The consistent execution of Cicor‘s business strategy is reflected in new record figures for order intake, sales and profitability

Ad hoc announcement pursuant to Art. 53 LR

Bronschhofen, March 6, 2024 - The Cicor Group (SIX Swiss Exchange: CICN) increased sales in 2023 by 24.5% year-on-year to a new high of CHF 389.9 million (2022: CHF 313.2 million). While organic growth contributed 11.1% and acquisitions 16.4% to sales growth, the appreciation of the Swiss franc slowed sales growth by -3.0%. Despite the economic headwind, Cicor was able to further expand its robust order backlog. With incoming orders of CHF 399.8 million (2022: CHF 358.9 million), the previous year's figure was exceeded by 11.4% and a ratio of incoming orders to sales (book-to-bill rate) of 1.03 was achieved. Cicor Group's order backlog thus continues to represent around one year's sales.

Cicor's consistent leveraging of synergies from acquisitions and the potential to improve operational excellence led to an increase in profit margins at all levels. The operating margin before interests, taxes, depreciation, and amortization (EBITDA) reached a new record of 11.6% in the reporting year (2022: 10.3%). EBITDA amounted to CHF 45.1 million, an increase of 39.8% over the previous year's figure of CHF 32.3 million. The increased scale of the company and the focus on optimized asset utilization led to improved capital efficiency. This resulted in a substantial higher increase in core EBIT (before acquisition-related amortization of intangible assets) of 52.9% to CHF 32.7 million in the reporting year (2022: CHF 21.4 million), which corresponds to a margin of 8.4% (2022: 6.8%). Core net income (before acquisition-related amortization of intangible assets) increased by 35.8% to CHF 16.7 million (2022: CHF 12.3 million). The comparably lower growth in core net income is mainly due to negative currency effects caused by the strong appreciation of the Swiss franc in the second half of the year and an increased tax burden.

Cicor is particularly pleased that it succeeded in reducing operating working capital to 30.3% of annual sales in the reporting year. This is a significant improvement on the previous year when the supply chain problems resulted in a figure of 34.8%. Free cash flow from operating activities (before the purchase price payments for Phoenix Mecano Digital Electronic and the thin-film activities of AFT Microwave) amounted to CHF 26.3 million in 2023, compared with a negative figure of CHF -21.6 million in the previous year. Even considering the acquisition-related payments, this resulted in a positive free cash flow of CHF 4.3 million (2022: CHF -41.1 million).

Focusing on target markets pays off

Cicor's strategy of focusing the company on the robust and sustainably growing medical, industrial and aerospace & defence markets enabled the successes of 2023. In comparison, the consumer, computer and communications (CCC) markets, which are not actively addressed by Cicor, experienced a significant decline in demand following the end of the COVID pandemic; the automotive market also suffered from disruptions caused by technological change. Cicor focuses on customers based in Europe and to some extent in North America. These regions are receiving a significant boost from the reshoring trend and the search for alternatives to production in China.

This enabled Cicor to withstand the general economic downturn and record organic growth of 11.1%. In the target markets, Cicor grew by 27.8% in the reporting year, achieving a share of 84.3% of the Group's total sales (2022: 82.1%). The strongest growth was achieved in medical devices at 43.3%, followed by industrial electronics at 21.6% and aerospace & defence at 19.7%. The other – non-strategic – applications grew by 9.1%.

Regionally, Cicor has strengthened the importance of Europe as a target market, not least through the two acquisitions in Germany. Cicor is convinced that the long-term geopolitical, logistical and operational challenges will lead to a sustained increase in the importance of production in Europe and North America.

Electronic Manufacturing Services (EMS) Division takes another step forward

In the reporting year, Cicor took a major step towards its strategic goal of becoming the leading European provider in the target markets of medical devices, industrial electronics, and aerospace & defence. Organic growth was strengthened by winning important new customers. Furthermore, the companies acquired since 2021 posted above-average growth. With the purchase of a second production site in Thuan An City, in immediate proximity to the existing Cicor Vietnam plant, and considering the recently announced acquisitions of STS Defence (completed 23 January 2024), Evolution Medtec (completed 27 February 2024) and TT Electronics IoT Solutions (signed 1 March 2024 and expected to be completed in Q1 of 2024), Cicor now has a production capacity of approximately CHF 700 million for the Group. Significant progress was made on the path to operational excellence, reflected in higher margins. In addition, operating working capital was significantly reduced in relation to sales, enabling Cicor to generate a strongly positive free cash flow.

The positive business performance led to a 29.0% increase in divisional sales to CHF 347.9 million (2022: CHF 269.6 million), with the EMS Division's share of sales rising further to 89.2% (2022: 86.1%). Supply chains, particularly for semiconductor components, have largely returned to normal, even though there are still some shortages and delivery times are generally longer than before the COVID pandemic.

Operating margin have now reached satisfactory levels. The increasing share of business with clear competitive differentiation through technology and processes has contributed to this, as has the discontinuation of some low-margin business, which has further improved the product mix. EBITDA therefore rose by 49.8% to CHF 43.4 million in the reporting year (2022: CHF 29.0 million). The resulting EBITDA margin of 12.5% (2022: 10.7%) demonstrates the potential of Cicor's strategy.

To further strengthen Cicor's competitive position, particularly in the medical and industrial electronics sectors, Cicor has entered a partnership with the French company Clayens, one of the world's leading processors of polymers, composites and precision metal parts, headquartered in Genas, France. The strategic partnership enables the two companies to offer customized and integrated technology solutions from a single source that are unmatched in terms of innovation, quality and efficiency - from concept to market, regardless of their complexity. Customers, particularly in the medical and industrial sectors, will benefit from the combination of Cicor's and Clayens' complementary skills and technologies. Clayens is controlled by an affiliate of One Equity Partners and therefore meets the definition of a related party for Cicor.

On October 17, 2023, Cicor signed an agreement to acquire 100% of the shares in UK- based STS Defence Limited - the transaction was completed in January 2024. This strengthens Cicor's market position in the United Kingdom, Europe's largest aerospace & defence market. By combining the strengths of Axis Electronics (acquired in 2021) and STS Defence, Cicor is ideally positioned to implement the most demanding customer programs for its predominantly British customer base. STS Defence generated sales of GBP 27.5 million with a strong operating margin in the financial year ending June 30, 2023.

Advanced Substrates (AS) Division with significant recovery in the second half of the year
Whereas the expiry of a multi-year order for hybrid circuits and reduced demand for printed circuit boards from a medical customer has had a significant negative impact on the division's results in the first half of the year, these losses were largely offset in the second half. The successful implementation of an excellence program at the Boudry site had a positive impact, while a temporary staff shortage at one of the thin-film substrate sites resulted in sales and earnings targets not being met.

As a result, and compared to the previous year, sales in the AS division decreased by 3.9% to CHF 43.0 million (2022: CHF 44.8 million). The EBITDA margin changed slightly to 14.1% (2022: 14.4%). EBITDA of CHF 6.1 million was thus achieved, 6.1% below the previous year's figure of CHF 6.5 million.

Cicor continues to regard the AS Division as a strategically important part of the Cicor Group to be able to offer customers, particularly in the medical and aerospace & defence sectors, complete solutions that are unique in terms of miniaturization, biocompatibility, robustness and functionality. The resulting opportunities support the growth of the Cicor Group in its target markets.

Balance sheet strength and refinancing as the basis for further growth
As of December 31, 2023, the Cicor Group's total assets decreased slightly to CHF 361.1 million (31.12.2022: CHF 366.7 million) despite the integration of two acquired companies and organic growth. This decline is mainly due to the optimization of liquidity management and the scheduled amortization of intangible assets, while net working capital increased at a much slower rate than sales. The equity ratio increased slightly to 41.0% (31.12.2022: 40.6%), giving Cicor a solid balance sheet structure in the reporting year.

Goodwill and other intangible assets, most of which resulted from the acquisition of Axis Electronics, were amortized in accordance with the rules of Swiss GAAP FER, and they amounted to CHF 48.4 million as of 31 December 2023 (31.12.2022: CHF 58.3 million).

The positive free cash flow after acquisitions enabled a slight reduction in net debt to CHF 43.5 million as at 31.12.2023 (31.12.2022: CHF 44.5 million). Together with the significant increase in profitability, the financial leverage (net debt in relation to EBITDA) therefore fell to 0.96 at the end of the reporting year (31.12.2022: 1.36).

On October 30, 2023, Cicor renewed the existing syndicated loan of CHF 155 million maturing on June 18, 2025 at attractive conditions and increased it to CHF 245 million. The new loan agreement has a term of four years with two one-year extension options. The renewal of the revolving credit facility and the positive business development provide financial and liquidity security and enable Cicor to continue its growth strategy in 2024 and beyond.

Profit distribution
The Board of Directors of Cicor Technologies Ltd. will propose to the 2024 Annual General Meeting that no dividend be paid. This will allow the company to use its capital to continue its growth strategy through acquisitions which are expected to add significant value for Cicor's stakeholders. Cicor will consider resuming profit distributions to shareholders as soon as sustainable positive net cash flows will be achieved.

Sustainability
With its internal sustainability agenda, the Cicor Group goes far beyond the new requirements of the Swiss Code of Obligations for sustainable corporate management to protect people and the environment. Sustainability is a high priority at Cicor and has an impact on all levels of the company.

Maintaining strong environmental, social and governance (ESG) values is essential to Cicor's business success, where Cicor considers social values as important as environmental sustainability. Cicor's ESG strategy was systematically enhanced in fiscal 2023. This included updating risk management, launching projects to improve supplier management and introducing cross-site ESG indicators. The Cicor sites in Romania and Vietnam recently installed large-scale photovoltaic systems, which will contribute to an improved electricity mix for the Cicor Group in the future. The company supports social responsibility for its own employees and expects the same from its partners throughout the supply chain.

The Sustainability Report integrated in the Cicor Annual Report 2023 has been prepared in accordance with the standards of the Global Reporting Initiative (GRI) and fulfills the legal requirements for reporting on non-financial aspects in accordance with the Swiss Code of Obligations. The Sustainability Report will be submitted to the shareholders of Cicor Group for approval at the Annual General Meeting.

Subsequent events
Effective 23 January 2024, the Cicor Group acquired 100% of the shares of STS Defence Ltd, United Kingdom. With STS Defence, Cicor has acquired an industry-leading provider of sustainment, support and modernization solutions for mission-critical electronics and communication systems in the aerospace & defence sectors.

Effective 27 February 2024, the Cicor Group acquired 100% of the shares of Evolution Medtec Srl, Romania. Evolution Medtec is a provider of comprehensive engineering services with a strong focus on medical and paramedical applications, employing 25 people in Bucharest, Romania.

On 1 March 2024, the Cicor Group has signed an agreement to acquire TT Electronics IoT Solutions Ltd (2023 sales: GBP 70.2 million), with three production sites in the UK and China, from TT Electronics PLC, employing more than 500 people and adding around 25,000 square meters of production area. The combination of the three new sites and the Cicor companies Axis Electronics and STS Defence will not only create the new leader in the UK EMS market but will also make Cicor a European market leader in the production of high-end electronics for aerospace & defence applications. Cicor is paying GBP 20.8 million on a cash and debt free basis and subject to normal working capital adjustments. The transaction is expected to close in the first quarter of 2024, has received all regulatory approvals and is subject to customary closing conditions.

Accelerated growth expected to continue in 2024
Cicor has an order backlog equivalent to almost one year’s sales. In addition, several important new projects are entering series production. The consolidation of STS Defence, Evolution Medtec and TT Electronics IoT Solutions (expected to be completed during Q1 of 2024) will also lead to a significant increase in sales and earnings. On the other hand, the appreciation of the Swiss franc against the euro and the US dollar, as well as a temporary decline in demand from customers in the smart building and other industrial sectors, will have a dampening effect on growth.

Provided the geopolitical, economic and financial conditions do not deteriorate significantly, Cicor expects in 2024 sales to grow to CHF 460-500 million with an EBITDA margin in the target range of 10-13%.

Cicor confirms the financial mid-term targets published in December 2023:

- Annual organic sales growth of 7-10%
- Sales of >CHF 600 million within 3-4 years
- Profitability of 7-10% (core EBIT) and 10-13% (EBITDA)
- Core return on invested capital (core ROIC) of >15%
- Leverage ratio (net debt / EBITDA ratio) of <2.75
- Capital expenditure (CAPEX) of less than 3% of sales

Cicor is very well positioned. The company is benefiting from dynamic growth in its target markets of medical, industrial and aerospace & defence. Acquisitions will continue to play an important role in Cicor's strategy as the company sees attractive opportunities for consolidation in a highly fragmented market. The current guidance includes a moderate level of acquisitions. The actual level of inorganic growth may lead to a revision of the mid-term financial targets. The payment of a dividend will be considered as soon as Cicor achieves a sustainable positive net cash flow.

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The complete Annual Report 2023 is online available on our website https://report.cicor.com

Media and analysts' conference regarding the 2023 financial year
March 6, 2024 at 2 pm by Webcast (EN)
Registration via our IR website at https://www.cicor.com/en/investors/overview/

General Assembly 2024
April 18, 2024 at Hotel Park Hyatt, Beethovenstrasse 21, 8002 Zurich

Key figures 2023

in CHF 1'000	2020	in %	2021	in %	2022	in %	2023	in %
Order entry	216'047	100.5	286'614	119.9	358'878	114.6	399'775	102.5
Net sales	**214'891**	**100.0**	**239'044**	**100.0**	**313'193**	**100.0**	**389'890**	**100.0**
Change to previous year (%)	-15.4		11.2		31.0		24.5	
Organic growth (%) 1)	-13.8		11.9		14.1		11.1	
EBITDA 2)	**19'362**	**9.0**	**23'122**	**9.7**	**32'274**	**10.3**	**45'135**	**11.6**
Change to previous year (%)	-21.9		19.4		39.6		39.8	
Core EBIT 2)	**8'851**	**4.1**	**12'963**	**5.4**	**21'405**	**6.8**	**32'734**	**8.4**
Operating profit (EBIT) 2)	**8'851**	**4.1**	**12'204**	**5.1**	**12'234**	**3.9**	**23'368**	**6.0**
Core net profit 2)	**4'172**	**1.9**	**8'174**	**3.4**	**12'266**	**3.9**	**16'653**	**4.3**
Net profit	**4'172**	**1.9**	**7'482**	**3.1**	**3'820**	**1.2**	**6'083**	**1.6**
Core earnings per share (in CHF) 2)	1.44		2.81		3.30		3.76	
Earnings per share (in CHF)	1.44		2.57		1.03		1.37	
Number of employees (FTEs as per 31 December)	1'901		2'181		2'217		2'551	

1) Change in local currencies, adjusted for acquisitions.
2) Before amortization of capitalized goodwill and intangible assets from acquisitions of TCHF 9'366 (2022: TCHF 9'171).
Adjusted for related income tax effects of TCHF 1'204 (2022: TCHF -725) for Core net profit and Core earnings per share.

The Cicor Group is a globally active provider of full-cycle electronic solutions from research and development to manufacturing and supply chain management. Cicor's approximately 2,700 employees at 17 locations are serving leaders from the medical, industrial and aerospace & defence industries. Cicor creates value to its customers through the combination of customer-specific development solutions, high-tech components, as well as electronic device manufacturing. The shares of Cicor Technologies Ltd. are traded at the SIX Swiss Exchange (CICN). For further information, please visit the website www.cicor.com.