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Dear Shareholders,

The Mikron Group is on track – both operationally and strategically. The significant growth in order intake and sales as well as the marked improvement in the EBIT margin are important signs of this. The course set in 2020 with the comprehensive restructuring measures in both business segments – concentrating on the tools business in Rottweil (Germany) and closing our Berlin site – has started to pay off in our 2021 business results. The increase in demand for Mikron Tool's cutting solutions in the Mikron Machining Solutions business segment and the further rise in sales in the Mikron Automation business segment were also key drivers of the earnings performance. Overall net sales increased to CHF 289.5 Mio. (+12.3%).

The Mikron Automation business segment, which is well positioned in its main sales market of pharmaceutical and medical technology, performed very well in the year under review. Demand remained sound and capacity utilization was excellent during the whole year. Locations in Asia still benefited from orders related to coronavirus test devices.

In the Mikron Machining Solutions business segment, demand for cutting solutions from the Mikron Tool division has recovered significantly since the beginning of 2021, and the division was able to markedly increase sales volumes. The Mikron Machining division also made progress. After the first half of the year, which still remained difficult, the division succeeded in winning some strategically important orders for new applications in the second half of the year. These came, for example, from the watch industry, the connector industry, and the automotive industry, outside the combustion engine sector.

During the first half of the year, I had the pleasure of taking over the chairmanship of the Board of Directors of the Mikron Group from Heinrich Spoerry. He has played a key role in shaping the development of the Mikron Group. On behalf of the entire Group, we would like to thank Heinrich Spoerry for the great commitment he has shown to Mikron over the many years.

Further changes are imminent on the Mikron Group's Board of Directors: Eduard Rikli and Patrick Kilchmann will not be standing for re-election at the Annual General Meeting on 27 April 2022. The Board of Directors will propose that the General Meeting elect Alexandra Bendler and Hans-Christian Schneider. Alexandra Bendler has been working for the Autoneum Group

(formerly Rieter Automotive) in Winterthur since 2008 – and since 2019 as a member of the Group Executive Board and as Head of Business Group Europe. Hans-Christian Schneider has been CEO of the Ammann Group in Langenthal since 2013. We would like to take this opportunity to thank Eduard Rikli, who had a decisive influence on the development of the Group over the past two decades and shown great commitment and foresight. Our thanks also go to Patrick Kilchmann for his eleven years of dedication to the Mikron Group.

The appended short version of the Annual Report contains a review of the 2021 financial year. The full Annual Report is available in English as an online version (<https://report.mikron.com>) and as a PDF. Due to the coronavirus pandemic, we unfortunately have to deviate from the planned General Meeting on 27 April 2022. The Annual General Meeting is not open to the public. Voting is only possible via the independent proxy.

We ask all shareholders to delegate their voting rights via written power of attorney to the independent proxy (Mr. Urs Lanz, notary and advocate, Hauptstrasse 54, 2560 Nidau). If you would like to submit a vote at the General Meeting, make a proposal on an agenda item or ask questions, you can do so in writing to the extent permitted. We will take note of your vote and record it in the minutes, comment on proposals and answer the questions in writing. Please send us your vote or questions by 25 April 2022 to ir.mma@mikron.com.

We thank you for your understanding and look forward to welcoming you personally to our Annual General Meeting again next year.



Paul Zumbühl
Chairman of the Board of Directors

Mikron's Financial Year 2021 in a Nutshell

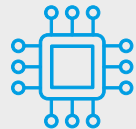
Restructuring successfully completed.
Markedly improved earning situation.

EBIT* rose from
CHF -4.7 million to
CHF 17.6 million.

Cash flow from
operating activities
rose from
CHF 9.2 million
to CHF 50.7 million.

Net sales rose
from CHF 257.8
million to CHF
289.5 million.

*before restructuring costs



Digitalization of
products and services
markedly deepened.



Merger of Swiss entities
and realization
of efficiency gains.



Investing in the future
of the Swiss sites
in Boudry and Agno.

Mikron Group is entering 2022 financial year in a strong position, with sound cost structure, a solid order backlog in both business segments and a good demand trend in all key markets.

Key Figures

CHF million, except number of employees

2021

2020

+/-

Key performance data						
Order intake ¹⁾	305.7		267.3	38.4	14.4%	
Machining Solutions	135.4		96.0	39.4	41.0%	
Automation	170.5		171.5	-1.0	-0.6%	
Net sales	289.5		257.8	31.7	12.3%	
Machining Solutions	112.9		96.3	16.6	17.2%	
Automation	176.7		161.7	15.0	9.3%	
Order backlog ¹⁾	176.7		161.6	15.1	9.3%	
Machining Solutions	61.1		38.2	22.9	59.9%	
Automation	115.6		123.4	-7.8	-6.3%	
Research and development	6.6		6.5	0.1	1.5%	
Number of employees (end of year) ¹⁾	1,327		1,331	-4	-0.3%	
Machining Solutions	523		545	-22	-4.0%	
Automation	775		759	16	2.1%	
Earnings						
EBITDA ¹⁾ , as % of net sales	27.1	9.4%	-8.9	-3.5%	36.0	n/a
EBIT ¹⁾ , as % of net sales, before restructuring costs	17.6	6.1%	-4.7	-1.8%	22.3	n/a
Machining Solutions	2.5	2.2%	-13.6	-14.1%	16.1	n/a
Automation	15.8	8.9%	9.1	5.6%	6.7	73.6%
EBIT ¹⁾ , as % of net sales	17.6	6.1%	-20.8	-8.1%	38.4	n/a
Machining Solutions	2.5	2.2%	-21.6	-22.4%	24.1	n/a
Automation	15.8	8.9%	1.1	0.7%	14.7	1,336.4%
Operating result, as % of net sales	18.0	6.2%	-20.1	-7.8%	38.1	n/a
Profit/loss for the year, as % of net sales	17.0	5.9%	-22.1	-8.6%	39.1	n/a
Cash flow						
Cash flow from operating activities (incl. changes in net working capital), as % of net sales	50.7	17.5%	9.2	3.6%	41.5	451.1%
Balance sheet (end of year)						
Balance sheet total	300.0		277.1	22.9	8.3%	
Current assets	164.6		164.7	-0.1	-0.1%	
Cash and current financial assets	54.5		40.4	14.1	34.9%	
Non-current assets	135.4		112.4	23.0	20.5%	
Current liabilities	114.2		115.6	-1.4	-1.2%	
Long-term liabilities	20.7		16.0	4.7	29.4%	
Shareholders' equity, as % of balance sheet total	165.1	55.0%	145.5	52.5%	19.6	13.5%

1) Alternative performance measures, see Annual Report 2021, pages 102 of 104 or www.mikron.com/apm

Agenda and proposals

1. Annual Report 2021

1.1 Management Report, Financial Statements of Mikron Holding AG and Consolidated Financial Statements 2021 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 2021 of the Mikron Group.

Remarks

A comprehensive review of the 2021 financial year is included in the Annual Report 2021 (available in English only at www.mikron.com/reports), 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 12 to 31 of this program.

1.2 Advisory vote on the Compensation Report 2021

Proposal

The Board of Directors proposes that the Compensation Report 2021 be approved. An advisory vote will be held in accordance with Art.13 of the Articles of Association.

Remarks

The Compensation Report (pages 59 to 64 of the Annual Report 2021) 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 2021 financial year.

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

in CHF 1,000

Loss carried forward	-1,325
Shortfall in proceeds from sale of treasury shares	-190
Profit of the year	28,502
Profit carried forward	26,987

Proposal

The Board of Directors proposes,

- 3.1 to allocate a distribution for 2021** of CHF 0.12 per share from retained earnings and reserves from capital contributions in the amount of CHF 0.12 per share to voluntary retained earnings in accordance with the resolution and to set a distribution for 2021 of CHF 0.12 per share free of withholding tax.
- 3.2 to carry forward the remaining retained earnings** as of 31 December 2021.

Explanations

The Board of Directors proposes to the Annual General Meeting a distribution of CHF 0.12 per share from retained earnings and a withholding tax-free distribution for 2021 of CHF 0.12 per share from the reserve from capital contributions. Based on a maximum of 16,712,744 shares, this results in a total amount of CHF 2,005,529.28 from retained earnings and CHF 2,005,529.28 from the reserve from capital contributions. No dividend is paid on treasury shares held by Mikron Holding AG. Prior to this, reserves from capital contributions in the amount of CHF 0.12 per share with a par value of CHF 0.12 each are to be allocated to voluntary retained earnings in accordance with the resolution. Provided that the Annual General Meeting approves the proposal, payment will be made on 3 May 2022.

The last trading day entitling to receive the distribution is 28 April 2022. As of 29 April 2022, the shares will be traded ex dividend.

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 2022. With the exception of Eduard Rikli and Patrick Kilchmann, 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 2023:

- 4.1.1 Paul Zumbühl, Swiss (born in 1957)
- 4.1.2 Andreas Casutt, Swiss (born in 1963)
- 4.1.3 Hans-Michael Hauser, German (born in 1970)
- 4.1.4 Alexandra Bendler, German (born in 1973)
- 4.1.5 Hans-Christian Schneider, Swiss (born in 1979)

Remarks

Eduard Rikli, a member of the Board of Directors since 2010, has reached the maximum age specified in the organiza-

tional regulations and will therefore not be standing for re-election. Patrick Kilchmann, who has been on the Board of Directors of the Mikron Group since 2011 will not be standing for re-election either. The Board of Directors proposes Alexandra Bendler and Hans-Christian Schneider to be elected as new members.

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 – and since 2019 as a member of the Group Executive Board and as Head of Business Group Europe. 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.

For more information on current members of the Board of Directors standing for re-election, please see the Annual Report 2021, Corporate Governance section, page 44.

4.2 Chairman of the Board of Directors

Proposal

The Board of Directors proposes the election of Paul Zumbühl as Chairman of the Board of Directors for a term of one

year until the conclusion of the Annual General Meeting 2023.

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 2022. Andreas Casutt is standing for re-election. The Board of Directors additionally proposes Hans-Christian Schneider for election to the Remuneration Committee. The Board of Directors intends to appoint Andreas Casutt as Chairman of the Remuneration Committee if he is re-elected as a member of the Board of Directors 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 2023:

- 4.3.1 Andreas Casutt, Swiss
(born in 1963)
- 4.3.2 Hans-Christian Schneider, Swiss
(born in 1979)

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 600,000.

Remarks

The maximum total amount proposed is CHF 600,000 (previous year: CHF 550,000) for the five members of the Board of Directors for the term of office until the next Annual General Meeting. It comprises 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 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 2022 financial year and be the subject of the related advisory vote to be held at the Annual General Meeting in 2023.

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 2023 financial year of maximum CHF 2.0 million.
- 5.2.2. The allocation of 22,509 shares for the past financial year 2021, which valued at the price on 21 March 2022, corresponds to a value of CHF 166,567.

Remarks

The proposed total amount of CHF 2.0 million is related to the compensation of the three members of Group Management. This includes a maximum compensation for the CEO of around CHF 0.8 million. In addition, an allocation of shares under the Long-Term Incentive Plan for the financial years 2021 to 2023 will be applied for the 2021 financial year.

The maximum total amount of 2.0 million is made up of the following amounts for the respective compensation components:

- Basic remuneration: CHF 1.2 million. The Board of Directors will stipulate the actual remuneration for 2023 at the end of 2022.
- Variable remuneration: CHF 0.4 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: CHF 0.4 million. The amount of the effective obligations depends, among other factors, on the basis 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 5.2.1 will be disclosed in the Compensation Report for 2023 and be the subject of the related advisory vote to be held at the Annual General Meeting in 2024.

6. Election of the independent proxy

Proposal

The Board of Directors proposes the re-election of Urs Lanz, notary and advocate from Nidau, as the independent proxy until the conclusion of the Annual General Meeting 2023.

7. Election of the statutory auditor

Proposal

The Board of Directors proposes the election of BDO AG, Bern, as statutory auditor for the 2022 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 2021 are available for inspection at the company's administrative offices at Güterstrasse 20, 4900 Langenthal, Switzerland.

The Annual Report is available on the website www.mikron.com as a PDF file and can also be viewed in an online version at <https://report.mikron.com>. The program of the Annual General Meeting is also available on the website for viewing and downloading.

Right to vote

Those shareholders of Mikron Holding AG entered in the share register as "with voting rights" up to and including 21 April 2022 are entitled to vote. No entries will be made in the share register from 22 to 27 April 2022.

Conduct of the Annual General Meeting and appointment of proxy

Due to the Corona pandemic, the Annual General Meeting of Mikron Holding on 27 April 2022 will not be open to the public. Votes may only be cast via the independent proxy.

All shareholders are requested to delegate their votes to the independent proxy (Mr. Urs Lanz, Notary Public and Attorney

at Law, Hauptstrasse 54, 2560 Nidau) by means of a written power of attorney. Anyone wishing to vote at the Annual General Meeting, submit a motion on an agenda item or ask questions may do so in writing as far as permissible. The Board of Directors will take note of all votes and have them recorded in the minutes. It will comment on motions and answer questions in writing. Votes and questions should be sent by 25 April 2022 to: ir.mma@mikron.com.

Biel, March 2022

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Mühlebrücke 2
CHF-2502 Biel
Phone: +41 32 321 72 00
ir.mma@mikron.com

Annual Report 2021
Short version

Mikron Group

2020

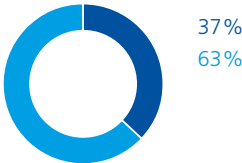
2021

Net Sales

Total amount CHF 257.8 million

CHF 289.5 million

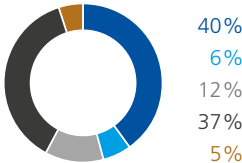
By segment



Machining Solutions 39%
Automation 61%



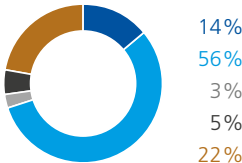
By region



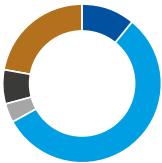
Europe 44%
Switzerland 6%
Asia/Pacific 15%
North America 33%
Others 2%



By industry



Automotive 11%
Pharma/Medtech 56%
Writing 4%
Consumer Goods 7%
Others 22%

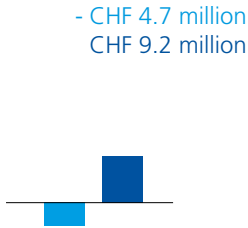


2020

2021

EBIT*

Cash flow from operating activities



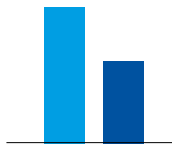
CHF 17.6 million
CHF 50.7 million



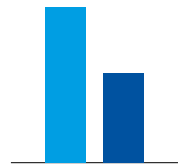
Order intake

Order backlog**

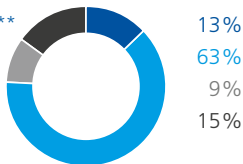
CHF 267.3 million
CHF 161.6 million



CHF 305.7 million
CHF 176.7 million



Employees**



Total 1,331

Europe 9%
Switzerland 65%
Asia/Pacific 9%
North America 17%



Total 1,327

* Before restructuring costs

** At the end of the year

Mikron Automation

2020

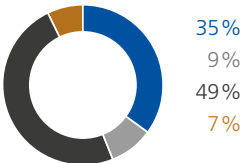
2021

Net Sales

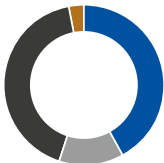
Total amount CHF 161.7 million

CHF 176.7 million

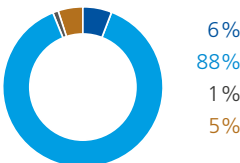
By region



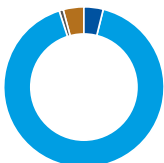
Europe 42%
Asia/Pacific 13%
North America 42%
Others 3%



By industry



Automotive 4%
Pharma/Medtech 91%
Consumer Goods 1%
Others 4%



EBIT* CHF 9.1 million

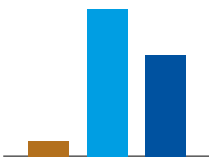
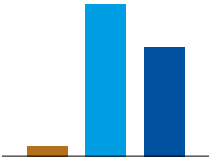
CHF 15.8 million

Order intake CHF 171.5 million

CHF 170.5 million

Order backlog** CHF 123.4 million

CHF 115.6 million



Employees** Total 759



Total 775



* Before restructuring costs
** At the end of the year

Mikron Machining Solutions

2020

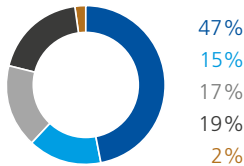
2021

Net Sales

Total amount CHF **96.3** million

CHF **112.9** million

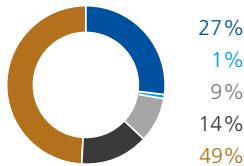
By region



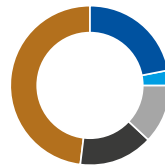
Europe 50%
Switzerland 13%
Asia/Pacific 17%
North America 17%
Others 3%



By industry



Automotive 22%
Pharma/Medtech 3%
Writing 12%
Consumer Goods 15%
Others 48%



EBIT* - CHF 13.6 million

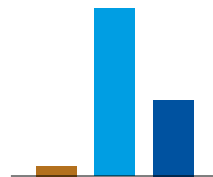
CHF 2.5 million

Order intake CHF 96.0 million

CHF 135.4 million

Order backlog** CHF 38.2 million

CHF 61.1 million



Employees** Total 545



Total 523



* Before restructuring costs

** At the end of the year

Management Report (excerpt)

In 2021, the Mikron Group was able to significantly improve its earnings situation. All financial key figures are considerably better than in the previous year. The key drivers of this encouraging development were the restructuring successfully completed in 2020 as well as the significant sales increases reported by the Mikron Tool division of the Mikron Machining Solutions business segment and by the Mikron Automation business segment. Net sales of the Group rose from CHF 257.8 million to CHF 289.5 million (+12.3%). The Group's EBIT for 2021 amounts to CHF 17.6 million (2020: CHF -4.7 million before restructuring costs and CHF -20.8 million after restructuring costs), and the cash flow from operating activities is a remarkable CHF 50.7 million (2020: CHF 9.2 million).

At the end of 2020, the Mikron Group concluded the comprehensive restructuring measures of the previous year with the closure of the machine production facility in Rottwiel (Germany) and its focus on tools. The Berlin site was closed. To simplify the organization, the Board of Directors of Mikron Holding AG decided furthermore to merge the four Swiss subsidiaries Mikron SA Boudry, Mikron SA Agno, Mikron Tool SA Agno and Mikron Management AG, Langenthal, into Mikron Switzerland AG, retroactively effective as per January 1, 2021. Mikron Holding AG, Biel, remained a separate entity. The merger of the four Swiss subsidiaries had a one-time positive tax effect for the financial year 2021 of approximately CHF 5 million by utilizing and capitalizing tax loss carryforwards. The merger has no impact on the operating activities of the Group or on the management of the single locations.

Covid pandemic and supply chain limitations

The Covid pandemic continued to affect and complicate the Mikron Group's business, particularly in the area of services. In response to the pandemic, regulatory requirements had to continue to be met and extensive precautionary measures needed to be taken. During the current year, Mikron's business was also impeded by the uncertain availability of raw materials and supplier parts.

Group Management

There were significant changes in Mikron Group's Board of Directors and Management during the year under review. At the 2021 Annual General Meeting, Paul Zumbühl, Mikron Board member since 2018, took over from Heinrich Spoerry as Chairman of the Board of Directors, and on June 1, 2021, Marc Desrayaud succeeded Bruno Cathomen as

CEO of the Mikron Group. The 55-year-old Frenchman has worked for different Swiss companies. After management positions at ABB, Rieter Textile Machinery and Autoneum, Marc Desrayaud held various posts at Oerlikon Balzers Coating AG since 2012.

At the Mikron Group's 2022 Annual General Meeting, long-serving Board members Dr. Eduard Rikli and Patrick Kilchmann will not be standing for re-election for another term of office. As their successors, the Board of Directors proposes the election of Alexandra Bendler and Hans-Christian Schneider. Industrial engineer Alexandra Bendler is a member of the Group Executive Board responsible for Business Group Europe at automotive supplier Autoneum. Hans-Christian Schneider has been CEO of the Ammann Group in Langenthal since 2013.

Development of key figures

Order intake and net sales

The Mikron Group reported order intake of CHF 305.7 million in 2021, representing an increase of 14.4% compared with the prior year (CHF 267.3 million).

Posting annual net sales of CHF 289.5 million, the Mikron Group exceeded the prior-year's result of CHF 257.8 million by 12.3%. Europe remains Mikron's most important market, with approximately 50% of total net sales in 2021 (2020: 46%). Making up a share of 33%, North America remains in second place (previous year: 37%). The strongest market

segment is by far the pharmaceutical and medtech sector at 56% (previous year: 56%). The automotive industry contributed 11% (prior year: 14%) to total net sales.

Order backlog and capacity utilization

At CHF 176.7 million, the Mikron Group's order backlog at the end of 2021 was 9.3% higher than the prior-year figure. Capacity utilization in the Mikron Automation segment and in the Mikron Tool division was high during the whole year. In the Mikron Machining division, on the other hand, low demand in the first half of the year led to some spare capacity, which was managed with adjusted working hours. In the final months of the year under review, Mikron Machining's capacities were subsequently also well-utilized.

Profitability

In the 2021 financial year, the Mikron Group succeeded in significantly improving its EBIT and profit. Compared with the previous year, Mikron increased its EBIT from CHF -4.7 million (before restructuring costs) to CHF 17.6 million and turned its yearly loss of CHF -22.1 million into a profit of CHF 17.0 million. The Group thus achieved an EBIT margin for 2021 of 6.1%. The successfully completed restructuring measures made a significant contribution to this improvement. Profit per share for the year 2021 came to CHF 1.04 (prior year: loss of CHF -1.35).

Financial result, income taxes and profit

The financial result improved compared to the previous year and amounted to CHF -0.9 million (2020: CHF -2.3 million), CHF 0.6 million

of which was related to net exchange rate gains (prior year: CHF -1.1 million). Interest on and valuation of bonds to optimize financial results were netted against other financial expenses such as fees for bank guarantees. Profit before taxes amounted to CHF 16.7 million (prior year: CHF -23.1 million), on which income taxes of CHF -0.3 million (prior year: CHF -1.0 million) were booked. The tax expense was distorted by the capitalization of previously not recognized tax-loss carry-forwards.

Mikron Automation business segment

The Mikron Automation business segment performed very well in the year under review. 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 year. Locations in Asia still benefited from orders related to corona test devices. Compared to 2020, when restructuring costs and losses related to the Berlin location had a negative impact, profitability of the business segment improved markedly.

Key figures of Mikron Automation

At CHF 176.7 million, the Mikron Automation business segment exceeded net sales for the 2020 financial year (CHF 161.7 million) by 9.3%. At CHF 170.5 million, Mikron Automation's order intake reached almost the high level of 2020 (CHF 171.5 million). The resulting order backlog of CHF 115.6 million at the

end of 2021 was 6.3% lower than that of the end of 2020. Mikron Automation posted EBIT of CHF 15.8 million (2020: CHF 9.1 million before restructuring costs) and an EBIT margin of 8.9% (2020: 5.6% before restructuring costs).

42% of Mikron Automation's sales came from Europe, 42% from North America and 13% 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 2021.

Innovations and continuous improvements

In 2021, the Mikron Automation business segment systematically continued its various product development projects. The sustained demand from the pharmaceutical and medtech industries confirms the decision to expand the building in Boudry was the right one. Mikron officially opened its state-of-the-art Next Factory at the end of November. The 7,800 m² expansion gave the now 15,000 m² factory a completely new look: a Smart Office offers a collaborative and innovative working environment for the engineering of customer projects. A new 3,900 m² hall is entirely dedicated to the fine-tuning and qualification of Mikron's assembly solutions. Mikron Boudry has also completely reorganized the manufacturing processes and material flow.

Mikron Machining Solutions business segment

In the Machining Solutions business segment, the two divisions Mikron Machining and Mikron Tool developed quite differently in the 2021 financial year. Whereas Mikron Tool posted a sales record in the year under review, in the first half of the year Mikron Machining was still suffering from low demand and low-capacity utilization. In the second half of the year, however, the division succeeded in winning some strategically important orders for new applications. These came, for example, from the watch industry, the connector industry, and the automotive industry, outside the combustion engine sector. Based on its good order backlog at the end of 2021, Mikron Machining is confident that it will be able to significantly improve its currently still unsatisfactory earnings situation in 2022.

Mikron Tool 2021 achieved its best sales and order intake ever. In the first half of the year in particular, many customers wanted to replenish their inventories. But tool orders also remained stable in the second half of the year. The machine investments of recent years in Agno (Switzerland) and the complete focus on tool production in Rottweil (Germany) paid off.

Key figures of Mikron Machining Solutions

At CHF 112.9 million, the Mikron Machining Solution business segment exceeded net sales for the 2020 financial year (CHF 96.3 million) by 17.2%. Mikron Machining Solutions' order

intake rose to CHF 135.4 million (2020: CHF 96.0 million, +41%). The resulting order backlog of CHF 61.1 million at the end of 2021 was 59.9% higher than that of the end of 2020. Mikron Machining Solutions posted EBIT of CHF 2.5 million (2020: CHF -13.6 million before restructuring costs) and an EBIT margin of 2.2%.

63% of Mikron Machining Solutions' sales came from Europe (2020: 62%), 17% from North America (2020: 19%) and 17% from Asia (2020: 17%). The business segment achieved 22% of its net sales in the automotive industry, 15% in the consumer goods industry, 12% in the writing industry, and 12% in the industrial and building industries.

Innovations and continuous improvements

In 2021, Mikron Machining continued with the further development of its rotary transfer machine platform Mikron MultiX. The award-winning platform offers Mikron's customers entirely new options. Individual platform elements can be easily combined to meet specific needs. The consolidation of production in one building in Agno with an optimized layout has led to leaner processes and efficiency improvements.

Mikron Tool further advanced its product development strategy and launched additional products for stainless steels and heat-resistant alloys.

Outlook

Compared to the beginning of 2021, the Mikron Group is entering the 2022 financial year in a much stronger position, with a sound cost structure, a solid order backlog in both business segments and a good demand trend in all key sales markets. Mikron is aiming for a further profitability improvement in the current year. A forecast for fiscal year 2022 remains difficult. This is due on the one hand to the unpredictable development in connection with the Corona pandemic and the war in the Ukraine and on the other hand to the uncertain availability of raw materials and supplier parts.

Business model and strategy

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 from the targets communicated in the last few years, the Board of Directors expects the Mikron Group to improve profitability to an EBIT margin of 5-7%, while growing sales in the magnitude of 5% annually on average.

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
- Global partner
- Skilled employees
- First-class service
- Innovation

Consolidated Financial Statements 2021 of the Mikron Group

Consolidated income statement

CHF 1,000	2021		2020	
Net sales	289,455	100%	257,819	100%
Change in work in progress/finished goods	-8,220		-2,684	
Capitalized own production	0		0	
Material costs and subcontractors	-87,775		-94,473	
Personnel expenses	-121,762		-124,328	
Other operating income	1,833		1,433	
Other operating expenses	-46,394		-46,459	
Depreciation of tangible assets	-8,114		-8,304	
Amortization of intangible assets	-1,014		-2,127	
Recycling of goodwill	0		-962	
Operating result	18,009	6.2%	-20,085	-7.8%
Financial result	-850		-2,289	
Ordinary result	17,159	5.9%	-22,374	-8.7%
Non-operating result	-444		-687	
Profit/loss before taxes	16,715	5.8%	-23,061	-8.9%
Income taxes	295		986	
Profit/loss	17,010	5.9%	-22,075	-8.6%
Net earnings per share – undiluted	1.04		-1.35	
Net earnings per share – diluted	1.04		-1.35	

Consolidated balance sheet

CHF 1,000	31.12.2021		31.12.2020	
Current assets				
Cash and cash equivalents	54,107		38,420	
Current financial assets	427		2,021	
Accounts receivable	19,618		18,959	
Inventories	53,440		56,085	
Net assets from customer projects	28,642		38,514	
Other current receivables	4,109		4,917	
Prepaid expenses	4,303		5,770	
Total current assets	164,646	54.9%	164,686	59.4%
Non-current assets				
Tangible assets	87,724		75,644	
Intangible assets	3,603		3,758	
Investment property	27,515		27,912	
Deferred tax assets	16,551		5,126	
Total non-current assets	135,393	45.1%	112,440	40.6%
Total assets	300,039	100.0%	277,126	100.0%
Current liabilities				
Short-term financial liabilities	2,109		14,205	
Accounts payable	16,968		20,362	
Net liabilities from customer projects	55,049		41,625	
Short-term provisions	15,198		16,463	
Other current liabilities	2,716		3,360	
Accrued expenses	22,183		19,593	
Total current liabilities	114,223	38.1%	115,608	41.7%
Long-term liabilities				
Long-term financial liabilities	5,604		10,116	
Long-term provisions	750		818	
Deferred tax liabilities	14,392		5,065	
Total long-term liabilities	20,746	6.9%	15,999	5.8%
Shareholders' equity				
Share capital	1,671		1,671	
Treasury shares	-2,601		-3,212	
Capital reserves	96,516		95,595	
Retained earnings	69,484		51,465	
Total shareholders' equity	165,070	55.0%	145,519	52.5%
Total liabilities and shareholders' equity	300,039	100.0%	277,126	100.0%

Consolidated statement of cash flow

CHF 1,000	2021	2020
Cash flow from operating activities		
Profit/loss	17,010	-22,075
Depreciation and amortization	9,128	10,431
Recycling of goodwill	0	962
Revaluation of investment property	397	503
Net gain (-) / loss (+) on sale of non-current assets	-220	115
Changes in provisions	-1,231	7,021
Changes in deferred taxes	-2,029	-2,442
Share-based compensation	1,111	0
Other non-cash items	862	434
Movement in accounts receivable	-604	2,450
Movement in inventories	2,867	4,077
Movement in net assets/liabilities from customer projects	23,471	4,302
Movement in accounts payable	-4,146	3,203
Movement in other receivables and prepaid expenses	2,339	-733
Movement in other current liabilities and accrued expenses	1,786	927
Cash flow from operating activities	50,741	9,175
Cash flow from investing activities		
Investments in tangible assets	-19,517	-14,382
Divestments of tangible assets	724	328
Investments in intangible assets	-838	-946
Divestments of intangible assets	4	0
Investments of financial assets	-187	0
Divestments of financial assets	2,000	4'000
Interest received	26	101
Cash flow from investing activities	-17,788	-10,899
Cash flow from financing activities		
Increase (+)/repayment (-) of financial liabilities	-15,049	5,125
Repayment (-) of finance lease liabilities	-1,890	-2,136
Interest paid	-414	-479
Cash flow from financing activities	-17,353	2,510
Effect of exchange rate changes on cash and cash equivalents	87	-358
Net cash flow	15,687	428
Increase (+)/decrease (-) of cash and cash equivalents	15,687	428
Cash and cash equivalents at beginning of period	38,420	37,992
Cash and cash equivalents at end of period	54,107	38,420

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 2021 can be viewed and downloaded on the Mikron website:

www.mikron.com/reports

It is also available as an online version:

<https://report.mikron.com>

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 2021. 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 2021 had a market capitaliza-

tion of CHF 128.7 million. The Mikron Group is organized by segments. 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, 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 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 10 active companies worldwide. The corporate structure and the companies are listed on page 118 of the Annual Report. The Mikron Group's management structure is independent of its legal structure.

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 listing provides information on each of the members of the Board of Directors as at 31 December 2021:

- **Paul Zumbühl**, Dipl. Ing., MBA, AMP. Swiss, born in 1957, member, non-executive, first elected 2018, elected until 2022
- **Eduard Rikli**, Dipl. Ing. ETH, Dr. sc. Tech. ETH, Swiss, born in 1951, Vice-Chairman, non-executive, first elected 2010, elected until 2022
- **Patrick Kilchmann**, Dipl. phys. ETH, lic. oec. HSG, Swiss, born in 1958, member, non-executive, first elected 2011, elected until 2022
- **Andreas Casutt**, Dr. iur., LL.M., Swiss, born in 1963, member, non-executive, first elected 2013, elected until 2022
- **Hans-Michael Hauser**, MSc Physics, MSc Mathematics, Engineer, MBA, German, born in 1970, member, non-executive, first elected 2016, elected until 2022

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 business segment head Mikron Automation.

- **Marc Desrayaud**, CEO, Head Mikron Machining Solutions, French, born in 1965, joined 2021
- **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 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.

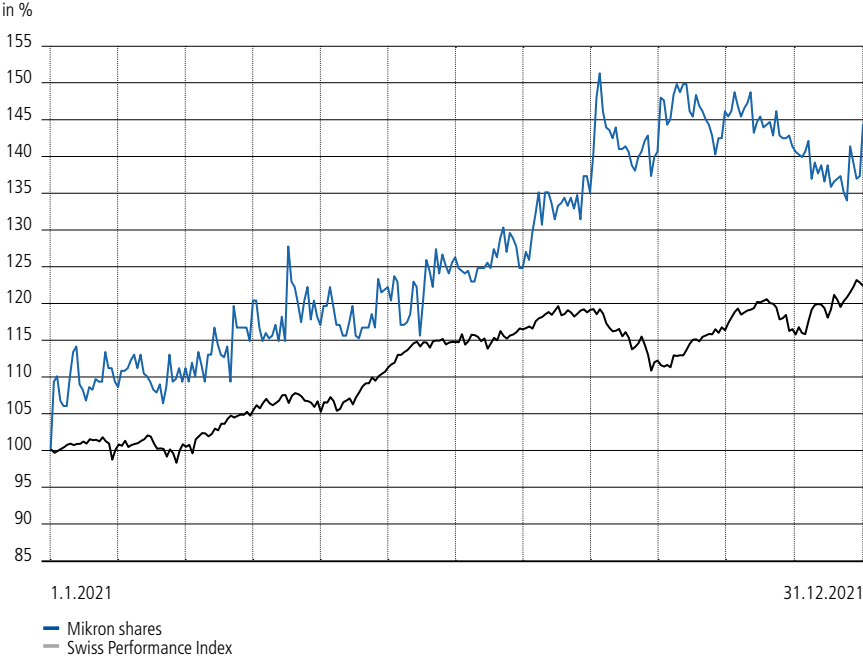
Information on the compensation paid in 2021 can be found in the full annual report.

Significant shareholders

The following table illustrates the shareholder structure of Mikron Holding AG. It also lists and names those shareholders who, as at 31 December 2021, hold 3% or more of the voting rights of Mikron Holding AG.

Shareholders	31.12.2021		31.12.2020	
	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%	6,996,335	41.9%
Rudolf Maag	2,348,588	14.1%	2,348,588	14.1%
Thomas Matter	588,044	3.5%	< 3%	< 3%
Alfons Niedhart	514,092	3.1%	< 3%	< 3%
Public shareholders	6,065,177	36.2%	7,128,731	42.6%
Board of Directors and Group Management	197,143	1.2%	239,090	1.4%
Total	16,712,744	100.0%	16,712,744	100.0%

Share performance





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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. The full Annual Report 2021 is binding.