisition of Axis Electronics has strengthened Cicor's presence in the European aerospace and defence electronics manufacturing market (one of our strategic target markets), bringing us to a top five position.

SMT Elektronik GmbH (Dresden, Germany), consolidated as of May 1, 2022, was integrated and organizationally merged with the nearby Cicor Company Rhe Microsystems GmbH (Radeberg, Germany). Together with the acquisition of Phoenix Mecano Digital Elektronik GmbH (Wutha-Farnroda, Germany) and Phoenix Mecano Digital Tunisie S.a.r.l. (Borj-Cedria, Tunisia), which are consolidated as of January



1, 2023, Cicor has developed into one of the leading EMS service providers in Germany, Europe's most important electronics market, and has gained an attractive production site in Tunisia.

In December, Cicor announced the acquisition of the thin-film business of AFT microwave GmbH, which was completed on March 1, 2023. This strengthens Cicor's leading position in the European market for miniaturized hybrid circuits.

Germany and the United Kingdom as new main markets

Cicor aims to achieve a leading position in the three target markets of industrial electronics, medical technology and aerospace and defence in Europe. In line with its strategy, Cicor generated 82% of its sales in these markets, another increase over the 80% achieved in 2021. The strongest growth of 131.2% was in aerospace and defence applications, largely due to the acquisition of Axis Electronics. As a result, this market now contributes with 16.7% to sales (2021: 9.5%). Predominantly organic growth in the Medical Technology area was 21.3%, resulting in a 25.0% share of sales (2021: 27.0%). Despite the economic slowdown in the industrial electronics market towards the end of the year, a growth of 21.8% was achieved with a share of total sales of 40.4% (2021: 43.4%).

In the home market of Switzerland, sales have grown organically by 18.0% with the share of sales falling to 24.8% (2021: 27.5%). Thanks to the now strong positioning in Germany and the UK, these countries have become additional main markets of Cicor. Sales in Europe (excluding Switzerland) grew by 51.2% and reached a share of sales of 54.9% (2021: 47.6%). In Americas, organic growth of 20.7% was mainly achieved with medical technology customers, whereas business in Asia contracted slightly by 2.1% as Cicor continues to move away from commoditized consumer-related industries.

EMS Division as a driver of sales and earnings

Cicor has established itself as one of the leading development and production partners for sophisticated electronics in Europe. The clear strategic focus of the Electronic Manufacturing Services (EMS) Division, the acquisitions in Germany and the UK, and the successful organic growth, have all contributed to this.

Profitable organic growth is based on a full pipeline of new business with existing and new customers. The new sales organization introduced in spring 2022 has contributed to a strengthened market focus and leverages the global capabilities of Cicor. To support project implementation, the development capacities for hardware, software and test systems in Bronschhofen (Switzerland) were further strengthened and a development team at the Cicor site in Thuan An City (Vietnam) was established.

In addition, our capabilities along the value chain were further expanded: In Precision Plastics, a new site for the development and manufacturing of precision molds was opened in Singapore, and production capacity for precision components was significantly expanded at the Batam site (Indonesia). A second application laboratory for printed electronics (Aerosol Jet Printing - AJP) is also being set up in Singapore to handle the large number of customer inquiries and projects. Cicor is an innovation leader in the implementation of printed electronics and the realization of several projects is progressing rapidly.

October 1, 2022, we welcomed Marco Kechele, our new Executive Vice President (EVP) Operations, who is member of the executive committee. This newly created role increases our strengths in operational excellence, strategic sourcing and integration of newly acquired businesses. As a result, significant cost synergies will be realized and existing capacities will be optimally utilized. Cicor has a plan to reduce working capital and generate cost benefits by optimizing supply chains and material procurement, which is another core task of the EVP Operations.

Cicor is benefiting from some relocation of essential production volumes from customers out of China to Southeast Asia and Europe. While the Cicor site in Arad (Romania), newly built in 2018, has sufficient spare capacity, a second site in Thuan An City (Vietnam) in close proximity to the existing site was

acquired. This expansion will double our capacity in Vietnam, enabling the planned new product ramp-ups for the year 2023.

The positive business development resulted in a 38.6% increase in divisional sales to CHF 269.6 million (2021: CHF 194.5 million), the EMS Division's share of sales thus increased to 86.1% (2021: 81.4%). That growth was made possible not only by the contribution of the newly acquired companies but also by a careful management of supply chain issues. Although material availability has improved, delivery times, especially for semiconductor components, are still more than one year in some cases and normalization is not expected for another 12 - 18 months.

The operating margin improved, not only because we could pass on cost increases to customers but also due to an improvement in the product mix. Cicor reduced the share of low-margin businesses (for example in the automotive sector) and the share of high-margin businesses grew significantly, thanks to Axis Electronics and the phasing out of lower margin customers in Asia. EBITDA in the reporting year therefore increased by 60.9% to CHF 29.0 million (2021: CHF 18.0 million). The EBITDA margin of 10.7% (2021: 9.2%) positions Cicor as one of the most profitable electronics manufacturers worldwide with a clear strategic focus.

Advanced Substrates (AS) division strengthens market position and technology leadership

Following an outstanding performance in 2021, the thin film business at the Wangs (Switzerland) and Ulm (Germany) sites continued to deliver excellent results slightly below last year. The division expanded its leading position in the European market for miniaturized hybrid circuits by acquiring the thin-film activities of AFT Microwave GmbH, thus offering customers a unique technology portfolio with production in Switzerland and Germany.

Printed Circuit Board (PCB) production in Boudry (Switzerland) has made good progress in transforming its business and implementing the Excellence Program. Shifting the market focus from customers in the watch and automotive industries towards the medical technology sector is progressing. This has resulted in significant synergies and new projects in partnership with other Cicor companies, one of the main growth drivers contributing to future sales. At the end of the year, the business was impacted by postponed orders from individual customers, resulting in a slightly declined sales compared to 2021.

Sales of the AS Division decreased slightly by 1.1% to CHF 44.8 million (2021: CHF 45.3 million). Cost increases for energy and input materials could not be fully passed on to customers, which led to a decline in the EBITDA margin to 14.4% (2021: 17.8%). EBITDA of CHF 6.5 million was thus achieved, 19.8% less than the previous year's figure of CHF 8.1 million.

Solid balance sheet creates flexibility for further growth

As of December 31, 2022, Cicor's total assets had grown to CHF 366.7 million (December 31, 2021: CHF 321.9 million). This increase is mainly due to the acquisition of Axis Electronics Ltd (Bedford, UK) and SMT Elektronik GmbH (Dresden, Germany) as well as the build-up of net working capital to realize growth and increased inventories due to supply shortages of semiconductor components. The goodwill, which originates mainly from the acquisition of Axis Electronics, was amortized rapidly in accordance with the rules of Swiss GAAP FER; goodwill therefore already decreased significantly to CHF 21.8 million as of December 31, 2022 (December 31, 2021: CHF 24.4 million).

After the acquisition of Axis Electronics in 2021 had led to increased net debt and a reduced equity ratio due to the balance sheet expansion, Cicor was able to significantly strengthen its balance sheet by issuing a five-year non-interest-bearing mandatory convertible bond. Cicor received a total of CHF 59.1 million (net of CHF 1.1 million transaction related fees) from two tranches in the year under review. As a result, net debt fell to CHF 44.5 million as of December 31, 2022 (December 31, 2021: CHF 61.1 million) and the leverage ratio (net debt divided by EBITDA) to 1.4 (December 31, 2021: 2.6).



The strong cash position of CHF 75.5 million (31.12.2021: CHF 68.8 million) and the solid equity ratio of 40.6% (31.12.2021: 27.6%) in combination with the low net debt, allow Cicor to continue its strategy of growth in 2023 and beyond.

Waiver of profit distribution

The Board of Directors of Cicor Technologies Ltd. proposes to the Annual General Meeting 2023 to waive the payment of a dividend over 2022. This will give the Company the possibility to allocate its capital in such a way that it can continue on its path of growth via acquisitions.

Changes in the Board of Directors and the Group Management

At the Annual General Meeting of April 12, 2022, Denise Koopmans was elected as a new member of the Board of Directors, succeeding Andreas Dill and Erich Haefeli, who did not stand for re-election. The Board of Directors expresses its sincere thanks to Andreas Dill and Erich Haefeli for their longstanding commitment and sustainable contribution to the development of Cicor Group and welcomes Denise Koopmans as a new Board member. Daniel Frutig, Norma Corio and Konstantin Ryzhkov were reelected.

As mentioned above, October 1, 2022, Marco Kechele joined Cicor's group management in the newly created role of Executive Vice President (EVP) Operations to support Cicor's growth strategy. Marco Kechele joined Cicor from Swiss aerospace company Beyond Gravity. Cicor Group management welcomes Marco and looks forward to the cooperation.

Sustainability in focus

Cicor gives high priority to its sustainability agenda, impacting all levels of the Company. Cicor contributes to a sustainable future for all of us in many ways.

CO2 reduction programs and renewable energy initiatives at production sites are paving the way towards a greener future. For Cicor, social value is as important as environmental KPIs. The Company promotes social responsibility not only for their own employees, but also in relation to partner companies throughout the supply chain. Cicor operates according to the principles of fair business practices and good corporate governance. With the Sustainability Report integrated into the Annual Report, Cicor provides comprehensive information on how it is minimizing environmental impact, promoting employees and productivity, and creating value beyond the business, implementing the latest standards of the Global Reporting Initiative (GRI).

Continued growth expected in 2023 despite challenging environment

Cicor has an order backlog almost equivalent to one year's sales. In addition, the pipeline of new projects remains very well filled. The consolidation of Phoenix Mecano Digital Elektronik and Phoenix Mecano Tunisie from January 1, 2023, and of AFT Microwave's thin-film activities from March 1, 2023 will also lead to an increase in sales and earnings.

If the geopolitical, economic and financial environment does not deteriorate further, Cicor expects growth in sales in 2023 to CHF 350 - 400 million with an operating margin at the EBITDA level that remains robust and comparable to the level achieved in 2022.

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The complete Annual Report 2022 is online available on our website <https://report.cicor.com>

Media and analysts' conference regarding the 2022 financial year

March 02, 2023 at 2 p.m. by Webcast

Registration via our IR website at <https://www.cicor.com/en/investors/overview/>

General Assembly 2023

April 18, 2023 at Cicor Technologies Ltd. in Boudry NE

Key figures 2022

in CHF 1 000	2019	in %	2020	in %	2021	in %	2022	in %
Net sales¹⁾	253 909	100.0	214 891	100.0	239 044	100.0	313 193	100.0
Change to previous year (%)	2.3		-15.4		11.2		31.0	
Change to previous year excl. acquisitions (%)	2.3		-15.4		9.8		12.0	
EBITDA¹⁾	24 781	9.8	19 362	9.0	23 122	9.7	32 274	10.3
Change to previous year (%)	0.6		-21.9		19.4		39.6	
Core EBIT²⁾	14 901	5.9	8 851	4.1	12 963	5.4	21 405	6.8
Operating profit (EBIT)	14 901	5.9	8 851	4.1	12 204	5.1	12 234	3.9
Core net profit²⁾	8 414	3.3	4 172	1.9	8 174	3.4	12 266	3.9
Net profit	8 414	3.3	4 172	1.9	7 482	3.1	3 820	1.2
Core earnings per share (in CHF) ²⁾	2.90		1.44		2.81		3.30	
Earnings per share (in CHF)	2.90		1.44		2.57		1.03	
Number of employees (FTEs as per 31 December)	2 036		1 901		2 181		2 217	

¹⁾ The company Cicor Deutschland GmbH, Dresden, Germany, (former SMT Elektronik GmbH) is included in Cicor as from 1 May 2022. If the acquisition would have been effective as of 1 January 2022, Cicor would have reported pro forma net sales of TCHF 319 262 and pro forma EBITDA of TCHF 32 848 in 2022.

²⁾ Before amortization of capitalized goodwill of TCHF 5 359 (2021: TCHF 420) and intangible assets of TCHF 3 812 (2021: TCHF 339) from acquisitions. Adjusted for related income tax effects of TCHF -725 (2021: TCHF -67) for Core net profit and Core earnings per share.

The Cicor Group is a globally active provider of full-cycle electronic solutions from research and development to manufacturing and supply chain management. Cicor's approximately 2,500 employees at 15 locations (January 1, 2023) are serving leaders from the medical, industrial and aerospace & defence industries. Cicor creates value to its customers through the combination of customer-specific development solutions, high-tech components, as well as electronic device manufacturing. The shares of Cicor Technologies Ltd. are traded at the SIX Swiss Exchange (CICN). For further information, please visit the website www.cicor.com.