



2022

Semiannual Report

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Except for the historical information contained herein, the statements in this Semiannual Report are forward-looking statements that involve risks and uncertainties.

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Dear Shareholders,

In the first half of 2022, the Mikron Group was able to continue the overall positive development of 2021 and further improve the most important key figures compared to the same period last year. The significant increase in order intake (+33.3%), to which all business areas contributed, is encouraging.

Overall, the Group's net sales increased from CHF 139.9 million to CHF 145.9 million (+4.3%), while EBIT rose by 39.0% to CHF 11.4 million and the EBIT margin increased to 7.8% of net sales (first half of 2021: 5.9%). The improvement in profitability is mainly due to higher sales in the Machining division. The free cash flow stood at CHF 3.4 million for the first half of 2022 (first half of 2021: CHF 19.1 million). The coronavirus pandemic continued to affect and complicate our business, especially with regard to the Chinese market. Another major challenge was the frequent interruptions in the global supply chain for raw materials and vendor products. Thanks to the close and trusting cooperation with our valued customers, Mikron always succeeded in finding good solutions to corresponding supply problems in all three divisions in the first half of 2022.

At the 2022 Annual General Meeting on 27 April, we were pleased to announce the election of Alexandra Bendler and Hans-Christian Schneider as new members of the Board of Directors. They are replacing Eduard Rikli and Patrick Kilchmann, who did not stand for re-election. We would like to take this opportunity to thank the two long-standing members of the Board of Directors for their many years of dedicated service to the Mikron Group.

We would also like to thank you, our valued shareholders, for the confidence you have placed in us.



Paul Zumbühl
Chairman of the Board of Directors



Marc Desrayaud
Chief Executive Officer

Key Figures for the First Half Year 2022

in CHF million, except number of employees	1.1.–30.6.2022		1.1.–30.6.2021		+/-	
Key performance data						
Order intake ¹⁾	223.3		167.5		55.8	33.3%
Machining Solutions	96.6		71.5		25.1	35.1%
Automation	126.7		96.0		30.7	32.0%
Net sales	145.9		139.9		6.0	4.3%
Machining Solutions	62.0		53.7		8.3	15.5%
Automation	83.9		86.2		-2.3	-2.7%
Order backlog ¹⁾ (end of period)	255.7		190.2		65.5	34.4%
Machining Solutions	95.4		56.6		38.8	68.6%
Automation	160.3		133.7		26.6	19.9%
Number of employees ¹⁾ (end of period)	1,367		1,333		34	2.6%
Machining Solutions	536		522		14	2.7%
Automation	800		783		17	2.2%
Earnings						
EBITDA ¹⁾ , as % of net sales	15.6	10.7%	12.6	9.0%	3.0	23.8%
EBIT ¹⁾ , as % of net sales	11.4	7.8%	8.2	5.9%	3.2	39.0%
Machining Solutions	4.2	6.8%	0.6	1.1%	3.6	600.0%
Automation	7.5	8.9%	8.1	9.4%	-0.6	-7.4%
Operating result, as % of net sales	11.3	7.7%	8.4	6.0%	2.9	34.5%
Profit, as % of net sales	10.5	7.2%	11.8	8.4%	-1.3	-11.0%
Cash flow						
Cash flow from operating activities (incl. changes in net working capital), as % of net sales	10.3	7.1%	29.0	20.7%	-18.7	-64.5%
Balance sheet						
	30.6.2022		31.12.2021			
Balance sheet total	313.8		300.0		13.8	4.6%
Current assets	177.6		164.6		13.0	7.9%
Cash and current financial assets	52.9		54.5		-1.6	-2.9%
Non-current assets	136.2		135.4		0.8	0.6%
Current liabilities	120.0		114.2		5.8	5.1%
Long-term liabilities	20.0		20.7		-0.7	-3.4%
Shareholders' equity, as % of balance sheet total	173.8	55.4%	165.1	55.0%	8.7	5.3%

1) Alternative performance measures, see pages 16 to 18.

1.1–30.6.2022

1.1–30.06.2021

Net sales

Total amount CHF 145.9 million

CHF 139.9 million

By segment

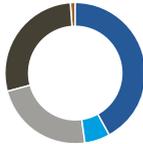


42 %
58 %

Machining Solutions 38 %
Automation 62 %



By region



42 %
6 %
23 %
28 %
1 %

Europe 43 %
Switzerland 6 %
Asia/Pacific 15 %
North America 33 %
Others 3 %

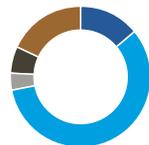


By industry



13 %
53 %
5 %
8 %
21 %

Automotive 14 %
Pharma/Medtech 58 %
Writing 4 %
Consumer Goods 6 %
Others 18 %



Management Report

The Mikron Group's half-year figures for 2022 are again better than in the previous year. Order intake increased by 33.3% and net sales by 4.3%, while EBIT rose from CHF 8.2 million in the first half of 2021 to CHF 11.4 million (+39.0%) and 7.8% of net sales (first half of 2021: 5.9%). Strong demand in all key markets, continued good performance of divisions Mikron Automation and Mikron Tool and higher sales in the Mikron Machining division were the key factors in this gratifying development.

In the first half of 2022, Mikron succeeded in achieving important development targets in all three divisions. 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 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 of the production building in Agno.

To cope with increasing inflation, all divisions of Mikron 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 our profitability.

Development of key figures

Order intake

At CHF 223.3 million, the Mikron Group's order intake for the first half of 2022 is 33.3% higher than the corresponding figure for the first half of 2021 (CHF 167.5 million). All divisions con-

tributed to this growth. The most significant increase was achieved by the Mikron Machining division (+52.9%) including long term frame orders. The Mikron Automation division was also able to take advantage of the continuing high demand from the pharma and medtech sectors, and increased its order intake by 32.0%.

Sales

The Mikron Group's net sales rose from CHF 139.9 million in the first half of 2021 to CHF 145.9 million in the first half of 2022 (+4.3%). A major part of the significant increase in order intake will generate sales from 2023 onwards, and in subsequent years. With a 48% share of sales, Europe (including Switzerland) remained the Mikron Group's principal sales market in the first half of 2022. Mikron increased sales in Europe by 3.4% compared with the first half of 2021, in Asia by 60.8% while the sales in the USA decreased by -13.4%.

Order backlog and capacity utilization

At CHF 255.7 million, the Mikron Group's order backlog at the end of June 2022 was 44.7% higher than the figure at the end of 2021 (CHF 176.7 million). With the exception of the Chinese sites, capacity utilization in all three divisions was high during the whole first half of 2022.

Profitability

Compared with 2021, Mikron increased its half-year EBIT from CHF 8.2 million to CHF 11.4 million. The Group thus achieved an EBIT margin of 7.8% for the first half of 2022. Profit is at CHF 10.5 million below the 2021 half-year result (first half of 2021: CHF 11.8 million). Last year's profit included a one-time positive tax effect of CHF 5.0 million, resulting from the merger of the Swiss companies and the related capitalization of tax loss carryforwards.

Financing and equity ratio

The Mikron Group's equity ratio was 55.4% at the end of June 2022 (end of 2021: 55.0%). With a net cash position (cash and cash equivalents plus current financial assets less interest-bearing liabilities) of CHF 46.2 million, the Group remains debt-free.

Cash flow

Cash flow from operating activities (including changes in net working capital) amounted to CHF 10.3 million in the first half of 2022 (first half of 2021: CHF 29.0 million). Investments amounted to CHF 6.9 million, resulting in free cash flow of CHF 3.4 million.

Mikron Automation business segment

In the Mikron Automation business segment, demand from its most important sales market, the pharmaceutical and medtech industries, remained sound at all times. Capacity utilization was very good throughout the course of the half-year. In Asia, Mikron Automation's business was impacted by the coronavirus pandemic-related lockdown in China. The profitability of the business segment was slightly below the level of 2021.

Key figures for Mikron Automation

At CHF 83.9 million, the Mikron Automation business segment was 2.7% below the sales figure for the first half of 2021 (CHF 86.2 million), partially due to the supply chain disruption. At CHF 126.7 million, Mikron Automation's order intake surpassed the already high level of the first half of 2021 (CHF 96.0 million) by 32.0%. The resulting order backlog of CHF 160.3 million at the end of June 2022 was higher than that of the middle and end of 2021. Mikron Automation posted EBIT of CHF 7.5 million (first half of 2021: CHF 8.1 million and an EBIT margin of 8.9% (first half of 2021: 9.4%).

Innovations and continuous improvements

In the first half of 2021, the Mikron Automation business segment continued to systematically pursue its various product development projects. The extended assembly hall in Boudry is now fully operational. The 7,800 m² expansion gave the factory – now 15,000 m² – a completely new look: a smart office offers a collaborative and innovative working environment for the engineering of customers' projects. A new 3,900 m² hall is entirely dedicated to the fine-tuning and qualification of Mikron's assembly solutions. The opening of a new clean room in Denver, USA, late 2021 allowed Mikron to offer pre-production services to pharma and medtech customers and extend our offering and competence.

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 the extended building in Agno and further progressed its repositioning. At Mikron Tool, 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

Net sales for the business segment increased from CHF 53.7 million in the first half of 2021 to CHF 62.0 million in the first half of 2022, with EBIT amounting to CHF 4.2 million (first half of 2021: CHF 0.6). At CHF 96.6 million, the Mikron Machining Solutions business segment's order intake for the first half of 2022 was CHF 25.1 million higher than in the first half of 2021 (CHF 71.5 million, +35.1%). At the end of June 2022, the order backlog stood at CHF 95.4 million (end of December 2021: CHF 61.1 million, +56.1%).

Innovations and continuous improvements

Mikron Machining continued the further development of its Mikron MultiX rotary transfer machine platform in the first half of 2022. Individual platform elements can be easily combined to meet specific needs of customers in term of production flexibility and competitiveness.

Mikron Tool further advanced its product development strategy in the first half of 2022 and launched additional products for stainless steels and heat-resistant alloys.

Employees

At the end of June 2022, the Mikron Group had a workforce of 1,367 (end of 2021: 1,327).

Outlook

It remains difficult to make a forecast for the second half of the year due to the unpredictable development of the world economy and the inflation trend, the war in Ukraine, the distortions in the global supply chain, and the coronavirus pandemic. For the second half of 2022, Mikron expects profitability to remain at a similar level to the first half of 2022.

Semiannual Financial Statements 2022

Consolidated income statement

Condensed, CHF 1,000	1.1.–30.6.2022		1.1.–30.6.2021	
Net sales	145,880	100.0%	139,892	100.0%
Change in work in progress/finished goods	990		-4,296	
Material costs and subcontractors	-46,367		-42,464	
Personnel expenses	-64,274		-61,615	
Other operating expenses (net)	-20,920		-18,903	
Depreciation and amortization	-3,983		-4,196	
Operating result	11,326	7.8%	8,418	6.0%
Financial result	603		-326	
Ordinary result	11,929	8.2%	8,092	5.8%
Non-operating result	86		-243	
Profit before taxes	12,015	8.2%	7,849	5.6%
Income taxes	-1,536		3,969	
Profit	10,479	7.2%	11,818	8.4%
Net earnings per share – undiluted	0.64		0.72	
Net earnings per share – diluted	0.64		0.72	

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

Consolidated balance sheet

Condensed, CHF 1,000	30.6.2022		31.12.2021	
Cash and cash equivalents	52,639		54,107	
Current financial assets	297		427	
Receivables and prepaid expenses	30,455		28,030	
Inventories	58,148		53,440	
Net assets from customer projects	36,078		28,642	
Total current assets	177,617	56.6%	164,646	54.9%
Tangible assets	88,599		87,724	
Intangible assets	3,277		3,603	
Investment property	27,265		27,515	
Other non-current assets	17,035		16,551	
Total non-current assets	136,176	43.4%	135,393	45.1%
Total assets	313,793	100.0%	300,039	100.0%
Short-term financial liabilities	1,943		2,109	
Current liabilities and accrued expenses	48,012		41,867	
Net liabilities from customer projects	55,333		55,049	
Short-term provisions	14,690		15,198	
Total current liabilities	119,978	38.2%	114,223	38.1%
Long-term financial liabilities	4,683		5,604	
Long-term provisions	732		750	
Other long-term liabilities	14,627		14,392	
Total long-term liabilities	20,042	6.4%	20,746	6.9%
Total shareholders' equity	173,773	55.4%	165,070	55.0%
Total liabilities and shareholders' equity	313,793	100.0%	300,039	100.0%

Consolidated statement of shareholders' equity

Condensed, CHF 1,000	30.6.2022	30.6.2021
Opening balance	165,070	145,519
Profit	10,479	11,818
Translation adjustments	1,728	1,310
Distribution to shareholders	-3,945	0
Change in treasury shares / share-based compensation	441	349
Closing balance	173,773	158,996

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

Consolidated statement of cash flow

Condensed, CHF 1,000	1.1.–30.6.2022	1.1.–30.6.2021
Profit	10,479	11,818
Non-cash items	4,104	-4,104
Changes in net working capital	-4,282	21,284
Cash flow from operating activities	10,301	28,998
Investments (-)/divestments (+) tangible assets (net)	-6,796	-10,334
Investments (-)/divestments (+) intangible assets (net)	-171	-570
Investments (-)/divestments (+) financial assets (net)	30	941
Other cash flow from investing activities	4	19
Cash flow from investing activities	-6,933	-9,944
Repayment (-) of finance lease liabilities	-861	-957
Distribution to shareholders	-3,945	0
Other cash flow from financing activities	-232	-1,759
Cash flow from financing activities	-5,038	-2,716
Effect of exchange rate changes on cash and cash equivalents	202	244
Net cash flow	-1,468	16,582
Cash and cash equivalents at beginning of period	54,107	38,420
Cash and cash equivalents as at 30.6.	52,639	55,002

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

Notes to the Consolidated Semiannual Financial Statements 2022

1. General information

Mikron Holding AG is a public limited company under Swiss law, domiciled in Biel. Its shares are listed on SIX Swiss Exchange (symbol: MIKN). The Board of Directors approved the 2022 consolidated semiannual financial statements on 19 July 2022. The consolidated semiannual financial statements should be read in conjunction with the consolidated annual financial statements for the 2021 financial year, since they represent an update of the last full set of statements.

2. Accounting principles

The unaudited and condensed consolidated semiannual financial statements for the period from 1 January 2022 to 30 June 2022 have been prepared in accordance with the rules of Swiss GAAP FER 31 "Complementary recommendation for listed companies", which – compared with the annual financial statements – permit shortened versions in terms of presentation and disclosure. The accounting principles set out in the 2021 consolidated financial statements have been applied unchanged.

3. Business seasonality

The activities of the Mikron Group are not subject to significant seasonal fluctuations.

4. Scope of consolidation

The consolidated semiannual financial statements include Mikron Holding AG, Biel, and all Swiss or foreign subsidiaries which the holding company controls directly or indirectly, either by holding more than 50% of the voting rights or through some other form of control.

5. Events after the balance sheet date

No significant events have occurred after the balance sheet date.

6. Foreign currency translation

The most significant exchange rates into Swiss francs for the Group in the period under review are listed below (see chart Exchange rates).

7. Personnel expenses

There was no personnel expense reduction from reimbursements received for short time work and similar in the first half of 2022 (prior year: CHF 1.2 million).

Exchange rates

Currency	Average rate (income statement)		Closing rate (balance sheet)	
	1.1.–30.6.2022	1.1.–30.6.2021	30.6.2022	31.12.2021
1 EUR	1.03	1.10	1.02	1.04
1 USD	0.95	0.91	0.97	0.92
1 SGD	0.69	0.68	0.69	0.68
1 CNY	0.15	0.14	0.14	0.14

8. Non-operating result

Condensed, CHF 1,000	1.1.–30.6.2022	1.1.–30.6.2021
Non-operating income	1,138	675
Non-operating expense	-802	-668
Revaluation	-250	-250
Non-operating result	86	-243

9. Tax expense

No tax savings were recognized from previously not capitalized tax loss carry-forwards (prior year: CHF 5.0 million).

10. Information by business segment

CHF 1,000 / 1.1.–30.6.	Machining Solutions		Automation		Corporate/ Eliminations		Total Group	
	2022	2021	2022	2021	2022	2021	2022	2021
Net sales – third party	61,946	53,649	83,934	86,243	0	0	145,880	139,892
Net sales – Group	21	48	0	5	-21	-53	0	0
Total net sales	61,967	53,697	83,934	86,248	-21	-53	145,880	139,892
Operating result	4,173	633	7,509	8,132	-356	-347	11,326	8,418
Earnings before interest and taxes (EBIT)	4,173	633	7,509	8,132	-270	-590	11,412	8,175

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 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.

	1.1.-30.6.2022	1.1.-30.6.2021	Reference
Operating result	11,326	8,418	Consolidated income statement
+ Non-operating result	86	-243	Consolidated income statement
+ Depreciation and amortization	3,983	4,196	Consolidated income statement
+ Revaluation investment property	250	250	Note 8
EBITDA	15,645	12,621	

EBIT

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

	1.1.-30.6.2022	1.1.-30.6.2021	Reference
Operating result	11,326	8,418	Consolidated income statement
+ Non-operating result	86	-243	Consolidated income statement
EBIT	11,412	8,175	

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.

	1.1.-30.6.2022	1.1.-30.6.2021	Reference
Cash flow from operating activities	10,301	28,998	Consolidated statement of cash flow
+ Cash flow from investing activities	-6,933	-9,944	Consolidated statement of cash flow
- Investments in financial assets	0	-59	Consolidated statement of cash flow
- Divestments of financial assets	30	1,000	Consolidated statement of cash flow
- Interest received	4	19	Consolidated statement of cash flow
Operating free cash flow	3,334	18,094	

Free cash flow

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

	1.1.-30.6.2022	1.1.-30.6.2021	Reference
Cash flow from operating activities	10,301	28,998	Consolidated statement of cash flow
+ Cash flow from investing activities	-6,933	-9,944	Consolidated statement of cash flow
Free cash flow	3,368	19,054	

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.

	30.6.2022	31.12.2021	Reference
Accounts receivable	20,859	19,618	Consolidated balance sheet
+ Inventories	58,148	53,440	Consolidated balance sheet
+ Net assets from customer projects	36,078	28,642	Consolidated balance sheet
+ Other current receivables	3,083	4,109	Consolidated balance sheet
+ Prepaid expenses	6,512	4,303	Consolidated balance sheet
- Accounts payable	20,105	16,968	Consolidated balance sheet
- Net liabilities from customer projects	55,333	55,049	Consolidated balance sheet
- Short-term provisions	14,690	15,198	Consolidated balance sheet
- Other current liabilities	2,853	2,716	Consolidated balance sheet
- Accrued expenses	25,055	22,183	Consolidated balance sheet
Net working capital	6,644	-2,002	

Net debt

The net debt compares financial assets and financial liabilities.

	30.6.2022	31.12.2021	Reference
- Cash and cash equivalents	52,639	54,107	Consolidated balance sheet
- Current financial assets	297	427	Consolidated balance sheet
+ Derivative financial instruments	140	240	Consolidated balance sheet
+ Short-term financial liabilities	1,943	2,109	Consolidated balance sheet
+ Long-term financial liabilities	4,683	5,604	Consolidated balance sheet
Net debt	-46,170	-46,581	

Equity ratio

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

	30.6.2022	31.12.2021	Reference
Total shareholders' equity	173,773	165,070	Consolidated balance sheet
Total assets	313,793	300,039	Consolidated balance sheet
Equity ratio	55.4%	55.0%	

Number of employees

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

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 1,350.