Financial Report

Consolidated Financial Statements of Cicor Group

Consolidated Balance Sheet

in CHF 1 000	Notes	31.12.2023	in %	31.12.2022	in %
Assets					
Property, plant and equipment	(5)	57 157	15.8	53 142	14.5
Intangible assets	(6)	48 441	13.4	58 342	15.9
Other non-current assets		496	0.1	545	0.1
Deferred tax assets	(11)	3 123	0.9	3 284	0.9
Non-current assets		**109 217**	**30.2**	**115 313**	**31.4**
Inventories	(7)	135 365	37.5	117 364	32.0
Trade accounts receivable	(8)	51 108	14.2	50 606	13.8
Other accounts receivable	(8)	3 929	1.1	5 558	1.5
Prepaid expenses and accruals		3 643	1.0	2 403	0.7
Cash and cash equivalents	(9)	57 851	16.0	75 491	20.6
Current assets		**251 896**	**69.8**	**251 422**	**68.6**
Total assets		**361 113**	**100.0**	**366 735**	**100.0**
Liabilities and shareholders' equity					
Share capital		34 112	9.4	34 095	9.3
Mandatory convertible note		59 069	16.4	59 069	16.1
Capital reserves		113 208	31.3	113 162	30.9
Treasury shares		–2 775	–0.8	–2 422	–0.7
Cash flow hedging reserve		–	0.0	–58	–0.0
Retained earnings		–31 815	–8.8	–38 916	–10.6
Translation reserve		–23 719	–6.6	–16 039	–4.4
Total equity		**148 080**	**41.0**	**148 891**	**40.6**
Long-term provisions	(10)	3 588	1.0	4 006	1.1
Deferred tax liabilities	(11)	8 165	2.3	7 364	2.0
Long-term financial liabilities	(12)	84 628	23.4	101 950	27.8
Liabilities for post-employment benefits	(13)	1 663	0.5	1 695	0.5
Non-current liabilities		**98 044**	**27.2**	**115 015**	**31.4**
Short-term financial liabilities	(12)	16 707	4.6	18 063	4.9
Trade accounts payable		37 050	10.3	39 539	10.8
Other current liabilities	(14)	39 652	11.0	26 436	7.2
Accruals	(14)	16 301	4.5	14 903	4.1
Short-term provisions	(10)	2 194	0.6	2 013	0.5
Income tax payable		3 085	0.9	1 875	0.5
Current liabilities		**114 989**	**31.8**	**102 829**	**28.0**
Total liabilities		**213 033**	**59.0**	**217 844**	**59.4**
Total equity and liabilities		**361 113**	**100.0**	**366 735**	**100.0**

Consolidated Income Statement

in CHF 1 000	Notes	2023	in %	2022	in %
Net Sales	**(4)**	**389 890**	**100.0**	**313 193**	**100.0**
Change in inventory of finished and unfinished goods		1 060	0.3	2 854	0.9
Material costs		–208 210	–53.4	–169 931	–54.3
Personnel costs	(20)	–102 468	–26.3	–84 298	–26.9
Other operating income		1 455	0.4	574	0.2
Other operating expenses	(21)	–36 592	–9.4	–30 118	–9.6
EBITDA		**45 135**	**11.6**	**32 274**	**10.3**
Depreciation and impairment	(5)	–11 686	–3.0	–10 364	–3.3
Amortization and impairment	(6)	–10 081	–2.6	–9 676	–3.1
Operating profit (EBIT)		**23 368**	**6.0**	**12 234**	**3.9**
Financial income	(22)	7 063	1.8	7 865	2.5
Financial expenses	(22)	–15 425	–4.0	–12 406	–4.0
Profit before tax (EBT)		**15 006**	**3.8**	**7 693**	**2.5**
Income tax	(11)	–8 923	–2.3	–3 873	–1.2
Net profit		**6 083**	**1.6**	**3 820**	**1.2**
Earnings per share (in CHF)					
– basic	(19)	1.37		1.03	
– diluted	(19)	1.36		1.03	

Consolidated Cash Flow Statement

in CHF 1 000	Notes	2023	2022
Net profit		6 083	3 820
Depreciation	(5)	11 686	10 365
Amortization	(6)	10 081	9 676
Interest income	(22)	–571	–84
Interest expenses	(22)	4 610	3 088
Tax expenses	(11)	8 923	3 873
Change in provisions		–483	–770
Change in other non-current assets		–	–560
Other non-cash-items		3 460	–448
Subtotal before working capital changes		**43 789**	**28 960**
Change in inventories		–7 198	–31 652
Change in trade accounts receivable		1 033	–5 876
Change in other current assets		–4 007	1 233
Change in trade accounts payable		–2 684	116
Change in other current liabilities		15 213	3 138
Change in working capital		**2 357**	**–33 041**
Income tax paid		–4 269	–2 879
Interest paid		–3 688	–3 114
Interest received		568	17
Net cash (used in) / from operating activities		**38 757**	**–10 057**
Purchase of property, plant and equipment		–12 359	–11 206
Proceeds from sale of property, plant and equipment		203	32
Purchase of intangible assets	(6)	–347	–225
Acquisition of subsidiaries, net of cash acquired	(3)	–21 985	–19 645
Net cash used in investing activities		**–34 488**	**–31 044**
Purchase of treasury shares (net)	(18)	–340	–45
Issuance of mandatory convertible note		–	59 069
Repayment of finance lease liabilities		–318	–600
Proceeds from borrowings short-term		1 301	2 402
Proceeds from borrowings long term		14 986	13 286
Repayment of borrowings short-term		–36 207	–25 165
Net cash from financing activities		**–20 578**	**48 947**
Currency translation effects		–1 331	–1 152
Net increase in cash and cash equivalents		**–17 640**	**6 694**
Cash and cash equivalents at the beginning of the period	**(9)**	**75 491**	**68 797**
Cash and cash equivalents at the end of the period	**(9)**	**57 851**	**75 491**

Consolidated Statement of Changes in Equity

in CHF 1 000	Share capital	Mandatory convertible note	Capital reserves	Treasury shares [1]	CF hedging reserve [2]	Retained earnings	Translation reserve	Total equity
Balance at 1 January 2022	**30 695**	**–**	**109 024**	**–6**	**–**	**–43 156**	**–7 670**	**88 887**
Net profit	–	–	–	–	–	3 820	–	3 820
Share-based payments	–	–	–3	47	–	420	–	464
Change in Cash Flow Hedging	–	–	–	–	–58	–	–	–58
Purchase of treasury shares	–	–	–	–45	–	–	–	–45
Capital increase, creation of reserve shares [3]	3 400	–	–	–3 400	–	–	–	-
Issuance of treasury shares for acquisitions	–	–	4 141	982	–	–	–	5 123
Issuance of mandatory convertible note [3]	–	60 188	–	–	–	–	–	60 188
Transaction costs on issuance of mandatory convertible note	–	–1 119	–	–	–	–	–	–1 119
Translation adjustment	–	–	–	–	–	–	–8 369	–8 369
Balance at 31 December 2022	**34 095**	**59 069**	**113 162**	**–2 422**	**–58**	**–38 916**	**–16 039**	**148 891**

in CHF 1 000	Share capital	Mandatory convertible note	Capital reserves	Treasury shares [1]	CF hedging reserve [2]	Retained earnings	Translation reserve	Total equity
Balance at 1 January 2023	**34 095**	**59 069**	**113 162**	**–2 422**	**–58**	**–38 916**	**–16 039**	**148 891**
Net profit	–	–	–	–	–	6 083	–	6 083
Share-based payments	–	–	–	67	–	1 001	–	1 068
Change in Cash Flow Hedging	–	–	–	–	58	–	–	58
Purchase of treasury shares	–	–	–	–1 832	–	–	–	–1 832
Sale of treasury shares	–	–	–	1 475	–	17	–	1 492
Capital increase, creation of reserve shares [3]	17	–	46	–63	–	–	–	-
Translation adjustment	–	–	–	–	–	–	–7 680	–7 680
Balance at 31 December 2023	**34 112**	**59 069**	**113 208**	**–2 775**	**–**	**–31 815**	**–23 719**	**148 080**

1) Refer to note 18 Treasury shares.
2) Refer to note 24 Financial Risk Management
3) Refer to note 17 Equity

Notes 1–25

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 2023 were authorized for issue on 5 March 2024 and are subject to approval at the Annual General Meeting of Shareholders on 18 April 2024.

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		2023	2022
Closing	EUR	0.9324	0.9872
	USD	0.8401	0.9235
	GBP	1.0732	1.1137
	RON	0.1875	0.1993
	SGD	0.6373	0.6883
	CNY	0.1185	0.1334
Average	EUR	0.9718	1.0030
	USD	0.8989	0.9546
	GBP	1.1172	1.1800
	RON	0.1965	0.2039
	SGD	0.6694	0.6924
	CNY	0.1272	0.1421

Segment information

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, EMS and AS, have been identified as the two reportable segments. The segment result used to steer the business is EBITDA.

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	no depreciation
Buildings	25–50 years
Leasehold Improvements	max 10 years
Machinery	3–10 years
Furniture	5–15 years
Equipment	3–10 years

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 recognized when there is reasonable assurance that the entity complies with any conditions attached to the grant and the value can be estimated reliably.

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

All outstanding derivatives are recognized at market value as at the balance sheet date and shown at gross values under other accounts receivables or other current liabilities. Value changes on derivatives for hedges of recognized underlying transactions are shown like the underlying transaction. Value changes on derivatives for hedges of future cash flows will be shown directly in equity until completion of the underlying transaction. At the time of recognition of the underlying transaction, the gain or loss recorded in equity will be transferred to the income statement.

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 assets resp. 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. Pension institutions without surplus / deficit includes the United Kingdom plans. At balance sheet date, no non-committed reserves exists. Therefore, neither an economic benefit nor an economic obligation is capitalized in the balance sheet.
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.

Mandatory convertible note

The Group's interest-free mandatory convertible note is classified as equity, because it does not contain any obligation to deliver cash or other financial assets and does not require settlement in a variable number of the Group's equity instruments. Incremental costs directly attributable to the issue of the mandatory convertible note are recognized as a deduction from equity.

Share-based payments

Share-based payments to members of the Board of Directors and to employees are measured at fair value at the grant date, and recognized in the income statement over the vesting period with a corresponding increase in equity. The fair value at the grant date is assessed considering the market conditions, with no subsequent true-up. The amount recognized as an expense is adjusted considering the satisfaction or failure of meeting the service conditions and non-market performance conditions.

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.

2.3 Definition of non-GAAP measures

Cicor uses the below non-GAAP measures in the financial reporting.

EBIT / EBITDA

EBIT as a subtotal includes all income and expenses before addition/deduction of financial income, financial expenses and income taxes. EBITDA as a subtotal includes EBIT before deduction of depreciation and impairment of tangible assets as well as amortization and impairment of intangible assets.

Core results

The Cicor Group utilizes Core results to assess the operational profit situation of the Group. These results exclude expenses related to the amortization of goodwill and other intangible assets, which were capitalized as part of the purchase price allocation of acquisitions, while also considering any tax implications.

in CHF 1 000	**2023**	**2022**
Operating profit (EBIT)	23 368	12 234
Amortization of goodwill and intangible assets from acquisition	9 366	9 171
Core EBIT	**32 734**	**21 405**
Net profit	6 083	3 820
Amortization of goodwill and intangible assets from acquisition	9 366	9 171
Tax impact on amortization of intangible assets from acquisitions	1 204	−725
Core net profit	**16 653**	**12 266**
Average number of shares outstanding and conditional	4 428 767	3 719 122
Core earnings per share (in CHF)	3.76	3.30

Operating net working capital

The Cicor Group utilizes Operating net working capital as a measure to monitor net working capital. Operating net working capital considers inventories, trade receivables and trade payables, as well as prepayments from customers and to suppliers.

in CHF 1 000	Balance sheet allocation	31.12.2023	31.12.2022
Inventories	Inventories	135 365	117 364
Prepayments to suppliers for inventory	Other accounts receivable	781	1 275
Prepayments from customers for inventory	Other current liabilities	–30 727	–17 514
Operating inventory		**105 419**	**101 125**
Trade accounts receivable	Trade accounts receivable	51 108	50 606
Prepayments from customers other	Other current liabilities	–1 611	–1 380
Operating accounts receivables		**49 497**	**49 226**
Trade accounts payable	Trade accounts payable	–37 050	–39 539
Prepayments to suppliers other	Other accounts receivable	327	318
Operating accounts payables		**–36 723**	**–39 221**
Operating net working capital		**118 193**	**111 130**

3 Scope of Consolidation

in local currency 1 000	Currency	2023 Nominal share capital	2023 Participation in %	2022 Nominal share capital	2022 Participation in %
Cicor Technologies Ltd, Boudry/Switzerland Holding/Finance	CHF	34 112	100	34 095	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
Cicor Deutschland GmbH, Dresden, Germany* Engineering/Production/Sales/Distribution	EUR	5 000	100	5 000	n/a
Cicor Digital Elektronik GmbH, Wutha-Farnroda/ Germany [1] Engineering/Production/Sales/Distribution	EUR	350	100	n/a	n/a
Electronicparc Holding AG, Bronschhofen/ Switzerland* Holding/Finance	CHF	23 271	100	23 271	100
Swisstronics Contract Manufacturing AG, Bronschhofen (Wil)/Switzerland Engineering/Production/Sales/Distribution	CHF	3 000	100	3 000	100
Systronics SRL, Arad/Romania Production/Sales	RON	5 145	100	5 145	100
Cicor Digital Tunisie S.a.r.l., Borj-Cedira/Tunisia* [2] Production	EUR	57	100	n/a	n/a
Cicor UK Ltd., Milton Keynes/UK* [3] Holding/Finance	GBP	147	100	141	100
Axis EMS Group Ltd., Milton Keynes/UK [5] Holding/Finance	GBP	n/a	n/a	264	100
Axis EMS Holdings Ltd., Milton Keynes/UK [5] Holding/Finance	GBP	n/a	n/a	885	100
Axis Electronics Ltd., Milton Keynes/UK Engineering/Production/Sales/Distribution	GBP	3 355	100	10	100
ESG Holding Pte Ltd., Singapore* Holding/Finance	SGD	1 896	100	1 896	100
Cicor Asia Pte Ltd., Singapore Sales/Distribution	SGD	2 000	100	2 000	100
PT Cicor Panatec, Batam/Indonesia Production	USD	300	100	300	100
Brant Rock Enterprises Corp., British Virgin Islands Holding/Finance	USD	10	100	10	100
Cicor Vietnam Company Ltd., Thuan An City/ Vietnam [4] Production	USD	1 500	100	1 500	100
Suzhou Cicor Technology Co. Ltd., China Production	CNY	42 033	100	42 033	100

Cicor Americas Inc., USA*	**USD**	**10**	**100**	**10**	**100**
Sales/Distribution					
Cicor Management AG, Bronschhofen/ Switzerland*	**CHF**	**250**	**100**	**250**	**100**
Management Services					

* Directly held subsidiaries of Cicor Technologies Ltd.
1) The company was renamed from Phoenix Mecano Digital Elektronik GmbH.
2) The company was renamed from Phoenix Mecano Digital Tunisie S.a.r.l.
3) The company was renamed from Axis EMS Heights Ltd., Milton Keynes/UK.
4) The company was renamed from Cicor Anam Lt., Anam/Vietnam.
5) In July, the two companies were liquidated as part of a rationalization project.

Change in scope of consolidation in 2023

Effective 20 January 2023, Cicor Group acquired 100% of the shares of Phoenix Mecano Digital Elektronik GmbH with two sites in Thuringia (Germany) and Phoenix Mecano Digital Tunisie S.a.r.l. located in Borj-Cedria (Tunisia) for a consideration of EUR 23.6 million (CHF 23.5 million). The German sites were integrated into the organizational unit "Cicor Germany" of the Electronic Manufacturing Services (EMS) Division. The Tunisian site also became part of the global production network of the EMS Division. The purchase price allocation resulted in Goodwill of TCHF 915 which has been capitalized as part of intangible assets and will be amortized over five years.

Effective 1 March 2023, Cicor Group completed the acquisition of the thin-film business of AFT microwave GmbH, Backnang, Germany, for a consideration of EUR 1.4 million (CHF 1.4 million), as part of an asset deal. Employees, equipment and knowledge of the acquired business was integrated into Cicor's Advanced Substrates division. The purchase price allocation resulted in Goodwill of TCHF 212, which has been capitalized as part of intangible assets and will be amortized over five years.

Financial information on the two transactions is disclosed in below table.

in CHF 1 000	PM [1]	AFT [2]	Total
Cash paid	23 498	1 368	24 866
Direct costs related to acquisition	421	157	578
Total purchase considerations	**23 919**	**1 525**	**25 444**
less: Fair value of net assets acquired	–23 004	–1 313	–24 317
Goodwill	**915**	**212**	**1 127**
Property, plant and equipment	7 113	355	7 467
Intangible assets (w/o Goodwill)	146	476	622
Inventories	15 542	524	16 065
Trade accounts receivable	4 397	–	4 397
Other accounts receivable, prep. exp. and accruals	64	–	64
Cash and cash equivalents	3 459	–	3 459
Deferred Tax assets / liabilities	50	–41	9
Long-term provisions	–348	–	–348
Short-term financial liabilities	–1 079	–	–1 079
Short-term provisions	–51	–	–51
Trade payables	–2 475	–	–2 475
Other current liabilities and accruals	–3 814	–	–3 814
Total fair value of net assets acquired	**23 004**	**1 313**	**24 317**
Purchase consideration cash	23 919	1 525	25 444
less: cash and cash equivalent acquired	–3 459	–	–3 459
Cash outflow on acquisition during the year	**20 461**	**1 525**	**21 985**

[1] Acquisition of Cicor Digital Elektronik GmbH, Thuringia (Germany) and Cicor Digital Tunisia, Borj-Cedria (Tunisia) from Phoenix Mecano Group.
[2] Acquisition of the thin-film business of AFT microwave, Backnang (Germany).

Change in scope of consolidation in 2022

As of 27 April 2022, Cicor Technologies Ltd. acquired 100% of the shares of SMT Elektronik GmbH, Dresden (Germany) . The acquired company provides electronic manufacturing services, predominantly for clients in the medical and industrial industry, and is included in the EMS Division.

The fair value of the acquired assets and liabilities as per the acquisitions date are shown in the below table.

in CHF 1 000	**2022**
Property, plant and equipment	4 173
Intangible assets	467
Inventories	8 501
Trade accounts receivable	2 543
Other accounts receivable, prepaid expenses and accruals	383
Cash and cash equivalents	64
Long-term provisions	–
Deferred Tax liabilities	–90
Long-term financial liabilities	–669
Short-term financial liabilities	–588
Short-term provisions	–76
Trade payables	–967
Other current liabilities and accruals	–1 200
Income tax payable	–775
Total fair value of net assets acquired	**11 767**

The acquisition resulted in a Goodwill of TCHF 2 277, which was capitalized as part of the intangible assets and is amortized over five years.

Cicor paid an earn-out amount in 2022 to settle the remaining purchase price from the acquisition of the Axis Group. Part of the remaining purchase price was settled in shares of Cicor Technologies Ltd. and part of it was settled in cash. The finalization of the purchase price allocation resulted in an increase in Goodwill of TCHF 2 898, which stems mainly from the reassessment of the earn-out amount.

4 Segment Reporting

in CHF 1 000	EMS Division	AS Division	Total reportable segments	Corporate and eliminations	Group
Income statement	**2023**	**2023**	**2023**	**2023**	**2023**
Sales to external customers	347 860	42 030	389 890	–	389 890
Intersegment sales	72	981	1 053	–1 053	-
EBITDA	43 366	6 063	49 429	–4 294	45 135
Balance sheet	**31.12.2023**	**31.12.2023**	**31.12.2023**	**31.12.2023**	**31.12.2023**
Intangible assets	47 904	537	48 441	–	48 441
Other than intangible assets	247 772	36 237	284 009	28 663	312 672
Total assets	295 676	36 774	332 450	28 663	361 113
Total liabilities	161 021	19 416	180 437	32 596	213 033
Other segment information	**2023**	**2023**	**2023**	**2023**	**2023**
Capital expenditures for property, plant and equipment	10 207	1 365	11 572	56	11 628

in CHF 1 000	EMS Division	AS Division	Total reportable segments	Corporate and eliminations	Group
Income statement	**2022**	**2022**	**2022**	**2022**	**2022**
Sales to external customers	269 466	43 727	313 193	–	313 193
Intersegment sales	171	1 052	1 223	–1 223	-
EBITDA	28 950	6 459	35 409	–3 135	32 274
Balance sheet	**31.12.2022**	**31.12.2022**	**31.12.2022**	**31.12.2022**	**31.12.2022**
Intangible assets	58 342	–	58 342	–	58 342
Other than intangible assets	228 885	37 748	266 633	41 760	308 393
Total assets	287 227	37 748	324 975	41 760	366 735
Total liabilities	155 763	21 106	176 869	40 975	217 844
Other segment information	**2022**	**2022**	**2022**	**2022**	**2022**
Capital expenditures for property, plant and equipment	8 434	2 753	11 187	–	11 187

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, EMS and AS, have been identified as the two reportable segments.

The Electronic Manufacturing Services (EMS) division provides full-cycle electronic solutions from research and development to manufacturing and supply chain management for customers in the medical, industrial and aerospace & defence sectors, while the Advanced Substrates (AS) division provides its customers with high-quality printed circuit boards as well as thin-film substrates.

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.

Sales by region and by industry

in CHF 1 000	2023	%	2022	%
Switzerland	89 513	23.0	77 664	24.8
Europe (without Switzerland)	234 162	60.1	171 903	54.9
Asia	43 669	11.2	43 622	13.9
Americas	16 769	4.3	15 922	5.1
Other	5 777	1.5	4 082	1.3
Total	**389 890**	**100.0**	**313 193**	**100.0**
Industrial	153 683	39.4	126 391	40.4
Medical	112 337	28.8	78 381	25.0
Aerospace & defence	62 588	16.1	52 266	16.7
High-tech consumer	23 073	5.9	27 668	8.8
Transport	30 145	7.7	23 032	7.4
Communication	1 965	0.5	2 355	0.7
Other	6 099	1.6	3 100	1.0
Total	**389 890**	**100.0**	**313 193**	**100.0**

Major Customers

Cicor Group's biggest customer contributes less than 6 % (2022: less than 8 %) to the Group's consolidated sales. In 2023, about 35 % (2022: about 36 %) of total Group net sales can be attributed to the Group's top ten clients.

5 Property, Plant and Equipment

2023 in CHF 1 000	Land and buildings [1]	Machinery	Furniture and equipment	Other equipment	Assets under construction	Total
Acquisition costs						
Balance at 1 January 2023	40 113	95 178	11 492	1 932	4 894	153 609
Additions [2]	667	6 355	1 022	500	3 084	11 628
Disposals	–5	–1 823	–337	–346	–46	–2 557
Reclassifications	4 418	1 409	388	17	–6 232	-
Business combinations	3 275	2 655	686	510	341	7 467
Translation adjustment	–2 013	–3 903	–505	–122	–156	–6 699
Balance at 31 December 2023	**46 455**	**99 871**	**12 746**	**2 491**	**1 885**	**163 448**
Accumulated depreciation and impairment						
Balance at 1 January 2023	–22 048	–69 216	–8 225	–978	-	–100 467
Depreciation	–1 984	–7 907	–1 466	–329	-	–11 686
Disposals	5	1 807	252	25	-	2 089
Translation adjustment	740	2 645	321	67	-	3 773
Balance at 31 December 2023	**–23 287**	**–72 671**	**–9 118**	**–1 215**	**-**	**–106 291**
Net book value						
1 January 2023	**18 065**	**25 962**	**3 267**	**954**	**4 894**	**53 142**
31 December 2023	**23 168**	**27 200**	**3 628**	**1 276**	**1 885**	**57 157**
Thereof net book value of assets under financial lease	-	456	-	132	-	588
Net book value of pledged assets	5 551	2 156	38	-	-	7 745
Addition of assets under financial lease	-	-	-	-	-	-

1) Including leasehold improvements.
2) Of the additions in fixed assets, CHF 0.3 million have not yet been paid as at 31 December 2023.

In 2023, Cicor invested CHF 6.4 million in machinery. The most significant investments were made in Arad, Batam, Boudry, Bronschhofen, Singapore, Thuan An City and Wutha-Farnroda. The investments in land and buildings were mainly made in Asia. Assets under construction are equipment whose installation has not yet been completed.

2022 in CHF 1 000	Land and buildings [1]	Machinery	Furniture and equipment	Other equipment	Assets under construction	Total
Acquisition costs						
Balance at 1 January 2022	38 258	94 272	10 211	1 645	1 755	146 141
Additions [2]	568	4 342	829	404	5 044	11 187
Disposals	–1 027	–3 928	–366	–97	–	–5 418
Reclassifications	422	1 206	119	–	–1 747	–
Business combinations	2 617	610	946	–	–	4 173
Translation adjustment	–725	–1 324	–247	–20	–158	–2 474
Balance at 31 December 2022	**40 113**	**95 178**	**11 492**	**1 932**	**4 894**	**153 609**
Accumulated depreciation and impairment						
Balance at 1 January 2022	–21 308	–66 995	–7 336	–949	–	–96 588
Depreciation	–1 808	–7 066	–1 351	–140	–	–10 365
Disposals	1 028	3 911	361	86	–	5 386
Translation adjustment	40	934	101	25	–	1 100
Balance at 31 December 2022	**–22 048**	**–69 216**	**–8 225**	**–978**	**–**	**–100 467**
Net book value						
1 January 2022	**16 950**	**27 277**	**2 875**	**696**	**1 755**	**49 553**
31 December 2022	**18 065**	**25 962**	**3 267**	**954**	**4 894**	**53 142**
Thereof net book value of assets under financial lease	–	1 030	113	17	–	1 160
Net book value of pledged assets	2 419	2 631	113	–	–	5 163
Addition of assets under financial lease	–	–	–	–	–	–

[1] Including leasehold improvements.
[2] Of the additions in fixed assets, CHF 1.1 million have not yet been paid as at 31 December 2022.

In 2022, Cicor invested CHF 4.3 million in machinery. The most significant investments were made in Wangs, Batam, Boudry and Singapore. The investments in land and buildings were mainly made in Asia. Assets under construction are equipment whose installation has not yet been completed, which includes a new production plant in Thuan An City in the amount of CHF 3.3 million.

6 Intangible Assets

2023 **in CHF 1 000**	**Goodwill**	**Brand**	**Technology**	**Customer relationships**	**Other**	**Total**
Acquisition costs						
Balance at 1 January 2023	123 413	10 480	7 335	34 534	7 920	183 682
Additions	–	–	–	–	347	347
Business combinations	1 127	–	–	476	146	1 749
Translation adjustment	–1 144	–137	–47	–1 169	–363	–2 860
Balance at 31 December 2023	**123 396**	**10 343**	**7 288**	**33 841**	**8 050**	**182 918**
Accumulated amortization						
Balance at 1 January 2023	–101 597	–6 983	–7 335	–5 442	–3 983	–125 340
Amortization	–5 677	–252	–	–2 176	–1 976	–10 081
Translation adjustment	469	20	47	168	240	944
Balance at 31 December 2023	**–106 805**	**–7 215**	**–7 288**	**–7 450**	**–5 719**	**–134 477**
Net book value						
1 January 2023	**21 816**	**3 497**	**–**	**29 092**	**3 937**	**58 342**
31 December 2023	**16 591**	**3 128**	**–**	**26 391**	**2 331**	**48 441**

2022 **in CHF 1 000**	**Goodwill**	**Brand**	**Technology**	**Customer relationships**	**Other**	**Total**
Acquisition costs						
Balance at 1 January 2022	120 930	10 889	7 377	37 940	7 742	184 878
Additions	–	–	–	–	225	225
Disposal	–	–	–	–	–26	–26
Business combinations	5 175	–	–	–	467	5 642
Translation adjustment	–2 692	–409	–42	–3 406	–488	–7 037
Balance at 31 December 2022	**123 413**	**10 480**	**7 335**	**34 534**	**7 920**	**183 682**
Accumulated amortization						
Balance at 1 January 2022	–96 564	–6 734	–7 377	–3 370	–2 286	–116 331
Amortization	–5 359	–266	–	–2 216	–1 835	–9 676
Disposal	–	–	–	–	26	26
Translation adjustment	326	17	42	144	112	641
Balance at 31 December 2022	**–101 597**	**–6 983**	**–7 335**	**–5 442**	**–3 983**	**–125 340**
Net book value						
1 January 2022	**24 366**	**4 155**	**–**	**34 570**	**5 456**	**68 547**
31 December 2022	**21 816**	**3 497**	**–**	**29 092**	**3 937**	**58 342**

7 Inventories

in CHF 1 000	31.12.2023	31.12.2022
Raw materials	114 274	98 922
Work-in-progress	24 688	23 735
Finished goods	18 013	13 205
Valuation allowance	–21 610	–18 498
Total inventories	**135 365**	**117 364**

8 Trade Accounts Receivable and other Accounts Receivable

in CHF 1 000	31.12.2023	31.12.2022
Trade accounts receivable (gross)	52 119	51 131
Allowance for bad debts	–1 011	–525
Total trade accounts receivable	**51 108**	**50 606**

Ageing of Trade Accounts Receivable

in CHF 1 000	31.12.2023 Gross	31.12.2023 Allowance	31.12.2022 Gross	31.12.2022 Allowance
Not yet due	39 886	–	36 092	-
Overdue 0–45 days	9 801	–116	11 904	-
Overdue 46–90 days	413	–6	2 316	–2
Overdue 91–180 days	783	–37	259	–4
Overdue 181–360 days	534	–150	190	–149
Overdue more than 360 days	702	–702	370	–370
Total trade accounts receivable	**52 119**	**–1 011**	**51 131**	**–525**

Movement in the Allowance for Impairment for Trade Accounts Receivable

in CHF 1 000	2023	2022
Individual allowance as of 1 January	**406**	**411**
Allowance increase	238	168
Utilization/consumption	–	–164
Reversal of allowance	–1	-
Translation adjustments	–27	–9
Individual allowance as of 31 December	**616**	**406**
Collective allowance as of 1 January	119	125
Change in allowance	276	–6
Collective allowance as of 31 December	**395**	**119**

Other Accounts Receivable

in CHF 1 000	31.12.2023	31.12.2022
Receivables on bullion dealers' accounts	187	242
Value-added taxes	498	1 432
Withholding taxes	71	-
Other	3 173	3 884
Total other accounts receivable	**3 929**	**5 558**

9 Cash and Cash Equivalents

in CHF 1 000	31.12.2023	31.12.2022
Bank accounts	57 843	75 486
Cash equivalents	8	5
Total cash and cash equivalents	**57 851**	**75 491**

Cicor Technologies' banking partners are first-rate Swiss, German, English and Romanian banks.

10 Provisions

2023 in CHF 1 000	Warranties	Other	Total provisions	Deferred taxes	Total provisions and deferred taxes
Balance at 1 January 2023	**3 587**	**2 432**	**6 019**	**7 364**	**13 383**
Additional provisions	909	1 790	2 699	–171	2 528
Unused amounts reversed	–443	–1 437	–1 880	–	–1 880
Amount used	–429	–872	–1 301	1 215	–86
Business combinations	100	299	399	61	460
Translation adjustments	–83	–70	–153	–304	–457
Balance at 31 December 2023	**3 640**	**2 142**	**5 782**	**8 165**	**13 947**
thereof short-term provisions	1 381	813	2 194	–	2 194
thereof long-term provisions	2 259	1 329	3 588	8 165	11 753

2022 in CHF 1 000	Warranties	Other	Total provisions	Deferred taxes	Total provisions and deferred taxes
Balance at 1 January 2022	**3 333**	**12 330**	**15 663**	**8 895**	**24 558**
Additional provisions	957	1 853	2 810	–	2 810
Unused amounts reversed	–539	–2 335	–2 874	–	–2 874
Amount used	–183	–9 110	–9 293	–719	–10 012
Reclassification	–	–269	–269	–	–269
Business combinations	72	4	76	87	163
Translation adjustments	–53	–41	–94	–899	–993
Balance at 31 December 2022	**3 587**	**2 432**	**6 019**	**7 364**	**13 383**
thereof short-term provisions	1 114	899	2 013	–	2 013
thereof long-term provisions	2 473	1 533	4 006	7 364	11 370

Warranty provisions are recognized for warranty claims on products sold. The additional provisions in 2023 were based on several smaller cases.

11 Taxes

Major Components of Tax Expense

in CHF 1 000	2023	2022
Current income taxes	7 598	4 791
Income tax for prior years	215	–13
Deferred tax	1 110	–905
Total tax expense	**8 923**	**3 873**

Deferred Tax Assets and Liabilities

in CHF 1 000	31.12.2023 Assets	31.12.2023 Liabilities	31.12.2022 Assets	31.12.2022 Liabilities
Deferred taxes on intangible assets	5	7 564	–	6 647
Deferred taxes on property, plant and equipment	216	624	204	423
Deferred taxes on inventory	866	159	1 005	129
Deferred taxes on other assets	72	149	110	206
Deferred taxes on accruals	167	61	228	65
Deferred taxes on other liabilities	534	112	280	158
Total	**1 860**	**8 669**	**1 827**	**7 628**
Deferred taxes on loss carried forward	1 767	–	1 722	–
Offset of assets and liabilities	–504	–504	–265	–265
Total deferred tax assets and liabilities	**3 123**	**8 165**	**3 284**	**7 364**

The Group average tax rate for the calculation of the deferred income taxes is 22.0 % (2022: 18.2%).

Reconciliation of Current Income Taxes and Deferred Taxes

in CHF 1 000	2023	2022
Profit before tax	**15 006**	**7 693**
Weighted average income tax in %	22.5%	20.5%
Expected income tax expense	3 379	1 578
Current year losses for which no deferred tax asset is recognized	323	726
Derecognition of tax assets on previously recognized temporary differences	550	–
Use of tax assets on previously recognized tax losses	–68	–
Effect of tax rate changes compared to prior period	2 100	
Effect of non-deductible expenses / income	997	557
Effect of Goodwill amortization	1 491	1 053
Adjustments for current tax of prior periods	150	–42
Other adjustments	1	1
Effective income taxes	**8 923**	**3 873**
Effective income taxes in % of profit before tax	**59.5%**	**50.3%**

Tax Loss Carried Forward for which no Deferred Tax Assets have been Capitalized

in CHF 1 000	31.12.2023	31.12.2022
Tax loss carried forward expiring in 1 to 3 years	518	3 563
Tax loss carried forward expiring in more than 3 years	3 319	3 511

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	31.12.2023	31.12.2022
Borrowings, long-term	84 509	101 680
Financial leases	119	270
Total long-term financial liabilities	**84 628**	**101 950**

Short-term Financial Liabilities

in CHF 1 000	31.12.2023	31.12.2022
Bank overdrafts	1 215	2 341
Short-term portion of long-term borrowings	15 249	15 292
Financial leases	243	430
Total short-term financial liabilities	**16 707**	**18 063**

Maturity of Financial Liabilities

2023 in CHF 1 000	Total	2024	2025	2026	2027	2028	2029 and after
Syndicated bank loan	99 340	15 000	15 000	15 000	54 340	–	–
Basket of local credit lines / loans	1 633	1 464	169	–	–	–	–
Financial leases	362	243	87	32	–	–	–
Total	**101 335**	**16 707**	**15 256**	**15 032**	**54 340**	**–**	**–**

2022 in CHF 1 000	Total	2 023	2 024	2 025	2 026	2 027	2028 and after
Syndicated bank loan	114 296	15 000	15 000	84 296	–	–	–
Basket of local credit lines / loans	5 017	2 633	263	2 121	–	–	–
Financial leases	700	430	200	37	33	–	–
Total	**120 013**	**18 063**	**15 463**	**86 454**	**33**	**–**	**–**

On 30 October 2023, the Group signed a syndicated bank loan agreement which includes a revolving credit line of CHF 120 million plus allowance of an external basket of CHF 20 million valid for four years, beginning on 30 November 2023, with two extension options of one additional year each, therefore running for a maximum term of six years. The credit agreement included the renewal of the existing CHF 75 million acquisition line, where CHF 45 million is outstanding at the end of the year, and a new

acquisition line for CHF 50 million. The credit agreement also contained an optional acquisition credit line in the amount of CHF 75 million.

The two main reporting covenants are Net Debt/EBITDA ratio and Equity Ratio. Net Debt/EBITDA should be a maximum of 3.5 times until 30 September 2024, and no more than 3.0 times from 1 October 2024, with 2.75 times at year-end. Equity ratio should be a minimum 25% up to 30 December 2024, and a minimum 30% thereafter. EBITDA is calculated before restructuring costs, and EBITDA of acquisitions can be added pro forma. The interest is based on SARON added by a variable margin depending on the net debt / EBITDA ratio. The revolving credit line, which was divided into CHF 97 million cash and CHF 23 million for ancillaries, was utilized at 31 December 2023 by CHF 55 million cash at a variable interest rate of 2.79% on average and CHF 5.2 million was utilized for guarantees. Furthermore, CHF 2 million of the external basket has been utilized as of 31 December 2023.

Property, plant and equipment of CHF 7.7 million and inventory of CHF 28.3 million was pledged to local banks as of 31 December 2023.

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 Cicor UK 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 3 859 (2022: TCHF 3 521). 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 777 (2022: TCHF 855) and TCHF 886 (2022: TCHF 840) respectively 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 for males, the retirement age for females is staggered between 64 and 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 5.6% for the compulsory part and 5.6% 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 31 December 2023 is 100% (31.12.2022 = 100%). 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 PY	Contributions concerning the business period 2023	Pension benefit expenses within personnel expenses	
	31.12.2023	**31.12.2023**	**31.12.2022**			**2023**	**2022**
Pension institutions without surplus / deficit	n/a	n/a	n/a	–	794	794	826
Pension institutions with surplus [1]	–	–	–	–	2 877	2 877	2 650
Pension institutions without own assets	–	1 663	1 695	–32	220	188	45
Total	**–**	**1 663**	**1 695**	**–32**	**3 891**	**3 859**	**3 521**

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

Change to PY includes TCHF 62 recognized in the current result and exchange rate changes of TCHF -94.

There were no employer contribution reserves in the year under review or in previous years.

14 Other Current Liabilities and Accruals

in CHF 1 000	31.12.2023	31.12.2022
Value-added taxes	2 145	1 058
Other current liabilities	1 696	1 751
Other accounts payable	35 811	23 627
Total other current liabilities	**39 652**	**26 436**
Accrued personnel expenses	9 701	8 357
Other accrued expenses	6 600	6 546
Total accruals	**16 301**	**14 903**
Total other current liabilities and accruals	**55 953**	**41 339**

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

in CHF 1 000	31.12.2023	31.12.2022
Within 1 year	4 395	4 785
From over 1 year to under 5 years	10 918	13 594
Due in 5 years or later	7 253	10 917
Total operating leasing	**22 566**	**29 296**

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 leasing, please refer to note 12.

16 Contingent liabilities

There were no contingent liabilities for Cicor Group companies as at 31 December 2023 or as at 31 December 2022.

17 Equity

Ordinary share capital

Effective as of 20 April 2023, 1 627 new registered shares with a par value of CHF 10.00 each were created from the conditional capital according to Art. 5 bis of the Company's Articles of Association for the remuneration of the Cicor Board of Directors.

The ordinary share capital as of 31 December 2023 consists of 3 411 169 registered shares with a par value of CHF 10.00 each (31 December 2022: 3 409 542 registered shares with a par value of CHF 10.00 each).

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 (CHF 6 822 338) as well as the reserve for treasury shares may not be distributed.

Capital band

At the Annual General Meeting of Shareholders on 18 April 2023, the Shareholders decided to create a capital band with right to exclude preemptive rights according to Art. 5 quarter of the Company's Articles of Association according to the following: the lower limit of the capital band is CHF 34 095 420 and the upper limit is CHF 40 914 500. The Board of Directors is authorized until 12 April 2026 to increase the share capital in one or more steps by a maximum of CHF 6 819 080 by issuing a maximum of 681 908 registered shares with a par value of CHF 10.00 each, but not authorized to reduce the share capital. In the event of an increase of the share capital, the new shares must be fully paid up. The Board of directors shall determine the time of issue of new shares, the issue price, the method of payment, the conditions for the exercise of preferential subscriptions rights and the commencement of the dividend entitlement. The Board of Directors may exclude the shareholders preferential subscription rights in whole or in part if certain conditions are met.

Conditional capital

At the Annual General Meeting of Shareholders on 16 December 2021, the Shareholders decided to create conditional capital according to Art. 5 ter of the company's Articles of Association according to the following: 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.

At the Annual General Meeting of Shareholders on 12 April 2022, the Shareholders decided to extend the conditional capital according to Art. 5 bis of the Company's Articles of Association according to the following: the share capital may be conditionally increased by a maximum of CHF 1 200 000 by issuing up to 120 000 fully paid-in registered shares with a nominal value of CHF 10.00 each through the exercise of option rights granted to directors, officers, senior executives and employees of the

Company or its subsidiaries, according to plans established by the Board of Directors. 1 627 shares were used on 20 April 2023 for the remuneration of the Board of Directors.

Mandatory convertible note

On 20 January 2022, Cicor issued a five-year, interest-free mandatory convertible note (MCN) with a principal amount of CHF 20 million. The MCN was 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. On 27 September 2022 Cicor exercised its option to reopen the issuance of the mandatory convertible note in the amount of CHF 40.2 million and to sell these additional notes to OEP.

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 early conversion option for holders: Each holder may elect to early convert MCNs during the optional conversion period starting 730 days after issuance up to ten days prior to maturity or following the formal announcement of a take-over bid to Cicor's shareholders during the additional offer period, unless certain thresholds have not been met after the first offer period.

Upon occurrence of certain predefined events, the MCNs will be subject to an accelerated conversion and will be mandatorily converted on the maturity date, unless previously converted under the early conversion options or following an accelerated conversion.

In accordance with Cicor's accounting policy for interest-free mandatorily convertible notes, the MCN is classified as an equity instrument in its entirety, as it does not contain any obligations to deliver cash and does not require settlement in a variable number of the Group's equity instruments.

Dividend

At the Shareholders' Meeting on 18 April 2023, the shareholders decided that no dividend will be paid for the financial year 2022.

18 Treasury Shares

	2023 in shares	2023 CHF 1 000	2022 in shares	2022 CHF 1 000
Balance as per 1 January	**241 916**	**2 422**	**116**	**6**
Increase of ordinary share capital	1 627	63	340 000	3 400
Used for acquisitions	–	–	–98 157	–982
Purchase of treasury shares	40 305	1 832	883	45
Sale of treasury shares	–32 744	–1 475	–	–
Share-based payments	–1 700	–67	–926	–47
Balance as per 31 December	**249 404**	**2 775**	**241 916**	**2 422**

Cicor entered into a market making agreement with a financial institution to provide liquidity for Cicor shares from January 2023. The financial institution purchased 40 305 and sold 32 744 Cicor shares on behalf of Cicor Technologies Ltd. in the financial year 2023.

19 Earnings per Share

	2023	2022
Net profit attributable to Cicor shareholders in CHF thousand	6 083	3 820
Average number of ordinary shares outstanding	3 161 651	3 099 812
Average number of conditional shares for conversion of MCN	1 267 116	619 310
Total average number of shares outstanding and conditional	**4 428 767**	**3 719 122**
Dilutive impact of share-based remuneration	40 826	5 442
Total average number of shares outstanding and conditional, diluted	**4 469 593**	**3 724 564**
Basic earnings per share in CHF	**1.37**	**1.03**
Diluted earnings per share in CHF	**1.36**	**1.03**

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.

Cicor issued a mandatory convertible note (MCN) in 2022. Upon conversion of the MCN, 1 267 116 ordinary shares will be created out of the conditional capital of the Company. The weighted average number of those conditional shares that will be created based on MCNs already outstanding is included in basic earnings per share.

The Board of Directors and employees of Cicor receive part of their remuneration in Cicor shares. The dilutive impact of share-based remuneration is included in diluted earnings per share.

20 Personnel Costs

in CHF 1 000	2023	2022
Wages and salaries	83 878	69 848
Social security costs	11 953	9 526
Other personnel costs	6 637	4 924
Total	**102 468**	**84 298**

Share-based remuneration

Remuneration of the Board of Directors

Members of the Board of Directors receive part of their remuneration in Restricted Share Units (RSUs), which are later converted into Cicor Shares.

An RSU is a personal award to receive one common registered share of Cicor per RSU. The number of granted RSUs is determined by dividing the relevant gross compensation amount by the average closing price of the Cicor share of the last 10 trading days immediately prior to the AGM that marks the beginning of the term of office. The shares are usually transferred to the beneficiaries on the first trading day after the Annual General Meeting that marks the end of the term of office and are then subject to a three-year blocking period, during which they may not be sold or otherwise disposed of. The blocking period is lifted immediately on the date of a Board member's demise.

2 465 shares (2022: 1 627 shares) valued at CHF 44.62 (2022: CHF 49.17) were granted in 2023, and expenses of TCHF 101 (2022: TCHF 57) were recognized in wages and salaries in 2023 for the remuneration of the Board of Directors.

Performance Stock Option Plan (PSOP)

Members of the Group Management may be invited to participate in the Performance Stock Option Plan (PSOP), upon individual nomination by the Board of Directors. Participants receive a grant of non-tradable performance stock options of Cicor at the beginning of a year, the total value of which (the gross compensation amount) is determined by the Board of Directors. The number of granted stock options is determined by dividing the approved gross compensation amount by the fair value of those options, which is assessed by an external valuation specialist. The performance stock options vest after a three-year vesting period if the participant is still in active employment with Cicor, but conditional upon the achievement of the performance condition. The performance condition is relative TSR, which compares the share price evolution and dividend payments of Cicor with a predefined peer group of eleven listed companies in the EMS industry that are comparable to Cicor. If Cicor outperforms at least half of the peer companies, 50% of the performance stock options will vest. The vesting percentage can go up to 100% for being the best performing company, and down to 0% if more than 75% of the peer companies performed better than Cicor. Once vested, the stock options may be exercised for a period of four years. The gain realized by the participants corresponds to the difference between the share price of the Cicor share at the time of exercise and the exercise price of the stock option.

13 487 performance stock options (2022: 10 385 performance stock options) valued at CHF 14.83 (2022: 16.37) were granted in 2023, and expenses of TCHF 129 (2022: TCHF 51) were recognized in wages and salaries in 2022 for the PSOP.

Performance Share Plan (PSP)

Members of the executive committee and leadership team, as well as other selected key managers, may be invited to participate in the Performance Share Plan (PSP), upon individual nomination by the CEO and approval by the Board of Directors. Participants receive a grant of performance share units (PSU) whose total value (the gross compensation amount) is determined by the Board of Directors. The number of granted PSUs is determined by dividing the relevant gross compensation amount by the average closing price of the Cicor share of the last 30 business days prior to the grant date. A PSU is a conditional right to receive Cicor shares after a vesting period of three years if the company meets certain performance targets over the vesting period and if participants are in active employment with Cicor at the end of the three-year vesting period. The performance conditions are reaching specific levels of revenue growth and EBITDA margin for Cicor Group. Depending on the achievement of these performance conditions, each PSU may be converted into up to two Cicor shares, which is the upper cap if the performance conditions are overfulfilled, or the PSU may lapse if the lower cap of the performance conditions are not reached.

15 111 PSUs (2022: 11 499 PSUs) valued at CHF 43.69 (2022: CHF 53.30) were granted in 2023, and expenses of TCHF 582 (2022: TCHF 183) were recognized in wages and salaries in 2023 for the PSP.

Former LTI

The former LTI was discontinued in financial year 2021 and was replaced by the Performance Stock Option Plan and the Performance Share Plan in financial year 2022.

No shares were granted to employees in financial year 2023 and 2022 based on the former LTI. Expenses of TCHF 204 (2022: TCHF 172) were recognized in wages and salaries in 2023 for the former LTI.

Number of Employees by function

Number of employees (FTE)	**31.12.2023**	**31.12.2022**
Production	2 274	1 973
Sales and marketing	101	84
Administration	176	161
Total	**2 551**	**2 217**

21 Other Operating Expenses

in CHF 1 000	2023	2022
Facility costs	12 265	10 899
Maintenance costs	5 253	3 920
Other production costs	8 700	7 831
Sales and marketing costs	1 542	835
Administration costs	8 832	6 633
Total	**36 592**	**30 118**

22 Financial Income and Expenses

in CHF 1 000	2023	2022
Income		
Interest income	571	85
Foreign exchange gains	6 492	7 780
Total	**7 063**	**7 865**
Expense		
Interest expense	3 892	3 088
Other financial expenses	903	445
Foreign exchange losses	10 630	8 873
Total	**15 425**	**12 406**

23 Related-Party Disclosures

Definition

Related parties are members of the Board of Directors and the Group Management, pension funds as well as companies controlled by significant shareholders.

As per 31 December 2023, OEP 80 B.V., the main shareholder, holds 24.97 % of the shares of Cicor Technologies Ltd. Other principal shareholders are presented in the notes of the financial statements of Cicor Technologies Ltd.

Related-Party transactions

In 2022 Cicor Anam Ltd, Vietnam, acquired a production building for VND 87 820 million (CHF 3.3 million) from Spartronics, which is controlled by the beneficial owner of Cicor's main shareholder OEP 80 B.V. In addition, Cicor Anam entered a lease agreement with Spartronics for the land on which the building is located for the term from January 2023 to February 2046 with a contract value of VND 15 094 million (CHF 0.6 million), which Cicor prepaid in full in 2022.

OEP, the main shareholder, and Cicor entered into an agreement as part of the issuance of the MCN under which OEP provided a fully underwritten stand-by equity facility to Cicor (backstop). Under the agreement, OEP suspended its preferential subscription rights to acquire MCNs until the reopening and in addition stood ready to acquire all remaining MCNs up to the maximum principle amount of the MCN. OEP was compensated by a backstop fee of 150 bps of the backstopped amount, i.e. the percentage offered to other shareholders. The backstop fee was based on market rates for such services and payable under normal payment terms. Backstop fees of TCHF 652 were paid to OEP in financial year 2022 under this agreement. For additional information on the MCN please refer to note 17.

Cicor and Clayens announced in October 2023 that they have entered into a strategic collaboration to create global, one-stop solutions for demanding applications in the medical and industrial markets. Clayens is a European leader in the processing of polymers, composites and precision metal parts, headquartered in Genas, France. Clayens is controlled by the beneficial owner of Cicor's major shareholder OEP 80 B.V. and therefore meets the definition of a related party for Cicor. The collaboration requires that all transactions between Cicor and Clayens to be conducted at arm's length. There have been no transactions between Clayens and Cicor in 2022 or 2023.

Remuneration of the Board of Directors and the Group Management

The remuneration of the Board of Directors and the Group Management is disclosed in the remuneration report.

24 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 6% of consolidated sales 2023 (2022: 8% of consolidated sales).

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

in CHF 1000	**2023**	**2022**
Cash and cash equivalents	57 851	75 491
Trade accounts receivable	51 108	50 606
Other accounts receivable	2 921	3 621
Other current assets	143	140
Total	**112 023**	**129 858**

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. The allowances made according to the Group's rules laid down in the financial manual are closely monitored.

Market risk

The market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of risk management is to manage and control market risk exposures within acceptable limits.

Currency risk

The Cicor 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 with cash flows from opposite - operational transactions (natural hedge). The Group however may also use foreign exchange forwards to hedge such currency risk. The following foreign exchange forwards were outstanding at the end of the financial year:

in CHF 1000	Assets		Liabilities		Purpose
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	
Foreign exchange forwards	–	–	–	58	Hedging
Total	**–**	**–**	**–**	**58**	

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. The average interest rate for the syndicated bank loan amounted to 2.79% in the reporting year (2022: 1.92%).

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 245 million (utilized as per 31 December 2023: CHF 100 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. 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:

2023 in CHF 1 000	Carrying amount	Contractual cash flow	2024 contractual cash flow	2025 contractual cash flow	2026 contractual cash flow	2027 contractual cash flow	2028 and after contractual cash flow
Financial liabilities	101 335	109 247	19 306	17 411	16 767	55 763	–
Trade payables	37 050	37 050	37 050	–	–	–	–
Other current liabilities and accruals	55 953	55 953	55 953	–	–	–	–
Income tax payable	3 085	3 085	3 085				
Total	**197 423**	**205 335**	**115 394**	**17 411**	**16 767**	**55 763**	**–**

2022 in CHF 1 000	Carrying amount	Contractual cash flow	2023 contractual cash flow	2024 contractual cash flow	2025 contractual cash flow	2026 contractual cash flow	2027 and after contractual cash flow
Financial liabilities	120 013	126 071	20 452	17 494	88 091	33	–
Trade payables	39 539	39 539	39 539	–	–	–	–
Other current liabilities and accruals	41 339	41 339	41 339	–	–	–	–
Income tax payable	1 875	1 875	1 875	–	–	–	–
Total	**202 766**	**208 824**	**103 205**	**17 494**	**88 091**	**33**	**–**

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.

25 Subsequent events

Effective 23 January 2024, the Cicor Group acquired 100% of the shares of STS Defence Limited, United Kingdom, for a consideration of GBP 26.9 million (CHF 29.7 million). 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 sector. The UK-based company is recognized as a specialist in the design, manufacture and assembly of equipment and systems, as well as their integration and maintenance throughout the life cycle. STS Defence employs around 150 people in the south of the UK. Cicor is committed to continue providing superior engineering support and manufacturing services from the existing STS Defence site under the current management team. STS Defence generated sales of GBP 27.5 million with a strong operating margin in the financial year ending on 30 June 2023.

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. The company has been active in the development and prototyping of medtech applications for 20 years and currently employs 25 people in Bucharest, Romania. In the last fiscal year, Evolution Medtec generated sales in the lower single-digit million Euro range with an EBITDA margin comparable to the Cicor Group.

On 1 March 2024, the Cicor Group has signed an agreement to acquire TT Electronics IoT Solutions Ltd, United Kingdom, with three production sites in the UK and China. The combination of the three new sites and the Cicor companies Axis Electronics (integration 2021) and STS Defence (integration 2024) will not only create the new leader in the UK EMS market but will also make Cicor the European market leader in the production of high-end electronics for aerospace & defence applications. TT Electronics IoT Solutions Ltd employs more than 500 people at its sites in Hartlepool and Newport in the UK and Dongguan in China and has a total production area of around 25 000 square meters. In the last financial year, sales of GBP 70.2 million were achieved by the carved-out entities with a mid-single-digit operating margin (adjusted EBITDA). Cicor is paying a cash consideration of 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, subject to customary closing conditions.

KPMG

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 2023 and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows 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 give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, 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 Standards on Auditing (SA-CH). 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, together with 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.

Key Audit Matters

VALUATION OF INVENTORY ALLOWANCES

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF INVENTORY ALLOWANCES

Key Audit Matter

As per 31 December 2023, the Group had inventory balances, including work-in-progress (WIP) balances, of CHF 135.4 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 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 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 valuation of inventory allowances refer to the following:

— Note 2.2 - Significant accounting principles, Inventories
— Note 7 - Inventories

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the standalone financial statements of the company, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statement

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 SA-CH 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 SA-CH, 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 PS-CH 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, 5 March 2024

Financial statements of Cicor Technologies Ltd.

Balance sheet

in CHF 1 000	31.12.2023	in %	31.12.2022	in %
Assets				
Cash and cash equivalents	33 328	12.6	59 961	20.4
Other current receivables				
– Third parties	138	0.1	71	0.0
– Subsidiaries	16 481	6.2	34 434	11.7
Short-term loans to subsidiaries	3 024	1.1	1 777	0.6
Accruals	2 614	1.0	2 131	0.7
Current assets	**55 585**	**21.0**	**98 374**	**33.5**
Long-term loans to subsidiaries	48 539	18.4	37 049	12.6
Investments	160 331	60.6	158 439	53.9
Non-current assets	**208 870**	**79.0**	**195 488**	**66.5**
Total assets	**264 455**	**100.0**	**293 862**	**100.0**
Liabilities and shareholders' equity				
Financial liabilities				
– Subsidiaries	7 946	3.0	18 820	6.4
– Third parties	15 000	5.7	15 000	5.1
Other liabilities				
– Subsidiaries	662	0.3	10	0.0
– Third parties	443	0.2	20	0.0
Accrued expenses	392	0.1	1 412	0.5
Current liabilities	**24 443**	**9.2**	**35 262**	**12.0**
Financial liabilities to third parties	60 188	22.8	60 188	20.5
Interest bearing liabilities to third parties	85 000	32.1	100 000	34.0
Non-current liabilities	**145 188**	**54.9**	**160 188**	**54.5**
Share capital	34 112	12.9	34 095	11.6
Legal capital reserves				
- Reserves from capital contributions	108 392	41.0	108 354	36.9
- Other capital reserves	2 405	0.9	2 381	0.8
Available earnings				
– Loss brought forward	–43 996	–16.6	–55 105	–18.8
– Net result for the year	–3 314	–1.3	11 109	3.8
Treasury shares	–2 775	–1.0	–2 422	–0.8
Shareholders' equity	**94 824**	**35.9**	**98 412**	**33.5**
Total liabilities and shareholders' equity	**264 455**	**100.0**	**293 862**	**100.0**

Income statement

in CHF 1 000	2023	2022
Income		
Financial income	6 182	19 048
Interest received from subsidiaries	4 240	1 350
Interest received from third parties	531	12
Total income	**10 954**	**20 410**
Expenses		
Financial expenses	10 154	6 188
Administrative expenses	3 855	3 028
Tax	259	85
Total expenses	**14 268**	**9 301**
Net result for the year	**–3 314**	**11 109**

Notes 1–4

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 exchange rate applicable on the balance sheet date; 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 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 basis 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 balance sheet items are stated at fair value upon conclusion of the contract and are shown under other current receivables third parties and financial liabilities third parties. 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 subsidiaries in Switzerland and Asia. Loans in the amount of TEUR 22 200 have been granted to subsidiaries in Germany. Loans in the amount of TUSD 12 327 have been granted to subsidiaries in Asia. A loan in the amount of TSGD 3 700 has been granted to a subsidiary in Asia.

Investments

in 1 000, unless otherwise stated	Participation in %	Currency	31.12.2023	31.12.2022
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				
Cicor Deutschland GmbH*	**100**	**EUR**	**5 000**	**5 000**
Engineering/Production/Sales/ Distribution				
Cicor Digital Elektronik GmbH, Wutha-Farnroda/Germany [1]	**100**	**EUR**	**350**	**n/a**
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				

Cicor Digital Tunisie S.a.r.l., Borj-Cedira/ Tunisia* [2] Production	**100**	**EUR**	**57**	**n/a**
Cicor UK Ltd., Milton Keynes/UK* [3] Holding/Finance	**100**	**GBP**	**147**	**141**
Axis EMS Group Limited [5] Holding/Finance	**100**	**GBP**	**n/a**	**264**
Axis EMS Holding Limited [5] Holding/Finance	**100**	**GBP**	**n/a**	**885**
Axis Electronics Limited Engineering/Production/Sales/ Distribution	**100**	**GBP**	**3 355**	**10**
ESG Holding Pte Ltd., Singapore* Holding/Finance	**100**	**SGD**	**1 896**	**1 896**
Cicor Asia Pte Ltd., Singapore Sales/Distribution	**100**	**SGD**	**2 000**	**2 000**
PT Cicor Panatec, Batam/Indonesia Production	**100**	**USD**	**300**	**300**
Brant Rock Enterprises Corporation, British Virgin Islands Holding/Finance	**100**	**USD**	**10**	**10**
Cicor Vietnam Company Ltd., Thuan An City/Vietnam [4] Production	**100**	**USD**	**1 500**	**1 500**
Suzhou Cicor Technology Co. Ltd., China Production	**100**	**CNY**	**42 033**	**42 033**
Cicor Americas Inc., USA* Sales/Distribution	**100**	**USD**	**10**	**10**
Cicor Management AG, Bronschhofen (Wil)/Switzerland* Management Services	**100**	**CHF**	**250**	**250**

* Directly held subsidiaries of Cicor Technologies Ltd.
1) The company was renamed from Phoenix Mecano Digital Elektronik GmbH.
2) The company was renamed from Phoenix Mecano Digital Tunisie S.a.r.l.
3) The company was renamed from Axis EMS Heights Ltd., Milton Keynes/UK.
4) The company was renamed from Cicor Anam Lt., Anam/Vietnam.
5) In July, the two companies were liquidated as part of a rationalization project.

Non-current financial liabilities

On 20 January 2022, Cicor issued a five-year, interest-free mandatory convertible note (MCN) with a principal amount of CHF 20 million. The MCN was subject to a reopening clause allowing Cicor to increase the principal amount of the MCN up to a maximum 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 with a fully underwritten standby equity facility. On 27 September 2022, Cicor exercised its option to reopen the issuance of the mandatory convertible note in the amount of CHF 40.2 million and to sell these additional notes to OEP.

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 the 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 and no cash payments will be made to the holders. The MCN contains the following early conversion option for holders: each holder may elect to convert the MCN early during the optional conversion period starting 730 days after issuance up to 10 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.

Upon occurrence of certain predefined events, the MCNs will be subject to an accelerated conversion and will be mandatorily converted on the maturity date, unless previously converted under the early conversion options or following an accelerated conversion. In accordance with Cicor's accounting policy for interest-free mandatorily convertible notes, the MCN is classified as an equity instrument in its entirety, as it does not contain any obligations to deliver cash and does not require settlement in a variable number of the Group's equity instruments.

Non-current interest-bearing liabilities

Cicor signed an amendment to the syndicated bank loan agreement on 30 October 2023. The agreement now includes a revolving credit line of CHF 120 million, the renewal of the existing acquisition line of CHF 75 million (CHF 30 million amortized as of 31 December 2023), a new acquisition line of CHF 50 million and an optional acquisition line of CHF 75 million. As of 31 December 2023, CHF 55 million of the revolving credit line was utilized. The existing acquisition line of CHF 75 million was fully utilized with CHF 45 million outstanding. The new CHF 50 million acquisition line and the optional CHF 75 million acquisition line have not been utilized.

Share capital

Effective as of 20 April 2023, 1 627 new registered shares with a par value of CHF 10.00 each were created from the conditional capital according to Art. 5 bis of the Company's Articles of Association for the remuneration of the Cicor Board of Directors.

The ordinary share capital as of 31 December 2023 consists of 3 411 169 registered shares with a par value of CHF 10.00 each (31 December 2022: 3 409 542 registered shares with a par value of CHF 10.00 each).

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 may not be distributed.

Reserves from capital contributions

Distributions from the capital contribution reserve are not subject to income taxes in Switzerland and can be effected free of Swiss withholding tax. The increase in 2022 stems from transactions in November 2021 (CHF 8 030 774) and September 2022 (CHF 4 140 613). The confirmation from the Swiss tax authorities that these additions qualify as part of the capital contribution reserve has not yet been received.

Dividend

At the Shareholders' Meeting on 18 April 2023, the shareholders decided that no dividend will be paid for the financial year 2022.

Capital band

At the Annual General Meeting of Shareholders on 18 April 2023, the Shareholders decided to create a capital band with right to exclude preemptive rights according to Art. 5 quarter of the Company's Articles of Association as follows: The lower limit of the capital band is CHF 34 095 420 and the upper limit is CHF 40 914 500. The Board of Directors is authorized until 12 April 2026 to increase the share capital in one or more steps by a maximum of CHF 6 819 080 by issuing a maximum of 681 908 registered shares with a par value of CHF 10.00 each, but not authorized to reduce the share capital. In the event of an increase of the share capital, the new shares must be fully paid up. The Board of directors shall determine the time of issue of new shares, the issue price, the method of payment, the conditions for the exercise of preferential subscriptions rights and the commencement of the dividend entitlement. The Board of Directors may exclude the shareholders preferential subscription rights in whole or in part if certain conditions are met.

Conditional capital

At the Annual General Meeting of Shareholders on 16 December 2021, the Shareholders decided to create conditional capital according to Art. 5 ter of the company's Articles of Association as follows: 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.

At the Annual General Meeting of Shareholders on 12 April 2022, the Shareholders decided to extend the conditional capital according to Art. 5 bis of the Company's Articles of Association as follows: The share capital may be conditionally increased by a maximum of CHF 1 200 000 by issuing up to 120 000 fully paid-in registered shares with a nominal value of CHF 10.00 each through the exercise of option rights granted to directors, officers, senior executives and employees of the Company or its subsidiaries, according to plans established by the Board of Directors. 1 627 shares were used on 20 April 2023 for the remuneration of the Board of Directors.

Treasury shares

	2023 in shares	2023 CHF 1 000	2022 in shares	2022 CHF 1 000
Balance as of 1 January	**241 916**	**2 422**	**116**	**6**
Purchase from Cicor Management AG	1 627	63	340 000	3 400
Purchase from stock market	40 305	1 832	883	45
Sale to stock market	–32 744	–1 475	-	-
Sale to Cicor Management AG	–73	–3	–926	–47
Used for acquisitions	–	–	–98 157	–982
Share-based payments	–1 627	–64	-	-
Balance as of 31 December	**249 404**	**2 775**	**241 916**	**2 422**

Financial income

Financial income includes dividends from subsidiaries of TCHF 5 222 (2022: TCHF 16 711) and foreign exchange gains of TCHF 796 (2022: TCHF 2 337).

Administrative expenses

Administrative expenses include the remuneration to the Board of Directors of TCHF 381 (2022: TCHF 300) and other expenses (costs charged by Cicor Management AG, costs for the annual report, the Annual General Meeting and consulting, investor relations and audit) of TCHF 3 474 (2022: TCHF 2 728) .

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 said insurance company in the amount of TCHF 6 906 (2022: TCHF 6 896), 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 Cicor UK 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 share register as of the end of the year.

Shareholders	31.12.2023 No of shares	in % [1]	31.12.2022 No of shares	in % [1]
OEP 80 B.V., Amsterdam, Netherlands [2]	851 705	24.97	851 705	24.98
Lock-up Group Axis Electronics Management, Milton Keynes, United Kingdom [3]	–	–	265 607	7.79
Cicor Technologies Ltd., Boudry, Switzerland [4]	249 404	7.31	241 916	7.10
LLB (Swiss) Investment AG, Zurich, Switzerland	128 075	3.75	115 757	3.40
FundPartner Solutions (Suisse) SA, Geneva, Switzerland	111 649	3.27	111 649	3.27
Escatec Holdings Ltd., Port Vila, Vanuatu [5]	111 465	3.27	111 465	3.27
Quaero Capital SA, Geneva, Switzerland	107 898	3.16	–	–

1) In % of the total registered shares as per the end of the year.
2) Beneficial owner: OEP VIII GP, L.L.C., Wilmington, USA.
3) The Lock-up Group was terminated on 10 November 2023 and all of the individual shareholders are below the reporting threshold.
4) Number of shares according to the Company's share register.
5) Beneficial owner: Christophe Albin, Verbier, Switzerland.

Remuneration of Board of Directors and Group Management

Information on the remuneration of the Board of Directors and of the Group Management is disclosed in the Remuneration Report.

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

1 627 shares with a value of TCHF 64 of Cicor Technologies Ltd were transferred to members of the Board of Directors for remuneration purposes in financial year 2023 (2022: 0 shares). The Company does not have any employees.

Significant events after the balance sheet date

There were no events between 31 December 2023 and 5 March 2024 that would necessitate adjustments to the book value of the Company's assets or liabilities, or that require additional disclosure in the financial statements.

4 Proposed carrying forward of the accumulated losses

in CHF 1 000	**2023**
Loss brought forward 1.1.	–43 996
Net result for the year	–3 314
Loss brought forward 31.12.	**–47 310**

At the Annual General Meeting of Shareholders' on 18 April 2024, the Board of Directors will propose to forego a distribution of earnings.

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. (the Company), which comprise the balance sheet as at 31 December 2023, 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 for the year ended December 31, 2023 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 Standards on Auditing (SA-CH). 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 Company in accordance with the provisions of Swiss law, together with 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.

Key Audit Matters

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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the standalone financial statements of the Company, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities 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 Company'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 Company 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 SA-CH 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 SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 Company 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 PS-CH 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 carry forward of the accumulated losses 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, 5 March 2024