



Forward-looking statements

This Annual Report contains forward-looking statements in relation to the Mikron Group which are based on current assumption and expectations. Unforeseeable events and developments could cause actual results to differ materially from those anticipated.

The Mikron Annual Report 2022 is published in English only. An online version is available with excerpts in German: <https://report.mikron.com>

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Key Figures

CHF million, except number of employees

2022

2021

+/-

	2022		2021		+/-
Key performance data					
Order intake ¹⁾	408.0		305.7		102.3 33.5%
Machining Solutions	169.0		135.4		33.6 24.8%
Automation	239.0		170.5		68.5 40.2%
Net sales	309.4		289.5		19.9 6.9%
Machining Solutions	125.7		112.9		12.8 11.3%
Automation	183.8		176.7		7.1 4.0%
Order backlog ¹⁾	270.7		176.7		94.0 53.2%
Machining Solutions	101.8		61.1		40.7 66.6%
Automation	168.8		115.6		53.2 46.0%
Research and development	6.5		6.6		-0.1 -1.5%
Number of employees (end of year) ¹⁾	1,414		1,327		87 6.6%
Machining Solutions	558		542		16 3.0%
Automation	832		780		52 6.7%
Earnings					
EBITDA ¹⁾ , as % of net sales	35.5	11.5%	27.1	9.4%	8.4 31.0%
EBIT ¹⁾ , as % of net sales	26.4	8.5%	17.6	6.1%	8.8 50.0%
Machining Solutions	9.3	7.4%	2.5	2.2%	6.8 272.0%
Automation	17.5	9.5%	15.8	8.9%	1.7 10.8%
Operating result, as % of net sales	25.8	8.3%	18.0	6.2%	7.8 43.3%
Profit for the year, as % of net sales	24.2	7.8%	17.0	5.9%	7.2 42.4%
Cash flow					
Cash flow from operating activities (incl. changes in net working capital), as % of net sales	27.6	8.9%	50.7	17.5%	-23.1 -45.6%
Balance sheet (end of year)					
Balance sheet total	345.9		300.0		45.9 15.3%
Current assets	212.2		164.6		47.6 28.9%
Cash and current financial assets	64.4		54.5		9.9 18.2%
Non-current assets	133.7		135.4		-1.7 -1.3%
Current liabilities	143.3		114.2		29.1 25.5%
Long-term liabilities	16.6		20.7		-4.1 -19.8%
Shareholders' equity, as % of balance sheet total	186.0	53.8%	165.1	55.0%	20.9 12.7%

1) Alternative performance measures, see pages 107 to 109, or www.mikron.com/apm

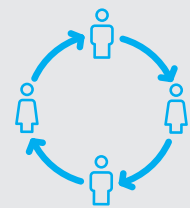
Mikron's Financial Year 2022 in a Nutshell

Order intake increased significantly.
Profitability improved markedly.

EBIT
(in CHF million)
26.4
(2021: 17.6)

Profit
(in CHF million)
24.2
(2021: 17.0)

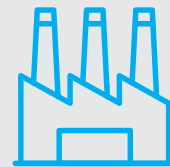
Order backlog
(in CHF million)
270.7
(2021: 176.7)



The Mikron teams at all locations once again did a great job.



Mikron has further strengthened its broad-based culture of sustainability.



Future-oriented infrastructure projects were successfully implemented.

All three divisions have the potential to further develop and expand their market position.

Mikron Group

2021

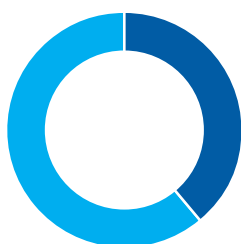
2022

Net Sales

Total amount CHF **289.5** million

Total amount CHF **309.4** million

By segment

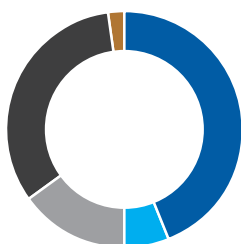


39%
61%

Machining Solutions 41%
Automation 59%



By region

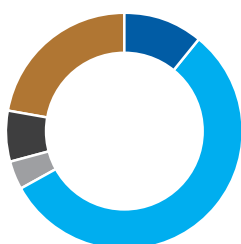


44%
6%
15%
33%
2%

Europe 42%
Switzerland 7%
Asia/Pacific 20%
North America 30%
Others 1%

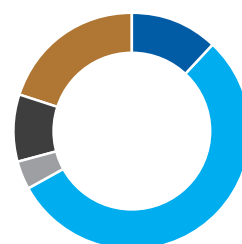


By industry



11%
56%
4%
7%
22%

Automotive 12%
Pharma/Medtech 55%
Writing 4%
Consumer Goods 9%
Others 20%



2021

2022

EBIT

CHF 17.6 million

CHF 26.4 million

Order intake
Order backlog*

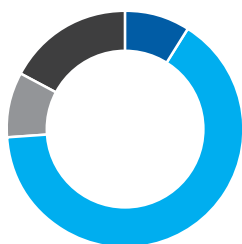
CHF 305.7 million
CHF 176.7 million



CHF 408.0 million
CHF 270.7 million

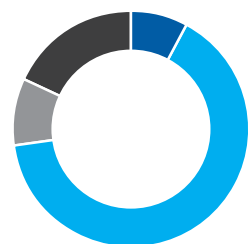


Employees*



Total 1,327

Europe	8%
Switzerland	65%
Asia/Pacific	9%
North America	18%



Total 1,414

* At the end of the year

Mikron Automation

2021

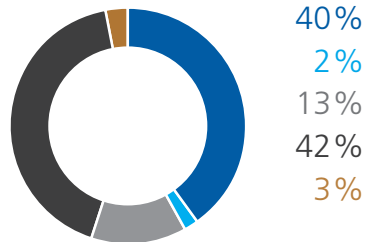
2022

Net Sales

Total amount CHF **176.7** million

CHF **183.8** million

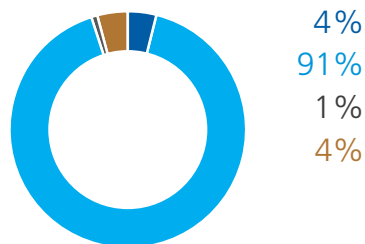
By region



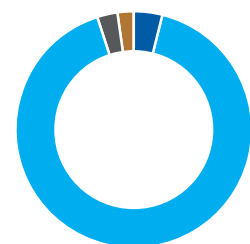
Europe 37%
Switzerland 2%
Asia/Pacific 19%
North America 41%
Others 1%



By industry



Automotive 4%
Pharma/Medtech 91%
Consumer Goods 3%
Others 2%

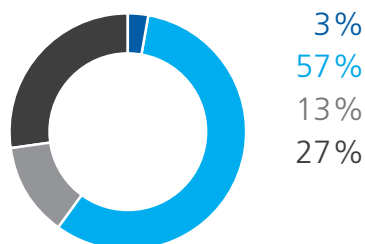


EBIT

CHF **15.8** million

CHF **17.5** million

Employees*



Europe 4%
Switzerland 56%
Asia/Pacific 12%
North America 28%



Total 780

Total 832

* At the end of the year

Mikron Machining Solutions

2021

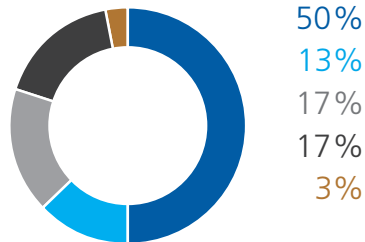
2022

Net Sales

Total amount CHF **112.9** million

Total amount CHF **125.7** million

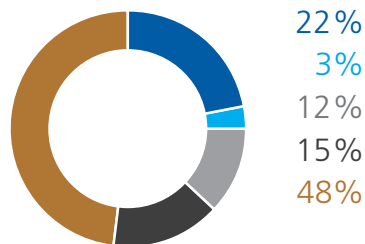
By region



Europe	50%
Switzerland	15%
Asia/Pacific	20%
North America	14%
Others	1%



By industry



Automotive	24%
Pharma/Medtech	2%
Writing	11%
Consumer Goods	18%
Others	45%

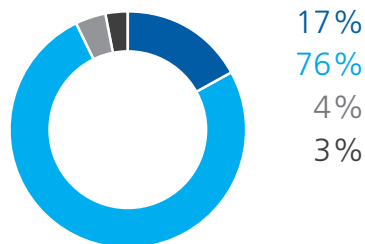


EBIT

CHF **2.5** million

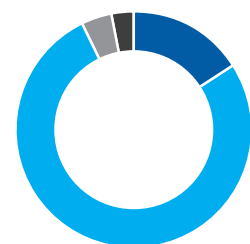
CHF **9.3** million

Employees*



Total 542

Europe	16%
Switzerland	77%
Asia/Pacific	4%
North America	3%
Others	1%



Total 558

* At the end of the year

Dear Shareholders,

Mikron can look back on a successful 2022 financial year in a positive market environment. Our Group was able to continue the positive development from 2021 and further improve its key figures year-on-year. The significant increase in volumes and earnings, to which all business units contributed, confirms that Mikron is on the right track both strategically and operationally.

Overall, the Group's net sales increased from CHF 289.5 million to CHF 309.4 million (+6.9%), while EBIT rose by 50.0% to CHF 26.4 million and the EBIT margin increased to 8.5% of net sales (2021: 6.1%). These pleasing results are especially remarkable in view of the major challenges our Group faced in the year under review: a lack of availability on the raw material and supplier markets, material price increases and massive energy price hikes demanded flexible solutions and decisive action. All three divisions succeeded in this respect thanks to proactive discussions with customers and suppliers and a careful pricing policy.

The **Mikron Automation** business segment took advantage of the continued strong demand from the pharmaceutical and medtech industries and further improved its profitability. In the Machining Solutions business segment, the **Mikron Machining** division continued the positive sales trend from the second half of 2021. **Mikron Tool** realized several new product developments for applications in the medical technology industries and reduced its exposure to the automotive industry.

We also made considerable progress in the implementation of future-oriented infrastructure projects last year, all financed by the operating cash flow. In Boudry, with Mikron Automation's Next Factory, a vision became reality. All processes are now brought together at one location: from technical development and design to production, final assembly, and fine tuning for customers. Mikron Machining has consolidated its activities in one building in Agno and increased the efficiency of its production processes with a smart production layout under one roof. Likewise in Agno, Mikron Tool expanded its production capacity with a state-of-the-art extension building. With these substantial investments in Switzerland, we are reinforcing our commitment: Swissness is and will remain an important part of our DNA and an indispensable basis for engineering and production. Our sites in the USA, Europe and Asia secure our global presence in the immediate vicinity of our key customers.

A modern infrastructure is important – but Mikron's success is always thanks to our employees, with their expertise in key technologies, their talents, their thirst for research and their creative drive. In the past fiscal year, our teams once again did a great job.

As a leading technology company, we are aware of our responsibility towards people and the environment, and Mikron has cultivated a broad-based culture of sustainability for many years. We report on this in summary form in our Annual Report and in detail in a separate sustainability report. Next year, for the first time, our coverage of our sustainability commitment will be a more detailed, integral part of the Annual Report.



Paul Zumbühl, Chairman of the Board of Directors and Marc Desrayaud, Chief Executive Officer

In April 2022, at the Mikron Group's Annual General Meeting, shareholders elected Alexandra Bendler and Hans-Christian Schneider as new members of our Board of Directors. The two new appointees are strengthening our Board with their many years of industrial consulting and management experience.

With a view to the long-term trends in the markets relevant to us, we are well positioned today. All divisions are financially independent and have the potential to further drive technological development and expand their market positions. We are consistently focusing our offering on suitable applications and industries, as well as on long-term relationships with key customers.

Despite this favorable starting position with a high order backlog at the end of 2022, concrete forecasts remain difficult. The global economic situation continues to be fragile. Supply bottlenecks and sharply rising prices will continue to keep us busy. In addition, there is the war in Ukraine with its effects that are difficult to assess. Finally, the Covid pandemic is not yet over in all parts of the world. In recent months, the Mikron Group has demonstrated its resilience and coped well with global crises. This gives us confidence: consistent in the pursuit of our goals, flexible in their implementation – we will continue to follow the path we have chosen. For the 2023 financial year, we expect to achieve again a similar EBIT margin as for 2022.

We would like to thank our employees for their high engagement, our customers for their trust and you, our valued shareholders, for your loyalty and commitment.

A handwritten signature in blue ink, appearing to read 'P. Zumbühl'.

Paul Zumbühl,
Chairman of the Board of Directors

A handwritten signature in blue ink, appearing to read 'M. Desrayaud'.

Marc Desrayaud,
Chief Executive Officer

Interview with Marc Desrayaud, Chief Executive Officer

“Our teams in all three divisions did a fantastic job last year.”

The Mikron Group closed the 2022 financial year with its best results in recent years. What were the main reasons for this success?

On the one hand, we were able to benefit from the high demand in our sales markets. On the other, it also shows us that we are on the right track – both strategically and operationally. Our teams in the three divisions Mikron Automation, Mikron Machining and Mikron Tool did a fantastic job last year. We took advantage of the market opportunities presented to us and we managed the risks carefully.

How will you ensure that the Mikron Group is more stable in market cycles than in previous times? How will you secure long-term profitability?

The coming years might be just as challenging as the last ones. To ensure stability, we will focus on niche markets that enable above-average growth. We have consequently redirected our offering towards suitable applications, industries, and key customers, with which we can engage in long-term relationships. And we will increase our flexibility even further.

You made major investments at the Swiss sites in Boudry and Agno last year. As a global supplier, why do you continue to focus your investments so strongly on Switzerland?

Swissness remains the main root for all three of our divisions. As a premium supplier, we continue to rely on Switzerland as our base for engineering and production. Here we find the underlying basis for our innovative strength, technical competence, stability, efficiency, and reliability. Our locations in the US, Europe and Asia bring a multicultural dimension to our business. We act locally – on a global scale. In doing so, sustainability is a very high priority for us. For example, last year's investments and the reconfiguration of our Mikron Machining production facilities in Boudry and in Agno will lead to a massive reduction in CO₂ emissions. Everything Mikron does should take place in a culture of sustainability.

What innovations do you have in the pipeline in your three divisions?

Our innovations are consistently market-driven, i.e. uncompromisingly focused on the needs of our target customers. In all divisions, the focus is on increasing flexibility, digitalization and sustainability. At Mikron Automation,



Marc Desrayaud, CEO

existing assembly platforms are continuously being developed further and made fit for new areas of application. At Mikron Machining, the Mikron MultiX-C, a compact version of the award-winning, highly productive MultiX machining solution, is about to be launched on the market, and at Mikron Tool, new innovative application solutions are constantly being developed at the Agno Technology Center – particularly in the field of medical technology.

What are you doing throughout the Group to stay at the forefront of the competition for the best talent?

Mikron has a long tradition as a leading apprenticeship provider in the Swiss machine industry. Our goal is to seek, attract, develop, and retain the best possible young professionals. We foster the apprentices' culture at our sites in Switzerland and the USA. And we also invest substantially in our global leadership and management training programs. Young people have the talent – we have the means to lead them to success.

Mikron in the World

Mikron in America

Mikron Machining
Mikron Tool
Mikron Automation



251 Employees

Mikron in Europe

Mikron Machining
Mikron Tool
Mikron Automation



1,040 Employees

Mikron in Asia

Mikron Machining
Mikron Tool
Mikron Automation



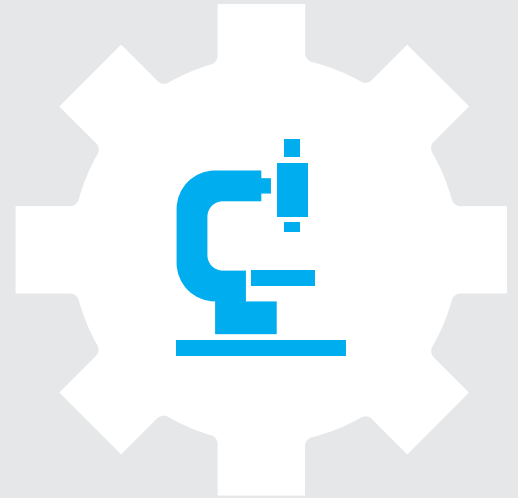
123 Employees

Mikron in the Pharma/Medtech Industry

CHF **169.5** million net sales in 2022

(55% of total net sales)

Led by the Mikron Automation business segment, which generated more than 90% of sales in the medical and pharmaceutical technology industry, 2022, both business segments of the Mikron Group were able to achieve significant growth in this market segment and open up new markets.

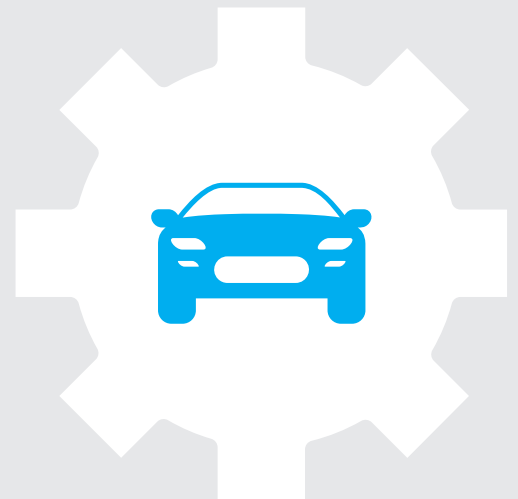


Mikron in the Automotive Industry

CHF **37.6** million net sales in 2022

(12% of total net sales)

While the share of this market segment in the Group's total annual net sales fell significantly in 2021, Mikron has been able to stabilize market share in 2022 and to win projects for new applications outside the combustion engine in all three divisions.



SEGMENTS	Mikron Automation		Mikron Machining Solutions	
	Mikron Automation	Mikron Machining	Mikron Tool	

At the end of 2022, more than 11,000 Mikron systems were installed worldwide.

A worldwide leader – rooted in Switzerland

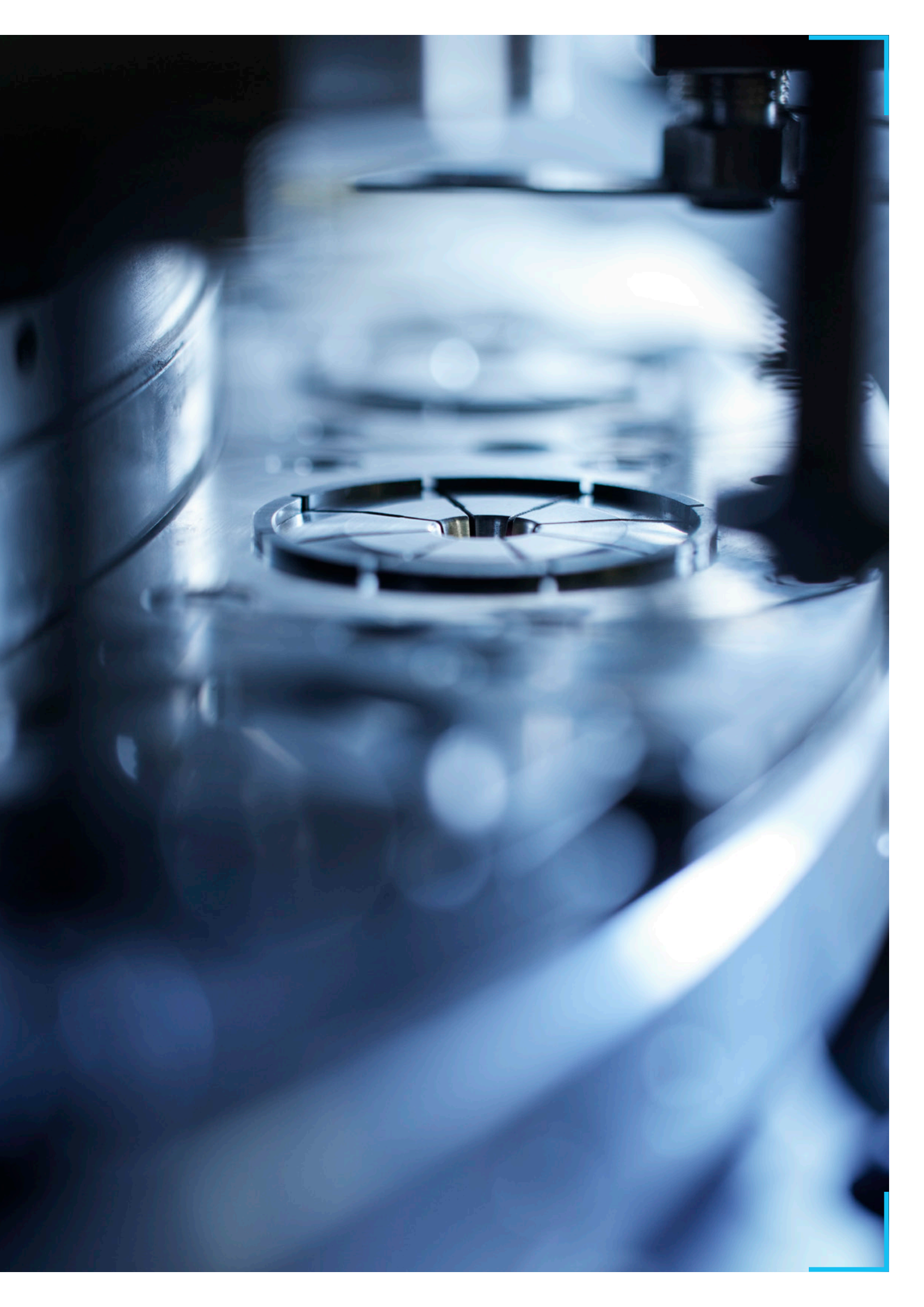
In our pursuit of excellence, we count on innovative teams at our sites in Europe, the US and Asia. The heart and soul of our Group remains our sites in Switzerland, for both development and production.

Setting new standards on a global scale – for customers around the world. This is the challenge Mikron faces every day.

At all our sites, we strive to do more. We want to be more innovative, more responsive and more flexible.

Our sites in Switzerland remain the basis for this. This is where we are rooted. And this is where we find the best conditions in terms of know-how, efficiency, innovation, sustainability, and reliability.

We believe in Switzerland as a manufacturing powerhouse. That is why we invested a total of CHF 27 million here in 2021 and 2022. In doing so, we have created the conditions to maintain and further expand our leading position as a premium supplier of automation, machining and tooling solutions for demanding customers around the world.

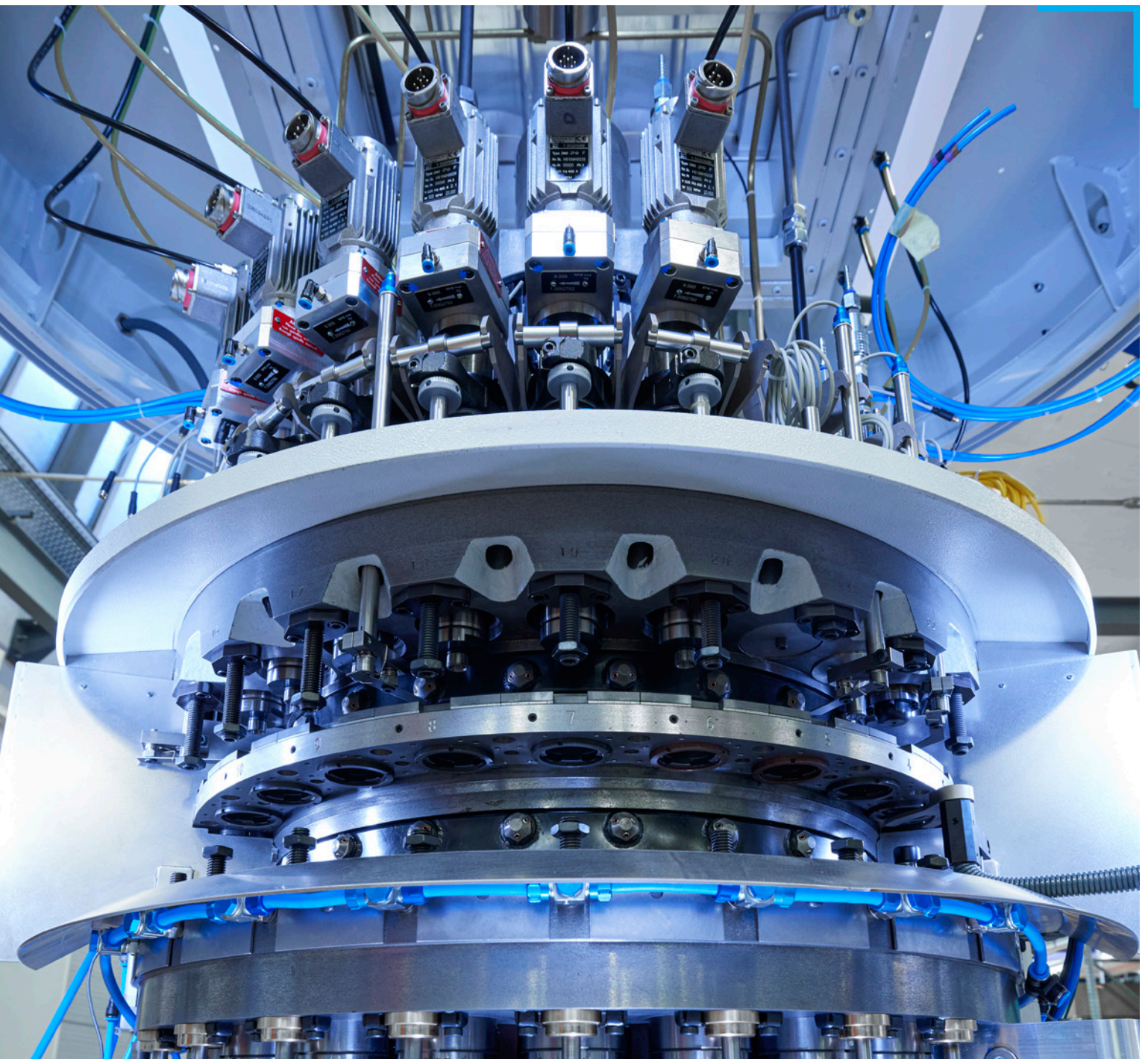


Mikron Machining – more efficient production processes with a smart production layout under one roof

With the commissioning of the new building in Agno in 2022, which is attached to the main building, Mikron Machining has achieved a quantum leap in production technology and sustainability.

Previously located in an externally rented building further away, Mikron Machining's internal production is now fully integrated in a new building equipped with the latest building and air-conditioning technology. The production layout and flow of goods have thus been optimized and significantly streamlined. In total, Mikron Machining has saved over 2,000 square meters of production space in Agno.

Thanks to more efficient production processes with extensive digitalization and automation, unstaffed shifts can now also be run at a far higher scale at Mikron Machining.



«Our internal cooperation has changed fundamentally as a result of our move to the new building and the proximity to Mikron Machining's other departments. A whole new team spirit has emerged.»

Bruno Jöhl, Head of Supply Chain at the Mikron Machining Division

Among other strategic parts, collets for Mikron Machining systems are manufactured in the new building. The production and assembly of these high-precision parts requires a constant room temperature of exactly 20 degrees Celsius. A new paint shop and a heat treatment facility were also re-integrated into the same building increasing responsivity and flexibility of the entire production cycle.

Efficient and sustainable

With this extensive modernization, Mikron Machining has not only invested significantly in production efficiency and employee satisfaction but has also taken a big step forward in terms of sustainability. For example, Mikron Machining in Agno will emit around 250 tons of CO₂ less per year than in previous years, while the freezing agent R22 banned for its negative impact on the ozone layer has been completely eliminated.



MIKRON

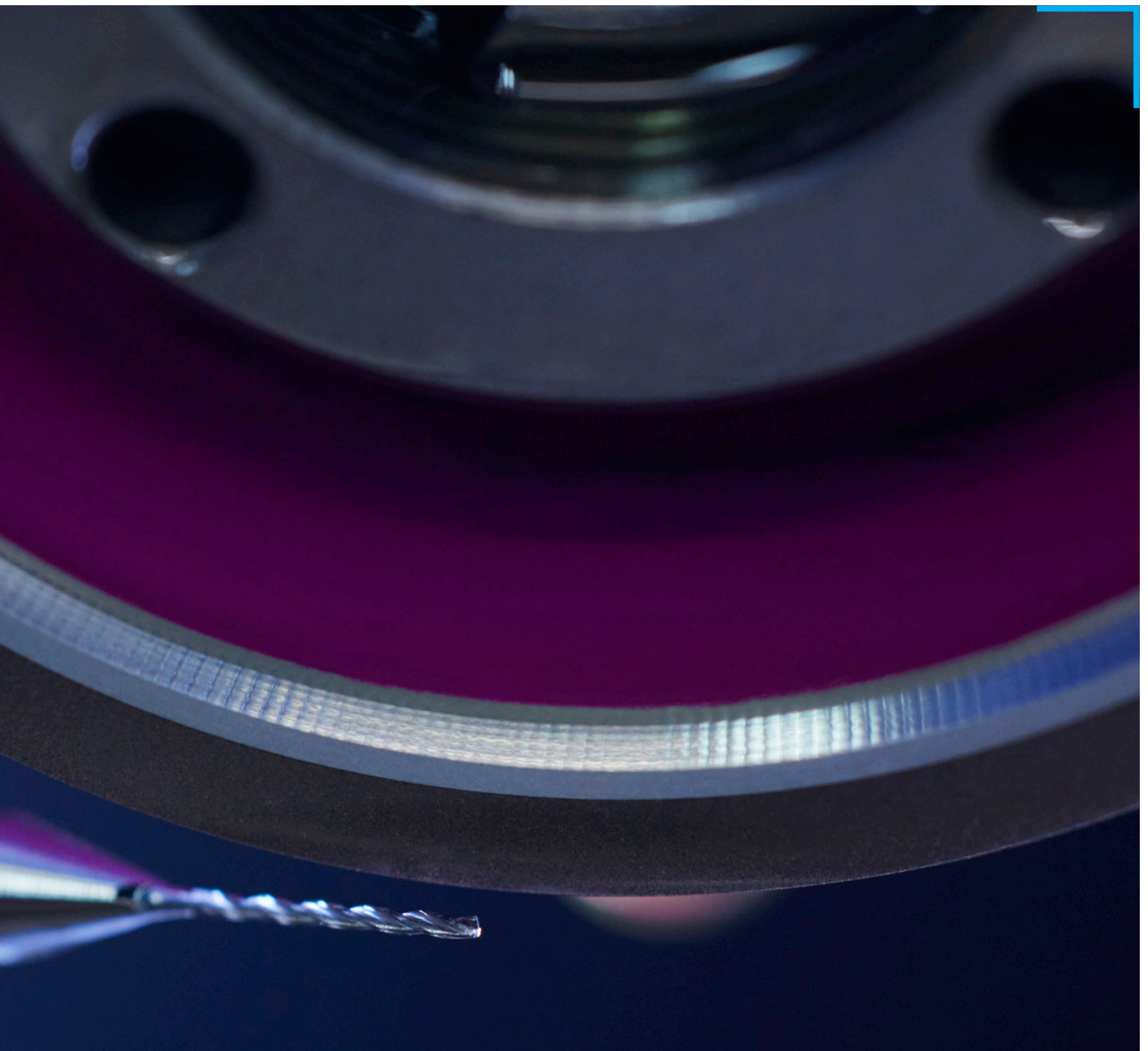


Mikron Tool – continuing its success story with expanded production facilities

Innovation and technological leadership – Mikron Tool is the leader in the manufacturing of cutting tools for the high-end market. With the expansion of its Agno site, the division is reaching another milestone in its unique success story. And it is creating new jobs in the region.

Steadily rising order volumes, high-capacity utilization and fully occupied production space – recently, Mikron Tool in Agno has increasingly reached the limits of its capacity for the production of its "crazy" tools. The answer: to expand production capacity with a state-of-the-art extension to the existing production building.

In 2022, Mikron Tool brought the new building, which is equipped with cutting edge building and air-conditioning technology, into operation. The two-story production hall with an area of 1,000 square meters is directly connected to the existing production facility. It is ideal for lean production and logistics, as everything remains under one roof. On the new area totaling 3,500 square meters of space, production is running at full speed in an extremely pleasant atmosphere. Production processes are fast and efficient.



«With the expansion of our manufacturing building, we have not only created the necessary conditions for further growth as a production company here in Agno. Our employees now have enough space to work efficiently in a pleasant, bright atmosphere. By using our own waste heat from production for room heating and hot water, we are leading the way for the industry here in Ticino.»

Elio Lupica, COO at the Mikron Tool Division

Heat recovery from production

Mikron Tool is setting a benchmark in terms of sustainability, as the division no longer consumes fossil fuels. The old oil heating system was replaced during construction of the new building by a state-of-the-art mixing system for heat recovery from production. With a heat exchanger, the waste heat generated by the industrial processes can be used for heating and hot water throughout the building complex in Agno. In addition, Mikron Tool saves 350,000 kilowatt hours of electricity annually with its completely upgraded refrigerating system.



Mikron's Next Factory in Boudry – a vision becomes reality

Next Factory is the name of Mikron Automation's industrial vision come true in Boudry. All processes are now brought together at one location: from technical development and design to production, final assembly and fine tuning for customers. All administrative staff are also located in the same building complex. The result: a marked increase in efficiency, much shorter throughput times, and significantly higher production output – the factory of the future.

With the addition of 7,800 square meters of production space, the total area of Mikron Automation's factory in Boudry has increased to 15,000 square meters.

The new part of the building complex consists of two floors: a ground floor, which is available for the final assembly of customer projects, and an upper floor, which houses the new Smart Office for 260 employees.

The existing parts of the building complex were converted, with the former assembly hall now housing a clocked production line for standard modules.

In addition, a warehouse with material handling, quality control, packaging and delivery area has been installed. The former administration building was converted into a state-of-the-art customer campus. It is equipped with dedicated offices and offers customers access to all technologies and relevant information.

There is also an auditorium equipped with the latest technology, a show room and meeting rooms for visitors.



«Our employees have quickly become very fond of the Smart Office, where there are no longer any fixed work-places. They really appreciate this work- ing environment, which they, or at least for the youngest of them, are generally already familiar with from their student days on campus.»

Christophe Rochat, Director of Finance and Administration, Mikron Boudry

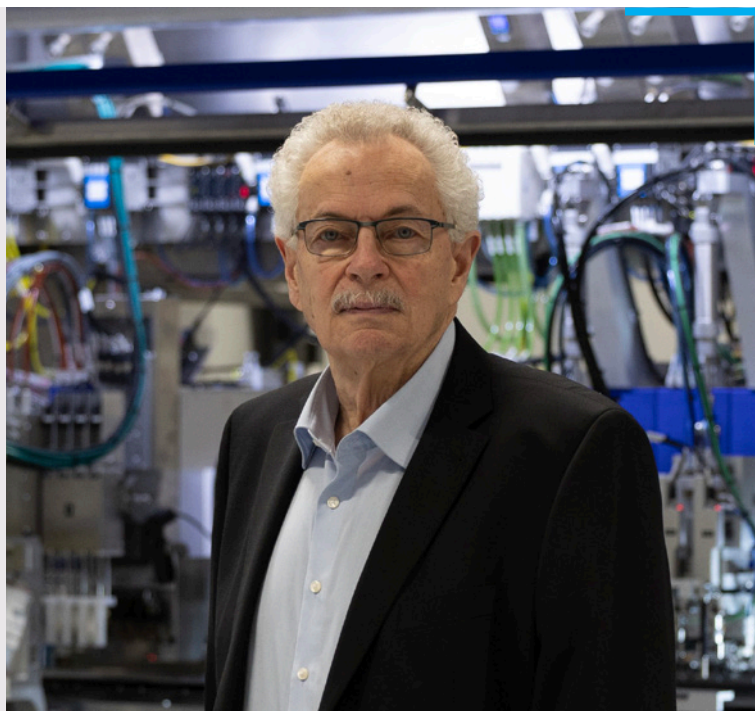
An inspiring environment for better collaboration

The new Smart Office provides a collaborative and inspiring work environment for employees in terms of design, development and organization. Mobile workplaces and collaborative areas promote flexible and agile working. People and departments share ideas more easily and collaborate better, and the work process becomes more dynamic and efficient.

Resource-saving equipment, renewable energy sources and lower CO₂ emissions – the Next Factory is also an investment in sustainability. A new heating/cooling system reduces natural gas consumption by 90 percent. And a 1,370-square-meter photovoltaic system on the roof of the plant produces energy that Mikron Boudry can use to cover a large part of its own needs.

«With our expanded premises and new logistics concept, a flowing and perfectly timed production process has become possible: from material delivery to customer dispatch.»

Werner Beck, Project Manager Next Factory, Mikron Boudry



Highlights 2022



February

The state-of-the-art **Next Factory**, the headquarters of the **Mikron Automation** division, is now fully operational. The addition of 7,800 m² of production space enables Mikron Automation to both increase its assembly capacity and improve the flow of materials and logistics. The expansion includes a new 3,900 m² fine tuning hall and a smart office on the upper floor.

March

Mikron Automation adds a **cleanroom** to its Denver, Colorado facility. This ISO Class 7 controlled environment is part of Mikron's suite of pre-production services. Mikron's goal is to **enable medical device manufacturers** with the ability to assemble not-for-sale products, such as design verification and clinical trial products, to reduce their time to market.



June

Mikron Automation presents itself at **Automatica Munich**. The division is creating a 360° ecosystem that puts the customer at the center. The focus is on customer services, from pre-production services to digital offerings and customer support. With its comprehensive range of high-quality services and scalable assembly systems, Mikron offers customers highly efficient solutions.



September

Mikron Tool takes part in the two most important trade fairs for the metalworking industry: **AMB in Stuttgart, Germany, and IMTS in Chicago, USA**. There, Mikron Tool presents three new products: The milling cutter **CrazyMill Cool Micro**, the engineering service offer **CrazyService Products** and the **CrazyDrill Cool Titanium**, a drill with new technology for different types of titanium.



September

Mikron Machining participates in the **international exhibition for Metalworking AMB in Stuttgart, Germany**. The Division demonstrates its groundbreaking machining solutions, such as the Multistar CX-24, known for its precision, speed, and flexibility. In addition, the digital solutions miTool, miEnergy, miMaintenance and miMachine impress the trade audience.



October

Mikron Tool launches CrazyService Products worldwide: With the engineering services, customers can benefit from expertise without having to use internal resources. This starts with choosing the tool, determining the best process, through to creating the appropriate CAM program. It can even include producing and measuring a prototype along with the associated process or product validation.



October

Mikron opens two production sites in Agno. In the presence of the local authorities and representatives of the umbrella organizations AITI and Swissmem, Mikron inaugurates the **new production areas in the Tool and Machining Divisions in Agno**. The investments made represent further growth at the production sites in Ticino.

October

Mikron's management team met to discuss the company's **vision and mission**. Sharing insights about the **Group's development steps** and reflecting on them is an important milestone in engaging managers and experts.



November

Mikron Tool wins 2nd place at the SMM Award. The award goes to the CrazyDrill Cool Titanium for its highly efficient drilling of the super material titanium. **The SMM Award is Switzerland's exclusive MEM industry prize**. It is awarded for innovations in manufacturing technology. This is already the fourth innovation award that Mikron Tool has won in the last 10 years.

Management Report

Management Report

The Mikron Group significantly improved its earnings situation in the past financial year. Both business segments succeeded in increasing annual net sales and achieving strong results. High demand in all key markets, the continued good performance of the Automation and Tool divisions and higher sales in the Machining division were the key factors in this gratifying development. The Group's net sales rose from CHF 289.5 million to CHF 309.4 million (+6.9%) and order intake from CHF 305.7 million to CHF 408.0 million (+33.5%). The Group's EBIT for 2022 amounts to CHF 26.4 million (2021: CHF 17.6 million, +50.0%), and the profit for the year is CHF 24.2 million (2021: CHF 17.0 million, +42.4%).

All three divisions of the Mikron Group performed well in the 2022 financial year and achieved some important development targets. At Mikron Automation, the expanded plant in Boudry is now fully operational, with completely reorganized manufacturing processes and material flows. The Mikron Machining division succeeded in improving its result due to higher sales and the completed consolidation of all activities into one building in Agno, while the Mikron Tool division realized several new product developments for applications in the pharmaceutical and medical technology industries and opened the extension to the production building in Agno.

To cope with increasing inflation, all three divisions analyzed prices regularly and implemented all the necessary price adjustments. Thanks to pro-active discussions with suppliers, as well as solutions found with customers, the raw material and energy price increases did not significantly impact Mikron's profitability. Due to the high down payments from customers, the exchange rate impact with a stronger Swiss franc and weaker euro remained limited for Mikron in the year under review.

Board of Directors

At the Mikron Group's 2022 Annual General Meeting shareholders elected Alexandra Bendler and Hans-Christian Schneider as new members of the Board of Directors. They replaced the two long-standing members of the Board of Directors, Eduard Rikli and Patrick Kilchmann, who were no longer available for re-election. Industrial engineer Alexandra Bendler (Dr.-Ing.) is a full-time member of the Group Executive Board and is responsible for the Europe Business Group at automotive supplier Autoneum. Hans-Christian Schneider (MSc. in microtechnology and MBA) has been CEO of the Ammann Group in Langenthal since 2013. Both new Board members have integrated very well into the Board during the year under review.

Development of key figures

Order intake and net sales

The Mikron Group reported order intake of CHF 408.0 million in 2022, representing an increase of 33.5% compared with the prior year (CHF 305.7 million).

Posting annual net sales of CHF 309.4 million, the Mikron Group exceeded the prior year result of CHF 289.5 million by 6.9%. Europe remains Mikron's most important market, with 49% (including Switzerland) of total net sales in 2022 (2021: 50% including Switzerland). Accounting for a share of 30%, North America remains in second place (previous year: 33%). The strongest market segment by far remains the pharmaceutical and medtech sector at 55% (previous year: 56%). The automotive industry contributed 12% (prior year: 11%) to total net sales.

Order backlog and capacity utilization

At CHF 270.7 million, the Mikron Group's order backlog at the end of 2022 was 53.2% higher than the prior-year figure (CHF 176.7 million). As some of these orders are long-term projects, a significant portion of the order backlog from the end of 2022 will not impact the Mikron Group's sales until 2024. Capacity utilization was high in all three divisions throughout the year.

Profitability

In the 2022 financial year, the Mikron Group succeeded in significantly improving its EBIT and profit. Compared with the previous year, Mikron increased its EBIT from CHF 17.6 million to CHF 26.4 million (+50.0%) and achieved an EBIT margin for 2022 of 8.5% (2021: 6.1%). The Group improved its annual profit from CHF 17.0 million to CHF 24.2 million (+42.4%). The profit per share for 2022 came to CHF 1.47 (prior year: CHF 1.04).

Financial result, income taxes and profit

The financial result improved compared to the previous year and amounted to CHF -0.8 million (2021: CHF -0.9 million), CHF -0.3 million of which was related to net exchange rate losses (prior year: CHF 0.6 million). The interest on fixed-term deposits on bonds and their valuation to optimize financial results were netted against other financial expenses such as fees for bank guarantees. Profit before taxes amounted to CHF 25.6 million (prior year: CHF 16.7 million), on which income taxes of CHF 1.4 million (prior year: CHF -0.3 million) were booked. The tax expense was reduced by CHF 3.1 million from tax-loss carry-forwards and tax credits.

Investment property

The investment property in Nidau (Switzerland) generated net income of CHF 0.7 million (prior year: CHF -0.4 million) including an impairment of CHF 0.4 million based on an update to the third-party market value assessment performed at the end of 2022.

Balance sheet, financing and equity ratio

Overall, the Mikron Group's balance sheet remains very strong. Mikron is free of net debt and reports a healthy equity ratio.

Cash and cash equivalents plus current financial assets of CHF 64.4 million significantly exceed interest-bearing liabilities of CHF 5.6 million. The net cash position remained at a high CHF 58.8 million or 19% of net sales (prior year: 16%). Net working capital increased to CHF 6.3 million from CHF -2.0 in the prior year.

Totalling CHF 133.7 million, non-current assets decreased by CHF -1.7 million. In line with strategy, investments of CHF 8.7 million (prior year: CHF 21.0 million) were made in production equipment and a building extension for the automation and machining business and a number of IT projects to improve efficiency and security. The total amount of expenditure for new product development and enhancements (capitalized and non-capitalized) was about 2.1% of net sales. Amortization and depreciation totaled CHF 8.6 million (prior year: CHF 9.1 million). The long-term financial liabilities of CHF 3.8 million mainly relate to finance leases for production equipment and the mortgage for one production facility.

Since June 2020, Mikron has been able to draw on a CHF 50.0 million credit agreement with a bank consortium which is available for bank guarantees to secure advance payments from customers and for fixed advances that are currently not being used. An additional CHF 20.0 million of the mortgage can be drawn under this credit agreement for two production sites in Switzerland. The credit agreement was extended during 2022 and will expire at the end of June 2025 and requires Mikron to achieve certain key financial figures (covenants). The Group met these by a comfortable margin. The renewal of the credit agreement has been secured with the existing partner banks.

In 2022, shareholders' equity rose to CHF 186.0 million (end of 2021: CHF 165.1 million). This represents a strong equity ratio of 54% (prior year: 55%, with significantly lower balance sheet total).

Cash flow

Cash flow from operating activities stood at CHF 27.6 million (2021: CHF 50.7 million.) Prior year cash flow from operating activities benefited from a decrease of the net working capital of CHF -25.7 million, while the net working capital increased by CHF 3.0 million in 2022. A total of CHF 11.4 million (prior year: CHF 20.4 million) was used for investment in non-current assets.

The operating free cash flow after investing activities of CHF -10.9 million (excluding changes in financial assets) amounts to CHF 16.6 million (prior year: CHF 31.1 million).

Cash flow from financing activities amounted to CHF -6.1 million in the year under review (prior year: CHF -17.4 million).

Distribution to shareholders

At the General Meeting on 26 April 2023, the Board of Directors of the Mikron Group will propose a distribution to the shareholders of CHF 0.40 (prior year: CHF 0.24) per share.

Share performance

At the end of 2022, the share price stood at CHF 8.80 (prior year: CHF 7.70 per share). The precise share performance is available at all times on the Mikron Group website. Based on the year-end share price, the Mikron Group is valued at CHF 147.1 million.

Corporate Financial Statements of Mikron Holding AG

Mikron Holding AG is the legal owner (directly or indirectly) of all subsidiaries of the Mikron Group, the owner of the Mikron trademark, and the treasury center for the Mikron Group. The CFO and a small Group finance team are employed by the separate Mikron company, and costs are charged back to Mikron Holding AG. Excluding the net finance result of CHF 4.6 million (prior year: CHF 28.7 million), the trademark fees charged to the companies nearly covered the costs incurred. In the 2022 financial year, no dividend income from subsidiaries was booked (2021: CHF 0.1 million). The financial statements of Mikron Holding AG show a very high equity ratio of 77%.

Innovation and key investments

After the completion of several development projects, in 2022, Mikron invested another CHF 6.5 million (prior year: CHF 6.6 million) in the development or enhancement of new products and product platforms. These figures include personnel expenses, material costs and other operating expenses, and represent 2.1% of net sales (prior year: 2.3% of net sales). This does not include daily innovation activities, which are triggered by customer projects and are required to develop new specific assembly or machining processes.

Mikron offers all kinds of digital and connectivity-related services and solutions commonly summarized as "Industry 4.0". In recent years, such technologies have been systematically developed, tested and integrated into existing and new products, processes and service offerings. In the year under review, the Mikron Group further intensified the digitalization of industry and services.

Mikron Automation business segment

In the Mikron Automation business segment, demand from its most important sales market, the pharmaceutical and medtech industries, remained high at all times during the year under review. Following the successful fiscal year 2021, the business segment succeeded in further improving its profitability. Mikron Automation's record order intake of was characterized by multiple orders from a market-leading pharmaceutical company. Overall, capacity utilization was very good throughout the course of the year. In China, however, business was still impacted by the Covid pandemic-driven lockdowns. In Boudry, the new state-of-the-art assembly hall was fully operational.

Key figures for Mikron Automation

At CHF 183.8 million, the Mikron Automation business segment exceeded the net sales for the 2021 financial year (CHF 176.7 million) by 4.0%. At CHF 239.0 million, Mikron Automation's order intake reached a record high level and outperformed the previous year's figure of CHF 170.5 million by 40.2%. The resulting order backlog of CHF 168.8 million at the end of 2022 was 46.0% higher than that of the end of 2021 (CHF 115.6 million). Mikron Automation posted EBIT of CHF 17.5 million (2021: CHF 15.8 million) and an EBIT margin of 9.5% (2021: 8.9%).

39% of Mikron Automation's sales came from Europe (including Switzerland), 41% from North America and 19% from Asia. The business segment again significantly strengthened its market position in the pharmaceutical and medical technology industry. 91% of sales came from this area in 2022.

Innovations and continuous improvements

In 2022, the Mikron Automation business segment systematically pursued its various product development projects. The opening of a new clean room in Denver, USA, in March 2022 allowed Mikron to offer pre-production services to pharmaceutical and medtech customers and extend our offering and competence.

In 2022, Mikron Automation launched the new MAIA assembly cell, which is ideal for clinical trials and small production volumes. With MAIA, Mikron customers can validate their processes easily, efficiently and cost-effectively for the next scale-up phases.

Mikron Machining Solutions business segment

In the Machining Solutions business segment, the Mikron Machining division noted a continuation of the increased demand from the second half of 2021. This concerns the watch industry and the writing industry as well as new applications from the automotive industry outside of the combustion engine. Demand also increased in the service sector. Mikron Machining consolidated its activities into one building in Agno and further progressed its repositioning.

At Mikron Tool division, demand for its sophisticated cutting tools remained at a high level. Mikron Tool developed new products for applications in the pharmaceutical and medical technology industries to increase sales outside the automotive industry.

Key figures for Mikron Machining Solutions

At CHF 125.7 million, the Mikron Machining Solutions business segment exceeded net sales for the 2021 financial year (CHF 112.9 million) by 11.3%. Mikron Machining Solutions' order intake rose to CHF 169.0 million (2021: CHF 135.4 million, +24.8%). The resulting order backlog of CHF 101.8 million at the end of 2022 was 66.6% higher than at the end of 2021 (CHF 61.1 million). Mikron Machining Solutions posted EBIT of CHF 9.3 million (2021: CHF 2.5 million) and an EBIT margin of 7.4% (2021: 2.2%).

50% of Mikron Machining Solutions' sales came from Europe (2021: 50%), additional 15% from Switzerland (2021: 13%), 14% from North America (2021: 17%) and 20% from Asia (2021: 17%). The business segment achieved 24% of its net sales in the automotive industry, 18% in the consumer goods industry, 11% in the writing industry, and 9% in the industrial and building industries.

Innovations and continuous improvements

At the international exhibition for metalworking AMB 2022, Mikron Machining introduced the MultiX-C – a new development in the MultiX family – which allows the user to change batch for totally different parts in just a few minutes.

Mikron Tool further advanced its product development strategy and launched additional products especially for the medtech market.

Outlook for the Mikron Group

Despite this favorable starting position with a high order backlog at the end of 2022, concrete forecasts remain difficult. The global economic situation continues to be fragile. Supply bottlenecks and sharply rising prices will continue to keep us busy. In addition, there is the war in Ukraine with its effects that are difficult to assess. Finally, the Covid pandemic is not yet over in all parts of the world. In recent months, the Mikron Group has demonstrated its resilience and coped well with global crises. This gives us confidence: consistent in the pursuit of our goals, flexible in their implementation – we will continue to follow the path we have chosen. For the 2023 financial year, we expect to achieve again a similar EBIT margin as for 2022.

Customer satisfaction

The Mikron Group focuses on the needs of its customers, with the aim of establishing and cultivating strong, long-term relationships with them. All strategic and operational initiatives and activities are triggered by Mikron's mission to increase customers' industrial productivity. As in previous years, Mikron actively contacts customers to systematically ask for their opinion and feedback. Customer feedback conveys a very positive picture overall. Besides high-performance turn-key production systems and excellent "Crazy" tools, Mikron offers its customers a broad range of after-sales services fostering long-term partnerships. Mikron asks for and receives suggestions for improvements and refinements in its strategic planning in the form of targeted initiatives, product and process enhancements, and investments in new product developments.

Sustainability

Sustainability and Environmental, Social and Corporate Governance (ESG) are a high priority for the Mikron Group, which acknowledges its responsibility towards people and the environment. Its Sustainability Report is guided by the globally recognized principles of the Global Reporting Initiative (GRI). The Group's aim in this respect is to ensure transparent, standardized, and comparable reporting. For more details see pages 44 and 45. The full report is available on the website at Sustainability (mikron.com). From the 2023 reporting year onwards, the Sustainability Report will be integrated into the Mikron Group's Annual Report.

Employees

Mikron operates in a demanding, highly cyclical and global market, and is exposed to globally active and locally specialized competitors. The key to success is highly skilled and motivated employees who are willing to assume responsibility and work together constructively. This allows the Group to respond to the rapid changes, diverse customer requests and complexity inherent in the business. Approximately every two years, an independent consultancy for personnel and organizational development assesses the level of employee satisfaction.

Mikron aims to attract and retain employees with the right level of technical qualifications who are able to work in dynamic interdisciplinary teams, have a broad set of language skills, and are willing to travel and work abroad – even if this was only possible to a limited extent in 2022. Mikron continued to invest in training and education and conducted numerous virtual seminars. New apprentices and trainees were taken on, and the management and leadership training program and specific project managers' training continued. Wherever relevant, all employees were trained in the application of our Code of Conduct.

As at the end of the 2022 financial year, the Mikron Group as a whole numbered 1,414 employees (FTEs), representing an increase of 6.6% (prior year: 1,327 employees). The increase in the number of employees is attributable to the high-capacity utilization in all three divisions.

The number of apprentices increased from 91 employees to 96 employees at the end of 2022. Around 65% of the workforce is employed at the companies in Switzerland, approximately 18% in the US, 8% in the European Union, and 9% in Asia.

Employees' remuneration is based on their role, performance, specific knowledge, or value to Mikron (languages, special technological expertise) and experience. Men and women are paid equally for performing equal work. Women account for around 10% of Mikron staff. The economic performance and regional differences of the individual companies are also considered. It is Mikron's aim to compensate its employees fairly and in a comparable way to similar internationally active companies.

Business model and strategy

Mikron Group

Led by the vision of "creating value with passion for precision" and Mikron's mission statement, the Board of Directors periodically reviews the Group's strategy. Unchanged, Mikron expects sales growth in the magnitude of 5% annually on average. In 2022, Mikron achieved an important milestone and improved the profitability beyond the original mid-term EBIT-margin of 5-7%. The Board of Directors did review the strategy in August 2022 and set a new profitability target for the EBIT-margin to 7-10%.

Mikron's business model provides a solid foundation to successfully navigate through the current external environment, including the challenges posed by the corona pandemic. Customer needs are at the heart of Mikron's business model. The Group offers its know-how to realize best solutions for its customers. In doing so, it builds on the following strengths.

Technical reference in its markets

Mikron strives to be the technology leader in all its markets.

Global partner

Proximity to its customers around the globe is a prerequisite to meet local requirements.

Skilled employees

The key to success is the employees with their competencies, skills, experience and drive for innovation.

First-class service

Continuously supporting customers' production and finding solutions to their needs throughout the whole life cycle is crucial.

Innovation

The systematic development of new solutions for the future is a prerequisite for mastering the challenges ahead. Value creation is the overriding goal of our Group to help build a better world for customers, employees, and shareholders. Based on customer-oriented leadership, our solutions create value for society by improving efficiency, quality, productivity, and sustainability. Continuous dialog with key stakeholders enables us to address their needs and gain insights into changing market requirements, future trends, and global developments. This helps Mikron understand the benefits stakeholders seek and respond quickly with appropriate solutions.



Embedded in the Group's strategy, the business segments are well positioned:

Mikron Machining Solutions

Mikron Machining Solutions' strategic objectives are to strengthen its leadership position in the rotary transfer machining niche, expand the service business by introducing additional services and addressing the whole installed machine base, and grow the cutting tool business. The business segment consists of the two divisions Mikron Machining and Mikron Tool. As an innovative technology leader, the Machining Solutions business segment offers its customers the best performing solution for high-volume production. In its niche, Mikron Machining competes mainly against other transfer machines, transfer center and multi-spindle machining center manufacturers. Over time, exposure to the European market will be reduced as newly developed products are rolled out. The business segment wants its customers to recognize its divisions Mikron Machining and Mikron Tool as international providers with the capability to adapt their innovative products quickly to specific needs and to execute projects efficiently with globally aligned key processes.

Mikron Automation

Mikron Automation's strategy aims to provide customers with scalable and customized assembly systems – from the first idea to the highest-performance solutions. Mikron's expertise and proven track record guarantee the best productivity for assembling customers' products throughout the lifecycle. As the partner of choice for global blue-chip customers from the pharmaceutical and med-tech industries, it aims to maintain its leadership position in Europe and the US and to strengthen the footprint in Asia. Other customer segments such as the automotive industry, consumer goods and electronics are expected to contribute to its growth. Aligned processes, world-class project execution and in-depth experience of validation and obtaining all the required approvals (especially FDA) enable the Automation business segment to carry out projects across several sites and thus also deliver projects worth up to CHF 30 million.

The Mikron values

Six values guide Mikron's management and staff in their daily behavior and serve as a common basis to do business and develop the company:

Skilled and motivated employees

Success is founded on skilled and motivated employees who are willing to take responsibility and work together constructively. Mikron employees overcome technical challenges through lively knowledge-sharing that results in intelligent, innovative, and high-performance production solutions for its customers.

Market and customer focus

Mikron employees always focus on the needs of its customers, with the aim of establishing and cultivating long-term relationships with them. The Group excels in a competitive market, offering cost-effective and technically optimized solutions for the manufacture of high-precision products in large quantities.

Focus on targets and results

The Mikron Group has well-defined, demanding quantitative and qualitative targets and devotes all its energy to achieving them. Each employee is aware of the targets – both their own and those of the company – and contributes to their achievement.

Responsibility and role model function

The Group honors common agreements and takes responsibility. All employees see themselves as ambassadors of Mikron and show respect and loyalty towards their colleagues, customers and business partners. Employees of the Mikron Group talk to each other openly and honestly to keep one another informed.

Quality

Quality is all-encompassing. Mikron employees work independently to the highest level of precision in order to meet all explicit and implicit requirements. The Group continuously improves its products and processes, and invests in new technologies and projects.

Confidentiality

All employees are regularly informed of key developments by their line managers. Outside the company, they are very careful and restrictive with information and ensure that only duly authorized people have access to information.

Risk management

Mikron monitors and carefully evaluates the handling of strategic, financial and operational risks. Equally, the company accounts for risks related to compliance as well as political and regulatory changes.

A holistic risk management process under the leadership of the Group CFO ensures that risks with a potentially relevant impact on the business and financial situation as well as mitigation actions to handle those risks are regularly reviewed and presented to the Group Management and Board of Directors. The functioning of the risk management process and the main risks are described in the Corporate Governance Report (pages 46 to 64), while financial risk management is outlined in the Financial Report (pages 74 to 101).

Brand management

The Mikron Group actively manages its umbrella brand and sub-brands. Both the Automation and Machining business segments attend trade fairs all over the world, where they present their range of systems, products, and solutions. Furthermore, they also maintain customer contact via digital channels and hold various webinars. The Group also uses brochures, a state-of-the-art website including videos, a YouTube channel and an iPhone/iPad application as brand management tools.

Corporate Social Responsibility

Mikron's commitment to sustainability

Back in 2017, the Mikron Group started to develop a tailored Corporate Social Responsibility strategy. Since 2019, it has been systematically pursuing the corresponding goals and consistently recording results.

With a clear commitment to sustainable thinking and action, Mikron is improving people's quality of life and conserving our natural resources. Mikron views sustainability reporting as a step-by-step process. We believe that collecting data and information on the economic, environmental, and social impact of our business activities annually provides an additional basis for the Mikron Group's strategic development and capacity for innovation, including aligning with the UN Sustainable Development Goals (SDG).

Mikron implements its ambitious goals with great energy: The driving force behind this is an interdisciplinary team of professionals from different departments such as Human Resources, Quality, Supply, Marketing and others, as well as representatives from the Management Board. You can

read more about the comprehensive measures and endeavors implemented at the various sites in Mikron's detailed **Sustainability Report 2021**.

Last year, Mikron aligned its sustainability efforts even more closely with the requirements of the Global Reporting Initiative GRI and international ESG (Environmental, Social, Governance) standards and improved them overall. The Sustainability Report 2021, published in summer 2022, not only contains numerous additional indicators. It also enables a comparison between the years 2019 and 2021.



In parallel with its longer-term efforts, Mikron successfully implemented some very specific projects in the area of sustainability reporting last year:



Sites and buildings

Our new buildings in Agno (for both the Mikron Machining and Mikron Tool divisions) and Boudry have been completed and are now up and running. All processes have been set up. These new buildings will contribute to a significant reduction of CO₂ emissions.



Certifications

Our sites in Agno conform to ISO 45001 Occupational health and safety. At the Swiss sites, we are renewing the ISO 14001, 9001 certification.



Employment practices

For all Swiss entities, we have implemented a tool that calculates the ratio of basic salary and remuneration for women and men, i.e. equal pay. An external audit has been performed. Internal training on health and safety has already been started and successfully performed so far.



Governance

Four online training sessions on the Code of Conduct rules, ethics, compliance, and security have been completed by employees with an overall participation rate of 93%. The Data Privacy Policy for employees has been updated in accordance with the mandatory laws, specifically GDPR and FDPA. The employees have been introduced to the policy through an online platform. Around 90% acknowledgement was achieved.

A broad-based approach for a future worth living

In line with the Sustainable Development Goals (SDG), Mikron is setting itself targets for 2030 in these eight Key Performance Indicators and fields. For all of these areas, Mikron has defined specific initiatives, topics and actions, indicating who is responsible and the deadlines.



“Since publishing our last sustainability report, we have made good progress in advancing our sustainability efforts. We are extremely proud of what our teams have accomplished so far. We know that amazing things happen when we all work together. With our great people, leading technologies, and the support of our stakeholders, Mikron will continue to contribute to sustainable development.”

Luigi Rancan,
CSR Manager and the Mikron Group's Chief Legal Advisor

Corporate Governance Report

Corporate Governance

The corporate governance report describes the main principles and regulations regarding the management and control of the Mikron Group and how these principles and regulations were established in detail by the company's senior management. The report is in compliance with the SIX Swiss Exchange guidelines last revised as of 1 October 2021 regarding information on corporate governance. Aspects of the SIX guidelines not covered in this report are either not applicable or irrelevant to the Mikron Group.

Corporate structure

Based in Biel, Mikron Holding AG is organized as a holding company under Swiss law and directly or indirectly holds all Mikron companies worldwide. Mikron Holding AG is listed on SIX Swiss Exchange in Zurich (Security Symbol MIKN/ISIN CH0003390066) and on 31 December 2022 had a market capitalization of CHF 147.1 million. The Mikron Group is organized by segments. For the purposes of reporting, two business segments and the Corporate Service organization have been identified.

The segments are structured according to market, product and service type and encompass all the functions required by an independent company, such as sales, development, production, logistics and administration. The centralized special departments, such as Accounting and Controlling, Treasury, Corporate Communications and Corporate IT Services, are part of the Corporate Service, which supports the individual companies as well as the Board of Directors and Group Management in their management and control functions. Among other things, the Corporate Service reports the income and expenditure related to an industrial property that is not required for operations and is rented out to third parties.

The Mikron Group consists of 9 active companies worldwide. The corporate structure and the companies are listed on page 122 of the Annual Report. The Mikron Group's management structure is independent of its legal structure.

Significant shareholders

The following table illustrates the shareholder structure of Mikron Holding AG. It also lists and names those shareholders who, as at 31 December 2022, hold 3% or more of the voting rights of Mikron Holding AG.

Shareholders	31.12.2022		31.12.2021	
	Number of shares of CHF 0.10 par value each		Number of shares of CHF 0.10 par value each	
Ammann Group Holding AG	6,999,700	41.9%	6,999,700	41.9%
Rudolf Maag	2,348,588	14.1%	2,348,588	14.1%
Thomas Matter	736,000	4.4%	588,044	3.5%
Alfons Niedhart	514,092	3.1%	514,092	3.1%
Public shareholders	5,891,752	35.2%	6,065,177	36.3%
Board of Directors and Group Management	222,612	1.3%	197,143	1.2%
Total	16,712,744	100.0%	16,712,744	100.0%

Further information on the corporate structure is given on page 122. Changes in significant shareholdings since 1 January 2022 have been communicated to SIX Stock Exchange in accordance with regulations and published on the following website:

www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders

Cross-shareholdings

There are no cross-shareholdings consisting of either capital or voting rights.

Capital structure

The Mikron Group's capital as at 31 December 2022

	Registered shares	Par value in CHF	Total in CHF
Ordinary capital	16,712,744	0.10	1,671,274.40

Changes in capital over the last three years

		Number of shares	Par value in CHF	Ordinary capital in CHF
2020	As at 1 January	16,712,744	0.10	1,671,274.40
	Change	0	0.10	0.00
	As at 31 December	16,712,744	0.10	1,671,274.40
2021	As at 1 January	16,712,744	0.10	1,671,274.40
	Change	0	0.10	0.00
	As at 31 December	16,712,744	0.10	1,671,274.40
2022	As at 1 January	16,712,744	0.10	1,671,274.40
	Change	0	0.10	0.00
	As at 31 December	16,712,744	0.10	1,671,274.40

Shares

The issued registered shares are fully paid in. Each registered share carries one vote at Mikron Holding AG's General Meetings. Voting rights may be exercised only after the shareholder has been entered as a shareholder with voting rights in Mikron Holding AG's share register. All shares have equal dividend rights.

Participation and dividend right certificates

Mikron Holding AG has issued neither participation certificates nor dividend right certificates.

Limits on transferability and nominee registrations

Persons acquiring registered shares shall on application be entered in the share register without limitation as shareholders with voting rights, provided they expressly declare themselves to have acquired the said shares in their own name and for their own account.

Nominees shall be entered in the share register with voting rights without further inquiry up to a maximum of 3% of the outstanding share capital available at the time. Above this limit, registered shares held by nominees shall be entered in the share register with voting rights only if the nominee in question at the application for registration, or thereafter upon request by the Company, makes known the names, addresses and shareholdings of the persons for whose account he is holding 0.3% or more of the outstanding share capital available at the time. The Board of Directors has the right to conclude agreements with nominees concerning their disclosure requirements.

Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with intent to evade the entry restriction are considered as one shareholder or nominee.

The Company may in special cases approve exceptions to the regulations in the Articles of Association. After due consultation with the persons concerned, the Company is further authorized to delete entries in the share register as shareholder with voting rights with retroactive effect if they were made on the basis of false information or if the respective person does not provide the requested information.

Convertible bonds and options

There are no convertible bonds or options outstanding.

Board of Directors

Members of the Board of Directors

The company's Board of Directors consists of five members. None of them maintains a significant business relationship with the Group.

The following table provides information on each of the members of the Board of Directors as at 31 December 2022:

	<p>Paul Zumbühl Dipl. Ing., MBA, AMP. Swiss, born in 1957. Chairman, non-executive. First elected 2018, elected until 2023.</p>	<p>From 1988 to 1994 Paul Zumbühl held several management positions and was Managing Director in the Sarna Group, Switzerland. From 1994 until the end of 1999 he was Head of the Mikron Plastics Technology division and a member of Group Management of the Mikron Group. From January 2000 until the end of April 2021, he was the CEO of the Interroll Worldwide Group and has served as its Chairman of the Board of Directors since May 2021. He is also Chairman of Schlatter Industries AG, Schlieren/Zurich. Paul Zumbühl has been a member of the Board of Directors of the Mikron Group since 2018 and Chairman since 2021.</p>
	<p>Andreas Casutt Dr. iur., LL.M. Swiss, born in 1963. Member, non-executive. First elected 2013, elected until 2023.</p>	<p>Andreas Casutt joined the law firm Niederer Kraft Frey AG in Zurich in 1993 and was made a partner in 2002. He served as the firm's managing partner from 2006 to 2014. His practice focuses on corporate law, contract law, mergers & acquisitions and stock exchange law. Andreas Casutt studied law and received his Ph.D. from the University of Zurich (Switzerland) and completed an LL.M. program at the University of Michigan, Ann Arbor (USA). He is Chairman of the Board of Directors of Siegfried Holding AG as well as various privately held companies including maxon international ag.</p>
	<p>Hans-Michael Hauser MSc Physics, MSc Mathematics, Engineer, MBA. German, born in 1970. Member, non-executive. First elected 2016, elected until 2023.</p>	<p>Hans-Michael Hauser worked for the Boston Consulting Group (BCG) as Partner and Managing Director in Munich and Zurich from 1995 to 2015. In this function he was responsible for establishing and expanding BCG's consultancy business in the industrial and technology segment amongst other tasks. Since 2015, he has been helping companies to develop and launch digital business models through ML Insights AG, the company he founded himself.</p>
	<p>Alexandra Bendler Dr.-Ing., Dipl.-Wirtsch.-Ing. German, born in 1973. Member, non-executive. First elected 2022, elected until 2023.</p>	<p>Dr.-Ing. Alexandra Bendler has many years of experience in industrial consultancy and management in Germany and Switzerland. She has been working for the Autoneum Group (formerly Rieter Automotive) in Winterthur since 2008, since 2019 as a member of the Group Executive Board and as Head of Business Group Europe. She holds various board functions at group companies of the Autoneum Group.</p>
	<p>Hans-Christian Schneider MSc Microtechnology, MBA. Swiss, born in 1979. Member, non-executive. First elected 2022, elected until 2023.</p>	<p>Hans-Christian Schneider, a qualified microtechnology engineer with an MBA, also has many years of management experience in an international industrial environment and has been CEO of the Amman Group in Langenthal since 2013. He holds various board functions at companies associated with the Ammann Group Holding AG.</p>

Elections and terms of office

Pursuant to the Articles of Association, the Board of Directors shall consist of a minimum of three and a maximum of seven members. The term of office shall correspond to the legally permitted maximum term of one year and shall last until the end of the next Annual General Meeting. Re-election is possible provided the relevant member has not reached the age of 70.

If the office of the Chairman of the Board of Directors is vacant, the Remuneration Committee is not complete, or the Company does not have an Independent Proxy, the Board of Directors shall appoint a substitute for the period until the conclusion of the next Annual General Meeting who – with the exception of the Independent Proxy – must be a member of the Board of Directors.

Duties

The duties of Mikron Holding AG's Board of Directors are defined in the Swiss Code of Obligations, the Articles of Association (www.mikron.com/aoa) and the Organizational Rules (www.mikron.com/or). The procedures of the committees are also set out in the Organizational Rules. The Organizational Rules are reviewed annually after the Annual General Meeting (www.mikron.com/or).

The Board of Directors is entrusted with the ultimate direction of the Company as well as the supervision of the Management. It represents the Company towards third parties and attends to all matters which are not delegated to or reserved for another corporate body of the Company under the law, the Articles of Association or the regulations. It issues guidelines on corporate policy and keeps itself informed about the course of business.

The Board of Directors has the following non-transferable and irrevocable duties according to the Articles of Association:

- To ultimately direct the Group and issue the necessary directives; namely, to develop the Group's strategic objectives and determine the means of achieving these objectives, to set out the business policy, establishment, acquisition, disposal and liquidation of subsidiaries, mergers and de-mergers
- To determine the Group's organizational structure and to approve the Code of Business Conduct
- To organize the accounting, the internal control system (ICS), the financial control and the financial planning as well as to perform a risk assessment
- To appoint and recall persons entrusted with the management and representation of the Company and to grant signatory powers
- To ultimately supervise the persons entrusted with the management of the Group, in particular with respect to compliance with the law, the Articles of Association, and other regulations and directives
- To prepare the business report as well as the General Meeting and to implement the latter's resolutions
- To prepare the compensation report
- To inform the judge in the event of over-indebtedness
- To pass resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares
- To pass resolutions confirming increases in share capital and regarding the amendments to the Articles of Association entailed thereby
- To examine compliance with the legal requirements regarding the appointment, election and the professional qualifications of the auditors
- To execute agreements pursuant to Art. 12, 36 and 70 of the Merger Act

In addition, the Board of Directors is assigned the following significant duties and competencies under the Organizational Rules (www.mikron.com/or):

- Decisions on the annual budget and the mid-term planning
- Decisions concerning the purchase and sale of land and real estate for sums in excess of CHF 3 million, as well as rental agreements involving an obligation of CHF 3 million until the first opportunity to terminate
- Decisions on sureties and pledges of more than CHF 5 million
- Decisions on restructuring of subsidiaries with expected costs, subordination or write-off of loans exceeding CHF 1 million
- Decisions on investments/disposals of production and IT equipment of more than CHF 2 million if budgeted and CHF 1 million if not budgeted
- Decisions on internal developments of more than CHF 2 million
- Granting of loans to corporate bodies, employees and third parties of more than CHF 0.25 million in any individual instance

The duties of the two committees of the Board of Directors are described in more detail in the appropriate sections below.

The Board of Directors delegates all management duties to Group Management to the extent permitted by law and by the Articles of Association. The Organizational Rules contain details related to the delegation of competencies.

Procedures

The Board of Directors convenes as often as business requires but at least once every quarter. During the 2022 business year, the Board held seven meetings which partially have been held virtually. The physical meetings lasted between three hours and two full working days, and the virtual meeting half an hour. Except for three meetings, where one member was not attending, all meetings of the Board of Directors in the year under review were attended by all members.

Approval of the annual financial statements and preparation for the Annual General Meeting normally take place at the first meeting of the year, while the budget and – if applicable – the updated mid-term planning are approved at the final meeting of the year.

The members of Group Management attended all physical meetings.

The members of the Board of Directors generally receive documentation five working days prior to meetings, allowing them to be properly prepared to discuss the items on the agenda.

The Board of Directors is deemed quorate when an absolute majority of its members is present. Participation via tele/videoconference is regarded as being present. For resolutions concerning confirmation of the successful completion of a capital increase and any ensuing amendment to the Articles of Association, the Board of Directors is deemed quorate when only one member is present.

The Board of Directors adopts resolutions and conducts elections based upon a majority of the votes cast, irrespective of abstentions. In the event of a tie, the Chairman has the casting vote. At the Chairman's request or, in his absence, that of the Vice-Chairman, resolutions of the Board of Directors may also be adopted by circular in the form of a letter, fax or e-mail, unless any member requests that the matter be discussed at a meeting.

Committees

Two committees were set up to support the Board of Directors: the Audit Committee and the Remuneration Committee. The committees meet regularly and are required to prepare minutes of their meetings and recommendations for perusal at the regular meetings of the Board of Directors. The committees notify the full Board of Directors of urgent matters immediately.

Audit Committee

The Audit Committee assists the Board of Directors in its overall supervisory role, specifically with regard to the completeness of financial statements, compliance with statutory provisions, evaluating the qualifications of the external auditors and the performance of internal and external auditors.

In particular, the Audit Committee shall conduct the following activities:

- To maintain a comprehensive and efficient audit concept and internal control system (ICS) for Mikron Holding AG and the Mikron Group
- To rate the external and internal auditors in terms of their independence, qualifications and (mandate-related) experience of their employees and to make a proposal to the Board of Directors regarding the election of external and internal auditors
- To assess the systems and scope of the audit approach, as well as the content, clarity and timely completion of reports
- To approve the key audit areas, to review the audit results, to supervise the rectification of any weaknesses identified
- To approve the budget for the external and internal audit activities and non-audit related services of the external auditor exceeding CHF 0.1 million annually
- To monitor compliance with the accounting principles and financial control mechanisms and to regularly examine the Group's risk matrix; to implement measures decided in relation to key risks
- To evaluate and submit proposals to the Board of Directors regarding the approval of the annual and semi-annual reports of Mikron Holding AG and the Mikron Group

The Audit Committee's decisions are subject to approval by the full Board of Directors.

The members of the Audit Committee in the year under review were the Board members Hans-Michael Hauser (Chairman) and Alexandra Bendler. The Audit Committee meets two to five times each year. Three meetings were held in the 2022 business year, each lasting two to five hours. All members attended the meetings. The Chairman as well as the CFO and CEO (if needed) on behalf of Group Management attended the meetings in a consultative capacity. Representatives of the internal auditors and of the external auditors were invited to the meetings as required. The external auditors were partially present at three meetings.

At its first meeting of the year, the Audit Committee normally assesses the annual financial statements in the presence of the external auditors. The summer meeting usually approves the external auditors' audit plan and assesses internal audit reports. At its autumn meeting, if not postponed to the next meeting, the Committee is above all informed of the status of the internal control system (ICS) and the internal audit plan for the following year. The December meeting focuses on discussing the interim reports of the external auditors as well as the risk matrix and the upcoming yearend close.

Remuneration Committee

The General Meeting elects individually at least two but no more than four members of the Board of Directors as members of the Remuneration Committee. The term of office of the members of the Remuneration Committee shall be one year and shall end at the next Annual General Meeting. Re-election is possible.

Subject to and within the scope of the overall compensation approved by the General Meeting, the Remuneration Committee proposes to the Board of Directors the remuneration of its members and proposes or determines the remuneration of the members of Group Management, both as set out below.

The Remuneration Committee has the following duties:

- To submit proposals to the Board of Directors regarding the compensation scheme of the Mikron Group and to issue corresponding regulations (details are given on pages 65 to 71)
- To propose to the full Board of Directors targets for Group Management
- To submit proposals to the full Board of Directors regarding the approval of the individual compensation of the Chairman of the Board of Directors, the other members of the Board of Directors as well as the maximum individual aggregate compensation of the CEO
- To determine, subject to and within the scope of the overall compensation approved by the General Meeting, the individual compensation (fixed, variable and long-term compensation) of the other members of the Executive Management as well as their further terms of employment and titles
- To propose to the full Board of Directors amendments to the Articles of Association with respect to the compensation scheme for members of Group Management

The members of the Remuneration Committee in the year under review were the Board members Andreas Casutt (Chairman) and Hans-Christian Schneider. The Remuneration Committee meets one to five times each year, usually in December and after the results for the financial year have been prepared. Two meetings were held in the 2022 business year, of which one was attended by all members while one member was missing in the other one. The meetings lasted about two hours. The members of Group Management may be invited but have no right of participation or co-determination on this Committee.

Information and control instruments vis-à-vis Group Management

The following measures ensure that the Board of Directors has sufficient information for an adequate decision-making process:

- Income statement and financial key performance indicators are reported on a monthly basis, while full financial statements (income statement, balance sheet and cash flow statement) are prepared quarterly. These figures are consolidated at Group, business segment and legal entity level. They are compared against the prior-year figures, the monthly budget and the forecast, which is revised on a quarterly basis, then sent to the Board of Directors following discussion within Group Management.
- Within the same structure, a mid-term plan spanning three years is prepared every two to three years in addition to the budget and both are presented to the Board of Directors for approval.
- Each month, the heads of the three divisions report to the CEO and CFO at the business review meeting on the operating performance, the status of sales activities and the progress on plans to increase profits and implement strategy. These reports are presented in summary form at meetings of the Board of Directors.
- By request, other managers from outside Group Management and external consultants will attend meetings of the Board of Directors and Group Management to report on their areas of responsibility or special projects.
- Between the meetings of the Board of Directors, internal and external reports are submitted in advance to the Board of Directors.
- A risk matrix is drawn up in the divisions based on a Group template and updated at least once a year. It quantifies risks based on their likelihood of occurrence and the potential impact on the Group's EBIT. A consolidated matrix is reported to the Board of Directors once a year. It notes the report and approves control measures in relation to the key risks. The operational risks are normally discussed once a month at Group Management meetings. Group Management reports major emerging risks to the Chairman of the Board of Directors immediately.
- The Audit Committee meets regularly with the CFO, the external auditors and the internal auditors. It coordinates the work of the auditors and receives their reports as well as those of the CFO. A third party internal auditor has been given a mandate to perform the internal audit function and is supported in executing the audits by Group Finance & Controlling.
- Group Management attends the meetings of the Board of Directors.
- The Chairman of the Board of Directors periodically attends Group Management meetings and holds discussions with the individual members of Group Management.

Group Management must notify the Chairman of the Board of Directors immediately when significant unanticipated developments occur. The members of the Board of Directors may request additional information from members of Group Management.

Once a year, the Board of Directors assesses the performance of its own members, its committees, its Chairman and Group Management, and approves the targets for the next year.

Risk management

The Mikron Group applies a consistent Group-wide risk assessment system which covers political, strategic, financial, and operational risks. All identified risks are given a rating (based on the probability of occurrence and the extent of potential losses) and recorded in a risk inventory. Based on this risk inventory, the Board of Directors conducts a review, at least once a year, of whether the risk governance and reduction measures in place are adequate for the company's needs. Ongoing monitoring of the risk inventory is the responsibility of Group Management. In addition, accounting and financial reporting risks are monitored and reduced through a suitable internal control system.

Key risk factors

- Mikron operates in highly cyclical markets resulting in a volatile order intake and capacity utilization. Market fluctuations may result from numerous factors beyond the influence of the Group. By offering a diversified product portfolio and operating in different regions and markets, the Group tries to mitigate these risks.
- Mikron is committed to engineering and delivering highly productive and precise machining and automation solutions which usually include a combination of complex technologies and processes. The Group may agree to product specifications, quality and delivery times that are difficult to achieve in certain cases. Non-compliance with contractual requirements or specifications may amount to a material breach of contractual obligations, which may lead to payment of damages or contractual penalties or, in some cases, even the termination of the contract. Strong sales processes and project management are the key to mitigating this risk. Close cooperation and transparent communication with customers make it possible to quickly identify problems and correct them.
- The Group invests significantly in R&D while the development and industrialization of new products takes several years. Changing markets or customer requirements as well as failure of innovations may lead to obsolete products, missed opportunities or even losses. The Group systematically assesses long-term economic and technical trends in all its relevant markets and takes these into consideration when approving innovation and investment programs.

Group Management

Management philosophy

The Mikron Group delegates entrepreneurial responsibility to the lowest possible level. The management structure is based on decentralized responsibility and rapid decision-making channels close to each of the local markets.

Management structure

The Board of Directors delegates the task of operational management to the members of Group Management. Group Management comprises the CEO, the CFO and the segment head Automation.

The Group's Organizational Rules set out the rights and duties of the Board of Directors and Group Management and describes in detail how these cooperate.

Group Management

Group Management is responsible for the management of the Group insofar as this task has not been assigned under the law, the Articles of Association or the Organizational Rules to any other corporate body.

It prepares the strategy, the long-term and mid-term targets and the management guidelines for the Mikron Group before submitting them to the Board of Directors for discussion and approval.

Group Management regularly reports to the Board of Directors on current business developments, anticipated opportunities and risks, as well as changes at lower management levels. (See "Information and control instruments vis-à-vis Group Management.")

Chief Executive Officer (CEO)

The CEO is the Chairman of Group Management and responsible for the executive management of the Mikron Group.

Furthermore, the CEO submits proposals to the Board of Directors for its decision on the annual budget (consolidated and for the holding company), individual key matters that exceed a certain financial scale (see "Duties of the Board of Directors") as well as separate and consolidated financial statements.

The CEO assists the Chairman of the Board of Directors to prepare the meetings of the Board of Directors and is responsible for the administrative leadership of Group Management meetings. He is responsible for ensuring that meetings are minuted.

The CEO establishes and monitors profitability targets and submits to the Remuneration Committee proposals concerning the compensation of the members of Group Management.

Chief Financial Officer (CFO)

The CFO reviews compliance with the Articles of Association, the Organizational Rules and the signatory authority rules and proposes amendments to the CEO or the Board of Directors should they become necessary.




The CFO manages the Group's strategic planning process, as well as its mid-term planning, budgeting and forecasting process, and is responsible for internal and external financial reporting. He heads Group Treasury and Corporate Communication and leads M&A activities, corporate finance projects and the Group's risk management.

The Group's IT function reports to the CFO.

Business segment heads

The business segment heads manage their respective business in accordance with the Organizational Rules, as well as the budget and strategy approved by the Board of Directors. They are responsible for ensuring that their segment achieves its operational and strategic targets. Purchasing, production and sales are organized along segmental lines and report to the segment heads.

The following table provides information on each of the members of Group Management as at 31 December 2022:

	<p>Marc Desrayaud Master in Electronics (Université de Lyon), Master in Industrial Marketing (IDRAC Lyon). French, born in 1965. CEO, Head Mikron Machining Solutions. Joined 2021.</p>	<p>Marc Desrayaud took over as CEO of the Mikron Group effective 1 June 2021. After working in management positions at ABB, Rieter Textile Machinery and Autoneum, Marc Desrayaud has held various positions at Oerlikon Balzers Coating AG since 2012, most recently as Head of Business Unit Balzers Industrial Solutions.</p>	<ul style="list-style-type: none"> – Member of the Board of Directors in various companies of the Mikron Group
	<p>Rolf Rihs Dipl. Ing. ETH. Swiss, born in 1963. Head of Mikron Automation, COO Mikron Group. Joined 2002.</p>	<p>Rolf Rihs took over as head of the Mikron Automation business segment in 2002, prior to which he worked for the Sulzer Group for eight years in various regions and functions. He was previously a consultant at Helbling Management Consulting working on numerous projects for well-known Swiss companies. Rolf Rihs is head of the Swissmem specialist group "Assembly and factory automation" and member of the Board of Directors of "Chambre de commerce de Neuchâtel".</p>	<ul style="list-style-type: none"> – Member of the Board of Directors in various companies of the Mikron Group – Rich. Rihs & Co. AG; president of the Board of Directors – Mikron Pensionskasse; member of the Foundation Board – Kaderstiftung der Mikron Gruppe; member of the Foundation Board
	<p>Javier Perez Freije Dr. oec., dipl. Wirt. Ing. Spanish, born in 1975. CFO Mikron Group. Joined 2018.</p>	<p>Javier Perez Freije joined the Mikron Group as its Chief Financial Officer in 2018. His previous positions include Head of Controlling for a division of the Swiss industrial group Rieter, CFO of the American business unit of the Swiss automotive supplier Autoneum, and CFO of Netstal-Maschinen AG.</p>	<ul style="list-style-type: none"> – Member of the Board of Directors in various companies of the Mikron Group

Compensation

Basic principles

The basic principles of the compensation policy are stated in the Articles of Association.

The members of the Board of Directors receive a fixed basic fee, a lump sum compensation for expenses and are granted a fixed number of shares that are determined by the full Board of Directors based on the proposal of the Remuneration Committee and subject to and within the limits of the aggregate amounts approved by the General Meeting.

The members of the Board of Directors providing consulting services to the Company or other Group companies in a function other than as members of the Board of Directors may be compensated in cash at standard market rates, subject to approval by the General Meeting.

The members of Group Management receive a fixed compensation, a lump sum for expenses as well as a short-term incentive bonus in cash and a long-term incentive in blocked shares.

No additional compensation shall be awarded for activities in companies that are directly or indirectly controlled by Mikron Holding AG.

No loans may be granted to members of governing bodies. Individuals have no right to say when the Remuneration Committee and/or the Board of Directors are to address the matter of their compensation.

Further information on the compensation paid to members of the Board of Directors and Group Management can be found in the Compensation Report on pages 65 to 71.

Additional amount of compensation for new members of Group Management

With respect to any member joining Group Management or being promoted within Group Management during the period for which the General Meeting has already approved the overall compensation of Group Management, the Company and its subsidiaries are entitled to pay an additional amount of compensation for that period provided that the approved aggregate compensation does not prove sufficient. The General Meeting does not vote on this additional amount.

The additional amount of compensation may not surpass CHF 1,000,000 for all new members during each compensation period.

Within this additional amount of compensation, the Company can award a joining bonus to compensate a new member of the Executive Management for disadvantages in connection with the change of employment. If the additional amount of compensation is not sufficient to compensate for the disadvantages, the exceeding portion of the joining bonus must be approved by the next Annual General Meeting.

Resolutions

Each year, the General Meeting votes separately on the proposals of the Board of Directors regarding the aggregate amounts of:

1. the compensation of the Board of Directors for the term of office until the next Annual General Meeting;
2. an additional compensation of the Board of Directors for the preceding business year;

3. the maximum overall compensation of Group Management (fixed and performance-based components) that may be paid in the subsequent business year;
4. the allocation of a number of shares to the members of Group Management for the subsequent business year as per the long-term incentive plan;
5. possible additional compensation payable to the members of Group Management for the preceding business year.

The Board of Directors may submit proposals to be approved by the General Meeting regarding (i) compensation or compensation components for other periods and/or (ii) additional amounts for certain compensation components.

If the General Meeting does not approve the proposed aggregate amount, the Board of Directors may make a new proposal at the same General Meeting. If the Board of Directors does not make a new proposal, it may either convene a new General Meeting and make new proposals for approval or may submit the proposals regarding compensation for retrospective approval at the next Annual General Meeting.

The General Meeting may cast an advisory vote on the compensation report issued by the Board of Directors.

Permitted additional activities

The members of the Board of Directors and Group Management may perform additional functions in the senior management or administrative bodies of legal units obliged to register themselves in a Swiss commercial register or a foreign equivalent thereof and which are not controlled by the Company, do not control the Company or do not constitute pension funds insuring employees of the Mikron Group. Additional functions of the Group Management are subject to the approval of the Chairman of the Board of Directors. The permitted additional activities are outlined in the Articles of Association under Art. 24.

Shareholders' participation rights

Shareholder legitimacy

Those persons entered in Mikron Holding AG's share register may exercise the voting rights attached to their registered shares.

The Board of Directors keeps a record of the entries in a share register containing the names and addresses of the shareholders and beneficiaries.

The Board of Directors is entitled to refuse or reverse entry in the share register if the applicant supplies false information regarding his or her person or his or her entitlement to the shares or if, when acting in a fiduciary capacity, he or she supplies no information or false information regarding the person of the trustor.

Shareholders' rights

Each registered share carries one vote at the General Meeting. There are no shares affording preferential voting rights.

Voting-right restrictions and representation

Mikron does not impose any voting-right restrictions, except for nominees (see page 49).

Shareholders who are unable to attend the Annual General Meeting in person may appoint the independent proxy or someone else as their proxy by giving him/her written authorization to represent them. Shareholders have the option of appointing the independent proxy online until two days before the General Meeting. The Board of Directors determines the requirements regarding proxies and voting instructions.

Convocation of the General Meeting and agenda

Notice of the General Meeting is given by publication in the Swiss Official Gazette of Commerce at least 20 days before the date of the meeting as well as by post or e-mail if the address of the shareholders is recorded in the share register. The notice states the day, time and place of the meeting, the agenda, the proposals of the Board of Directors and the proposals of the shareholders who have requested the General Meeting or that an item be included on the agenda. The notice in the Swiss Official Gazette of Commerce shall state at least the day, time and location and also where the agenda and items can be inspected.

One or more registered shareholders that individually or jointly represent ten percent of the registered share capital of the Company may request the Board of Directors to place items on the agenda. Such requests must be submitted to the Chairman of the Board of Directors at least 45 days before the date of the General Meeting and shall be in writing, specifying the items and the proposals.

Entries in the share register

For three days before the Annual General Meeting, up to and including the day of the General Meeting, no entries will be made in the share register.

Quorums at the General Meeting

The General Meeting passes its resolutions and carries out its elections with an absolute majority of the share votes represented unless the law or the Articles of Association (www.mikron.com/aoa) specify otherwise. Abstentions, empty votes or invalid votes will not be taken into account for the calculation of the required majority.

Changes of control and defence measures

Duty to make an offer

The legal provisions according to Art. 32 (1) of the Swiss Stock Exchange and Securities Trading Act (SESTA) apply. Therefore, any party whose voting rights exceed the 33.33% limit, directly, indirectly or as a result of an agreement with third parties, is obliged to make a public purchase offer.

Clauses on changes of control

There are no clauses on changes of control in favour of the members of the Board of Directors, Group Management or other employees.

Auditors

The auditors conduct their audit in accordance with Swiss law and Swiss auditing standards.

The Annual General Meeting elects the auditors for one year at a time.

Since 2022, BDO AG, Berne has held the auditing mandate at Mikron Holding AG, its companies and the Mikron Group. Since the 2022 business year, Thomas Bigler, as lead auditor, has been responsible for the mandate.

Auditing fees and additional fees

In the 2022 business year, fees of CHF 215,000 for services rendered by BDO in connection with auditing the 2022 annual financial statements and the compensation report of Mikron Holding AG, its subsidiaries and the consolidated financial statements of the Mikron Group, were expensed (2021 by PwC: CHF 374,000).

The fee budget for the external auditors is assessed by the Audit Committee and based on empirical figures from the previous year, comparisons with similar listed companies and the audit scope considered necessary by the auditors.

Additional fees of CHF 5,200 were paid to BDO in the year under review for non-audit-related services (2021 to PwC: CHF 21,000 for tax consulting).

Supervisory and control instruments pertaining to the audit

The Audit Committee of the Board of Directors takes note of the audit plan and approves the key audit areas for the current year. The Audit Committee is notified in writing of the results of the interim audits. The external auditors inform the Audit Committee and the Board of Directors verbally and in writing of their work and the results of the audit of the annual financial statements.

Group Management informs the Audit Committee of planned "non-audit" services to be provided by the auditors. The Audit Committee approves individual "non-audit" services exceeding CHF 100,000 annually. The auditors may only provide "non-audit" services if the financial scope or content involved does not affect their independence.

To ensure independence, the lead auditor is replaced every seven years, which last occurred in 2022. For further information regarding supervisory and control instruments, please see the chapter entitled "Audit Committee" on page 53.

Information policy

Mikron Holding AG pursues an up-to-date and transparent information policy for the public and the financial markets, with all interest groups being treated equally.

Key dates

End of the business year	31 December 2022
Announcement of the annual results/Publication of the Annual Report	10 March 2023
Annual Media and Analyst Conference	10 March 2023
Annual General Meeting	26 April 2023
End of the first six months of the business year	30 June 2023
Announcement of the semi-annual results	20 July 2023

The dates are also published on the Mikron Group's website at www.mikron.com/calendar. Corresponding notices for the Annual General Meeting are also placed in the Swiss Official Gazette of Commerce. Visitors to the website can view the current share price, the Annual Report and all press releases, and subscribe to receive news updates and press releases free of charge (push and pull links).

In addition to publishing its financial results, the Mikron Group keeps the public abreast of current changes and developments. Mikron Holding AG publishes information on events relevant to the share price in accordance with SIX Swiss Exchange regulations regarding ad hoc publicity.

At the Annual General Meeting, the Board of Directors and Group Management report on the financial statements and the business trend and answer shareholders' questions.

Should you have any questions, please contact Corporate Communications by telephone.

Blocked period

Ordinary blocked period

At Mikron Holding AG, the ordinary blocked periods begin at 1 June and 1 December of the respective year and ends one trading day after the publication of the relevant ad hoc announcement related to the respective half-year report or annual report.

The ordinary blocked period applies to the following persons:

- Members of the Board of Directors of Mikron Holding AG
- Members of Group Management
- Members of Segment and Division Management, including Segment and Division controlling
- Employees of Group Finance & Controlling
- Any other person whom the CEO or CFO may designate, if such person is involved in preparing, analyzing, reviewing or communicating financial results of Mikron or have access to such information.

The CFO maintains an e-mail distribution list of all blocked persons.

Extraordinary blocked periods

At any time, extraordinary blocked periods may be imposed on special blocked persons. The decision on the commencement and termination of extraordinary blocked periods is made by the Chairman of the Board of Directors or the CEO.

This decision may be made at any time, as circumstances require. The persons subject to a special blocked period must be informed of the decision by the CFO timely. The CFO maintains an e-mail distribution list of all special blocked persons.

There was no special blocked period in 2022.

Effects of blocking periods

During an ordinary blocked period and an extraordinary blocked period, the blocked persons and the special blocked persons, respectively, are prohibited from trading in Mikron shares for their own account or for the account of any person related to them (e.g., their spouse, persons living in the same household, relatives, etc.), or any investment vehicle in which they have a personal financial interest or of which they are a director or manager.

The blocked persons and the special blocked persons must treat the inside information as strictly confidential and may not disclose it to unauthorized third parties.

The CFO and those responsible for investor relations are obligated not to speak with the financial community, the media or analysts during the blocking periods, in order to avoid transmitting price-sensitive information until such information is published by the Company in accordance with the applicable laws and regulations and the Listing Rules of the SIX Swiss Exchange.

Compensation Report

Compensation Report

The Compensation Report contains information on the compensation policy, compensation programs and processes for determining the compensation paid to the Board of Directors and Group Management of the Mikron Group. It also provides detailed information on compensation paid in 2022. The Compensation Report satisfies the transparency requirements set out in the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO)*.

Compensation Policy

Overall responsibility for defining the basic principles of compensation lies with the General Meeting. The Board of Directors determines compensation within the boundaries defined by the General Meeting. It approves the compensation paid to members of the Board of Directors, the Board Chairman and the entire Group Management.

The compensation policy applied to members of the Board of Directors is described in detail on pages 59 and 60 of the Corporate Governance Report. The table below sets out the principles of this compensation policy. There are no changes in the principles compared to the prior year.

Fair and transparent

The compensation models are simple, clearly structured and transparent. They guarantee fair remuneration that reflects responsibilities and competencies.

Results- and performance-based

Part of the remuneration paid is linked directly to the Mikron Group's results and to individual performance.

Long-term incentive

Part of the compensation can be paid in the form of shares subject to a lock-up period. This gives recipients a share in the company's long-term performance and ensures alignment with shareholder interests, including retention of key personnel.

Geared to the labor market

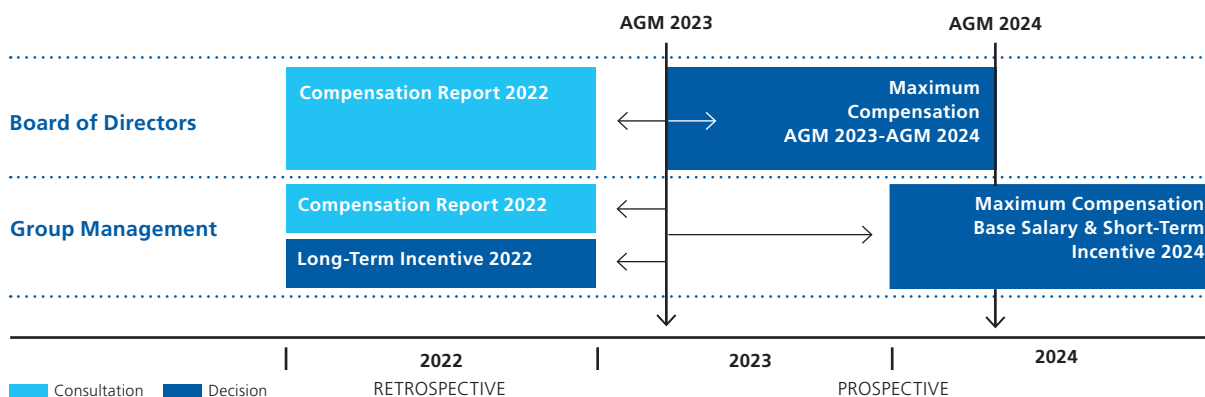
Compensation is geared to the market environment so as to attract and retain talent managers and employees.

* The adjustment in the disclosure required by the transition of the ERCO to the Code of Obligations will be implemented in the remuneration report for the 2023 financial year.

The Articles of Association define the following structure for Group Management:

	Instrument	Purpose	Influencing factors	Performance targets
Fixed annual basic salary (fixed compensation)	Monthly cash compensation	Remuneration for function	Scope and responsibility, individual qualifications and experience	–
Short-term incentive bonus in cash (short-term incentive)	Annual cash compensation	Remuneration for performance	Company results, individual performance	Order intake, EBIT, free cashflow, quantitative and qualitative targets
Long-term incentive plan (long-term incentive)	Locked-up shares (min. 3-year lock-up period)	Share in long-term performance, geared to shareholder interests and retention of key personnel	Contribution to the Group’s strategic development	Order intake and EBIT
Pension and benefits	Pension and social security Other benefits	Protection against risks Expenses covered	Standard market practice and position	–

The compensation of the Board of Directors and Group Management decided on by the General Meeting refers to the following periods in time:



Governance

The General Meeting elects individually at least two but not more than four members of the Board of Directors as members of the Remuneration Committee. The term of office of the members of the Remuneration Committee is one year and ends at the next ordinary General Meeting. Re-election is possible.

The members of the Remuneration Committee in the year under review were the Board members Andreas Casutt (Chairman) and Hans-Christian Schneider.

Subject to and within the scope of the approved overall compensation by the General Meeting, the Remuneration Committee proposes to the Board of Directors the remuneration of its members and proposes or determines the remuneration of the members of Group Management.

Compensation for the year 2022

Compensation to members of the Board of Directors

In scope of audit opinion	CHF 1,000	Base compensation		Compensation in shares		Social security and other expenses		Total	
		2022	2021	2022	2021	2022	2021	2022	2021
	P. Zumbühl, Chairman**	144	108	68	68	13	13	225	189
	H. Spoerry, Chairman**	0	2	0	0	0	3	0	5
	A. Casutt, Vice-Chairman***	50	41	28	22	10	8	88	71
	E. Rikli, Vice-Chairman***	18	51	0	27	3	10	21	88
	P. Kilchmann*, Member	14	40	0	22	2	5	16	67
	H-M. Hauser, Member	42	41	21	22	9	8	72	71
	A. Bandler, Member	28	0	21	0	7	0	56	0
	H.-C. Schneider, Member	28	0	21	0	7	0	56	0
	Total	324	283	159	161	51	47	534	491

* P. Kilchmann's compensation is settled through Ammann Group.
 ** P. Zumbühl was elected as H. Spoerry's successor as Chairman of the Board of Directors in April 2021.
 *** A. Casutt was elected as E. Rikli's successor as Vice-Chairman of the Board of Directors in April 2022.

Members of the Board of Directors receive a fixed compensation in cash and a fixed amount converted into a number of shares blocked for at least 3 years. Furthermore, a lump sum is paid out as compensation for expenses in accordance with the regulations, which have been approved by the tax authorities. In April 2022, the General Meeting approved a total remuneration payable to the Board of Directors for the period up to the next meeting of a maximum of CHF 600,000. The remuneration disclosed in the table above covers the respective fiscal year and is not equal to the period between the Annual General Meetings. In the period between the Annual General Meetings the total of CHF 600,000 was not exceeded.

Compensation to Group Management

CHF 1,000	M. Desrayaud, CEO	R. Rihs, COO Automation	Total compensation of Group Management	
	2022	2021	2022	2021
Fixed compensation	438	334	1,069	1,116
Short-term incentive*	240	85	400	480
Pension and benefits	160	136	409	412
Total fixed compensation and short-term incentive	838	555	1,878	2,008
Total approved by previous General Meetings**			1,900	1,850
Long-term incentive		102		173
Pension and benefits		8		13
Total approved long-term incentive***		110		186
Long-term incentive to be approved by General Meeting 2023			266	
Pension and benefits			19	
Total to be approved by General Meeting			285	
Total compensation	838	665	2,163	2,194

* Any difference between the variable compensation accrued in the previous year and the amount actually paid out is included in the current year's variable compensation disclosure. The short-term incentive of the CEO includes a contractual share-based compensation of CHF 140,000 in 2022 which will be part of the long-term incentive program from 2024 onwards.

** The pre-approved maximum compensation does not include an additional CHF 1,000,000 at the discretion of the Board of Directors as per the by-laws of the Mikron Holding AG for joining members of Group Management. In 2021 the exceeding amount of CHF 158,000 is fully attributable to the newly hired CEO Marc Desrayaud. The General Meeting does not vote on this additional amount.

*** The disclosed compensation 2021 is identical with the prior-year annual report. The value of the LTI compensation for the Group Management valuated as per the share transfer date is CHF 188,000 (CHF 111,000 for the COO Automation) instead of the disclosed CHF 186,000 (CHF 110,000 for the COO Automation).

In scope of audit opinion

Group Management is composed of the CEO, CFO and the Head of the Mikron Automation business segment. These persons are employed at Mikron Switzerland AG, Langenthal. The compensation is booked applying the accrual principle.

Members of Group Management receive a fixed compensation paid in 13 instalments and a short-term incentive. The short-term incentive is set by the Board of Directors within the boundaries approved by the General Meeting. The target incentive is significantly below the maximum allowed by the Articles of Association. The table below shows the short-term incentive as a percentage of the fixed compensation for 2022:

	Effective	Maximum set by Board of Directors	Maximum allowed as per Articles of Association
M. Desrayaud, CEO			
Short-term incentive	23%	23%	
Total	23%	23%	100%
Other members			
Short-term incentive	26%	29%	
Total	26%	29%	75%

Furthermore, a lump sum is paid out as compensation for expenses in accordance with the regulations, which have been approved by the tax authorities. Expenses that are not covered by the lump sum compensation for expenses pursuant to the expense regulations of the Company are reimbursed against presentation of the relevant receipts. This additional compensation for expenses actually incurred does not need to be approved by the General Meeting. Payments are made in cash. Furthermore, members of Group Management are provided with company vehicles which may also be used for private travel. Expenditure for pension and social security includes employer contributions to social insurance and to the pension fund and senior management pension fund.

In April 2021, the General Meeting approved a total fixed compensation and short-term incentive which may be paid to Group Management during the 2022 financial year of maximum CHF 1,900,000, excluding the long-term incentive plan with separate approval. In April 2022, the amount of CHF 2,000,000, excluding the long-term incentive plan with separate approval, was approved, and may be paid out during the 2023 financial year.

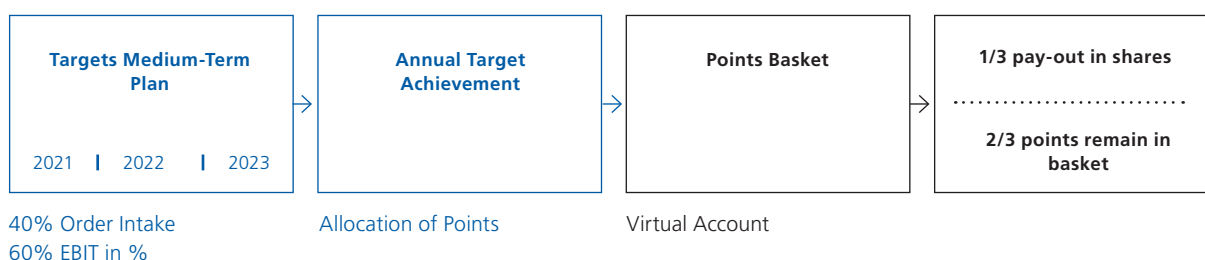
The individual targets of the short-term incentive plan for Group Management reflect the importance of the targets depending on the role of the individual. The achievement is measured against qualitative and quantitative targets. The targets are defined by the Board of Directors at the beginning of the performance period on an annual basis. In extraordinary circumstances, the targets may be modified within the period at the discretion of the Board of Directors or the Remuneration Committee. The targets for the year 2022 were as follows:

	M. Desrayaud*	J. Perez Freije	R. Rihs
Order intake (Group and/or segment)			5%
Sales (Group and/or segment)		10%	20%
EBIT (Group and/or segment)		35%	30%
Strategic programs and internal initiatives		25%	35%
Other Group financial targets		15%	
Individual targets		15%	10%
Total		100%	100%

* contractually fixed lump sum for 2021 and 2022.

An additional long-term incentive in the form of shares in the company may be provided to the members of Group Management. A total of 22,406 shares were distributed during the year 2022 as approved by the 2022 General Meeting. For the target achievement of the long-term incentive plan, the order intake and operating profit (EBIT excluding the investment property) as a percentage of the sales of the year are compared with the expectations as per the mid-term plan. In addition to the points carried forward from the prior year, a maximum of 150 bonus points, representing a target achievement of 150%, are awarded to the points basket and a maximum -50 points are deducted from the points basket, if the threshold of 0% target achievement is reached. At the end of each year, after the allocation or deduction of the yearly points, one third of the total is converted into a corresponding number of shares. The shares are transferred to the members after approval by the

General Meeting and are blocked for a period of at least three years. The Board of Directors will propose to the next General Meeting to approve an allocation of 30,185 shares to the members of Group Management as long-term-incentive compensation for 2022. The share price for the valuation at year-end was CHF 8.80. The remaining two thirds of the total are carried forward to the next year.



Shares held by members of the Board of Directors and by Group Management

In scope of audit opinion

	31.12.2022		31.12.2021	
	Number of shares	Voting power	Number of shares	Voting power
Board of Directors				
P. Zumbühl, Chairman	70,635	0.42%	61,963	0.37%
E. Rikli, Vice-Chairman (until 30.04.2022)	n/a	n/a	33,827	0.20%
A. Casutt, Vice-Chairman (since 01.05.2022)	14,881	0.09%	11,365	0.07%
H.-M. Hauser, Member	14,099	0.08%	11,365	0.07%
A. Bendler, Member	2,734	0.02%	n/a	n/a
H.-C. Schneider, Member	2,734	0.02%	n/a	n/a
Group Management				
M. Desrayaud, CEO	26,275	0.16%	9,775	0.06%
R. Rihs, COO	62,797	0.38%	49,617	0.30%
J. Perez Freije, CFO	28,457	0.17%	19,231	0.12%

These figures include shares held by related parties of these persons.

Report of the Statutory Auditor



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REPORT OF THE STATUTORY AUDITOR

To the general meeting of Mikron Holding AG, Biel/Bienne

Report on the Audit of the Compensation Report

Opinion

We have audited the Compensation Report of Mikron Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on compensation, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Compensation in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) contained in the tables labeled "in scope of audit opinion" on pages 66 to 71 of the Compensation Report.

In our opinion, the information on compensation, loans and advances in the enclosed Compensation Report defined as subject to audit complies with Swiss law and Art. 14-16 VegüV.

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 Compensation Report* section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The Compensation Report of the Company for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 9 March 2022.

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 tables labeled "in scope of audit opinion" in the Compensation Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

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

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report 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 Compensation Report

The board of directors is responsible for the preparation of a Compensation Report 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 a Compensation Report that is free from material misstatement, whether due to fraud or error. The board of directors is also responsible for designing the compensation system and defining individual compensation packages.

BDO Ltd, a limited company under Swiss law, incorporated in Zurich, forms part of the international BDO Network of independent member firms.



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Auditor's Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information on compensation, loans and advances pursuant to Art. 14-16 VegüV is 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 this Compensation Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation Report, 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.

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

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

Bern, 8 March 2023

BDO Ltd

Thomas Bigler
Auditor in charge
Licensed Audit Expert

Fabian Mollet
Licensed Audit Expert

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Mikron Group

Financial Report 2022

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Consolidated Financial Statements 2022 of the Mikron Group

Consolidated income statement

CHF 1,000	Note	2022		2021	
Net sales	4.1	309,442	100%	289,455	100%
Change in work in progress / finished goods		-136		-8,220	
Material costs and subcontractors	4.2	-104,512		-87,775	
Personnel expenses	4.3	-129,100		-121,762	
Other operating income	4.4	2,043		1,833	
Other operating expenses	4.4	-43,372		-46,394	
Depreciation of tangible assets	5.5	-7,649		-8,114	
Amortization of intangible assets	5.6	-966		-1,014	
Operating result		25,750	8.3%	18,009	6.2%
Financial result	4.5	-839		-850	
Ordinary result		24,911	8.1%	17,159	5.9%
Non-operating result	4.6	682		-444	
Profit before taxes		25,593	8.3%	16,715	5.8%
Income taxes	4.7	-1,392		295	
Profit		24,201	7.8%	17,010	5.9%
Net earnings per share – undiluted	8.2	1.47		1.04	
Net earnings per share – diluted	8.2	1.47		1.04	

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated balance sheet

CHF 1,000	Note	31.12.2022		31.12.2021	
Current assets					
Cash and cash equivalents		29,203		54,107	
Current financial assets	5.1	35,158		427	
Accounts receivable	5.2	22,768		19,618	
Inventories	5.3	64,046		53,440	
Net assets from customer projects	5.4	51,571		28,642	
Other current receivables		3,114		4,109	
Prepaid expenses		6,326		4,303	
Total current assets		212,186	61.3%	164,646	54.9%
Non-current assets					
Tangible assets	5.5	88,171		87,724	
Intangible assets	5.6	2,943		3,603	
Investment property	5.7	27,170		27,515	
Deferred tax assets	5.9	15,452		16,551	
Total non-current assets		133,736	38.7%	135,393	45.1%
Total assets		345,922	100.0%	300,039	100.0%
Current liabilities					
Short-term financial liabilities	5.10	1,776		2,109	
Accounts payable		25,351		16,968	
Net liabilities from customer projects	5.4	81,333		55,049	
Short-term provisions	5.11	11,610		15,198	
Other current liabilities		1,917		2,716	
Accrued expenses	5.12	21,266		22,183	
Total current liabilities		143,253	41.4%	114,223	38.1%
Long-term liabilities					
Long-term financial liabilities	5.10	3,799		5,604	
Long-term provisions	5.11	768		750	
Deferred tax liabilities	5.9	12,080		14,392	
Total long-term liabilities		16,647	4.8%	20,746	6.9%
Shareholders' equity					
Share capital	5.13	1,671		1,671	
Treasury shares	5.13	-1,654		-2,601	
Capital reserves		94,814		96,516	
Retained earnings		91,191		69,484	
Total shareholders' equity		186,022	53.8%	165,070	55.0%
Total liabilities and shareholders' equity		345,922	100.0%	300,039	100.0%

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated statement of shareholders' equity

CHF 1,000	Note	Share capital	Treasury shares	Capital reserves	Retained earnings		Total shareholders' equity
					Accumulated profits	Translation adjustments	
Balance at 01.01.2021		1,671	-3,212	95,595	55,654	-4,189	145,519
Profit 2021					17,010		17,010
Translation adjustments						1,008	1,008
Change in treasury shares	5.13		611	-190			421
Share-based compensation	5.13			1,111		1	1,112
Balance at 31.12.2021		1,671	-2,601	96,516	72,664	-3,180	165,070
Profit 2022					24,201		24,201
Translation adjustments						-524	-524
Distribution to shareholders				-1,973	-1,973		-3,946
Change in treasury shares	5.13		947	-160			787
Share-based compensation	5.13			431		3	434
Balance at 31.12.2022		1,671	-1,654	94,814	94,892	-3,701	186,022

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated statement of cash flow

CHF 1,000	Note	2022	2021
Cash flow from operating activities			
Profit		24,201	17,010
Depreciation and amortization	5.5, 5.6	8,615	9,128
Revaluation of investment property	5.7	429	397
Net gain (-) / loss (+) on sale of non-current assets	4.4	-279	-220
Changes in provisions	5.11	-3,374	-1,231
Changes in deferred taxes	4.7, 5.9	-1,366	-2,029
Share-based compensation	4.3, 5.13	431	1,111
Other non-cash items		1,953	862
Movement in accounts receivable		-3,417	-604
Movement in inventories		-10,839	2,867
Movement in net assets/liabilities from customer projects		2,939	23,471
Movement in accounts payable		11,060	-4,146
Movement in other receivables and prepaid expenses		-1,070	2,339
Movement in other current liabilities and accrued expenses		-1,635	1,786
Cash flow from operating activities		27,648	50,741
Cash flow from investing activities			
Investments in tangible assets	5.5	-10,953	-19,517
Divestments of tangible assets	5.5	367	724
Investments in intangible assets	5.6	-337	-838
Divestments of intangible assets	5.6	0	4
Investments in investment property	5.7	-84	0
Investments in financial assets	5.1	-35,000	-187
Divestments of financial assets	5.1	61	2,000
Interest received		11	26
Cash flow from investing activities		-45,935	-17,788
Cash flow from financing activities			
Distribution to shareholders		-3,946	0
Increase (+) / repayment (-) of financial liabilities		-400	-15,049
Repayment (-) of finance lease liabilities		-1,683	-1,890
Interest paid		-101	-414
Cash flow from financing activities		-6,130	-17,353
Effect of exchange rate changes on cash and cash equivalents		-487	87
Net cash flow		-24,904	15,687
Increase (+) / decrease (-) of cash and cash equivalents		-24,904	15,687
Cash and cash equivalents at beginning of period		54,107	38,420
Cash and cash equivalents at end of period		29,203	54,107

The accompanying notes form an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements 2022 of the Mikron Group

1. General information

1.1 Business operations

Mikron Holding AG and its subsidiaries (together the Mikron Group) develop, produce and market automation and machining systems that enable extremely precise and productive manufacturing processes. Rooted in the Swiss culture of innovation, the Group is a globally leading partner to companies in the automotive, pharmaceutical, medtech, consumer goods, writing instruments and watchmaking industries.

The two business segments, Mikron Automation and Mikron Machining Solutions are based in Switzerland (Boudry and Agno). The company has additional production facilities in Germany, Singapore, Lithuania, China and the US. The 1,400 employees of the Mikron Group can draw on over 100 years of experience in the production of high-precision systems for large-series product manufacture. Mikron Holding AG shares are traded on SIX Swiss Exchange (MIKN).

1.2 Basis of preparation

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER as a whole, including Swiss GAAP FER 31, applying the principle of historical cost accounting. Exceptions to this rule are deferred taxes that are calculated from valuation differences or tax loss carry-forwards and the applicable tax rate, marketable securities reported as current assets, derivative financial instruments and investment properties, which are reported at fair values.

1.3 Events after the balance sheet date

The Board of Directors approved the consolidated financial statements at its meeting of 8 March 2023. The approval of the consolidated financial statements by the Annual General Meeting is scheduled for 26 April 2023.

2. Significant accounting policies

2.1 Consolidation

2.1.1 Scope and method of consolidation

The consolidated financial statements include Mikron Holding AG, Biel, and all Swiss and foreign subsidiaries which the parent company, directly or indirectly, controls either by holding more than 50% of the voting rights or by some other form of control. These entities are fully consolidated. All intercompany transactions and relations between the consolidated companies are offset against each other and eliminated. Profits on intercompany transactions are eliminated. Capital consolidation is based on the purchase method applied to the annual financial statements of all consolidated entities, prepared as at 31 December and determined according to uniform accounting policies. The Mikron Group does not have any shareholdings with voting power of less than 50% (prior year: none). The list of Group companies can be found on page 122. In the year under review there were no changes (prior year: none) in the group of consolidated companies.

2.1.2 Acquisition of Group companies

New companies acquired by the Mikron Group are reported in the consolidated financial statements from the date of obtaining control. The net assets acquired are valued at actual values and consolidated applying the purchase method. Intangible assets not previously capitalized are not valued or recognized. Any difference between the higher purchase price and the net assets acquired (goodwill) is offset against shareholders' capital.

2.2 Segment reporting

The Mikron Group is organized by business segments which are grouped according to the types of products and services they provide.

For the purposes of reporting, the following business segments have been identified:

- The Mikron Machining Solutions segment comprises the two divisions Mikron Machining and Mikron Tool. The Mikron Machining division is the leading supplier of customized, highly productive machining systems for the manufacturing of complex high-precision components made of metal such as turbocharger housings, injection nozzles and ballpoint pen tips. The Mikron Tool division develops and produces the therefore necessary high-performance cutting tools. These are regarded as some of the best in the world and are also used on other manufacturers' machines. To date, Mikron Machining Solutions has developed and commissioned over 7,000 machining systems. Its international customers operate in the following industries: automotive, electronics and telecommunications, medtech, consumer goods, construction/building and pneumatics and hydraulics. Mikron Machining Solutions employs around 550 people and is headquartered in Agno (Switzerland). It also has sites in Rottweil (Germany), Monroe (USA) and Shanghai (China).
- Mikron Automation is the leading partner for scalable and customized assembly systems – from the first idea to the highest performance solutions. Mikron's expertise and proven track record guarantee the most productive solution to assemble customer products at each stage of their lifecycle. To date, Mikron Automation has installed more than 3,500 assembly and testing systems worldwide. Its international customers operate in the following markets: pharmaceutical, medtech, automotive, electrical/electronics, consumer goods and construction/building. Mikron Automation currently employs around 850 people and is headquartered in Boudry (Neuchâtel), a region that is regarded as the heart of the Swiss watchmaking industry. It also has sites in Kaunas (Lithuania), Denver (USA), Singapore and Shanghai (China).
- The Corporate Service segment reports information on Mikron's holding, management and finance companies. The Corporate Service supports the individual Group companies as well as the Board of Directors and Group Management in their management and control functions. It also reports income and expenses related to a non-operating industrial property, which is fully leased to third parties. Eliminations on Group level are presented together with the Corporate Service.

2.3 Foreign currency translation

Foreign currency transactions are translated into the local currency using the exchange rate prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognized in the income statement.

The consolidated financial statements are reported in Swiss francs. For consolidation purposes, assets and liabilities are translated into Swiss francs at the exchange rates on the balance sheet date. The income statement and all cash flows are translated at average rates for each period. Differences between the translation of assets and liabilities and the income statement are recognized in equity. Exchange differences on long-term intra-Group loans with equity character are likewise taken directly to Group equity.

The most significant exchange rates for the Group in the year under review in Swiss francs were:

Currency	Average rate 2022	Average rate 2021	Closing rate 31.12.2022	Closing rate 31.12.2021
1 EUR	1.00	1.08	0.99	1.04
1 USD	0.95	0.92	0.93	0.92
1 SGD	0.69	0.68	0.69	0.68
1 CNY	0.14	0.14	0.13	0.14

2.4 Disclosure of related party transactions

Related parties are defined as companies or persons that exercise significant influence over Mikron or that are controlled by the Group. The Ammann Group, the Board of Directors, Group Management and the pension fund of Mikron Group are defined as related parties. All significant transactions, outstanding balances and if applicable contingent liabilities are disclosed in note 6.4 to the consolidated financial statements.

2.5 Assets and liabilities

2.5.1 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current bank and postal accounts, as well as deposits held at call with a bank or other financial institution with maturities of 90 days or less, and are shown at nominal value.

2.5.2 Financial assets

Marketable securities, derivative financial instruments and term deposits with maturities of more than 90 days are reported as current financial assets. As all marketable securities are investments of excess cash that are available for sale, they are considered to be current financial assets independent of any maturity longer than one year. Term deposits are valued at nominal value less any impairment. Marketable securities and derivative financial instruments are measured at fair value and any changes in fair value are presented in the financial result.

2.5.3 Receivables

Receivables are carried at nominal value. A provision for bad debt risks is established for cases where the Group faces an objective risk of not collecting the outstanding amount. Factors such as information on financial difficulties being experienced by the debtor and overdue payments (more than 30 days overdue) are used to assess whether or not there is a bad debt risk. Changes in provisions are recognized as other operating expenses.

2.5.4 Inventories

Raw materials and other supplies, as well as goods purchased, are carried at weighted average cost, and finished products at the lower of costs of conversion (standard costs), including directly attributable production costs, or fair value less costs to sell. Settlement discounts are recognized as financial income. Additionally, down-payments from customers are disclosed as a deduction and prepayments to suppliers as an increase of inventories. Provisions are made for slow-moving items. Obsolete items are written off.

2.5.5 Customer projects

Customer projects for machining and assembly systems are accounted for using the “percentage of completion” method. The respective stage of completion is determined by individually measuring the work performed to date, based on the costs incurred compared to the total estimated costs. Costs to date and realized revenues calculated by reference to the stage of completion are continuously recognized in the income statement. On the balance sheet, projects in progress – offset by prepayments and progress payments from customers – are recognized as net assets or net liabilities from customer projects.

Projects, for which no specific customer contract exists yet, are capitalized as work in progress until delivery and disclosed as inventory. They are measured at the lower of costs of conversion (standard costs), including directly attributable production costs, or fair value less costs to sell. Net sales and profit are recognized at the time of delivery.

Immediate provision is recognized in the income statement for present or foreseeable losses on customer projects.

2.5.6 Tangible assets

Property consists of production and office buildings. Tangible assets are measured at historical cost and depreciated over their estimated useful lives. The exception to the rule is land, which is not depreciated. Added value expenses are capitalized and depreciated over the corresponding useful life. Expenditure on repairs, maintenance and replacements is charged directly to the income statement.

The straight-line depreciation rates are determined by the expected useful life, taking into account operational use and technical ageing. The estimated useful life is as follows:

	Years
Real estate	30–45
Leasehold improvements	over the duration of the lease agreement
Equipment and installations	12–25
Furniture and logistic equipment	8–12
Machinery	5–10
Other	2–7

2.5.7 Intangible assets

Items which qualify as intangible assets mainly comprise development costs, purchased software and patents.

Development costs relating to new or significantly improved products and processes are capitalized only when they are technically and commercially feasible and when the Group has sufficient resources for their implementation. Expenses related to smaller development projects or early-stage developments as well as product maintenance are taken to the income statement as an expense. Capitalized development costs are recognized at cost less accumulated amortizations and impairments (see note 2.5.9). The maximum estimated useful life is 5 years.

Other intangible assets are reported in the balance sheet at acquisition value less accumulated amortizations and impairments (see note 2.5.9). The estimated useful life of software is basically 3 to 5 years, for ERP licenses up to 10 years and for patents 5 to 10 years.

2.5.8 Investment property

Property held as a financial investment includes production and office buildings which are rented out to third parties. Investment properties are reported at market value. The Mikron Group currently owns a property in Nidau, Switzerland, with a market value of CHF 27.2 million as at 31 December 2022. The fair value of the property is reviewed annually as per the balance sheet date and adjusted if necessary. Revaluations are recognized in the income statement.

2.5.9 Impairment of non-current assets

Tangible and intangible assets are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognized at the amount by which an asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and its value in use (net present value of estimated future cash flows). The recoverable amount is determined for each asset separately or, where this is not possible, for the cash-generating unit to which the asset belongs. A reversal of impairment is recognized if the review of the recoverable amount reveals none or only a reduced impairment.

2.5.10 Lease contracts

Agreements that substantially transfer all the risks and rewards of ownership to the lessee are accounted for as finance leases. Assets held under finance leases are recognized as tangible assets at the lower of fair value at the time of acquisition and the net present value of the future lease payments. The corresponding liability to the lessor is included in the balance sheet as a financial liability. Lease payments are apportioned between financial expenses and reduction of the lease obligation. Assets under finance leases are amortized over their estimated useful lives.

Operating lease payments are treated as operating expenses and charged to the income statement as incurred.

2.5.11 Payables

Payables are measured at nominal values.

2.5.12 Financial liabilities

Short-term and long-term bank borrowings and loans are recognized at nominal value. Derivative financial instruments are measured at fair value and any changes in fair value are presented in the financial result.

2.5.13 Provisions

Provisions are recognized only if the company has a present obligation to a third party as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the obligation can be sufficiently reliably estimated. If the time factor has a significant impact the amount of the provision is discounted.

2.5.14 Deferred taxes

Deferred income taxes are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases and are accounted for using the liability method. Deferred tax assets from capitalized tax loss carry-forwards are valued at the respective applicable tax rate. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are only recognized to the extent that it is probable that future taxable profit will be available to offset against these assets.

Deferred tax assets and liabilities are calculated at the rate that is expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that are valid at the balance sheet date.

2.5.15 Employee benefits

There are a number of employee benefit plans in existence within the Group, each of which is aligned with local conditions in the country in question. They are funded by means of contributions to legally independent employee benefit schemes (foundations, insurance). An annual evaluation is made to see if an economic benefit or an economic obligation exists for the Mikron Group. Any such amount would be recognized in the balance sheet. The net periodic expense to be recognized in the income statement is equal to the contributions made by the employer plus any changes to the economic benefit or obligation.

2.6 Income statement

2.6.1 Revenue recognition

Net sales comprise the sale of products as well as the rendering of services. Sales are recognized if it is probable that the economic benefits will flow to the Group and the amount can be estimated reliably. Sales revenue is recognized upon transfer of the risks and rewards of ownership of the goods to the client. Cash discounts granted to customers are treated as reduction of sales.

Pro rata net sales and profits on projects for customer contracts are recognized in accordance with note 2.5.5 on the basis of the percentage of completion and of the estimated total profit for the project.

Service sales are recognized when the intervention has been completed.

2.7 Share-based payments

No share purchase-plan is in place for Mikron Group employees. The Board of Directors is granted a fixed amount converted into shares as part of the annual compensation which are blocked for at least three years. A performance-based number of shares, measured against the financial mid-term plan, are granted to Group Management and other key personnel at no consideration, refer to note 4.3. The shares to be granted under the long-term incentive plan are valued with the year-end share-price for accrual purposes and re-valued with the share-price at the grant date. The shares

under the long-term incentive plan are transferred to Group Management after approval by the General Meeting and are blocked for a period of at least three years. Refer to note 5.13 for shares granted to Group Management and the Board of Directors.

3. Risk management

The Mikron Group applies a central risk assessment system which covers both strategic and operational risks. All identified risks are given a rating (based on probability of occurrence and extent of potential losses) and recorded in a risk inventory. Based on this risk inventory, the Board of Directors conducts a review, at least once a year, of whether the risk governance and reduction measures in place are adequate for the company's needs. Ongoing monitoring of the risk inventory is the responsibility of Group Management.

Accounting and financial reporting risks are monitored and reduced through a suitable internal control system.

The Group's activities expose it to a variety of financial risks: market risks (primarily foreign exchange risks), credit risks and liquidity risks. The Group's financial risk management program focuses on reducing financial market risks with the potential to adversely affect its financial performance.

Financial risk management is carried out by the centralized Treasury department in close cooperation with the Group companies on the basis of guidelines issued by the Board of Directors.

3.1 Foreign exchange risks

The Group is globally active and conducts transactions in a variety of currencies. Exchange rate fluctuations can therefore have a significant impact on the result. Exchange rate risks exist in future business transactions, in assets and liabilities recognized on the balance sheet and in net investments in foreign companies with a functional currency other than the Swiss franc.

The Group companies' currency risks stemming from future business transactions are consolidated by Group Treasury and hedged centrally. To neutralize the risk, income in a given foreign currency is offset against expenditure in the same currency. Group Treasury hedges economically between 25% and 100% of the net cash flows in prospect for the next 12 months for EUR and USD. Forward contracts are the main instrument used for hedging. Gains and losses arising from the valuation of forward contracts at fair value are recognized in the financial result. The Group does not apply hedge accounting.

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risks. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The table below shows the impact at the balance sheet date of a possible shift in the most relevant foreign currency rates against the Swiss franc on the valuation of financial instruments including intra-Group receivables and liabilities. The indicated impacts are based on the assumption that the Swiss franc increases the value against the listed currencies. In the event of a devaluation of the Swiss franc, an inverse impact applies.

CHF 1,000	Possible shift in currency rates	Impact on net earnings		Impact on shareholders' equity from translation adjustments	
		2022	2021	2022	2021
Euro (CHF/EUR)	-10%	-1,496	-292	-401	-207
SGD (CHF/SGD)	-10%	-988	-942	416	484
US dollar (CHF/USD)	-10%	-1,017	-1,047	-4,469	-3,743

3.2 Interest rate risks

Interest rate risks result from changes in interest rates which could have a negative impact on the Group's financial position, cash flow and earnings situation. Interest rate exposure is basically limited, owing to the low level of external financing and the conservative investment policy. The interest rate exposure is managed centrally. As at 31 December 2022 and 2021 respectively, no derivative financial instruments were being held to hedge any interest rate risks.

3.3 Price risks

The consolidated financial statements report at year-end short-term financial assets mainly related to high-quality Swiss franc bonds with a maturity of up to five years, which are measured at fair value. As a result of the short duration, price changes are reduced but could nevertheless significantly impact the financial income of the Group at the balance sheet date. The Group currently has no financial instruments which are exposed to changes in commodity prices.

3.4 Credit risks

Credit risks arise from the possibility that the counterparty to a transaction may not be able or willing to discharge their obligations, thereby causing the Group to suffer a financial loss. Counterparty risks are minimized by only concluding contracts with reputable business partners and financial institutions.

Relationships with customers are subject to credit checks. In addition, Group Management monitors outstanding payments on accounts receivable through monthly reporting procedures. The necessary allowances are made locally.

3.5 Liquidity risks

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities, and the ability to close out market positions.

The required flexibility in funding for the project business of the Group is primarily achieved via adequate liquidity reserves. As at the end of the year, significant headroom (cash and cash equivalents, current financial assets and unused credit facilities) is available to the Mikron Group. A credit agreement worth CHF 50.0 million with a bank consortium exists, which is available for bank guarantees to secure advance payments from customers and for fixed advances. Under the credit agreement, it is also possible to additionally draw mortgage on two production facilities of up to CHF 20.0 million, of which none was drawn as at 31 December 2022 (prior year: none). At 31 December 2022, guarantees of CHF 37.3 million (prior year: CHF 21.2 million) were issued. A secured credit line of CHF 10.0 million on the investment property exists, which was not used at 31 December 2022 (prior year: none).

Group Management monitors the Group's liquidity status on the basis of three months, rolling cash flow forecasts.

The table below summarizes the maturity profile of the Group's financial liabilities at the balance sheet date based on contractual undiscounted cash outflows. The undiscounted cash outflows only consider the repayments of the principal of the bank borrowings and of the principal of the finance lease liabilities excluding any interest payment.

CHF 1,000		Maturity				Total and interest rate by currency				
		Note	Less than 1 year	1–3 years	3–5 years	Over 5 years	CHF	%	EUR	%
At 31.12.2021										
Bank borrowings	5.10	400	800	800	1,600	3,600	1.0			
Finance lease liabilities	5.10	1,709	2,254	150	0	2,929	1.9	1,184	2.0	
Derivative financial instruments (notional amount)	6.1	14,152	0	0	0					
Total		16,261	3,054	950	1,600					
At 31.12.2022										
Bank borrowings	5.10	400	800	800	1,200	3,200	1.0			
Finance lease liabilities	5.10	1,376	941	58	0	1,851	1.7	524	1.5	
Derivative financial instruments (notional amount)	6.1	19,055	0	0	0					
Total		20,831	1,741	858	1,200					

4. Details of the consolidated income statement

4.1 Net sales

CHF 1,000	2022	2021
Automation and machining systems (from customer projects)	200,144	185,429
Automation and machining systems (other)	54	30
Cutting tools	54,091	52,586
Service	55,153	51,410
Total net sales	309,442	289,455

4.2 Material costs and subcontractors

CHF 1,000	2022	2021
Raw materials and components	-99,772	-83,508
Subcontractors	-4,740	-4,267
Total material costs and subcontractors	-104,512	-87,775

4.3 Personnel expenses

CHF 1,000	2022	2021
Salaries and wages	-110,444	-103,675
Social charges	-12,313	-12,026
Pension expenses	-6,343	-6,061
Total personnel expenses	-129,100	-121,762

The shares granted to Group Management and other key personnel in 2022 amounted to a total of CHF 0.5 million. For the number of shares allocated in 2022 refer to note 5.13. The Board of Directors will propose to the next Annual General Meeting an allocation of 30,185 shares to the members of Group Management as long-term incentive compensation related to the financial year 2022. The allocation of 64,223 shares to the other key personnel after the next Annual General Meeting was approved by the remuneration committee. The share price for the valuation at year-end was CHF 8.80. A total amount of CHF 0.4 million was expensed against equity (refer also to note 2.7 and the equity table).

In 2022, no short-time work compensation and government support was received (prior year: CHF 1.2 million).

4.4 Other operating income and expenses

CHF 1,000	2022	2021
Gain on sale of non-current assets	287	319
Other income	1,756	1,514
Total other operating income	2,043	1,833
Production- and project-related expenses, including shipping	-11,982	-17,253
Marketing and sales	-5,997	-3,998
Real estate	-6,931	-7,527
Personnel-related expenses, including company cars	-4,961	-3,970
Information technology	-5,970	-6,017
Capital and other taxes (excl. income taxes)	-1,092	-944
Loss on sale of non-current assets	-8	-99
Other expenses	-6,431	-6,586
Total other operating expenses	-43,372	-46,394

The project-related expenses include the change in provision for future losses from customer projects (see note 5.4).

4.5 Financial result

CHF 1,000	2022	2021
Financial income	6,400	3,676
Financial expenses	-7,239	-4,526
Total financial result	-839	-850
Interest income	11	26
Interest expenses	-101	-414
Total interest result	-90	-388
Exchange gains	6,170	3,649
Exchange losses	-6,446	-3,046
Other financial income	219	1
Other financial expenses	-692	-1,066
Total other financial result	-749	-462
Total financial result	-839	-850

4.6 Non-operating result

CHF 1,000	2022	2021
Rental income	1,562	748
Income from property-related services	891	663
Total non-operating income	2,453	1,411
Owner-related expenses	-422	-712
Expenses for property-related services	-920	-746
Total non-operating expenses	-1,342	-1,458
Revaluation	-429	-397
Total non-operating result	682	-444

4.7 Income taxes

CHF 1,000	2022		2021	
Current income tax	-2,758		-1,734	
Deferred income tax	1,366		2,029	
Total income taxes	-1,392		295	
Earnings before taxes	25,593		16,715	
Income tax at average tax rates	-4,786	19%	-3,477	21%
Income tax at other rates	-28		83	
Impact of non-capitalized loss carry-forwards	444		-6,957	
Capitalization of tax losses	586		11,052	
Tax credits	2,096		572	
Change in tax rate	45		-573	
Other taxable effects	251		-405	
Total income taxes	-1,392	5%	295	-2%

The applicable tax rate for the Group is 19% (prior year: 21%). This corresponds to the average income tax rates of the individual Group companies in each jurisdiction.

5. Details of the consolidated balance sheet

5.1 Financial assets

CHF 1,000	Note	31.12.2022	31.12.2021
Fixed-term deposits		35,000	0
Other current financial receivables		126	187
Derivative financial instruments	6.1	32	240
Total current financial assets		35,158	427

The fixed-terms range from four to eight months.

5.2 Accounts receivable

CHF 1,000	31.12.2022	31.12.2021
Accounts receivable	23,468	20,254
Allowance for doubtful accounts	-700	-636
Total accounts receivable	22,768	19,618

As at the balance sheet date, accounts receivable (including allowance for doubtful accounts) past due for 30 days and more amounted to CHF 4.3 million (prior year: CHF 2.6 million).

5.3 Inventories

CHF 1,000	31.12.2022	31.12.2021
Raw materials and components	31,635	22,854
Work in progress	14,318	14,613
Finished and trading goods	15,825	14,906
Prepayments to suppliers	6,863	4,844
Prepayments from customers	-4,595	-3,777
Total inventories	64,046	53,440

The provision for slow-moving inventories amounts to CHF 21.9 million (prior year: CHF 21.1 million).

5.4 Customer projects

CHF 1,000	31.12.2022	31.12.2021
Projects in progress – costs incurred	190,895	157,846
Recognized profits less recognized losses	43,977	34,020
Prepayments from customers	-264,634	-218,273
Total net assets and liabilities from customer projects	-29,762	-26,407
Net assets from customer projects	51,571	28,642
Net liabilities from customer projects	-81,333	-55,049
Total net assets and liabilities from customer projects	-29,762	-26,407

The stage of completion, determined by the costs incurred to date compared to the total estimated costs, was approximately 48% on 31 December 2022 (prior year: approximately 54%). At the balance sheet date, the Mikron Group had 239 projects in progress (prior year: 220 projects) with an average volume of CHF 2.0 million (prior year: CHF 1.6 million). As at 31 December 2022 there were no retentions by customers (prior year: none).

5.5 Tangible assets

CHF 1,000	Undeveloped real estate	Real estate	Machinery	Equipment and installations	Down pay- ments and assets under construction	Others	Total
At cost							
Balance at 01.01.2021	3,563	87,955	82,276	20,502	12,993	3,348	210,637
Additions	0	446	1,357	644	17,916	321	20,684
Transfers	0	150	1,063	8	-1,358	83	-54
Disposals	0	-553	-2,834	-2,759	0	-347	-6,493
Translation adjustments	13	343	-436	6	0	-53	-127
Balance at 31.12.2021	3,576	88,341	81,426	18,401	29,551	3,352	224,647
Additions	0	3,215	1,859	1,534	1,726	20	8,354
Transfers	-70	27,405	844	1,093	-28,651	-570	51
Disposals	0	0	-1,788	-1,398	0	0	-3,186
Translation adjustments	5	143	-634	-101	-12	-109	-708
Balance at 31.12.2022	3,511	119,104	81,707	19,529	2,614	2,693	229,158
Accumulated depreciation							
Balance at 01.01.2021	0	-59,669	-55,482	-17,198	0	-2,644	-134,993
Depreciation	0	-1,904	-3,995	-2,053	0	-162	-8,114
Transfers	0	0	225	-225	0	0	0
Disposals	0	465	2,488	2,687	0	347	5,987
Translation adjustments	0	-56	212	5	0	36	197
Balance at 31.12.2021	0	-61,164	-56,552	-16,784	0	-2,423	-136,923
Depreciation	0	-2,478	-3,946	-1,071	0	-154	-7,649
Transfers	0	-314	0	0	0	314	0
Disposals	0	0	1,751	1,348	0	0	3,099
Translation adjustments	0	-17	330	91	0	82	486
Balance at 31.12.2022	0	-63,973	-58,417	-16,416	0	-2,181	-140,987
Net book value							
Balance at 31.12.2021	3,576	27,177	24,874	1,617	29,551	929	87,724
Balance at 31.12.2022	3,511	55,131	23,290	3,113	2,614	512	88,171
Of which finance leases							
Balance at 31.12.2021	0	0	7,553	0	0	0	7,553
Balance at 31.12.2022	0	0	5,973	0	0	0	5,973

At the balance sheet date, the Group had entered into CHF 0.2 million of capital commitments to purchase tangible assets (prior year: CHF 0.3 million). In 2022, the Group acquired no tangible assets (prior year: CHF 0.5 million) on a financial leasing basis. The prior-year amount of the financial lease indication was adjusted to ensure consistency.

5.6 Intangible assets

CHF 1,000	Capitalized development costs	Software	Assets under construction	Others	Total
At cost					
Balance at 01.01.2021	3,522	20,729	938	364	25,553
Additions	0	134	671	0	805
Transfers	0	351	-297	0	54
Disposals	0	-348	0	0	-348
Translation adjustments	17	-46	0	0	-29
Balance at 31.12.2021	3,539	20,820	1,312	364	26,035
Additions	0	215	144	0	359
Transfers	0	480	-531	0	-51
Disposals	0	-358	0	0	-358
Translation adjustments	29	-98	0	0	-69
Balance at 31.12.2022	3,568	21,059	925	364	25,916
Accumulated amortization					
Balance at 01.01.2021	-3,522	-17,909	0	-364	-21,795
Amortization	0	-1,014	0	0	-1,014
Disposals	0	348	0	0	348
Translation adjustments	-17	46	0	0	29
Balance at 31.12.2021	-3,539	-18,529	0	-364	-22,432
Amortization	0	-966	0	0	-966
Disposals	0	358	0	0	358
Translation adjustments	-29	96	0	0	67
Balance at 31.12.2022	-3,568	-19,041	0	-364	-22,973
Net book value					
Balance at 31.12.2021	0	2,291	1,312	0	3,603
Balance at 31.12.2022	0	2,018	925	0	2,943
Of which finance leases					
Balance at 31.12.2021	0	0	0	0	0
Balance at 31.12.2022	0	0	0	0	0

At the balance sheet date, the Group had not entered into any capital commitment to purchase intangible assets (prior year: none).

5.7 Investment property

CHF 1,000	2022	2021
Balance at 1 January	27,515	27,912
Capitalized expenditures	84	0
Revaluation	-429	-397
Balance at 31 December	27,170	27,515
Original acquisition cost	62,477	62,393

The Mikron Group is the owner of a property in Switzerland (land and building) that is leased to third parties. Related income and expenses are reported in the non-operating result (see note 4.6). The property is reported at market value, last reviewed on 31 December 2022. The discounted cash flow method was used for the valuation. The valuation with the discounted cash flow method was supported by an additional valuation of the ongoing development project. A discount rate of 4.1% was applied (prior year: 3.9%). The original acquisition cost now reflects the full costs, the prior-year amount was adjusted accordingly.

At the balance sheet date, the Group had no (prior year: none) capital commitment in relation to the investment property.

5.8 Employee benefits

All employees in Switzerland are insured through the Mikron pension fund, which is a foundation under Swiss law and legally independent of the Mikron Group. With a few exceptions, all employees in Switzerland are obliged to join the pension fund. The contributions are based on the annual salary and are accumulated in individual retirement accounts. Upon retirement (at age 65 for men and 64 for women), a lump-sum benefit may be drawn. Otherwise, a pension is paid out on the basis of a specified conversion factor.

Economic benefit/economic obligation and pension expenses

CHF 1,000	Surplus/deficit 31.12.2021	Economic part of the organization		Change from prior year in the current result for the period	Contributions concerning the business period	Pension expenses 2021
		31.12.2021	31.12.2020			
Pension institutions without surplus/deficit	0	0	0	0	-4,770	-4,770
Total	0	0	0	0	-4,770	-4,770

CHF 1,000	Surplus/deficit 31.12.2022	Economic part of the organization		Change from prior year in the current result for the period	Contributions concerning the business period	Pension expenses 2022
		31.12.2022	31.12.2021			
Pension institutions with surplus/deficit	15,272	0	0	0	-4,956	-4,956
Total	15,272	0	0	0	-4,956	-4,956

The information on the economic benefit as at 31 December 2022 is based on the last annual financial statements of the Mikron pension fund preceding the balance sheet date, i.e. the financial statements as at 31 December 2021. As at 31 December 2021, the Mikron pension fund reported a coverage rate of 124.0% (prior year: 117.9%). According to the pension fund's provisional accounts, the coverage rate is expected to have decreased by about -7% in the 2022 financial year. The number of active insureds increased in 2022 by about +8% (prior year: increase of about +1%). Contributions matched pension expenses during the relevant reporting period.

For the employees in countries other than Switzerland there are no material pension plans with an employer's obligation to contribute except for state-run social insurance.

5.9 Deferred taxes

CHF 1,000	2022	2021
Statement of changes in deferred tax liabilities		
Balance at 1 January	14,392	5,065
Set-up and reversal of temporary differences	-2,292	8,766
Change in tax rate	-16	573
Translation adjustments	-4	-12
Balance at 31 December	12,080	14,392
Statement of changes in deferred tax assets		
Balance at 1 January	16,551	5,126
Change in capitalized tax loss carry-forwards	-6,473	11,322
Set-up and reversal of temporary differences and change in tax credits	5,426	-30
Change in tax rate	28	0
Translation adjustments	-80	133
Balance at 31 December	15,452	16,551

Deferred tax liabilities mainly result from temporary differences in the measurement of customer projects, the valuation of inventories and the market valuation of the investment property. The deferred tax liabilities from valuation differences are calculated at local tax rates. The weighted average tax rate is 20%.

The deferred tax assets of CHF 15.5 million (prior year: CHF 16.6 million) result from accumulated tax loss carry-forwards that were capitalized, valuation differences and available tax credits. Due to uncertainties that future taxable profit will be available to offset against these assets, tax loss carry-forwards amounting to CHF 19.0 million (prior year: CHF 15.2 million) were not capitalized. Applying local tax rates results in a maximum potential tax benefit from non-capitalized tax loss carry-forwards of CHF 4.7 million (prior year: CHF 3.4 million). The deferred tax assets from valuation differences are calculated at local tax rates. The weighted average tax rate is 25%.

5.10 Financial liabilities

CHF 1,000	31.12.2022	31.12.2021
Short-term financial liabilities		
Bank borrowings	400	400
Finance lease liabilities	1,376	1,709
Total short-term financial liabilities	1,776	2,109
Long-term financial liabilities		
Bank borrowings	2,800	3,200
Finance lease liabilities	999	2,404
Total long-term financial liabilities	3,799	5,604

The investment property and four of the production facilities were mortgaged for liquidity management purposes. The mortgage on one production facility was drawn down, while the draw-down of the mortgage for two further production facilities will happen only when cash needs arise. Additionally, there is a secured credit line on the investment property. Details of the mortgages are given in note 6.2. The leasing liabilities relate to purchased machines used in production.

CHF 1,000	31.12.2022	31.12.2021
Financial liabilities, expiring		
– not later than 1 year	1,776	2,109
– later than 1 year but not later than 3 years	1,741	3,054
– later than 3 years	2,058	2,550
Total financial liabilities	5,575	7,713

The credit agreement with a bank consortium (refer to note 3.5) was signed in June 2020 and is valid until June 2025. The agreement secures financing in the form of bank guarantees (avals) and provides potentially required liquidity at standard market conditions. The contractual covenants have been met since the commencement of the agreement.

5.11 Provisions

CHF 1,000	Warranties	Employee incentive	Future costs for projects	Restructuring	Others	Total
Short-term provisions						
Balance at 01.01.2021	3,494	342	4,302	6,050	2,275	16,463
Additions	2,113	0	5,233	0	1,676	9,022
Utilization	-805	-342	-786	-4,366	0	-6,299
Reversal	-2,374	0	-1,390	0	-10	-3,774
Reclassification long-/short-term	0	0	0	-142	0	-142
Translation adjustments	-22	0	20	-68	-2	-72
Balance at 31.12.2021	2,406	0	7,379	1,474	3,939	15,198
Additions	2,259	78	2,370	5	1,083	5,795
Utilization	-1,066	0	-699	-25	-503	-2,293
Reversal	-1,061	0	-5,167	-160	-543	-6,931
Translation adjustments	-39	0	-44	-73	-3	-159
Balance at 31.12.2022	2,499	78	3,839	1,221	3,973	11,610
Long-term provisions						
Balance at 01.01.2021	0	180	0	638	0	818
Reversal	0	-180	0	0	0	-180
Reclassification long-/short-term	0	0	0	142	0	142
Translation adjustments	0	0	0	-30	0	-30
Balance at 31.12.2021	0	0	0	750	0	750
Additions	0	66	0	0	0	66
Reversal	0	0	0	-11	0	-11
Translation adjustments	0	0	0	-37	0	-37
Balance at 31.12.2022	0	66	0	702	0	768

Warranty provisions are related to sales of products and services and are based on experience. The employee incentive provision was related to the long-term incentive plan. As the long-term incentive plan is now fully share-based, the provision was released, and the costs directly recognized against equity. Future costs relate to customer projects with final acceptance where remaining work is outstanding before the warranty period starts. The restructuring provision is related to expected costs until the end of the settlement of the obligations from employments and other contracts. The other provision is materially related to expected costs from legal risks of projects.

5.12 Accruals

CHF 1,000	31.12.2022	31.12.2021
Accrued expenses	20,984	21,617
Current income tax payables	282	566
Total accrued expenses	21,266	22,183

The accrued expenses of CHF 21.0 million (prior year: CHF 21.6 million) mainly consist of accruals in relation to employees' annual leave entitlements, overtime and bonus totaling CHF 11.7 million (prior year: CHF 12.3 million). Additionally, there were outstanding trade payables, and accrued income taxes of CHF 0.4 million (prior year: CHF 0.5 million).

5.13 Shareholders' equity

Share capital

The share capital as at 31 December 2022 amounts to CHF 1.7 million (prior year: CHF 1.7 million) and consists of 16,712,744 registered shares with a par value of CHF 0.10 per share.

As at 31 December 2022, there are two shareholders with investments of more than 5% in voting rights (Ammann Group Holding AG, Berne 41.9%; Mr. Rudolf Maag, Binningen, 14.1%). No other single shareholder holds 5% or more of the voting rights.

Treasury shares

In 2022, the company granted 79,196 treasury shares to Group Management and other key personnel (prior year: 39,129) and 20,390 treasury shares to the Board of Directors (prior year: 25,095) at no consideration, sold no shares (prior year: none) and acquired 1 treasury share (prior year: none). At 31 December 2022 Mikron Holding AG, Biel owned 174,066 treasury shares (prior year: 273,651 shares).

Reserves

The statutory or legal reserves which may not be distributed amount to CHF 0.9 million (prior year: CHF 0.9 million). In the year under review, foreign currency translation adjustments of CHF -0.1 million (prior year: CHF -0.1 million) on loans with equity character in foreign currencies (EUR and SGD) were posted directly to shareholders' equity.

6. Other notes

6.1 Derivative financial instruments

For economically hedged future business transactions in foreign currencies, the Group uses financial instruments. As at the balance sheet date, the Group held the following forward exchange contracts:

CHF 1,000	Replacement value		Contract equivalent	Contract equivalent by due date			
	positive	negative		0–3 months	3–12 months	1–5 years	over 5 years
Balance at 31.12.2021	240	0	14,152	8,126	6,026	0	0
Balance at 31.12.2022	32	0	19,055	15,007	4,048	0	0

The instruments are mainly denominated in euros and US dollars.

The replacement values are disclosed as financial assets (note 5.1) or short-term financial liabilities (note 5.10).

6.2 Assets pledged as security for liabilities

CHF 1,000	31.12.2022	31.12.2021
Real estate (including investment property) pledged as security for liabilities	76,914	73,198
Collateral securities – nominal	90,200	90,200
Loans and mortgages utilized	3,200	3,600
Other assets pledged as security for liabilities	82,973	81,830
Finance lease liabilities (machinery, licenses)	2,375	4,113

As part of the financing arrangements, the borrower notes for the investment property and one production facility in Switzerland were deposited as collateral for the underlying mortgage agreements which were partially called off.

The credit limits made available by the bank consortium were secured by guarantees of CHF 77.0 million. Additionally, the existing borrower notes were deposited as collateral for two production facilities in Switzerland.

In addition, machines and licenses acquired under the terms of leasing agreements were pledged.

6.3 Off-balance sheet lease commitments

CHF 1,000	31.12.2022	31.12.2021
Off-balance sheet lease commitments, payable		
– not later than 1 year	2,040	2,542
– later than 1 year but not later than 3 years	2,710	2,489
– later than 3 years but not later than 5 years	1,320	1,286
– later than 5 years	2,338	2,764
Total off-balance sheet lease commitments	8,408	9,081

The future lease payments are mainly related to non-cancelable operating leases for office and production facilities and office equipment. The leases have varying terms and renewal rights.

6.4 Related party transactions

The transactions with related parties and companies consist of commercial business transactions conducted at standard market conditions. These mainly concern relationships with a small number of customers and suppliers.

CHF 1,000	2022	2021
Other operating expenses	-27	-26

CHF 1,000	31.12.2022	31.12.2021
Other current receivables and prepaid expenses	5	6
Accounts payable	5	5
Other current liabilities and accrued expenses	0	1

The Mikron pension fund owns no shares (prior year: none) of Mikron Holding AG.

6.5 Impairment test on Group level

The Group's equity of CHF 186.0 million exceeded the Group's market capitalization of CHF 147.1 million at 31 December 2022 (prior year: CHF 128.7 million). An impairment test was performed which supported the equity of the Group as a whole and for the cash-generating units individually.

6.6 Contingent liabilities

The Group was sued by a customer and a competitor for damages. As the Group is highly confident to be in a strong enough position to avoid paying any damages only the costs to defend the cases in court were provisioned (note 5.11). Due to the very low probability of losing the legal cases it's not possible to estimate an amount of the contingent liability.

7. Information by segment

7.1 Information by business segment

CHF 1,000	Machining Solutions		Automation		Corporate/Eliminations		Total Group	
	2022	2021	2022	2021	2022	2021	2022	2021
Net sales – third party	125,682	112,773	183,760	176,682	0	0	309,442	289,455
Net sales – Group	47	88	7	10	-54	-98	0	0
Total net sales	125,729	112,861	183,767	176,692	-54	-98	309,442	289,455
Operating result	9,291	2,509	17,494	15,796	-1,035	-296	25,750	18,009
Earnings before interest and taxes (EBIT)	9,291	2,509	17,494	15,796	-353	-740	26,432	17,565
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Assets excluding cash and cash equivalents and current financial assets	118,048	112,711	199,667	154,779	-36,154	-21,985	281,561	245,505
Cash and cash equivalents	4,263	8,302	9,409	12,015	15,531	33,790	29,203	54,107
Current financial assets	0	0	0	0	35,158	427	35,158	427
Total assets	122,311	121,013	209,076	166,794	14,535	12,232	345,922	300,039

7.2 Information by geographical segment

CHF 1,000	Net sales	
	2022	2021
Switzerland	20,803	18,651
Europe	131,391	126,428
North America	92,846	94,136
Asia/Pacific	61,187	42,670
Others	3,215	7,570
Total net sales	309,442	289,455

8. Net earnings per share

8.1 Weighted average number of shares

Number	2022	2021
Issued shares at 1 January	16,712,744	16,712,744
Issued shares at 31 December	16,712,744	16,712,744
of which treasury shares	-174,066	-273,651
Adjusted for weighted average	-22,492	-25,974
Weighted average number of shares – basic	16,516,186	16,413,119
Effect of dilution	0	0
Weighted average number of shares – diluted	16,516,186	16,413,119

8.2 Computation of earnings per share

CHF 1,000, except for per share information	2022	2021
Net earnings	24,201	17,010
Weighted average number of shares – basic	16,516,186	16,413,119
Net earnings per share – undiluted	1.47	1.04
Weighted average number of shares – diluted	16,516,186	16,413,119
Net earnings per share – diluted	1.47	1.04

Report of the Statutory Auditor



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STATUTORY AUDITOR'S REPORT

To the general meeting of Mikron Holding AG, Biel/Bienne

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mikron Holding AG and its subsidiaries (the Group) - which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated income statement, the consolidated statement of shareholders' equity and the consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 75 to 101 and 122) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated results of operations and 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 Audits of Financial Statements (SA-CH). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 9 March 2022.

Key Audit Matters

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.

BDO Ltd, a limited company under Swiss law, incorporated in Zurich, forms part of the international BDO Network of independent member firms.

Key Audit Matter	How the Key Audit Matter was addressed in the audit
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Accounting for customer projects

In 2022, the Mikron Group recognized net assets from customer projects of CHF 51.6 million (14.9% of total assets) and net liabilities from customer projects of CHF 81.3 million (50.9% of total liabilities) in the balance sheet and net sales from customer projects (automation and machining systems) of CHF 200.1 million (64.7 % of total net sales) in the income statement.

The recognition of profits on such contracts in accordance with Swiss GAAP FER 22 "Long-term contracts" is based on the stage of completion of each project. This is measured by reference to the proportion of contract costs actually incurred at balance sheet date compared to the estimated total costs of the contract at completion. Potential losses must be recognized immediately.

In our view, the measurement of customer projects is a key audit matter because of the significance of the project business for the Group and due to the high level of judgment in estimating the forecasted costs as well as net sales for these long-term contracts.

An inappropriate application of the percentage-of-completion method could result in a material variance in the amount recognized in the income statement of the current period.

Refer to notes 2.5.5 "customer projects", 4.1 "net sales" and 5.4 "customer projects" of the consolidated financial statements 2022.

We obtained an understanding of the relevant processes and control activities (including monitoring of projects).

We also inquired with those responsible for project controlling in order to gain a more in depth understanding of the project portfolio and the related risks and to challenge management's assumptions and estimates in the valuation of projects.

We performed test of controls and, on a sample basis, other substantive procedures of customer projects and their treatment in the consolidated financial statement as follows:

- We examined project reportings and the work performed by the project managers, finance team and management
- We reconciled estimated total net sales to contractual agreements.
- We compared projects completed in 2022 with previous estimates to analyse the accuracy of estimates.
- We tested prepayments and payments received from customers and the allocation to the corresponding projects.
- We tested the project valuation calculations and reconciled the relevant information to the general ledger.
- We reconciled the threatened losses calculated in the project valuations to the provision recognized in the general ledger.
- We performed procedures to test the allocation of personnel, machining and material costs to corresponding projects.

Key Audit Matter	How the Key Audit Matter was addressed in the audit
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Impairment assessment of long-lived assets

The Group's equity of CHF 186.0 million exceeded the Group's market capitalization of CHF 147.1 million at 31 December 2022. An impairment test was performed which supported the equity of the Group as a whole and for the cash-generating units individually. The long-lived assets amount to CHF 91.1 million (tangible assets CHF 88.2 million and intangible assets CHF 2.9 million) at 31 December 2022.

In our view, this is a key audit matter because of the significant estimates and assumptions management makes as part of the calculation of the recoverable amount of the cash generating units. The impairment test requires significant management assumptions such as the cash flow forecast, discount rates, long-term growth rate and revenue and cost forecasts.

Auditing these significant assumptions and judgments involved a high degree of auditor judgment and an increased extent of effort, including the need to involve valuation specialists.

Refer to notes 2.5.9 "Impairment of non-current assets" and 6.5 "Impairment test on Group level".

We assessed management's impairment test based on recoverable amount as follows:

- We gained an understanding of the valuation process and internal control system by reviewing the valuation documentation and interviewing management and the board of directors.
- We obtained an understanding of the defined cash generating units and whether the definition was appropriate.
- In addition, we concluded whether the discounted cash flow ("DCF") method was an accurate model to conduct an impairment test. We examined the DCF model used with regards to its correct application and the underlying budget calculations with regards to their feasibility. Concretely, we assessed management's medium-term cash flow forecasts, as derived from its business plans and approved by the Board of Directors while considering accuracy of past management forecasts.
- We analyzed and challenged management's assessment of the Group's future results by performing sensitivity analyses.
- We validated the input factors used to calculate the discount rate by means of external sources. Internal experts were consulted for this purpose.
- Furthermore, we re-performed the mathematical accuracy of the impairment tests.

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 financial statements, the compensation report and our auditor's report 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



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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.

Responsibilities of the board of directors for the Consolidated Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Standards on Audits of Financial Statements 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.

A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located at EXPERTSuisse's website at: <https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits>. This description forms part of our auditor's report.

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.

Bern, 8 March 2023

BDO Ltd

Thomas Bigler
Auditor in Charge
Licensed Audit Expert

Fabian Mollet
Licensed Audit Expert

BDO Ltd, a limited company under Swiss law, incorporated in Zurich, forms part of the international BDO Network of independent member firms.

5-Year Financial Summary

in CHF million, except number of employees

	2022		2021		2020		2019		2018	
Key performance data										
Order intake ¹⁾	408.0		305.7		267.3		288.5		362.3	
Net sales	309.4		289.5		257.8		327.6		314.7	
Order backlog ¹⁾	270.7		176.7		161.6		157.4		195.7	
Research and development	6.5		6.6		6.5		10.4		11.6	
Number of employees (end of year) ¹⁾	1,414		1,327		1,331		1,486		1,398	
Investments incl. acquisitions of subsidiaries – net	8.7		21.0		12.0		18.5		15.9	
Earnings										
EBITDA ¹⁾ , as % of net sales	35.5	11.5%	27.1	9.4%	-8.9	-3.5%	22.9	7.0%	22.2	7.1%
EBIT ¹⁾ , as % of net sales	26.4	8.5%	17.6	6.1%	-20.8	-8.1%	14.1	4.3%	13.9	4.4%
Operating result, as % of net sales	25.8	8.3%	18.0	6.2%	-20.1	-7.8%	14.0	4.3%	12.7	4.0%
Ordinary result, as % of net sales	24.9	8.1%	17.2	5.9%	-22.4	-8.7%	13.5	4.1%	11.7	3.7%
Profit/loss for the year, as % of net sales	24.2	7.8%	17.0	5.9%	-22.1	-8.6%	8.8	2.7%	12.2	3.9%
Cash flow										
Cash flow from operating activities (incl. changes in net working capital), as % of net sales	27.6	8.9%	50.7	17.5%	9.2	3.6%	7.3	2.2%	20.1	6.4%
Operating free cash flow (prior to acquisitions and changes in current financial assets) ¹⁾	16.6		31.1		-5.8		-3.5		8.2	
Balance sheet										
Balance sheet total	345.9		300.0		277.1		289.5		289.5	
Current assets	212.2		164.6		164.7		178.0		185.0	
Non-current assets	133.7		135.4		112.4		111.5		104.5	
Current liabilities	143.3		114.2		115.6		103.6		110.0	
Long-term liabilities	16.6		20.7		16.0		16.6		15.2	
Shareholders' equity, as % of balance sheet total	186.0	53.8%	165.1	55.0%	145.5	52.5%	169.2	58.5%	164.3	56.8%

1) Alternative performance measures, see pages 107 to 109 or www.mikron.com/apm

Alternative Performance Measures

In external communications, Mikron discloses performance measures that are not defined in Swiss GAAP FER. The description and, where applicable, the calculation from performance measures as per Swiss GAAP FER are listed below. All values listed in CHF.

Order intake

Order intake includes all customer orders for goods and services received from customers, irrespective of whether the goods and services have been delivered or not. Blanket orders are only recognized as order intake when the goods are being called off.

Order backlog

The order backlog represents that part of the cumulative past order intake that has not yet been recognized as sales at the current balance sheet date. The order backlog equals the amount of sales that will, applying the current exchange rates of the orders, be realized when all open customer orders are concluded. The order backlog of customer projects managed applying the percentage of completion method corresponds to the order intake less the accrued sales according to the stage of completion of each project.

EBITDA

The earnings before interest, taxes, depreciation and amortization (EBITDA) represent the total of the operating and non-operating result, adding back the depreciation for tangible assets, the amortization for intangible assets and the revaluation of the investment property.

EBITDA	2022	2021	Reference
Operating result	25,750	18,009	Consolidated income statement
+ Non-operating result	682	-444	Consolidated income statement
+ Depreciation of tangible assets	7,649	8,114	Consolidated income statement
+ Amortization of intangible assets	966	1,014	Consolidated income statement
+ Revaluation investment property	429	397	Note 5.7
EBITDA	35,476	27,090	

EBIT

The earnings before interest and taxes (EBIT) represent the total of the operating and non-operating result.

EBIT	2022	2021	Reference
Operating result	25,750	18,009	Consolidated income statement
+ Non-operating result	682	-444	Consolidated income statement
EBIT	26,432	17,565	

Operating free cash flow

The operating free cash flow represents the total of the cash flow from operating activities and the cash flow from investing activities, the latter excluding the investments in and divestments of financial assets.

Operating free cash flow	2022	2021	Reference
Cash flow from operating activities	27,648	50,741	Consolidated statement of cash flow
+ Cash flow from investing activities	-45,935	-17,788	Consolidated statement of cash flow
– Investments in financial assets	-35,000	-187	Consolidated statement of cash flow
– Divestments of financial assets	61	2,000	Consolidated statement of cash flow
– Interest received	11	26	Consolidated statement of cash flow
Operating free cash flow	16,641	31,114	

Free cash flow

The free cash flow represents the total of the cash flow from operating activities and the cash flow from investing activities.

Free cash flow	2022	2021	Reference
Cash flow from operating activities	27,648	50,741	Consolidated statement of cash flow
+ Cash flow from investing activities	-45,935	-17,788	Consolidated statement of cash flow
Free cash flow	-18,287	32,953	

Net working capital

The net working capital is the net amount of the current assets and the current liabilities that stand in relation to the business activities.

Net working capital	2022	2021	Reference
Accounts receivable	22,768	19,618	Consolidated balance sheet
+ Inventories	64,046	53,440	Consolidated balance sheet
+ Net assets from customer projects	51,571	28,642	Consolidated balance sheet
+ Other current receivables	3,114	4,109	Consolidated balance sheet
+ Prepaid expenses	6,326	4,303	Consolidated balance sheet
– Accounts payable	25,351	16,968	Consolidated balance sheet
– Net liabilities from customer projects	81,333	55,049	Consolidated balance sheet
– Short-term provisions	11,610	15,198	Consolidated balance sheet
– Other current liabilities	1,917	2,716	Consolidated balance sheet
– Accrued expenses	21,266	22,183	Consolidated balance sheet
Net working capital	6,348	-2,002	

Net debt

The net debt compares financial assets and financial liabilities.

Net debt	2022	2021	Reference
– Cash and cash equivalents	29,203	54,107	Consolidated balance sheet
– Current financial assets	35,158	427	Consolidated balance sheet
+ Derivative financial instruments	32	240	Note 5.1
+ Short-term financial liabilities	1,776	2,109	Consolidated balance sheet
+ Long-term financial liabilities	3,799	5,604	Consolidated balance sheet
Net debt	-58,754	-46,581	

Equity ratio

The equity ratio corresponds to the Group's total equity divided by the balance sheet total.

Equity ratio	2022	2021	Reference
Total shareholders' equity	186,022	165,070	Consolidated balance sheet
Total assets	345,922	300,039	Consolidated balance sheet
Equity ratio	53.8%	55.0%	Total shareholders' equity / total assets

Number of employees

The number of employees is the total of the full-time equivalent of all employees. The total head-count is higher than the Group's full-time equivalent as not all employees are working full-time.

Information on Share Capital

	2022	2021	2020	2019	2018
Number of shares¹⁾					
Registered shares	16,712,744	16,712,744	16,712,744	16,712,744	16,712,744
Total	16,712,744	16,712,744	16,712,744	16,712,744	16,712,744
Key figures per share in CHF²⁾					
Profit/loss	1.47	1.04	-1.35	0.54	0.74
Cash flow from operating activities	1.67	3.09	0.56	0.45	1.21
Shareholders' equity	11.26	10.06	8.89	10.37	9.90
Distribution to shareholders	0.24	0.00	0.00	0.20	0.05
Share price SIX Swiss Exchange					
At 31 December	8.80	7.70	5.40	6.76	6.76
High/low close during business year	9.20–6.40	8.08–5.30	6.58–4.20	9.26–6.02	10.45–6.40

1) All shares are entitled to dividends/distributions.

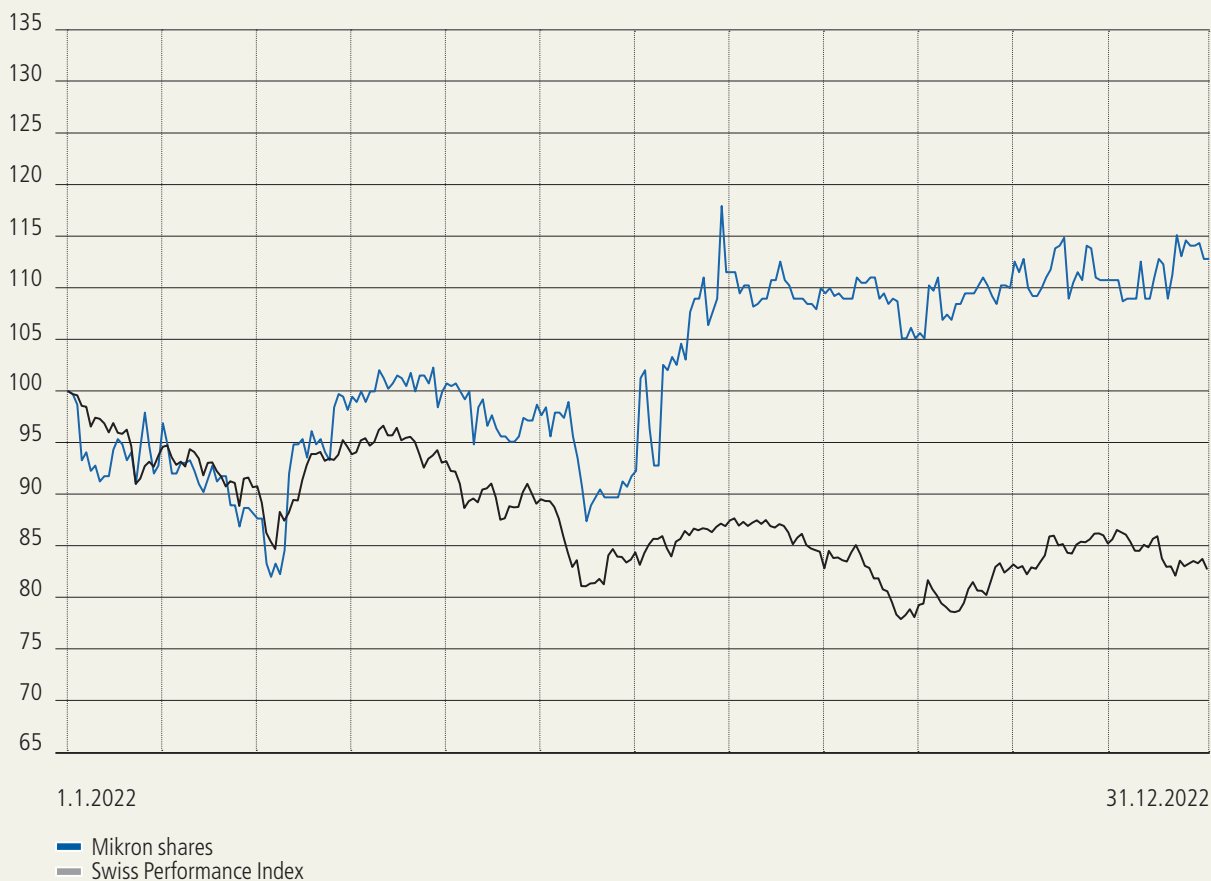
2) Based on the weighted average number of shares

Trading volume (daily average)

In the 2022 fiscal year the average daily trade volume was 4,337 shares (prior year: 8,026 shares).

Share performance

as %



Mikron Holding AG

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Financial Statements 2022 of Mikron Holding AG

Profit and loss statement

CHF 1,000	Note	2022	2021
Services and other income		3,129	2,941
Other operating expenses		-3,528	-3,091
Earnings before interest and taxes		-399	-150
Income from revaluation of investments and loans	2	7,288	29,779
Other financial income	3	1,043	1,813
Total financial income		8,331	31,592
Expenses from revaluation of investments and loans	2	-791	-1,459
Other financial expenses	3	-2,912	-1,475
Total financial expenses		-3,703	-2,934
Profit before taxes		4,229	28,508
Direct taxes		0	-6
Profit for the year		4,229	28,502

Balance sheet

CHF 1,000	Note	31.12.2022	31.12.2021
Current assets			
Cash and cash equivalents and short-term investments with a quoted market price		15,016	33,297
Short-term interest-bearing receivables		22,593	7,149
<i>Due from Group companies</i>		22,593	7,149
Other current receivables		35,381	473
<i>Due from third parties</i>		35,053	261
<i>Due from Group companies</i>		328	212
Accrued income and prepaid expenses		898	962
Total current assets		73,888	41,881
Non-current assets			
Investments	2, 4	74,054	71,116
Financial assets		11,543	13,535
<i>Loans to Group companies</i>	2, 5	11,543	13,535
Total non-current assets		85,597	84,651
Total assets		159,485	126,532
Current liabilities			
Short-term interest-bearing liabilities		35,757	3,772
<i>Due to Group companies</i>		35,757	3,772
Other short-term liabilities		30	283
<i>Due to third parties</i>		30	21
<i>Due to Group companies</i>		0	262
Accrued expenses and deferred income		670	519
Total current liabilities		36,457	4,574
Long-term liabilities			
Long-term interest-bearing liabilities		0	0
Total long-term liabilities		0	0
Total liabilities		36,457	4,574
Shareholders' equity			
Share capital		1,671	1,671
Legal reserves		93,928	95,901
<i>Reserves from capital contribution</i>		93,928	95,901
Profit/loss carried forward		24,854	-1,515
Profit for the year		4,229	28,502
Treasury shares		-1,654	-2,601
Total shareholders' equity	6	123,028	121,958
Total liabilities and shareholders' equity		159,485	126,532

Notes to the Financial Statements 2022 of Mikron Holding AG

1. Accounting principles applied in the preparation of the financial statements

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO, effective since 1 January 2013). Significant financial statement items are accounted for as follows:

Principle of prudence and relationship with fiscal regulations

For replacement purposes and to ensure the long-term prosperity of the undertaking, additional depreciation and valuation adjustments may be made. For the same purposes, the cancellation of depreciation and valuation adjustments that are no longer justified may be dispensed with.

Recognition of revenue

Revenues comprise all proceeds from services rendered by Mikron Holding AG. These revenues are recognized if the amount of revenue can be reliably measured and it is sufficiently probable that the economic benefits will flow to Mikron Holding AG.

Services and other income

The services and other income materially only include a fee charged to Group companies for the use of the Mikron trademark.

Other operating expenses

The other operating expenses include the costs for the administration of the Group, costs for maintenance of the trademarks and their protection as well as the compensation of the Board of Directors.

Cash and cash equivalents and short-term investments with a quoted market price

Cash and cash equivalents are valued at their nominal value. Excessive cash is partially invested in marketable securities that are valued at market value.

Loans to and loans from Group companies

Loans to Group companies are valued at cost less impairment and loans from Group companies at their nominal value. For entities with negative equity as per the valuation of the investment and impairment in the same extent is recognized on the respective loans to those Group companies. The short-/long-term classification is evaluated on the expected cash flows of the individual companies. Maturities of third-party financing contracts in the individual Group companies are taken into consideration.

Investments

Investments exclusively comprise investments in Group companies and are reported at cost less impairments. The assessment of the recoverable amount of these investments is based on the individual equity value of the subsidiaries measured in accordance with Swiss GAAP FER.

Foreign currencies

Monetary and non-monetary items in foreign currency are translated into Swiss francs at the following exchange rates:

Currency	Average rate 2022	Closing rate 31.12.2022
1 EUR	1.00	0.99
1 USD	0.95	0.93
1 SGD	0.69	0.69
1 CNY	0.14	0.13

The exchange rates used for balance sheet items are the rates prevailing on 31 December; the exchange rates used for transactions conducted during the course of the year and for items in the profit and loss statement are set on a monthly basis. As an indication the unweighted average rates for the 2022 financial year are disclosed.

2. Financial income and expenses from investments and revaluation of loans

CHF 1,000	2022	2021
Revaluation of investments and loans	7,288	29,779
Total financial income from investments and loans	7,288	29,779
Revaluation of investments and loans	-791	-1,459
Total financial expenses from investments and loans	-791	-1,459
Net financial income from investments and revaluation of loans	6,497	28,320

3. Other financial income and expenses

CHF 1,000	2022	2021
Interest income from Group companies	464	818
Interest income from third parties	6	21
Foreign exchange gains	352	843
Other financial income	221	131
Total other financial income	1,043	1,813
Interest expense to Group companies	-945	-151
Interest expense to third parties	-7	-15
Foreign exchange losses	-1,497	-639
Other financial expenses	-463	-670
Total other financial expenses	-2,912	-1,475
Net other financial expenses/income	-1,869	338

4. Major investments

Please refer to page 122.

5. Subordinated loan

Loans to Group companies include subordinated loans amounting to CHF 6.2 million (prior year: CHF 6.1 million).

6. Statement of shareholders' equity

CHF 1,000	Share capital	Reserves from capital contribution	Treasury shares	Profit/loss carried forward	Shareholders' equity
Balance at 31.12.2020	1,671	95,901	-3,212	-1,325	93,035
Profit 2021				28,502	28,502
Proceeds/payments for change in treasury shares			611	-190	421
Balance at 31.12.2021	1,671	95,901	-2,601	26,987	121,958
Profit 2022				4,229	4,229
Proceeds/payments for change in treasury shares			947	-160	787
Distribution to shareholders		-1,973		-1,973	-3,946
Balance at 31.12.2022	1,671	93,928	-1,654	29,083	123,028

In 2022 the company granted 79,196 treasury shares to Group Management and other key personnel (prior year: 39,129) and 20,390 treasury shares to the Board of Directors (prior year: 25,095) at no consideration, sold no shares (prior year: none) and acquired 1 treasury share (prior year: none). At 31 December 2022 Mikron Holding AG, Biel owned 174,066 treasury shares (prior year: 273,651 shares).

7. Significant shareholders and their investment

As at 31 December 2022, there are two shareholders with investments of more than 5% in voting rights (Ammann Group Holding AG, Berne 41.9%; Mr. Rudolf Maag, Binningen 14.1%). No other single shareholder holds 5% or more of the voting rights. Ammann Group Holding AG is represented on the Board of Directors by Mr. Hans-Christian Schneider.

8. Shares held by members of the Board of Directors and Group Management

	31.12.2022		31.12.2021	
	Number of shares	Voting power	Number of shares	Voting power
Board of Directors				
P. Zumbühl, Chairman	70,635	0.42%	61,963	0.37%
E. Rikli, Vice-Chairman (until 30.04.2022)	n/a	n/a	33,827	0.20%
A. Casutt, Vice-Chairman (since 01.05.2022)	14,881	0.09%	11,365	0.07%
H.-M. Hauser, Member	14,099	0.08%	11,365	0.07%
A. Bendler, Member	2,734	0.02%	n/a	n/a
H.-C. Schneider, Member	2,734	0.02%	n/a	n/a
Group Management				
M. Desrayaud, CEO	26,275	0.16%	9,775	0.06%
R. Rihs, COO	62,797	0.38%	49,617	0.30%
J. Perez Freije, CFO	28,457	0.17%	19,231	0.12%

9. Debt guarantees, guarantee obligations and liens in favor of third parties

Collateral for third-party liabilities

CHF 1,000	31.12.2022	31.12.2021
Guarantees in favor of bank syndicate	77,000	77,000
Guarantees for Group companies	38,264	23,041

10. Number of employees

In 2022 and 2021 the number of full-time equivalents did not exceed 10 on an annual average basis.

Proposed appropriation of retained earnings and capital reserves

Retained earnings

The Board of Directors proposes to the Annual General Meeting of Shareholders that the profit carried forward of CHF 27.0 million for the year ended 31 December 2022 be appropriated as follows:

CHF 1,000	2022	2021
Profit/loss carried forward at the beginning of the period	25,014	-1,325
Shortfall in proceeds from sale of treasury shares	-160	-190
Profit for the year	4,229	28,502
Profit carried forward available to the General Meeting	29,083	26,987

CHF 1,000	2022 Motion of the Board of Directors	2021 Resolution of the General Meeting
Profit carried forward available to the General Meeting	29,083	26,987
Distribution to shareholders	-3,308	-1,973
Carried forward	25,775	25,014

Reserves from capital contribution

The Board of Directors also proposes to the Annual General Meeting of Shareholders that a portion of the reserves from capital contribution be allocated as follows:

CHF 1,000	2022 Motion of the Board of Directors	2021 Resolution of the General Meeting
Reserves from capital contribution	93,928	95,901
Allocation to voluntary retained earnings and distribution to shareholders	-3,308	-1,973
Carried forward	90,620	93,928

Report of the Statutory Auditor



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STATUTORY AUDITOR'S REPORT

To the general meeting of Mikron Holding AG, Biel/Bienne

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mikron Holding AG (the Company) - which comprise the balance sheet as at 31 December 2022, and the income statement and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 112 to 118 and 122) comply with Swiss law and the articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Audits of Financial Statements (SA-CH). Our responsibilities under those 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, 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.

Other Matter

The financial statements of Mikron Holding AG for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 9 March 2022.

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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO Ltd, a limited company under Swiss law, incorporated in Zurich, forms part of the international BDO Network of independent member firms.

Key Audit Matter	How the Key Audit Matter was addressed in the audit
<p>Valuation of investments and loans to group companies</p> <p>As of 31 December 2022, Mikron Holding AG recognized investments of CHF 74.1 million, short-term interest-bearing receivables of CHF 22.6 million and loans of CHF 11.5 million to group companies (hereafter "receivables to group companies"). This corresponds to 67.8 % of total assets.</p> <p>Investments in group companies are recognized at historical cost less any adjustments for impairments. The determination of any need for impairment of the receivables to group companies as well as the investments is based on a comparison of the carrying amount with equity and considering the results of operations of the respective group companies.</p> <p>In our view, this material account balance is a key audit matter because of the following reasons:</p> <ul style="list-style-type: none"> • The significance of the account balances. • In profit and loss statement the following effects are recognized: <ul style="list-style-type: none"> • CHF 7.3 million as income from revaluation of investments and loans • CHF 0.8 million as expenses from revaluation of investments and loans <p>Refer to the company's accounting principles summarized in note 1 as well as note 2 regarding revaluation of investments.</p>	<p>In order to assess the valuation of investments and receivables to group companies at 31 December 2022, we tested management's assessment of the recoverability of selected investments and receivables as follows:</p> <p>The valuation of receivables to group companies and investments were calculated on the basis of a net asset value analysis based on the Swiss GAAP FER net assets of the respective group company. In doing so, we analyzed whether the value of the investment and receivables to group is covered by the net asset value.</p> <p>In the event of any changes in the value of the receivables or investments, we have also verified the proper recognition in the income statement.</p> <p>We also assessed the presentation and disclosure in the statutory financial statements.</p>
<p>Other Information</p>	
<p>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 financial statements, the consolidated financial statements, the compensation report and our auditor's report thereon.</p> <p>Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p>	
<p>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.</p>	
<p>Responsibilities of the board of directors for the Financial Statements</p>	



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The board of directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law, 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 Swiss Standards on Audits of Financial Statements 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits>. This description forms part of our auditor's report.

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

Bern, 8 March 2023

BDO Ltd

Thomas Bigler
Auditor in Charge
Licensed Audit Expert

Fabian Mollet
Licensed Audit Expert

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Group Companies/ Investments Mikron Holding AG

Local Currency 1,000	Activity	Currency	Share capital		Shareholding direct		Shareholding indirect	
			2022	2021	2022	2021	2022	2021
Switzerland								
Mikron Holding AG, Biel	1	CHF	1,671	1,671				
Mikron Switzerland AG, Langenthal	1, 2, 3	CHF	12,000	12,000	100%	100%		
Germany								
Mikron Germany GmbH, Rottweil	2, 3	EUR	383	383	100%	100%		
Mikron Berlin GmbH, Berlin	2, 3	EUR	515	515	100%	100%		
Lithuania								
UAB Mikron Kaunas, Kaunas	2, 3	EUR	900	400	100%	100%		
Singapore								
Mikron Singapore Pte. Ltd., Singapore	2, 3	SGD	6,781	6,781	100%	100%		
P.R. China								
Mikron Industrial Equipment (Shanghai) Co., Ltd., Shanghai	2, 3	CNY	26,238	26,238			100%	100%
Mikron Tool (Shanghai) Co., Ltd., Shanghai	2, 3	CNY	403	403	100%	100%		
USA								
Mikron Corp. Denver, Englewood	2, 3	USD	10	10			100%	100%
Mikron Corp. Monroe, Monroe	3	USD	3,500	3,500	100%	100%		

Activity

- 1 = Management/Service
2 = Production/Development
3 = Sales/Service

