

FINANCIAL REPORT

CICOR GROUP

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CICOR TECHNOLOGIES LTD.

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

in CHF 1 000	Notes	31.12.2019	in %	31.12.2018	in %
Assets					
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
Non-current assets		59 202	32.0	56 924	29.3
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
Current assets		125 744	68.0	137 282	70.7
Total assets		184 946	100.0	194 206	100.0
Liabilities and shareholders' equity					
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
Total equity		78 805	42.6	75 137	38.7
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
Non-current liabilities		52 347	28.3	57 310	29.5
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
Current liabilities		53 794	29.1	61 759	31.8
Total liabilities		106 141	57.4	119 069	61.3
Total equity and liabilities		184 946	100.0	194 206	100.0

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

CONSOLIDATED INCOME STATEMENT

in CHF 1 000	Notes	2019	in %	2018	in %
Net Sales	(4)	253 909	100.0	248 115	100.0
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
Operating profit (EBIT)		14 901	5.9	15 234	6.1
Financial income	(24)	3 774	1.5	4 674	1.9
Financial expenses	(24)	-6 814	-2.7	-6 865	-2.8
Profit before tax (EBT)		11 861	4.7	13 043	5.3
Income tax	(11)	-3 447	-1.4	-3 403	-1.4
Net profit		8 414	3.3	9 640	3.9
Earnings per share (CHF)					
- basic and diluted	(19)	2.90		3.32	

CONSOLIDATED CASH FLOW STATEMENT

in CHF 1 000	Notes	2019	2018
Profit before tax		11 861	13 043
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
Subtotal before working capital changes		22 982	24 992
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
Decrease/(increase) in working capital		9 566	-12 237
Income tax paid		-3 047	-1 755
Interest paid		-973	-772
Interest received		9	20
Net cash from operating activities		28 537	10 248
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
Net cash used in investing activities		-14 877	-16 857
(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
Net cash (used in)/from financing activities		-9 380	7 515
Currency translation effects		-463	-363
Net increase/(decrease) in cash and cash equivalents		3 817	543
Cash and cash equivalents at the beginning of the period	(9)	29 843	29 300
Cash and cash equivalents at the end of the period	(9)	33 660	29 843

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF 1 000	Share capital	Share premium	Treasury shares	Retained earnings	Translation reserve	Equity attributable to Cicor shareholders	Total equity
Balance at 1 January 2018	29 022	113 471	–	–73 560	–241	68 692	68 692
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
Balance at 31 December 2018	29 022	111 440	–172	–63 778	–1 375	75 137	75 137
in CHF 1 000	Share capital	Share premium	Treasury shares	Retained earnings	Translation reserve	Equity attributable to Cicor shareholders	Total equity
Balance at 1 January 2019	29 022	111 440	–172	–63 778	–1 375	75 137	75 137
Net profit				8 414		8 414	8 414
Share-based payments				242		242	242
Purchase of Treasury Shares			–127			–127	–127
Dividend/capital contribution paid to shareholders		–2 898				–2 898	–2 898
Translation adjustment					–1 963	–1 963	–1 963
Balance at 31 December 2019	29 022	108 542	–299	–55 122	–3 338	78 805	78 805

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

* Directly held subsidiaries of Cicor Technologies Ltd.

4 SEGMENT REPORTING

2019 in CHF 1 000	AMS Division 2019	ES Division 2019	Total reportable segments 2019	Corporate and eliminations 2019	Consolidated 2019
Income statement					
Net Sales to external customers	61 223	192 686	253 909	–	253 909
Intersegment sales	121	22	143	–143	–
Segment result before depreciation and amortization (EBITDA)	10 362	15 681	26 043	–1 262	24 781
Segment result (EBIT)	6 171	10 003	16 174	–1 273	14 901
Balance sheet					
	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019
Intangible segment assets	125	1 187	1 312	13	1 325
Other than intangible segment assets	57 466	121 994	179 460	4 161	183 621
Segment assets	57 591	123 181	180 772	4 174	184 946
Segment liabilities	53 604	80 948	134 552	–28 411	106 141
Other segment information					
	2019	2019	2019	2019	2019
Depreciation and amortization	4 191	5 678	9 869	11	9 880
Capital expenditures for property, plant and equipment	5 166	8 798	13 964	–	13 964
2018 in CHF 1 000					
	AMS Division 2018	ES Division 2018	Total reportable segments 2018	Corporate and eliminations 2018	Consolidated 2018
Income statement					
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
Balance sheet					
	31.12.2018	31.12.2018	31.12.2018	31.12.2018	31.12.2018
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
Other segment information					
	2018	2018	2018	2018	2018
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
Reconciliation of total reportable segment result		
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
Consolidated profit before tax	11 861	13 043

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	%
Sales by export region				
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
Total	253 909	100.0	248 115	100.0
Sales by industry				
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
Total	253 909	100.0	248 115	100.0
Sales by production region				
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
Total	253 909	100.0	248 115	100.0

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

¹⁾ 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
Acquisition costs						
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
Balance at 31 December 2018	38 702	93 785	8 464	1 077	628	142 656
Accumulated depreciation						
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
Balance at 31 December 2018	-15 571	-68 202	-6 135	-680	-	-90 588
Net book value						
1 January 2018	14 562	23 582	2 416	272	2 673	43 505
31 December 2018	23 131	25 583	2 329	397	628	52 068
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
Acquisition costs						
Balance at 1 January 2019	96 186	6 711	7 454	3 176	2 507	116 034
Additions	-	-	-	-	516	516
Disposal	-	-	-	-	-2	-2
Reclassification	-	-	-	-	-	-
Translation adjustment	-7	-	-33	-	-65	-105
Balance at 31 December 2019	96 179	6 711	7 421	3 176	2 956	116 443
Accumulated depreciation						
Balance at 1 January 2019	-96 186	-6 711	-7 194	-3 176	-1 568	-114 835
Amortization	-	-	-129	-	-192	-321
Impairment	-	-	-	-	-22	-22
Disposal	-	-	-	-	2	2
Translation adjustment	7	-	27	-	24	58
Balance at 31 December 2019	-96 179	-6 711	-7 296	-3 176	-1 756	-115 118
Net book value						
1 January 2019	-	-	260	-	939	1 199
31 December 2019	-	-	125	-	1 200	1 325
2018 in CHF 1 000						
Acquisition costs						
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
Balance at 31 December 2018	96 186	6 711	7 454	3 176	2 507	116 034
Accumulated depreciation						
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
Balance at 31 December 2018	-96 186	-6 711	-7 194	-3 176	-1 568	-114 835
Net book value						
1 January 2018	-	-	405	-	437	842
31 December 2018	-	-	260	-	939	1 199

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
Total inventories	50 632	59 213
(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
Total trade accounts receivable	36 444	41 994

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
Total trade accounts receivable	36 950	-506	42 570	-576

Movement in the allowance for impairment for trade accounts receivable

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

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
Total other accounts receivable	4 009	4 588

9 CASH AND CASH EQUIVALENTS

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

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
Balance at 1 January 2019		2 846	3 543	6 389	584	6 973
Additional provisions		1 212	1 277	2 489	-	2 489
Unused amounts reversed		-290	-263	-553	-199	-752
Amount used		-711	-1 214	-1 925	-	-1 925
Reclassification		-	-413	-413	-	-413
Translation adjustments		-68	-36	-104	-	-104
Balance at 31 December 2019		2 989	2 894	5 883	385	6 268
thereof short-term provisions		1 501	1 198	2 699		
thereof long-term provisions		1 488	1 696	3 184		

2018 in CHF 1 000	Restructuring	Warranties	Other	Total provisions	Deferred taxes	Total provisions and deferred taxes
Balance at 1 January 2018	-	2 260	2 947	5 207	663	5 870
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
Balance at 31 December 2018	-	2 846	3 543	6 389	584	6 973
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
Total tax expense	3 447	3 403

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
Total	1 370	610	1 450	783
Deferred taxes on loss carried forward	1 805	–	2 406	–
Offset of assets and liabilities	–225	–225	–199	–199
Total deferred tax assets and liabilities	2 950	385	3 657	584
Balance at 1 January	3 657	584	4 259	663
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	–
Balance at 31 December	2 950	385	3 657	584

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
Profit before tax	11 861	13 043
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
Effective income taxes	3 447	3 403
Effective income taxes in % of profit before tax	29.1%	26.1%

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
Total long-term financial liabilities	46 898	51 313

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
Total short-term financial liabilities	3 449	6 510

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	–	–
Total financial debts	50 347	57 823

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	–	–	–	–
Total		3 449	2 005	44 893	–	–	–

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	–	–	–	–
Total		6 510	2 149	2 007	47 157	–	–

* 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) ¹⁾	–	–	–	–	499	499	464
Pension institutions without own assets	–	1 880	1 891	–11	25	14	90
Total	–	1 880	1 891	–11	2 086	2 075	2 039

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

14 OTHER CURRENT LIABILITIES AND ACCRUALS

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

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
Total operating leasing	27 071	28 201

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
Basic and diluted earnings per share in CHF	2.90	3.32

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
Total	69 653	68 517

22 EMPLOYEES

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

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
Total	23 899	24 519

24 FINANCIAL INCOME AND EXPENSES

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

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
Total	73 442	75 706

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 Cikor 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
Total	506	260	–	–	

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	–	–	–	–
Total	97 441	99 136	51 161	2 590	45 385	–	–

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	–	–	–	–
Total	109 451	112 100	58 847	2 807	2 638	47 808	–

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.



Valuation of inventory allowances

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
Assets		
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
Current assets	23 141	26 988
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
Non-current assets	152 603	155 956
Total assets	175 744	182 944
Liabilities and shareholders' equity		
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
Current liabilities	16 973	14 685
Non-current interest bearing liabilities		
– Third parties	44 500	51 500
Non-current liabilities	44 500	51 500
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
Shareholders' equity	114 271	116 759
Total liabilities and shareholders' equity	175 744	182 944

INCOME STATEMENT

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

NOTES TO THE FINANCIAL STATEMENTS OF THE CICOR TECHNOLOGIES LTD.

1 PRINCIPLES

General aspects

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

Non-current assets

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

Treasury shares

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

Long-term interest-bearing liabilities

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

Foregoing a cash flow statement and additional disclosures in the notes

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

Derivative financial instruments

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

2 INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

Loans to subsidiaries

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

* Directly held subsidiaries

Non-current interest-bearing liabilities

Cicor signed a syndicated bank loan agreement on 30 June 2017 on a total line of CHF 75 million. Up to 31.12.2019 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	
1 January 2018	–
Purchase of own shares	3 000
31 December 2018	3 000
Purchase of own shares	2 500
31 December 2019	5 500

	31.12.2019 Number of shares	in % ¹⁾	31.12.2018 Number of shares	in % ¹⁾
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

¹⁾ 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
Total current Board members	15 124	–	15 124	–
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
Total current Management	6 411	–	5 911	–

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

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