

### **Forward-looking statements**

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

The Mikron Annual Report 2023 is published in English only. An online version is also available: [www.report.mikron.com](http://www.report.mikron.com)

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# Content

<b>4</b>	Key Figures
<b>5</b>	Financial Year at a Glance
<b>10</b>	Letter to Shareholders
<b>12</b>	Interview with Marc Desrayaud, CEO
<b>14</b>	Mikron in the World
<b>16</b>	For a sustainable growth
<b>30</b>	Strategic Report
<b>37</b>	Management Report
<b>45</b>	Sustainability Report
<b>87</b>	Corporate Governance Report
<b>103</b>	Compensation Report
<b>115</b>	Mikron Group Financial Report 2023
<b>147</b>	5-Year Financial Summary
<b>148</b>	Alternative Performance Measures
<b>151</b>	Information on Share Capital
<b>152</b>	Mikron Holding AG Financial Report 2023
<b>163</b>	Group Companies / Investments Mikron Holding AG

# Key Figures

CHF million, except number of employees

2023

2022

+/-

	2023		2022		+/-
<b>Key performance data</b>					
Order intake <sup>1)</sup>	412.1		408.0		4.1 1.0%
Machining Solutions	136.1		169.0		-32.9 -19.5%
Automation	276.1		239.0		37.1 15.5%
Net sales	370.2		309.4		60.8 19.7%
Machining Solutions	139.1		125.7		13.4 10.7%
Automation	231.2		183.8		47.4 25.8%
Order backlog (end of year) <sup>1)</sup>	304.3		270.7		33.6 12.4%
Machining Solutions	99.1		101.8		-2.7 -2.7%
Automation	205.1		168.8		36.3 21.5%
Research and development	7.3		6.5		0.8 12.3%
Number of employees (end of year) <sup>1)</sup>	1,548		1,414		134 9.5%
Machining Solutions	561		558		3 0.5%
Automation	961		832		129 15.5%
<b>Earnings</b>					
EBITDA <sup>1)</sup> , as % of net sales	44.3	12.0%	35.5	11.5%	8.8 24.8%
EBIT <sup>1)</sup> , as % of net sales	35.3	9.5%	26.4	8.5%	8.9 33.7%
Machining Solutions	11.8	8.5%	9.3	7.4%	2.5 26.9%
Automation	22.0	9.5%	17.5	9.5%	4.5 25.7%
Operating result, as % of net sales	33.4	9.0%	25.8	8.3%	7.6 29.5%
Profit for the year, as % of net sales	28.8	7.8%	24.2	7.8%	4.6 19.0%
<b>Cash flow</b>					
Cash flow from operating activities (incl. changes in net working capital), as % of net sales	10.5	2.8%	27.6	8.9%	-17.1 -62.0%
<b>Balance sheet (end of year)</b>					
Balance sheet total	374.2		345.9		28.3 8.2%
Current assets	271.5		212.2		59.3 27.9%
Cash and current financial assets	84.1		64.4		19.7 30.6%
Non-current assets	102.8		133.7		-30.9 -23.1%
Current liabilities	157.0		143.3		13.7 9.6%
Long-term liabilities	13.4		16.6		-3.2 -19.3%
Shareholders' equity, as % of balance sheet total	203.8	54.5%	186.0	53.8%	17.8 9.6%

1) Alternative performance measures, see pages 148 to 150, or [www.mikron.com/apm](http://www.mikron.com/apm)



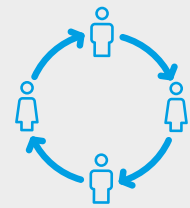
# Mikron's Financial Year 2023 at a Glance

Net sales increased by 20%.  
EBIT improved by 34%.

EBIT  
(in CHF million)  
**35.3**  
(2022: 26.4)

Profit  
(in CHF million)  
**28.8**  
(2022: 24.2)

Order backlog  
(in CHF million)  
**304.3**  
(2022: 270.7)



Efficient, modern, and attractive to our existing and future employees.



A broad-based culture of sustainability.



Mikron is financially strong, flexible and resilient.

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

# Mikron Group

2022

2023

## Net Sales

Total amount CHF **309.4** million

CHF **370.2** million

By segment



41%  
59%

**Machining Solutions** 38%  
**Automation** 62%

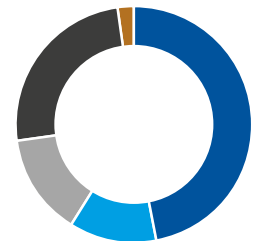


By region



42%  
7%  
20%  
30%  
1%

**Europe** 47%  
**Switzerland** 12%  
**Asia/Pacific** 14%  
**North America** 25%  
**Others** 2%

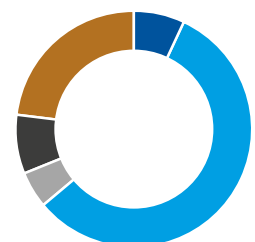


By industry



12%  
55%  
4%  
9%  
20%

**Automotive** 7%  
**Pharma/Medtech** 57%  
**Writing** 5%  
**Consumer Goods** 8%  
**Others** 23%



2022

2023

EBIT

CHF 26.4 million

CHF 35.3 million

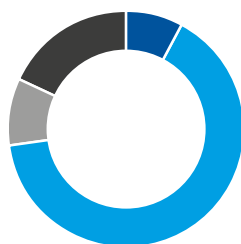
Order backlog\*  
Order intake

CHF 270.7 million  
CHF 408.0 million

CHF 304.3 million  
CHF 412.1 million



Employees\*



Total 1,414

Europe

8%

Switzerland

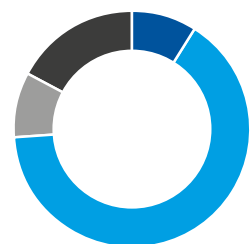
64%

Asia/Pacific

9%

North America

19%



Total 1,548

\* At the end of the year

# Mikron Automation

2022

2023

## Net Sales

Total amount CHF **183.8** million

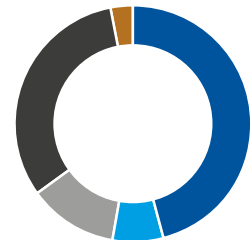
Total amount CHF **231.2** million

By region

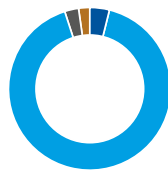


37%  
2%  
19%  
41%  
1%

Europe 46%  
Switzerland 7%  
Asia/Pacific 12%  
North America 32%  
Others 3%

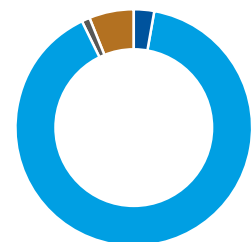


By industry



4%  
91%  
3%  
2%

Automotive 3%  
Pharma/Medtech 90%  
Consumer Goods 1%  
Others 6%

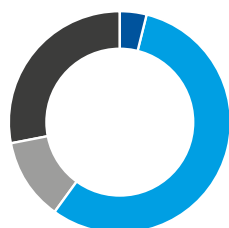


## EBIT

CHF **17.5** million

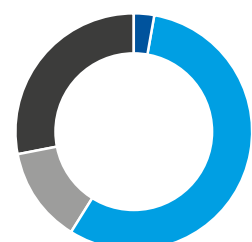
CHF **22.0** million

Employees\*



4%  
56%  
12%  
28%

Europe 3%  
Switzerland 56%  
Asia/Pacific 13%  
North America 28%



Total 832

Total 961

\* At the end of the year

# Mikron Machining Solutions

2022

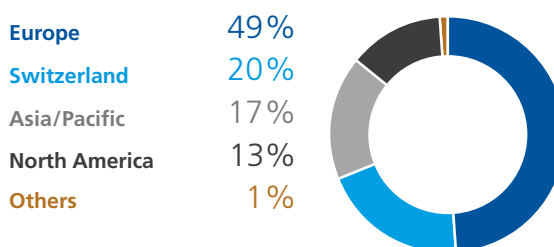
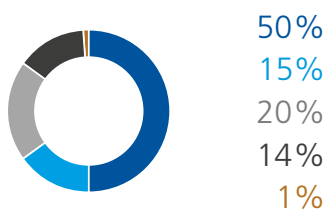
2023

## Net Sales

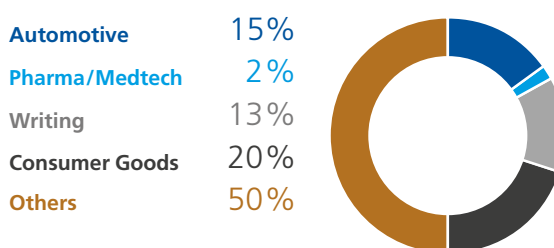
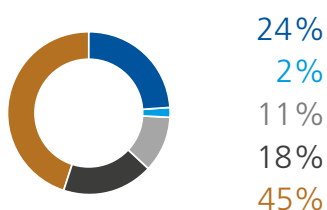
Total amount CHF **125.7** million

Total amount CHF **139.1** million

By region



By industry

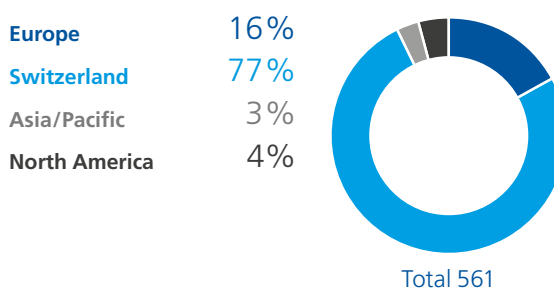
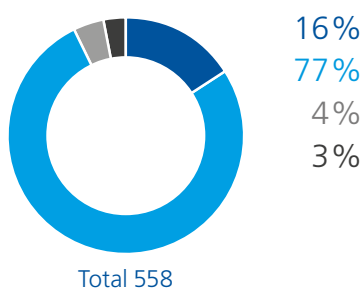


## EBIT

CHF **9.3** million

CHF **11.8** million

Employees\*



\* At the end of the year



## Dear Shareholders,

The Mikron Group can look back on a successful 2023 with an increase in net sales of 20% and an improvement of EBIT from CHF 26.4 million to CHF 35.3 million (+34%).

All three Mikron Group divisions were able to capitalize on the strong demand from their key target markets.

Following the significant investments made in recent years, the **Mikron Automation** business segment is well positioned, with major customers from the pharmaceutical and medical technology industries. The sites in Boudry (Switzerland) and Denver (USA) were fully utilized throughout 2023 and are geared towards further growth. At the same time, the prospects for our location in China are also favorable, where we moved into a new, larger facility towards the end of 2023 to support the execution of orders in the coming years.

After a period of repositioning, **Mikron Machining** was able to increase sales again, and to close the year with a high order backlog and again an improved result. The pressure on our customers to reduce consumption and use new materials speaks in favor of Mikron's machining solutions. The division succeeded in winning new long-term projects, and in identifying new applications for its machining solutions. Thanks to the broad range of industries and applications that we cover with energy-saving and resource-efficient solutions, we are able to maintain sales at a good level.

The **Mikron Tool division** was able to maintain last year's high sales level despite a negative currency impact. With new innovations including the world's smallest milling cutter and high demand overall for its high-performance cutting tools, the division once again operated highly profitably and saw constant growth in the pharmaceutical and medical technology industries. With strategic vision and a strong desire to innovate, the new management team under Elio Lupica is working to further expand Mikron Tool's strong market. The decline in demand from the automotive market and the continuing weakness of the Chinese market, which is only recovering slowly, was compensated for by growth in difficult-to-machine materials such as titanium and in the USA in general.

The past year has shown that the Mikron Group has become resilient enough to withstand structural changes and a wide range of negative influences. The increasing protectionism, the energy supply crisis, the disruption of supply chains, and stricter regulations did not have a major negative impact on our results.

During the reporting year, we also reached further milestones in the consistent digitalization of our services for the benefit of our customers around the world. Our service solutions for the integrated networking and control of digital machine interfaces are at a comparatively high level, and their functionality is being continuously expanded and developed. Nevertheless, there is still huge potential for further digitalization in the service sector – we are just at the beginning of a comprehensive development.



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

Inflation and the economic and social impact of geopolitical tensions will continue to shape the current financial year. Despite these challenging conditions, we are encouraged by the continued strength of demand and high order backlog. Mikron's financial position remains solid and offers scope for investment. The positive market situation in our niche segments will allow us to keep investing in strategic projects moving forward. We are consistently focusing our offering on suitable applications and industries, as well as on long-term relationships with key customers.

As a leading technology company, we are aware of our responsibility towards people and the environment. For many years, Mikron has cultivated a broad-based culture of sustainability. This year, for the first time, our commitment to sustainability is being reported in detail as an integral part of the Annual Report.

At the heart of our strategy are further innovations, a continued strong focus on services, and the strengthening of our culture to continuously improve our speed, agility, and sustainability. Mikron is financially strong, flexible, and resilient. We work hard to make Mikron more efficient, modern, and attractive to our existing and future employees. We remain determined to create adding value on a sustainable basis for our customers and for our company.

In November 2023, Javier Perez Freije, CFO of the Mikron Group, decided to leave the Group in April 2024 to take up a new professional challenge. We regret this decision and thank Javier Perez Freije for his great commitment to the Mikron Group over the past six years. We wish him all the best for the future. At the same time, we are delighted to welcome Philippe Wirth as CFO of Mikron, who will take up his post on April 1, 2024. His expertise in finance for industrial companies and his experience in business processes and enterprise resource planning (ERP) will be an asset to Mikron.

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

Handwritten signature of Paul Zumbühl in black ink.

Paul Zumbühl,  
Chairman of the Board of Directors

Handwritten signature of Marc Desrayaud in black ink.

Marc Desrayaud,  
Chief Executive Officer

Interview with Marc Desrayaud, Chief Executive Officer

“The strategic direction we have chosen is the right one. In all three divisions.”

**The Mikron Group has made impressive progress over the past two years. In your opinion, what were the most important factors behind this pleasing development?**

The strategic direction we have chosen is the right one. In all three divisions. We are concentrating on niches such as new applications in the MedTech and Pharmaceutical sectors. Many of our customers are market leaders in attractive growth markets. They trust Mikron, thanks to many years of successful cooperation. And they place follow-up orders with us. Targeted performance management has also enabled us to make better use of our resources.

**The Automation business segment grew particularly strongly last year, and had a record-high order backlog at the end of 2023. Where will this business segment's journey take us? Can similar growth rates be expected in this area in the coming years?**

We have decided to focus the Automation division on injection devices for diabetes and other diseases, and concentrate our efforts on acquiring market leaders as key customers. These companies are experiencing enormous growth, from which we can already benefit. The potential for further growth is enormous. Our major challenge is still to clear the high order backlog seamlessly, while at the same time making ourselves fit for further growth.

**What are the most important development priorities in the Mikron Machining division?**

Mikron Machining is all about completing the product portfolio: finalizing the development of our high-end MultiX range in terms of applications and making it even more attractive, but also renewing our workhorses such as the LX and the CX. We have a very attractive project called Dynamo in our pipeline, which will be a future family of machines.

The takeover of DM2 in 2024 has also enabled us to offer a product portfolio that covers various niches. Digital products will also play a growing role in the future. Good cost management, greater flexibility in shifting resources between product groups, and a focus on growing services should lead to sustainable profitability in our Machining business segment.

**You are aiming for further growth in the Mikron Tool division. In which markets do you see the best opportunities for expansion?**

We are the technological market leader for small and very powerful tools for demanding applications and difficult-to-cut materials (titanium, metals with high cobalt content, special metals). Medical technology and aero-



Marc Desrayaud, CEO

space are areas that offer many potential applications for such high-end standard and special tools. We also still have great potential in geographical terms. In markets such as the US or China, we are only just starting out.

**What are your main priorities and goals for Mikron in terms of sustainability?**

We believe that sustainability is an important success factor for a Swiss company operating in premium markets. Today, we are focusing on implementing an ambitious action plan, although we can already be considered a very sustainable company. We are among the best in terms of resource use, compliance, ethics, and global employee management. My personal goals are to improve our health and safety performance and increase our diversity.

**In your first year as CEO in 2021, one of your intentions was to bring the Group closer together between its divisions. To what extent have you achieved this so far?**

We are successful because we have entrepreneurs and business experts in all three business divisions who are active in different markets with broad experience and great commitment. I am convinced that sharing experience, expertise, and successful processes can be very helpful for certain topics and tasks. We have already taken some im-

portant steps. A new brand identity, for example, a joint presence on social media, coordinated steps in digitalization, a uniform management system, and the implementation of functional groups across business divisions and locations. The aim is not to get everyone to do the same thing, but to benefit from each other – cooperatively wherever possible, and differently where necessary. The ongoing challenge is to find the right balance. We are taking it step by step.

# Mikron in the World

## Mikron in America

Mikron Machining  
Mikron Tool  
Mikron Automation



290 Employees

## Mikron in Europe

Mikron Machining  
Mikron Tool  
Mikron Automation



1,113 Employees

## Mikron in Asia

Mikron Machining  
Mikron Tool  
Mikron Automation



145 Employees

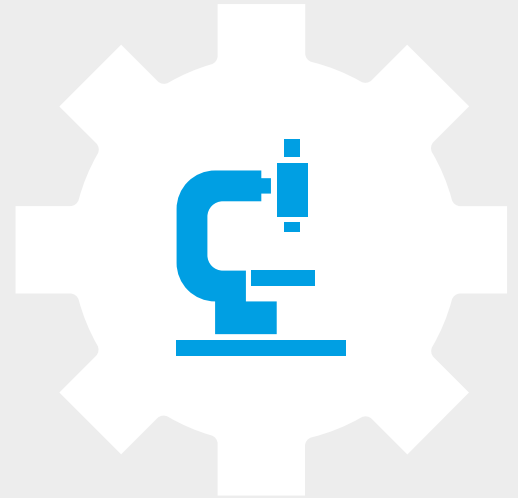


## Mikron in the Pharma/Medtech Industry

CHF **211.0** million net sales in 2023

(57% of total net sales)

Led by Mikron Automation, which generated 90% of its sales in the medical and pharmaceutical technology industry, both business segments of the Mikron Group were able to open up new markets in this area.

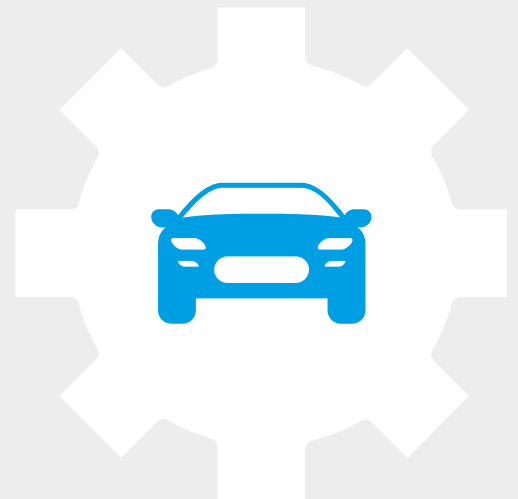


## Mikron in the Automotive Industry

CHF **27.0** million net sales in 2023

(7% of total net sales)

In 2023, Mikron has again been able to win projects for new applications outside the combustion engine in all three divisions.



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

At the end of 2023, more than 11,100 Mikron systems were installed worldwide.

# Committed to sustainable growth and value creation for all our stakeholders

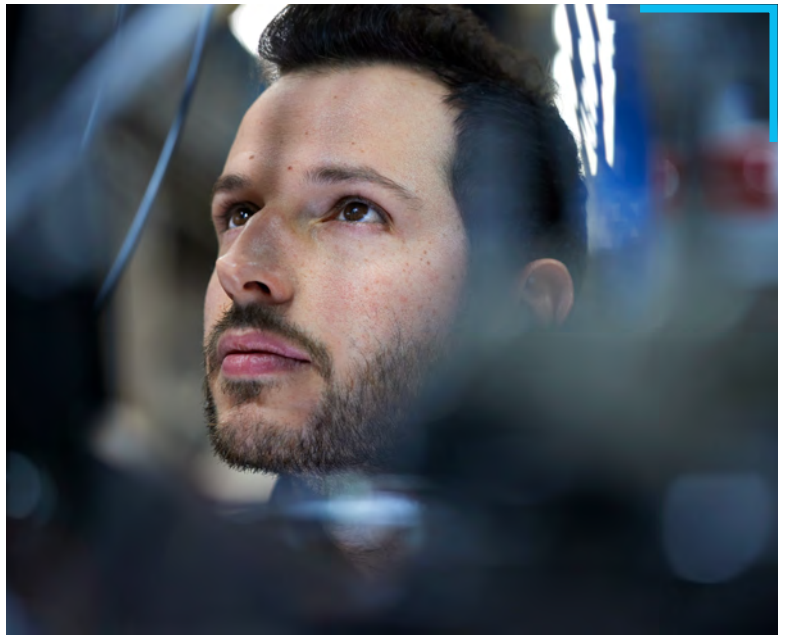
In an increasingly competitive world, Mikron sets the highest standards and consistently strives for excellence. This is how it unleashes its full entrepreneurial potential. Mikron's commitment to outstanding performance applies to all areas: technological development, operational implementation, customer relations, and employee management. All in the spirit of sustainability.



We are leaders in selected core markets with key customers and profitable sales. We focus on sustainable growth, seize opportunities in changing markets, and reduce risks.



We offer our customers far more than just a product. More than systems, machines, or tools. All three of our divisions deliver solutions that are tailored to the needs of each individual customer. Solutions that help customers become more efficient and increase productivity.



We pay attention to sustainability in everything we do. As a global industrial market player, we have a responsibility towards future generations. A responsibility that we fulfill with great commitment.



Our employees are the key to our success. Each and every one of them can make a vital difference. That's why we only select the best. We attach great importance to professional development, and support trainees on their way towards top performance. Many of them stay with us for years. Being part of the Mikron team is both exciting and challenging.

# Mikron Machining – Services for greater efficiency and sustainable solutions

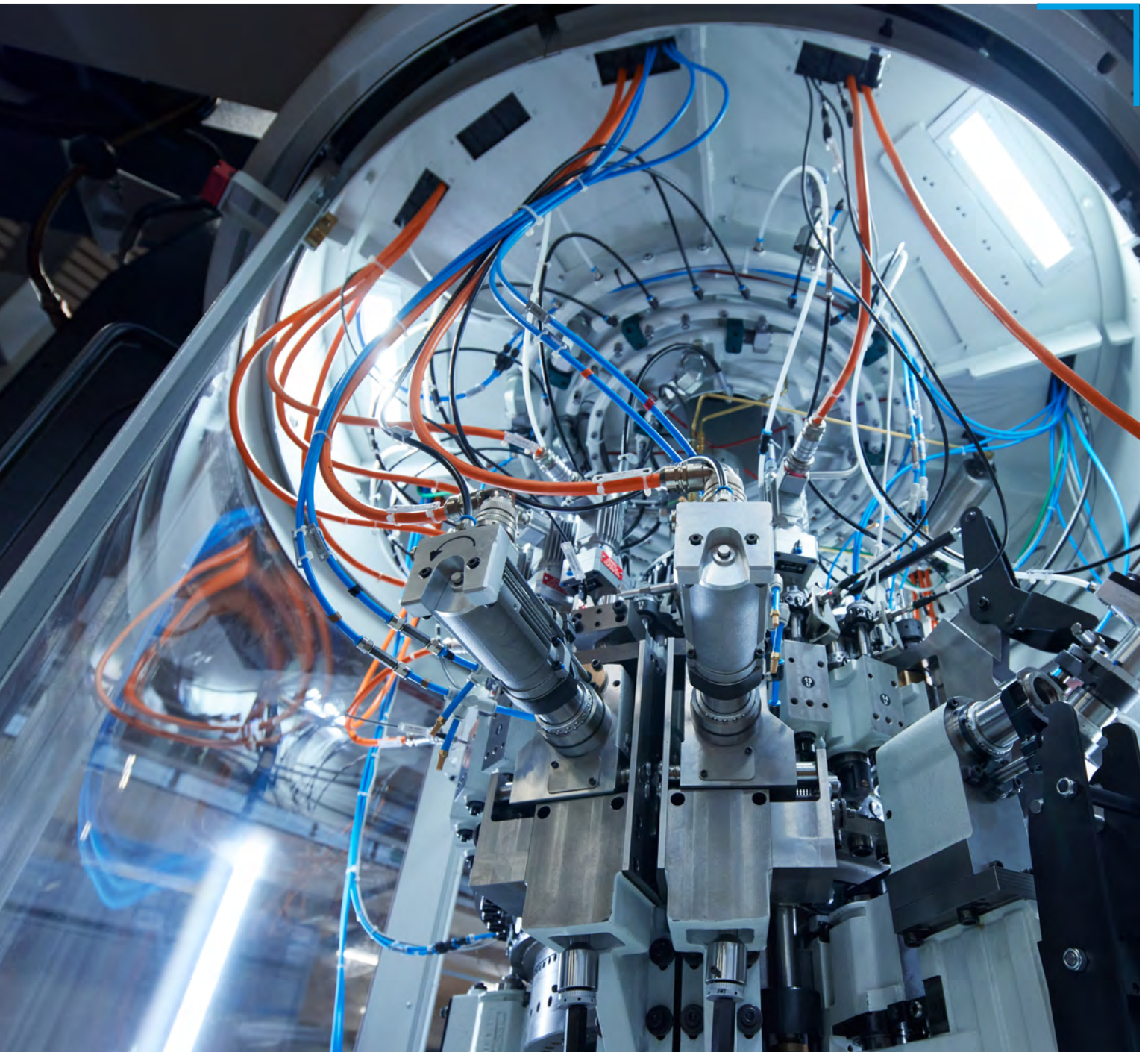
Mikron is not only a world leader in the development and implementation of new customer projects. The customer-oriented services offered worldwide are also second to none. Take **Mikron Machining**, for example: the division is once again setting new standards with its unique monitoring software solutions.

Over the years, Mikron has developed a comprehensive understanding of its customers' needs. Through intensive dialog and on the basis of countless discussions and feedback, Mikron Machining has developed a whole series of services ranging from proactive, preventive, and predictive service solutions to reactive service, spare parts, and second-life concepts. Digital solutions increase machine productivity, minimize downtime, and ensure production quality. The Mikron miTool service application from Mikron, for example, is highly valued in the industry – an advanced tool monitoring system for high-precision part production on Mikron's high-performance machining systems or any other machining system.

## **Mikron miTool**

A leading manufacturer in the Electronics industry, for example, uses Mikron miTool with complete confidence. They ordered the Mikron Multistar CX-24 for the production of connectors. The system stands for maximum productivity and versatility, and its performance and speed are unbeatable, which is ideal for demanding high-volume and series production of part families and workpieces, not only in the Electronics industry. Automotive, Gas, MedTech





«My tasks at Mikron are demanding and challenging. Every customer project requires well-coordinated cooperation. We only achieve this thanks to the great atmosphere in the team.»

Federico Donati, Electrical and Software Engineer,  
Mikron Machining, Agno



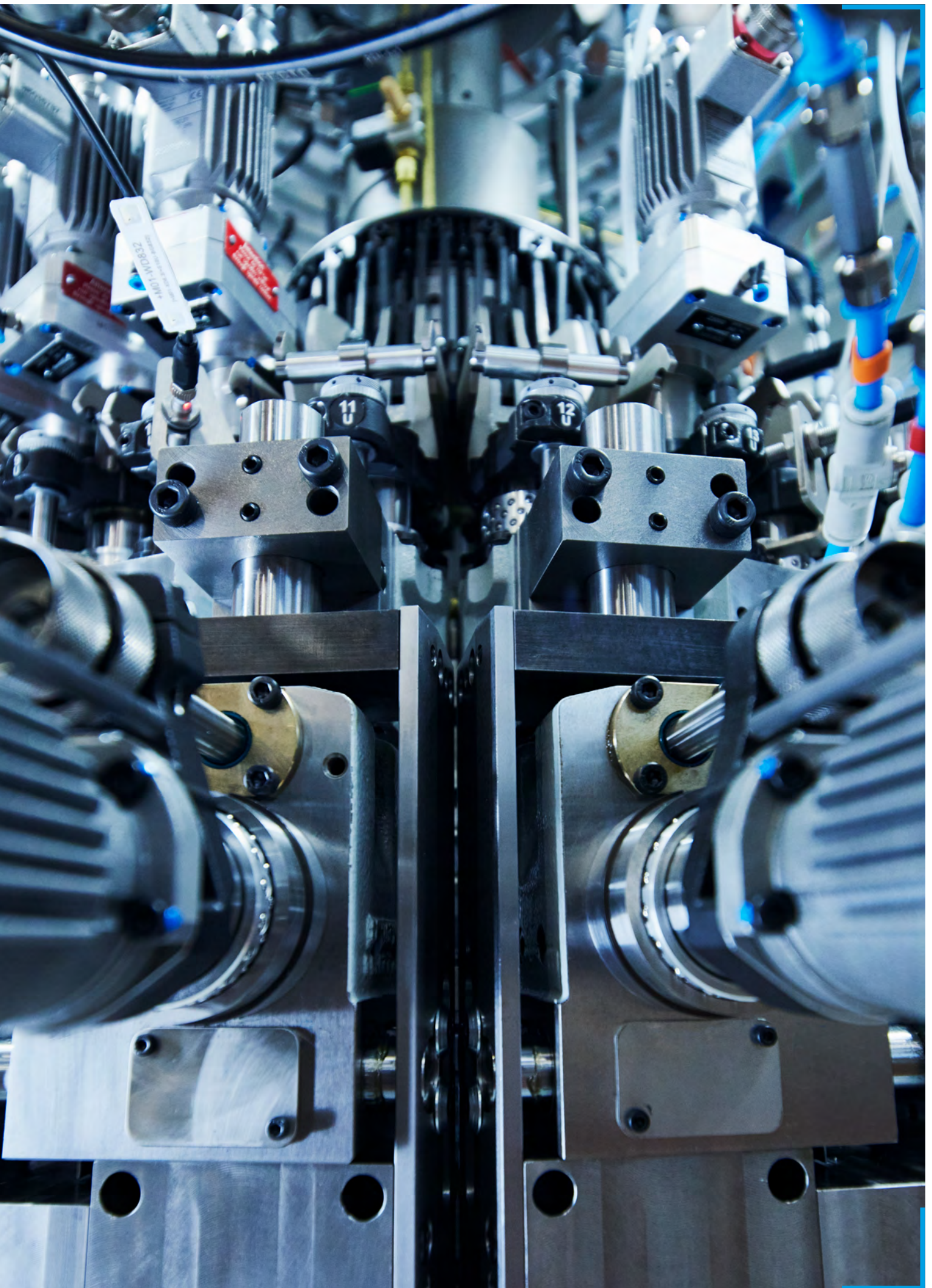
and Watchmaking are further markets of the Mikron Multistar CX-24. The customer from the Electronics industry has been relying on Mikron solutions for years for manufacturing precise metal components in high volumes. And for good reason: Mikron Machining solutions guarantee long life and reliability, high productivity, as well as perfect accuracy and repeatability. The newly ordered Mikron Multistar CX-24 produces 8.6 million parts per year. That's 40 parts per minute. The machine runs for 16 hours a day, 250 days a year. Even the slightest machine downtime means not only expense, but also a loss for the customer. Along with maintaining quality assurance, the Mikron miTool monitoring system saves the entire machine from damage when the tool breaks. Surface finish and tolerances can be improved with the detection of tool wear and damaged and expensive tools can be changed before any severe damage takes place. The benefits of this include reduced tooling costs, increased machine efficiency, improved overall equipment effectiveness (OEE), and less scrap production.

### **Mikron miEnergy**

Mikron Machining's comprehensive range of services extends far into the field of sustainability. The latest of these is Mikron miEnergy. Among other things, the software supports the management of energy consumption. This starts with identifying where most energy is actually consumed, because a large part of the energy consumption is not due to material removal, but to the supporting processes: around 80% of the energy consumption of machine tools is caused by auxiliary drives for hydraulics, coolants, or chip conveyors. The Mikron miEnergy consumption monitoring system monitors machine current, power, compressed air, and oil and coolant temperature. It detects anomalies and regulates and controls the machine based on the needs of the application. It also offers easy reporting with a dashboard and breakdown of the total energy consumption by main components.

### **Machining lead-free copper-based alloys**

Mikron's Multistar CX-24 transfer machine is particularly suited to machining lead-free copper-based alloys. Lead is harmful to nature and human health. It is toxic, contaminates soil and water, and harms animals and humans. To avoid this, it is necessary to eliminate the use of lead as an alloying element, also in materials to be machined. Recent environmental laws require the elimination of hazardous materials, including the lead in metal alloys, from all production processes. The Mikron Multistar CX-24 – equipped with Mikron miTool and Mikron miEnergy – enables Mikron to provide its customers with the best possible support during this transition.





# Mikron Automation – an inspiring environ- ment where experi- enced specialists and young talents can thrive

Mikron is a dynamically evolving organization that knows the importance of a responsive, adaptable, and creative workforce. We invest in the training and development of our employees to nurture our talents and create a spirit of teamwork. Take **Mikron Automation**, for example: from training onwards, we strive for excellence. Deputy Apprentice Manager Alexandra Gil Marques explains:

“Fulfilling customer needs with foresight, continuously improving our technologies and processes – all of this requires a lot of creativity. Even though we work in a technical environment here, we are also artists at heart.”

Every project starts with a piece of metal – and ends with a world-class, high-performance automation system. To meet our high standards, we need every single member of the team. You have to think on your feet and give your best. My job as a trainer is to teach this attitude to our trainees.



Alexandra Gil Marques, Deputy Apprentice Manager,  
Mikron Automation, Boudry



The apprentices in Boudry benefit from a state-of-the-art workplace with the latest modern machines. They also have the opportunity to get involved in customer projects early on in their training.

How do I make sure my apprentices become innovative engineers and technicians? Certainly not with theoretical explanations only. At Mikron, "innovation" is embodied from day one. The thirst to progress and to improve must become second nature to my apprentices. I don't tell them long stories about "innovation". Instead, I teach them to always think ahead and look for an even better solution. At the end, they have the right attitude.

During my own apprenticeship as a polymechnic at Mikron, I was the only female apprentice. Today, ten years later, I am proud to note that there are six young women in total out of the four current apprenticeship classes with 44 apprentices in total. I perceive Mikron as a modern and open employer. The new workplace in Boudry certainly contributes to the good atmosphere in the team: Mikron has invested a great deal in the Boudry site in recent years. With the addition of 7,800 square meters of production space, the total area of Mikron Automation's factory has increased to 15,000 square meters.





«I am a passionate mechanical engineer. Here at Mikron Automation Boudry, I manage over a dozen project teams. We maintain very high quality standards – which is exactly what I like.»

Claire Fouquet, Head of Project Management,  
Mikron Automation, Boudry

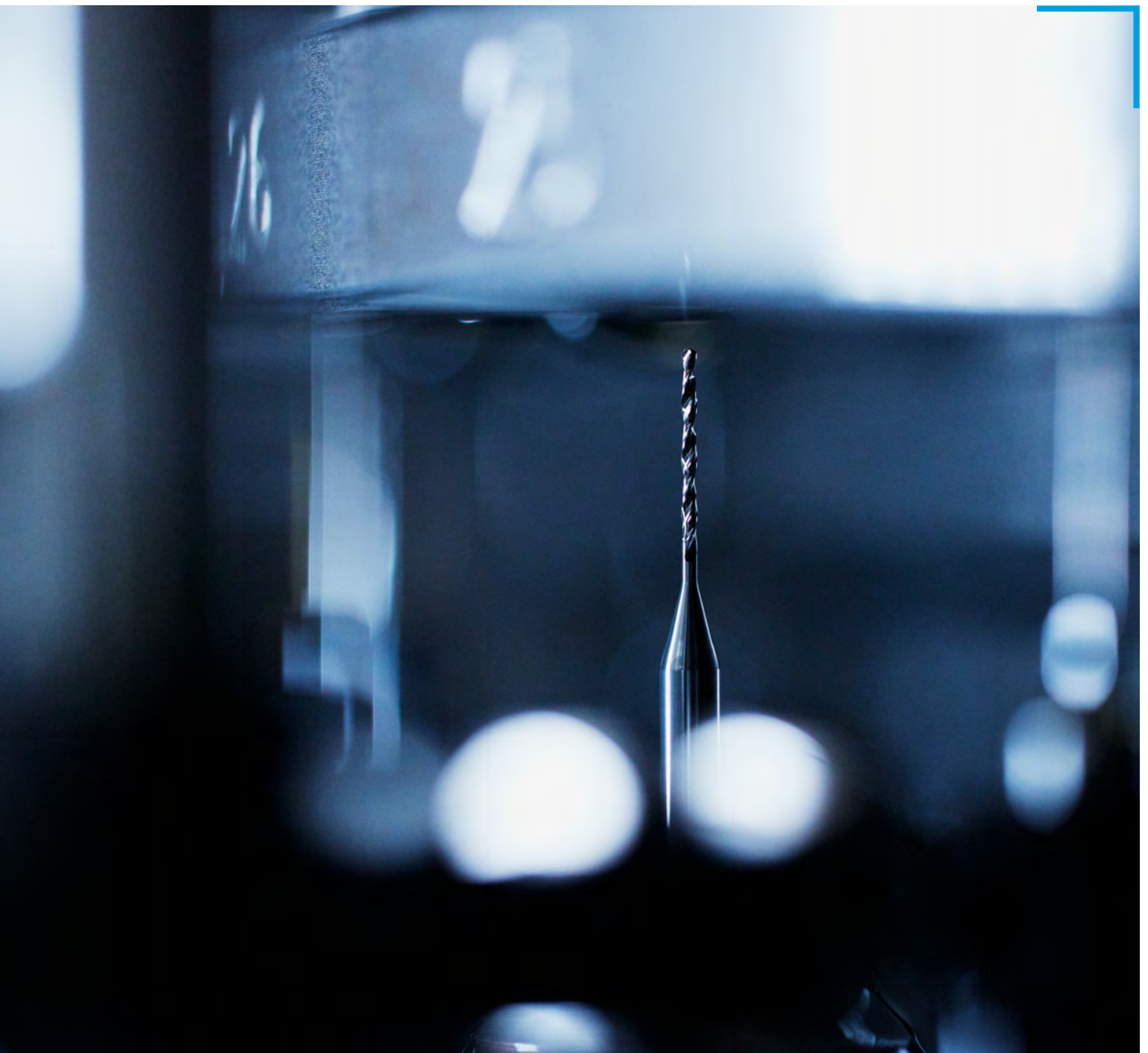
# Mikron Tool – the world's smallest dimensions with the highest performance

Mikron's outstanding innovative strength is based on many years of expertise, comprehensive market knowledge, and a deep understanding of processes. Take **Mikron Tool**, for example: Its breakthrough came in the 1990s with the revolutionary CrazyDrill at the Agno headquarters. In 2023, the department dazzled with a new stroke of genius: the world's smallest mill with integrated cooling and the first with material-specific cutting-edge geometry.

An uncompromising focus on customer needs, unique expertise in the production of small cutting tools for difficult-to-cut materials, and an unquenchable thirst for innovation – that's the secret of Mikron Tool.

With the launch of the new high-performance "CrazyMill Cool Micro Z3/Z4" micro milling cutter, Mikron Tool once again lived up to its reputation as a driver of innovation in 2023. The cylindrical micro-milling cutter features an innovative, patented cooling concept: the cooling lubricant is applied directly and extensively to the cutting edge, thereby allowing the heat to dissipate. The micro-milling cutter is particularly suitable for roughing and finishing operations, especially for difficult and very difficult-to-cut materials. The mill is available in diameters between 0.2 mm and 1.0 mm (.0080" – .039") with a milling depth of up to 5 × d.





«We consciously strive for a culture of innovation. Always with a good dose of craziness. This starts with training: We work with a model, the main aim of which is to give everyone an insight into Mikron Tool's end-to-end processes. Are our trainees all a bit crazy at the end of their training? I hope so. Because this is the only way to bring crazy innovations to the world's markets.»

Aramis Sardi, Tool Technology Manager,  
Mikron Tool, Agno

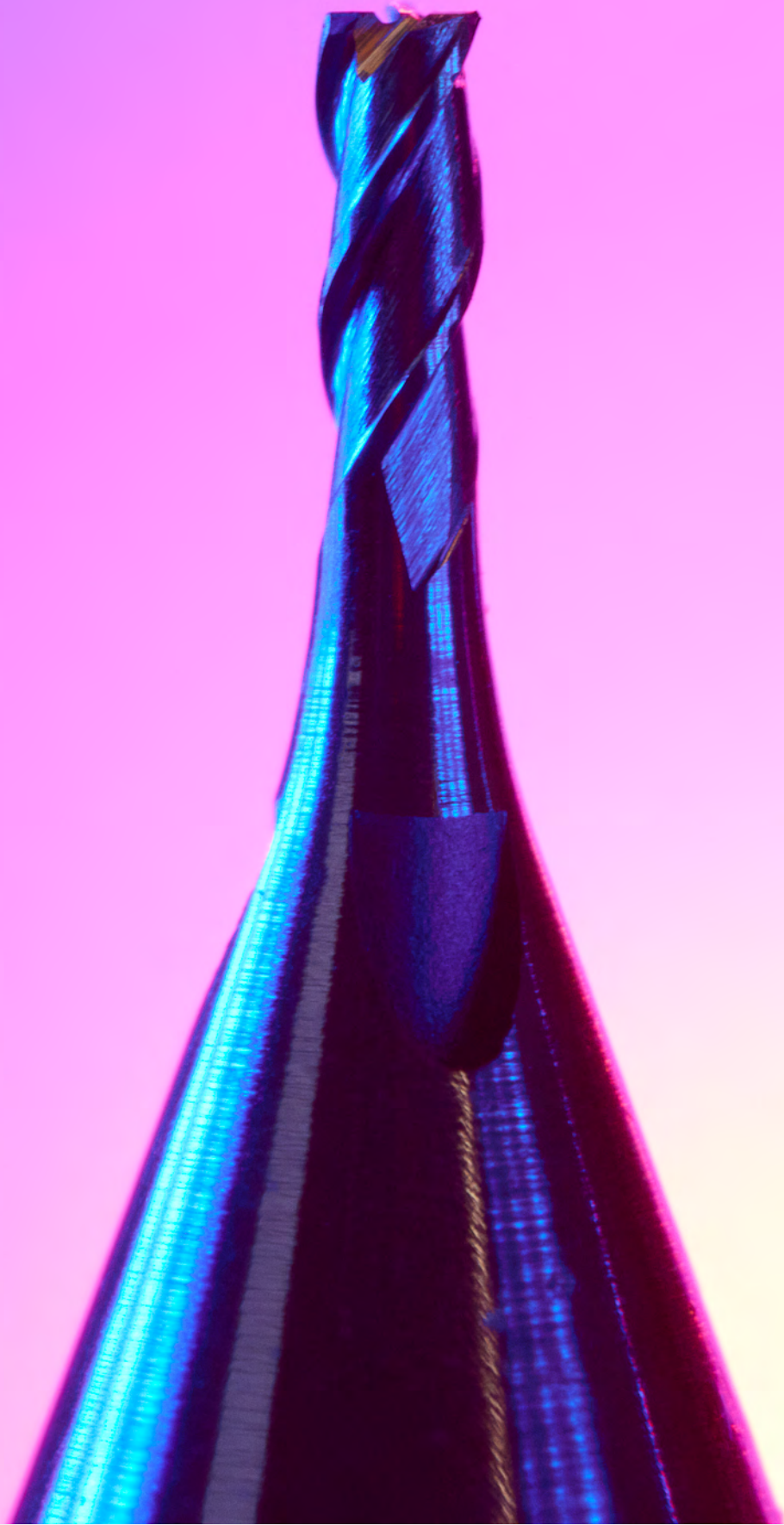
Designed for high-performance materials such as stainless steels, titanium and titanium alloys, heat-resistant alloys (e.g. Inconel and Nilo), and CoCr alloys, it offers a significant increase in performance and maximum process reliability compared to conventional standard products. Above all, it demonstrates its strengths in side and slot milling, as well as in milling with spiral interpolation.

#### **CrazyMill Cool Micro Z3/Z4**

- Material specific geometries
- Integrated cooling system
- Micro dimensions
- Shorter machining times
- Benchmark chip removal rate
- Longer tool life and almost burr-free

#### **Striving for sustainable implementation**

Innovation has a long history at Mikron Tool, but the search for sustainable solutions is also in the division's DNA. In 2022, Mikron Tool brought its new building, which is equipped with cutting-edge building and air-conditioning technology, into operation. The two-story production hall with an area of 1,000 square meters is directly connected to the existing production facility. It is ideal for lean production and logistics, as everything remains under one roof. On the new area totaling 3,500 square meters of space, production is running at full speed in an extremely pleasant atmosphere. Production processes are fast and efficient. Mikron Tool also installed a photovoltaic system in 2023. The solar implant technology used allows it to produce 12 to 15% more electricity per year than a classic string plant.



# Strategic Report

# Strategic Report

The Mikron Group has defined its strategic goal for 2030 as follows: “We are the market leader in selected core markets with key customers and profitable revenue.” In 2023, Mikron achieved net sales growth of 19.7%. As in the previous year, the Group also met its profitability target of 7–10% for the EBIT margin.

## Mikron’s Mission and Positioning

Mikron’s business model provides a solid foundation on which to successfully navigate through the current external environment. Customer needs are at the heart of Mikron’s business model. The Group provides its expertise in order to realize the best solutions for its customers. In doing so, it builds on the following strengths.

	Mission	Positioning
<b>Mikron Group</b>	Create value with passion for precision	We offer customer-specific, optimized solutions providing the highest resource efficiency and lowest emissions. Our solutions guarantee reliable and flawless production processes over many decades.
<b>Mikron Automation</b>	Leading partner for scalable assembly solutions	We offer integrated assembly solutions including pre- and post-production services in excellent customer projects with competent, local support and short delivery times. Our target customer group values our long-term orientation based on innovation, and our environmental efficiency.
<b>Mikron Machining</b>	Leading partner for high-performance transfer machining solutions	We focus on producers of very high volumes. Our core customers operate in selected segments: nipples, writing, Swiss luxury watches, and automotive (e-mobility and connectors). All our products are rooted in excellent Swiss quality and are unique in their precision. We offer customer-specific, optimized solutions providing the highest resource efficiency and the lowest emissions.
<b>Mikron Tool</b>	Leading partner for high-performance cutting tools	Our core customers who produce high-end applications choose us due to our expertise in small cutting tools for difficult-to-cut materials. Driven by our unique problem-solving attitude, we collaboratively develop perfectly fitting tools with our customers for their strategic solutions in our technology centers. Through our tools, the ROIs of our customers’ machines are significantly reduced, and the machines’ capacities increased.



# Strategic goal

We are the market leader in selected core markets with key customers and profitable revenue.

## Underlying Trends

### ● Industry changes

Transition phase in the automotive industry (from combustion engines to electric motors and others); growth in medical technology driven by the ageing population; recovery in aerospace; energy shortages; lack of resources and talented employees.

### ● Complexity of the solutions

The solutions offered require multiple competencies and technologies from a single source (integrator); investments must pay off quickly.

### ● Customization and regionalization

Solutions are becoming increasingly individualized and flexible; new regional market leaders with different needs are emerging.

### ● Sharing and using data

Customers need to digitize their production data to work more efficiently; the data age has begun.

## Strategy Components

### ● Niche segments

Continued focus on niche segments with core applications; further expansion in medical technology; identification and exploitation of new opportunities (e-mobility, aerospace) and maintaining an opportunistic approach in other sectors in order to successfully manage industrial cycles.

### ● Key technologies

Securing key technologies either through in-house development or through partnerships.

### ● Expanding product and customer range

Expanding the product range to include complete solutions for high-volume production; further development of after-sales and digital services; acquiring key customers in traditional sales markets and identifying new players in Asia: being globally local.

### ● Profitable growth

Focus on attracting and retaining talented employees; create an environment that enables profitable growth.

## Business model

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. Mikron expects sales growth in the magnitude of 5% annually on average. In 2022, Mikron achieved an important milestone and improved its profitability beyond the original mid-term EBIT margin of 5–7%. The Board of Directors reviewed the strategy in August 2022 and set a new profitability target for the EBIT margin to 7–10%.

Mikron’s business model provides a solid foundation on which to successfully navigate through the current external environment, including the challenges posed by the coronavirus pandemic. Customer needs are at the heart of Mikron’s business model. The Group provides its expertise in order to realize best solutions for its customers. In doing so, it builds on the following strengths.

### Technical reference in its markets

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

### Global partner

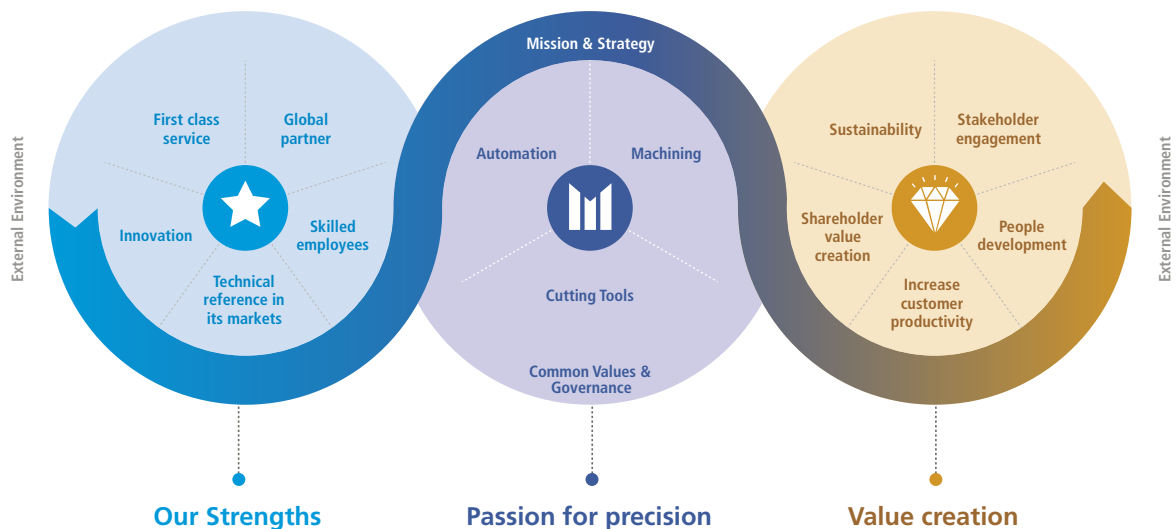
Proximity to its customers around the globe is essential in order to meet local requirements.

### Skilled employees

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

### First-class service

Continuously supporting customers’ production operations and finding solutions to their needs throughout the whole life cycle are crucial.



### **Innovation**

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

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

#### **Mikron Machining Solutions**

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

#### **Mikron Automation**

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

### **Customer satisfaction**

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

## Sustainability

Sustainability and Environmental, Social and Corporate Governance (ESG) are a high priority for the Mikron Group, which acknowledges its responsibility towards people and the environment. Its Sustainability Report is guided by the globally recognized principles of the Global Reporting Initiative (GRI). The Group's aim in this respect is to ensure transparent, standardized, and comparable reporting. For more details see the Sustainability Report on pages 45 to 86.

## Employees

Mikron operates in a demanding, highly cyclical and global market, and is exposed to globally active and locally specialized competitors. The key to success is highly skilled and motivated employees who are willing to assume responsibility and work together constructively. This allows the Group to respond to the rapid changes, diverse customer requests, and complexity inherent in the business. Approximately every two years, an independent consultancy for personnel and organizational development assesses the level of employee engagement and enablement. For more details see the Sustainability Report on pages 45 to 86.

## The Mikron values

Six values guide Mikron's management and staff in their day-to-day conduct and serve as a common basis on which to do business and develop the company:

### **Skilled and motivated employees**

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

### **Responsibility and role model function**

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

### **Market and customer focus**

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

### **Quality**

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

### **Confidentiality**

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

### **Focus on targets and results**

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

For more details see Sustainability Report on pages on pages 45 to 86.

### **Risk management**

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

A holistic risk management process under the leadership of the Group CFO ensures that risks with a potential impact on the business and financial situation, as well as mitigation actions to handle those risks, are regularly reviewed and presented to the Group Management and Board of Directors. The functioning of the risk management process and the main risks, are described in the Corporate Governance Report (pages 95 and 96), while financial risk management is outlined in the Financial Report (pages 126 to 128).

### **Brand management**

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

To further strengthen its customer focus, Mikron slightly adapted its branding in the 2023 financial year and introduced individual logos for the three divisions in addition to the Mikron logo, which has been well established for years:



# Management Report



## Management Report

The Mikron Group again improved its earnings situation in the past financial year. Both business segments increased annual net sales and achieved good results. Strong demand in all of Mikron's key markets, above-average growth in the Automation division, sales growth in the Machining division, and the Tool division's good positioning were the key factors behind this pleasing performance. The Group's net sales rose from CHF 309.4 million to CHF 370.2 million (+19.7%). At CHF 412.1 million, order intake surpassed the previous year's record figure of CHF 408.0 million (+1.0%). The Group's EBIT for 2023 amounts to CHF 35.3 million (2022: CHF 26.4 million, +33.7%), and the profit for the year is CHF 28.8 million (2022: CHF 24.2 million, +19.0%). The non-operating property in Nidau (Switzerland) contributed CHF 1.8 million to the Group's EBIT, including a one-off positive effect of CHF 2.2 million resulting from the sale of the property.

All three divisions of the Mikron Group again performed well in the 2023 financial year and achieved some important development targets on their way to realizing their growth and profitability ambitions on a sustainable basis. They made good use of the strong demand from their key target markets such as the pharmaceutical and medical technology industries, the watchmaking sector, and the writing industry. The importance of the combustion engine as a sales market for Mikron is now limited.

In the Mikron Automation business segment, the manufacturing capacity is fully utilized. The next expansion phase at the Boudry plant (Switzerland) is being analyzed. In Denver, Mikron Automation has rented additional manufacturing space, and in Shanghai the division will move its Chinese headquarters to larger premises in the first quarter of 2024.

The Mikron Machining division was able to further improve its result due to higher sales, while the Mikron Tool division once again brought numerous innovations to market maturity, including the world's smallest milling cutter. Mikron Tool was able to maintain the prior year's record level in sales as well as constant growth in the pharmaceutical and medical technology industries.

To counter rising inflation, all Mikron divisions regularly analyzed prices and made the necessary adjustments. Thanks to proactive discussions with suppliers and customers, the increases in raw material and energy prices did not have a significant impact on the Mikron Group's profitability.

Mikron also succeeded in mitigating the impact of exchange rate fluctuations on profitability. The fact that the restrictions on global supply chains eased significantly from the second half of 2023 also had a positive impact on Group's net sales and profitability.

## Development of key figures

### Order intake and net sales

The Mikron Group reported order intake of CHF 412.1 million in 2023, representing another increase of 1.0% compared with the prior year (CHF 408.0 million).

Posting annual net sales of CHF 370.2 million, the Mikron Group exceeded the prior-year result of CHF 309.4 million by 19.7%. Europe remains Mikron's most important market, with 59% (including Switzerland) of total net sales in 2023 (2022: 49% including Switzerland). Accounting for a share of 25%, North America remains in second place (previous year: 30%). The strongest market segment remains the pharmaceutical and medical technology sectors at 57% (previous year: 55%). The automotive industry contributed 7% (prior year: 12%) to total net sales.

### Order backlog and capacity utilization

At CHF 304.3 million, the Mikron Group reported a high order backlog at the end of 2023, that was up 12.4% on the prior-year figure (end of 2022: CHF 270.7 million). Capacity utilization was high in all three divisions throughout the year.

### Profitability

In the 2023 financial year, the Mikron Group again improved its EBIT and profit figures. Compared with the previous year, Mikron increased its EBIT from CHF 26.4 million to CHF 35.3 million (+33.7%). It includes a one-off positive effect of CHF 2.2 million resulting from the sale of a non-operating property in Nidau (Switzerland). The Group thus achieved an EBIT margin of 9.5% for 2023 (2022: 8.5%). The profit increased from CHF 24.2 million to CHF 28.8 million (+19.0%). Profit per share for 2023 came to CHF 1.73 (prior year: CHF 1.47). The Mikron Group's return on net assets (RONA) for the 2023 financial year is an impressive 23.8%.

### Financial result, income taxes and profit

The financial result decreased compared to the previous year and amounted to CHF -1.3 million (2022: -0.8 million), CHF -1.5 million of which was related to net exchange rate losses (prior year: CHF -0.3 million). The interest on fixed-term deposits to optimize financial results were netted against other financial expenses such as fees for bank guarantees. Profit before taxes amounted to CHF 34.0 million (prior year: CHF 25.6 million), on which income taxes of CHF 5.2 million (prior year: CHF 1.4 million) were booked.

### Investment property

In the first quarter of 2023, the Mikron Group sold its non-operating property at Ipsachstrasse 14/16 in Nidau (Switzerland). The property sale had a one-off positive effect of CHF 2.2 million on the Group's EBIT. Overall, the non-operating property in Nidau contributed CHF 1.8 million to the Group's EBIT.

### Balance sheet, financing and equity ratio

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

Cash and cash equivalents plus current financial assets of CHF 84.1 million significantly exceeded the total interest-bearing liabilities of CHF 3.8 million. The net cash position remained at a high CHF 80.2 million or 22% of net sales (prior year: 19%).

Net working capital rose to CHF 31.6 million from CHF 6.3 million in the prior year.

Totalling CHF 102.8 million, non-current assets decreased by CHF -30.9 million, mainly related to the sale of the non-operating property. In line with strategy, investments of CHF 9.0 million (prior year: CHF 8.7 million) were made in production equipment and a number of IT projects to improve efficiency and security. The total amount of expenditure for new product development and enhancements (capitalized and non-capitalized) was about 2.0% of net sales. Amortization and depreciation totaled CHF 9.0 million (prior year: CHF 8.6 million). The long-term financial liabilities of CHF 2.6 million mainly relate to finance leases for production equipment and the mortgage for one production facility.

Mikron has a credit agreement with a banking syndicate in the amount of CHF 90.0 million, which is available for bank guarantees to secure customer prepayments and for fixed advances that are not currently utilized. The credit agreement will expire at the end of June 2025. It requires Mikron to achieve certain key financial figures (covenants). The Group met these by a comfortable margin. The renewal of the credit agreement has been secured with the existing partner banks.

In 2023, shareholders' equity rose to CHF 203.8 million (end of 2022: CHF 186.0 million). This represents a strong equity ratio of 54.5% (prior year: 53.8%, with a higher balance sheet total).

#### **Cash flow**

Cash flow from operating activities stood at CHF 10.5 million (2022: CHF 27.6 million). A total of CHF 9.1 million (prior year: CHF 11.4 million) was used for investments in non-current assets.

The operating free cash flow after investing activities of CHF 19.4 million (including the sale of the non-operating property but excluding changes in financial assets and interest received) amounted to CHF 29.9 million (prior year: CHF 16.6 million).

Cash flow from financing activities amounted to CHF -10.0 million in the year under review (prior year: CHF -6.1 million).

#### **Distribution to shareholders**

At the General Meeting on April 23, 2024, the Board of Directors of the Mikron Group will propose a distribution to the shareholders of CHF 0.50 per share (previous year: CHF 0.40).

#### **Share performance**

At the end of 2023, the share price stood at CHF 15.30 (prior year: CHF 8.80 per share). The precise share performance is available at all times on the Mikron Group website. Based on the year-end share price, the Mikron Group is valued at CHF 255.7 million.

#### **Corporate Financial Statements of Mikron Holding AG**

Mikron Holding AG is the legal owner (directly or indirectly) of all subsidiaries of the Mikron Group, the owner of the Mikron trademark, and the treasury center for the Mikron Group. The CEO, CFO and a small Group finance team are employed by the separate management company, and costs are

charged back to Mikron Holding AG. Excluding the net finance result of CHF 5.1 million (prior year: CHF 4.6 million), the trademark fees charged to the companies nearly covered the costs incurred. In the 2023 financial year, dividend income of CHF 0.1 million from subsidiaries was booked (2022: none).

The financial statements of Mikron Holding AG show a very high equity ratio of 67.2%.

### Innovation and key investments

Following the completion of several development projects, in 2023 Mikron invested another CHF 7.3 million (prior year: CHF 6.5 million) in the development or enhancement of new products and product platforms. These figures include personnel expenses, material costs, and other operating expenses, and represent 2.0% of net sales (prior year: 2.1% of net sales). This does not include day-to-day innovation activities, which are triggered by customer projects and are required to develop new specific assembly or machining processes.

Under its strategic digitalization initiative, in recent years, Mikron has systematically developed, tested, and integrated digital and connectivity-related services and solutions commonly summarized as “Industry 4.0” into existing and new products, processes, and service offerings. The Mikron Machining division, for example, now offers five different state-of-the-art digitalization modules to its customers:

- miConnector – for data sharing with customers’ PDAs (personal digital assistant)
- miMachine – for monitoring and analyzing machine and peripheral device data throughout the life cycle
- miMaintenance – for customized maintenance tailored to effective use
- miTool – an advanced tool monitoring system for high-precision part production on Mikron high-performance machining systems or any other machining system.
- miEnergy – for efficient energy consumption management

Another strategic initiative launched by Mikron in 2023 was the Connect project. This Group-wide project is aimed at attracting and retaining talent while creating a working environment that increases profitability. As a connected HR community, Mikron aims to establish aligned HR processes, structures, tools, and methods that enable the Group to focus on strategic people management and company culture, while providing a positive experience to current and future employees.

In order to further strengthen its customer focus, Mikron has slightly adapted its branding and introduced divisional logos for Mikron Automation, Mikron Machining, and Mikron Tool.



## Mikron Automation business segment

In the Mikron Automation business segment, demand from its most important sales market, the pharmaceutical and medical technology industries, remained high at all times during the year under review. Following successful fiscal years in 2021 and 2022, the business segment succeeded in further improving its profitability. Mikron Automation's high order intake was characterized by multiple orders from market-leading pharmaceutical companies. Overall, capacity utilization was very good throughout the course of the year. In Asia, business was not as dynamic as in the previous year. However, Mikron Automation again achieved a good profitability level in Asia.

### Key figures for Mikron Automation

At CHF 231.2 million, the Mikron Automation business segment exceeded the net sales for the 2022 financial year (CHF 183.8 million) by 25.8%. At CHF 276.1 million, Mikron Automation's order intake again reached a high level and outperformed the previous year's figure of CHF 239.0 million by 16%. The resulting order backlog of CHF 205.1 million at the end of 2023 was 21.5% higher than that at the end of 2022 (CHF 168.8 million). Mikron Automation posted EBIT of CHF 22.0 million (2022: CHF 17.5 million) and an EBIT margin of 9.5% (2022: 9.5%).

53% of Mikron Automation's sales came from Europe (2022: 39% including Switzerland), 32% from North America (2022: 41%) and 12% from Asia (2022: 19%). The business segment again significantly strengthened its market position in the pharmaceutical and medical technology industries. 90% of sales came from this area in 2023 (2022: 91%).

### Innovations and continuous improvements

In 2023, the Mikron Automation business segment systematically pursued a number of product development projects. After the expanded assembly hall in Boudry went into full operation in 2022, Mikron Automation rented additional space in Denver in the year under review, while the next expansion phase in Boudry is under evaluation. In Shanghai, Mikron Automation moved into new, larger premises. The new rented site offers more assembly space for customer projects and an innovative working environment in the office area. The state-of-the-art environment for customers and employees represents an important milestone in Mikron Automation's Asia strategy.

The MAIA assembly cell, which was launched onto the market a year previously, met with great interest and good sales from customers of the Mikron Automation division in the reporting period. It is ideal for clinical trials and small production volumes. With MAIA, Mikron customers can validate their processes easily, efficiently, and cost-effectively for the next scale-up phases.

## Mikron Machining Solutions business segment

In the Machining Solutions business segment, the Mikron Machining and Mikron Tool divisions generated higher sales than in the previous year.

The exceptionally high order intake in the previous year, when the **Mikron Machining division** was able to acquire numerous long-term orders, led to a significant increase in annual sales in 2023. New orders for lead-free applications in the electronics and consumer industries, as well as other non-automotive applications, contributed to the diversification of the Machining division. After further growth in the first half of 2023, service volumes were down slightly in the second half of the

year. The new Mikron Machining management team headed by Matteo Castiglioni was able to position the division in a market niche that allows for constant profitability. Expertise in applications other than the combustion engine and in new markets forms the backbone of this successful transition.

In the **Mikron Tool division**, demand for its high-performance cutting tools remained at a high level. The division increased sales outside the automotive industry in particular by ramping up sales with new products for applications in the pharmaceutical and medical technology industries, and once again achieved good profitability. In parallel, its work with distributors is developing positively and allowing broad market access. Following the retirement of Markus Schnyder, the successful long-term head of Mikron Tool, the new management team under Elio Lupica is now working to further expand Mikron Tool's strong market position with strategic vision and a great desire for innovation.

#### **Key figures for Mikron Machining Solutions**

At CHF 139.1 million, net sales in the Mikron Machining Solutions business segment in 2023 exceeded those of the 2022 financial year (CHF 125.7 million) by 10.7%. At CHF 136.1 million, the Mikron Machining Solutions order intake did not reach the record figure of 2022 (CHF 169.0 million, -19.5%). However, the resulting order backlog at the end of the year still amounted to a considerable CHF 99.1 million (end of 2022: CHF 101.8 million). Mikron Machining Solutions posted EBIT of CHF 11.8 million (2022: CHF 9.3 million) and an EBIT margin of 8.5%.

69% of Mikron Machining Solutions' net sales came from Europe (2022: 65% including Switzerland), 13% from North America (2022: 14%) and 17% from Asia (2022: 20%). The business segment achieved 20% of its net sales in the consumer goods industry (2022: 18%), 15% in the automotive industry (2022: 24%), 13% in the writing industry (2022: 11%), and 10% in the industrial and building industries (2022: 9%).

#### **Innovations and continuous improvements**

In 2023, Mikron Machining continued with the further development of its Mikron MultiX rotary transfer machine platform. To specifically supplement its product portfolio for applications not yet covered, Mikron acquired DM2 – a small innovative manufacturer of rotary transfer CNC machines in Italy. This acquisition supports Mikron Machining's long-term strategy of offering more options in the rotary transfer machine sector.

Mikron Tool further advanced its product development strategy and launched additional products for stainless steels and heat-resistant alloys, especially for the pharmaceutical and medical technology industries. With its CrazyMill Cool Micro, the engineers at Mikron Tool have succeeded in transferring complex high-performance cutting-edge geometries to micro milling cutters, and in developing the world's smallest milling cutter. This requires a high level of expertise, not just in development work. From a production point of view, it is also a major challenge to implement such complex geometries in milling cutters with diameters smaller than 1.0 mm (.039") in the correction range of 0.1 µm (3.94 µin). This demands highly meticulous grinding skills from the grinding machine operator.

## Outlook for the Mikron Group

The Mikron Group's progress is in line with the Group's medium-term planning and strategy. Mikron started the 2024 financial year in a good position with a sound cost structure, a solid order backlog in both business segments, and an intact demand trend in all key sales markets. However, it remains difficult to provide a forecast for fiscal 2024. The global economic situation remains unstable, particularly as the world is currently characterized by polarizing narratives, global conflicts, and armed clashes. The Mikron Group is expecting overall sales to remain stable in 2024 and a similar operating result margin to 2023.

# Mikron Group Sustainability Report 2023

48	Sustainability at Mikron
54	Values
56	Progress towards 2030 targets
59	Stakeholder engagement
64	Workplace
69	Environment
74	Marketplace
76	Innovation
78	Community
81	About this report
83	GRI Content Index

## Letter to Stakeholders

### Dear Stakeholders,

Mikron has been committed to sustainability issues for many years. At all our sites, we strive to fulfil our responsibility towards people and the environment in the best possible way. In 2022, we reached an important milestone: thanks to extensive investments at our Swiss sites, we achieved a CO<sub>2</sub> reduction of 28%. Achievements of this magnitude are not possible every year. However, thanks to numerous smaller measures, we also achieved a further reduction in emissions of 17% this year. We aim to reduce our CO<sub>2</sub> emissions by 70% by 2030 (base year: 2019).

Social responsibility has been an integral part of our corporate culture since the company was founded over 110 years ago. The exceptional commitment of our employees and their strong identification with the company contribute significantly to Mikron's success. We foster an inclusive working environment based on respect and equal opportunities for all. One of our goals is to combat the shortage of skilled labor by attracting and promoting young talent. We train apprentices at all our sites. Other targets for 2030 include reducing staff turnover and further improving safety. Promoting diversity and tolerance in terms of gender, nationality and age, and integrating people with disabilities into the workplace, are also among the goals we have set for 2030.

An important part of our responsibility to our stakeholders is to use our innovation capabilities. All our innovations ultimately contribute to improving people's health and quality of life. Whether through efficient solutions in the medical technology and pharmaceutical sectors, sustainable solutions in the transport sector, or contributions to the production of practical consumer goods, we help our customers to reduce their annual CO<sub>2</sub> emissions by means of systems with reduced energy consumption or alternative, efficient and durable production solutions.

All employees are encouraged to contribute to sustainability within their sphere of influence. For 2024, we defined the individual tasks along the way even more clearly. We integrated ESG into our performance indicators and variable remuneration and aim to further strengthen our ESG culture.

For the first time, our Sustainability Report 2023 is an integral part of the Annual Report, providing comprehensive information on the company's sustainability performance in our six target areas and beyond. The report also includes several case studies and examples of how we are making progress on our sustainability journey.

We are on the right track with our sustainability efforts. We have achieved a lot, but there is still a long way to go. We will continue to deepen our data collection and analysis and focus on critical issues such as environmental impact, resource management, and social initiatives. We would like to thank all our internal and external stakeholders who have supported us on this journey.



Paul Zumbühl,  
Chairman of the Board of Directors



Marc Desrayaud,  
Chief Executive Officer Mikron Group





*“Social responsibility has been an integral part of our corporate culture since the company was founded over 110 years ago.”*

*Paul Zumbühl, Chairman of the Board*



# SUSTAINABILITY AT MIKRON

With a clear commitment to sustainable thinking and action, Mikron is improving people's quality of life and conserving our natural resources.



**-40%**

CO<sub>2</sub> eq emissions  
compared to 2019

**-66%**

heating oil consumption  
compared to 2019

**-58%**

used chemicals  
compared to 2019

**+32%**

female employees  
compared to 2019

Mikron has been committed to finding sustainable solutions for many years. As early as 2017, the Mikron Group began developing a tailored corporate social responsibility strategy. Since 2020, we have been reporting on the corresponding goals and successes in a separate “Sustainability Report”.

Mikron sees sustainability reporting as a step-by-step process. We believe that collecting data and information on the economic, environmental, and social impact of our business activities annually provides an additional basis for the Mikron Group’s strategic development and capacity for innovation, including aligning with the UN Sustainable Development Goals (SDG).

In 2023, Mikron aligned its sustainability efforts even more closely with the requirements of the Global Reporting Initiative (GRI) and international ESG (Environmental, Social, Governance) standards, and has improved them overall. Sustainability reporting is fully integrated in the Annual Report for the first time in the 2023 financial year.

Mikron has defined specific initiatives, topics, and actions for all of these areas, with details of those responsible and deadlines.

<b>Workplace</b>
<b>Environment</b>
<b>Marketplace</b>
<b>Innovation</b>

## SUSTAINABILITY GOVERNANCE

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

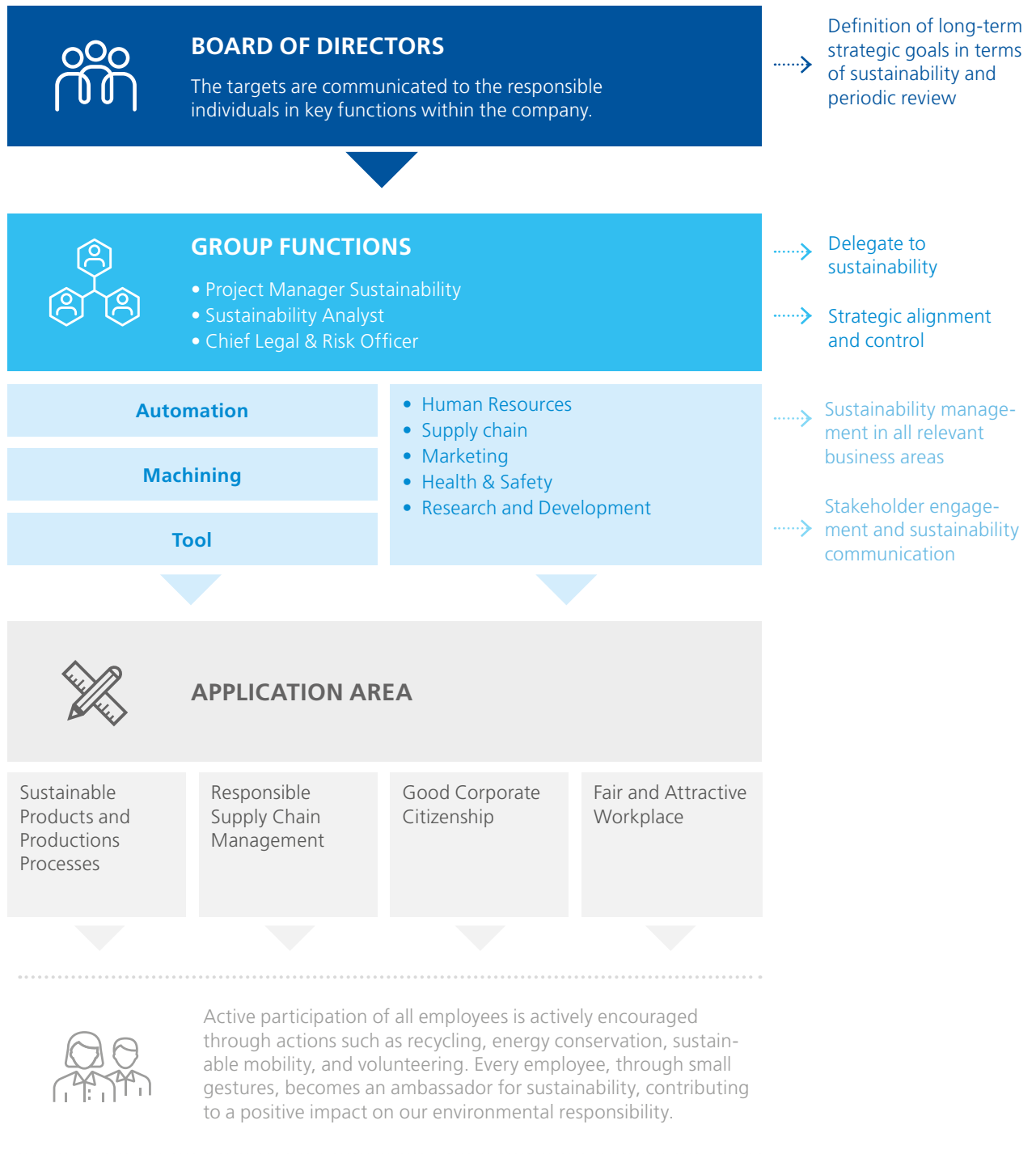
## ETHICS AND GOVERNANCE

In all our thoughts and actions, we are guided by our corporate values. Our comprehensive compliance management system ensures that we always comply with rules and laws. It includes in particular risk management, compliance, data protection, IT security, as well as anti-corruption and anti-trust measures. All topics are regularly audited (see the “Business model and strategy” section).

### Code of Conduct

In 2022, Mikron published the third edition of its Code of Conduct which was shared and accepted by 90% of employees. Available in five languages, our Code of Conduct is divided into four sections focusing on corporate governance, compliance, and Environmental, Social, and Governance (ESG) issues. Emphasizing ethical integrity, the Code of Conduct sets out expectations for employees to ensure a positive working environment. Mikron’s commitment to responsible business practices and its dedication to circular economies are key themes. Our Code of Conduct underlines the crucial role employees play in safeguarding Mikron’s reputation, emphasizing the company’s adherence to ethical principles. Mikron’s industry advocacy is in line with the principles of the Code of Conduct, reinforcing ethical business standards. The inclusion of a whistleblowing section demonstrates Mikron’s commitment to transparency and ethical conduct. Years ago, Mikron established a whistleblowing organization, ensuring a comprehensive approach to addressing reported concerns, with an emphasis on confidentiality and protection against retaliation.

## Organizational structure with regard to sustainability at Mikron







*“In 2023, we further refined our sustainability goals.”*

*Francesca Malcotti, Project Manager Sustainability,  
Head of Quality Management & Processes Improvement,  
Mikron Machining, Agno*

### **Risk Management**

Mikron monitors and carefully evaluates the handling of strategic, financial and operational risks. Likewise, the company accounts for risks related to compliance as well as political and regulatory changes. The functioning of the risk management process and the main risks are described in the Corporate Governance Report (pages 95 and 96), while financial risk management is outlined in the Financial Report (pages 126 to 128). Environmental risks are addressed within the framework of compliance with ISO standards.

### **Data protection and information security**

Data protection and cyber security are top priorities at Mikron, and are based on the principles of “zero trust” and “least privilege”. With ongoing investments in hardware and software as well as targeted employee training, we ensure that data within our organization is managed with integrity and confidentiality. We create a secure environment by limiting access to data to a minimum (“least privilege”) and checking every activity with a “zero trust” mentality. In doing so, we focus on continuously reviewing security, regardless of location and context.

### **Mikron’s Adherence to Governance Standards on Minerals and Child Labor**

In accordance with Article 964J, companies are obliged to adhere to specific standards of diligence and transparency regarding minerals and metals originating from conflict regions, as well as concerning child labor. Mikron commits to excluding the use of minerals such as tin, tantalum, tungsten, gold, and other metals from conflict zones or high-risk areas during production processes and in the creation of its products. Moreover, based on a comprehensive analysis across all Mikron sites, we pledge not to manufacture or market products that may raise reasonable suspicions regarding the exploitation of child labor during their manufacturing or distribution on the market. With regard to Mikron in Switzerland in particular, we actively abide by the regulations issued by the Federal Department of Economic Affairs, Education and Research (EAER). These regulations provide information on key special provisions related to the protection of young workers in compliance with labor laws and the ordinance on the protection of young workers. In its Code of Conduct, Mikron has also explicitly defined a strict ban on both child labor and forced labor for all business partners.

## **CERTIFICATIONS**

Mikron holds the following certificates:

ISO 9001 (Quality Management)

ISO 14001 (Environmental Management)

ISO 45001 (Occupational health and safety management systems for the Swiss entity in Agno)

ISO 13485 (For medical pre-production at the USA entity at the Denver plant)



# VALUES



Mikron's values are the six principles that shape our organization, and we are all committed to them. We truly believe they are the pillars of our long-term success and not just random corporate clichés. Of course, words and declarations are not magic. They need to be understood, lived by, and acted upon. Only then do values become actions. Reflect on what these values mean to you personally and how they can be converted into actions.

**EXCELLENCE  
SKILLED &  
MOTIVATED  
EMPLOYEES**

**WE ARE HIGH-PERFORMANCE TEAMS THAT WORK TOGETHER.**

Every employee contributes to Mikron's success. We share our experiences and shape our working environment in such a way that everyone can be successful. Through continuous training, our people develop the necessary competencies and skills for today and tomorrow. Transparent communication and a feedback culture foster teamwork and an environment built on trust. Empowerment and constant challenges move us to take action and motivate us to step out of our comfort zones.

**RESPONSIBILITY  
HONOR  
AGREEMENTS &  
SHOW RESPECT**

**WE HONOR OUR COMMITMENTS.**

We take responsibility for our actions and behavior based on our values, policies, and corporate objectives. We are all ambassadors for our company and show respect for, and develop profound trust among our colleagues, customers, and partners. We take and execute decisions professionally and for the good of the company. We fully comply with the legal statues and behave in a socially and environmentally responsible manner, not because we must, but because we believe in it. Regardless of our titles, we are all leaders and have a responsibility to act as role models.

**ENGAGEMENT  
MARKET &  
CUSTOMER  
FOCUSED**

**WE PARTNER WITH OUR CUSTOMERS.**

The needs and expectations of our customers guide the way we think and act. We help them to improve their productivity and become more competitive in their markets using innovative solutions. Building long-term business relationships is vital to us. We are confident and only make promises that we can keep. We continuously invest in new products and technologies to meet the needs of our customers and the evolving market. Through digitalization we transform our services, products, and internal processes in order to remain a reliable and competitive partner.

**QUALITY  
THROUGH CONTINUOUS  
IMPROVEMENT**

**WE IMPROVE STEP BY STEP.**

Based on our passion for precision, we deliver the quality our customers expect. All within the budget, on time, and in an environmentally safe way. Quality is all-encompassing, including rapid and agile adjustments to new requests, and the constant search for improvements to products, processes, and competences.

**RESPECT  
CONFIDENTIALITY  
& CARE FOR SECURITY**

**WE KEEP YOUR KNOW-HOW SAFE.**

We protect our customers' intellectual property and data, and use it only as authorized. Employees have access to the materials required to perform their work, but Mikron is very careful and restrictive with information inside and beyond the walls of our company. We are aware of cyber risks and our vulnerability, and consequently use all communication tools with the utmost care.

**SUCCESS  
STRIVE FOR TARGETS &  
RESULTS**

**WE STRIVE FOR TARGETS AND RESULTS.**

We devote all our energy to achieving our company's objectives. Our success depends on our customers' success. By meeting their expectations, we deliver on our company's objectives, targets, and long-term stability. We set demanding and clearly defined quantitative and qualitative targets. Every employee knows their own targets and those of the company, and what they are expected to contribute. We also monitor and communicate progress within the teams and work together to initiate the necessary measures in good time, should any deviations be identified.



# PROGRESS TOWARDS 2030 TARGETS

Measurable indicators for monitoring progress and results are fundamental to a successful sustainability strategy. The key performance indicators (KPIs) relevant to sustainability can be divided into social, environmental, and governance indicators.

Mikron has set six targets for the most important sustainability KPIs. In doing so, we have considered both the company's strategic goals and the needs of society and the environment.



## Governance

KPI targets (baseline 2019)

Time

Performance 2023

### 1. Building an ESG culture

<ul style="list-style-type: none"> <li>– Consideration of ESG as part of the performance indicators</li> <li>– Linking the long-term incentive for Mikron's top management to the achievement of our three KPI targets</li> </ul>	<b>2024</b>	<ul style="list-style-type: none"> <li>– Appointment of a person responsible for the sustainability report</li> <li>– Definition of responsibilities along the line</li> <li>– Redefined sustainability goals</li> <li>– New long-term and short-term incentive program including ESG targets</li> </ul>
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### 2. Foster training and education

<ul style="list-style-type: none"> <li>– Training of at least 95% of employees in the fields of IT and cyber security</li> <li>– Training of at least 97% of employees on the Code of Conduct, ethics, corruption, trade control, and HSE</li> </ul>	<b>2030</b>	<ul style="list-style-type: none"> <li>– 90 percent of employees attended training in 2023</li> </ul>
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## Environment

KPI targets (baseline 2019)

Time

Performance 2023

### 3. Reduction in energy consumption

<ul style="list-style-type: none"> <li>– Reduction of CO<sub>2</sub> eq emissions (scope 1 and 2) by 70% to less than 1,600 tons CO<sub>2</sub> net and less than 3.5 in intensity</li> </ul>	<b>2030</b>	<ul style="list-style-type: none"> <li>– Total savings of CO<sub>2</sub> emissions compared to 2019: 40%</li> <li>– Total savings of CO<sub>2</sub> emissions compared to 2022: 17%</li> <li>– Savings in Boudry since 2022: Reduction of CO<sub>2</sub> emissions by 85%</li> </ul>
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### 4. Foster sustainable products

<ul style="list-style-type: none"> <li>– Develop and implement LCA, review the inventory of scope 1 and 2, and implement targets for scope 3 by 2030</li> <li>– Establish targets for 2030 with particular attention paid to the circular economy, analysis of material life cycles, and sustainable procurement</li> </ul>	<b>2025</b>	<ul style="list-style-type: none"> <li>– Project planned for 2024</li> </ul>
<ul style="list-style-type: none"> <li>– All R&amp;D projects will include targets on the ESG impact of our products</li> </ul>	<b>2024</b>	<ul style="list-style-type: none"> <li>– Project planned for 2024</li> </ul>

### 5. Reduction of waste

<ul style="list-style-type: none"> <li>– Confirmation of the database obtained from the 2020, 2021 and 2022 triennium</li> <li>– Establish waste reduction targets for 2026–2030</li> </ul>	<b>2023</b>	<ul style="list-style-type: none"> <li>– Control of all the data in 2023</li> </ul>
		<ul style="list-style-type: none"> <li>– Reduction of municipal garbage (tons): 30%</li> <li>– Reduction of used chemicals (tons): 58%</li> <li>– Other waste (electrical, not recyclable)</li> <li>– Mikron launched the “Plastic Free” project across the Group in 2023. Wherever possible, we are switching from plastic to paper for packaging. We also only use recycled plastic for packaging.</li> </ul>

## Workplace

KPI targets (baseline 2019)

Time

Performance 2023

### 6. Becoming more attractive as an employer

- Diversity: Over 30% increase in female workforce
- Equal pay: Regular reviews and continuous monitoring. Aim to keep the gap below 5%
- Employee enablement and engagement survey: 5% improvement in empowerment score
- Employee turnover: Reduce turnover by more than 30%
- HSE management: Reduce health, safety, and environmental incidents (TAFR, number of incidents per 200,000 hours worked) by more than 30%

**2030**

- Increased share of women since 2019: 32%
- Regular monitoring of wages
- Regular implementation of employee surveys at all locations: Last survey conducted 2023 with action plan defined
- Employee turnover reduced

### ECOVADIS

Mikron submits its data for assessment by EcoVadis, one of the world's leading providers of sustainability ratings. The assessment process involves a detailed expert analysis of environmental performance, ethics and labor issues, and human rights. Mikron is committed to following the advice provided by the platform to implement actions aimed at improving its sustainability performance and achieving set objectives. We are continuously extending the collaboration with EcoVadis to more sites.



# STAKEHOLDER ENGAGEMENT

## OUR STAKEHOLDERS

We defined our most important target groups and dialog partners in a comprehensive stakeholder analysis. We conducted interviews to find out about their interests and needs.

### Customers

Our customers are at the center of everything we do. We consider ourselves a reliable partner in long-term relationships.

Our commitment

- Outstanding, tailored, and excellent products and services
- Innovation and development of products and services
- Code of Conduct, ethical principles, and corporate values
- Personal contacts at trade fairs
- Contacts and insights through social media
- Long-term relationships

### Employees

Our people make Mikron successful. With a culture based on engagement and enablement, we ensure that we are an attractive employer.

Our commitment

- Open dialog between employees and management
- Regular satisfaction surveys
- Annual appraisal interviews
- Fostering of a corporate culture based on respect and diversity.
- Protection of personal data and privacy
- Ideas and whistleblowing management
- Learning and development opportunities (digital and analog)
- Company intranet

### Investors

Investors and the broader financial community form the basis of our business. We use numerous communication channels to keep the investment community informed about our financial performance and outlook, and to explain our strategy.

Our commitment

- Dialog with financial institutions and analysts
- Regular, transparent reporting.

### Suppliers

Our business activities are based on trusting and long-term relationships with our suppliers. Together with our partners, we strive towards customer-friendly, sustainable solutions along the entire value chain.

Our commitment

- Long-term partnerships based on mutual respect along a sustainable, high-quality and ethically oriented supply chain
- Shared use of the Code of Conduct

### Agents and distributors

To consolidate and develop our global presence, we rely on open cooperation with local partners: agents and distributors are important ambassadors for our company in their country.

Our commitment

- Realizing shared synergies
- Building long-term relationships
- Sharing the Code of Conduct, ethical principles, and corporate values

### R&D partners

Research and development are part of Mikron's DNA. We maintain contact with universities and scientists as part of a broad-based network.

Our commitment

- Cooperation with universities
- Support for scientific projects and participation in conferences
- Hosting students in R&D projects

### Local community

The communities in which we operate are close to our hearts. In the locations where we work and operate, we take responsibility and strive to make a positive impact.

Our commitment

- Community involvement projects
- Plant visits
- Neighborhood dialog
- Open-door events
- Face-to-face dialog with local authority representatives



### Media and the public

Accurate and fair reporting facilitates our dialog with our target groups.

Our commitment

- Holding media-relevant events
- Media releases and publications
- Advertising
- Contributions to social media
- Mikron Group website

### Industry associations

Industry associations are an important part of our international network.

Our commitment

- Membership of various organizations at local, national and international level
- Participation in working groups

### Strategic partners

Our experience and expertise flows into our collaborations with many companies, organizations, and NGOs. As part of these partnerships, we look for solutions for a sustainable future.

Our commitment

- Cooperation within the scope of specific innovation projects
- Strategic market projects





## MATERIALITY MAP

Mikron is committed to continuously analyzing its sustainability impact. In 2023, we decided to expand our assessment in order to deepen our understanding. We identified potentially relevant ESG (Environmental, Social, and Governance) topics and evaluated them from various perspectives:

- Stakeholder perspective: Assessing the likelihood of influencing the judgment and decisions of key stakeholder groups.
- External impact: Examining the impact on society.
- Internal impact: Analyzing the effect on Mikron’s performance and business.

### 1. Identification: Identifying ESG topics (Environmental, Social, and Governance)

We identified 15 relevant ESG topics along the entire value chain, emphasizing their impact.

### 2. Stakeholder engagement: Gathering stakeholder perspectives.

Mikron engaged its stakeholders in order to understand their sustainability priorities, and incorporated their feedback into the strategy. We consulted a variety of stakeholders during our business relationship or another kind of relationship by means of interviews, asking them to select the most important ESG topics.

Stakeholder engagement helps us to develop a strategy based on stakeholder expectations.

### 3. External impact: Assessing external impacts.

The areas in which Mikron has the greatest external impact were analyzed. The topic with the most external impact is environmental protection and responsible emissions in production. Considerable attention has also been given to reusable and recyclable production alternatives.

### 4. Internal impact: Assessing internal impacts.

In this phase, we evaluated the impact of sustainability topics on our performance and business, considering both the risks and opportunities that affect our corporate value.

The Mikron Double Materiality Map is the result of a participatory process involving a wide range of stakeholders, including customers, suppliers, employees, and other business partners along the value chain. The company also facilitates internal discussion groups to identify and prioritize other indicators relevant to the sustainability report, and to address environmental, social, and governance issues.

These interactions guided the creation of the map, which positions ESG topics along two key dimensions: business impact (x-axis) and societal and environmental impact (y-axis). This dynamic tool will assist us in focusing our efforts on the relevant issues both internally and externally, contributing to the sustainability of our business and the well-being of the communities in which we operate. The Double Materiality Map reflects the active involvement of our stakeholders and is of paramount importance to Mikron’s business strategies.

The size of the bubbles on the map indicates the significance of these topics to the company’s stakeholders. We have also specifically emphasized the aspects that are particularly relevant to Mikron. These aspects align with the company’s goals, which can be further explored in the “ESG 2030 targets” chapter.



**Environment**

- Environmental protection and emission
- Governance and transparency
- Business integrity

**Marketplace**

- Logistic/responsible supply chain
- Product and service quality
- Service – retrofitting/modernizing equipment
- Product LCA

**Workplace**

- Employee mobility
- Social responsibility
- Employee enablement and engagement
- Employee health and safety
- Employee diversity and inclusion
- Compliance with local laws/corruption

**Innovation**

- Process innovation
- Economic performance
- Reusable and high-production solutions

According to the map, Mikron has the greatest external impact in the areas of “Reusable and high-production solutions” and “Product and service quality”. The environment fields “Environmental protection and emission” and “Business integrity” also proved to be particularly relevant. We have taken these findings into account when formulating our sustainability goals.



Mikron is committed to fostering an inclusive and sustainable work environment that reflects the diversity and needs of its employees. We strive to create a stimulating and rewarding work environment to enhance the well-being and effectiveness of our employees.

# WORKPLACE



Our employees shape the future of our company with their in-depth expertise and great commitment. They are the key to our success and form the core of our strategy.

At the end of the 2023 financial year, the Mikron Group had a total of 1,548 employees (previous year: 1,414 employees). The number of apprentices amounted to 95 employees.

<b>Nationalities</b>	<b>2019</b>	<b>2022</b>	<b>2023</b>
Swiss	n/a	37%	35%
French	n/a	4%	5%
Italian	n/a	20%	19%
German	n/a	7%	6%
American	n/a	17%	17%
Asian	n/a	8%	9%
Other nationalities	n/a	7%	9%
Apprentices	110	96	95
<b>Total (FTE)</b>	<b>1,486</b>	<b>1,414</b>	<b>1,548</b>

## EMPLOYEE HEALTH AND SAFETY

Mikron puts safety first, and attaches great importance to the health of its employees. As in previous years, there were no significant accidents at work in the year under review. The figures in the table include illness/disease, work-

place accidents, and accidents that occurred outside of work. The rate of absenteeism decreased to 2.3% compared with the prior-year figure of 3.4%, thus remaining at an encouragingly low level.

<b>Absenteeism</b>	<b>2019</b>	<b>2022</b>	<b>2023</b>
Hours of absence	50,470	91,218	69,134
Planned working hours	2,828,300	2,662,628	3,046,900
Rate of absenteeism	1.8%	3.4%	2.3%

## EMPLOYEE SATISFACTION AND TRAINING

Mikron operates in a demanding, highly cyclical, and global market, and is exposed to globally active and locally specialized competitors. The key to success is highly skilled and motivated employees who are willing to assume responsibility and work together constructively. This allows the Group to respond to the rapid changes, diverse customer requests, and complexity inherent in the business.

Recruiting, retaining, and developing employees and inspiring them to embrace shared goals and practices remain priorities at all our locations. Mikron regularly assesses employee satisfaction levels through a dedicated survey. In the year under review, more than half of the employees (FTE) received feedback from their supervisor in appraisal and development form.

Mikron aims to attract and retain employees with the right level of technical qualifications who are able to work in dynamic interdisciplinary teams, have a broad set of language skills, and are willing to travel and work abroad.

Mikron continues to invest in training and education and has conducted numerous on-site and virtual seminars. This came to a total of 47,904 hours of training, which corresponds to 31 hours per employee.

New apprentices and trainees were taken on in 2023, and further steps were taken to foster the apprentices' culture, including during the pandemic, at our sites in Switzerland and the US. The management and leadership training program continued, as did the specific project managers' training.

All employees are regularly invited to participate in online training sessions on Code of Conduct, ethics and compliance, and managers are asked to monitor their participation. The rate of participation reached 90%.

Phishing emails and related awareness online training sessions were conducted regularly during the year under review to increase our resiliency to cyber risks and threats.

<b>Training sessions (hours)</b>	<b>2019</b>	<b>2022</b>	<b>2023</b>
Internal trainings	35,540	11,267	32,662
External trainings	2,590	2,951	13,568
Training sessions in security and health	465	1,611	1,674
<b>Total hours of training</b>	<b>38,595</b>	<b>15,829</b>	<b>47,904</b>
<b>Total hours of training per employee (FTE)</b>	<b>26</b>	<b>11</b>	<b>31</b>

<b>Employee turnover</b>	<b>2019</b>	<b>2022</b>	<b>2023</b>
Employees (FTE) leaving (excl. retirees, interns and temporaries)	140	161	138
Apprentices (FTE) leaving	15	14	29
<b>Total leaving</b>	<b>155</b>	<b>175</b>	<b>167</b>
<b>Turnover rate (excl. apprentices)</b>	<b>10.2%</b>	<b>12.2%</b>	<b>9.5%</b>



## DIVERSITY AND INCLUSION

The Mikron Group's management team is keen on promoting diversity within the workforce. The management looks for balanced diversity, with a specific focus on competencies and experience at the same time. In local management, diversity is a fundamental element that enriches the social fabric and promotes innovation, valuing and encouraging the participation and inclusion of diverse perspectives, cultures, and backgrounds within the local community.

However, those responsible for recruiting staff are still dependent on the labor and training market. In Switzerland, for example, the number of men with appropriate technical qualifications is considerably higher than the number of women with such skills. The proportion of women pursuing initial training in engineering and technology amounts to 6.9%, with 12.7% studying technical subjects at universities of applied sciences and 31% at regular universities (source: Swiss Federal Statistical Office).

Employee remuneration is based on the role in question, performance, knowledge or skills specific to Mikron (languages, special technological expertise), and experience.

Men and women are paid equally for performing the same work. Women account for around 12.3% of Mikron's staff, and most of them perform tasks related to internal service functions. It is important to note that the conditions for women are in line with the industry average. The economic performance and regional differences of the individual companies are also taken into account. It is Mikron's aim to compensate employees fairly and in a way that is comparable to similar internationally active companies.

Mikron also takes the differences that may arise at the individual sites into account. For instance, an equal pay approach is applied when a site employs local residents and commuters coming from a neighboring country, as is the case in Agno. In addition, during 2023, a specific tool was implemented for the Swiss entities to evaluate the application of the equal pay approach in accordance with the statutory legal requirements in Switzerland. The results have been audited by an external supervisor and showed overall compliance and an equal approach to salaries for different genders.

Gender	2019	2022	2023
Male	1,341	1,251	1,357
Female	145	163	191

## SMART WORKING INITIATIVES

In 2018, Mikron had already developed an open approach to smart working, giving employees the opportunity to work from home and achieve a better work-life balance. Naturally, the occurrence of the pandemic in 2020 and its continuation in 2021 further incentivized working from home. Many Mikron employees continue to take advantage of this opportunity, while ensuring they provide continuous and efficient services to their clients. This has been made possible thanks to Mikron's development of IT solutions that have enabled most employees to work remotely or from home. The lifting of emergency govern-

ment measures relating to the pandemic may have an indirect impact on the practice of working from home in the future, particularly for staff who commute. Indeed, according to some local tax laws, the number of hours worked from home is limited for employees to remain subject to the tax regime of the country that regulates the employment contract.

The use of other smart working initiatives such as flexible hours, part-time, and days of parental leave exceeding the statutory days has increased at Mikron over the years, as the table above shows.

Smart working initiatives	2019	2022	2023
Hours worked from home	3,078	277,903	344,348
Employees (headcount) with flexible hours	389	903	935
Employees (headcount) with part-time hours	24	80	98
Days of parental leave exceeding statutory days	92	187	180

## FROM OUR DAY-TO-DAY LIVES: EMPLOYEE EVENTS AND TEAM-BUILDING

### Empowering the Future: Mikron's New Year celebration and UNICEF donation

At the turn of the year 2022/2023, Mikron Switzerland AG, Agno, invited its employees' children to draw the "machine of their dreams". Some of the numerous entries were awarded prizes. The event was entitled "Empowering the Future". In this context, Mikron made a donation to the United Nations Children's Fund UNICEF.

### The Mikron Automation Global Sales Meeting

Mikron organized the Mikron Automation Global Sales Meeting, which proved to be a success, at our headquarters in Switzerland. Sales and marketing teams from the US, Asia, India, and Europe met for workshops and team-building activities.

### The Mikron Group's Global Management Meeting: A strong future through excellence in leadership

In October 2023, the management of the Mikron Group met in Zurich, Switzerland, for a global meeting. Over 40 representatives from both segments took the opportunity to meet in person once again. The agenda included questions about the medium and long-term strategy of the Mikron Group, as well as its corporate culture.



### Mikron Switzerland AG, Agno, Open House

Mikron Switzerland AG, Agno, celebrated its 115th year of operation with a special "Open House" event at the company's headquarters in Agno (Switzerland). On this day, Mikron invited its employees and their families to visit the company and learn more about its operations. The highlight of the day was a tour of the company with eight stations including a quiz – and, of course, a relaxed get-together over lunch.

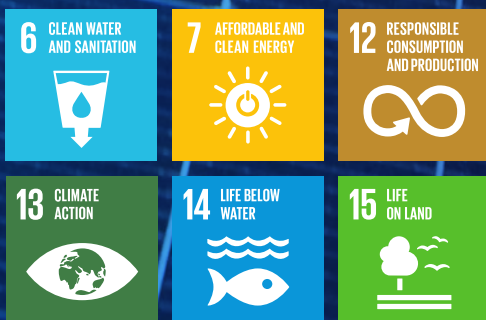
### Team event on Lake Neuchâtel

Mikron specifically uses team-building events to strengthen cooperation and motivation among its employees. This included, for example, the wakeboarding and wake-surfing event organized in summer 2023 by the Mikron Automation Leisure Club in Boudry on Lake Neuchâtel (Switzerland). A total of thirty people took part.



# ENVIRONMENT

Mikron is actively committed to the responsible use of resources through a series of initiatives aimed at reducing its impact on the environment. This reflects the company's vision of pursuing eco-friendly practices and contributing to the preservation of the environment.



## ENVIRONMENTAL KEY PERFORMANCE INDICATORS

**Absolute figures**

Consumption	2019	2022	2023	diff to 2019	diff to 2022
<b>Energy</b>					
Electricity (MWh)	11,813	11,535	12,100	2.4%	4.9%
Natural gas (MWh)	2,065	1,434	1,478	-28.4%	3.1%
Heating oil (fuel oil) (liter)	161,860	48,717	55,657	-65.6%	14.2%
<b>Waste</b>					
Municipal garbage (tons)	70	100	87	24.3%	-13.0%
Used chemicals (tons)	66	60	28	-57.6%	-53.3%
Other waste (electrical, not recyclable) (tons)	68	97	7	-89.7%	-92.8%
<b>Water</b>					
Yearly consumption (m <sup>3</sup> )	11,521	8,066	12,299	6.8%	52.5%

**Intensity figures**

(consumption per CHF million net sales)

Consumption	2019	2022	2023	diff to 2019	diff to 2022
<b>Energy</b>					
Electricity (MWh)	36.06	37.28	32.68	-9.4%	-12.3%
Natural gas (MWh)	6.31	4.64	3.99	-36.8%	-14.0%
Heating oil (fuel oil) (liter)	494.08	157.46	150.33	-69.6%	-4.5%
<b>Waste</b>					
Municipal garbage (tons)	0.21	0.33	0.23	9.5%	-30.3%
Used chemicals (tons)	0.20	0.19	0.08	-60.0%	-57.9%
Other waste (electrical, not recyclable) (tons)	0.21	0.31	0.02	-90.5%	-93.5%
<b>Water</b>					
Yearly consumption (m <sup>3</sup> )	35.17	26.07	33.22	-5.5%	27.4%

For the CO<sub>2</sub> footprint, we differentiate between "Energy consumption", "Direct emissions", and "Indirect emissions". We found the corresponding templates in the GRI Standards GRI 302, GRI 305 (Scope 1 + 2).

– Direct emissions: Emissions resulting from the combustion of fossil fuels within the Mikron Group (boilers, burners and means of transportation such as company cars)

– Indirect emissions: These emissions arise in energy-supplying companies and are purchased by Mikron.

We calculate Mikron's direct emissions on the basis of the GHG protocol (ghgprotocol.org). The data on indirect emissions is based on information provided by the energy-supplying companies.

As from 2023, all Mikron locations are included in the performance indicators.



## ENVIRONMENTAL KEY PERFORMANCE INDICATORS

**Absolute figures**

Green gas emissions – Scope I and II tCO <sub>2</sub> eq	2019	2022	2023	diff to 2019	diff to 2022
<b>Energy</b>					
Electricity (MWh)	1,689	1,157	1,159	-31.4%	0.1%
Natural gas (MWh)	382	265	273	-28.6%	2.8%
Heating oil (fuel oil) (liter)	427	129	147	-65.6%	14.3%
<b>Waste</b>					
Municipal garbage (tons)	86	118	106	23.3%	-10.2%
Used chemicals (tons)	245	222	104	-57.6%	-53.2%
Other waste (electrical, not recyclable) (tons)	205	290	21	-89.8%	-92.8%
<b>Total tCO<sub>2</sub>eq</b>	<b>3,034</b>	<b>2,181</b>	<b>1,810</b>	<b>-40.3%</b>	<b>-17.0%</b>

**Intensity figures**

(consumption per CHF million net sales)

Green gas emissions – Scope I and II tCO <sub>2</sub> eq	2019	2022	2023	diff to 2019	diff to 2022
<b>Energy</b>					
Electricity (MWh)	5.16	3.74	3.13	-39.3%	-16.3%
Natural gas (MWh)	1.17	0.86	0.74	-36.8%	-14.0%
Heating oil (fuel oil) (liter)	1.30	0.42	0.40	-69.2%	-4.8%
<b>Waste</b>					
Municipal garbage (tons)	0.26	0.38	0.29	11.5%	-23.7%
Used chemicals (tons)	0.75	0.72	0.28	-62.7%	-61.1%
Other waste (electrical, not recyclable) (tons)	0.63	0.94	0.06	-90.5%	-93.6%
<b>Total tCO<sub>2</sub>eq</b>	<b>9.27</b>	<b>7.06</b>	<b>4.90</b>	<b>-47.1%</b>	<b>-30.6%</b>

For the CO<sub>2</sub> footprint, we differentiate between "Energy consumption", "Direct emissions", and "Indirect emissions". We found the corresponding templates in the GRI Standards GRI 302, GRI 305 (Scope 1 + 2).

– Direct emissions: Emissions resulting from the combustion of fossil fuels within the Mikron Group (boilers, burners and means of transportation such as company cars)

– Indirect emissions: These emissions arise in energy-supplying companies and are purchased by Mikron.

We calculate Mikron's direct emissions on the basis of the GHG protocol (ghgprotocol.org). The data on indirect emissions is based on information provided by the energy-supplying companies.

As from 2023, all Mikron locations are included in the performance indicators.

## ENERGY AND GREENHOUSE GAS EMISSIONS

As a technology Group, we need energy for the machines in our testing and production facilities. We are therefore pursuing an ambitious goal in our efforts to reduce our emissions to 1,600 ton CO<sub>2</sub> net in 2030. We took a major step in reducing our CO<sub>2</sub> output in Switzerland in 2022: Mikron Boudry has implemented an eco-friendly building, installed solar panels, and adopted new heating and cooling systems. Thanks to these initiatives, the company has significantly reduced its CO<sub>2</sub> emissions and is now able to self-generate a substantial portion of its required energy. Mikron Tool replaced its old oil heating system with a modern mixing system that recovers heat from production to eliminate fossil fuel consumption. The refrigeration system was also upgraded, resulting in significant annual electricity savings. Solar collectors and a heat pump were also installed at the Mikron Tool site. Fossil fuel is now only used for interim purposes or at low temperatures. The overall increase in consumption in 2023 is due to a significant increase in sales, which consequently led to an increase in production. In addition, more Mikron sites were included in the environmental data collection than in previous years.

The electricity and gas consumption in 2023 amounted to 13,578 (2022: 12,969 MWh) in absolute figures, representing a 4.7% increase. Intensity data, which takes into account electricity and gas consumption per million Swiss francs of net sales, show a 12.5% reduction in consumption in 2023 compared to the previous year.

Renewable resources represent approximately 53% of the purchased mix, which is an increase compared to the ratio of the previous year (2022: 44%). In addition to purchased electricity, energy sources necessary for business activities also include methane gas and automotive fuels (diesel and gasoline) for company vehicles.

The consumption of heating oil amounted to 55,657 liters in absolute figures (2022: 48,717 liters) and increased by 14.3%, while the intensity figure decreased by 4.8%.

## WASTE

Mikron makes every effort to ensure that waste is dealt with in an environmentally compatible way. In 2023, the Group produced 122 tons of waste (2022: 257 tons), corresponding to a decrease of 53% in absolute figures and to a decrease of 60% in intensity figures.

Based on a waste analysis, Mikron introduced recycling processes in 2023 that allow 89% of waste to be recycled.

## WATER

We only need water in connection with the kitchen and hygiene facilities, and to a lesser extent for the operation of our air conditioning systems. In 2023, we saw an increase of 52% in water consumption compared to 2022. This was largely due to a 9.5% rise in employees and a proper reporting of the consumption. Additionally, the implementation of limitations on remote working, due to external regulations impacting Mikron, inevitably necessitated onsite presence of personnel, leading to the rise in water consumption.

## SOME PROJECTS TO REDUCE ENERGY CONSUMPTION

### Environmentally friendly packaging

In 2023, we launched a project for the environmentally friendly packaging of our products. This not only helps us to protect the environment, but also meets a growing need among our customers.

The Mikron Group aims to massively reduce its packaging waste and, wherever possible, replace plastic with paper. Where this is not possible, we will use 100% recycled plastic.

The following packaging material will be replaced throughout the Group:

- Bubble wrap: replaced with fully compostable paper made entirely from recycled materials.
- Packaging chips: replaced with 100% plant-based starch chips as well as biodegradable and sustainable recycled paper.
- Tape: replaced with natural rubber paper adhesive tape.
- Moisture-absorbing bags: replaced with moisture-absorbing bags made from woven clay, fully biodegradable with no climate impact.
- Component protective netting: replaced with Elastowell cardboard, made entirely from recycled materials and fully recyclable. Other options include recycled paper, corrugated cardboard, and recycled honeycomb paper.
- Bags: replaced with cellulose glassine bags, hydrophobic glassine bags with adhesive strips, and bioplastic derived from sugarcane.
- Package fillers: Replaced with 100% recyclable and compostable earth-friendly paper.

Mikron is now exploring alternatives to traditional packaging and shifting towards eco-friendly solutions. This goal has been deemed achievable immediately and can be progressively realized in relatively short timelines. Through effective research and negotiations with suppliers, Mikron aims to achieve an overall reduction in packaging material costs while maintaining a focus on environmental sustainability.

### Reusable and high-production solutions

Mikron Machining systems demonstrate good longevity, with 80% still operational after ten years and 65% after 20 years. To counter efficiency decreases due to technological evolution, Mikron provides renewal services, including tool regrinding and spindle retrofitting, within a five to fifteen-year timeframe.

Mikron Tool offers regrinding services that ensure the same quality as new tools. This allows users to reduce costs while maintaining high performance and contributing to resource conservation. Regrinding should be considered at the time of purchase, offering a sustainable and cost-effective option for users.

### Waste at the Mikron Denver site

The Denver site allows customers to securely destroy confidential parts by sending them to Colorado Medical Waste, which reduces them by 90% without emissions.

### Mikron's commitment to sustainable employee commuting

In an effort to provide our Denver-based employees with a convenient and eco-friendly commuting option, Mikron Automation Denver (USA) has provided all our employees with an EcoPass from the Regional Transportation District (RTD) of Denver. The EcoPass offers unlimited journeys on RTD buses and trains, providing safe and reliable transport options throughout the greater Denver metropolitan area while reducing our carbon footprint. This is a win-win-win for Mikron, our employees, and our community.

### Emissions report for Mikron Machining

In 2023, the Mikron Machining division prepared an emissions report for the Agno site. With the "Corporate Rainbow" program, Mikron Machining encourages employees to use public transport and, together with the Ticino Arcobaleno Tariff Community (CTA), covers part of the cost of the annual season ticket (2nd class) for "home-to-work" routes in Ticino and the Moesano region. The CTA covers 15 percent of the cost of the annual season ticket, and Mikron 35 percent.

### Promoting environmentally friendly commuting

At our Denver site (USA), Mikron Automation installed bike racks and charging stations for electric vehicles in August. Numerous employees take advantage of this offer and commute to work by bike or electric vehicle.

### Mikron Agno cafeteria

The Mikron Agno cafeteria is certified for the recovery of organic waste, which is transformed into biogas and fertilizer. It is committed to reducing plastic usage, supporting local products, and achieving CO<sub>2</sub> neutrality, with initiatives such as the use of local water and eco-friendly containers.

# MARKETPLACE

The Mikron Group again improved its earnings situation in the past financial year. Both business segments increased annual net sales and achieved good results. Strong demand in all of Mikron's key markets, above-average growth in the Automation division in Boudry and Denver, sales growth in the Machining division, and the Tool division's good positioning in the pharmaceutical and medical technology markets were the key factors behind this pleasing performance.

9 INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



16 PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS



17 PARTNERSHIPS  
FOR THE GOALS





## ECONOMIC PERFORMANCE

The Group's net sales rose from CHF 309.4 million in 2022 to CHF 370.2 million in 2023 (+19.7%). At CHF 412.1 million, order intake even surpassed the previous year's record figure of CHF 408.0 million (+1.0%). The Group's EBIT for 2023 amounts to CHF 35.3 million (2022: CHF 26.4 million, +33.7%), and the profit for the year is CHF 28.8 million (2022: CHF 24.2 million, +19.0%). The non-operating property in Nidau (Switzerland) contributed CHF 1.8 million to the Group's EBIT, including a one-off positive effect of CHF 2.2 million resulting from the sale of the property.

<b>Economic performance in %</b>	<b>2022</b>	<b>2023</b>
<b>By segment</b>		
Machining Solutions	41%	38%
Automation	59%	62%
<b>By region</b>		
Europe	42%	47%
Switzerland	7%	12%
Asia/Pacific	20%	14%
North America	30%	25%
Others	1%	2%
<b>By industry</b>		
Automotive	12%	7%
Pharma/Medtech	55%	57%
Writing	4%	5%
Consumer Goods	9%	8%
Others	20%	23%

## WORLDWIDE PRESENCE

With 10 locations, Mikron is a globally networked Swiss-based company with a worldwide presence. Its most important foreign markets are Europe, North America, and Asia Pacific. At the end of the 2023 financial year, the Mikron Group had 1,548 employees (FTE), which represents a 9.5% increase compared to the prior year (1,414 employees).

## 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 and on 31 December 2023 had a market capitalization of CHF 255.7 million. The Mikron Group is organized by segments. For the purposes of reporting, two business segments and the Corporate Service organization have been identified.

## DISTRIBUTION TO SHAREHOLDERS

At the Annual General Meeting of Mikron Holding AG on April 26, 2023, the shareholders approved all of the Board of Directors' proposals and a distribution of CHF 0.40 per share.

# INNOVATION

Our goal is to continuously optimize our products. This includes reducing energy consumption, using resources efficiently, reducing our carbon footprint, and integrating eco-design and circular economy principles.

We aim to develop ever-higher levels of productivity through diversification, technological upgrading and innovation, with a focus on high value-added sectors such as MedTech. We stimulate scientific research, encouraging creativity and innovation, and reinvesting 2.0% of our net sales in research and development.

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



17 PARTNERSHIPS FOR THE GOALS



## EXAMPLES OF OUR INNOVATION WORK

### Mikron Tool: Collaboration with DMG MORI

Mikron Tool's technology center in Agno has become one of the most modern research centers for machining worldwide. Mikron Tool has been working closely with the machine tool manufacturer DMG MORI for many years. In close collaboration with DMG MORI's specialists, our professionals produce demo and sample components for medical instruments, implants, prosthetics, and bone plates in an industrial and practical manner. To achieve this, we define the appropriate machine, cutting parameters, CAD-CAM programming, tool holding equipment, workpiece clamping, cooling lubricant, and, of course, the optimal tools. Thanks to this collaboration, the customer receives a production solution that includes a prototype for process validation (the "green button" process) and consistently delivers better results than market standards. The customer has a decisive advantage: with the complete production concept, all they have to do is start up the machine – and production practically runs itself. Together with DMG MORI, Mikron Tool has developed a solution that significantly saves industry resources and minimizes investment risks. Mikron Tool is moving with the times. Close cooperation and technical know-how are the prerequisites for a new, customer-oriented, and efficient solution.

### Mikron Tool: New drill for titanium machining

Mikron Tool is committed to constant innovation and to bringing new products to the market. Thanks to its extensive experience and long-standing customer relationships, Mikron Tool is able to continually expand its range of boring and milling machines in line with market requirements.

One example of the division's innovative strength is the new range of CrazyDrill Cool Titanium drills for various titanium alloys. The drills offer superior cutting performance, longer tool life, and maximum process reliability. The material-specific cutting geometry ensures outstanding drilling quality. The CrazyDrill Cool Titanium series is available with ATC geometry for titanium alloys and PTC geometry for pure titanium.

Titanium is a high-performance material that is in great demand. It is used in aerospace, automotive, medical, surgical orthopedics, jewelry and watchmaking. One particular challenge when machining titanium is chip removal. In particular, the different qualities of titanium must be taken into account. A distinction is made between pure and alloyed titanium.

### Mikron Automation: Value-adding renewals along the entire value chain

Mikron defines innovation not only as the development of new products, but also as value-adding renewals along the entire value chain. Last year, for example, Mikron Automation Denver searched intensively for sustainable ways to optimize its processes. These efforts were based on the DFMA method, which has proven itself in the industry. DFMA stands for Design for Manufacturability and Assembly. The method can be used to optimize the production of a component – for example by using suitable materials, wider tolerances, and simplified processes. The aim is to increase efficiency without compromising quality, reliability, and ease of maintenance.

### Mikron Machining: LCA (Life Cycle Assessment)

Mikron Machining initiated a new project in 2023 to achieve further objectives and pursue KPIs. This initiative aims to enhance awareness of the energy efficiency of products through the implementation of a standardized approach for collecting, summarizing, and analyzing energy consumption data. Another goal is the introduction of a standardized approach to assess potential improvements. By adopting the methodology proposed by ISO 14955-1 standard, Mikron Machining aims to integrate energy efficiency into the design process of its products, considering electrical, pneumatic, and thermal exchange consumptions. Through this approach, Mikron Machining also has the opportunity to support its customers in optimizing energy consumption resulting from the use of the production system, through monitoring, data analysis, and the proposal of customized solutions accompanied by an estimate of potential energy savings and related return on investment.



# COMMUNITY

All Mikron companies contribute to their local communities. They participate in industry associations (e.g. Swissmem and Prodnat in Switzerland or Cecimo in Europe), collaborate with local universities in the areas of technology and innovation, support local authorities in the development of new talent and apprenticeship programs, and make donations to social and health organizations.

We consider our impact on local stakeholders and take account of local sensitivities and vulnerable groups. We inform local communities about our activities in an appropriate manner.





## EXAMPLES OF OUR COMMITMENT TO THE LOCAL COMMUNITY

### Meet technology

The popular “MountainsTour” series of events organized by the TechnologyMountains technology network made a stop in Rottweil (Germany). Mikron’s high-precision tools and machine services left a lasting impression on the guests.

### Inspiring future technicians and engineers

Mikron’s support for young talent includes guided tours of the company. In June, 120 pupils and their teachers visited the Mikron Switzerland AG, Boudry plant to find out about the company’s dual polymechanic apprenticeship program. Forty polymechanic apprentices learned about the four-year polymechanic apprenticeship and the future opportunities that Mikron can offer them, including the possibility of becoming a technician or engineer.

### Inspiring future innovators: Mikron’s commitment to STEM (Science, Technology, Engineering, and Math) education

Mikron is regularly involved in promoting STEM professions. As part of our partnership with the Cherry Creek Innovation Campus in Colorado (USA), a Mikron Corporation Denver representative gave a guest lecture in a robotics course in May 2023. He spoke about the exciting world of automation, the different types and applications of robots, and how Mikron Automation uses them. Mikron Corporation Denver also took part in an event to promote future STEM leaders at the STEM School Highlands Ranch in Colorado (USA) in November.

### Empowering women in industry

Mikron places great importance on equal opportunities at work. This includes specifically addressing female students. At our Denver site, female students from the Cherry Creek Innovation Campus visited Mikron Corporation Denver on the occasion of “Women In Industry Day”. Together with female Mikron employees, the students visited our facilities and project areas and gained insights into our career opportunities, our culture, and the various facets of engineering.



*“We consider our impact on local stakeholders and take account of local sensitivities and vulnerable groups.”*

### Community Support: Mikron's Commitment to Making a Difference

In June, Mikron Corporation Denver took part in the Tour de Cure – the American Diabetes Association's most important cycling fundraiser. Sixteen of our team members cycled between 16 and 96 kilometers. Employees of Mikron Automation Denver volunteered at the event and contributed to the cause, enabling us to surpass our fundraising goal. The field of diabetes holds a special place in Mikron's heart. Many employees know someone with diabetes, and some of our customers are key solution providers in this area.

### Supporting the community

In October 2023, several members of our team at Mikron Corporation Denver took part in the Susan G. Komen Foundation's "More Than Pink Walk" to support the search for a cure for breast cancer.

### Capa'Cité 2023, September 4-9

The Capa'Cité association helps young people choose a career and enter the labor market. In the year under review, the Capa'Cité event took place in the city center of Neuchâtel, where 80 dual apprenticeship programs were presented. Three apprentices and two trainees from Mikron were present throughout the week to promote our Polytechnician apprenticeship center. The umbrella association COMEC helped to organize the event.



### CSR Territory Report in Ticino

Mikron Switzerland AG, Agno once again produced the "CSR Territory Report in Ticino" in 2023. This official document was developed together with SUPSI University (Scuola Universitaria Professionale della Svizzera Italiana) and the AITI (Association of Ticino Industries). The sustainability report helps companies to make a contribution to the sustainable development of the region. It is based on 45 economic, social, and environmental indicators that are relevant to the canton of Ticino. The data is compiled annually and presented at a public event in collaboration with other industry associations.

# ABOUT THIS REPORT

Back in 2017, the Mikron Group started to develop a tailored Corporate Social Responsibility strategy. Since 2020, it has been systematically pursuing the corresponding goals and consistently recording the results. We are pleased to share our first Integrated Report 2023, in which Mikron has integrated the Sustainability Report into the Annual Report 2023 for the first time.





Mikron Holding AG's Integrated Sustainability Report 2023 goes far beyond a mere financial statement. It reflects Mikron's deep commitment to transparency, information sharing, and corporate responsibility. It explores our strategic vision, highlights the key moments of the year, offers a global perspective on our presence in the world, and shares details about our corporate social responsibility initiatives and governance practices. Together, these elements form a complete picture of who we are and how we operate.

Mikron has aligned its sustainability efforts even more closely with the requirements of the Global Reporting Initiative (GRI) and international ESG (Environmental, Social, Governance) standards, and improved them overall.

To access the digital versions of both reports (Integrated and Sustainability), please visit our website at [www.report.mikron.com](http://www.report.mikron.com).

### **UN SDGs: United Nations Sustainable Development Goals**

The global reference framework for Mikron's environmental management is the UN resolution "Transforming our world: the 2030 Agenda for Sustainable Development" adopted by heads of state and government in 2015. The Sustainable Development Goals were defined by all member states of the United Nations in 2015 and apply to all countries in the world.

Mikron identified, prioritized, and evaluated its activities to demonstrate how it translates global sustainability commitments into action. The analysis enabled Mikron to assess which United Nations Sustainable Development Goals (UN SDGs), targets and indicators its activities contributed to in the year under review. Overall, the company contributes to all 17 SDGs.

### **ESG: Environmental, Social, Governance**

We apply a holistic approach to ESG factors (Environmental, Social, Governance).

### **GRI: Guidelines of the Global Reporting Initiative (GRI)**

For the 2023 reporting year, the guidelines of the Global Reporting Initiative (GRI) were again used as a basis, currently the new GRI Standards published in 2021.

### **Audit**

The Mikron Sustainability Report has not been subjected to an external audit.



# GRI CONTENT INDEX

## GRI Content Index

The GRI Content Index provides a clear overview of where to find information on a particular ESG topic. In addition to the references to the relevant places in this ESG Report 2023, there are also page references to the Mikron Annual Report 2023.

GRI Indicators	Disclosure	Document / Section(s)	Page(s)	
<b>GRI 2: General disclosures 2021</b>				
Organization profile	2-1	Organization details	Annual Report 2023 / Mikron in the World / Mikron in the Pharma/Medtech Industry	14–15
	2-2	Entities included in the organization's sustainability reporting	Annual Report 2023 / Mikron in the World / Mikron in the Pharma/Medtech Industry	14–15
	2-3	Reporting period, frequency, and contact point	Annual Report 2023 / Contact details	2, 50
Activities and workers	2-6	Activities, value chain, and other business relationship	Sustainability Report 2023 / Marketplace	74–75
	2-7	Employees	Sustainability Report 2023 / Workplace	64–68
Governance	2-9	Governance structure and composition	Annual Report 2023 / Corporate Governance	87–102
	2-19	Remuneration Policies	Annual Report 2023 / Compensation Report	103–114
Strategy, policies, and practices	2-22	Statement from a senior decision maker	Sustainability Report 2023 / Letter to Stakeholders / Progress towards 2030 targets	46–47, 56–58
	2-26	Mechanisms for seeking advice and raising concerns	Sustainability Report 2023 / Code of Conduct	50
Stakeholder engagement	2-29	Approach to stakeholder engagement	Sustainability Report 2023 / Materiality map	62–63
<b>GRI 3: Material topics 2021</b>				
Disclosures on material topics	3-1	Process to determine material topics	Sustainability Report 2023 / Materiality map	62–63
	3-2	List of material topics	Sustainability Report 2023 / Materiality map	62–63
<b>GRI 200: Economic performance indicators</b>				
Market presence	202-2	Ratios of standard entry level wage by gender compared to local minimum wage	Sustainability Report 2023 / Workplace	64–68
Indirect economic impacts	203-1	Infrastructure investments and services supported	Sustainability Report 2023 / Innovation	76–77
Anti-corruption	205-1	Operations assessed for risks related to corruption	Sustainability Report 2023 / Values / Progress towards 2030 targets	54–55, 56–58
	205-2	Communication and training about anti-corruption policies and procedures	Sustainability Report 2023 / Values / Progress towards 2030 targets	54–55, 56–58
<b>GRI 300: Environmental performance indicators</b>				
Materials	301-1	Materials used by weight or volume	Sustainability Report 2023 / Environment	69–73
	301-2	Recycled input materials used	Sustainability Report 2023 / Environment	69–73
	301-3	Reclaimed products and their packaging materials	Sustainability Report 2023 / Environment	69–73
Energy	302-1	Energy consumption within the organization	Sustainability Report 2023 / Environment	69–73
	302-4	Reduction of energy consumption	Sustainability Report 2023 / Environment	69–73
	302-5	Reductions in energy requirements of products and services	Sustainability Report 2023 / Environment	69–73
Water and effluents	303-1	Interactions with water as a shared resource	Sustainability Report 2023 / Environment	69–73
	302-3	Water withdrawal	Sustainability Report 2023 / Environment	69–73
	303-4	Water discharge	Sustainability Report 2023 / Environment	69–73
	303-5	Water consumption	Sustainability Report 2023 / Environment	69–73

Emissions	305-1	Direct (Scope 1) GHG emissions	Sustainability Report 2023 / Environment	69–73
	305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report 2023 / Environment	69–73
	303-4	GHG emissions intensity	Sustainability Report 2023 / Environment	69–73
	303-5	Reduction of GHG emission	Sustainability Report 2023 / Environment	69–73
Waste	306-1	Waste generation and significant waste-related impacts	Sustainability Report 2023 / Environment	69–73
	306-3	Waste generated	Sustainability Report 2023 / Environment	69–73
	306-4	Waste diverted from disposal	Sustainability Report 2023 / Environment	69–73
Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	Sustainability Report 2023 / Marketplace	74–75

#### GRI 400: Social performance indicators

Employment	401-1	New employee hires and employee turnover	Sustainability Report 2023 / Workplace	64–68
Occupational health and safety	403-1	Occupational health and safety management system	Sustainability Report 2023 / Certifications / Workplace	53, 64–68
	403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Report 2023 / Certifications / Workplace	53, 64–68
	403-3	Occupational health services	Sustainability Report 2023 / Certifications / Workplace	53, 64–68
	403-5	Worker training on occupational health and safety	Sustainability Report 2023 / Certifications / Workplace	53, 64–68
	403-6	Promotion of worker health	Sustainability Report 2023 / Certifications / Workplace	53, 64–68
	403-8	Workers covered by an occupational health and safety management system	Sustainability Report 2023 / Certifications / Workplace	53, 64–68
	403-9	Work-related injuries	Sustainability Report 2023 / Certifications / Workplace	53, 64–68
	403-10	Work-related ill health	Sustainability Report 2023 / Certifications / Workplace	53, 64–68
Training and education	404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report 2023 / Progress towards 2030 targets / Workplace	56–58, 64–68
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	Sustainability Report 2023 / Progress towards 2030 targets / Workplace	56–58, 64–68
	405-2	Ratio of basic salary and remuneration of women to men	Sustainability Report 2023 / Progress towards 2030 targets / Workplace	56–58, 64–68
Local communities	413-1	Operations with local community engagement, impact	Sustainability Report 2023 / Progress towards 2030 targets / Workplace	56–58, 64–68
Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	Sustainability Report 2023 / Certifications	53





# Corporate Governance Report

## Corporate Governance

The Corporate Governance Report describes the main principles and regulations regarding the management and control of the Mikron Group and how these principles and regulations were established in detail by the company's senior management. The report is in compliance with the SIX Swiss Exchange guidelines last revised as of 29 June 2022 regarding information on corporate governance. Aspects of the SIX guidelines not covered in this report are either not applicable or irrelevant to the Mikron Group.

### Corporate structure

Based in Biel, Mikron Holding AG is organized as a holding company under Swiss law and directly or indirectly holds all Mikron companies worldwide. Mikron Holding AG is listed on SIX Swiss Exchange in Zurich (Security Symbol MIKN/ISIN CH0003390066) and on 31 December 2023 had a market capitalization of CHF 255.7 million. The Mikron Group is organized by business segments. For the purposes of reporting, two business segments and the Corporate Service organization have been identified.

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

The Mikron Group consists of 9 active companies worldwide. The corporate structure and the companies are listed on page 163 of the Annual Report. The Mikron Group's management structure is independent of its legal structure.

## Significant shareholders

The following table illustrates the shareholder structure of Mikron Holding AG. It also lists and names those shareholders who, as at 31 December 2023, hold 3% or more of the voting rights of Mikron Holding AG.

Shareholders	31.12.2023		31.12.2022	
	Number of shares of CHF 0.10 par value each		Number of shares of CHF 0.10 par value each	
Ammann Group Holding AG	8,166,512	48.9%	6,999,700	41.9%
Rudolf Maag	1,213,588	7.3%	2,348,588	14.1%
Thomas Matter	850,000	5.1%	736,000	4.4%
Alfons Niedhart	n/a	<3.0%	514,092	3.1%
Public shareholders	6,201,575	37.0%	5,891,752	35.2%
Board of Directors and Group Management	281,069	1.7%	222,612	1.3%
<b>Total</b>	<b>16,712,744</b>	<b>100.0%</b>	<b>16,712,744</b>	<b>100.0%</b>

Further information on the corporate structure is given on page 163. Changes in significant shareholdings since 1 January 2023 have been communicated to SIX Stock Exchange in accordance with regulations and published on the following website:

[www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders](http://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders)

### Cross-shareholdings

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

## Capital structure

### The Mikron Group's capital as at 31 December 2023

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

### Changes in capital over the last three years

		Number of shares	Par value in CHF	Ordinary capital in CHF
2021	As at 1 January	16,712,744	0.10	1,671,274.40
	Change	0	0.10	0.00
	As at 31 December	16,712,744	0.10	1,671,274.40
2022	As at 1 January	16,712,744	0.10	1,671,274.40
	Change	0	0.10	0.00
	As at 31 December	16,712,744	0.10	1,671,274.40
2023	As at 1 January	16,712,744	0.10	1,671,274.40
	Change	0	0.10	0.00
	As at 31 December	16,712,744	0.10	1,671,274.40

### **Shares**

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

### **Participation and dividend right certificates**

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

### **Limits on transferability and nominee registrations**

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

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

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

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

### **Convertible bonds and options**

There are no convertible bonds or options outstanding.

## **Board of Directors**

### **Members of the Board of Directors**

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

Please refer to the Compensation Report on pages 106 and 107 for the information about each member of the Board of Directors.



### **Elections and terms of office**

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

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

### **Duties**

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

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

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

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

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

- Decisions on the annual budget and the mid-term planning
- Decisions concerning the purchase and sale of land and real estate, as well as rental agreements involving an obligation above CHF 1 million until the first opportunity to terminate
- Decisions on sureties and pledges of more than CHF 5 million
- Decisions on restructuring of subsidiaries with expected costs, subordination or write-off of loans exceeding CHF 1 million
- Decisions on investments/disposals of production and IT equipment of more than CHF 2 million if budgeted and CHF 1 million if not budgeted
- Decisions on internal developments of more than CHF 2 million

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

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

#### **Procedures**

The Board of Directors convenes as often as business requires but at least once every quarter. During the 2023 business year, the Board held six meetings which partially have been held virtually. The physical meetings lasted between three and eight hours, and the virtual meeting half an hour. Except for one meeting, where one member was not attending, all meetings of the Board of Directors in the year under review were attended by all members.

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

The members of Group Management attended all physical meetings.

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

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

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

### **Committees**

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

### **Audit Committee**

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

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

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

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

The members of the Audit Committee in the year under review were the Board members Hans-Michael Hauser (Chairman) and Alexandra Bendler. The Audit Committee meets two to five times each year. Three meetings were held in the 2023 business year, each lasting two to three hours. All members attended the meetings. The Chairman as well as the CFO and CEO (if needed) on behalf of Group Management attended the meetings in a consultative capacity. Representatives of the internal auditors and of the external auditors were invited to the meetings as required. The external auditors were partially present at three meetings.

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

### **Remuneration Committee**

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

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

The Remuneration Committee has the following duties:

- To submit proposals to the Board of Directors regarding the compensation scheme of the Mikron Group and to issue corresponding regulations (details are given on pages 97 and 98)
- To propose to the full Board of Directors targets for Group Management
- To submit proposals to the full Board of Directors regarding the approval of the individual compensation of the Chairman of the Board of Directors, the other members of the Board of Directors as well as the maximum individual aggregate compensation of the CEO
- To determine, subject to and within the scope of the overall compensation approved by the General Meeting, the individual compensation (fixed, variable and long-term compensation) of the other members of the Executive Management as well as their further terms of employment and titles
- To propose to the full Board of Directors amendments to the Articles of Association with respect to the compensation scheme for members of Group Management

The members of the Remuneration Committee in the year under review were the Board members Andreas Casutt (Chairman) and Hans-Christian Schneider. The Remuneration Committee meets one to five times each year, usually in December and after the results for the financial year have been prepared. Four meetings were held in the 2023 business year, all of which were attended by all members. The meetings lasted about two hours. The members of Group Management may be invited but have no right of participation or co-determination on this Committee.

### **Information and control instruments vis-à-vis Group Management**

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

- Income statement and financial key performance indicators are reported on a monthly basis, while full financial statements (income statement, balance sheet and cash flow statement) are prepared quarterly. These figures are consolidated at Group, business segment and legal entity level. They are compared against the prior-year figures, the monthly budget and the forecast, which is revised on a quarterly basis, then sent to the Board of Directors following discussion within Group Management.
- Within the same structure, a mid-term plan spanning three years is prepared every two to three years in addition to the budget and both are presented to the Board of Directors for approval.
- Each month, the heads of the three divisions report to the CEO and CFO at the business review meeting on the operating performance, the status of sales activities and the progress on plans to increase profits and implement strategy. These reports are presented in summary form at meetings of the Board of Directors.
- By request, other managers from outside Group Management and external consultants will attend meetings of the Board of Directors and Group Management to report on their areas of responsibility or special projects.



- Between the meetings of the Board of Directors, internal and external reports are submitted in advance to the Board of Directors.
- A risk matrix is drawn up in the divisions based on a Group template and updated at least once a year. It quantifies risks based on their likelihood of occurrence and the potential impact on the Group's EBIT. A consolidated matrix is reported to the Board of Directors once a year. It notes the report and approves control measures in relation to the key risks. The operational risks are normally discussed once a month at Group Management meetings. Group Management reports major emerging risks to the Chairman of the Board of Directors immediately.
- The Audit Committee meets regularly with the CFO, the external auditors and the internal auditors. It coordinates the work of the auditors and receives their reports as well as those of the CFO. EY has been given a mandate to perform the internal audit function and is supported in executing the audits by Group Finance & Controlling.
- Group Management attends the meetings of the Board of Directors.
- The Chairman of the Board of Directors periodically attends Group Management meetings and holds discussions with the individual members of Group Management.

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

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

## Risk management

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

### Key risk factors

- Mikron operates in highly cyclical markets resulting in a volatile order intake and capacity utilization. Market fluctuations may result from numerous factors beyond the influence of the Group. By offering a diversified product portfolio and operating in different regions and markets, the Group tries to mitigate these risks.
- Mikron is committed to engineering and delivering highly productive and precise machining and automation solutions which usually include a combination of complex technologies and processes. The Group may agree to product specifications, quality and delivery times that are difficult to achieve in certain cases. Non-compliance with contractual requirements or specifications may amount to a material breach of contractual obligations, which may lead to payment of damages or contractual penalties or, in some cases, even the termination of the contract. Strong sales processes and project management are the key to mitigating this risk. Close cooperation and transparent communication with customers make it possible to quickly identify problems and correct them.

- The Group invests significantly in R&D while the development and industrialization of new products takes several years. Changing markets or customer requirements as well as failure of innovations may lead to obsolete products, missed opportunities or even losses. The Group systematically assesses long-term economic and technical trends in all its relevant markets and takes these into consideration when approving innovation and investment programs.

## Group Management

### Management philosophy

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

### Management structure

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

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

### Group Management

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

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

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

### Chief Executive Officer (CEO)

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

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

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

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

### **Chief Financial Officer (CFO)**

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

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

The Group's IT function reports to the CFO.

### **Business segment heads**

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

Please refer to the Compensation Report on page 108 for the information about each member of the Group Management.

## **Compensation**

### **Basic principles**

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

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

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

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

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

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

Further information on the compensation paid to members of the Board of Directors and Group Management can be found in the Compensation Report on pages 109 to 112.

### **Additional amount of compensation for new members of Group Management**

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

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

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

### **Resolutions**

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

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

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

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

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

### **Permitted additional activities**

The members of the Board of Directors and Group Management may perform additional functions in the senior management or administrative bodies of legal units obliged to register themselves in a Swiss commercial register or a foreign equivalent thereof and which are not controlled by the Company, do not control the Company or do not constitute pension funds insuring employees of the



Mikron Group. Additional functions of the Group Management are subject to the approval of the Chairman of the Board of Directors. The permitted additional activities are outlined in the Articles of Association under Art. 24.

## Shareholders' participation rights

### Shareholder legitimacy

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

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

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

### Shareholders' rights

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

### Voting-right restrictions and representation

Mikron does not impose any voting-right restrictions, except for nominees (see page 90).

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

### Convocation of the General Meeting and agenda

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

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

### Entries in the share register

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

### Quorums at the General Meeting

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

## Changes of control and defense measures

### Duty to make an offer

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

### Clauses on changes of control

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

## Auditors

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

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

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

### Auditing fees and additional fees

In the 2023 business year, fees of CHF 250,000 for services rendered by BDO in connection with the 2023 annual financial statements and the compensation report of Mikron Holding AG, its subsidiaries and the consolidated financial statements of the Mikron Group, were expensed (2022: CHF 215,000).

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

Additional fees of CHF 12,500 were paid to BDO in the year under review for non-audit-related services (2022: CHF 5,200).

### Supervisory and control instruments pertaining to the audit

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

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

To ensure independence, the lead auditor is replaced every seven years, which last occurred in 2022. For further information regarding supervisory and control instruments, see "Audit Committee" on page 93.

## Information policy

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

### Key dates

End of the business year	31 December 2023
Announcement of the annual results/Publication of the Annual Report	8 March 2024
Annual Media and Analyst Conference	8 March 2024
Annual General Meeting	23 April 2024
End of the first six months of the business year	30 June 2024
Announcement of the semiannual results	19 July 2024

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

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

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

Should you have any questions, please contact Corporate Communications by telephone (+41 91 610 62 09) or e-mail ([ir.mma@mikron.com](mailto:ir.mma@mikron.com)).

## Blocked period

### Ordinary blocked period

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

The ordinary blocked period applies to the following persons:

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

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

### **Extraordinary blocked periods**

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

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

There was no special blocked period in 2023.

### **Effects of blocking periods**

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

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

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

### **Information policy**

For information on Mikron Group's activities related to the environment and the corporate social responsibility refer to the Sustainability Report on pages 45 to 86.



# Compensation Report

## Compensation Report

The Compensation Report contains information on the compensation policy, compensation programs and processes for determining the compensation paid to the Board of Directors and Group Management of the Mikron Group. It also provides detailed information on compensation paid in 2023. The Compensation Report satisfies the transparency requirements set out in the Swiss Code of Obligations.

### Compensation Policy

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

The compensation policy applied to members of the Board of Directors is described in detail on pages 97 to 99 of the Corporate Governance Report. The table below sets out the principles of this compensation policy. There are no changes in the principles compared to the prior year.

#### Fair and transparent

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

#### Results- and performance-based

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

#### Long-term incentive

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

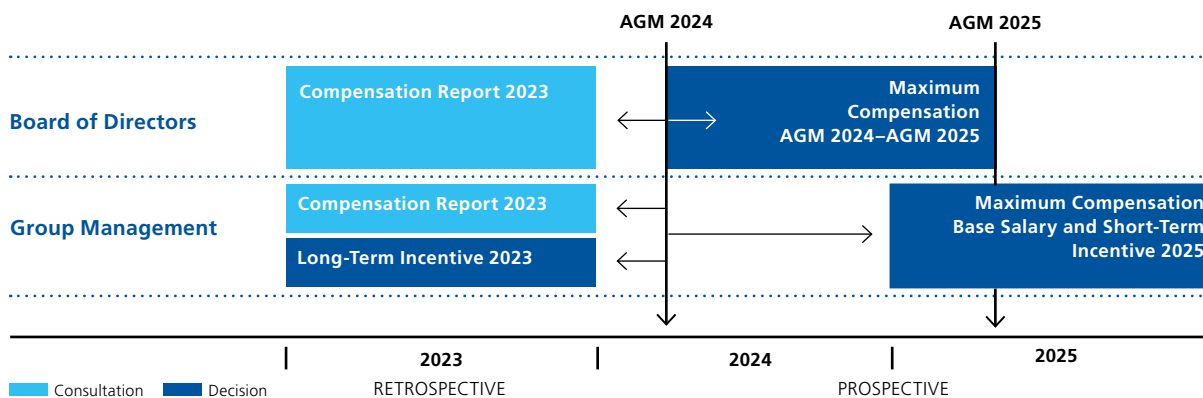
#### Geared to the labor market

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

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

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

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



## Governance

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

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

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

The following table provides information on each of the members of the Board of Directors as at 31 December 2023:



**Paul Zumbühl**  
Dipl. Ing., MBA, AMP.  
Swiss, born in 1957.  
Chairman, non-executive.  
First elected 2018,  
elected until 2024.

From 1988 to 1994 Paul Zumbühl held several management positions and was Managing Director in the Sarna Group, Switzerland. From 1994 until the end of 1999 he was Head of the Mikron Plastics Technology division and a member of Group Management of the Mikron Group. From January 2000 until the end of April 2021, he was the CEO of the Interroll Worldwide Group and has served as its Chairman of the Board of Directors since May 2021. He is also Chairman of Schlatter Industries AG, Schlieren/Zurich and is Board member of Zumbühl Management AG. Paul Zumbühl has been a member of the Board of Directors of the Mikron Group since 2018 and Chairman since 2021.



**Andreas Casutt**  
Dr. iur., LL.M.  
Swiss, born in 1963.  
Member, non-executive.  
First elected 2013,  
elected until 2024.

Andreas Casutt joined the law firm Niederer Kraft Frey AG in Zurich in 1993 and was made a partner in 2002. He is a member of its Board of Directors and served as the firm's managing partner from 2006 to 2014. His practice focuses on corporate law, contract law, mergers & acquisitions and stock exchange law.

Andreas Casutt studied law and received his Ph.D. from the University of Zurich (Switzerland) and completed an LL.M. program at the University of Michigan, Ann Arbor (USA).

Andreas Casutt is chairman of the Board of Siegfried Holding AG and a Board member of maxon international AG (as well as its sister company maxon motor AG). In addition, he is a Board member of Dextra Rechtsschutz AG and holds various Board mandates for the investment company Horizon21 AG and its related companies (SO Holding AG, Roymar Corporation SA, Lakeside Services AG, Lakeside Aviation AG, Sole Invest AG, Allwinden Holding AG). Furthermore, Andreas Casutt is chairman of the Board of TPIO Holding AG and its subsidiary Belleview AG and chairman of the Board of OPG Online Personals Group AG. He is a Board member of Vanco Switzerland AG, and Format A AG as well as privately owned ImmSell AG and ImmOthmar AG, and managing director of HEROS Helvetic Rolling Stock GmbH and its subsidiary HEROS America Middle-East Asia GmbH.





**Hans-Michael Hauser**

MSc Physics, MSc Mathematics, Engineer, MBA. German, born in 1970. Member, non-executive. First elected 2016, elected until 2024.

Hans-Michael Hauser worked for the Boston Consulting Group (BCG) as Partner and Managing Director in Munich and Zurich from 1995 to 2015. In this function he was responsible for establishing and expanding BCG's consultancy business in the industrial and technology segments. Hans-Michael Hauser is an expert on Software and Technology. Hans-Michael Hauser holds Master degrees in Mathematics and Physics from University of Stuttgart and an Engineering Degree from École Centrale Paris as well as an Master of Business Administration from J.L. Kellogg Graduate School of Management. Since 2015, Hans-Michael Hauser has been helping companies to develop and launch digital business models through ML Insights AG, the company he founded himself. He is also Managing Director of HMM Investment GmbH, a company investing in early-stage startups.



**Alexandra Bendler**

Dr.-Ing., Dipl.-Wirtsch.-Ing. German, born in 1973. Member, non-executive. First elected 2022, elected until 2024.

Dr.-Ing. Alexandra Bendler has many years of experience in industrial consultancy and management in Germany and Switzerland. She was working for the Autoneum Group (formerly Rieter Automotive) in Winterthur from 2008 to 2023, from 2019 as a member of the Group Executive Board and as Head of Business Group Europe. She held various Board functions at group companies of the Autoneum Group.



**Hans-Christian Schneider**

MSc Microtechnology, MBA. Swiss, born in 1979. Member, non-executive. First elected 2022, elected until 2024.




Hans-Christian Schneider is CEO of the Ammann Group. He joined the group in August 2009. Since 2010 he has been a member of Board of Directors of Ammann Group Holding AG and serving as CEO since 2013. Before his activity with Ammann Group, he was for four years in a leading position for Process Engineering with Micro Crystal AG (Swatch Group).

He graduated in Micro-Engineering from Swiss Federal Institute of Technology (EPFL) and is holding an MBA degree from INSEAD.

Hans-Christian Schneider is executive vice-chairman of the Board of Ammann Group Holding AG and its direct or indirect subsidiaries (Ammann BauAusrüstung AG (as Vice-chairman), Ammann Schweiz AG (as member), Ammann India Pvt. Ltd. (as Chairman) and Madisa AG (as member). Furthermore, he is non-executive member of the Board of SELFRAG AG and non-executive Chairman of the Board of Futurjns AG and Hotel Alpenland AG. In addition, he holds a mandate as Board member of Swissmem.

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The following table provides information on each of the members of Group Management as at 31 December 2023:

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

## Compensation for the year 2023

### Compensation to members of the Board of Directors

In scope of audit opinion

CHF 1,000	Base compensation		Compensation in shares		Social security and other expenses			Total	
	2023	2022	2023	2022	2023	2022	2023	2022	
P. Zumbühl, Chairman	144	144	66	68	12	13	222	225	
A. Casutt, Vice-Chairman**	54	50	27	28	11	10	92	88	
E. Rikli, Vice-Chairman**	0	18	0	0	0	3	0	21	
P. Kilchmann*, Member	0	14	0	0	0	2	0	16	
H.-M. Hauser, Member	42	42	21	21	9	9	72	72	
A. Bandler, Member	42	28	21	21	9	7	72	56	
H.-C. Schneider, Member	42	28	21	21	9	7	72	56	
<b>Total</b>	<b>324</b>	<b>324</b>	<b>156</b>	<b>159</b>	<b>50</b>	<b>51</b>	<b>530</b>	<b>534</b>	

\* P. Kilchmann's compensation is settled through Ammann Group.

\*\* A. Casutt was elected as E. Rikli's successor as Vice-Chairman of the Board of Directors in April 2022.

Members of the Board of Directors receive a fixed compensation in cash and a fixed amount converted into a number of shares blocked for at least three years. Furthermore, a lump sum is paid out as compensation for expenses in accordance with the regulations, which have been approved by the tax authorities. In April 2023, the General Meeting approved a total remuneration payable to the Board of Directors for the period up to the next meeting of a maximum of CHF 600,000. The remuneration disclosed in the table above covers the respective fiscal year and is not equal to the period between the Annual General Meetings. In the period between the Annual General Meetings the total of CHF 600,000 was not exceeded.

## Compensation to Group Management

CHF 1,000	R. Rihs, COO Automation	M. Desrayaud, CEO	Total compensation of Group Management	
	2023	2022	2023	2022
	Fixed compensation	339	438	1,068
Short-term incentive*	83	240	476	400
Pension and benefits	142	160	415	409
<b>Total fixed compensation and short-term incentive</b>	<b>564</b>	<b>838</b>	<b>1,959</b>	<b>1,878</b>
<b>Total approved by previous General Meetings</b>			<b>2,000</b>	<b>1,900</b>
Long-term incentive				266
Pension and benefits				19
<b>Total approved long-term incentive**</b>				<b>285</b>
Long-term incentive to be approved by General Meeting 2024	537		825	
Pension and benefits	41		60	
<b>Total to be approved by General Meeting</b>	<b>578</b>		<b>885</b>	
<b>Total compensation</b>	<b>1,142</b>	<b>838</b>	<b>2,844</b>	<b>2,163</b>

\* Any difference between the variable compensation accrued in the previous year and the amount actually paid out is included in the current year's variable compensation disclosure. The short-term incentive of the CEO includes a contractual share-based compensation of CHF 231,000 in 2023 which will be part of the long-term incentive program from 2024 onwards.

\*\* The disclosed compensation 2022 is identical with the prior-year annual report. The value of the LTI compensation for the Group Management valuated as per the share transfer date is CHF 381,000 (CHF 0 for the CEO) instead of the disclosed CHF 285,000 (CHF 0 for the CEO).

In scope of audit opinion

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

Members of Group Management receive a fixed compensation paid in 13 instalments and a short-term incentive. The short-term incentive is set by the Board of Directors within the boundaries approved by the General Meeting. The target incentive is significantly below the maximum allowed by the Articles of Association. The table below shows the short-term incentive as a percentage of the fixed compensation for 2023:

	Effective	Maximum set by Board of Directors	Maximum allowed as per Articles of Association
<b>M. Desrayaud, CEO</b>			
Short-term incentive	21%	23%	
<b>Total</b>	<b>21%</b>	<b>23%</b>	<b>100%</b>
<b>Other members</b>			
Short-term incentive	26%	29%	
<b>Total</b>	<b>26%</b>	<b>29%</b>	<b>75%</b>

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

In April 2022, the General Meeting approved a total fixed compensation and short-term incentive which may be paid to Group Management during the 2023 financial year of maximum CHF 2,000,000, excluding the long-term incentive plan with separate approval. In April 2023, the amount of CHF 2,000,000, excluding the long-term incentive plan with separate approval, was approved, and may be paid out during the 2024 financial year.

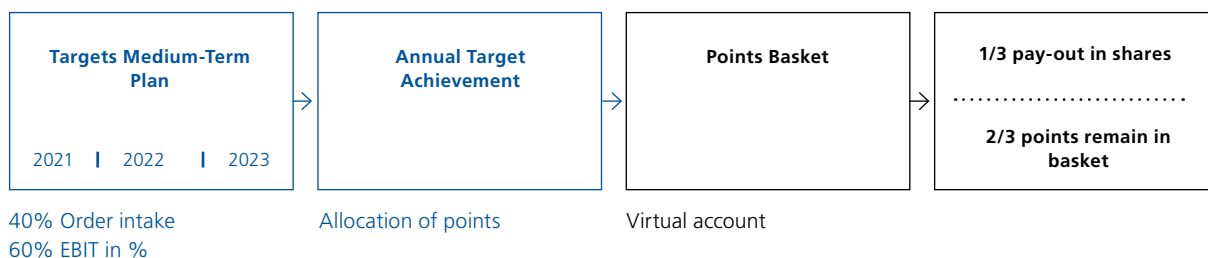
The individual targets of the short-term incentive plan for Group Management reflect the importance of the targets depending on the role of the individual. The achievement is measured against qualitative and quantitative targets. The targets are defined by the Board of Directors at the beginning of the performance period on an annual basis. In extraordinary circumstances, the targets may be modified within the period at the discretion of the Board of Directors or the Remuneration Committee. The targets for the year 2023 were as follows:

	<b>M. Desrayaud</b>	<b>J. Perez Freije</b>	<b>R. Rihs</b>
Order intake (Group and/or segment)	10%	10%	20%
Sales (Group and/or segment)	10%	10%	15%
EBIT (Group and/or segment)	40%	40%	25%
Strategic programs and internal initiatives	35%	40%	40%
Individual targets/projects	5%	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

An additional long-term incentive in the form of shares in the company may be provided to the members of Group Management. A total of 30,185 shares were distributed during the year 2023 as approved by the 2023 General Meeting. For the target achievement of the long-term incentive plan, the order intake and operating profit (EBIT excluding the investment property) as a percentage of the sales of the year are compared with the expectations as per the mid-term plan. In addition to the points carried forward from the prior year, a maximum of 150 bonus points, representing a target achievement of 150%, are awarded to the points basket and a maximum -50 points are deducted from the points basket, if the threshold of 0% target achievement is reached. At the end of each year, after the allocation or deduction of the yearly points, one third of the total is converted into a corresponding number of shares. The shares are transferred to the members after approval by the General Meeting and are blocked for a period of at least three years. The Board of Directors will propose to the next General Meeting to approve an allocation of 34,231 shares to the members of Group Management as long-term-incentive compensation for 2023. The share price for the valuation at year-end was CHF 15.30.

As the LTI-program 2021–2023 ended in 2023, the Board of Directors will additionally propose the pay-out of the accumulated LTI basket, corresponding to 19,677 shares to the members of Group Management. The pay-out of the LTI basket already considers the imminent exit of the CFO. No balance will be carried forward to the next year. The LTI program 2024–2026 will follow a revised methodology without a basket to be carried forward.





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

	31.12.2023		31.12.2022	
	Number of shares	Voting power	Number of shares	Voting power
<b>Board of Directors</b>				
P. Zumbühl, Chairman	76,279	0.46%	70,635	0.42%
A. Casutt, Vice-Chairman	17,169	0.10%	14,881	0.09%
H.-M. Hauser, Member	15,879	0.10%	14,099	0.08%
A. Bendler, Member	7,014	0.04%	2,734	0.02%
H.-C. Schneider, Member	4,514	0.03%	2,734	0.02%
<b>Group Management</b>				
M. Desrayaud, CEO	42,775	0.26%	26,275	0.16%
R. Rihs, COO	76,553	0.46%	62,797	0.38%
J. Perez Freije, CFO	40,886	0.24%	28,457	0.17%

These figures include shares held by related parties of these persons but exclude the shares held by Ammann Group Holding AG which is disclosed separately.

# Report of the Statutory Auditor



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## STATUTORY AUDITOR'S REPORT

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

### Report on the Audit of the Compensation Report according to Art. 734a-734f CO

#### Opinion

We have audited the Compensation Report of Mikron Holding AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables labeled “in scope for audit opinion” on pages 106 to 112 of the Compensation Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the Compensation Report (pages 106 to 112) complies with Swiss law and the Company’s articles of incorporation.

#### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibility for the Audit of the Compensation Report” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

#### Other Information

The board of directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables labeled “in scope of audit opinion” in the Compensation Report, the consolidated financial statements, the stand-alone financial statements and our auditor’s reports thereon.

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

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors for the Compensation Report

The board of directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company’s articles of incorporation, and for such internal control as the board of directors determines is necessary to enable the preparation of a Compensation Report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the compensation system and defining individual compensation packages.

#### Auditor’s Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

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considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation Report.

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

- Identify and assess the risks of material misstatement in the Compensation Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

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

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

Bern, 6 March 2024

BDO Ltd

Thomas Bigler  
Auditor in charge  
Licensed Audit Expert

Fabian Mollet  
Licensed Audit Expert

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# Mikron Group

# Financial Report 2023

<b>116</b>	Consolidated Financial Statements 2023 of the Mikron Group
<b>120</b>	Notes to the Consolidated Financial Statements 2023 of the Mikron Group
<b>143</b>	Report of the Statutory Auditor on the Consolidated Financial Statements
<b>147</b>	5-Year Financial Summary
<b>148</b>	Alternative Performance Measures
<b>151</b>	Information on Share Capital

# Consolidated Financial Statements 2023 of the Mikron Group

## Consolidated income statement

CHF 1,000	Note	2023		2022	
<b>Net sales</b>	<b>4.1</b>	<b>370,241</b>	<b>100%</b>	<b>309,442</b>	<b>100%</b>
Change in work in progress / finished goods		-10,039		-136	
Material costs and subcontractors	4.2	-121,839		-104,512	
Personnel expenses	4.3	-144,595		-129,100	
Other operating income	4.4	1,679		2,043	
Other operating expenses	4.4	-53,050		-43,372	
Depreciation of tangible assets	5.5	-8,097		-7,649	
Amortization of intangible assets	5.6	-868		-966	
<b>Operating result</b>		<b>33,432</b>	<b>9.0%</b>	<b>25,750</b>	<b>8.3%</b>
Financial result	4.5	-1,288		-839	
<b>Ordinary result</b>		<b>32,144</b>	<b>8.7%</b>	<b>24,911</b>	<b>8.1%</b>
Non-operating result	4.6	1,824		682	
<b>Profit before taxes</b>		<b>33,968</b>	<b>9.2%</b>	<b>25,593</b>	<b>8.3%</b>
Income taxes	4.7	-5,179		-1,392	
<b>Profit</b>		<b>28,789</b>	<b>7.8%</b>	<b>24,201</b>	<b>7.8%</b>
Net earnings per share – undiluted	8.2	1.73		1.47	
Net earnings per share – diluted	8.2	1.73		1.47	

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



## Consolidated balance sheet

CHF 1,000	Note	31.12.2023		31.12.2022	
<b>Current assets</b>					
Cash and cash equivalents		33,960		29,203	
Current financial assets	5.1	50,109		35,158	
Accounts receivable	5.2	28,682		22,768	
Inventories	5.3	81,514		64,046	
Net assets from customer projects	5.4	65,736		51,571	
Other current receivables		4,493		3,114	
Prepaid expenses		6,963		6,326	
<b>Total current assets</b>		<b>271,457</b>	<b>72.5%</b>	<b>212,186</b>	<b>61.3%</b>
<b>Non-current assets</b>					
Tangible assets	5.5	87,403		88,171	
Intangible assets	5.6	2,528		2,943	
Investment property	5.7	940		27,170	
Deferred tax assets	5.9	11,882		15,452	
<b>Total non-current assets</b>		<b>102,753</b>	<b>27.5%</b>	<b>133,736</b>	<b>38.7%</b>
<b>Total assets</b>		<b>374,210</b>	<b>100.0%</b>	<b>345,922</b>	<b>100.0%</b>
<b>Current liabilities</b>					
Short-term financial liabilities	5.10	1,243		1,776	
Accounts payable		25,130		25,351	
Net liabilities from customer projects	5.4	90,335		81,333	
Short-term provisions	5.11	14,294		11,610	
Other current liabilities		3,271		1,917	
Accrued expenses	5.12	22,751		21,266	
<b>Total current liabilities</b>		<b>157,024</b>	<b>42.0%</b>	<b>143,253</b>	<b>41.4%</b>
<b>Long-term liabilities</b>					
Long-term financial liabilities	5.10	2,550		3,799	
Long-term provisions	5.11	359		768	
Deferred tax liabilities	5.9	10,472		12,080	
<b>Total long-term liabilities</b>		<b>13,381</b>	<b>3.5%</b>	<b>16,647</b>	<b>4.8%</b>
<b>Shareholders' equity</b>					
Share capital	5.13	1,671		1,671	
Treasury shares	5.13	-2,012		-1,654	
Capital reserves		92,466		94,814	
Retained earnings		111,680		91,191	
<b>Total shareholders' equity</b>		<b>203,805</b>	<b>54.5%</b>	<b>186,022</b>	<b>53.8%</b>
<b>Total liabilities and shareholders' equity</b>		<b>374,210</b>	<b>100.0%</b>	<b>345,922</b>	<b>100.0%</b>

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

## Consolidated statement of shareholders' equity

CHF 1,000	Note	Share capital	Treasury shares	Capital reserves	Retained earnings		Total shareholders' equity
					Accumulated profits	Translation adjustments	
<b>Balance at 01.01.2022</b>		<b>1,671</b>	<b>-2,601</b>	<b>96,516</b>	<b>72,664</b>	<b>-3,180</b>	<b>165,070</b>
Profit 2022					24,201		24,201
Translation adjustments						-524	-524
Distribution to shareholders				-1,973	-1,973		-3,946
Change in treasury shares	5.13		947	-160			787
Share-based compensation	5.13		0	431		3	434
<b>Balance at 31.12.2022</b>		<b>1,671</b>	<b>-1,654</b>	<b>94,814</b>	<b>94,892</b>	<b>-3,701</b>	<b>186,022</b>
Profit 2023					28,789		28,789
Translation adjustments						-4,993	-4,993
Distribution to shareholders				-3,308	-3,308		-6,616
Change in treasury shares	5.13		-358	361			3
Share-based compensation	5.13			599		1	600
<b>Balance at 31.12.2023</b>		<b>1,671</b>	<b>-2,012</b>	<b>92,466</b>	<b>120,373</b>	<b>-8,693</b>	<b>203,805</b>

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

## Consolidated statement of cash flow

CHF 1,000	Note	2023	2022
<b>Cash flow from operating activities</b>			
Profit		28,789	24,201
Depreciation and amortization	5.5, 5.6	8,965	8,615
Revaluation of investment property	5.7	125	429
Net gain (-) / loss (+) on sale of non-current assets	4.4, 4.6	-2,288	-279
Changes in provisions	5.11	2,480	-3,374
Changes in deferred taxes	4.7, 5.9	1,246	-1,366
Share-based compensation	4.3, 5.13	599	431
Other non-cash items		2,862	1,953
Movement in accounts receivable		-6,916	-3,417
Movement in inventories		-19,139	-10,839
Movement in net assets/liabilities from customer projects		-7,595	2,939
Movement in accounts payable		82	11,060
Movement in other receivables and prepaid expenses		-2,186	-1,070
Movement in other current liabilities and accrued expenses		3,450	-1,635
<b>Cash flow from operating activities</b>		<b>10,474</b>	<b>27,648</b>
<b>Cash flow from investing activities</b>			
Investments in tangible assets	5.5	-8,523	-10,953
Divestments of tangible assets	5.5	161	367
Investments in intangible assets	5.6	-484	-337
Investments in investment property	5.7	-63	-84
Divestments of investment property	5.7	28,353	0
Investments in financial assets	5.1	-15,059	-35,000
Divestments of financial assets	5.1	126	61
Interest received		1,014	11
<b>Cash flow from investing activities</b>		<b>5,525</b>	<b>-45,935</b>
<b>Cash flow from financing activities</b>			
Purchase of treasury shares	5.13	-1,618	0
Sale of treasury shares	5.13	119	0
Distribution to shareholders		-6,616	-3,946
Increase (+) / repayment (-) of financial liabilities		-400	-400
Repayment (-) of finance lease liabilities		-1,368	-1,683
Interest paid		-81	-101
<b>Cash flow from financing activities</b>		<b>-9,964</b>	<b>-6,130</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>-1,278</b>	<b>-487</b>
<b>Net cash flow</b>		<b>4,757</b>	<b>-24,904</b>
<b>Increase (+) / decrease (-) of cash and cash equivalents</b>		<b>4,757</b>	<b>-24,904</b>
Cash and cash equivalents at beginning of period		29,203	54,107
Cash and cash equivalents at end of period		33,960	29,203

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

# Notes to the Consolidated Financial Statements 2023 of the Mikron Group

## 1. General information

### 1.1 Business operations

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

The two business segments, Mikron Automation and Mikron Machining Solutions are based in Switzerland (Boudry and Agno). The company has additional production facilities in Germany, Singapore, Lithuania, China and the US. The 1,548 employees of the Mikron Group can draw on over 100 years of experience in the production of high-precision systems for large-series product manufacture. Mikron Holding AG shares are traded on SIX Swiss Exchange (MIKN).

### 1.2 Basis of preparation

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

### 1.3 Events after the balance sheet date

The Board of Directors approved the consolidated financial statements at its meeting of 6 March 2024. The approval of the consolidated financial statements by the Annual General Meeting is scheduled for 23 April 2024. In February 2024 the Group acquired DM2, an Italian manufacturer of rotary transfer machines. With the acquisition 12 FTE are joining the Group and the balance sheet increases by approximately EUR 2 million.

## 2. Significant accounting policies

### 2.1 Consolidation

#### 2.1.1 Scope and method of consolidation

The consolidated financial statements include Mikron Holding AG, Biel, and all Swiss and foreign subsidiaries which the parent company, directly or indirectly, controls either by holding more than 50% of the voting rights or by some other form of control. These entities are fully consolidated. All intercompany transactions and relations between the consolidated companies are offset against each other and eliminated. Profits on intercompany transactions are eliminated. Capital consolidation is based on the purchase method applied to the annual financial statements of all consolidated entities, prepared as at December 31 and determined according to uniform accounting policies. The Mikron Group does not have any shareholdings with voting power of less than 50% (prior year: none). The list of Group companies can be found on page 163. In the year under review there were no changes (prior year: none) in the group of consolidated companies.

### 2.1.2 Acquisition of Group companies

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

### 2.2 Segment reporting

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

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

- The Mikron Machining Solutions segment comprises the two divisions Mikron Machining and Mikron Tool. The Mikron Machining division is the leading supplier of customized, highly productive machining systems for the manufacturing of complex high-precision components made of metal such as turbocharger housings, injection nozzles and ballpoint pen tips. The Mikron Tool division develops and produces the therefore necessary high-performance cutting tools. These are regarded as some of the best in the world and are also used on other manufacturers' machines. To date, Mikron Machining Solutions has developed and commissioned over 7,000 machining systems. Its international customers operate in the following industries: automotive, electronics and telecommunications, medtech, consumer goods, construction/building and pneumatics and hydraulics. Mikron Machining Solutions employs around 560 people and is headquartered in Agno (Switzerland). It also has sites in Rottweil (Germany), Monroe (USA) and Shanghai (China).
- Mikron Automation is the leading partner for scalable and customized assembly systems – from the first idea to the highest performance solutions. Mikron's expertise and proven track record guarantee the most productive solution to assemble customer products at each stage of their lifecycle. To date, Mikron Automation has installed more than 3,500 assembly and testing systems worldwide. Its international customers operate in the following markets: pharmaceutical, medtech, automotive, electrical/electronics, consumer goods and construction/building. Mikron Automation currently employs around 960 people and is headquartered in Boudry (Neuchâtel), a region that is regarded as the heart of the Swiss watchmaking industry. It also has sites in Berlin (Germany), Kaunas (Lithuania), Denver (USA), Singapore and Shanghai (China).
- The Corporate Service segment reports information on Mikron's holding, management and finance companies. The Corporate Service supports the individual Group companies as well as the Board of Directors and Group Management in their management and control functions. It also reports income and expenses related to a non-operating industrial property, which is fully leased to third parties. Eliminations on Group level are presented together with the Corporate Service.

### 2.3 Foreign currency translation

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

The consolidated financial statements are reported in Swiss francs. For consolidation purposes, assets and liabilities are translated into Swiss francs at the exchange rates on the balance sheet date. The income statement and all cash flows are translated at average rates for each period.



Differences between the translation of assets and liabilities and the income statement are recognized in equity. Exchange differences on long-term intra-Group loans with equity character are likewise taken directly to Group equity.

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

Currency	Average rate 2023	Average rate 2022	Closing rate 31.12.2023	Closing rate 31.12.2022
1 EUR	0.97	1.00	0.94	0.99
1 USD	0.90	0.95	0.86	0.93
1 SGD	0.67	0.69	0.65	0.69
1 CNY	0.13	0.14	0.12	0.13

## 2.4 Disclosure of related party transactions

Related parties are defined as companies or persons that exercise significant influence over Mikron or that are controlled by the Group. The Ammann Group, the Board of Directors, Group Management and the pension fund of Mikron Group are defined as related parties. All significant transactions, outstanding balances and if applicable contingent liabilities are disclosed in note 6.4 and 6.5 to the consolidated financial statements.

## 2.5 Assets and liabilities

### 2.5.1 Cash and cash equivalents

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

### 2.5.2 Financial assets

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

### 2.5.3 Receivables

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

### 2.5.4 Inventories

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

### 2.5.5 Customer projects

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

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

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

### 2.5.6 Tangible assets

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

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

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

### 2.5.7 Intangible assets

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

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

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

#### **2.5.8 Investment property**

Property held as a financial investment includes production and office buildings which are rented out to third parties. The investment property is reported at market value. The fair value of the property is reviewed annually as per the balance sheet date and adjusted if necessary. Revaluations are recognized in the income statement. The Mikron Group sold the property in 2023.

#### **2.5.9 Impairment of non-current assets**

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

#### **2.5.10 Lease contracts**

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

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

#### **2.5.11 Payables**

Payables are measured at nominal values.

#### **2.5.12 Financial liabilities**

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

#### **2.5.13 Provisions**

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

#### **2.5.14 Deferred taxes**

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

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

#### **2.5.15 Employee benefits**

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

### **2.6 Income statement**

#### **2.6.1 Revenue recognition**

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

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

Service sales are recognized when the intervention has been completed.

#### **2.7 Share-based payments**

No share purchase-plan is in place for Mikron Group employees. The Board of Directors is granted a fixed amount converted into shares as part of the annual compensation which are blocked for at least three years. A performance-based number of shares, measured against the financial mid-term plan, are granted to Group Management and other key personnel at no consideration, refer to note 4.3. The shares to be granted under the long-term incentive plan are valued with the year-end share-price for accrual purposes and re-valuated with the share-price at the grant date. The shares under the long-term incentive plan are transferred to Group Management after approval by the General Meeting and are blocked for a period of at least three years. Refer to note 5.13 for shares granted to Group Management and the Board of Directors.

### 3. Risk management

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

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

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

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

#### 3.1 Foreign exchange risks

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

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

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

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

CHF 1,000	Possible shift in currency rates	Impact on net earnings		Impact on shareholders' equity from translation adjustments	
		2023	2022	2023	2022
Euro (CHF/EUR)	-10%	-2,268	-1,496	-571	-401
SGD (CHF/SGD)	-10%	-842	-988	383	416
US dollar (CHF/USD)	-10%	-1,411	-1,017	-4,698	-4,469



### 3.2 Interest rate risks

Interest rate risks result from changes in interest rates which could have a negative impact on the Group's financial position, cash flow and earnings situation. Interest rate exposure is basically limited, owing to the low level of external financing and the conservative investment policy. The interest rate exposure is managed centrally. As at 31 December 2023 and 2022 respectively, no derivative financial instruments were being held to hedge any interest rate risks.

### 3.3 Price risks

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

### 3.4 Credit risks

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

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

### 3.5 Liquidity risks

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

The required flexibility in funding for the project business of the Group is primarily achieved via adequate liquidity reserves. As at the end of the year, significant headroom (cash and cash equivalents, current financial assets and unused credit facilities) is available to the Mikron Group. The credit agreement with a bank consortium exists was increased to CHF 90 million in 2023 from previously CHF 50 million, which is available for bank guarantees to secure advance payments from customers and for fixed advances. The previously existing possibility to draw mortgage on two production facilities of up to CHF 20.0 million was cancelled in 2023. Consequently, no additional mortgage could be drawn from existing agreements (prior year: none drawn). At 31 December 2023, guarantees of CHF 61.8 million (prior year: CHF 37.3 million) were issued. The secured credit line on the investment property was cancelled in 2023 (prior year: CHF 10.0 million of which none was drawn).

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

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

CHF 1,000		Maturity				Total and interest rate by currency			
Note	Less than 1 year	1–3 years	3–5 years	Over 5 years	CHF	%	EUR	%	
<b>At 31.12.2022</b>									
Bank borrowings	5.10	400	800	800	1,200	3,200	1.0		
Finance lease liabilities	5.10	1,376	941	58	0	1,851	1.7	524	1.5
Derivative financial instruments (notional amount)	6.1	19,055	0	0	0				
<b>Total</b>		<b>20,831</b>	<b>1,741</b>	<b>858</b>	<b>1,200</b>				
<b>At 31.12.2023</b>									
Bank borrowings	5.10	400	800	800	800	2,800	1.0		
Finance lease liabilities	5.10	843	150	0	0	837	1.6	156	1.4
Derivative financial instruments (notional amount)	6.1	3,427	0	0	0				
<b>Total</b>		<b>4,670</b>	<b>950</b>	<b>800</b>	<b>800</b>				

## 4. Details of the consolidated income statement

### 4.1 Net sales

CHF 1,000	2023	2022
Automation and machining systems (from customer projects)	250,081	200,144
Automation and machining systems (other)	687	54
Cutting tools	55,659	54,091
Service	63,814	55,153
<b>Total net sales</b>	<b>370,241</b>	<b>309,442</b>

### 4.2 Material costs and subcontractors

CHF 1,000	2023	2022
Raw materials and components	-115,877	-99,772
Subcontractors	-5,962	-4,740
<b>Total material costs and subcontractors</b>	<b>-121,839</b>	<b>-104,512</b>

### 4.3 Personnel expenses

CHF 1,000	2023	2022
Salaries and wages	-123,842	-110,444
Social charges	-13,873	-12,313
Pension expenses	-6,880	-6,343
<b>Total personnel expenses</b>	<b>-144,595</b>	<b>-129,100</b>

The shares granted to Group Management and other key personnel in 2023 amounted to a total of CHF 1.1 million. For the number of shares allocated in 2023 refer to note 5.13. The Board of Directors will propose to the next Annual General Meeting an allocation of 34,231 shares to the members of Group Management as long-term incentive compensation related to the financial year 2023 (regular pay-out) and additional 19,677 shares for the conclusion of the current LTI program. The allocation of 50,160 shares to the other key personnel for the regular pay-out and 37,324 shares for the conclusion of the current LTI program after the next Annual General Meeting was approved by the remuneration committee. The share price for the valuation at year-end was CHF 15.30. A total amount of CHF 0.6 million was expensed against equity (refer also to note 2.7 and the equity table).

In 2023, no short-time work compensation and government support was received (prior year: none).

#### 4.4 Other operating income and expenses

CHF 1,000	2023	2022
Gain on sale of non-current assets	106	287
Other income	1,573	1,756
<b>Total other operating income</b>	<b>1,679</b>	<b>2,043</b>
Production- and project-related expenses, including shipping	-17,471	-11,982
Marketing and sales	-7,671	-5,997
Real estate	-7,145	-6,931
Personnel-related expenses, including company cars	-5,915	-4,961
Information technology	-6,391	-5,970
Capital and other taxes (excl. income taxes)	-979	-1,092
Loss on sale of non-current assets	-3	-8
Other expenses	-7,475	-6,431
<b>Total other operating expenses</b>	<b>-53,050</b>	<b>-43,372</b>

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

#### 4.5 Financial result

CHF 1,000	2023	2022
Financial income	7,191	6,400
Financial expenses	-8,479	-7,239
<b>Total financial result</b>	<b>-1,288</b>	<b>-839</b>
Interest income	1,014	11
Interest expenses	-81	-101
<b>Total interest result</b>	<b>933</b>	<b>-90</b>
Exchange gains	6,167	6,170
Exchange losses	-7,635	-6,446
Other financial income	10	219
Other financial expenses	-763	-692
<b>Total other financial result</b>	<b>-2,221</b>	<b>-749</b>
<b>Total financial result</b>	<b>-1,288</b>	<b>-839</b>

#### 4.6 Non-operating result

CHF 1,000	2023	2022
Rental income	442	1,562
Income from property-related services	604	891
<b>Total non-operating income</b>	<b>1,046</b>	<b>2,453</b>
Owner-related expenses	-793	-422
Expenses for property-related services	-489	-920
<b>Total non-operating expenses</b>	<b>-1,282</b>	<b>-1,342</b>
Revaluation	-125	-429
Gain on sale of investment property	2,185	0
<b>Total non-operating result</b>	<b>1,824</b>	<b>682</b>

#### 4.7 Income taxes

CHF 1,000	2023	2022
Current income tax	-3,933	-2,758
Deferred income tax	-1,246	1,366
<b>Total income taxes</b>	<b>-5,179</b>	<b>-1,392</b>
<b>Earnings before taxes</b>	<b>33,968</b>	<b>25,593</b>
Income tax at average tax rates	-6,284	-4,786
Income tax at other rates	39	-28
Impact of non-capitalized loss carry-forwards	263	444
Capitalization of tax losses	928	586
Tax credits	-327	2,096
Change in tax rate	-105	45
Other taxable effects	307	251
<b>Total income taxes</b>	<b>-5,179</b>	<b>-1,392</b>
	<b>15%</b>	<b>5%</b>

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

## 5. Details of the consolidated balance sheet

### 5.1 Financial assets

CHF 1,000	Note	31.12.2023	31.12.2022
Fixed-term deposits		50,059	35,000
Other current financial receivables		0	126
Derivative financial instruments	6.1	50	32
<b>Total current financial assets</b>		<b>50,109</b>	<b>35,158</b>

The fixed-terms range from three to twelve months.

### 5.2 Accounts receivable

CHF 1,000	31.12.2023	31.12.2022
Accounts receivable	30,110	23,468
Allowance for doubtful accounts	-1,428	-700
<b>Total accounts receivable</b>	<b>28,682</b>	<b>22,768</b>

As at the balance sheet date, accounts receivable (including allowance for doubtful accounts) past due for 30 days and more amounted to CHF 4.8 million (prior year: CHF 4.3 million).

### 5.3 Inventories

CHF 1,000	31.12.2023	31.12.2022
Raw materials and components	44,731	31,635
Work in progress	15,027	14,318
Finished and trading goods	16,878	15,825
Prepayments to suppliers	7,212	6,863
Prepayments from customers	-2,334	-4,595
<b>Total inventories</b>	<b>81,514</b>	<b>64,046</b>

The provision for slow-moving inventories amounts to CHF 21.6 million (prior year: CHF 21.9 million).



## 5.4 Customer projects

CHF 1,000	31.12.2023	31.12.2022
Projects in progress – costs incurred	239,993	190,895
Recognized profits less recognized losses	71,418	43,977
Prepayments from customers	-336,010	-264,634
<b>Total net assets and liabilities from customer projects</b>	<b>-24,599</b>	<b>-29,762</b>
Net assets from customer projects	65,736	51,571
Net liabilities from customer projects	-90,335	-81,333
<b>Total net assets and liabilities from customer projects</b>	<b>-24,599</b>	<b>-29,762</b>

The stage of completion, determined by the costs incurred to date compared to the total estimated costs, was approximately 53% on 31 December 2023 (prior year: approximately 48%). At the balance sheet date, the Mikron Group had 223 projects in progress (prior year: 239 projects) with an average volume of CHF 2.7 million (prior year: CHF 2.0 million). As at 31 December 2023 there were no retentions by customers (prior year: none).

## 5.5 Tangible assets

CHF 1,000	Undeveloped real estate	Real estate	Machinery	Equipment and installations	Down pay- ments and assets under construction	Others	Total
<b>At cost</b>							
<b>Balance at 01.01.2022</b>	<b>3,576</b>	<b>88,341</b>	<b>81,426</b>	<b>18,401</b>	<b>29,551</b>	<b>3,352</b>	<b>224,647</b>
Additions	0	3,215	1,859	1,534	1,726	20	8,354
Transfers	-70	27,405	844	1,093	-28,651	-570	51
Disposals	0	0	-1,788	-1,398	0	0	-3,186
Translation adjustments	5	143	-634	-101	-12	-109	-708
<b>Balance at 31.12.2022</b>	<b>3,511</b>	<b>119,104</b>	<b>81,707</b>	<b>19,529</b>	<b>2,614</b>	<b>2,693</b>	<b>229,158</b>
Additions	0	334	2,258	1,755	4,218	11	8,576
Transfers	0	110	1,547	83	-1,835	95	0
Disposals	0	0	-2,863	-796	0	0	-3,659
Translation adjustments	-30	-879	-771	-344	-92	-155	-2,271
<b>Balance at 31.12.2023</b>	<b>3,481</b>	<b>118,669</b>	<b>81,878</b>	<b>20,227</b>	<b>4,905</b>	<b>2,644</b>	<b>231,804</b>
<b>Accumulated depreciation</b>							
<b>Balance at 01.01.2022</b>	<b>0</b>	<b>-61,164</b>	<b>-56,552</b>	<b>-16,784</b>	<b>0</b>	<b>-2,423</b>	<b>-136,923</b>
Depreciation	0	-2,478	-3,946	-1,071	0	-154	-7,649
Transfers	0	-314	0	0	0	314	0
Disposals	0	0	1,751	1,348	0	0	3,099
Translation adjustments	0	-17	330	91	0	82	486
<b>Balance at 31.12.2022</b>	<b>0</b>	<b>-63,973</b>	<b>-58,417</b>	<b>-16,416</b>	<b>0</b>	<b>-2,181</b>	<b>-140,987</b>
Depreciation	0	-2,677	-4,047	-1,277	0	-96	-8,097
Transfers	0	-23	0	0	0	23	0
Disposals	0	0	2,805	796	0	0	3,601
Translation adjustments	0	207	460	285	0	130	1,082
<b>Balance at 31.12.2023</b>	<b>0</b>	<b>-66,466</b>	<b>-59,199</b>	<b>-16,612</b>	<b>0</b>	<b>-2,124</b>	<b>-144,401</b>
<b>Net book value</b>							
Balance at 31.12.2022	3,511	55,131	23,290	3,113	2,614	512	88,171
<b>Balance at 31.12.2023</b>	<b>3,481</b>	<b>52,203</b>	<b>22,679</b>	<b>3,615</b>	<b>4,905</b>	<b>520</b>	<b>87,403</b>
<b>Of which finance leases</b>							
Balance at 31.12.2022	0	0	5,973	0	0	0	5,973
<b>Balance at 31.12.2023</b>	<b>0</b>	<b>0</b>	<b>4,118</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,118</b>

At the balance sheet date, the Group had entered into CHF 1.5 million of capital commitments to purchase tangible assets (prior year: CHF 0.2 million). In 2023, the Group acquired no tangible assets (prior year: none) on a financial leasing basis.

## 5.6 Intangible assets

CHF 1,000	Capitalized development costs	Software	Assets under construction	Others	Total
<b>At cost</b>					
<b>Balance at 01.01.2022</b>	<b>3,539</b>	<b>20,820</b>	<b>1,312</b>	<b>364</b>	<b>26,035</b>
Additions	0	215	144	0	359
Transfers	0	480	-531	0	-51
Disposals	0	-358	0	0	-358
Translation adjustments	29	-98	0	0	-69
<b>Balance at 31.12.2022</b>	<b>3,568</b>	<b>21,059</b>	<b>925</b>	<b>364</b>	<b>25,916</b>
Additions	0	209	206	57	472
Transfers	0	921	-921	0	0
Disposals	0	-27	0	0	-27
Translation adjustments	-87	-202	-5	0	-294
<b>Balance at 31.12.2023</b>	<b>3,481</b>	<b>21,960</b>	<b>205</b>	<b>421</b>	<b>26,067</b>
<b>Accumulated amortization</b>					
<b>Balance at 01.01.2022</b>	<b>-3,539</b>	<b>-18,529</b>	<b>0</b>	<b>-364</b>	<b>-22,432</b>
Amortization	0	-966	0	0	-966
Disposals	0	358	0	0	358
Translation adjustments	-29	96	0	0	67
<b>Balance at 31.12.2022</b>	<b>-3,568</b>	<b>-19,041</b>	<b>0</b>	<b>-364</b>	<b>-22,973</b>
Amortization	0	-868	0	0	-868
Disposals	0	27	0	0	27
Translation adjustments	87	188	0	0	275
<b>Balance at 31.12.2023</b>	<b>-3,481</b>	<b>-19,694</b>	<b>0</b>	<b>-364</b>	<b>-23,539</b>
<b>Net book value</b>					
Balance at 31.12.2022	0	2,018	925	0	2,943
<b>Balance at 31.12.2023</b>	<b>0</b>	<b>2,266</b>	<b>205</b>	<b>57</b>	<b>2,528</b>
<b>Of which finance leases</b>					
Balance at 31.12.2022	0	0	0	0	0
<b>Balance at 31.12.2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

At the balance sheet date, the Group had not entered into CHF 0.1 million of capital commitment to purchase intangible assets (prior year: none).

## 5.7 Investment property

CHF 1,000	2023	2022
<b>Balance at 1 January</b>	<b>27,170</b>	<b>27,515</b>
Capitalized expenditures	63	84
Revaluation	-125	-429
Sale of investment property	-26,168	0
<b>Balance at 31 December</b>	<b>940</b>	<b>27,170</b>
Original acquisition cost	940	62,477

The Mikron Group was the owner of a property in Switzerland (land and building) that is leased to third parties. Related income and expenses are reported in the non-operating result (see note 4.6). The property was reported at market value, last reviewed on 31 December 2022. The discounted cash flow method was used for the valuation. The property was sold in the financial year 2023. For the portion of the land leased under building rights a right of first refusal was exercised and the sale was not completed by year-end 2023. The land correspondingly remained in possession of Mikron Group.

The net sales price includes CHF 0.3 million (prior year: none) capital commitment in relation to the investment property.

## 5.8 Employee benefits

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

### Economic benefit/economic obligation and pension expenses

CHF 1,000	Surplus/deficit 31.12.2022	Economic part of the organization		Change from prior year in the current result for the period	Contributions concerning the business period	Pension expenses 2022
		31.12.2022	31.12.2021			
Pension institutions without surplus/deficit	15,272	0	0	0	-4,956	-4,956
<b>Total</b>	<b>15,272</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-4,956</b>	<b>-4,956</b>

CHF 1,000	Surplus/deficit 31.12.2023	Economic part of the organization		Change from prior year in the current result for the period	Contributions concerning the business period	Pension expenses 2023
		31.12.2023	31.12.2022			
Pension institutions with surplus/deficit	0	0	0	0	-5,332	-5,332
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5,332</b>	<b>-5,332</b>

The information on the economic benefit as at 31 December 2023 is based on the last annual financial statements of the Mikron pension fund preceding the balance sheet date, i.e. the financial statements as at 31 December 2022. As at 31 December 2022, the Mikron pension fund reported a coverage rate of 116.8% (prior year: 124.0%). According to the pension fund's provisional accounts, the coverage rate is expected to not have changed in the 2023 financial year. The number of active insureds increased in 2023 by about +5% (prior year: increase of about +8%). Contributions matched pension expenses during the relevant reporting period.

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

### 5.9 Deferred taxes

CHF 1,000	2023	2022
<b>Statement of changes in deferred tax liabilities</b>		
<b>Balance at 1 January</b>	<b>12,080</b>	<b>14,392</b>
Set-up and reversal of temporary differences	-1,602	-2,292
Change in tax rate	4	-16
Translation adjustments	-10	-4
<b>Balance at 31 December</b>	<b>10,472</b>	<b>12,080</b>
<b>Statement of changes in deferred tax assets</b>		
<b>Balance at 1 January</b>	<b>15,452</b>	<b>16,551</b>
Change in capitalized tax loss carry-forwards	-3,061	-6,473
Set-up and reversal of temporary differences and change in tax credits	305	5,426
Change in tax rate	-96	28
Translation adjustments	-718	-80
<b>Balance at 31 December</b>	<b>11,882</b>	<b>15,452</b>

Deferred tax liabilities mainly result from temporary differences in the measurement of customer projects, the valuation of inventories and the market valuation of the investment property. The deferred tax liabilities from valuation differences are calculated at local tax rates. The weighted average tax rate is 18%.

The deferred tax assets of CHF 11.9 million (prior year: CHF 15.5 million) result from accumulated tax loss carry-forwards that were capitalized, valuation differences and available tax credits. Due to uncertainties that future taxable profit will be available to offset against these assets, tax loss carry-forwards amounting to CHF 28.1 million (prior year: CHF 19.0 million) were not capitalized. Applying local tax rates results in a maximum potential tax benefit from non-capitalized tax loss carry-forwards of CHF 4.5 million (prior year: CHF 4.7 million). The deferred tax assets from valuation differences are calculated at local tax rates. The weighted average tax rate is 24%.



**5.10 Financial liabilities**

CHF 1,000	31.12.2023	31.12.2022
<b>Short-term financial liabilities</b>		
Bank borrowings	400	400
Finance lease liabilities	843	1,376
<b>Total short-term financial liabilities</b>	<b>1,243</b>	<b>1,776</b>
<b>Long-term financial liabilities</b>		
Bank borrowings	2,400	2,800
Finance lease liabilities	150	999
<b>Total long-term financial liabilities</b>	<b>2,550</b>	<b>3,799</b>

Three of the production facilities were mortgaged for liquidity management purposes. The mortgage on one production facility was drawn down, while the draw-down of the mortgage for two further production facilities will happen only when cash needs arise. Details of the mortgages are given in note 6.2. The leasing liabilities relate to purchased machines used in production.

CHF 1,000	31.12.2023	31.12.2022
<b>Financial liabilities, expiring</b>		
– not later than 1 year	1,243	1,776
– later than 1 year but not later than 3 years	950	1,741
– later than 3 years	1,600	2,058
<b>Total financial liabilities</b>	<b>3,793</b>	<b>5,575</b>

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

## 5.11 Provisions

CHF 1,000	Warranties	Employee incentive	Project completion	Restructuring	Others	Total
<b>Short-term provisions</b>						
<b>Balance at 01.01.2022</b>	<b>2,406</b>	<b>0</b>	<b>7,379</b>	<b>1,474</b>	<b>3,939</b>	<b>15,198</b>
Additions	2,259	78	2,370	5	1,083	5,795
Utilization	-1,066	0	-699	-25	-503	-2,293
Reversal	-1,061	0	-5,167	-160	-543	-6,931
Translation adjustments	-39	0	-44	-73	-3	-159
<b>Balance at 31.12.2022</b>	<b>2,499</b>	<b>78</b>	<b>3,839</b>	<b>1,221</b>	<b>3,973</b>	<b>11,610</b>
Additions	3,036	144	2,763	102	2,688	8,733
Utilization	-1,756	-78	-1,105	-195	-14	-3,148
Reversal	-820	0	-1,962	0	-3	-2,785
Reclassification long-/short-term	0	66	0	0	0	66
Translation adjustments	-41	-7	-74	-54	-6	-182
<b>Balance at 31.12.2023</b>	<b>2,918</b>	<b>203</b>	<b>3,461</b>	<b>1,074</b>	<b>6,638</b>	<b>14,294</b>
<b>Long-term provisions</b>						
<b>Balance at 01.01.2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>750</b>
Additions	0	66	0	0	0	66
Reversal	0	0	0	-11	0	-11
Translation adjustments	0	0	0	-37	0	-37
<b>Balance at 31.12.2022</b>	<b>0</b>	<b>66</b>	<b>0</b>	<b>702</b>	<b>0</b>	<b>768</b>
Additions	0	0	0	0	0	0
Utilization	0	0	0	-153	0	-153
Reversal	0	0	0	-167	0	-167
Reclassification long-/short-term	0	-66	0	0	0	-66
Translation adjustments	0	0	0	-23	0	-23
<b>Balance at 31.12.2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>359</b>	<b>0</b>	<b>359</b>

Warranty provisions are related to sales of products and services and are based on experience. The employee incentive provision was related to the long-term incentive plan. The provision for project completion relates to customer projects with final acceptance where remaining work is outstanding before the warranty period starts. The restructuring provision is related to expected costs until the end of the settlement of the obligations from employments and other contracts. The other provision is materially related to expected costs from legal risks of projects.

## 5.12 Accruals

CHF 1,000	31.12.2023	31.12.2022
Accrued expenses	22,330	20,984
Current income tax payables	421	282
<b>Total accrued expenses</b>	<b>22,751</b>	<b>21,266</b>

The accrued expenses of CHF 22.3 million (prior year: CHF 21.0 million) mainly consist of accruals in relation to employees' annual leave entitlements, overtime and bonus totaling CHF 11.3 million (prior year: CHF 11.7 million). Additionally, there were outstanding trade payables, and accrued income taxes of CHF 2.0 million (prior year: CHF 0.4 million).

## 5.13 Shareholders' equity

### Share capital

The share capital as at 31 December 2023 amounts to CHF 1.7 million (prior year: CHF 1.7 million) and consists of 16,712,744 registered shares with a par value of CHF 0.10 per share.

As at 31 December 2023, there are three shareholders with investments of more than 5% in voting rights (Ammann Group Holding AG, Berne 48.9%; Mr. Rudolf Maag, Binningen, 7.3%; Mr. Thomas Matter, Meilen, 5.1%). No other single shareholder holds 5% or more of the voting rights.

### Treasury shares

In 2023, the company granted 110,907 treasury shares to Group Management and other key personnel (prior year: 79,196) and 13,272 treasury shares to the Board of Directors (prior year: 20,390) at no consideration, sold 8,500 shares (prior year: none) and acquired 125,000 treasury shares (prior year: 1). At 31 December 2023 Mikron Holding AG, Biel owned 166,387 treasury shares (prior year: 174,066 shares).

### Reserves

The statutory or legal reserves which may not be distributed amount to CHF 0.9 million (prior year: CHF 0.9 million). In the year under review, foreign currency translation adjustments of CHF -0.8 million (prior year: CHF -0.1 million) on loans with equity character in foreign currencies (EUR and SGD) were posted directly to shareholders' equity.

## 6. Other notes

### 6.1 Derivative financial instruments

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

CHF 1,000	Replacement value		Contract equivalent	Contract equivalent by due date			
	positive	negative		0–3 months	3–12 months	1–5 years	over 5 years
Balance at 31.12.2022	32	0	19,055	15,007	4,048	0	0
<b>Balance at 31.12.2023</b>	<b>50</b>	<b>0</b>	<b>3,427</b>	<b>3,427</b>	<b>0</b>	<b>0</b>	<b>0</b>

The instruments are denominated in euros and US dollars.

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

## 6.2 Assets pledged as security for liabilities

CHF 1,000	31.12.2023	31.12.2022
Real estate (including investment property) pledged as security for liabilities	49,540	76,914
Collateral securities – nominal	51,700	90,200
Loans and mortgages utilized	2,800	3,200
Other assets pledged as security for liabilities	4,118	82,973
Finance lease liabilities (machinery, licenses)	993	2,375

As part of the financing arrangements, the borrower note of one production facility in Switzerland was deposited as collateral for the underlying mortgage agreement which was partially called off.

The credit limits made available by the bank consortium were secured by guarantees of CHF 99.0 million. Additionally, the existing borrower notes were deposited as collateral for two production facilities in Switzerland.

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

## 6.3 Off-balance sheet lease commitments

CHF 1,000	31.12.2023	31.12.2022
<b>Off-balance sheet lease commitments, payable</b>		
– not later than 1 year	2,261	2,040
– later than 1 year but not later than 3 years	3,773	2,710
– later than 3 years but not later than 5 years	2,187	1,320
– later than 5 years	2,137	2,338
<b>Total off-balance sheet lease commitments</b>	<b>10,358</b>	<b>8,408</b>

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

#### 6.4 Related party transactions

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

CHF 1,000	2023	2022
Other operating expenses	-22	-27

CHF 1,000	31.12.2023	31.12.2022
Other current receivables and prepaid expenses	5	5
Accounts payable	5	5
Other current liabilities and accrued expenses	0	0

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

#### 6.5 Contingent liabilities

The Group was sued by a customer and a competitor for damages. As the Group is highly confident to be in a strong enough position to avoid paying any damages, the Group has mainly only provisioned the costs to defend the cases in court (note 5.11). Additionally, there are ongoing discussions with customers regarding specific projects about the degree of fulfilment of the contractual requirements. Due to the very low probability of having to pay any damages it is not possible to estimate an amount of the contingent liability.

## 7. Information by segment

### 7.1 Information by business segment

CHF 1,000	Machining Solutions		Automation		Corporate/Eliminations		Total Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Net sales – third party	139,082	125,682	231,159	183,760	0	0	370,241	309,442
Net sales – Group	54	47	8	7	-62	-54	0	0
<b>Total net sales</b>	<b>139,136</b>	<b>125,729</b>	<b>231,167</b>	<b>183,767</b>	<b>-62</b>	<b>-54</b>	<b>370,241</b>	<b>309,442</b>
<b>Operating result</b>	<b>11,790</b>	<b>9,291</b>	<b>22,017</b>	<b>17,494</b>	<b>-375</b>	<b>-1,035</b>	<b>33,432</b>	<b>25,750</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>11,790</b>	<b>9,291</b>	<b>22,017</b>	<b>17,494</b>	<b>1,449</b>	<b>-353</b>	<b>35,256</b>	<b>26,432</b>
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Assets excluding cash and cash equivalents and current financial assets	125,458	118,048	222,299	199,667	-57,616	-36,154	290,141	281,561
Cash and cash equivalents	5,450	4,263	11,707	9,409	16,803	15,531	33,960	29,203
Current financial assets	0	0	0	0	50,109	35,158	50,109	35,158
<b>Total assets</b>	<b>130,908</b>	<b>122,311</b>	<b>234,006</b>	<b>209,076</b>	<b>9,296</b>	<b>14,535</b>	<b>374,210</b>	<b>345,922</b>



## 7.2 Information by geographical segment

CHF 1,000	Net sales	
	2023	2022
Switzerland	43,525	20,803
Europe	174,887	131,391
North America	92,193	92,846
Asia/Pacific	52,244	61,187
Others	7,392	3,215
<b>Total net sales</b>	<b>370,241</b>	<b>309,442</b>

## 8. Net earnings per share

### 8.1 Weighted average number of shares

Number	2023	2022
Issued shares at 1 January	16,712,744	16,712,744
Issued shares at 31 December	16,712,744	16,712,744
of which treasury shares	-166,387	-174,066
Adjusted for weighted average	56,788	-22,492
<b>Weighted average number of shares – basic</b>	<b>16,603,145</b>	<b>16,516,186</b>
Effect of dilution	0	0
<b>Weighted average number of shares – diluted</b>	<b>16,603,145</b>	<b>16,516,186</b>

### 8.2 Computation of earnings per share

CHF 1,000, except for per share information	2023	2022
Net earnings	28,789	24,201
Weighted average number of shares – basic	16,603,145	16,516,186
<b>Net earnings per share – undiluted</b>	<b>1.73</b>	<b>1.47</b>
Weighted average number of shares – diluted	16,603,145	16,516,186
<b>Net earnings per share – diluted</b>	<b>1.73</b>	<b>1.47</b>

# Report of the Statutory Auditor



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## STATUTORY AUDITOR'S REPORT

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

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Mikron Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated income statement, the consolidated statement of shareholders' equity and the consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 116 to 142 and 163) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and its consolidated results of operations and consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

#### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

#### Key Audit Matters

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

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Key Audit Matter	How the Key Audit Matter was addressed in the audit
------------------	---

**Accounting for customer projects**

In 2023, the Mikron Group recognized net assets from customer projects of CHF 65.7 million (17.6% of total assets) and net liabilities from customer projects of CHF 90.3 million (53.0% of total liabilities) in the balance sheet and net sales from customer projects (automation and machining systems) of CHF 250.1 million (67.5 % of total net sales) in the income statement.

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

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

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

Refer to notes 2.5.5 "customer projects", 4.1 "net sales" and 5.4 "customer projects" of the consolidated financial statements 2023.

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

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

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

- We examined project reportings and the work performed by the project managers, finance team and management.
- We reconciled estimated total net sales to contractual agreements.
- We compared projects completed in 2023 with previous estimates to analyse the accuracy of estimates.
- We tested prepayments and payments received from customers and the allocation to the corresponding projects.
- We tested the project valuation calculations and reconciled the relevant information to the general ledger.
- We reconciled the threatened losses calculated in the project valuations to the provision recognized in the general ledger.
- We performed procedures to test the allocation of personnel, machining and material costs to corresponding projects.
- We also assessed the presentation and disclosure in the consolidated financial statements 2023.

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#### Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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### Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

Bern, 6 March 2024

BDO Ltd

Thomas Bigler  
Auditor in Charge  
Licensed Audit Expert

Fabian Mollet  
Licensed Audit Expert

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# 5-Year Financial Summary

in CHF million, except number of employees	2023		2022		2021		2020		2019	
<b>Key performance data</b>										
Order intake <sup>1)</sup>	412.1		408.0		305.7		267.3		288.5	
Net sales	370.2		309.4		289.5		257.8		327.6	
Order backlog (end of year) <sup>1)</sup>	304.3		270.7		176.7		161.6		157.4	
Research and development	7.3		6.5		6.6		6.5		10.4	
Number of employees (end of year) <sup>1)</sup>	1,548		1,414		1,327		1,331		1,486	
Investments incl. acquisitions of subsidiaries – net	-17.1		8.7		21.0		12.0		18.5	
<b>Earnings</b>										
EBITDA <sup>1)</sup> , as % of net sales	44.3	12.0%	35.5	11.5%	27.1	9.4%	-8.9	-3.5%	22.9	7.0%
EBIT <sup>1)</sup> , as % of net sales	35.3	9.5%	26.4	8.5%	17.6	6.1%	-20.8	-8.1%	14.1	4.3%
Operating result, as % of net sales	33.4	9.0%	25.8	8.3%	18.0	6.2%	-20.1	-7.8%	14.0	4.3%
Ordinary result, as % of net sales	32.1	8.7%	24.9	8.1%	17.2	5.9%	-22.4	-8.7%	13.5	4.1%
Profit/loss for the year, as % of net sales	28.8	7.8%	24.2	7.8%	17.0	5.9%	-22.1	-8.6%	8.8	2.7%
<b>Cash flow</b>										
Cash flow from operating activities (incl. changes in net working capital), as % of net sales	10.5	2.8%	27.6	8.9%	50.7	17.5%	9.2	3.6%	7.3	2.2%
Operating free cash flow (prior to acquisitions and changes in current financial assets) <sup>1)</sup>	29.9		16.6		31.1		-5.8		-3.5	
<b>Balance sheet</b>										
Balance sheet total	374.2		345.9		300.0		277.1		289.5	
Current assets	271.5		212.2		164.6		164.7		178.0	
Non-current assets	102.8		133.7		135.4		112.4		111.5	
Current liabilities	157.0		143.3		114.2		115.6		103.6	
Long-term liabilities	13.4		16.6		20.7		16.0		16.6	
Shareholders' equity, as % of balance sheet total	203.8	54.5%	186.0	53.8%	165.1	55.0%	145.5	52.5%	169.2	58.5%

1) Alternative performance measures, see pages 148 to 150 or [www.mikron.com/apm](http://www.mikron.com/apm)

## Alternative Performance Measures

In external communications, Mikron discloses performance measures that are not defined in Swiss GAAP FER. The description and, where applicable, the calculation from performance measures as per Swiss GAAP FER are listed below. All values are listed in CHF 1,000.

### Order intake

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

### Order backlog

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

### EBITDA

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

EBITDA	2023	2022	Reference
Operating result	33,432	25,750	Consolidated income statement
+ Non-operating result	1,824	682	Consolidated income statement
+ Depreciation of tangible assets	8,097	7,649	Consolidated income statement
+ Amortization of intangible assets	868	966	Consolidated income statement
+ Revaluation investment property	125	429	Note 5.7
<b>EBITDA</b>	<b>44,346</b>	<b>35,476</b>	

## EBIT

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

EBIT	2023	2022	Reference
Operating result	33,432	25,750	Consolidated income statement
+ Non-operating result	1,824	682	Consolidated income statement
<b>EBIT</b>	<b>35,256</b>	<b>26,432</b>	

## Operating free cash flow

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

Operating free cash flow	2023	2022	Reference
Cash flow from operating activities	10,474	27,648	Consolidated statement of cash flow
+ Cash flow from investing activities	5,525	-45,935	Consolidated statement of cash flow
– Investments in financial assets	-15,059	-35,000	Consolidated statement of cash flow
– Divestments of financial assets	126	61	Consolidated statement of cash flow
– Interest received	1,014	11	Consolidated statement of cash flow
<b>Operating free cash flow</b>	<b>29,918</b>	<b>16,641</b>	

## Free cash flow

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

Free cash flow	2023	2022	Reference
Cash flow from operating activities	10,474	27,648	Consolidated statement of cash flow
+ Cash flow from investing activities	5,525	-45,935	Consolidated statement of cash flow
<b>Free cash flow</b>	<b>15,999</b>	<b>-18,287</b>	

## Net working capital

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

Net working capital	2023	2022	Reference
Accounts receivable	28,682	22,768	Consolidated balance sheet
+ Inventories	81,514	64,046	Consolidated balance sheet
+ Net assets from customer projects	65,736	51,571	Consolidated balance sheet
+ Other current receivables	4,493	3,114	Consolidated balance sheet
+ Prepaid expenses	6,963	6,326	Consolidated balance sheet
– Accounts payable	25,130	25,351	Consolidated balance sheet
– Net liabilities from customer projects	90,335	81,333	Consolidated balance sheet
– Short-term provisions	14,294	11,610	Consolidated balance sheet
– Other current liabilities	3,271	1,917	Consolidated balance sheet
– Accrued expenses	22,751	21,266	Consolidated balance sheet
<b>Net working capital</b>	<b>31,607</b>	<b>6,348</b>	

## Net debt

The net debt compares financial assets and financial liabilities.

Net debt	2023	2022	Reference
– Cash and cash equivalents	33,960	29,203	Consolidated balance sheet
– Current financial assets	50,109	35,158	Consolidated balance sheet
+ Derivative financial instruments	50	32	Note 5.1
+ Short-term financial liabilities	1,243	1,776	Consolidated balance sheet
+ Long-term financial liabilities	2,550	3,799	Consolidated balance sheet
<b>Net debt</b>	<b>-80,226</b>	<b>-58,754</b>	

## Equity ratio

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

Equity ratio	2023	2022	Reference
Total shareholders' equity	203,805	186,022	Consolidated balance sheet
Total assets	374,210	345,922	Consolidated balance sheet
<b>Equity ratio</b>	<b>54.5%</b>	<b>53.8%</b>	<b>Total shareholders' equity / total assets</b>

## Number of employees

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

## Information on Share Capital

	2023	2022	2021	2020	2019
<b>Number of shares<sup>1)</sup></b>					
Registered shares	16,712,744	16,712,744	16,712,744	16,712,744	16,712,744
<b>Total</b>	<b>16,712,744</b>	<b>16,712,744</b>	<b>16,712,744</b>	<b>16,712,744</b>	<b>16,712,744</b>
<b>Key figures per share in CHF<sup>2)</sup></b>					
Profit/loss	1.73	1.47	1.04	-1.35	0.54
Cash flow from operating activities	0.63	1.67	3.09	0.56	0.45
Shareholders' equity	12.28	11.26	10.06	8.89	10.37
Distribution to shareholders	0.40	0.24	0.00	0.00	0.20
<b>Share price SIX Swiss Exchange</b>					
At 31 December	15.30	8.80	7.70	5.40	6.76
High/low close during business year	15.55-8.70	9.20-6.40	8.08-5.30	6.58-4.20	9.26-6.02

1) All shares are entitled to dividends/distributions.

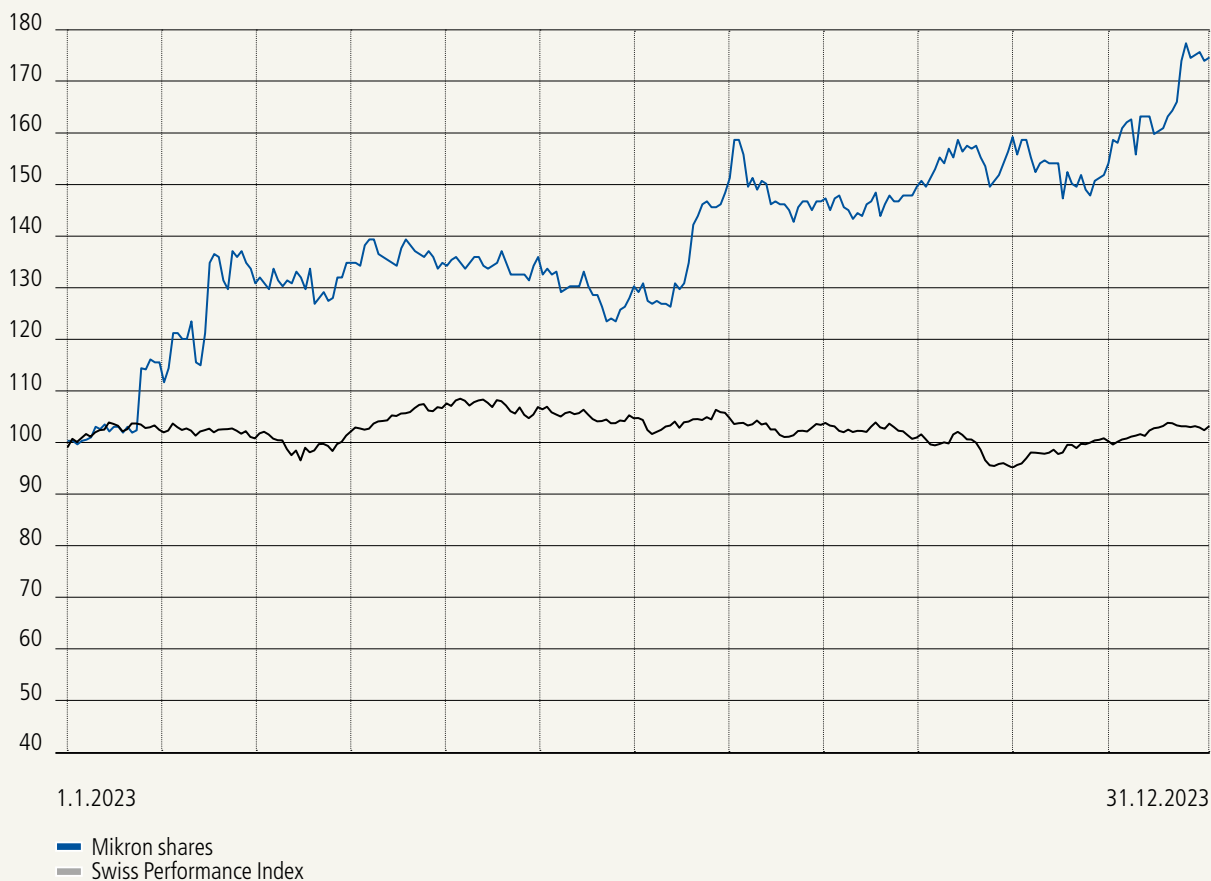
2) Based on the weighted average number of shares

### Trading volume (daily average)

In the 2023 fiscal year the average daily trade volume was 8,307 shares (prior year: 4,337 shares).

### Share performance

as %



# Mikron Holding AG

# Financial Report 2023

<b>153</b>	Financial Statements 2023 of Mikron Holding AG
<b>155</b>	Notes to the Financial Statements 2023 of Mikron Holding AG
<b>159</b>	Proposed appropriation of retained earnings and capital reserves
<b>160</b>	Report of the Statutory Auditor on the Financial Statements
<b>163</b>	Group Companies/Investments Mikron Holding AG



# Financial Statements 2023 of Mikron Holding AG

## Profit and loss statement

CHF 1,000	Note	2023	2022
Services and other income		3,769	3,129
Other operating expenses		-4,004	-3,528
<b>Earnings before interest and taxes</b>		<b>-235</b>	<b>-399</b>
Income from revaluation of investments and loans	2	7,215	7,288
Other financial income	3	4,173	1,043
<b>Total financial income</b>		<b>11,388</b>	<b>8,331</b>
Expenses from revaluation of investments and loans	2	-848	-791
Other financial expenses	3	-5,394	-2,912
<b>Total financial expenses</b>		<b>-6,242</b>	<b>-3,703</b>
<b>Profit before taxes</b>		<b>4,911</b>	<b>4,229</b>
Direct taxes		-7	0
<b>Profit for the year</b>		<b>4,904</b>	<b>4,229</b>

## Balance sheet

CHF 1,000	Note	31.12.2023	31.12.2022
<b>Current assets</b>			
Cash and cash equivalents and short-term investments with a quoted market price		16,711	15,016
Short-term interest-bearing receivables		18,435	22,593
<i>Due from Group companies</i>		18,435	22,593
Other current receivables		50,901	35,381
<i>Due from third parties</i>		50,390	35,053
<i>Due from Group companies</i>		511	328
Accrued income and prepaid expenses		878	898
<b>Total current assets</b>		<b>86,925</b>	<b>73,888</b>
<b>Non-current assets</b>			
Investments	2, 4	77,497	74,054
Financial assets		16,238	11,543
<i>Loans to Group companies</i>	2, 5	16,238	11,543
<b>Total non-current assets</b>		<b>93,735</b>	<b>85,597</b>
<b>Total assets</b>		<b>180,660</b>	<b>159,485</b>
<b>Current liabilities</b>			
Short-term interest-bearing liabilities		58,339	35,757
<i>Due to Group companies</i>		58,339	35,757
Other short-term liabilities		87	30
<i>Due to third parties</i>		32	30
<i>Due to Group companies</i>		55	0
Accrued expenses and deferred income		915	670
<b>Total current liabilities</b>		<b>59,341</b>	<b>36,457</b>
<b>Long-term liabilities</b>			
Long-term interest-bearing liabilities		0	0
<b>Total long-term liabilities</b>		<b>0</b>	<b>0</b>
<b>Total liabilities</b>		<b>59,341</b>	<b>36,457</b>
<b>Shareholders' equity</b>			
Share capital		1,671	1,671
Legal reserves		90,620	93,928
<i>Reserves from capital contribution</i>		90,620	93,928
Profit carried forward		26,136	24,854
Profit for the year		4,904	4,229
Treasury shares		-2,012	-1,654
<b>Total shareholders' equity</b>	<b>6</b>	<b>121,319</b>	<b>123,028</b>
<b>Total liabilities and shareholders' equity</b>		<b>180,660</b>	<b>159,485</b>

# Notes to the Financial Statements 2023 of Mikron Holding AG

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

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

### Principle of prudence and relationship with fiscal regulations

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

### Recognition of revenue

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

### Services and other income

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

### Other operating expenses

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

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

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

### Loans to and loans from Group companies

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

### Investments

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

### Foreign currencies

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

Currency	Average rate 2023	Closing rate 31.12.2023
1 EUR	0.97	0.94
1 USD	0.90	0.86
1 SGD	0.67	0.65
1 CNY	0.13	0.12

The exchange rates used for balance sheet items are the rates prevailing on 31 December; the exchange rates used for transactions conducted during the course of the year and for items in the profit and loss statement are set on a monthly basis. As an indication the unweighted average rates for the 2023 financial year are disclosed.

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

CHF 1,000	2023	2022
Revaluation of investments and loans	7,215	7,288
<b>Total financial income from investments and loans</b>	<b>7,215</b>	<b>7,288</b>
Revaluation of investments and loans	-848	-791
<b>Total financial expenses from investments and loans</b>	<b>-848</b>	<b>-791</b>
<b>Net financial income from investments and revaluation of loans</b>	<b>6,367</b>	<b>6,497</b>

## 3. Other financial income and expenses

CHF 1,000	2023	2022
Interest income from Group companies	1,666	464
Interest income from third parties	991	6
Foreign exchange gains	1,366	352
Other financial income	150	221
<b>Total other financial income</b>	<b>4,173</b>	<b>1,043</b>
Interest expense to Group companies	-1,417	-945
Interest expense to third parties	0	-7
Foreign exchange losses	-3,491	-1,497
Other financial expenses	-486	-463
<b>Total other financial expenses</b>	<b>-5,394</b>	<b>-2,912</b>
<b>Net other financial expenses/income</b>	<b>-1,221</b>	<b>-1,869</b>

#### 4. Major investments

Please refer to page 163.

#### 5. Subordinated loan

Loans to Group companies include subordinated loans amounting to CHF 5.8 million (prior year: CHF 6.2 million).

#### 6. Statement of shareholders' equity

CHF 1,000	Share capital	Reserves from capital contribution	Treasury shares	Profit carried forward	Shareholders' equity
<b>Balance at 31.12.2021</b>	<b>1,671</b>	<b>95,901</b>	<b>-2,601</b>	<b>26,987</b>	<b>121,958</b>
Profit 2022				4,229	4,229
Proceeds/payments for change in treasury shares			947	-160	787
Distribution to shareholders		-1,973		-1,973	-3,946
<b>Balance at 31.12.2022</b>	<b>1,671</b>	<b>93,928</b>	<b>-1,654</b>	<b>29,083</b>	<b>123,028</b>
Profit 2023				4,904	4,904
Proceeds/payments for change in treasury shares			-358	361	3
Distribution to shareholders		-3,308		-3,308	-6,616
<b>Balance at 31.12.2023</b>	<b>1,671</b>	<b>90,620</b>	<b>-2,012</b>	<b>31,040</b>	<b>121,319</b>

In 2023, the company granted 110,907 treasury shares to Group Management and other key personnel (prior year: 79,196) and 13,272 treasury shares to the Board of Directors (prior year: 20,390) at no consideration, sold 8,500 shares (prior year: none) and acquired 125,000 treasury share (prior year: 1). At 31 December 2023 Mikron Holding AG, Biel owned 166,387 treasury shares (prior year: 174,066 shares).

#### 7. Significant shareholders and their investment

As at 31 December 2023, there are three shareholders with investments of more than 5% in voting rights (Ammann Group Holding AG, Bern 48.9%; Maag Rudolf, Binningen 7.3%; Matter Thomas, Meilen 5.1%). No other single shareholder holds 5% or more of the voting rights. Ammann Group Holding AG is represented on the Board of Directors by Mr. Hans-Christian Schneider.

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

	31.12.2023		31.12.2022	
	Number of shares	Voting power	Number of shares	Voting power
<b>Board of Directors</b>				
P. Zumbühl, Chairman	76,279	0.46%	70,635	0.42%
A. Casutt, Vice-Chairman	17,169	0.10%	14,881	0.09%
H.-M. Hauser, Member	15,879	0.10%	14,099	0.08%
A. Bendler, Member	7,014	0.04%	2,734	0.02%
H.-C. Schneider, Member	4,514	0.03%	2,734	0.02%
<b>Group Management</b>				
M. Desrayaud, CEO	42,775	0.26%	26,275	0.16%
R. Rihs, COO	76,553	0.46%	62,797	0.38%
J. Perez Freije, CFO	40,886	0.24%	28,457	0.17%

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

### Collateral for third-party liabilities

CHF 1,000	31.12.2023	31.12.2022
Guarantees in favor of bank syndicate	99,000	77,000
Guarantees for Group companies	59,616	38,264

## 10. Number of employees

In 2023 and 2022 the number of full-time equivalents did not exceed 10 on an annual average basis.

## 11. Release of hidden reserves

In the financial year 2023 hidden reserves amounting to CHF 2.9 million were released.



## Proposed appropriation of retained earnings and capital reserves

### Retained earnings

The Board of Directors proposes to the Annual General Meeting of Shareholders that the profit carried forward of CHF 31.0 million for the year ended 31 December 2023 be appropriated as follows:

CHF 1,000	2023	2022
Profit/loss carried forward at the beginning of the period	25,775	25,014
Excess/Shortfall in proceeds from sale of treasury shares	361	-160
Profit for the year	4,904	4,229
<b>Profit carried forward available to the General Meeting</b>	<b>31,040</b>	<b>29,083</b>

CHF 1,000	2023 Motion of the Board of Directors	2022 Resolution of the General Meeting
Profit carried forward available to the General Meeting	31,040	29,083
Distribution to shareholders	-4,137	-3,308
<b>Carried forward</b>	<b>26,903</b>	<b>25,775</b>

### Reserves from capital contribution

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

CHF 1,000	2023 Motion of the Board of Directors	2022 Resolution of the General Meeting
Reserves from capital contribution	90,620	93,928
Allocation to voluntary retained earnings and distribution to shareholders	-4,137	-3,308
<b>Carried forward</b>	<b>86,483</b>	<b>90,620</b>

# Report of the Statutory Auditor



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## STATUTORY AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Mikron Holding AG (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 153 to 159 and 163) comply with Swiss law and the Company's articles of incorporation.

#### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

#### Key Audit Matters

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

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

Key Audit Matter	How the Key Audit Matter was addressed in the audit
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**Valuation of investments and loans to group companies**

As of 31 December 2023, Mikron Holding AG recognized investments of CHF 77.5 million, short-term interest-bearing receivables of CHF 18.4 million and loans of CHF 16.2 million to group companies (hereafter "receivables to group companies"). This corresponds to 62.1 % of total assets.

Investments in group companies are recognized at historical cost less any adjustments for impairments. The determination of any need for impairment of the receivables to group companies as well as the investments is based on a comparison of the carrying amount with equity.

In our view, this material account balance is a key audit matter because of the following reasons:

- The significance of the account balances.
- In profit and loss statement the following effects are recognized:
  - CHF 7.2 million as income from revaluation of investments and loans
  - CHF 0.8 million as expenses from revaluation of investments and loans

Refer to the company's accounting principles summarized in note 1 as well as note 2 regarding revaluation of investments of the financial statements 2023.

**Other Information**

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In order to assess the valuation of investments and receivables to group companies at 31 December 2023 we tested management's assessment of the recoverability of selected investments and receivables to group companies as follows:

The valuation of investments and receivables to group companies were calculated on the basis of a net asset value analysis based on the Swiss GAAP FER net assets of the respective group company. In doing so, we analyzed whether the value of the investment and receivables to group companies is covered by the net asset value.

In the event of any changes in the value of investments and the receivables to group companies, we have also verified the proper recognition in the income statement.

We also assessed the presentation and disclosure in the statutory financial statements.



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#### Responsibilities of the Board of Directors for the Financial Statements

The board of directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

#### Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings and the proposed repayment of legal capital reserve comply with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Bern, 6 March 2024

BDO Ltd

Auditor in Charge  
Licensed Audit Expert

Licensed Audit Expert

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# Group Companies/ Investments Mikron Holding AG

Local Currency 1,000	Activity	Currency	Share capital		Shareholding direct		Shareholding indirect	
			2023	2022	2023	2022	2023	2022
<b>Switzerland</b>								
Mikron Holding AG, Biel	1	CHF	1,671	1,671				
Mikron Switzerland AG, Langenthal	1, 2, 3	CHF	12,000	12,000	100%	100%		
<b>Germany</b>								
Mikron Germany GmbH, Rottweil	2, 3	EUR	383	383	100%	100%		
Mikron Berlin GmbH, Berlin	2, 3	EUR	515	515	100%	100%		
<b>Lithuania</b>								
UAB Mikron Kaunas, Kaunas	2, 3	EUR	1,800	900	100%	100%		
<b>Singapore</b>								
Mikron Singapore Pte. Ltd., Singapore	2, 3	SGD	6,781	6,781	100%	100%		
<b>P.R. China</b>								
Mikron Industrial Equipment (Shanghai) Co., Ltd., Shanghai	2, 3	CNY	26,238	26,238			100%	100%
Mikron Tool (Shanghai) Co., Ltd., Shanghai	2, 3	CNY	403	403	100%	100%		
<b>USA</b>								
Mikron Corp. Denver, Englewood	2, 3	USD	10	10			100%	100%
Mikron Corp. Monroe, Monroe	3	USD	3,500	3,500	100%	100%		

**Activity**

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

