FINANCIAL REPORT

CICOR GROUP

CICOR TECHNOLOGIES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

in CHF 1 000	Notes	31.12.2021	in %	31.12.2020	in %
Assets					
Property, plant and equipment	(5)	49 553	15.4	48 777	26.8
Intangible assets	(6)	68 547	21.3	920	0.5
Deferred tax assets	(11)	3 158	1.0	3 013	1.7
Non-current assets		**121 258**	**37.7**	**52 710**	**29.0**
Inventories	(7)	80 109	24.9	49 875	27.4
Trade accounts receivable	(8)	44 080	13.7	30 679	16.9
Other accounts receivable	(8)	5 924	1.8	4 520	2.5
Prepaid expenses and accruals		1 721	0.5	1 131	0.5
Cash and cash equivalents	(9)	68 797	21.4	43 135	23.7
Current assets		**200 631**	**62.3**	**129 340**	**71.0**
Total assets		**321 889**	**100.0**	**182 050**	**100.0**
Liabilities and shareholders' equity					
Share capital		30 695	9.5	29 022	15.9
Capital reserves		109 024	33.9	103 894	57.1
Treasury shares		−6	−0.0	−6	−0.0
Retained earnings		−43 156	−13.4	−50 864	−27.9
Translation reserve		−7 670	−2.4	−5 712	−3.2
Total equity		**88 887**	**27.6**	**76 334**	**41.9**
Long-term provisions	(10)	3 596	1.1	3 471	1.9
Deferred tax liabilities	(11)	8 895	2.8	304	0.2
Long-term financial liabilities	(12)	114 502	35.6	53 436	29.4
Liabilities for post-employment benefits	(13)	1 906	0.6	1 932	1.0
Non-current liabilities		**128 899**	**40.1**	**59 143**	**32.5**
Short-term financial liabilities	(12)	15 354	4.8	3 316	1.8
Trade accounts payable		39 691	12.3	22 556	12.5
Other current liabilities	(14)	23 130	7.2	7 696	4.2
Accruals	(14)	13 355	4.1	9 378	5.2
Short-term provisions	(10)	12 067	3.7	3 178	1.7
Income tax payable		506	0.2	449	0.2
Current liabilities		**104 103**	**32.3**	**46 573**	**25.6**
Total liabilities		**233 002**	**72.4**	**105 716**	**58.1**
Total equity and liabilities		**321 889**	**100.0**	**182 050**	**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	2021	in %	2020	in %
Net Sales	(4)	**239 044**	**100.0**	**214 891**	**100.0**
Other operating income		1 069	0.4	1 571	0.7
Change in inventory of finished and unfinished goods		2 517	1.1	−2 031	−0.9
Material costs		−126 323	−52.8	−110 185	−51.3
Personnel costs	(21)	−69 905	−29.2	−63 550	−29.6
Depreciation	(5)	−9 913	−4.1	−10 164	−4.7
Amortization	(6)	−1 005	−0.5	−347	−0.2
Other operating expenses	(23)	−23 280	−9.8	−21 334	−9.9
Operating profit (EBIT)		**12 204**	**5.1**	**8 851**	**4.1**
Financial income	(24)	4 287	1.8	4 703	2.2
Financial expenses	(24)	−6 281	−2.6	−7 158	−3.3
Profit before tax (EBT)		**10 210**	**4.3**	**6 396**	**3.0**
Income tax	(11)	−2 728	−1.2	−2 224	−1.1
Net profit		**7 482**	**3.1**	**4 172**	**1.9**
Earnings per share (in CHF)					
– basic and diluted	(19)	2.57		1.44	

CONSOLIDATED CASH FLOW STATEMENT

in CHF 1 000	Notes	2021	2020
Net profit		**7 482**	**4 172**
Depreciation	(5)	9 729	9 965
Impairment	(5) / (6)	184	199
Amortization	(6)	1 005	347
Interest income	(24)	−4	−32
Interest expenses	(24)	1 042	852
Tax Expenses	(11)	2 728	2 224
Increase in provisions		1 228	814
Other income that does not affect the fund		−35	−117
Subtotal before working capital changes		**23 359**	**18 424**
Increase in inventories		−20 896	−313
(Increase)/decrease in trade accounts receivable		−7 044	3 931
(Increase)/decrease in other current assets		−1 445	463
Increase/(decrease) in trade accounts payable		6 281	−4 146
Increase/(decrease) in other current liabilities		12 780	−1 698
Increase in working capital		**−10 324**	**−1 763**
Income tax paid		−3 055	−2 129
Interest paid		−750	−758
Interest received		4	2
Net cash from operating activities		**9 234**	**13 776**
Purchase of property, plant and equipment		−7 790	−6 638
Proceeds from sale of property, plant and equipment		1	25
Purchase of intangible assets	(6)	−262	−11
Acquisition of subsidiaries net of cash acquired		−45 006	–
Net cash used in investing activities		**−53 057**	**−6 624**
Purchase of treasury shares	(18)	–	−216
Payment to shareholders from capital contribution reserves	(17)	−2 902	−4 339
Payment of finance lease liabilities		−38	–
Proceeds from borrowings short-term		502	–
Proceeds from borrowings long-term		76 534	12 306
Repayment of borrowings short-term		−3 304	−4 671
Net cash from financing activities		**70 792**	**3 080**
Currency translation effects on cash and cash equivalents		−1 307	−757
Net increase in cash and cash equivalents		**25 662**	**9 475**
Cash and cash equivalents at the beginning of the period	(9)	**43 135**	**33 660**
Cash and cash equivalents at the end of the period	(9)	**68 797**	**43 135**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF 1 000	Share capital	Capital reserves	Treasury shares	Retained earnings	Translation reserve	Total equity
Balance at 1 January 2020	**29 022**	**108 542**	**–299**	**–55 122**	**–3 338**	**78 805**
Net profit				4 172		4 172
Share-based payments		–309	509	86		286
Purchase of treasury shares			–216			–216
Dividend / capital contribution paid to shareholders		–4 339				–4 339
Translation adjustment					–2 374	–2 374
Balance at 31 December 2020	**29 022**	**103 894**	**–6**	**–50 864**	**–5 712**	**76 334**

in CHF 1 000	Share capital	Capital reserves	Treasury shares	Retained earnings	Translation reserve	Total equity
Balance at 1 January 2021	**29 022**	**103 894**	**–6**	**–50 864**	**–5 712**	**76 334**
Net profit				7 482		7 482
Capital increase	1 673	8 032				9 705
Share-based payments				226		226
Dividend / capital contribution paid to shareholders		–2 902				–2 902
Translation adjustment					–1 958	–1 958
Balance at 31 December 2021	**30 695**	**109 024**	**–6**	**–43 156**	**–7 670**	**88 887**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

Cicor Technologies Ltd., Boudry, is a public company, the shares of which are traded on the Swiss Stock Exchange (SIX).
Cicor Group offers a seamless production and service chain for electronic components and systems – from development and engineering to large-scale manufacturing, after-sales service and product life cycle management. Mainly active in Europe, the USA and Asia, Cicor's main competences are:
- manufacture of PCBs and HDIs – rigid, rigid-flexible and flexible
- hybrid manufacturing (thin-/thick-film, RF boards)
- quick-turn prototypes, small, medium and large series
- microelectronics assembly (SMD, wire bonding, flip chip, etc.)
- printed electronics
- outsourcing services for the manufacture of electronic modules, component groups and complete electronic products (EMS: Electronic Engineering and Manufacturing Services)

2 BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements of 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 2021 were authorized for issue on 9 March 2022 and are subject to approval at the Annual General Meeting of Shareholders' of 12 April 2022.

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		2021	2020
Closing	EUR	1.0365	1.0845
	USD	0.9152	0.8829
	GBP	1.2347	1.1989
	RON	0.2094	0.2226
	SGD	0.6768	0.6667
	CNY	0.1436	0.1353
Average	EUR	1.0814	1.0702
	USD	0.9140	0.9391
	GBP	1.2573	1.2045
	RON	0.2198	0.2213
	SGD	0.6803	0.6807
	CNY	0.1417	0.1361

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 Advanced Microelectronics and Substrates (AMS) and Electronic Solutions (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
Leasehold 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 live 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 acquisition date fair value. Subsequently, goodwill is measured at cost less accumulated amortization and accumulated impairment losses. Goodwill is amortized over five years. Additionally, a yearly impairment test is conducted.

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 (between one and five years, in justified cases twenty years at the most).

Impairment of assets

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

An impairment loss is recognized in profit or loss when the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount of an asset or a group of assets is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows from continuing use of an asset or a group of assets that are largely independent of cash flows of other assets are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The relevant cash flows are based on the most recent business plans of these cash-generating units (period of three years) and the assumptions therein concerning development of prices, markets and market shares. 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. 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.

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 liabilities. 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 net selling price and the estimated costs until finalization of work in progress.

Trade accounts receivable

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

Cash and cash equivalents

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

Bank borrowings, trade and other liabilities

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

Provisions

Provisions are recognized when:

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

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

Government grants

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

Income taxes

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

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

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

Derivative financial instruments

Derivative financial instruments for hedging purposes of balance sheet items are stated at fair value upon conclusion of the contract and are shown under other accounts receivable respectively other current liabilities. Subsequently, 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 can make use of foreign exchange forwards.

Pension plans

Cicor maintains several pension plans for employees in Switzerland, Germany and the United Kingdom. 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. 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	2021 Nominal share capital	Participation in %	2020 Nominal share capital	Participation in %
Cicor Technologies Ltd, Boudry/Switzerland Holding/Finance	CHF	30 695	100	29 021	100
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	3000	100
Systronics SRL, Arad/Romania Production/Sales	RON	5 145	100	5 145	100
Systel Italia SRL, Milano/Italy Sales/Distribution	EUR	n/a	n/a	10	100
Axis EMS Heights Ltd., Milton Keynes / United Kingdom* Holding/Finance	GBP	141	100	n/a	n/a
Axis EMS Group Ltd., Milton Keynes / United Kingdom Holding/Finance	GBP	264	100	n/a	n/a
Axis EMS Holdings Ltd., Milton Keynes / United Kingdom Holding/Finance	GBP	885	100	n/a	n/a
Axis Electronics Ltd., Milton Keynes / United Kingdom Engineering/Production/Sales/Distribution	GBP	10	100	n/a	n/a
ESG Holding Pte Ltd., Singapore* Holding/Finance	SGD	1 896	100	1 896	100
Cicor Asia Pte Ltd., Singapore Sales/Distribution	SGD	2 000	100	2 000	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.

Change in scope of consolidation

As of 30 November 2021, Cicor Technologies Ltd. acquired 100% of the shares of Axis EMS Heights Ltd. with its directly/indirectly held subsidiaries Axis EMS Group Ltd., Axis EMS Holdings Ltd. and Axis Electronics Ltd., all in Milton Keynes, United Kingdom. The most important balance sheet positions as per acquisition date are shown in the table below.

in CHF 1 000	2021
Cash paid	54 071
Direct costs related to acquisition	2 179
Purchase considerations cash	**56 250**
Capital increase	9 705
Earn-out	8 858
Issuance stamp tax and securities transfer tax	326
Purchase considerations non-cash	**18 889**
Total purchase considerations	**75 139**
less: Fair value of net assets acquired	–49 906
Goodwill	**25 233**
Cash and cash equivalents	11 244
Trade accounts receivable	7 079
Inventories	10 563
Property, plant and equipment	3 093
Intangible assets	43 617
Trade payables	–11 605
Other current liabilities	–4 535
Short-term financial liabilities	–354
Long-term financial liabilities	–456
Short-term provision	–56
Deferred Tax liabilities	–8 684
Total fair value of net assets acquired	**49 906**
Purchase considerations cash	56 250
less: Cash and cash equivalent acquired	–11 244
Cash outflow on acquisition during the year	45 006

The Goodwill resulting from the acquisition amounts to TCHF 25 233 and will be amortized over five years.

4 SEGMENT REPORTING

2021 in CHF 1 000	AMS Division 2021	ES Division 2021	Total reportable segments 2021	Corporate and eliminations 2021	Consolidated 2021
Income statement					
Net sales to external customers	58 428	180 616	239 044	–	239 044
Intersegment sales	250	587	837	–837	–
Segment result before depreciation and amortization (EBITDA)	10 263	15 780	26 043	–2 921	23 122
Segment result (EBIT)	5 898	9 232	15 130	–2 926	12 204
Balance sheet	31.12.2021	31.12.2021	31.12.2021	31.12.2021	31.12.2021
Intangible segment assets	–	68 547	68 547	–	68 547
Other than intangible segment assets	54 262	172 092	226 354	26 988	253 342
Segment assets	54 262	240 639	294 901	26 988	321 889
Segment liabilities	30 161	116 982	147 143	85 859	233 002
Other segment information	2021	2021	2021	2021	2021
Depreciation and amortization	4 365	6 548	10 913	5	10 918
Capital expenditures for property, plant and equipment	3 313	5 310	8 623	–	8 623

2020 in CHF 1 000	AMS Division 2020	ES Division 2020	Total reportable segments 2020	Corporate and eliminations 2020	Consolidated 2020
Income statement					
Net sales to external customers	52 317	162 574	214 891	–	214 891
Intersegment sales	204	481	685	–685	–
Segment result before depreciation and amortization (EBITDA)	7 352	13 621	20 973	–1 611	19 362
Segment result (EBIT)	2 795	7 677	10 472	–1 621	8 851
Balance sheet	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020
Intangible segment assets	–	917	917	3	920
Other than intangible segment assets	54 722	115 873	170 595	10 535	181 130
Segment assets	54 722	116 790	171 512	10 538	182 050
Segment liabilities	34 152	71 304	105 456	260	105 716
Other segment information	2020	2020	2020	2020	2020
Depreciation and amortization	4 557	5 944	10 501	10	10 511
Capital expenditures for property, plant and equipment	2 347	2 725	5 072	–	5 072

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	2021	2020
Reconciliation of total reportable segment result		
Total reportable segment result (EBIT)	15 130	10 472
Other corporate expenses	–2 926	–1 621
Financial income	4 287	4 703
Financial expenses	–6 281	–7 158
Consolidated profit before tax	**10 210**	**6 396**

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	31.12.2021	%	31.12.2020	%
Sales by export region				
Switzerland	65 798	27.5	65 587	30.5
Europe (without Switzerland)	113 705	47.6	99 620	46.4
Asia	44 558	18.6	35 894	16.7
America	13 189	5.5	11 891	5.5
Other	1 794	0.8	1 899	0.9
Total	**239 044**	**100.0**	**214 891**	**100.0**
Sales by industry				
Aerospace & defence	22 605	9.5	18 824	8.8
Communication	2 873	1.2	4 258	2.0
Industrial	103 772	43.4	93 971	43.7
Medical	64 603	27.0	60 635	28.2
Automotive & transport	18 752	7.8	19 117	8.9
Watches & consumer	25 525	10.7	17 542	8.2
Other	914	0.4	544	0.2
Total	**239 044**	**100.0**	**214 891**	**100.0**
Sales by production region				
Switzerland	99 169	41.5	89 139	41.5
Europe (without Switzerland)	91 870	38.4	79 528	37.0
Asia	48 005	20.1	46 224	21.5
Total	**239 044**	**100.0**	**214 891**	**100.0**

Major customers

Cicor Group's biggest customer contributes less than 8 % (2020: less than 6 %) to the Group's consolidated sales. In 2021, about 42 % (2020: about 40 %) of total Group net sales can be attributed to the Group's top ten clients.

5 PROPERTY, PLANT AND EQUIPMENT

2021 in CHF 1 000	Land and buildings	Machinery	Furniture and equipment	Other equipment	Assets under construction	Total
Acquisition costs						
Balance at 1 January 2021	38 842	96 531	9 254	1 330	394	146 351
Additions*)	110	5 937	699	275	1 602	8 623
Disposals	−20	−9 598	−459	−11	–	−10 088
Reclassifications	13	95	19	–	−211	−84
Business combinations	10	2 175	831	77	–	3 093
Translation adjustment	−697	−868	−133	−26	−30	−1 754
Balance at 31 December 2021	**38 258**	**94 272**	**10 211**	**1 645**	**1 755**	**146 141**
Accumulated depreciation						
Balance at 1 January 2021	−19 306	−70 461	−6 939	−868	–	−97 574
Depreciation	−2 022	−6 655	−940	−112	–	−9 729
Impairment	−34	−145	−4	−1	–	−184
Disposals	20	9 597	459	11	–	10 087
Reclassification	–	–	–	–	–	–
Translation adjustment	34	669	88	21	–	812
Balance at 31 December 2021	**−21 308**	**−66 995**	**−7 336**	**−949**	**–**	**−96 588**
Net book value						
1 January 2021	**19 536**	**26 070**	**2 315**	**462**	**394**	**48 777**
31 December 2021	**16 950**	**27 277**	**2 875**	**696**	**1 755**	**49 553**
thereof net book value of assets under financial lease	–	1 400	–	38	–	1 438
Net book value of pledged assets	–	1 400	–	38	–	1 438
Addition of assets under financial lease	–	–	–	–	–	–

* Of the additions in fixed assets, CHF 1.2 million have not been paid as at 31 December 2021.

In 2021, Cicor invested CHF 5.9 million in machinery. The most significant investments were undertaken in Bronschhofen, Arad, Thuan An City and Radeberg. The biggest investment thereof was a placement line in Bronschhofen. The assets under construction are equipment whose installation has not yet been completed.

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

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

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

6 INTANGIBLE ASSETS

2021 in CHF 1 000	Goodwill	Brand	Technology	Clients	Other	Total
Acquisition costs						
Balance at 1 January 2021	96 136	6 711	7 419	3 176	2 871	116 313
Additions	–	–	–	–	262	262
Disposal	–	–	–	–	–13	–13
Reclassification	–	–	–	–	84	84
Business combinations	25 233	4 190	–	34 858	4 569	68 850
Translation adjustment	–439	–12	–42	–94	–31	–618
Balance at 31 December 2021	**120 930**	**10 889**	**7 377**	**37 940**	**7 742**	**184 878**
Accumulated amortization						
Balance at 1 January 2021	–96 136	–6 711	–7 419	–3 176	–1 951	–115 393
Amortization	–420	–24	–	–197	–364	–1 005
Disposal	–	–	–	–	13	13
Translation adjustment	–8	1	42	3	16	54
Balance at 31 December 2021	**–96 564**	**–6 734**	**–7 377**	**–3 370**	**–2 286**	**–116 331**
Net book value						
1 January 2021	**–**	**–**	**–**	**–**	**920**	**920**
31 December 2021	**24 366**	**4 155**	**–**	**34 570**	**5 456**	**68 547**

2020 in CHF 1 000	Goodwill	Brand	Technology	Clients	Other	Total
Acquisition costs						
Balance at 1 January 2020	96 179	6 711	7 421	3 176	2 956	116 443
Additions	–	–	–	–	11	11
Disposal	–	–	–	–	–	–
Reclassification	–	–	–	–	–	–
Translation adjustment	–43	–	–2	–	–96	–141
Balance at 31 December 2020	**96 136**	**6 711**	**7 419**	**3 176**	**2 871**	**116 313**
Accumulated amortization						
Balance at 1 January 2020	–96 179	–6 711	–7 296	–3 176	–1 756	–115 118
Amortization	–	–	–123	–	–224	–347
Disposal	–	–	–	–	–	–
Translation adjustment	43	–	–	–	29	72
Balance at 31 December 2020	**–96 136**	**–6 711**	**–7 419**	**–3 176**	**–1 951**	**–115 393**
Net book value						
1 January 2020	**–**	**–**	**125**	**–**	**1 200**	**1 325**
31 December 2020	**–**	**–**	**–**	**–**	**920**	**920**

7 INVENTORIES

in CHF 1 000	31.12.2021	31.12.2020
Net value of raw materials	53 969	26 252
Net value of work in progress	18 348	14 819
Net value of finished goods	7 792	8 804
Total inventories	**80 109**	**49 875**
(Decrease)/increase in inventory allowance	838	–326

8 TRADE ACCOUNTS RECEIVABLE AND OTHER ACCOUNTS RECEIVABLE

in CHF 1 000	31.12.2021	31.12.2020
Trade accounts receivable (gross)	44 616	31 185
Allowance for bad debts	–536	–506
Total trade accounts receivable	**44 080**	**30 679**

Ageing of trade accounts receivable

in CHF 1 000	31.12.2021 Gross	31.12.2021 Allowance	31.12.2020 Gross	31.12.2020 Allowance
Not yet due	38 525	–	25 449	–
Overdue 0–45 days	5 085	–	4 558	–
Overdue 46–90 days	285	–	185	–1
Overdue 91–180 days	79	–	409	–43
Overdue 181–360 days	127	–21	225	–103
Overdue more than 360 days	515	–515	359	–359
Total trade accounts receivable	**44 616**	**–536**	**31 185**	**–506**

Movement in the allowance for impairment for trade accounts receivable

in CHF 1 000	2021	2020
Individual allowance		
Balance as of 1 January	**458**	**473**
Allowance increase	51	287
Utilization/consumption	–30	–257
Reversal of allowance	–68	–45
Balance as of 31 December	**411**	**458**
Collective allowance		
Balance as of 1 January	**48**	**33**
Change in allowance	77	15
Balance as of 31 December	**125**	**48**

Other accounts receivable

in CHF 1 000	31.12.2021	31.12.2020
Receivables on bullion dealers' accounts	406	169
Value-added taxes	1 118	501
Other	4 400	3 850
Total other accounts receivable	**5 924**	**4 520**

9 CASH AND CASH EQUIVALENTS

in CHF 1 000	31.12.2021	31.12.2020
Bank accounts	68 797	43 135
Total cash and cash equivalents	**68 797**	**43 135**

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

10 PROVISIONS

2021 in CHF 1 000	Warranties	Other	Total provisions	Deferred taxes	Total provisions and deferred taxes
Balance at 1 January 2021	**3 504**	**3 145**	**6 649**	**304**	**6 953**
Additional provisions	1 146	10 265	11 411	33	11 444
Unused amounts reversed	– 1 214	– 270	– 1 484	– 126	– 1 610
Amount used	– 94	– 765	– 859	–	– 859
Business combinations	56	–	56	8 684	8 740
Translation adjustments	– 65	– 45	– 110	–	– 110
Balance at 31 December 2021	**3 333**	**12 330**	**15 663**	**8 895**	**24 558**
thereof short-term provisions	1 355	10 712	12 067		
thereof long-term provisions	1 978	1 618	3 596		

2020 in CHF 1 000	Warranties	Other	Total provisions	Deferred taxes	Total provisions and deferred taxes
Balance at 1 January 2020	**2 989**	**2 894**	**5 883**	**385**	**6 268**
Additional provisions	1 439	1 221	2 660	2	2 662
Unused amounts reversed	– 625	– 171	– 796	– 83	– 879
Amount used	– 264	– 786	– 1 050	–	– 1 050
Translation adjustments	– 35	– 13	– 48	–	– 48
Balance at 31 December 2020	**3 504**	**3 145**	**6 649**	**304**	**6 953**
thereof short-term provisions	1 644	1 534	3 178		
thereof long-term provisions	1 860	1 611	3 471		

Warranty provisions are recognized for warranty claims on products sold. The additional provisions in 2021 were based on several smaller cases.

As per 31 December, other provisions consist mainly of an earn-out amount in connection to the purchase of Axis EMS Heights Ltd.in the amount of TCHF 8,858, jubilee benefits (2021: TCHF 871, 2020: TCHF 840) and rebuilding costs (2021: TCHF 455, 2020: TCHF 454).

11 TAXES

Major components of tax expense

in CHF 1 000	2021	2020
Current income taxes	3 274	2 605
Income tax for prior years	–247	–151
Deferred tax	–299	–230
Total tax expense	**2 728**	**2 224**

Deferred tax assets and liabilities

in CHF 1 000	31.12.2021 Assets	31.12.2021 Liabilities	31.12.2020 Assets	31.12.2020 Liabilities
Deferred taxes on intangible assets	–	8 236	1	–
Deferred taxes on property, plant and equipment	141	446	80	29
Deferred taxes on inventory	766	116	699	119
Deferred taxes on other assets	434	470	70	238
Deferred taxes on accruals	237	177	230	38
Deferred taxes on other liabilities	1 738	1 337	441	99
Total	**3 316**	**10 782**	**1 521**	**523**
Deferred taxes on loss carried forward	1 729	–	1 711	–
Offset of assets and liabilities	–1 887	–1 887	–219	–219
Total deferred tax assets and liabilities	**3 158**	**8 895**	**3 013**	**304**

The Group average tax rate for the calculation of the deferred income taxes is 17.3 % (2020: 16.9 %).

Reconciliation of current income taxes and deferred taxes

in CHF 1 000	2021	2020
Profit before tax	**10 210**	**6 396**
Weighted average income tax in %	19.5 %	24.8 %
Expected income tax expense / (income)	1 991	1 586
Current year losses for which no deferred tax asset is recognized	144	219
Recognition of tax assets on previously unrecognized tax losses	–171	–249
Derecognition of tax assets on previously recognized tax losses	168	640
Effect of non-deductible expenses	845	267
Adjustments for current tax of prior periods	–245	–151
Other adjustments	–4	–88
Effective income taxes	**2 728**	**2 224**
Effective income taxes in % of profit before tax	**26.7 %**	**34.8 %**

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

in CHF 1 000	31.12.2021	31.12.2020
Tax loss carried forward expiring in 1 to 3 years	6 320	2 289
Tax loss carried forward expiring in more than 3 years	2 379	5 662

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.

12 FINANCIAL LIABILITIES

Long-term financial liabilities

in CHF 1 000	31.12.2021	31.12.2020
Financial leases	426	5
Borrowings, long-term	114 076	53 431
Total long-term financial liabilities	**114 502**	**53 436**

Short-term financial liabilities

in CHF 1 000	31.12.2021	31.12.2020
Bank borrowings, short-term	–	1 308
Short-term portion of long-term borrowings	15 000	2 000
Financial leases	354	8
Total short-term financial liabilities	**15 354**	**3 316**

Maturity of financial liabilities

in CHF 1 000	31.12.2021	31.12.2020
Within 1 year	15 354	3 316
Within 2 to 5 years	114 502	53 436
Over 5 years	–	–
Total financial debts	**129 856**	**56 752**

Repayments of financial liabilities

2021	Interest rate	2022*	2023*	2024*	2025*	2026*	2027 and after*
CHF 155.0 million revolving credit line and acquisition credit line	1.1 %	15 000	15 000	15 000	84 076	–	–
EUR 5.0 million revolving credit line	1.0 %	–	–	–	–	–	–
Leasing	n/a	354	276	150	–	–	–
Total		**15 354**	**15 276**	**15 150**	**84 076**	**–**	**–**

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

* in CHF 1 000

On 18 June 2021, the Group signed a new syndicated bank loan agreement on a total line of CHF 80 million plus allowance of an external basket of CHF 20 million valid for four years, beginning on 26 July 2021, with two extension options of one additional year each, therefore running for a maximum term of six years. The new credit agreement also contains an optional acquisition credit line in the amount of CHF 75 million, which, in the event of a future acquisition, is to be used to finance the purchase price and the working capital of the company to be acquired.

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 SARON added by a variable margin depending on the net debt / EBITDA ratio. The revolving credit line, which was divided into CHF 73 million cash and CHF 7 million for guarantees, was utilized by CHF 55 million cash at a variable interest rate of 1.10 % on average and for guarantees of CHF 2.3 million bearing commission charges of 0.2 %.

On 29 November 2021, Cicor made use of the acquisition credit line of CHF 75 million, in context with this, the covenants were temporarily adjusted as follows: minimum equity ratio reduced to 30 % until 31 December 2023, net debt / EBITDA ratio increased to 3.25 times until 31 December 2022. The respective bank covenants were fulfilled on all reporting dates except for the equity covenant per 31 December 2021, however a waiver from the bank syndicate has been obtained as the breach of the equity ratio was healed within January 2022.

In addition to the syndicated loan, the Group has an unutilized revolving loan of EUR 5.0 million at an average variable interest rate of 1.0 %.

Collateral assets of CHF 1.4 million were pledged.

The shares of the following companies are in deposit with the lead bank, pledged as collateral for the syndicated credit line: Cicorel SA, Electronicparc Holding AG, Swisstronics Contract Manufacturing AG, Reinhardt Microtech AG, RHe Microsystems GmbH and Axis EMS Heights Ltd..

13 LIABILITIES FOR POST-EMPLOYMENT BENEFITS

Cicor maintains several pension plans for employees in Switzerland, Germany and the United Kingdom. Pension expenses totaled TCHF 2,268 (2020: TCHF 2,095). German pension funds are not legally independent in contrast to Swiss and United Kingdom 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 920 (2020: TCHF 954) resp. TCHF 986 (2020: TCHF 978) as liability.
In Switzerland the majority of Cicor's insured employees are covered for the risk of old age, death and disability within a collective pension scheme which is administrating pension plans of various unrelated employers. The plan is an independent pension fund.

The standard retirement age is 65. Employees qualify for early retirement on their 58th birthday at the earliest. Furthermore, the employees may choose to take their entire pension or part thereof in the form of capital payment. For retirements at the age of 65, the conversion rate is 6.4 % for the compulsory part and 5.8 % for the supplementary part. This rate is relevant to determine the pension payment in relation to the accumulated savings. These savings result from employee and employer contributions which are paid into the individual savings account of each individually insured person as well as the interest accruing on the accumulated savings.

It is a collective multiemployer pension fund organized as a foundation under Swiss law. The most senior governing body of the foundation is the Board of Trustees that consists of an equal number of employers' and employees' representatives. The people entrusted with the management of the pension fund and its assets are subject to the charter of the Swiss Pension Fund Association ASIP. All processes are audited by the internal auditors and the independent external auditors as well as the investment controller. And, finally, the supervisory authority, the Zentralschweizer BVG- und Stiftungsaufsicht (ZBSA), audits the management of the pension fund and the assets in collaboration with the auditors.
The projected funding ratio as per 30 September 2021 is 114.78 %. Whenever there is a legal obligation to cover an underfunding, this has to be remedied by various measures such as increasing employee and employer contributions, lowering the interest rate on retirement account balances, reducing prospective benefits and a suspension of the early withdrawal facility.

in CHF 1 000	Surplus/ deficit	Economical part of the organization		Change to prior-year period or recognized in the current result of the period, respectively	Contributions concerning the business period	Pension benefit expenses within personnel expenses	
	31.12.2021	31.12.2021	31.12.2020			2021	2020
Pension institutions without surplus/deficit	n/a	n/a	n/a	–	78	78	n/a
Pension institutions with surplus [1]	–	–	–	–	2 183	2 183	2 096
Pension institutions without own assets	–	1 906	1 932	–26	33	7	–1
Total	**–**	**1 906**	**1 932**	**–26**	**2 294**	**2 268**	**2 095**

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

14 OTHER CURRENT LIABILITIES AND ACCRUALS

in CHF 1 000	31.12.2021	31.12.2020
Value-added taxes	1 213	366
Other current liabilities	1 874	1 005
Other accounts payable	20 043	6 325
Total other currenct liabilities	**23 130**	**7 696**
Accrued personnel expenses	8 945	5 749
Other accrued expenses	4 410	3 629
Total accruals	**13 355**	**9 378**
Total other current liabilities and accruals	**36 485**	**17 074**

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

15 LEASE COMMITMENTS

Operating leasing

in CHF 1 000	31.12.2021	31.12.2020
Within 1 year	4 415	3 922
From over 1 year to under 5 years	13 456	10 865
Due in 5 years or later	10 969	12 918
Total operating leasing	**28 840**	**27 705**

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 2021.

17 ISSUED CAPITAL

Capital structure

in CHF 1 000	
Share capital at 1 January 2020	**29 022**
Share capital at 31 December 2020	**29 022**
Increase of ordinary share capital of 167,450 registered shares at CHF 10	1 673
Share capital at 31 December 2021	**30 695**
3,069,542 registered shares at CHF 10	

Ordinary share capital

On 30 November 2021, the ordinary share capital was increased by 167,450 registered shares at CHF 10 in connection with the purchase of Axis EMS Heights Ltd. and its subsidiaries.

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 General Meeting of Shareholders'. At the Annual General Meeting of Shareholders' on 15 April 2021, the shareholders decided a withholding tax-free distribution of CHF 1.00 per share (totalling MCHF 2.9) from the capital contribution reserve. At the Annual General Meeting of Shareholders' on 12 April 2022, the Board of Directors will propose to forego a distribution of earnings.

Authorized capital

At the Annual General Meeting of Shareholders' on 16 April 2020, the shareholders decided to renew the authorization of the Board of Directors to increase the share capital by a maximum of 600,000 fully paid-in shares at a nominal value of CHF 10 until 16 April 2022. 167,450 of those shares were used for the capital increase as of 30 November 2021 in connection with the purchase of Axis EMS Heights Ltd. and its subsidiaries.

Conditional capital

At the Annual General Meeting of Shareholders' on 13 May 2009, the shareholders decided to increase the conditional share capital up to 200,000 fully paid-in registered shares with a total nominal value up to CHF 2,000,000 for the exercise of stock option rights granted to officers and other key employees under an employee stock option plan established by the Board of Directors. As of 31 December 2021, 120,670 shares have not been used.

At the Annual General Meeting of Shareholders' on 16 December 2021, the shareholders decided that the share capital of the Company may be increased by an additional maximum amount of CHF 13,303,750 by issuing up to 1,330,375 fully paid-in registered shares with a nominal value of CHF 10.00 each through the exercise or compulsory exercise of conversion, exchange, option or similar subscription rights granted to shareholders or third parties, alone or in connection with bonds, loans, options, warrants or other financial market instruments or contractual obligations, subscription or similar share subscription rights, granted to shareholders or third parties, alone or in connection with bonds, loans, options, warrants or other financial market instruments or contractual obligations of the Company or one of its subsidiaries (hereinafter collectively: Financial Instruments).

18 TREASURY SHARES

	Number of shares	in CHF 1 000
Balance as per 1 January 2020	**5 500**	**299**
Purchase of treasury shares	4 000	216
Share-based payments	–9 384	–509
Balance as per 31 December 2020	**116**	**6**
Balance as per 31 December 2021	**116**	**6**

19 EARNINGS PER SHARE

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

	2021	2020
Net profit attributable to Cicor shareholders in CHF 1 000	7 482	4 172
Weighted average number of ordinary shares outstanding	2 916 657	2 898 785
Basic and diluted earnings per share in CHF	**2.57**	**1.44**

20 LONG-TERM INCENTIVE PLAN (LTI-PLAN)

Cicor Technologies Ltd. has issued LTI-Plans during the financial years 2019-2021.

	LTI-Plan 2021–2023	LTI-Plan 2020–2022	LTI-Plan 2019–2021
Initial value of Total shareholder return (TSR)	CHF 47.40	CHF 61.73	CHF 41.42
Target value total Plan participants (excl. Social Security costs)	TCHF 550	TCHF 220	TCHF 205
Number of plan participants (Group Management and others)	27	9	8
Volume Weighted Average Price (VWAP)	CHF 53.38	CHF 32.94	CHF 55.27
Number of Performance Share Awards (PSA) Total plan participants	10 300	6 676	3 706
Maximum payout	200 %	200 %	200 %
Assignment of non-binding entitlements (grant date)	1 May 2021	1 May 2020	1 May 2019
Allocation of PSA (vesting date)	1 May 2024	1 May 2023	1 May 2022

Plan participants of the LTI-Plan 2021–2023 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 2021 to 31 December 2023).
The initial value for the measurement of the TSR is CHF 47.40 and corresponds to the Volume Weighted Average Price (VWAP) of the first 30 days of the first plan year (1 January 2021 - 31 January 2021). The assignment of the performance share awards (PSA) of the plan to the plan participants took place on 1 May 2021 (grant date). The definitive allocation of the PSAs will take place on 1 May 2024 (vesting date). The LTI-Plan is bound to a service condition of three years (1 May 2021 - 1 May 2024). The PSAs lapse if plan participants leave the company before 1 May 2024. Upon termination of the employment relationship between the plan participant and Cicor during the vesting period due to death, disability or retirement of the plan participant, all the PSAs allocated to the plan participant remain valid.

The Annual General Meeting of Shareholders' on 15 April 2021 approved a target value for the LTI-Plan 2021–2023 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 550 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 2020 year-end results (11 March 2021–25 March 2021) amounted to CHF 53.38. This leads to a total of PSAs of 10,300 (target value for each plan participant divided by the VWAP of CHF 53.38).

in CHF 1 000	2021	2020
Recognized through income statement LTI-Plan 2017 – 2019	n/a	21
Recognized through income statement LTI-Plan 2018 – 2020	34	98
Recognized through income statement LTI-Plan 2019 – 2021	13	98
Recognized through income statement LTI-Plan 2020 – 2022	52	69
Recognized through income statement LTI-Plan 2021 – 2023	127	n/a
Total	**226**	**286**

21 PERSONNEL COSTS

in CHF 1 000	2021	2020
Wages and salaries	58 645	53 613
Social security costs	7 392	6 760
Other personnel costs	3 868	3 177
Total	**69 905**	**63 550**

22 EMPLOYEES

Number of employees (FTE)	31.12.2021	31.12.2020
Production	1 953	1 719
Sales and marketing	83	67
Administration	145	115
Total	**2 181**	**1 901**

23 OTHER OPERATING EXPENSES

in CHF 1 000	2021	2020
Facility costs	8 580	8 052
Maintenance costs	3 308	3 618
Other production costs	5 839	5 243
Sales and marketing costs	807	861
Administration costs	4 746	3 560
Total	**23 280**	**21 334**

24 FINANCIAL INCOME AND EXPENSES

in CHF 1 000	2021	2020
Income		
Interest income	4	32
Foreign exchange gains	4 283	4 671
Total	**4 287**	**4 703**
Expense		
Interest expense	1 042	852
Other financial expenses	517	318
Foreign exchange losses	4 722	5 988
Total	**6 281**	**7 158**

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 2021, OEP 80 B.V., the main shareholder, holds 27.75 % 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 47/48.

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 financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The following paragraphs give an overview of the extent of the above mentioned risks.

Credit risk

The credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligation. The assets mainly exposing the Group to a credit risk are: cash, cash equivalents and trade accounts receivable. The Group minimizes credit risk arising on cash and cash equivalents by investing in funds of high credit-rated banks. These investments generally have a maturity of less than three months.
The Group's exposure to credit risk arising from trade receivables is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, have less of an influence on credit risk. The danger of risk concentration is generally minimized by the large number of customer credit balances, as no single customer accounts for more than 8 % of consolidated sales 2021 (2020: no single customer accounted for more than 6 % of consolidated sales).

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

in CHF 1000	2021	2020
Cash and cash equivalents	68 797	43 135
Trade accounts receivable	44 080	30 679
Other accounts receivable	4 271	3 363
Other currrent assets	42	487
Total	**117 190**	**77 664**

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, and will affect the Group's income or the value of its holdings of financial instruments. The objective of risk management is to manage and control market risk exposures within acceptable limits.

Currency risk

The Cicor Technologies Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions are primarily denominated are Swiss francs (CHF), euros (EUR), Singapore dollars (SGD), US dollars (USD) and British pound sterling (GBP). These risks are mostly offset by cash flows from financial assets or liabilities resulting from opposite operational transactions (natural hedge). No foreign exchange forwards for the hedging of currency risks on Group loans are outstanding.

in CHF 1000	Assets		Liabilities		Purpose
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	
Foreign exchange forwards	n/a	433	n/a	–	Hedging
Total	**–**	**433**	**–**	**–**	

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 increased in 2021 from an average of 0.92 % to an average of 1.10 %. 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 155 million (utilized as per 31 December 2021: CHF 130 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 on all reporting dates except for the equity covenant per 31.12.2021, however a waiver from the bank syndicate has been obtained as the breach of the equity ratio was healed within January 2022. 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:

2021 in CHF 1 000	Carrying amount	Contractual cash flow	2022 contractual cash flow	2023 contractual cash flow	2024 contractual cash flow	2025 contractual cash flow	2026 and after contractual cash flow
Financial liabilities	130 780	134 024	16 356	16 183	16 018	85 468	–
Trade payables	39 691	39 691	39 691	–	–	–	–
Other current liabilities and accruals	35 824	35 824	35 824	–	–	–	–
Total	**206 295**	**209 539**	**91 871**	**16 183**	**16 018**	**85 468**	**–**

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

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

Cicor Group on 20 January 2022 issued a five-year, interest-free mandatory convertible note (MCN) with a principal amount of CHF 20 million. The MCN is subject to a reopening clause allowing Cicor to increase the principal amount of the MCN up to a maximum principal amount of CHF 60.2 million within the twelve-months reopening period without prior consent or permission of the holders through the issue of further fungible MCNs fully allocated to its main shareholder OEP, under its agreement to provide Cicor a fully underwritten standby equity facility.

The conversion price is fixed at CHF 47.50 per share, subject to subsequent adjustments for anti-dilution events. Shares to be delivered upon conversion of a MCN will be new shares to be issued from the conditional capital of the issuer with the same entitlements as the other outstanding shares. No fractions will be delivered to, and no cash payments will be made to the holders. The MCN contains the following conversion option for holders: each holder may elect to early convert MCNs during the optional conversion period starting 730 days after issuance up to the ten days prior to maturity or following the formal announcement of a takeover bid to Cicor's shareholders during the additional offer period unless certain thresholds have not been met after the first offer period.

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 2021 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 54 to 81) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 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

ACQUISITION OF AXIS GROUP

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 2021, the Group had inventory balances, including work-in-progress (WIP) balances, of CHF 80.1 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 60)
— Note 7 to the consolidated financial statements (inventories, page 69)

ACQUISITION OF AXIS GROUP

Key Audit Matter

On 30 November 2021, the Cicor Group acquired control of Axis Group (UK) for a purchase price of GBP 51.6 million.

The valuation of assets acquired and liabilities assumed is complex and requires significant judgement in applying forecasts and assumptions made by management. The principal risk relates to the estimates of the fair values of the identifiable assets and liabilities assumed in preparing the purchase price allocation.

Given the size of the transaction and the extent of the judgment in valuing these assets and obligations, we believe that the fair value calculation carries significant risk of material misstatement.

Our response

Our procedures included, amongst others, the following:

— We read the share purchase agreement, including an earn out clause, and evaluated management's accounting treatment for the acquisition;
— We traced the cash transferred to bank statements and the shares transferred to selling parties;
— We obtained a fair value assessment of intangible assets, inventories and property, plant and equipment from a third party. We assessed the third party valuation firm's qualifications, experience and expertise in the assets being valued;
— Along with our valuation specialists, we verified whether the methodologies and models used to value intangible assets, inventories and property, plant and equipment are appropriate. We challenged the main assumptions and judgements that affected the valuation by comparing these with market data and our experience of similar transactions;

— We checked the mathematical accuracy of the valuation model;
and
— We also considered the appropriateness of disclosures in respect of this acquisition.

For further information on the acquisition of Axis Group refer to the following:

— Note 2.2 to the consolidated financial statements (significant accounting principles, Goodwill, page 59)
— Note 3 to the consolidated financial statements (Scope of Consolidation, pages 62 to 63)

Responsibility of the Board of Directors for the Consolidated Financial Statements

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

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

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

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

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

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

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

KPMG AG

Kurt Stocker
Licensed Audit Expert
Auditor in Charge

David Grass
Licensed Audit Expert

St. Gallen, 9 March 2022

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

FINANCIAL STATEMENTS OF THE CICOR TECHNOLOGIES LTD.

BALANCE SHEET

in CHF 1 000	31.12.2021	31.12.2020
Assets		
Cash and cash equivalents	36 806	22 413
Other current receivables		
– third party	208	496
– subsidiaries	12 982	6 910
Short-term loans to Group companies	1 866	1 909
Accruals	1 454	601
Current assets	**53 316**	**32 329**
Long-term loans to Subsidiaries	38 281	45 852
Investments	142 375	67 236
Non-current assets	**180 656**	**113 088**
Total assets	**233 972**	**145 417**
Liabilities and shareholders' equity		
Financial liabilities		
– subsidiaries	10 772	13 208
– third parties	15 000	2 000
Other liabilities		
– subsidiaries	2	–
– third parties	9 146	28
Accrued expenses	1 869	350
Current liabilities	**36 789**	**15 586**
Non-current interest-bearing liabilities		
– third parties	115 000	53 500
Non-current liabilities	**115 000**	**53 500**
Share capital	30 695	29 021
Legal capital reserves		
– general reserve	1 467	1 467
– capital contribution reserve	96 183	99 085
– share premium	8 949	917
Voluntary retained earnings		
– loss brought forward	–54 153	–20 415
– net loss of the year	–952	–33 738
Treasury shares	–6	–6
Shareholders' equity	**82 183**	**76 331**
Total liabilities and shareholders' equity	**233 972**	**145 417**

INCOME STATEMENT

in CHF 1 000	2021	2020
Income		
Financial income	3 241	3 082
Interest received from Group companies	962	999
Total income	**4 203**	**4 081**
Expenses		
Financial expense	2 328	2 270
Administrative expense	2 742	1 464
Impairment	–	34 000
Tax	85	85
Total expenses	**5 155**	**37 819**
Net loss of the year	**–952**	**–33 738**

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 can make use of foreign exchange forwards.

2 INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

Loans to subsidiaries

Loans in the amount of TCHF 18,150 have been granted to our companies in Switzerland and Asia. Loans in the amount of TEUR 11,100 have been granted to our companies in Germany and Romania. Loans in the amount of TUSD 8,726 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	31.12.2021	31.12.2020
Cicorel SA, Boudry/Switzerland*	100	CHF	8 000	8 000
Engineering/Production/Sales/Distribution				
Reinhardt Microtech AG, Wangs/Switzerland*	100	CHF	1 800	1 800
Engineering/Production/Sales/Distribution				
Reinhardt Microtech GmbH, Ulm/Germany	100	EUR	500	500
Engineering/Production/Sales/Distribution				
RHe Microsystems GmbH, Radeberg/Germany*	100	EUR	216	216
Engineering/Production/Sales/Distribution				
Electronicparc Holding AG, Bronschhofen (Wil) / Switzerland*	100	CHF	23 271	23 271
Holding/Finance				
Swisstronics Contract Manufacturing AG, Bronschhofen (Wil) / Switzerland	100	CHF	3 000	3 000
Engineering/Production/Sales/Distribution				
Systronics SRL, Arad/Romania	100	RON	5 145	5 145
Production/Sales				
Systel Italia SRL, Milano/Italy	n.a	EUR	n.a	10
Sales/Distribution				
Axis EMS Heights Limited*	100	GBP	141	–
Holding/Finance				
Axis EMS Group Limited	100	GBP	264	–
Holding/Finance				
Axis EMS Holding Limited	100	GBP	885	–
Holding/Finance				
Axis Electronics Limited	100	GBP	10	–
Engineering/Production/Sales/Distribution				
ESG Holding Pte Ltd., Singapore*	100	SGD	1 896	1 896
Holding/Finance				
Cicor Asia Pte Ltd., Singapore	100	SGD	2 000	2 000
Sales/Distribution				
PT Cicor Panatec, Batam/Indonesia	100	USD	300	300
Production				
Brant Rock Enterprises Corporation, British Virgin Islands	100	USD	10	10
Holding/Finance				
Cicor Anam Ltd., Anam/Vietnam	100	USD	1 500	1 500
Production				
Suzhou Cicor Technology Co. Ltd., China	100	CNY	39 432	39 432
Production				
Cicor Americas Inc., USA*	100	USD	10	10
Sales/Distribution				
Cicor Management AG, Bronschhofen (Wil) / Switzerland*	100	CHF	250	250
Management Services				

* Directly held subsidiaries

Non-current interest-bearing liabilities

Cicor signed a syndicated bank loan agreement on 18 June 2021 on a total line of CHF 80 million plus an optional acquisition credit line in the amount of CHF 75 million. As of 31 December 2021, in addition to the revolving credit line which was utilized by CHF 55 million, the optional acquisition credit line in the amount of CHF 75 million was fully utilized (please refer to page 72 for further information).

Capital structure

	31.12.2021	31.12.2020
Share capital at 31 December		
3 069 542 (2020: 2 902 092) registered shares of CHF 10	30 695 420	29 020 920

Issued capital and changes in capital structure

On 30 November 2021, the ordinary share capital was increased by 167 450 registered shares at CHF 10 in connection with the purchase of Axis EMS Heights Ltd. and its subsidiaries.

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 General Meeting of Shareholders'. At the Annual General Meeting of Shareholders' on 15 April 2021, the shareholders decided a withholding tax-free distribution of CHF 1.00 per share (totalling MCHF 2.9) from the capital contribution reserve. At the Annual General Meeting of Shareholders' on 12 April 2022, the Board of Directors will propose to forego a distribution of earnings.

Authorized capital

At the Annual General Meeting of Shareholders' on 16 April 2020, the shareholders decided to renew the authorization of the Board of Directors to increase the share capital by a maximum of 600,000 fully paid-in shares at a nominal value of CHF 10 until 16 April 2022. 167,450 of those shares were used for the capital increase as of 30 November 2021 in connection with the purchase of Axis EMS Heights Ltd. and its subsidiaries.

Conditional capital

At the Annual General Meeting of Shareholders' on 13 May 2009, the shareholders decided to increase the conditional share capital up to 200,000 fully paid-in registered shares with a total nominal value up to CHF 2,000,000 for the exercise of stock option rights granted to officers and other key employees under an employee stock option plan established by the Board of Directors. As of 31 December 2021, 120,670 shares have not been used.

At the Annual General Meeting of Shareholders' on 16 December 2021, the shareholders decided that the share capital of the Company may be increased by an additional maximum amount of CHF 13,303,750 by issuing up to 1,330,375 fully paid-in registered shares with a nominal value of CHF 10.00 each through the exercise or compulsory exercise of conversion, exchange, option or similar subscription rights granted to shareholders or third parties, alone or in connection with bonds, loans, options, warrants or other financial market instruments or contractual obligations, subscription or similar share subscription rights, granted to shareholders or third parties, alone or in connection with bonds, loans, options, warrants or other financial market instruments or contractual obligations of the Company or one of its subsidiaries (hereinafter collectively: financial instruments).

Treasury shares

Number of shares	
1 January 2020	**5 500**
Purchase of own shares	4 000
Share-based payments	–9 384
31 December 2020	**116**
Purchase of own shares	–
Share-based payments	–
31 December 2021	**116**

Financial income

The financial income mainly consists of the dividends of Electronicparc Holding AG (TCHF 900), ESG Holding Pte Ltd. (TCHF 1 847 and of foreign exchange gains (TCHF 494).

Administrative expense

The administrative expense mainly consists of remuneration to the Board of Directors of TCHF 383 and stewardship costs of TCHF 2 080 (costs charged by Cicor Management AG, costs for the annual report and 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 7 449 (2020: TCHF 7 976), which represents the discounted value of future rental payments.

Pledged assets

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

Principal shareholders

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

	31.12.2021 Number of shares	in %[1]	31.12.2020 Number of shares	in %[1]
OEP 80 B.V., Amsterdam, Netherlands	851 705	27.75	n/a	n/a
Lock-up Group Axis Electronics Management, Milton Keynes, United Kingdom	167 450	5.46	n/a	n/a
LLB (Swiss) Investment AG, Zurich, Switzerland	129 626	4.22	121 176	4.17
Escatec Holdings Ltd. Port Vila, Vanuatu	110 840	3.61	110 840	3.82
FundPartner Solutions (Suisse) SA, Geneva, Switzerland	94 720	3.09	95 385	3.28
HEB Swiss Investment AG, Zurich, Switzerland	n/a	n/a	851 705	29.35
Credit Suisse Funds AG, Zurich, Switzerland	n/a	n/a	94 732	3.26

[1] in % of the total outstanding shares

Compensation of Board of Directors and management 2021

Please refer to pages 47 to 48.

Shareholdings of Board of Directors and management

in CHF 1 000	2021 Number of shares	2021 Number of options	2020 Number of shares	2020 Number of options
Daniel Frutig	1 500	n.a	n.a	n.a
Andreas Dill	1 000	n.a	1 000	n.a
Erich Haefeli	–	n.a	–	n.a
Norma Corio	–	n.a	n.a	n.a
Konstantin Ryzhkov	–	n.a	n.a	n.a
Total current Board members	**2 500**	**n.a**	**1 000**	**n.a**

in CHF 1 000	2021 Number of shares	2021 Number of options	2020 Number of shares	2020 Number of options
Alexander Hagemann	9 650	n.a	6 892	n.a
Patric Schoch	9 403	n.a	9 403	n.a
Total current Management	**19 053**	**n.a**	**16 295**	**n.a**

Shares or options on shares for members of the Board

In 2021, no shares or options on shares were allocated to members of the Board or to employees.

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	2021
Loss brought forward 1.1.	–54 153
Net loss of the year	–952
Loss brought forward 31.12.	–55 105

At the Annual General Meeting of Shareholders' on 12 April 2022, the Board of Directors will propose to forego a distribution of earnings.

KPMG

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 2021, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 86 to 91) for the year ended 31 December 2021 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

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. We have determined that there are no key audit matters to communicate in our report.

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:

KPMG AG
St. Gallen, 9 March 2022

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

KPMG AG

Kurt Stocker
Licensed Audit Expert
Auditor in Charge

David Grass
Licensed Audit Expert

St. Gallen, 9 March 2022

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