

# cicor



Annual Report 2019

# THE CICOR PRODUCTION SITE IN BATAM – INDONESIA

With a population of 265 million, Indonesia is the fourth most populous country in the world and by far the largest economy in Southeast Asia. Economic growth has recently been close to 5.2 percent. The production site for assembly and precision plastic injection molding in Batam was founded in 2000 and employs around 670 people today.

As a globally active outsourcing partner, the Cikor Group is responsible for the development and manufacturing of numerous electronic and plastic components for leading companies. As a reliable partner, Cikor offers development services, high-quality printed circuit boards, printed electronics, electronic manufacturing services, tool design and fabrication, plastic injection molding and box building from one single source. Cikor produces at ten locations worldwide – from the market for the market.



«The Asian sites of Cikor were further strengthened in 2019 through targeted investments and optimizations.»

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 2000 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	2016	in %	2017	in %	2018	in %	2019	in %
<b>Net sales</b>	<b>189 494</b>	100.0	<b>216 728</b>	100.0	<b>248 115</b>	100.0	<b>253 909</b>	100.0
Change compared to previous year (%)	4.9		14.4		14.5		2.3	
<b>EBITDA before restructuring costs <sup>1)</sup></b>	<b>12 612</b>	6.7	<b>19 243</b>	8.9	<b>24 630</b>	9.9	<b>24 781</b>	9.8
Change compared to previous year (%)	4.1		52.6		28.0		0.6	
<b>Operating profit before restructuring costs (EBIT) <sup>2)</sup></b>	<b>4 072</b>	2.1	<b>10 505</b>	4.8	<b>15 234</b>	6.1	<b>14 901</b>	5.9
Restructuring costs	-1 145	-0.6	-	0.0	-	0.0	-	0.0
<b>Operating profit (EBIT)</b>	<b>2 927</b>	1.5	<b>10 505</b>	4.8	<b>15 234</b>	6.1	<b>14 901</b>	5.9
Earnings before taxes (EBT)	1 088	0.6	8 633	4.0	13 043	5.3	11 861	4.7
Income taxes	-830	-0.4	-1 979	-0.9	-3 403	-1.4	-3 447	-1.4
<b>Net profit before restructuring costs <sup>3)</sup></b>	<b>1 403</b>	0.7	<b>6 654</b>	3.1	<b>9 640</b>	3.9	<b>8 414</b>	3.3
<b>Net profit</b>	<b>258</b>	0.1	<b>6 654</b>	3.1	<b>9 640</b>	3.9	<b>8 414</b>	3.3
Earnings per share (in CHF)	0.09		2.29		3.32		2.90	
<b>Number of employees (FTEs at end of period)</b>	<b>1 841</b>		<b>1 924</b>		<b>2 029</b>		<b>2 036</b>	

Division results	2016	in %	2017	in %	2018	in %	2019	in %
<b>AMS Division</b>								
- Net Sales	42 844	100.0	52 972	100.0	62 977	100.0	61 344	100.0
- EBITDA before restructuring	2 583	6.0	8 430	15.9	12 036	19.1	10 362	16.9
<b>ES Division</b>								
- Net Sales	146 650	100.0	163 856	100.0	185 176	100.0	192 708	100.0
- EBITDA before restructuring	11 568	7.9	13 442	8.2	14 868	8.0	15 681	8.1

<sup>1)</sup> EBITDA before restructuring costs: earnings before interest, taxes, depreciation and amortization adjusted by restructuring costs

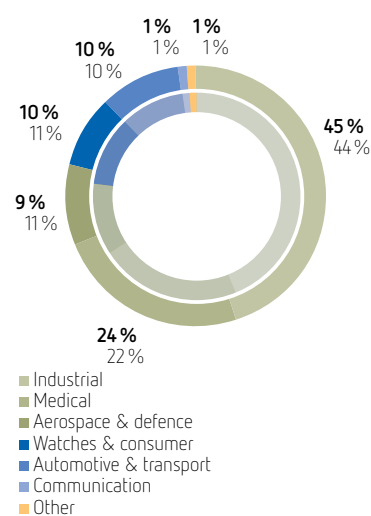
<sup>2)</sup> Operating profit before restructuring costs (EBIT): earnings before interest and taxes adjusted by restructuring costs

<sup>3)</sup> Net profit before restructuring costs: net profit adjusted by restructuring costs

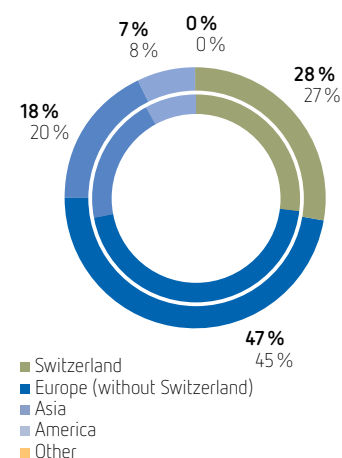
2019 / 2018

## NET SALES

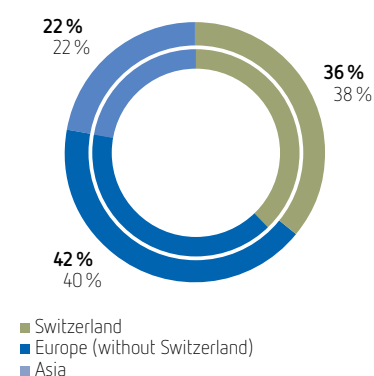
### BY INDUSTRY



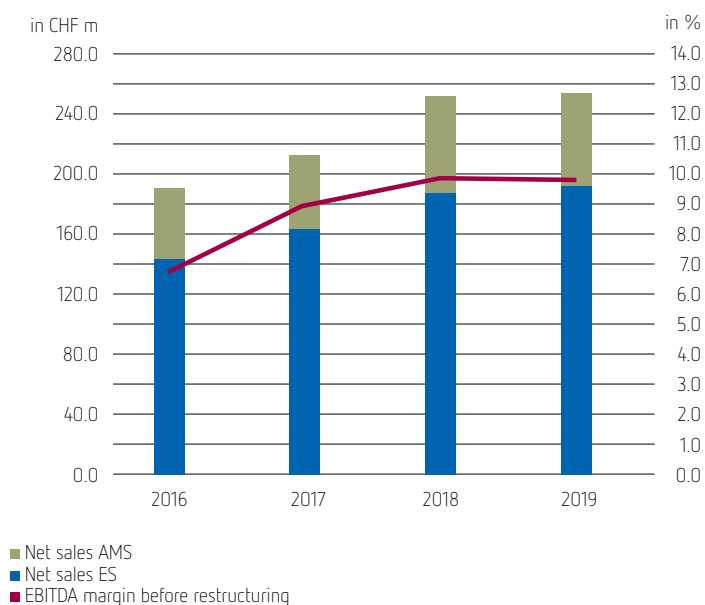
### BY EXPORT REGION



### BY PRODUCTION REGION



## NET SALES BY DIVISION AND EBITDA MARGIN BEFORE RESTRUCTURING



in CHF 1 000 unless otherwise specified	31.12.2016	in %	31.12.2017	in %	31.12.2018	in %	31.12.2019	in %
<b>Non-current assets</b>	<b>49 788</b>	31.9	<b>48 606</b>	28.7	<b>56 924</b>	29.3	<b>59 202</b>	32.0
<b>Current assets</b>	<b>106 527</b>	68.1	<b>120 443</b>	71.3	<b>137 282</b>	70.7	<b>125 744</b>	68.0
<b>Total assets</b>	<b>156 315</b>	100.0	<b>169 049</b>	100.0	<b>194 206</b>	100.0	<b>184 946</b>	100.0
<b>Equity</b>	<b>60 193</b>	38.5	<b>68 692</b>	40.7	<b>75 137</b>	38.7	<b>78 805</b>	42.6
Financial liabilities	48 978	31.3	48 880	28.9	57 823	29.8	50 347	27.2
Cash and cash equivalents	27 441	17.5	29 300	17.3	29 843	15.4	33 660	18.2
<b>Net debt *)</b>	<b>21 537</b>	13.8	<b>19 580</b>	11.6	<b>27 980</b>	14.4	<b>16 687</b>	9.0
<b>Gearing ratio (net debt in % of equity)</b>	<b>35.8</b>		<b>28.5</b>		<b>37.2</b>		<b>21.2</b>	
Inventories	43 860	28.1	51 776	30.6	59 213	30.5	50 632	27.4
Trade receivables	31 916	20.4	34 147	20.2	41 994	21.6	36 444	19.7
Trade payables	-26 909	-17.2	-28 130	-16.6	-32 365	-16.7	-28 065	-15.1
<b>Net working capital</b>	<b>48 867</b>	31.3	<b>57 793</b>	34.2	<b>68 842</b>	35.4	<b>59 011</b>	32.0
in % of sales	25.8		26.7		27.7		23.2	
<b>Additions tangible assets</b>	<b>8 362</b>		<b>8 392</b>		<b>18 831</b>		<b>13 964</b>	
in % of sales	4.4		3.9		7.6		5.5	

\* Net debt: financial liabilities less cash and cash equivalents

## MANAGEMENT REPORT

5

The Cicor Group	6
Letter to the shareholders	8
Cicor Technologies Ltd. shares	12
Agenda, communication	13
The Cicor production site in Batam – Indonesia	14

## CORPORATE GOVERNANCE

17

Group structure and shareholders	18
Capital structure	18
Board of Directors	20
Group Management	23
Compensation, shareholdings and loans	23
Shareholders' rights	24
Changes of control and measures	24
Auditors	25
Information policy	25

## REMUNERATION REPORT

27

Introduction	28
Remuneration system	28
Approval process	30
Remuneration during the year under review	31
Remuneration during the previous year	33
Payments to related parties	34
Loans	34
Report of the statutory auditor	35

## CICOR GROUP

CONSOLIDATED FINANCIAL STATEMENTS	38
Consolidated balance sheet	38
Consolidated income statement	39
Consolidated cash flow statement	40
Consolidated statement of changes in equity	41

NOTES 1–28	42
------------	----

Report of the statutory auditor	65
---------------------------------	----

## CICOR TECHNOLOGIES LTD.

FINANCIAL STATEMENTS	68
Balance sheet	68
Income statement	69

NOTES 1–4	70
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Report of the statutory auditor	74
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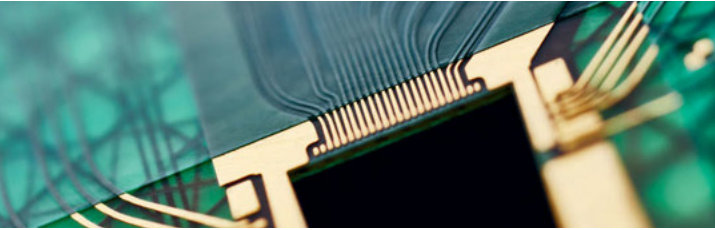


# MANAGEMENT REPORT

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The Cicor Group	6
Letter to the shareholders	8
Cicor Technologies Ltd. shares	12
Agenda, communication	13
The Cicor production site in Batam – Indonesia	14

# PRODUCTS AND SERVICES



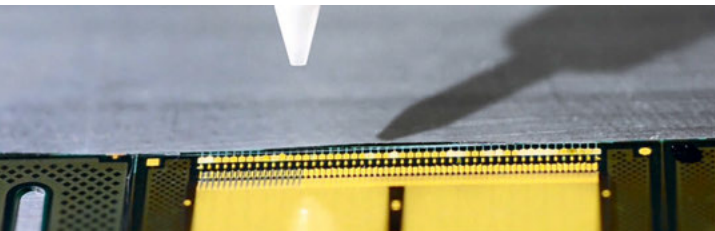
## ■ PRINTED CIRCUIT BOARDS

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 ultra-high 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.

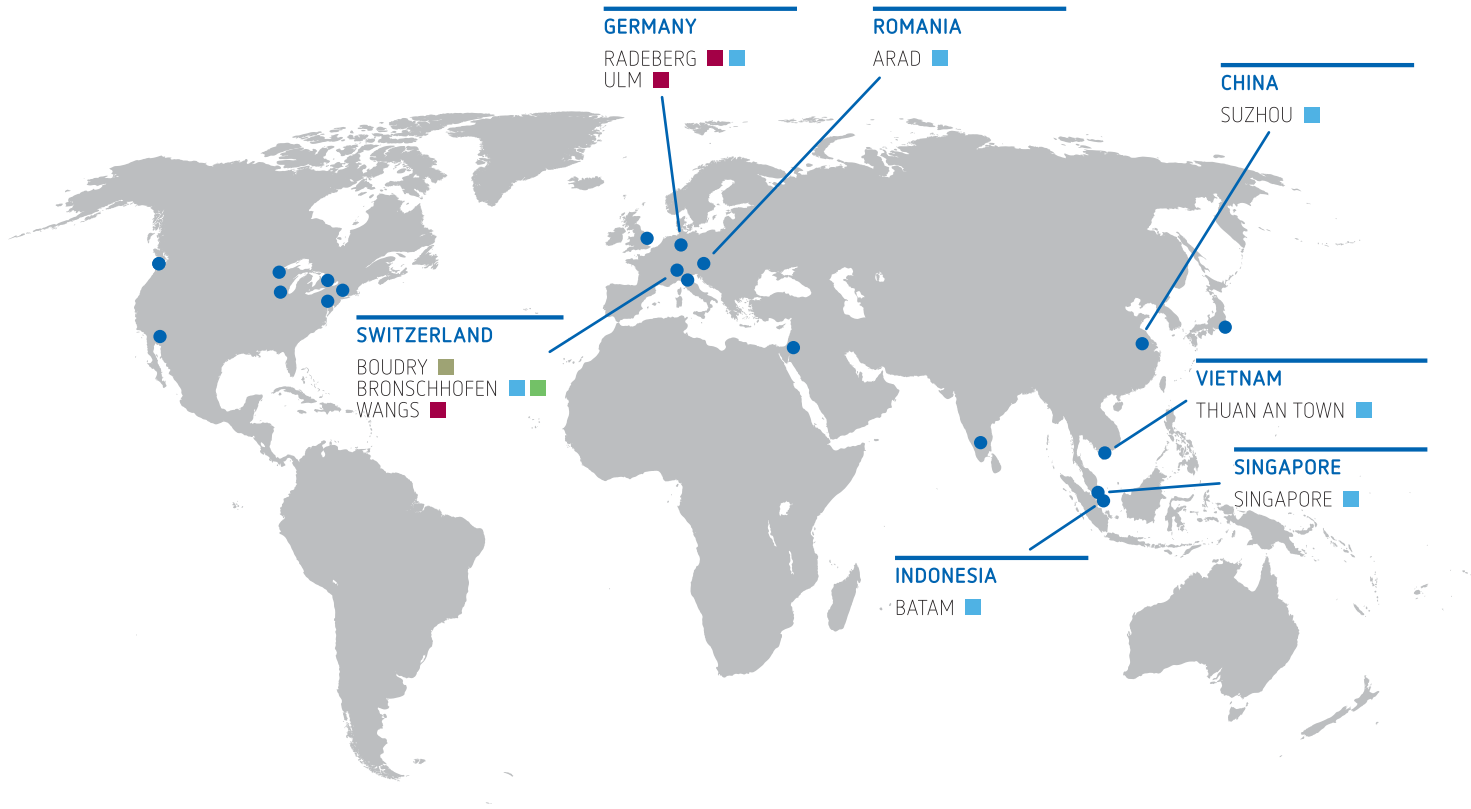


## ■ ELECTRONIC MANUFACTURING SERVICES

The production sites in Bronschhofen (Switzerland), Arad (Romania), Radeberg (Germany), Singapore (Singapore), Suzhou (China), Batam (Indonesia) and Thuan An Town (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
- Printed electronics

«Innovative technology solutions for electronics»

# DEAR SHAREHOLDERS

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The Cicor Group continued to grow in the 2019 reporting year by gaining market share in a difficult economic environment. As a result, the expectations for sales and profitability development were met. Thanks to the significant reduction in net working capital, Cicor generated in 2019 an excellent free cash flow, which allowed a further reduction in net debt. Important milestones were the establishment of the printed electronics application laboratory in Bronschhofen, the commissioning of a new plating line for printed circuit boards in Boudry and the relocation of plastics production from Singapore to Batam (Indonesia). Cicor's strategic focus on demanding applications in medical technology, industrial electronics and aerospace and defence is showing results. A high single-digit number of important new projects will enter into mass production in 2020, which is why Cicor expects to continue to grow faster than the overall market.



In 2019, Cicor's net sales grew to CHF 253.9 million (2018: CHF 248.1 million), a growth of 2.3 percent compared to the previous year. In local currencies, net sales advanced 4.2 percent. Cicor again grew about 5 percentage points faster than the market in an overall declining business environment. 2019 was the third year in a row in which Cicor significantly gained market share. Driven by pull-in effects stemming from the component shortages of 2018 and as a result of the record high order backlog at the beginning of the year, the net sales in the first half-year 2019 was very strong, followed by a slowdown in the second half-year due to the change in the economic environment. The order intake was also affected by pull-in effects due to the component shortages: In order to safeguard deliveries in 2020, customers had placed orders with a volume of approximately CHF 20 million already in 2018. That helps to explain the low order intake in 2019 of CHF 208.9 million (2018: CHF 277.8 million) and the book-to-bill ratio of 0.83: adjusted for the effects of customers placing 2020 orders in 2018 to safeguard delivery in 2020, order intake would have declined by 11.2 percent and the book-to-bill ratio would have been 0.89.

The operating result 2019 was in line with the good results of the previous year and remained almost unchanged: EBITDA has grown slightly to CHF 24.8 million (2018: CHF 24.6 million), representing a margin of 9.8 % (2018: 9.9 %), while EBIT has declined slightly to CHF 14.9 million (2018: CHF 15.2 million), representing a margin of 5.9 % (2018: 6.1 %). In the first semester, negative one-off effects

# «The strategic focus on demanding applications in medical technology, industrial electronics and aerospace and defence is showing results.»

had to be booked in the results due to the introduction of SAP in Asia and the bankruptcy of a long-standing Swiss customer. These one-off effects could be partially offset in the second semester with positive one-off effects from won legal cases.

The net profit declined by 12.7 percent to CHF 8.4 million (2018: CHF 9.6 million), impacted by negative currency effects due to the continued weakening of the Euro against the Swiss franc. Despite significant investments into strategic projects, Cikor achieved a very strong free cash flow of CHF 13.7 million in the financial year 2019 (2018: -CHF 6.6 million) due to the good operating result and the significant reduction in the net working capital.

## GROWTH IN MARKET SHARE THANKS TO TECHNOLOGICAL EXCELLENCE

Cikor is one of the leading electronics manufacturers in Europe and clearly differentiates itself from the competition through its outstanding technological expertise. This makes Cikor particularly interesting for customers with applications that place the highest demands on technology and quality, especially in the markets of industrial electronics, medical technology and aerospace and defence. Despite the expiry of a large-scale project for the Swiss Army, the sales generated in these strategic core markets in 2019 rose slightly above average by 4 percent, representing 78.4 percent of Group sales (2018: 77.1 percent).

As in the previous year, Cikor's sales growth in 2019 was mainly driven by the Swiss and European markets. Sales to the Swiss home market grew above average to 28.3 percent of group sales (2018: 26.8 percent), whereas the rest of Europe grew to a sales share of 46.9 percent (2018: 45.4 percent). Total deliveries to Switzerland and the rest of Europe in 2019 rose by 6.7 percent compared to the previous year. In contrast, the sales contribution from America and Asia fell by 10 percent in 2019, which led to a decline in sales to America to 6.6 percent (2018: 7.9 percent) and to a decline in sales to Asia to 17.6 percent (2018: 19.5 percent). The pipeline of new projects with customers from the USA and Canada suggests that the revenue contribution from this region will grow significantly, but because of the long development times in medical technology, this will materialize in the mid-term.

## UNEVEN PERFORMANCE WITHIN THE AMS DIVISION

While the microelectronics operations showed a positive sales and profit performance in the financial year, printed circuit board production suffered from weak demand of the watchmaking and automotive industries. Compared to the previous year, this resulted in an overall slight decrease in net sales by 2.6 % to CHF 61.3 million (2018: CHF 63.0 million) and a decrease in EBIT of 18.9 percent to CHF 6.2 million (2018: CHF 7.6 million). The EBIT margin declined to 10.1% (2018: 12.1%) and was therefore at the lower end of the EBIT target range of 10% to 12% for the AMS Division.

The technological capabilities of the AMS Division were further strengthened in 2019. An important milestone was the installation of a new plating line for the printed circuit board production. The demands on the miniaturization of printed circuit boards are constantly increasing. Since the launch of DenciTec in 2016, Cikor worked to meet these requirements. In the meantime, printed circuit boards with very small structure sizes are being considered for newly developed medical devices, which Cikor can serve through the introduction of the so-called modified semi-additive process (mSAP).

The microelectronics operations in Switzerland and Germany are developing very well. While Cikor's strong market position in



# «Inventory reduction measures and a good accounts receivable management led to a significant reduction in net working capital by 14 percent or CHF 10 million in 2019.»

thin-film substrates for the aerospace industry has been further strengthened internationally, Cicor's microelectronics assembly business is currently working on several important projects in the medical technology area.

## ES DIVISION WITH GAINS IN MARKET SHARE

The supply situation for electronic components has relaxed during 2019. As many Cicor customers already placed their long-term orders in 2018 due to the component shortages, Cicor started the reporting year with a record-high order backlog. The decline in end customer demand due to the deteriorating economic environment, particularly in industrial electronics, then led to a reduction in inventories along the complete supply chain. In a declining market, the ES Division's net sales rose by a good 4.1 percent to CHF 192.7 million (2018: CHF 185.2 million). This further gain in market share was achieved with existing as well as new customers.

The operating result at EBIT level of CHF 10.0 million was almost unchanged from the previous year (2018: CHF 9.9 million), whilst the EBIT margin fell slightly from 5.4 % to 5.2 %. Negative one-off effects from the introduction of SAP at the Asian locations and the bankruptcy of a long-standing Swiss customer in the first semester were partially offset by positive effects from legal cases won during the second semester.

At the end of 2019, Cicor Asia looks back on the successful completion of the Batam (Indonesia) site expansion, turning it into a competence center for precision plastic injection molding. As part of the project, capacities were relocated from Singapore to Batam, additional capacities were created due to increased demand and tool fabrication was strengthened by investing in high-precision machinery. In addition, a fully automated line for surface coating was installed and put into operation. At the Singapore site, the workforce was reduced accordingly. Cicor now has a best-in-class production facility for high-precision parts, especially for medical technology.

## MILESTONE IN MEDICAL TECHNOLOGY

Thanks to its unique portfolio of services, Cicor was able to win a significant number of new customer projects in medical technology as well as in other demanding applications for customers in Europe and the USA. The majority of these projects will go into mass production in 2020 and 2021 and will then contribute significantly to Group sales. Cicor is thereby consolidating its position as the leading development and production partner for sophisticated electronic solutions in Switzerland.

Cicor was selected as a production partner for a new type of drug delivery system. The order for the approval phase 2020 has already been placed. In 2021, Cicor plans to manufacture the pre-series products with an order volume in the high single-digit million Swiss franc range. In the subsequent high-volume phase, Cicor sees the potential to deliver products from its Asian locations with an annual order volume in the double-digit million Swiss Franc range to the customers.

The project is a milestone in the further development of the Cicor Group: it demonstrates how Cicor, as a technology partner, can solve complex challenges with the combined expertise of engineering, electronics production, precision plastic injection molding and box building. With its technology center in Switzerland and its network of production sites in Europe and Asia, Cicor offers a highly attractive overall package.

## STRONG BALANCE SHEET THROUGH REDUCTION OF WORKING CAPITAL

Net working capital (NWC) was significantly reduced by 14 percent to CHF 59.0 million in 2019 (2018: CHF 68.8 million). This is primarily due to the inventory reduction measures introduced and the good accounts receivable management. As a result, Cikor generated a strong positive free cash flow of CHF 13.7 million (2018: CHF –6.6 million) despite high investments into new processes and equipment. As a result the ratio of net debt to EBITDA was reduced significantly to 0.7 (2018: 1.1) compared to the previous year. Thanks to the achieved reduction in working capital and net debt, the equity ratio of the Cikor Group rose to good 42.6 % in 2019 (2018: 38.7 %).

## INCREASE IN PROFIT DISTRIBUTION PROPOSED

Due to the good results achieved in the financial year 2019, the excellent free cash flow generated, the good balance sheet quality and because of the positive future business prospects, the profit distribution for 2019 shall be increased significantly compared to the previous year, in order to allow the Cikor shareholders to participate in the success via withholding tax-free dividends from existing capital contribution reserves. The Board of Directors will therefore propose to the Annual General Meeting on 16 April 2020 for the financial year 2019 a distribution of CHF 1.50 per share (2018: CHF 1.00 per share) from capital contribution reserves. This represents 52 percent of the Group's net profit for the year. The dividend consists of the regular dividend of CHF 1.00 per share plus an additional CHF 0.50 per share due to the high free cash flow generated in 2019.

## UNCERTAINTY DUE TO THE COVID-19 PANDEMIC – EXCELLENT MID-TERM PROSPECTS

According to the latest findings, the coronavirus pandemic will have a much greater impact on supply chains than originally assumed. Although many companies in China resumed operations in mid-February 2020, they did so with significantly reduced capacity due to a lack of returning personnel. Especially the lack of availabil-

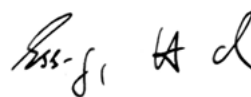
ity of printed circuit boards, which nowadays are mainly produced in China, is leading to production downtimes along the entire value chain. Transportation capacity, not only within China but also to Europe, is also severely affected by the pandemic. As things stand today, it can be assumed that the coronavirus pandemic will also have an impact on Cikor's 2020 results. The exact impact cannot be estimated at the moment.

The major new projects that are ramping up and the catch-up effects from the situation in China indicate significant growth in the second half of 2020, but Cikor overall still expects slightly lower net sales in 2020 compared to 2019.

Cikor offers the right solutions to participate in the growth markets for example new treatment methods in medicine and through miniaturized electronics in general. The trend to diversify supply chains, in particular the shift of production out of China to Southeast Asia ("China plus 1" strategy) and Eastern Europe ("nearshoring") is accelerating. This has already led to a significant growth in new project enquiries as Cikor is very well positioned with locations in Romania, Vietnam and Indonesia. With a full project pipeline, Cikor is expected to continue to grow faster than the market in the future.

Cikor Group's long-term EBIT margin target remains unchanged in the range of 6% to 8 %. Due to the current situation in China and the potential impact on the global economy and on Cikor, it is however impossible to provide an accurate guidance for the expected operating margin in 2020.

On behalf of the Board of Directors and the management of the Cikor Group, we would like to thank everyone who has made a valuable contribution to the success of 2019: our employees for their great commitment, our customers for their loyalty and our shareholders and business partners for their trust.



Heinrich J. Essing  
President of the Board of Directors



Alexander Hagemann  
CEO

# CICOR SHARES

## NUMBER OF SHARES

Number of shares as at 31 December	2015	2016	2017	2018	2019
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	1 500	–	3 000	5 500
Number of outstanding registered shares	2 900 592	2 900 592	2 902 092	2 899 092	2 896 592

## KEY FIGURES PER SHARES

Key figures as at 31 December	2015	2016	2017	2018	2019
Profit/(loss) per share (in CHF)	-1.37	0.09	2.29	3.32	2.90
Equity capital per share (in CHF)	20.61	20.75	23.67	25.90	27.21
Gross dividend (in CHF) *	1 040 613	–	–	2 031 464	2 897 592

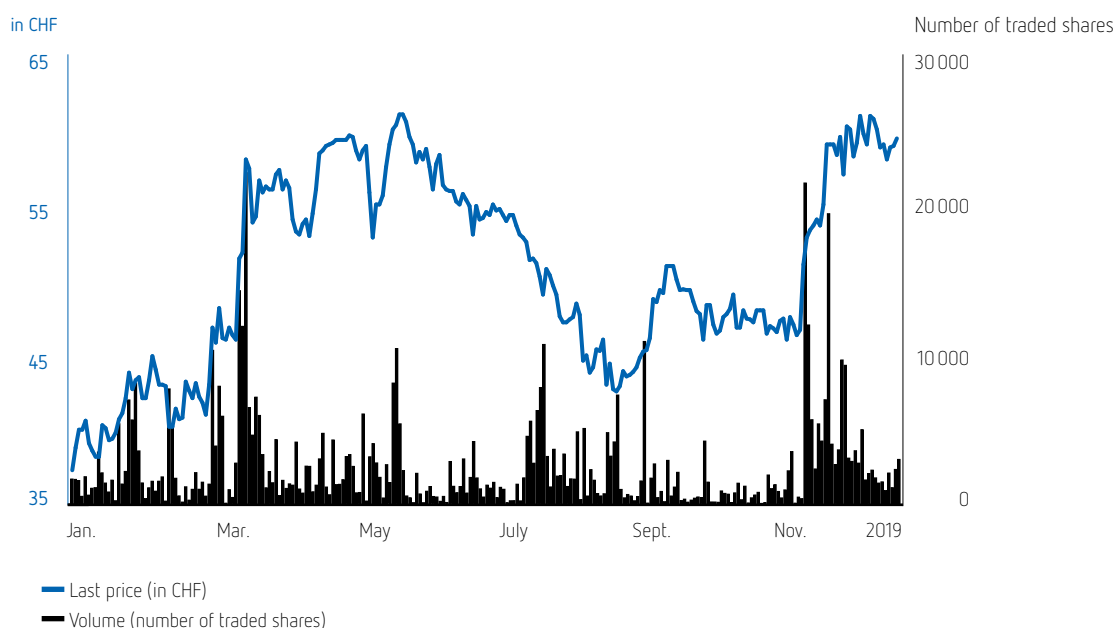
\* Distribution from capital contribution reserves

## SHARE PRICE

Stock market price in CHF per share	2015	2016	2017	2018	2019
High	38.00	30.50	60.50	80.60	61.50
Low	22.65	18.40	27.60	35.40	37.20
Year-end	25.20	27.90	60.50	39.40	59.40
Average number of shares traded per day	2 402	1 383	4 675	4 111	2 481
Market capitalization at year-end (in CHF 1 000)	73 095	80 927	175 577	114 224	172 058

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 2019:

HEB Swiss Investment AG	29.40 %
LLB (Swiss) Investment AG	4.10 %
Escatec Holdings Ltd.	3.84 %
Free float (according to SIX Swiss Exchange)	62.66 %

## OVERVIEW OF SHAREHOLDERS AS PER SHARE REGISTER AS AT 31 DECEMBER 2019

Shares entered in the Register	2 345 519
Shareholders entered in the Register	1 056
Shareholders with 1–1,000 shares	933
Shareholders with 1,001–10,000 shares	99
Shareholders with 10,001 and more shares	24

## 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 2020: 16 April 2020  
Half-Year Report 2020: 13 August 2020  
Annual Report 2020: March 2021

## 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](http://www.cicor.com).

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

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# THE CICOR PRODUCTION SITE IN BATAM – INDONESIA

Leading companies from the medical, industrial and automotive sectors value the Southeast Asian Cicor operation in Batam (Indonesia), established in 2000, as a production partner for high-precision plastic injection molded parts and electronic assemblies. Today, the production facility with around 650 employees is very much geared to the specific requirements of medical technology and is ideally located, just an hour's ferry ride from Cicor's Asia HQ and Engineering Center in Singapore. High-quality injection molding tools are designed and manufactured at this location. The cross-border cooperation between the Batam (Indonesia) and Singapore sites offers customers the decisive added value to obtain tools, plastic parts as well as vertically integrated secondary processes and assembly services from a single source. Cicor supports its customers in tool design and fabrication up to series production of high-precision plastic parts and complete devices including electronic assemblies, which are produced at the Cicor site in Thuan An Town (Vietnam). The efficient cooperation between the development engineers and the production departments en-

sure a constant exchange of know-how and technology. In the 2019 reporting year, the IT landscape was also optimized in such a way that all processes are now mapped in a common ERP system (SAP).

## TOOL DESIGN AND FABRICATION

After the relocation of injection molding capacities from Singapore to Batam (Indonesia), the competence center for tool design and fabrication was further optimized at the Asia HQ in Singapore. Tools with up to 64 cavities are designed using modern CAD/CAM software and optimized with an integrated mold flow analysis. In the local production department, the high-precision molds with cold, semi-hot and hot runner systems are manufactured on highest-quality CNC and EDM machines. The hardened tools have a lifetime guarantee of up to 1 000 000 cycles.

## COMPETENCE CENTER FOR PRECISION INJECTION MOLDING

In Batam (Indonesia), Cicor has established a competence center for precision injection molding. In addition to standard plastic parts, micro injection molded parts with a diameter of 2 mm and microstructures with a wall thickness of only 0.4 mm are produced there.

On more than 1 200 m<sup>2</sup> in ISO-class-7 clean rooms, components for medical applications in particular are manufactured on state-of-the-art injection molding machines with a clamping force of 20 to 468 tons. The clean rooms are validated for medical "ready-to-use" applications and are equipped for injection molding as well as assembly and packaging activities. This allows the products produced by Cicor Batam to be used for medical purposes without further sterilization.

The injection molding process is highly automated. The machines have an automatic material supply system with an integrated dehumidifier and the injection-molded parts are removed from the mold by a servo-robot arm with a vision system and are automatically placed on a tray provided for this purpose.

The certified clean rooms and ISO certifications in the areas of quality and environmental management as well as occupational safety, medical and automotive guarantee the highest level of safety and reliability for customers from all over the world.







### ULTRAMODERN SPRAY PAINTING LINE

As an extension of its existing range of services, Cicor Group commissioned a new state-of-the-art spray painting line in Batam (Indonesia) in summer 2019. Following a successful test phase, the first customer parts have already been coated with this system since the fourth quarter of 2019. This new line from a renowned European manufacturer is equipped with an ultramodern painting unit and a dry filter system, thus meeting the highest quality standards. The system is able to spray complex parts with recesses and curved surfaces in high quality. Thanks to the accuracy of the robots used, a very high repeatability of the coating parameters can be ensured. This enables Cicor to guarantee a consistently high quality of the coated products.

### ELECTRONIC ASSEMBLIES FROM VIETNAM

In addition to the electronics production facilities in Arad (Romania) and Bronschhofen (Switzerland), Cicor also has a site for electronic manufacturing services in Thuan An Town (Vietnam). The location is 20 km from Ho Chi Minh City (Saigon) and offers PCB assembly, as well as box building including plastic injection molding services. It is located in the Vietnam-Singapore Industrial Park and, like all other Cicor locations, has a state-of-the-art machine park. The ISO certifications in the areas of quality and environmental management and medicine enable the factory in Vietnam to supply leading customers in the medical, industrial as well as automotive and transport sectors.

### ASSEMBLY OF PLASTICS AND ELECTRONICS

At the Batam (Indonesia) site, the plastic parts are finally assembled together with electronic parts according to the customer's requirements. This work can be carried out in a regularly controlled environment or in an ISO-Class-7 certified clean room. Various welding processes are available for the closing and sealing of housings. Before delivery to the customer the devices are tested with specific test procedures. These include amongst others temperature cycling, variable humidity conditions and salt spray tests.

With the additional spray painting capabilities at the Batam (Indonesia) site Cicor is now in the position to offer its customers complete high-quality solutions from a single source, from the mold to the plastic parts and the paint finish to the final assembly, including electronics.



# CORPORATE GOVERNANCE

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Group structure and shareholders	18
Capital structure	18
Board of Directors	20
Group Management	23
Compensation, shareholdings and loans	23
Shareholders' rights	24
Changes of control and measures	24
Auditors	25
Information policy	25

# 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 2019. 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 2019	CHF 172.1 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:

	31.12.2019		31.12.2018	
	Shares	Total in %*	Shares	Total in %*
HEB Swiss Investment AG, Zurich, Switzerland	851 705	29.40	851 705	29.38
LLB (Swiss) Investment AG, Zurich, Switzerland	118 676	4.10	128 500	4.43
Escatec Holdings Ltd. Port Vila, Vanuatu	111 194	3.84	111 194	3.84

\* 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 2019, a total of 1 056 (previous year 989) 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 2019, 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 2019, the company held 5 500 (previous year: 3 000) 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 Shareholders' Meeting on 19 April 2018, 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 19 April 2020.

### 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.

	31.12.2019	31.12.2018	31.12.2017
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 2019, the Company has not issued any participation certificates.

## 2.5 PROFIT-SHARING CERTIFICATES

As of 31 December 2019, 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 2019.

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 2019, 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
<b>Heinrich J. Essing</b> Chairman Non-executive, German	2009	2020	Managing Director of HEB Swiss Investment AG, Zürich, Member of the Advisory Board of HSBC Trinkaus & Burkhardt AG, Düsseldorf
<b>Robert Demuth</b> Non-executive, Swiss	2007	2020	None
<b>Andreas Dill</b> Non-executive, Swiss	2009	2020	None
<b>Erich Haefeli</b> Non-executive, Swiss	2015	2020	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 Cikor 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.

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.

## 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 re-elected, 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 Chairman of the Board of Directors

The Chairman heads the meetings of the Board, the Presidium and the 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 currently elected Chairman of the Board of Directors is Heinrich J. Essing.

### 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:

- Heinrich J. Essing, Chairman
- Robert Demuth, Vice Chairman

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**

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.



**Heinrich J. Essing, Chairman**

Born 1949, has acted as private secretary and manager of various family offices for more than 30 years. He is currently CEO of HEC Group and of its subsidiaries in Germany and abroad like Sydney. Heinrich J. Essing also acts as managing director of HEB Swiss Investment AG which is one of the Company's larger shareholders. Heinrich J. Essing is also a member of the Advisory Board of HSBC Trinkaus & Burkhardt AG, Düsseldorf.



**Robert Demuth, Vice 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 postemployment 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 three members of the Board of Directors, who are elected individually by the Annual Shareholders' Meeting. The following members have been elected:

- Andreas Dill, Chairman
- Heinrich J. Essing
- Robert Demuth

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 2019, the Board met for ten ordinary Board meetings as well as three 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 2019, the Presidium held one meeting.

The Audit Committee held three meetings in 2019. 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 three meetings in 2019. 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 over-indebtedness;
- 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 2019, 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 2007–2016. 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 2019.

## 5. COMPENSATION, SHAREHOLDINGS AND LOANS

This information is provided in the Remuneration Report.

## 6. SHAREHOLDERS' RIGHTS

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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

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### 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 2019, 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 2019, 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 2014 of the current mandate is Roman Wenk.

## 8.2 AUDITING FEES

During the year under review, KPMG charged a total of TCHF 260 (previous year: TCHF 284) 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 33) 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 2019, 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 semi-annual 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 2020 Annual Shareholders' Meeting will be held on 16 April 2020. The interim report is planned to be published on 13 August 2020.

For additional information about Cicor Technologies Ltd. and its subsidiaries, please visit the Group's website ([www.cicor.com](http://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](mailto:investor@cicor.com).





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# 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 2019 and 2018.

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 70 %, and individual objectives for 30 % 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 2019 is 118 % (2018: 98 %).

### 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 select 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 2019–2021, the initial value thus corresponds to the VWAP of the stock price of the trading days from 1 to 31 January 2019 and the final value of the LTI-Plan 2019–2021 thus corresponds to the VWAP of the share price of the trading days from 1 to 31 December 2021. 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 second LTI-Plan starts on 1 January 2019 and will end on 31 December 2021.

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 third LTI-Plan starts on 1 May 2019 and will end on 1 May 2022. 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 RC 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 2019 took place on 1 May 2019 (grant date) and the definitive allocation of the PSAs will take place on 1 May 2022 (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 2020, the vesting of the allocated PSA of the LTI-Plan 2017–2019 will take place. The relative increase in Total Shareholder Return (TSR) over the performance period was 97.40 %, leading to rank 3 within the peer group. The payout factor therefore is 200 %, leading to a vesting of 4 692 shares per plan participant (9 384 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 three Board members. It currently consists of:

- Andreas Dill, Chairman
- Heinrich J. Essing
- 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 2019

### 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 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
<b>Total current Board members</b>	<b>221</b>	<b>–</b>	<b>–</b>	<b>5</b>	<b>–</b>	<b>–</b>	<b>226</b>
<b>Total former Board members</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total current and former Board members</b>	<b>221</b>	<b>–</b>	<b>–</b>	<b>5</b>	<b>–</b>	<b>–</b>	<b>226</b>

#### Granted Compensation Board of Directors at Annual Shareholders' Meeting

in CHF 1 000	Remu- neration						
<b>Total current Board members</b>	<b>300</b>						

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
<b>Total current Management</b>	<b>820</b>	<b>417</b>	<b>200</b>	<b>92</b>	<b>79</b>	<b>–</b>	<b>–</b>	<b>1 608</b>
Of which highest single compensation paid to:								
Alexander Hagemann	500	226	100	57	46	–	–	929
<b>Total former Management</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total current and former Management</b>	<b>820</b>	<b>417</b>	<b>200</b>	<b>92</b>	<b>79</b>	<b>–</b>	<b>–</b>	<b>1 608</b>

#### Granted Compensation Management at Annual Shareholders' Meeting 2019

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

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 %
<b>Total</b>						<b>3 618</b>	<b>200</b>	

### 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
<b>Total</b>					<b>4 692</b>							<b>9 384</b>

# 5 REMUNERATION DURING 2018

## BOARD OF DIRECTORS

### Compensation Board of Directors 2018

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	47	–	–	–	–	–	47
<b>Total current Board members</b>	<b>222</b>	<b>–</b>	<b>–</b>	<b>5</b>	<b>–</b>	<b>–</b>	<b>227</b>
<b>Total former Board members</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total current and former Board members</b>	<b>222</b>	<b>–</b>	<b>–</b>	<b>5</b>	<b>–</b>	<b>–</b>	<b>227</b>

### Granted Compensation Board of Directors at Annual Shareholders' Meeting

in CHF 1 000	Remu- neration						
<b>Total current Board members</b>	<b>300</b>						

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

## GROUP MANAGEMENT

### Compensation Management 2018

in CHF 1 000	Remu- neration	STI-Plan	LTI-Plan 2018–2020 (Effective value on grant date)	Pension fund	Social security contri- butions	Other	Consul- tancy fee	Total
<b>Total current Management</b>	<b>802</b>	<b>388</b>	<b>200</b>	<b>89</b>	<b>81</b>	<b>–</b>	<b>–</b>	<b>1 560</b>
Of which highest single compensation paid to:								
Alexander Hagemann	502	228	100	57	48	–	–	935
<b>Total former Management</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total current and former Management</b>	<b>802</b>	<b>388</b>	<b>200</b>	<b>89</b>	<b>81</b>	<b>–</b>	<b>–</b>	<b>1 560</b>

### Granted Compensation Management at Annual Shareholders' Meeting 2018

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

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 2018 payout is 98 %.

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

#### Allocated PSA to CEO and Group Management 2018

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
2018–2020	Alexander Hagemann	19 April 2018	1 May 2018	01.01.2018-31.12.2020	01.05.2018-01.05.2021	1 457	100	0%-200%
2018–2020	Patric Schoch	19 April 2018	1 May 2018	01.01.2018-31.12.2020	01.05.2018-01.05.2021	1 457	100	0%-200%
<b>Total</b>						<b>2 914</b>	<b>200</b>	

## 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 Shareholders of Cicor Technologies Ltd., Boudry

We have audited the accompanying remuneration report of Cicor Technologies Ltd. for the year ended 31 December 2019. 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 2019 of Cicor Technologies Ltd. complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Roman Wenk  
Licensed Audit Expert  
Auditor in Charge

David Grass  
Licensed Audit Expert

Zurich, 11 March 2020

KPMG AG, Râffelstrasse 28, PO Box, CH-8036 Zurich

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# FINANCIAL REPORT

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## CICOR GROUP

<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	38
Consolidated balance sheet	38
Consolidated income statement	39
Consolidated cash flow statement	40
Consolidated statement of changes in equity	41
<b>NOTES 1–28</b>	42
Report of the statutory auditor	65

## CICOR TECHNOLOGIES LTD.

<b>FINANCIAL STATEMENTS</b>	68
Balance sheet	68
Income statement	69
<b>NOTES 1–4</b>	70
Report of the statutory auditor	74



# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

in CHF 1 000	Notes	31.12.2019	in %	31.12.2018	in %
<b>Assets</b>					
Property, plant and equipment	(5)	54 927	29.7	52 068	26.8
Intangible assets	(6)	1 325	0.7	1 199	0.6
Deferred tax assets	(11)	2 950	1.6	3 657	1.9
<b>Non-current assets</b>		<b>59 202</b>	<b>32.0</b>	<b>56 924</b>	<b>29.3</b>
Inventories	(7)	50 632	27.4	59 213	30.5
Trade accounts receivable	(8)	36 444	19.7	41 994	21.6
Other accounts receivable	(8)	4 009	2.2	4 588	2.4
Prepaid expenses and accruals		999	0.5	1 644	0.8
Cash and cash equivalents	(9)	33 660	18.2	29 843	15.4
<b>Current assets</b>		<b>125 744</b>	<b>68.0</b>	<b>137 282</b>	<b>70.7</b>
<b>Total assets</b>		<b>184 946</b>	<b>100.0</b>	<b>194 206</b>	<b>100.0</b>
<b>Liabilities and shareholders' equity</b>					
Ordinary share capital		29 022	15.7	29 022	14.9
Share premium		108 542	58.7	111 440	57.4
Treasury shares		-299	-0.2	-172	-0.1
Retained earnings		-55 122	-29.8	-63 778	-32.8
Translation reserve		-3 338	-1.8	-1 375	-0.7
<b>Total equity</b>		<b>78 805</b>	<b>42.6</b>	<b>75 137</b>	<b>38.7</b>
Long-term provisions	(10)	3 184	1.7	3 522	1.8
Deferred tax liabilities	(11)	385	0.2	584	0.3
Long-term financial liabilities	(12)	46 898	25.4	51 313	26.4
Liabilities for post-employment benefits	(13)	1 880	1.0	1 891	1.0
<b>Non-current liabilities</b>		<b>52 347</b>	<b>28.3</b>	<b>57 310</b>	<b>29.5</b>
Short-term financial liabilities	(12)	3 449	1.9	6 510	3.4
Trade accounts payable		28 065	15.1	32 365	16.7
Other current liabilities	(14)	9 406	5.1	8 372	4.2
Accruals	(14)	9 652	5.2	11 142	5.7
Short-term provisions	(10)	2 699	1.5	2 867	1.5
Income tax payable		523	0.3	503	0.3
<b>Current liabilities</b>		<b>53 794</b>	<b>29.1</b>	<b>61 759</b>	<b>31.8</b>
<b>Total liabilities</b>		<b>106 141</b>	<b>57.4</b>	<b>119 069</b>	<b>61.3</b>
<b>Total equity and liabilities</b>		<b>184 946</b>	<b>100.0</b>	<b>194 206</b>	<b>100.0</b>

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	2019	in %	2018	in %
<b>Net Sales</b>	(4)	<b>253 909</b>	<b>100.0</b>	<b>248 115</b>	<b>100.0</b>
Change in inventory of finished and unfinished goods		-1 501	-0.6	2 004	0.8
Material costs		-134 762	-53.1	-132 761	-53.5
Personnel costs	(21)	-69 653	-27.4	-68 517	-27.6
Other operating income		687	0.3	308	0.1
Other operating expenses	(23)	-23 899	-9.4	-24 519	-10.0
Depreciation	(5)	-9 537	-3.8	-9 194	-3.7
Amortization	(6)	-343	-0.1	-202	-0.1
<b>Operating profit (EBIT)</b>		<b>14 901</b>	<b>5.9</b>	<b>15 234</b>	<b>6.1</b>
Financial income	(24)	3 774	1.5	4 674	1.9
Financial expenses	(24)	-6 814	-2.7	-6 865	-2.8
<b>Profit before tax (EBT)</b>		<b>11 861</b>	<b>4.7</b>	<b>13 043</b>	<b>5.3</b>
Income tax	(11)	-3 447	-1.4	-3 403	-1.4
<b>Net profit</b>		<b>8 414</b>	<b>3.3</b>	<b>9 640</b>	<b>3.9</b>
<b>Earnings per share (CHF)</b>					
- basic and diluted	(19)	2.90		3.32	

## CONSOLIDATED CASH FLOW STATEMENT

in CHF 1 000	Notes	2019	2018
<b>Profit before tax</b>		<b>11 861</b>	<b>13 043</b>
Depreciation	(5)	9 511	9 036
Impairment	(5) / (6)	48	158
Amortization	(6)	321	202
Interest income	(24)	-81	-20
Interest expenses	(24)	1 055	1 043
(Decrease)/increase in provisions		11	1 266
Other expense/(income) that do not affect the fund		256	264
<b>Subtotal before working capital changes</b>		<b>22 982</b>	<b>24 992</b>
Decrease/(increase) in inventories		7 296	-8 341
Decrease/(increase) in trade accounts receivable		4 190	-9 088
Decrease/(increase) in other current assets		2 670	-739
(Decrease)/increase in trade accounts payable		-3 152	5 035
(Decrease)/increase in other current liabilities		-1 438	896
<b>Decrease/(increase) in working capital</b>		<b>9 566</b>	<b>-12 237</b>
Income tax paid		-3 047	-1 755
Interest paid		-973	-772
Interest received		9	20
<b>Net cash from operating activities</b>		<b>28 537</b>	<b>10 248</b>
Purchase of property, plant and equipment		-14 395	-16 344
Proceeds from sale of property, plant and equipment		34	31
Purchase of intangible assets	(6)	-516	-544
<b>Net cash used in investing activities</b>		<b>-14 877</b>	<b>-16 857</b>
(Purchase)/proceeds from sale of treasury shares		-127	-172
Payment to shareholders from capital contribution reserves		-2 898	-2 031
Payment of finance lease liabilities		-36	-51
Proceeds from borrowings		3 714	11 793
Repayment of borrowings		-10 033	-2 024
<b>Net cash (used in)/from financing activities</b>		<b>-9 380</b>	<b>7 515</b>
Currency translation effects		-463	-363
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3 817</b>	<b>543</b>
<b>Cash and cash equivalents at the beginning of the period</b>	(9)	<b>29 843</b>	<b>29 300</b>
<b>Cash and cash equivalents at the end of the period</b>	(9)	<b>33 660</b>	<b>29 843</b>

## 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
<b>Balance at 1 January 2018</b>	<b>29 022</b>	<b>113 471</b>	<b>–</b>	<b>–73 560</b>	<b>–241</b>	<b>68 692</b>	<b>68 692</b>
Net profit				9 640		9 640	9 640
Share-based payments				142		142	142
Purchase of Treasury Shares			–172			–172	–172
Dividend/capital contribution paid to shareholders		–2 031				–2 031	–2 031
Translation adjustment					–1 134	–1 134	–1 134
<b>Balance at 31 December 2018</b>	<b>29 022</b>	<b>111 440</b>	<b>–172</b>	<b>–63 778</b>	<b>–1 375</b>	<b>75 137</b>	<b>75 137</b>
in CHF 1 000	Share capital	Share premium	Treasury shares	Retained earnings	Translation reserve	Equity attributable to Cicor shareholders	Total equity
<b>Balance at 1 January 2019</b>	<b>29 022</b>	<b>111 440</b>	<b>–172</b>	<b>–63 778</b>	<b>–1 375</b>	<b>75 137</b>	<b>75 137</b>
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
<b>Balance at 31 December 2019</b>	<b>29 022</b>	<b>108 542</b>	<b>–299</b>	<b>–55 122</b>	<b>–3 338</b>	<b>78 805</b>	<b>78 805</b>

# 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
- Microassembly (SMD, wire bonding, flip chip, etc.)
- Packaging
- 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 2019 were authorized for issue on 12 March 2020 and are subject to approval at the Shareholders' Meeting of 16 April 2020.

#### 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		2019	2018
Closing	EUR	1.0875	1.1263
	USD	0.9710	0.9855
	RON	0.2272	0.2419
	SGD	0.7197	0.7221
	CNY	0.1392	0.1436
Average	EUR	1.1128	1.1549
	USD	0.9938	0.9782
	RON	0.2345	0.2482
	SGD	0.7282	0.7251
	CNY	0.1440	0.1481

## 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 pre-tax 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 sold during the last two years, 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 carry-forwards 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	2019 Nominal share capital	Participation in %	2018 Nominal share capital	Participation in %
<b>Cicorel SA, Boudry/Switzerland*</b> Engineering/Production/Sales/Distribution	CHF	8 000	100	8 000	100
<b>Reinhardt Microtech AG, Wangs/Switzerland*</b> Engineering/Production/Sales/Distribution	CHF	1 800	100	1 800	100
<b>Reinhardt Microtech GmbH, Ulm/Germany</b> Engineering/Production/Sales/Distribution	EUR	500	100	500	100
<b>RHe Microsystems GmbH, Radeberg/Germany*</b> Engineering/Production/Sales/Distribution	EUR	216	100	216	100
<b>Electronicparc Holding AG, Bronschhofen (Wil)/Switzerland*</b> Holding/Finance	CHF	23 271	100	23 271	100
<b>Swisstronics Contract Manufacturing AG, Bronschhofen (Wil)/Switzerland</b> Engineering/Production/Sales/Distribution	CHF	3 000	100	3 000	100
<b>Systronics SRL, Arad/Romania</b> Production/Sales	RON	5 145	100	5 145	100
<b>Systel Italia SRL, Milano/Italy</b> Sales/Distribution	EUR	10	100	10	100
<b>ESG Holding Pte Ltd., Singapore*</b> Holding/Finance	SGD	1 896	100	1 896	100
<b>Cicor Asia Pte Ltd., Singapore</b> Sales/Distribution	SGD	1 000	100	1 000	100
<b>Cicor Ecotool Pte Ltd., Singapore</b> Engineering/Production	SGD	1 000	100	1 000	100
<b>PT Cicor Panatec, Batam/Indonesia</b> Production	USD	300	100	300	100
<b>Brant Rock Enterprises Corporation, British Virgin Islands</b> Holding/Finance	USD	10	100	10	100
<b>Cicor Anam Ltd., Anam/Vietnam</b> Production	USD	1 500	100	1 500	100
<b>Suzhou Cicor Technology Co. Ltd., China</b> Production	CNY	39 432	100	39 432	100
<b>Cicor Americas Inc., USA*</b> Sales/Distribution	USD	10	100	10	100
<b>Cicor Management AG, Bronschhofen (Wil)/Switzerland*</b> Management Services	CHF	250	100	250	100

\* Directly held subsidiaries of Cicor Technologies Ltd.

## 4 SEGMENT REPORTING

2019 in CHF 1 000	AMS Division 2019	ES Division 2019	Total reportable segments 2019	Corporate and eliminations 2019	Consolidated 2019
<b>Income statement</b>					
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
<b>Balance sheet</b>					
	<b>31.12.2019</b>	<b>31.12.2019</b>	<b>31.12.2019</b>	<b>31.12.2019</b>	<b>31.12.2019</b>
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
<b>Other segment information</b>					
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
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
<b>2018 in CHF 1 000</b>					
	<b>AMS Division 2018</b>	<b>ES Division 2018</b>	<b>Total reportable segments 2018</b>	<b>Corporate and eliminations 2018</b>	<b>Consolidated 2018</b>
<b>Income statement</b>					
Net Sales to external customers	62 939	185 176	248 115	–	248 115
Intersegment sales	38	–	38	–38	–
Segment result before depreciation and amortization (EBITDA)	12 036	14 868	26 904	–2 274	24 630
Segment result (EBIT)	7 610	9 922	17 532	–2 298	15 234
<b>Balance sheet</b>					
	<b>31.12.2018</b>	<b>31.12.2018</b>	<b>31.12.2018</b>	<b>31.12.2018</b>	<b>31.12.2018</b>
Intangible segment assets	282	894	1 176	23	1 199
Other than intangible segment assets	60 833	126 104	186 937	6 070	193 007
Segment assets	61 115	126 998	188 113	6 093	194 206
Segment liabilities	58 948	88 751	147 699	–28 630	119 069
<b>Other segment information</b>					
	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>
Depreciation and amortization	4 426	4 946	9 372	24	9 396
Capital expenditures for property, plant and equipment	3 073	15 758	18 831	–	18 831

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	2019	2018
<b>Reconciliation of total reportable segment result</b>		
Total reportable segment result (EBIT)	16 174	17 532
Other corporate expenses	-1 273	-2 298
Financial income	3 774	4 674
Financial expenses	-6 814	-6 865
<b>Consolidated profit before tax</b>	<b>11 861</b>	<b>13 043</b>

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	31.12.2019	%	31.12.2018	%
<b>Sales by export region</b>				
Switzerland	71 968	28.3	66 432	26.8
Europe (without Switzerland)	119 156	46.9	112 745	45.4
Asia	44 701	17.6	48 284	19.5
America	16 665	6.6	19 557	7.9
Other	1 419	0.6	1 097	0.4
<b>Total</b>	<b>253 909</b>	<b>100.0</b>	<b>248 115</b>	<b>100.0</b>
<b>Sales by industry</b>				
Aerospace & defence	22 684	8.9	27 167	10.9
Communication	2 450	1.0	2 318	0.9
Industrial	114 762	45.2	108 675	43.8
Medical	61 493	24.2	55 395	22.3
Automotive & transport	24 498	9.6	23 567	9.5
Watches & consumer	25 621	10.1	28 229	11.4
Other	2 401	1.0	2 764	1.2
<b>Total</b>	<b>253 909</b>	<b>100.0</b>	<b>248 115</b>	<b>100.0</b>
<b>Sales by production region</b>				
Switzerland	91 517	36.0	94 469	38.1
Europe (without Switzerland)	105 934	41.7	100 200	40.4
Asia	56 458	22.3	53 446	21.5
<b>Total</b>	<b>253 909</b>	<b>100.0</b>	<b>248 115</b>	<b>100.0</b>

## Major customers

Cicor Group's biggest customer contributes less than 6% (2018: less than 8%) to the Group's consolidated sales. In 2019, about 37% (2018: about 36%) of total Group's net sales can be attributed to the Group's top ten clients.

## 5 PROPERTY, PLANT AND EQUIPMENT

2019 in CHF 1 000	Land and buildings	Machinery	Furniture and equipment	Other equipment	Assets under construction	Total
<b>Acquisition costs</b>						
Balance at 1 January 2019	38 702	93 785	8 464	1 077	628	142 656
Additions <sup>1)</sup>	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
<b>Balance at 31 December 2019</b>	<b>38 447</b>	<b>94 352</b>	<b>8 602</b>	<b>1 135</b>	<b>2 797</b>	<b>145 333</b>
<b>Accumulated depreciation</b>						
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
<b>Balance at 31 December 2019</b>	<b>-17 509</b>	<b>-65 803</b>	<b>-6 371</b>	<b>-723</b>	<b>-</b>	<b>-90 406</b>
<b>Net book value</b>						
<b>1 January 2019</b>	<b>23 131</b>	<b>25 583</b>	<b>2 329</b>	<b>397</b>	<b>628</b>	<b>52 068</b>
<b>31 December 2019</b>	<b>20 938</b>	<b>28 549</b>	<b>2 231</b>	<b>412</b>	<b>2 797</b>	<b>54 927</b>
Thereof net book value of assets under financial lease	-	-	-	-	-	-
Net book value of pledged assets	-	-	-	-	-	2 313
Addition of assets under financial lease	-	-	-	-	-	-

<sup>1)</sup> 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.

2018 in CHF 1 000	Land and buildings	Machinery	Furniture and equipment	Other equipment	Assets under construction	Total
<b>Acquisition costs</b>						
Balance at 1 January 2018	28 250	87 758	7 846	967	2 673	127 494
Additions	10 115	7 005	803	293	615	18 831
Disposals	-5	-1 547	-55	-166	-	-1 773
Reclassifications	917	1 645	25	11	-2 637	-39
Translation adjustment	-575	-1 076	-155	-28	-23	-1 857
<b>Balance at 31 December 2018</b>	<b>38 702</b>	<b>93 785</b>	<b>8 464</b>	<b>1 077</b>	<b>628</b>	<b>142 656</b>
<b>Accumulated depreciation</b>						
Balance at 1 January 2018	-13 688	-64 176	-5 430	-695	-	-83 989
Depreciation	-2 006	-6 012	-851	-167	-	-9 036
Impairment	-	-158	-	-	-	-158
Disposals	4	1 526	52	159	-	1 741
Reclassification	-	-	-	-	-	-
Translation adjustment	119	618	94	23	-	854
<b>Balance at 31 December 2018</b>	<b>-15 571</b>	<b>-68 202</b>	<b>-6 135</b>	<b>-680</b>	<b>-</b>	<b>-90 588</b>
<b>Net book value</b>						
<b>1 January 2018</b>	<b>14 562</b>	<b>23 582</b>	<b>2 416</b>	<b>272</b>	<b>2 673</b>	<b>43 505</b>
<b>31 December 2018</b>	<b>23 131</b>	<b>25 583</b>	<b>2 329</b>	<b>397</b>	<b>628</b>	<b>52 068</b>
Thereof net book value of assets under financial lease	-	105	-	-	-	105
Net book value of pledged assets	-	-	-	-	-	1 506
Addition of assets under financial lease	-	-	-	-	-	-

\* Of the additions in fixed assets, CHF 2.5 million have not been paid as at 31 December 2018.

In 2018, Cicor invested CHF 10.1 million in land and buildings. The biggest investment was undertaken in Romania for the new building. Furthermore CHF 7.0 million have been invested in machinery. There the biggest investments were undertaken in Arad, Bronschhofen, Wangs and Ulm. The "Assets under construction" are machines whose installation has not yet been completed.



## 6 INTANGIBLE ASSETS

2019 in CHF 1 000	Goodwill	Brand	Technology	Clients	Other	Total
<b>Acquisition costs</b>						
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
<b>Balance at 31 December 2019</b>	<b>96 179</b>	<b>6 711</b>	<b>7 421</b>	<b>3 176</b>	<b>2 956</b>	<b>116 443</b>
<b>Accumulated depreciation</b>						
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
<b>Balance at 31 December 2019</b>	<b>-96 179</b>	<b>-6 711</b>	<b>-7 296</b>	<b>-3 176</b>	<b>-1 756</b>	<b>-115 118</b>
<b>Net book value</b>						
<b>1 January 2019</b>	<b>-</b>	<b>-</b>	<b>260</b>	<b>-</b>	<b>939</b>	<b>1 199</b>
<b>31 December 2019</b>	<b>-</b>	<b>-</b>	<b>125</b>	<b>-</b>	<b>1 200</b>	<b>1 325</b>
<b>2018 in CHF 1 000</b>						
<b>Acquisition costs</b>						
Balance at 1 January 2018	96 182	6 711	7 491	3 176	1 953	115 513
Additions	-	-	-	-	544	544
Disposal	-	-	-	-	-3	-3
Reclassification	-	-	-	-	39	39
Translation adjustment	4	-	-37	-	-26	-59
<b>Balance at 31 December 2018</b>	<b>96 186</b>	<b>6 711</b>	<b>7 454</b>	<b>3 176</b>	<b>2 507</b>	<b>116 034</b>
<b>Accumulated depreciation</b>						
Balance at 1 January 2018	-96 182	-6 711	-7 086	-3 176	-1 516	-114 671
Amortization	-	-	-134	-	-68	-202
Disposal	-	-	-	-	3	3
Translation adjustment	-4	-	26	-	13	35
<b>Balance at 31 December 2018</b>	<b>-96 186</b>	<b>-6 711</b>	<b>-7 194</b>	<b>-3 176</b>	<b>-1 568</b>	<b>-114 835</b>
<b>Net book value</b>						
<b>1 January 2018</b>	<b>-</b>	<b>-</b>	<b>405</b>	<b>-</b>	<b>437</b>	<b>842</b>
<b>31 December 2018</b>	<b>-</b>	<b>-</b>	<b>260</b>	<b>-</b>	<b>939</b>	<b>1 199</b>

## 7 INVENTORIES

in CHF 1 000	31.12.2019	31.12.2018
Net value of raw materials	24 978	32 058
Net value of work-in-progress	14 737	16 773
Net value of finished goods	10 917	10 382
<b>Total inventories</b>	<b>50 632</b>	<b>59 213</b>
(Decrease)/Increase in inventory allowance	-2 599	1 070

## 8 TRADE ACCOUNTS RECEIVABLE AND OTHER ACCOUNTS RECEIVABLE

in CHF 1 000	31.12.2019	31.12.2018
Trade accounts receivable	36 950	42 570
Allowance for bad debts	-506	-576
<b>Total trade accounts receivable</b>	<b>36 444</b>	<b>41 994</b>

### Ageing of trade accounts receivable

in CHF 1 000	31.12.2019 Gross	31.12.2019 Allowance	31.12.2018 Gross	31.12.2018 Allowance
Not yet due	27 379	-	32 776	-
Overdue 0–45 days	7 893	-	7 942	-
Overdue 46–90 days	567	-11	767	-7
Overdue 91–180 days	612	-79	282	-27
Overdue 181–360 days	330	-254	424	-193
Overdue more than 360 days	169	-162	379	-349
<b>Total trade accounts receivable</b>	<b>36 950</b>	<b>-506</b>	<b>42 570</b>	<b>-576</b>

### Movement in the allowance for impairment for trade accounts receivable

in CHF 1 000	2019	2018
<b>Individual allowance</b>		
<b>Balance as of 1 January</b>	<b>416</b>	<b>124</b>
Allowance increase	208	416
Utilization / consumption	-63	-71
Reversal of allowance	-88	-53
<b>Balance as of 31 December</b>	<b>473</b>	<b>416</b>
<b>Collective allowance</b>		
<b>Balance as of 1 January</b>	<b>160</b>	<b>131</b>
Change in allowance	-127	29
<b>Balance as of 31 December</b>	<b>33</b>	<b>160</b>

### Other accounts receivable

in CHF 1 000	31.12.2019	31.12.2018
Receivables on bullion dealers' accounts	268	83
Value added taxes	403	636
Other	3 338	3 869
<b>Total other accounts receivable</b>	<b>4 009</b>	<b>4 588</b>

## 9 CASH AND CASH EQUIVALENTS

in CHF 1 000	31.12.2019	31.12.2018
Bank accounts	33 660	29 843
<b>Total cash and cash equivalents</b>	<b>33 660</b>	<b>29 843</b>

Cicor Technologies' banking partners are first-rate Swiss, German, English and Romanian banks. Cash earns interests at floating rates of -0.75 % (CHF), -0.4 % (EUR), and 0.00 % (USD).

## 10 PROVISIONS

2019 in CHF 1 000		Warranties	Other	Total provisions	Deferred taxes	Total provisions and deferred taxes
<b>Balance at 1 January 2019</b>		<b>2 846</b>	<b>3 543</b>	<b>6 389</b>	<b>584</b>	<b>6 973</b>
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
<b>Balance at 31 December 2019</b>		<b>2 989</b>	<b>2 894</b>	<b>5 883</b>	<b>385</b>	<b>6 268</b>
thereof short-term provisions		1 501	1 198	2 699		
thereof long-term provisions		1 488	1 696	3 184		

2018 in CHF 1 000	Restructuring	Warranties	Other	Total provisions	Deferred taxes	Total provisions and deferred taxes
<b>Balance at 1 January 2018</b>	-	<b>2 260</b>	<b>2 947</b>	<b>5 207</b>	<b>663</b>	<b>5 870</b>
Additional provisions	-	1 801	2 223	4 024	98	4 122
Unused amounts reversed	-	-1 069	-268	-1 337	-177	-1 514
Amount used	-	-108	-1 313	-1 421	-	-1 421
Translation adjustments	-	-38	-46	-84	-	-84
<b>Balance at 31 December 2018</b>	-	<b>2 846</b>	<b>3 543</b>	<b>6 389</b>	<b>584</b>	<b>6 973</b>
thereof short-term provisions	-	1 002	1 865	2 867		
thereof long-term provisions	-	1 844	1 678	3 522		

Warranty provisions are recognized for warranty claims on products sold. The additional provisions in 2019 were based on several smaller cases.

As per 31 December, other provisions consist mainly of jubilee benefits (2019: TCHF 903, 2018: TCHF 898) and rebuilding costs (2019: TCHF 434, 2018: TCHF 407). The reclassification was done to Accruals.

# 11 TAXES

## Major components of tax expense

in CHF 1 000	2019	2018
Current income taxes	2 942	2 879
Income tax for prior years	60	60
Deferred tax	445	464
<b>Total tax expense</b>	<b>3 447</b>	<b>3 403</b>

## Deferred tax assets and liabilities

in CHF 1 000	31.12.2019 Assets	31.12.2019 Liabilities	31.12.2018 Assets	31.12.2018 Liabilities
Deferred taxes on intangible assets	4	37	9	75
Deferred taxes on property, plant and equipment	68	113	68	167
Deferred taxes on inventory	649	103	664	161
Deferred taxes on other assets	97	214	136	219
Deferred taxes on accruals	221	88	233	83
Deferred taxes on other liabilities	331	55	340	78
<b>Total</b>	<b>1 370</b>	<b>610</b>	<b>1 450</b>	<b>783</b>
Deferred taxes on loss carried forward	1 805	–	2 406	–
Offset of assets and liabilities	–225	–225	–199	–199
<b>Total deferred tax assets and liabilities</b>	<b>2 950</b>	<b>385</b>	<b>3 657</b>	<b>584</b>
<b>Balance at 1 January</b>	<b>3 657</b>	<b>584</b>	<b>4 259</b>	<b>663</b>
Change of temporary differences recognized in the income statement	–106	–199	–62	–79
Change in tax loss carried forward recognized in the income statement	–601	–	–540	–
<b>Balance at 31 December</b>	<b>2 950</b>	<b>385</b>	<b>3 657</b>	<b>584</b>

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

## Reconciliation of current income taxes and deferred taxes

in CHF 1 000	2019	2018
<b>Profit before tax</b>	<b>11 861</b>	<b>13 043</b>
Weighted average income tax in %	21.6%	20.0%
Expected income tax expense/(income)	2 562	2 609
Current year losses for which no deferred tax asset is recognized	344	361
Recognition of tax assets on previously unrecognized tax losses	–188	–163
Derecognition of tax assets on previously recognized tax losses	180	11
Effect of tax rate changes compared to prior period	106	9
Effect of non-deductible expenses	412	462
Adjustments for current tax of prior periods	64	60
Other adjustments	–33	54
<b>Effective income taxes</b>	<b>3 447</b>	<b>3 403</b>
<b>Effective income taxes in % of profit before tax</b>	<b>29.1%</b>	<b>26.1%</b>

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

in CHF 1 000	31.12.2019	31.12.2018
tax loss carried forward expiring within 1 year	1 053	1 618
tax loss carried forward expiring in 1 year	318	1 086
tax loss carried forward expiring in 2 years	–	328
tax loss carried forward expiring in 3 years	1 825	–
tax loss carried forward expiring in 4 or more years	1 731	1 160

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 2019, an additional deferred tax asset of TCHF 67 has been capitalized.

## 12 FINANCIAL LIABILITIES

### Long-term financial liabilities

in CHF 1 000	31.12.2019	31.12.2018
Financial leases	–	2
Borrowings, long-term	46 898	51 311
<b>Total long-term financial liabilities</b>	<b>46 898</b>	<b>51 313</b>

### Short-term financial liabilities

in CHF 1 000	31.12.2019	31.12.2018
Bank overdrafts	–	2 597
Bank borrowings, short-term	1 305	2 027
Short-term portion of long-term borrowings	2 144	1 851
Financial leases	–	35
<b>Total short-term financial liabilities</b>	<b>3 449</b>	<b>6 510</b>

### Maturity of financial liabilities

in CHF 1 000	31.12.2019	31.12.2018
Within 1 year	3 449	6 510
Within 2 to 5 years	46 898	51 313
Over 5 years	–	–
<b>Total financial debts</b>	<b>50 347</b>	<b>57 823</b>

## Repayments of financial liabilities

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	–	–	–	–
<b>Total</b>		<b>3 449</b>	<b>2 005</b>	<b>44 893</b>	<b>–</b>	<b>–</b>	<b>–</b>

2018	Interest rate	2019*	2020*	2021*	2022*	2023*	2024 and after*
CHF 75.0 million revolving credit line	1.3 %	1 500	2 000	2 000	47 157	–	–
EUR 5.0 million revolving credit line	1.0 %	2 597	–	–	–	–	–
EUR 2.3 million revolving credit line	1.5 %	2 378	147	7	–	–	–
Leasing	n.a.	35	2	–	–	–	–
<b>Total</b>		<b>6 510</b>	<b>2 149</b>	<b>2 007</b>	<b>47 157</b>	<b>–</b>	<b>–</b>

\* 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 31.12.2019 the total line of the syndicated bank loan has been reduced to CHF 71.5 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 71.5 million revolving credit line, which was divided into CHF 64 million cash and CHF 7.5 million for guarantees, was utilized by CHF 46.5 million cash at a variable interest rate of 1.27 % 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 7.0 million utilized with EUR 3.7 million at an average variable interest rate of 1.10 %.

Collateral assets of CHF 2.3 million were pledged. The shares of the following companies at a net book value of CHF 80.0 million (2018: CHF 80.0 million) 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 2 075 (2018: TCHF 2 039). 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 947 resp. TCHF 933 as liability.

The majority of Cicor's insured employees are covered for the risk of old age, death and disability within two collective pension schemes which are administrating pension plans of various unrelated employers. Plan A is an independent pension fund whereas Plan B has been established by an insurance company.

### Plan A:

The standard retirement age for Plan A 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 %. 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. Plan A has reinsured its exposure to the risks of death and disability. It is a collective multi-employer 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 employer's 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 31 October 2019 is 112.17 %. 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.

### Plan B:

The standard retirement age for Plan B 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 6.5 % for the compulsory part and between 4.75 % and 4.76 % for the supplementary part. The accumulated 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. The final benefit is contribution-based with certain minimum guarantees. Plan B is legally organized as a foundation under Swiss law and has all risks reinsured under an insurance contract. The most senior governing body of the foundations is the Board of Trustees that consists of an equal number of employer's and employees' representatives. The reinsurance contract covers the risks of death and disability as well as the investment risk, the legally required minimum interest rate and the lifelong payment of current old-age and survivors' pensions, regardless of financial market performance. The Group does not have employer contribution reserves.

All employees previously covered by plan B are as of 1st January 2020 covered by plan A.

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 with personnel expenses	
	31.12.2019	31.12.2019	31.12.2018			2019	2018
Pension institutions without surplus / deficit (Plan B)	–	–	–	–	1 562	1 562	1 485
Pension institutions with surplus (Plan A) <sup>1)</sup>	–	–	–	–	499	499	464
Pension institutions without own assets	–	1 880	1 891	–11	25	14	90
<b>Total</b>	<b>–</b>	<b>1 880</b>	<b>1 891</b>	<b>–11</b>	<b>2 086</b>	<b>2 075</b>	<b>2 039</b>

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



## 14 OTHER CURRENT LIABILITIES AND ACCRUALS

in CHF 1 000	31.12.2019	31.12.2018
Value-added taxes	553	755
Other current liabilities	602	930
Other accounts payable	8 251	6 687
<b>Total other current liabilities</b>	<b>9 406</b>	<b>8 372</b>
Accrued personnel expenses	6 939	5 748
Other accrued expenses	2 713	5 394
<b>Total accruals</b>	<b>9 652</b>	<b>11 142</b>
<b>Total other current liabilities and accruals</b>	<b>19 058</b>	<b>19 514</b>

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	31.12.2019	31.12.2018
within 1 year	4 006	3 375
from over 1 year to under 5 years	11 519	11 269
due in 5 years or later	11 546	13 557
<b>Total operating leasing</b>	<b>27 071</b>	<b>28 201</b>

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 2019.

## 17 ISSUED CAPITAL

### Capital structure

in CHF 1 000	
Share capital at 1 January 2018	29 022
Share capital at 31 December 2018	29 022
Share capital at 31 December 2019	29 022
2 902 092 registered shares of CHF 10	

#### Ordinary share capital

There was no increase in ordinary share capital in 2019 and 2018. 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 2019, the shareholders decided to allocate MCHF 2.90 from the capital contribution reserves to the free reserves and to distribute CHF 1.00 per share (totalling MCHF 2.90) to the shareholders out of the free reserves. At the Annual Shareholders' Meeting on 16 April 2020, the Board of Directors will propose a withholding tax-free distribution of CHF 1.50 per share (totalling MCHF 4.35) from the capital contribution reserve.

#### Authorized capital

At the Shareholders' Meeting on 19 April 2018, 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 19 April 2020.

#### 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 2018	–	–
Balance as per 31 December 2018	3 000	172
Transactions of own shares	2 500	127
Balance as per 31 December 2019	5 500	299

## 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.

	2019	2018
Net profit attributable to Cicor shareholders in CHF 1 000	8 414	9 640
Weighted average number of ordinary shares outstanding	2 897 738	2 901 210
<b>Basic and diluted earnings per share in CHF</b>	<b>2.90</b>	<b>3.32</b>

## 20 LONG-TERM INCENTIVE PLAN (LTI-PLAN)

Cicor Technologies Ltd. has issued LTI-Plans during the financial years 2017-2019.

	LTI-Plan 2019–2021	LTI-Plan 2018–2020	LTI-Plan 2017–2019
Initial Value of Total Shareholder Return (TSR)	CHF 41.42	CHF 74.07	CHF 30.82
Target Value Total Plan Participants (excl. Social Security costs)	TCHF 320	TCHF 320	TCHF 200
Number of Plan Participants (Group Management and others)	10	10	2
Volume-weighted average price (VWAP)	CHF 55.27	CHF 68.64	CHF 42.63
Number of Performance Share Awards (PSA) Total Plan Participants	5 786	4 666	4 692
Maximum payout	200 %	200 %	200 %
Assignment of non-binding Entitlements (grant date)	1 May 2019	1 May 2018	1 May 2017
Allocation of PSA (vesting date)	1 May 2022	1 May 2021	1 May 2020

Plan participants of the LTI-Plan 2019–2021 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 2019 to 31 December 2021).

The initial value for the measurement of the TSR is CHF 41.42 and corresponds to the volume-weighted average price (VWAP) of the first 30 days of the first plan year (1 January 2019–31 January 2019). The assignment of the performance share awards (PSA) of the plan to the plan participants took place on 1 May 2019 (grant date). The definitive allocation of the PSAs will take place on 1 May 2022 (vesting date). The LTI-Plan is bound to a service condition of three years (1 May 2019–1 May 2022). The PSAs lapse if plan participants leave the company before 1 May 2022. 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 PSA allocated to the plan participant remain valid.

The Annual Shareholders' Meeting on 16 April 2019 approved a target value for the LTI-Plan 2019–2021 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 2018 year-end results (14 March 2019–27 March 2019) amounted to CHF 55.27. This leads to a total PSAs of 5 786 (target value for each plan participant divided by the VWAP of CHF 55.27).

in CHF 1 000	2019	2018
Recognized through Income Statement LTI-Plan 2017–2019	64	67
Recognized through Income Statement LTI-Plan 2018–2020	107	75
Recognized through Income Statement LTI-Plan 2019–2021	71	n/a

## 21 PERSONNEL COSTS

in CHF 1 000	2019	2018
Wages and salaries	58 062	56 397
Social security costs	7 397	7 361
Other personnel costs	4 194	4 759
<b>Total</b>	<b>69 653</b>	<b>68 517</b>

## 22 EMPLOYEES

	2019	2018
<b>Number of employees (FTE)</b>		
Production	1 851	1 846
Sales and marketing	69	73
Administration	116	110
<b>Total</b>	<b>2 036</b>	<b>2 029</b>

## 23 OTHER OPERATING EXPENSES

in CHF 1 000	2019	2018
Facility costs	8 691	8 662
Maintenance costs	3 578	3 604
Other production costs	6 564	6 015
Sales and marketing costs	1 424	1 731
Administration costs	3 642	4 507
<b>Total</b>	<b>23 899</b>	<b>24 519</b>

## 24 FINANCIAL INCOME AND EXPENSES

in CHF 1 000	2019	2018
<b>Income</b>		
Interest income	81	20
Foreign exchange gains	3 693	4 654
<b>Total</b>	<b>3 774</b>	<b>4 674</b>
<b>Expense</b>		
Interest expense	1 055	1 043
Other financial expenses	307	240
Foreign exchange losses	5 452	5 582
<b>Total</b>	<b>6 814</b>	<b>6 865</b>

## 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 2019, HEB Swiss Investment AG, the main shareholder, holds 29.40 % 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, has 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 2019 (2018: no single customer accounted for more than 8 % of consolidated sales).

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

in CHF 1000	2019	2018
Cash and cash equivalents	33 660	29 843
Trade receivables	36 444	41 994
Other accounts receivable	2 779	3 196
Other current assets	559	673
<b>Total</b>	<b>73 442</b>	<b>75 706</b>

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 2019, the following foreign exchange forwards for the hedging of currency risks on Group loans with a remaining period of up to 30 months are outstanding:

in CHF 1000	Assets		Liabilities		Purpose
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	
Foreign exchange forwards	506	260	–	–	Hedging
<b>Total</b>	<b>506</b>	<b>260</b>	<b>–</b>	<b>–</b>	

### 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 decreased in 2019 from an average of 1.30 % to an average of 1.27 %. 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 71.5 million (utilized as per 31 December 2019: CHF 46.5 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:

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	–	–	–	–
<b>Total</b>	<b>97 441</b>	<b>99 136</b>	<b>51 161</b>	<b>2 590</b>	<b>45 385</b>	<b>–</b>	<b>–</b>

2018 in CHF 1 000	Carrying amount	Contractual cash flow	2019 contractual cash flow	2020 contractual cash flow	2021 contractual cash flow	2022 contractual cash flow	2023 and after contractual cash flow
Financial liabilities	57 823	60 472	7 219	2 807	2 638	47 808	–
Trade payables	32 365	32 365	32 365	–	–	–	–
Other current liabilities and accruals	19 263	19 263	19 263	–	–	–	–
<b>Total</b>	<b>109 451</b>	<b>112 100</b>	<b>58 847</b>	<b>2 807</b>	<b>2 638</b>	<b>47 808</b>	<b>–</b>

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 2019 and 12 March 2020 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 2019 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting principles.

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 2019, 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.


**Key Audit Matter**

As per 31 December 2019, the Group had inventory balances, including work-in-progress (WIP) balances, of CHF 50.6 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.

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.

**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 understatement 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 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 principles 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Roman Wenk  
Licensed Audit Expert  
Auditor in Charge

David Grass  
Licensed Audit Expert

Zurich, 11 March 2020

KPMG AG, R ffelstrasse 28, PO Box, CH-8036 Zurich

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# FINANCIAL STATEMENTS OF THE CICOR TECHNOLOGIES LTD.

## BALANCE SHEET

in CHF 1 000	31.12.2019	31.12.2018
<b>Assets</b>		
Cash and cash equivalents	17 418	16 590
Other current receivables		
– Third party	115	35
– Subsidiaries	3 473	8 503
Short-term loans to Group companies	1 871	1 455
Accruals	264	405
<b>Current assets</b>	<b>23 141</b>	<b>26 988</b>
Financial assets third party	425	237
Long-term loans to Subsidiaries	50 942	54 483
Long-term loans to Subsidiaries subordinated	18 000	18 000
Investments	83 236	83 236
<b>Non-current assets</b>	<b>152 603</b>	<b>155 956</b>
<b>Total assets</b>	<b>175 744</b>	<b>182 944</b>
<b>Liabilities and shareholders' equity</b>		
Financial liabilities		
– Subsidiaries	14 109	11 518
– Third parties	2 000	1 500
Other liabilities		
– Subsidiaries	3	11
– Third parties	–	65
Accrued expenses	861	1 591
<b>Current liabilities</b>	<b>16 973</b>	<b>14 685</b>
Non-current interest bearing liabilities		
– Third parties	44 500	51 500
<b>Non-current liabilities</b>	<b>44 500</b>	<b>51 500</b>
Ordinary share capital	29 021	29 021
Legal capital reserve		
– General reserve	1 467	1 467
– Capital contribution reserves	103 424	106 322
– Share premium	1 073	1 073
Voluntary retained earnings		
– Loss brought forward	–20 952	–19 923
– Net profit / (loss) of the year	537	–1 029
Treasury shares	–299	–172
<b>Shareholders' equity</b>	<b>114 271</b>	<b>116 759</b>
<b>Total liabilities and shareholders' equity</b>	<b>175 744</b>	<b>182 944</b>

## INCOME STATEMENT

in CHF 1 000	2019	2018
<b>Income</b>		
Financial income	3 133	2 752
Interest received from Group companies	1 349	1 322
Interest received from third party	3	10
<b>Total income</b>	<b>4 485</b>	<b>4 084</b>
<b>Expenses</b>		
Financial expense	2 460	2 602
Administrative expense	1 487	2 511
Tax	1	–
<b>Total expenses</b>	<b>3 948</b>	<b>5 113</b>
<b>Net profit / (loss) of the year</b>	<b>537</b>	<b>–1 029</b>

# NOTES TO THE FINANCIAL STATEMENTS OF THE CICOR TECHNOLOGIES LTD.

## 1 PRINCIPLES

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### 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

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### Loans to subsidiaries

Loans in the amount of TCHF 40 450 have been granted to our companies in Switzerland, Romania and Asia. Loans in the amount of TEUR 17 681 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	31.12.2019	31.12.2018
<b>Cicorel SA, Boudry/Switzerland*</b> Engineering/Production/Sales/Distribution	100	CHF	8 000	8 000
<b>Reinhardt Microtech AG, Wangs/Switzerland*</b> Engineering/Production/Sales/Distribution	100	CHF	1 800	1 800
<b>Reinhardt Microtech GmbH, Ulm/Germany</b> Engineering/Production/Sales/Distribution	100	EUR	500	500
<b>RHe Microsystems GmbH, Radeberg/Germany*</b> Engineering/Production/Sales/Distribution	100	EUR	216	216
<b>Electronicparc Holding AG, Bronschhofen (Wil)/Switzerland*</b> Holding/Finance	100	CHF	23 271	23 271
<b>Swisstronics Contract Manufacturing AG, Bronschhofen (Wil)/Switzerland</b> Engineering/Production/Sales/Distribution	100	CHF	3 000	3 000
<b>Systronics SRL, Arad/Romania</b> Production/Sales	100	RON	5 145	5 145
<b>Systel Italia SRL, Milano/Italy</b> Sales/Distribution	100	EUR	10	10
<b>ESG Holding Pte Ltd., Singapore*</b> Holding/Finance	100	SGD	1 896	1 896
<b>Cicor Asia Pte Ltd., Singapore</b> Sales/Distribution	100	SGD	1 000	1 000
<b>Cicor Ecotool Pte Ltd., Singapore</b> Engineering/Production	100	SGD	1 000	1 000
<b>PT Cicor Panatec, Batam/Indonesia</b> Production	100	USD	300	300
<b>Brant Rock Enterprises Corporation, British Virgin Islands</b> Holding/Finance	100	USD	10	10
<b>Cicor Anam Ltd., Anam/Vietnam</b> Production	100	USD	1 500	1 500
<b>Suzhou Cicor Technology Co. Ltd., China</b> Production	100	CNY	39 432	39 432
<b>Cicor Americas Inc., USA*</b> Sales/Distribution	100	USD	10	10
<b>Cicor Management AG, Bronschhofen (Wil)/Switzerland*</b> 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 31.12.2019 the total line of the syndicated bank loan has been reduced to CHF 71.5 million and was utilized by CHF 46.5 million cash on 31 December 2019 (please refer to page 56 for further information).

### Capital structure

	31.12.2019	31.12.2018
Share capital at 31 December		
2 902 092 (2018: 2 902 092) registered shares of CHF 10.–	29 020 920	29 020 920

### Issued capital and changes in capital structure

During 2019 and 2018, 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 2019, the shareholders decided to allocate MCHF 2.90 from the capital contribution reserves to the free reserves and to distribute CHF 1.00 per share (totalling MCHF 2.9) to the shareholders out of the free reserves. At the Annual Shareholders' Meeting on 16 April 2020, the Board of Directors will propose a withholding tax-free distribution of CHF 1.50 per share (totalling MCHF 4.35) from the capital contribution reserve. For more information refer to page 59.

#### Authorized capital

At the Shareholders' Meeting on 19 April 2018, 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 19 April 2020.

#### 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	
<b>1 January 2018</b>	–
Purchase of own shares	3 000
<b>31 December 2018</b>	<b>3 000</b>
Purchase of own shares	2 500
<b>31 December 2019</b>	<b>5 500</b>

	31.12.2019 Number of shares	in % <sup>1)</sup>	31.12.2018 Number of shares	in % <sup>1)</sup>
HEB Swiss Investment AG, Zürich, Switzerland	851 705	29.40	851 705	29.38
LLB (Swiss) Investment AG, Zürich, Switzerland	118 676	4.10	128 500	4.43
Escatec Holdings Ltd., Port Vila, Vanuatu	111 194	3.84	111 194	3.84

<sup>1)</sup> in % of the total outstanding shares

#### Financial income

The financial income mainly consists of the dividends of Electronicparc Holding AG (TCHF 850), RHe Microsystems GmbH (TCHF 573) and Reinhardt Microtech AG (TCHF 1 000) and of foreign exchange gains (TCHF 464). Also included are non-realized gains of derivative financial instruments (TCHF 246).

#### Administrative expense

The administrative expense mainly consists of remuneration to the Board of Directors of TCHF 226 and stewardship costs of TCHF 1 080 (costs charged by Cicor Management AG, costs for the annual report and Annual Shareholders' Meeting as well as consulting, investor relations and audit costs).

## 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 3 081, which represents the discounted value of future rental payments.

in CHF 1,000	31.12.2019	31.12.2018
Guarantee in favour of a Swiss insurance company	3 081	3 804

#### Pledged assets

The shares of the following companies at a net book value of TCHF 80 036 (2018: TCHF 80 036) 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.

## Compensation of Board of Directors and Management 2019

Please refer to pages 31 to 32.

### Shareholdings of Board of Directors and Management

in CHF 1 000	2019 Number of shares	2019 Number of options	2018 Number of shares	2018 Number of options
Heinrich J. Essing	9 000	n/a	9 000	n/a
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
<b>Total current Board members</b>	<b>15 124</b>	<b>–</b>	<b>15 124</b>	<b>–</b>
in CHF 1 000	2019 Number of shares	2019 Number of options	2018 Number of shares	2018 Number of options
Alexander Hagemann	1 700	n/a	1 200	n/a
Patric Schoch	4 711	n/a	4 711	n/a
<b>Total current Management</b>	<b>6 411</b>	<b>–</b>	<b>5 911</b>	<b>–</b>

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

In 2019 and 2018, no shares or options on shares were allocated to members of the Board or to employees. As of 31 December 2019, 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	2019
Loss brought forward 1.1.	–20 952
Net profit of the year	537
Loss brought forward 31.12.	–20 415

At the Annual Shareholders' Meeting on 16 April 2020, the Board of Directors will propose a withholding tax-free distribution of CHF 1.50 per share (totalling MCHF 4.35) 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 2019, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting principles.

In our opinion the financial statements (pages 68 to 73) for the year ended 31 December 2019 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 2019 include investments in subsidiaries in the amount of CHF 83.2 million and long-term loans to subsidiaries in the amount of CHF 68.9 million (thereof CHF 18.0 million subordinated). 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.

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.

### 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
- 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 the 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 skepticism 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 principles 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Roman Wenk  
Licensed Audit Expert  
Auditor in Charge

David Grass  
Licensed Audit Expert

Zurich, 11 March 2020

KPMG AG, Raffelstrasse 28, PO Box, CH-8036 Zurich

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