



Invitation to the Annual General Meeting 2020

Including short version of Annual Report 2019

Content

- 3 A warm welcome
- 4 Program Annual General Meeting
- 5 Agenda and proposals
- 10 Organizational information

- 11 **Annual Report 2019 – Short version**
- 12 Key Figures
- 14 Management Report
- 18 Mikron Automation
- 20 Mikron Machining Solutions
- 22 Consolidated Financial Statements 2019
- 23 Balance sheet
- 24 Cash flow statement
- 25 Notes
- 26 Corporate Governance and Compensations
- 29 Share performance

- 30 **The Mikron Group**

A warm welcome

Dear Shareholders,

The major changes in the automotive industry have left their mark on almost all mechanical engineering companies and tool manufacturers. The Mikron Group is also looking back on a challenging 2019. The Machining Solutions business segment was clearly affected by customers' great reluctance to invest in durable production equipment. Following a boom in the 2018 financial year, demand for our tools also fell significantly from mid-2019 onwards. However, thanks to the broader range of tools on offer, especially for new markets and applications, the volume stabilized at a satisfactory level.

The continued good performance of Mikron Automation is very encouraging. All locations in this segment with the exception of the Berlin plant, which primarily serves German automotive customers, benefited from a good market environment. Mikron Automation's business developed particularly well in Switzerland and the USA. Both locations succeeded in delivering very large and technically highly complex assembly systems to the full satisfaction of our customers. Mikron also made further important progress in Asia in 2019.

The appended short version of the Annual Report contains a review of the 2019 financial year. The full Annual Report is available in English on our website. You can also order a print version from us.

Please use the enclosed form to register to attend the Annual General Meeting or appoint a proxy. Alternatively, you may vote electronically. The relevant information can be found on the "Registration/appointment of proxy" form.



Heinrich Spoerry
Chairman of the Board of Directors

Program Annual General Meeting

Date and place

Wednesday, 15 April 2020
Kongresshaus Biel, Zentralstrasse 60

Program

3.00 p.m. Doors open, registration and security clearance

4.00 p.m. Annual General Meeting commences

Welcome address
Heinrich Spoerry, Chairman of the Board of Directors

2019 financial year and outlook 2020
Heinrich Spoerry, Chairman of the Board of Directors
Bruno Cathomen, CEO Mikron Group
Javier Perez Freije, CFO Mikron Group

Questions from shareholders

Regular agenda items
Heinrich Spoerry, Chairman of the Board of Directors

approx.

5.30 p.m. Annual General Meeting ends

Agenda and proposals

1. Annual Report 2019

1.1 Management Report, Financial Statements of Mikron Holding AG and Consolidated Financial Statements 2019 of the Mikron Group; reports of the statutory auditor

Proposal

The Board of Directors proposes the approval of the Management Report, the Financial Statements of Mikron Holding AG and the Consolidated Financial Statements 2019 of the Mikron Group.

Remarks

A comprehensive review of the 2019 financial year is included in the Annual Report 2019 (available in English only), which also contains the reports of the statutory auditor, information on corporate governance, and the Compensation Report. A short version of the Annual Report can be found on pages 14 to 30 of this invitation.

1.2 Advisory vote on the Compensation Report 2019

Proposal

The Board of Directors proposes that the Compensation Report 2019 be approved. An advisory vote will be held in accordance with Art. 13 of the Articles of Association.

Remarks

The Compensation Report (pages 60 to 64 of the Annual Report 2019) outlines the principles and elements of the remuneration payable to the Board of Directors and Group Management. It details the remuneration paid in the year under review to the members of the Board of Directors and Group Management, and shows their shareholdings in Mikron Holding AG.

2. Discharge of members of the Board of Directors and Group Management

Proposal

The Board of Directors proposes to discharge the members of the Board of Directors and Group Management for the 2019 financial year.

3. Appropriation of retained earnings, allocation and appropriation of reserves from capital contributions

in CHF 1,000

Profit carried forward	28,700
Shortfall in proceeds from sale of treasury shares	-73
Loss for the year	-3,259
Profit carried forward	25,368

Proposal

- The Board of Directors proposes that
- 3.1 a distribution for 2019 of CHF 0.03 per share from retained earnings and reserves from capital contributions in the amount of CHF 0.03 per share be allocated to voluntary (as per resolution) retained earnings, and a withholding tax-free distribution for 2019 of CHF 0.03 per share be stipulated.
 - 3.2 the remaining retained earnings for the year ended 31 December 2019 be carried forward to new account.

Remarks

The Board of Directors proposes to the Annual General Meeting a distribution of CHF 0.03 per share from retained earnings and a withholding tax-free distribution for 2019 of CHF 0.03 per share from reserves from capital contributions. Based on a maximum of 16,712,744 shares, this results in a total amount of CHF 501,382.32 from retained earnings and CHF 501,382.32 from the reserves from capital contributions. No dividends are distributed on shares owned by Mikron Holding AG. Prior to this, reserves from capital contributions in the amount of CHF 0.03 per share with a par value of CHF 0.03 each are to be allocated to voluntary (as per resolution) retained earnings. Provided this proposal is approved by the Annual General Meeting, the payout will be made on 21 April 2020. The final trading day on which shares will still be entitled to a distribution is 16 April

2020. Shares will be traded ex dividend from 17 April 2020.

4. Elections relating to the Board of Directors

4.1 Members of the Board of Directors

The one-year term of office of the entire Board of Directors expires at the Annual General Meeting 2020. All members of the Board of Directors will be standing for re-election.

Proposal

The Board of Directors proposes that the following be elected for a term of one year until the conclusion of the Annual General Meeting 2021:

- 4.1.1 Heinrich Spoerry, Swiss (born in 1951)
- 4.1.2 Eduard Rikli, Swiss (born in 1951)
- 4.1.3 Patrick Kilchmann, Swiss (born in 1958)
- 4.1.4 Andreas Casutt, Swiss (born in 1963)
- 4.1.5 Hans-Michael Hauser, German (born in 1970)
- 4.1.6 Paul Zumbühl, Swiss (born in 1957)

Remarks

For more information on current members of the Board of Directors standing for re-election, please see the Annual

Report 2019, Corporate Governance section, page 45.

4.2 Chairman of the Board of Directors

Proposal

The Board of Directors proposes the re-election of Heinrich Spoerry as Chairman of the Board of Directors for a term of one year until the conclusion of the Annual General Meeting 2021.

4.3 Members of the Remuneration Committee

The one-year term of office of the members of the Remuneration Committee expires at the Annual General Meeting 2020. Both members will be standing for re-election. The Board of Directors additionally proposes Paul Zumbühl for election to the Remuneration Committee and intends to reappoint Patrick Kilchmann as Chairman of the Remuneration Committee, provided he is re-elected by the Annual General Meeting.

Proposal

The Board of Directors proposes the election of the following as members of the Remuneration Committee for a term of one year until the conclusion of the Annual General Meeting 2021:

- 4.3.1 Patrick Kilchmann, Swiss (born in 1958)
- 4.3.2 Andreas Casutt, Swiss (born in 1963)

- 4.3.3 Paul Zumbühl, Swiss (born in 1957)

5. Approval of the total future remuneration payable to the Board of Directors and Group Management

5.1 Remuneration payable to the Board of Directors

Proposal

The Board of Directors proposes the approval of the total remuneration payable to the members of the Board of Directors for the period up to the next Annual General Meeting of maximum CHF 540,000.

Remarks

The maximum total amount proposed is CHF 540,000 (previous year: CHF 540,000) for the six Members of the Board of Directors for the term of office until the next Annual General Meeting the basic fee (including remuneration for the work in the Board Committees), the flat-rate expenses as well as all contributions to the Social security. The total remuneration will be issued in the form of shares in Mikron Holding AG (maximum 25,000 shares) and otherwise in the form of cash amounts aligned. The shares to be allotted are blocked for at least 3 years.

The remuneration effectively paid will be disclosed in the Compensation

Report for the 2020 financial year and be the subject of the related advisory vote to be held at the Annual General Meeting in 2021.

5.2 Remuneration payable to Group Management

Proposal

The Board of Directors proposes that the following be approved as remuneration payable to Group Management:

- 5.2.1 The total fixed and performance-related remuneration which may be paid to Group Management during the 2021 financial year of maximum CHF 1.85 million.
- 5.2.2 The allocation of 26,935 shares for the past financial year 2019, which, valued at the price on 10 March 2020, corresponds to a value of CHF 150,836.

Remarks

The proposed total amount of a maximum of CHF 1.85 million is related to the compensation of the three members of Group Management. This includes a maximum compensation for the CEO of around CHF 0.7 million. In addition, an allocation of shares under the Long-Term Incentive Plan for the financial years 2019 to 2021 will be applied for the 2019 financial year.

The maximum total amount of CHF 1.85 million is made up of the following amounts for the respective compensation components:

- Basic remuneration: maximum of CHF 1.1 million. The Board of Directors will stipulate the actual remuneration for 2021 at the end of 2020.
- Variable remuneration: maximum of CHF 0.45 million, subject to maximum attainment of targets by all members of Group Management.
- Pension and supplementary benefits, as well as employer contributions to social insurance: maximum of CHF 0.3 million. The amount of the effective obligations depends, among other factors, on the basic and variable remuneration effectively paid, on the age structure of the members of Group Management and on the insurance contributions.

The remuneration effectively paid in relation to proposal 6.2.1 will be disclosed in the Compensation Report for 2021 and be the subject of the related advisory vote to be held at the Annual General Meeting in 2022.

6. Election of the independent proxy

Proposal

The Board of Directors proposes the re-election of Urs Lanz, notary and ad-

vocate from Nidau, as the independent proxy until the conclusion of the Annual General Meeting 2021.

7. Election of the statutory auditor

Proposal

The Board of Directors proposes the re-election of PricewaterhouseCoopers AG, Bern, as statutory auditor for the 2020 financial year.

Organizational information

Annual Report

The Annual Report (Review of Operations, Financial Report of Mikron Holding AG and of the Mikron Group) as well as the auditor's reports for 2019 are available for inspection at the company's administrative offices at Güterstrasse 20, 4900 Langenthal, Switzerland.

The Annual Report can be ordered using the registration form and is available on Mikron's website, www.mikron.com, as a PDF file. Copies will also be on display at the Annual General Meeting. The invitation to the 2020 Annual General Meeting can also be viewed on Mikron's website.

Right to vote

Those shareholders of Mikron Holding AG entered in the share register as "with voting rights" up to and including 8 April 2020 are entitled to vote. No entries will be made in the share register from 9 to 15 April 2020.

Admission cards and appointment of proxy

With the enclosed document "Registration/appointment of proxy", shareholders can order admission cards, or may opt to be represented. Admission cards will be sent out from 30 March 2020 onwards.

Shareholders are asked to send this document, together with the instruction form if required, as quickly as possible to ShareComServices AG, Europastrasse 29, CH-8152 Glattbrugg.

Shareholders also have the option of registering or appointing the independent proxy online until 4 p.m. on 9 April 2020. Information regarding the online platform and your personal access data can be found in the "Registration/appointment of proxy" document. In accordance with the law and the Articles of Association, shareholders who do not wish to attend the Annual General Meeting in person may opt to be represented as follows:

- by a person appointed by the shareholder, or
- by the independent proxy, Mr. Urs Lanz, notary and advocate, Hauptstrasse 54, 2560 Nidau, Switzerland.

Other information

The Annual General Meeting will be held in German. Due to the current coronavirus situation, shareholders are recommended to make use of the possibility to be represented by the independent proxy.

Biel, March 2020

Mikron Holding AG
Mühlebrücke 2
CH-2502 Biel
Tel. +41 32 321 72 00
Fax +41 32 321 72 01
ir.mma@mikron.com

Annual Report 2019
Short version

Key Figures

in CHF million, except number of employees	2019		2018		+/-	
Key performance data						
Order intake ¹⁾	288.5		362.3		-73.8	-20.4%
Machining Solutions	119.4		162.2		-42.8	-26.4%
Automation	169.2		200.9		-31.7	-15.8%
Net sales	327.6		314.7		12.9	4.1%
Machining Solutions	151.5		160.3		-8.8	-5.5%
Automation	177.2		155.2		22.0	14.2%
Order backlog ¹⁾	157.4		195.7		-38.3	-19.6%
Machining Solutions	38.1		68.0		-29.9	-44.0%
Automation	119.4		128.2		-8.8	-6.9%
Research and development	10.4		11.6		-1.2	-10.3%
Number of employees (end of year) ¹⁾	1,486		1,398		88	6.3%
Machining Solutions	707		695		12	1.7%
Automation	750		679		71	10.5%
Earnings						
EBITDA ¹⁾ , as % of net sales	22.9	7.0%	22.2	7.1%	0.7	3.2%
EBIT ¹⁾ , as % of net sales	14.1	4.3%	13.9	4.4%	0.2	1.4%
Machining Solutions	1.1	0.7%	4.2	2.6%	-3.1	-73.8%
Automation	12.9	7.3%	8.4	5.4%	4.5	53.6%
Operating result, as % of net sales	14.0	4.3%	12.7	4.0%	1.3	10.2%
Profit for the year, as % of net sales	8.8	2.7%	12.2	3.9%	-3.4	-27.9%
Cash flow						
Cash flow from operating activities (incl. changes in net working capital), as % of net sales	7.3	2.2%	20.1	6.4%	-12.8	-63.7%
Balance sheet						
Balance sheet total	289.5		289.5		0.0	0.0%
Current assets	178.0		185.0		-7.0	-3.8%
Cash and current financial assets	44.1		44.6		-0.5	-1.1%
Non-current assets	111.5		104.5		7.0	6.7%
Current liabilities	103.6		110.0		-6.4	-5.8%
Long-term liabilities	16.6		15.2		1.4	9.2%
Shareholders' equity, as % of balance sheet total	169.2	58.5%	164.3	56.8%	4.9	3.0%

1) Alternative performance measures, see Annual Report 2019, pages 102 bis 104, or www.mikron.com/apm

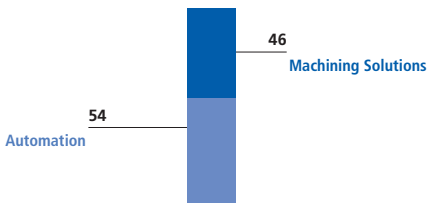
Sales

CHF 327.6 million

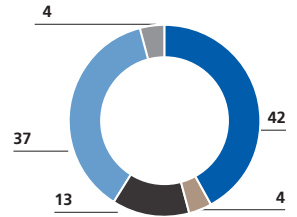
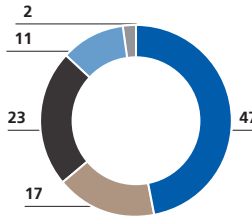
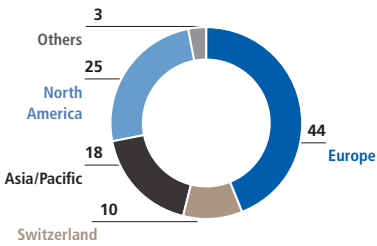
CHF 151.5 million

CHF 177.2 million

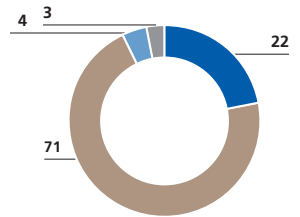
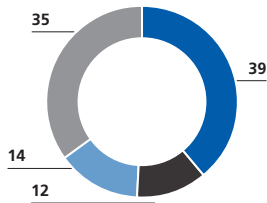
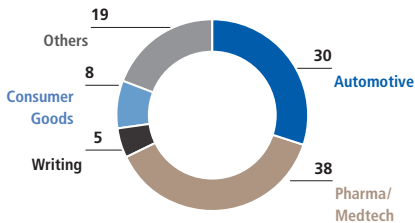
By segment in %



By region in %



By industry in %



Management Report (excerpt)

In the 2019 financial year, the Mikron Group was able to increase sales and maintain EBIT at the previous year's level. By contrast, the Group saw a significant year-on-year decline in order intake and order backlog, especially in the Mikron Machining Solutions business segment. Overall, the Group achieved sales of CHF 327.6 million (prior year: 314.7 million, +4.1%) and order intake of CHF 288.5 million (prior year: CHF 362.3 million -20.4%). The order backlog of CHF 157.4 million on December 31, 2019, is markedly behind the record figure of December 31, 2018 (CHF 195.7 million, -19.6%). With EBIT at CHF 14.1 million (prior year: CHF 13.9 million, +1.4%), the Group achieved an EBIT margin of 4.3% (2018: 4.4%).

Group business review

The two business segments Mikron Automation and Mikron Machining Solutions have seen very different market developments and business performances in 2019. Mikron Automation made excellent use of the good order backlog at the beginning of the year and of the generally positive dynamics in its core market. The Machining Solutions segment suffered primarily from the sharp decline in demand in the machine business – especially from the automotive industry.

Mikron Automation established itself further as a leading technology and assembly solution supplier in the European and US pharmaceutical and medtech industries. In contrast, order intake from the automotive industry was well below the corresponding prior-year figure.

The Mikron Machining Solutions business segment operates as two divisions: Mikron Machining and Mikron Tool. The Mikron Machining division already saw a decline in demand from the automotive industry in the first half of the year. In the second half, demand began to falter in the other market segments as well, while demand from automotive customers reduced further.

After the excellent growth seen in the prior year, the Mikron Tool division started 2019 with a large order backlog. As numerous customers reduced their inventories and call-off obligations after the market overheated in 2018, tool orders decreased markedly in 2019. The division generally maintained sales at the solid prior-year volume, thanks in part to new products.

Order intake

The Mikron Group reported order intake of CHF 288.5 million in 2019, representing a decrease of 20.4% against the prior year (CHF 362.3 million).

Europe remains Mikron's most important market, with approximately 51% of orders received in 2019 placed by European customers (previous year: 49%). The two strongest market segments are the pharmaceutical and medtech industries with 48% (previous year: 40%) and the automotive industry contributing 16% (prior year: 31%) to overall order intake. In North America, Mikron Automation did not quite reach the high level of the previous year, while Mikron Machining Solutions

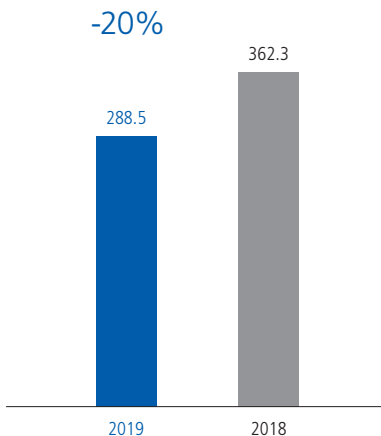
was able to make some gains at a low level. In Asia, on the other hand, Mikron Automation received more orders and Mikron Machining Solutions fewer than in the previous year.

Net sales, capacity utilization and order backlog

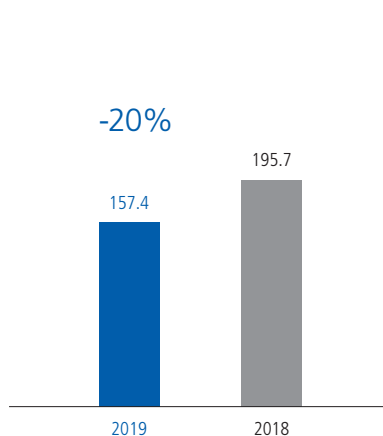
Posting annual net sales of CHF 327.6 million, the Mikron Group exceeded the prior-year result (CHF 314.7 million) by 4.1%. While Mikron Automation succeeded in increasing sales by 14.2%, Mikron Machining Solutions posted a decrease of 5.5%.

While the Mikron Automation business segment enjoyed good capacity utilization throughout the 2019 financial year, this was

Order intake
in CHF million



Order backlog
in CHF million



Annual sales
in CHF

327.6 million

2019

314.7 million

2018

not the case for the Mikron Machining Solutions business segment. The Machining division already started to reduce capacity and introduce short-time working toward the end of 2019. During the year under review, the Mikron Tool division was mostly able to fill the available capacity thanks to an exceptionally high order backlog at the beginning of the year and reduced but relatively stable order intake.

At CHF 157.4 million, the Mikron Group's order backlog at the end of 2019 was 19.6% lower than the prior-year record figure. While the Machining Solutions business segment reported a year-on-year decline in order backlog of 44.0%, the same figure decreased by 6.9% in the Automation segment.

Profitability

In the 2019 business year, the Mikron Group reported EBIT of CHF 14.1 million (previous year: CHF 13.9 million).

The Mikron Machining Solutions business segment posted EBIT of CHF 1.1 million (prior year: CHF 4.2 million). The decrease in profitability reflects the lower level of machine sales in 2019 as well as ongoing new product development costs, with the tools business achieving a pleasing result overall. Mikron Automation reported improved EBIT of CHF 12.9 million after the prior year's EBIT of CHF 8.4 million. The EBIT margin for this business segment increased to 7.3% (prior year: 5.4%).

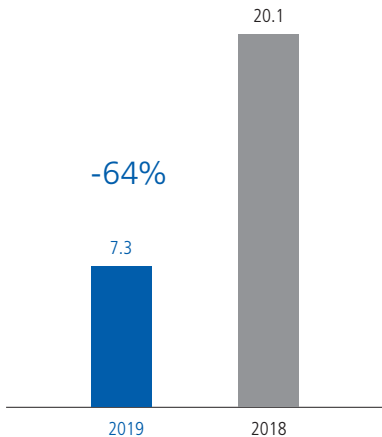
Mikron's net earnings for 2019 were CHF 8.8 million, compared to CHF 12.2 million in the prior year. Net earnings per share for 2019 came to CHF 0.54 (prior year: CHF 0.74). At the Annual General Meeting on April 15, the Board of Directors of the Mikron Group will propose a distribution from capital contribution reserves of CHF 0.03 per share and a dividend of CHF 0.03 per share.

Balance sheet, financing and equity ratio

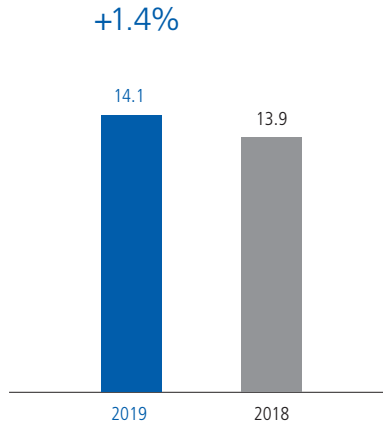
Overall, the Mikron Group's balance sheet remains strong. Mikron is free of net debt, and reports a healthy equity ratio.

Cash and cash equivalents plus current financial assets of CHF 44.1 million exceed interest-bearing liabilities of CHF 21.6 million. The current financial assets of CHF 6.2 million are mainly invested in Swiss franc bonds with a

Cash flow from operating activities
in CHF million



EBIT
in CHF million



residual maturity of less than three years. The net cash position remained at a high CHF 22.5 million or 7% of net sales (prior year: 11%).

Net working capital rose by CHF 9.5 million to CHF 41.8 million. Overall, net working capital to net sales amounts to 13%, which is an increase compared with the prior year (10%). This was driven by a lower level of prepayments received from projects sold before year-end.

Outlook

At Group level, the outlook is currently very difficult, not only for order intake, but also for sales and profitability in 2020. The lower

capacity utilization at Mikron Machining Solutions and the necessary adjustments will have a significant impact on Mikron's results in 2020. The effects of the coronavirus cannot yet be estimated.

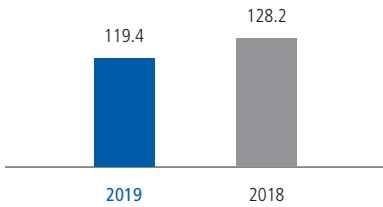
Mikron Automation

The Automation business segment witnessed a renewed year-on-year increase in sales as well as a further improvement in profitability in 2019. This was due in particular to encouraging developments in the pharmaceutical and medtech sectors, its main market.

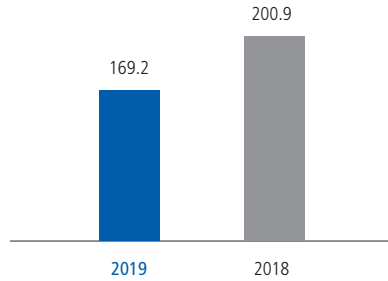
In the 2019 financial year as well, Mikron Automation's highly productive assembly systems continued to enjoy strong demand worldwide in its main market, comprising the pharmaceutical and medtech industries. In contrast, order intake from the automotive industry was well below the corresponding prior-year figure. The uncertainty prevailing in this sector also impacted Mikron Automation. Several projects were postponed, and prices came under greatly increased pressure. This was felt particularly acutely by the Berlin site, working exclusively for the automotive industry.

Thanks to a solid pipeline of projects from 2018 at the decision stage, a number of major repeat orders from the pharmaceutical and medtech industries and several new orders from the European electronics industry, Mikron Automation was able to keep order intake at a healthy level despite a substantial fall-off from the automotive industry. Western Europe and the USA remain Mikron Automation's main geographic markets.

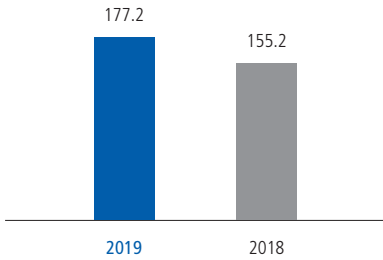
Order backlog
in CHF million



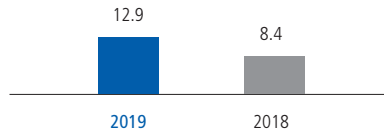
Order intake
in CHF million



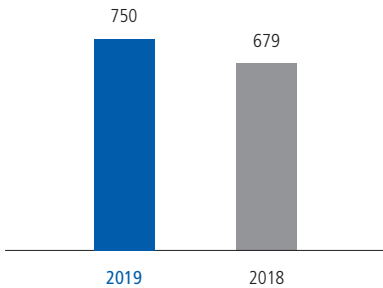
Net sales
in CHF million



EBIT
in CHF million



Number of employees



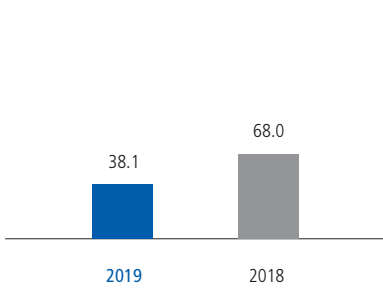
Mikron Machining Solutions

The Machining Solutions business segment very clearly felt the decline in demand from the automotive industry in the 2019 financial year. This is particularly true of the machinery business. Despite an encouraging order backlog at the beginning of the year, the business segment suffered a year-on-year decline in sales.

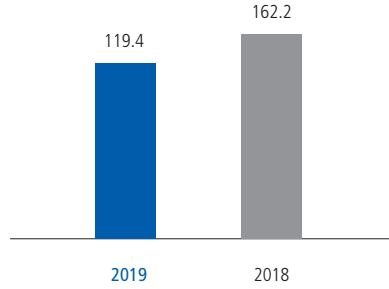
The Mikron Machining division started the year under review with an overall satisfactory order backlog. Due to the sharp drop in demand from the automotive industry, order intake in this division was disappointing overall, especially from mid-year onwards.

The Mikron Tool division started 2019 with a high order backlog and delivery times still long. As of early summer there was a visible fall-off in demand from the automotive industry. After the market overheated in 2018, many customers reduced their inventories and call-off obligations. This had an impact on order intake. In other markets such as medtech, aviation and the watchmaking industry, demand for Mikron's high-tech tools continued to rise. Thanks in part to new products, the division generally maintained sales at the solid prior-year volume.

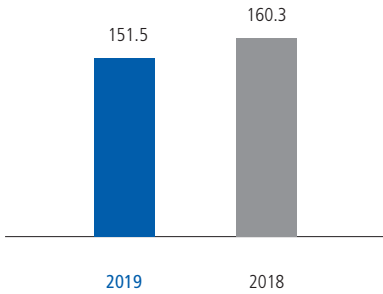
Order backlog
in CHF million



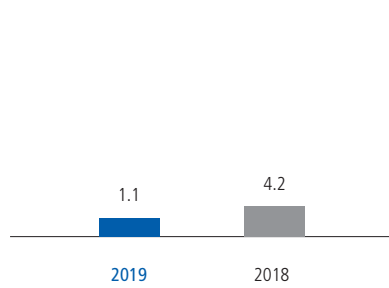
Order intake
in CHF million



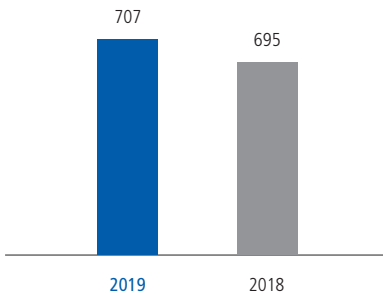
Net sales
in CHF million



EBIT
in CHF million



Number of employees



Consolidated Financial Statements 2019 of the Mikron Group

Consolidated income statement

CHF 1,000	2019		2018	
Net sales	327,553	100%	314,692	100%
Change in work in progress/finished goods	984		8,384	
Capitalized own production	1,006		1,018	
Material costs and subcontractors	-120,256		-127,336	
Personnel expenses	-134,409		-128,271	
Other operating income	1,560		2,035	
Other operating expenses	-54,222		-49,839	
Depreciation of tangible assets	-6,885		-6,242	
Amortization of intangible assets	-1,375		-1,704	
Operating result	13,956	4.3%	12,737	4.0%
Financial result	-474		-1,000	
Ordinary result	13,482	4.1%	11,737	3.7%
Non-operating result	161		1,132	
Profit before taxes	13,643	4.2%	12,869	4.1%
Income taxes	-4,877		-626	
Profit	8,766	2.7%	12,243	3.9%
Net earnings per share – undiluted	0.54		0.74	
Net earnings per share – diluted	0.54		0.74	

Consolidated balance sheet

CHF 1,000	31.12.2019		31.12.2018	
Current assets				
Cash and cash equivalents	37,992		27,567	
Current financial assets	6,152		17,033	
Accounts receivable	21,889		24,110	
Inventories	61,171		65,532	
Net assets from customer projects	40,764		41,460	
Other current receivables	4,800		5,302	
Prepaid expenses	5,276		3,977	
Total current assets	178,044	61.5%	184,981	63.9%
Non-current assets				
Tangible assets	73,781		64,197	
Intangible assets	5,224		4,941	
Investment property	28,415		28,908	
Deferred tax assets	4,048		6,494	
Total non-current assets	111,468	38.5%	104,540	36.1%
Total assets	289,512	100.0%	289,521	100.0%
Current liabilities				
Short-term financial liabilities	11,527		1,967	
Accounts payable	20,205		25,971	
Net liabilities from customer projects	39,621		51,341	
Short-term provisions	9,791		5,805	
Other current liabilities	3,536		4,316	
Accrued expenses	18,969		20,629	
Total current liabilities	103,649	35.8%	110,029	38.0%
Long-term liabilities				
Long-term financial liabilities	10,063		8,605	
Long-term provisions	509		413	
Deferred tax liabilities	6,071		6,165	
Total long-term liabilities	16,643	5.7%	15,183	5.2%
Shareholders' equity				
Share capital	1,671		1,671	
Treasury shares	-3,658		-4,092	
Capital reserves	95,901		99,158	
Retained earnings	75,306		67,572	
Total shareholders' equity	169,220	58.5%	164,309	56.8%
Total liabilities and shareholders' equity	289,512	100.0%	289,521	100.0%

Consolidated statement of cash flow

CHF 1,000	2019	2018
Cash flow from operating activities		
Profit	8,766	12,243
Depreciation and amortization	8,260	7,946
Revaluation of investment property	493	386
Net gain (-)/loss (+) on sale of non-current assets	-156	-33
Changes in provisions	4,160	1,965
Changes in deferred taxes	2,378	-544
Other non-cash items	1,033	495
Movement in accounts receivable	1,917	-5,413
Movement in inventories	3,847	-18,283
Movement in net assets/liabilities from customer projects	-11,383	15,907
Movement in accounts payable	-8,913	2,996
Movement in other receivables and prepaid expenses	-837	-1,586
Movement in other current liabilities and accrued expenses	-2,284	4,028
Cash flow from operating activities	7,281	20,107
Cash flow from investing activities		
Investments in tangible assets	-9,349	-10,376
Divestments of tangible assets	571	124
Investments in intangible assets	-1,962	-1,572
Investments in investment property	0	-61
Investments in financial assets	0	-9,336
Divestments of financial assets	10,688	7,542
Cash flow from investing activities	-52	-13,679
Cash flow from financing activities		
Purchase of treasury shares	0	-4,092
Distribution to shareholders	-3,256	-835
Increase (+)/repayment (-) of financial liabilities	8,603	-14,186
Repayment (-) of finance lease liabilities	-1,902	-1,512
Interest received	339	264
Interest paid	-418	-477
Cash flow from financing activities	3,366	-20,838
Effect of exchange rate changes on cash and cash equivalents	-170	-184
Net cash flow	10,425	-14,594
Increase (+)/decrease (-) of cash and cash equivalents	10,425	-14,594
Cash and cash equivalents at beginning of period	27,567	42,161
Cash and cash equivalents at end of period	37,992	27,567

Notes

1. General information

Mikron Holding AG is a limited company under Swiss law, domiciled in Biel. Its shares are listed on the SIX Swiss Exchange.



**The full annual report
2019 is available or can
be ordered on the
Mikron website:**
www.mikron.com/reports

2. Accounting principles

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER. However, the data presented in the short version of this report should be read in conjunction with the full annual report for the year 2019. This short version does not fulfill all the disclosure requirements of Swiss GAAP FER nor are the accounting principles set out.

3. Scope 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.

Corporate Governance and Compensation

The full corporate governance and compensation reports are part of the full annual report, which is available on the Mikron website (www.mikron.com/reports).

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 2019 had a market capitaliza-

tion of CHF 113.0 million. The Mikron Group is organized by divisions. For the purposes of reporting, two business segments and the Corporate Service organization have been identified.

Principles of the Mikron Group compensation policy

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 lockup period. This gives recipients a share in the company's long-term performance and ensures alignment with shareholder interests.

Geared to the labor market

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

The business segments are structured according to 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 13 active companies worldwide. The corporate structure and the companies are listed in the Annual Report. The Mikron Group's management structure is independent of its legal structure.

Board of Directors

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 by law, the Articles of Association or the regulations. It issues guidelines on corporate policy and keeps itself informed about the course of business. 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/aaa) and the Organizational Rules.

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

- **Heinrich Spoerry**, lic. oec., MBA, Swiss, born in 1951, Chairman, non-executive, first elected 2001, elected until 2020
- **Eduard Rikli**, Dipl. Ing. ETH, Dr. sc. Tech. ETH, Swiss, born in 1951, Vice-Chairman, non-executive, first elected 2010, elected until 2020
- **Patrick Kilchmann**, Dipl. phys. ETH, lic. oec. HSG, Swiss, born in 1958, member, non-executive, first elected 2011, elected until 2020
- **Andreas Casutt**, Dr. iur., LL.M., Swiss, born in 1963, member, non-executive, first elected 2013, elected until 2020
- **Hans-Michael Hauser**, MSc Physics, MSc Mathematics, Engineer, MBA, German, born in 1970, member, non-executive, first elected 2016, elected until 2020
- **Paul Zumbühl**, Dipl. Ing., MBA, AMP. Swiss, born in 1957, member, non-executive, first elected 2018, elected until 2020

Group Management

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 division heads.

- **Bruno Cathomen**, CEO, Head of Mikron Machining Solutions, Swiss, born in 1967, joined 2009
- **Rolf Rihs**, Head of Mikron Automation, Swiss, born in 1963, joined 2002
- **Javier Perez Freije**, CFO, Spanish, born in 1975, joined 2018

Auditors

The Annual General Meeting elects the auditors for one year at a time. Since 2004, PricewaterhouseCoopers AG, Berne has held the auditing mandate at Mikron Holding AG, its companies and the Mikron Group. Since the 2015 business year Norbert Kühnis, as lead auditor, has been responsible for the mandate.

Compensation

Overall responsibility for defining the basic principles of compensation lies with the Gen-

eral 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.

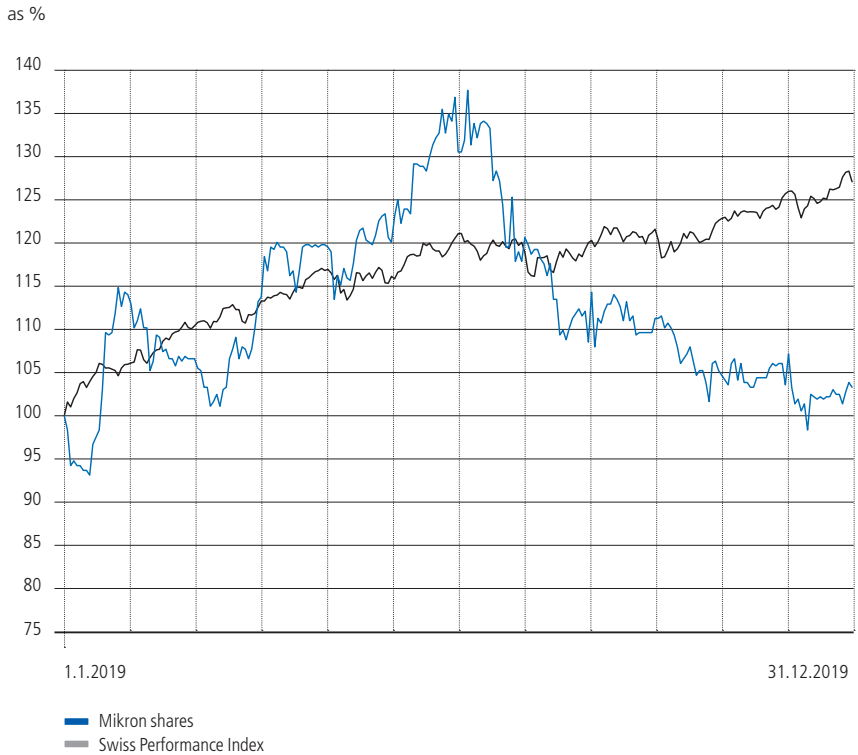
Information on the compensation paid in 2019 can be found in the full annual report.

Significant shareholders

The following table illustrates the shareholder structure of Mikron Holding AG. It also lists and names those shareholders who, as at December 31, 2019, hold 3% or more of the voting rights of Mikron Holding AG.

Shareholders	31.12.2019		31.12.2018	
	Number of shares of CHF 0.10 par value each		Number of shares of CHF 0.10 par value each	
Ammann Group Holding AG	6,992,335	41.8%	6,958,335	41.6%
Rudolf Maag	2,348,588	14.1%	2,348,588	14.1%
Veraison SICAV	0	0.0%	1,199,048	7.2%
Public shareholders	7,175,666	42.9%	6,052,228	36.2%
Board of Directors and Group Management	196,155	1.2%	154,545	0.9%
Total	16,712,744	100.0%	16,712,744	100.0%

Share performance



The Mikron Group

The Mikron Group develops, produces and markets highly precise, productive and adaptable automation solutions, machining systems and cutting tools. Rooted in the Swiss culture of innovation, Mikron is a global partner to companies in the automotive, pharmaceutical, medtech, consumer goods, writing instruments and watchmaking industries.

The Mikron Group enables its customers to increase quality and industrial productivity. The Group has over 100 years of experience, state-of-the-art technologies, and a global service. The two business segments Mikron Automation and Mikron Machining Solutions are based in Switzerland (Boudry and Agno). Additional production sites are located in the USA, in Germany, Singapore, China and Lithuania. Mikron Holding AG shares are traded on SIX Swiss Exchange (MIKN). The Mikron Group employs a total workforce of around 1,500.

Mikron Holding AG
Mühlebrücke 2
CH-2502 Biel

Phone +41 32 321 72 00
Fax +41 32 321 72 01

ir.mma@mikron.com

Published in English and German

March 2020, © Copyright Mikron Holding AG
Mikron® is a trademark of Mikron Holding AG, Biel (Switzerland).

Except for the historical information contained herein, the statements in this short version of the annual report are forward-looking statements that involve risks and uncertainties.

