

MYCRONIC

Annual & Sustainability
Report 2022



Mycronic

Annual & Sustainability Report 2022

OVERVIEW

OVERVIEW	3
Mycronic in brief	3
The year in brief	5
CEO comments	6
Trends and drivers	8

STRATEGY

STRATEGY	10
Purpose and guiding principles	11
Driving value creation	12
Innovation	13
Customer centricity	14
Sustainability	15
Acquisitions	16
New financial and non-financial targets	17

DIVISIONS

DIVISIONS	18
• Introduction	19
• Pattern Generators	20
• Assembly Solutions High Flex	22
• Assembly Solutions High Volume	24
• Global Technologies	26

SUSTAINABILITY

SUSTAINABILITY	28
• Roadmap to 2030	29
• Value chain	30
• Key areas	31
• Responsible business	35

GROUP

GROUP	36
• Investment case	37
• Share and ownership	38
• Proposal on appropriation of profit	40
• Remuneration	41
• Risks	44

GOVERNANCE

GOVERNANCE	46
Corporate governance report	47
• Board of Directors and auditor	52
• Executive management	54

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS	56
• Financial statements with comments and notes	57
• Signatures	100
Auditor's report	101

SUSTAINABILITY NOTES

SUSTAINABILITY NOTES	105
• Sustainability notes	106
• EU Taxonomy Regulation disclosures	123
Auditor's report	127
• GRI index	128

OTHER

OTHER	132
Shareholder information	133
Definitions and Glossary	134
Ten-year overview	136
Addresses	138



05

The year in brief



18

Our four divisions



47

Corporate governance report

• The audited annual and consolidated accounts can be found on pages 18–27, 36–45, 52–100. The report of the directors is a part of the Annual Report and can be found on pages 18–27, 36–45 and 52–55. The Corporate governance report examined by the auditors can be found on pages 46–51.

• Pages 28–35 and 105–131 in this report constitute Mycronic's statutory Sustainability report in accordance with the Swedish Annual Accounts Act. This report relates to the financial year January 1–December 31, 2022.

Mycronic in brief

Bringing tomorrow's electronics to life

Mycronic has been an innovative force in the global electronics manufacturing industry for more than 40 years. Our vision is to be the most trusted partner to the creators of tomorrow's electronics.

Who we are

Mycronic is a world-leading developer, manufacturer and marketer of high-tech production solutions for the electronics industry. We are a diverse organization of some 2,000 people located close to key electronic manufacturing hubs in Europe, North America and Asia.

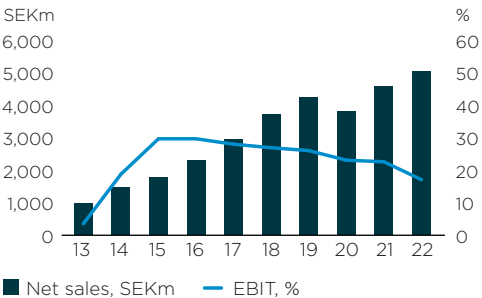
What we do

We keep our customers at the forefront of the electronics industry. Whether they are making advanced displays, semiconductors, medical devices or mobile phones, we meet their production requirements for flexibility, precision, sustainability, and longer product lifecycles.

Why we do it

We exist to help our customers achieve their goals and bring the next generation of electronic products to life – successfully and profitably. We want to be part of driving the transition to a more sustainable electronics industry. When customers succeed, we do too.

Net sales and EBIT margin



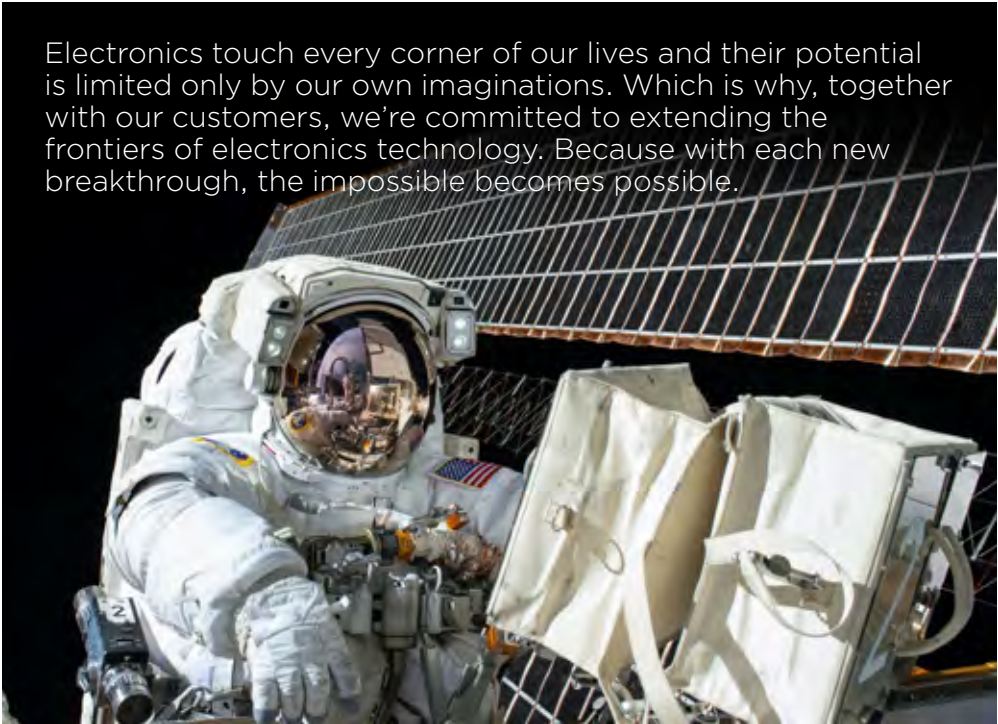
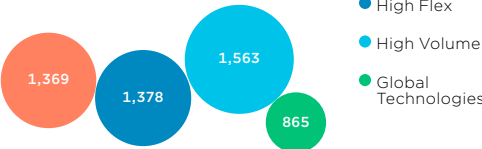
Net sales 2022
SEKm

5,119

EBIT 2022
SEKm

894

Net sales per division
SEKm



Electronics touch every corner of our lives and their potential is limited only by our own imaginations. Which is why, together with our customers, we're committed to extending the frontiers of electronics technology. Because with each new breakthrough, the impossible becomes possible.

Years of experience
in innovation

>40

Patents guarantee
market-leading
positions

>500

Net sales in 2022
invested in research
and development

12%

Share of net sales
outside of Sweden

>99%

Mycronic in brief *continued*

Key concepts for understanding Mycronic

CUSTOMERS – a global base
We serve the world's OEMs, photomask shops and assembly subcontractors involved in the production of semiconductors, displays, mobile phones, wearables, electric vehicles (EVs), medical devices and more.

COVERAGE – well-balanced globally
Longstanding local presence in all major electronic manufacturing hubs. Mycronic is headquartered in Täby, north of Stockholm, Sweden. Wholly owned subsidiaries are supported by a network of agents and distributors covering more than 50 countries.

PEOPLE – diverse international culture
We believe that a diverse workforce and an inclusive workplace is a prerequisite for staying competitive, now and in the future. With 2,000 highly skilled employees in 13 countries, all sharing the common purpose of bringing tomorrow's electronics to life, we push the frontiers of electronics together with our customers.

ORGANIZATION – agile and decentralized
We embrace a decentralized philosophy, with four divisions empowered to make their own decisions close to the customers they serve. Not only does this encourage agility and better service, but it also allows us to create local solutions while leveraging our global expertise.

R&D FOCUS – high-tech company
Today, our research centers in seven countries on three continents continue to explore new software and hardware applications. With R&D and manufacturing in Asia, Europe and North America, the company has broad global reach, with a strong local presence.

HERITAGE – rooted in innovation
Our history is rooted in breakthrough innovations that solved key electronics manufacturing challenges. One innovation, still leading today, is a unique laser-based mask writer that enables thinner and sharper displays. Another innovation involved pick-and-place assembly systems with unique flexibility, for faster changeovers in a single machine.

GLOBAL REACH WITH LOCAL PRESENCE

Mycronic maintains a global footprint close to key hubs of electronics production. The company is headquartered in Sweden, with subsidiaries in China, France, Germany, Japan, Mexico, the Netherlands, Singapore, South Korea, Taiwan, United Kingdom, United States and Vietnam.



Employees in 13 countries at year-end

>2,000 38%

Women in executive management

Customers worldwide

>5,500

Installed systems in more than 50 countries

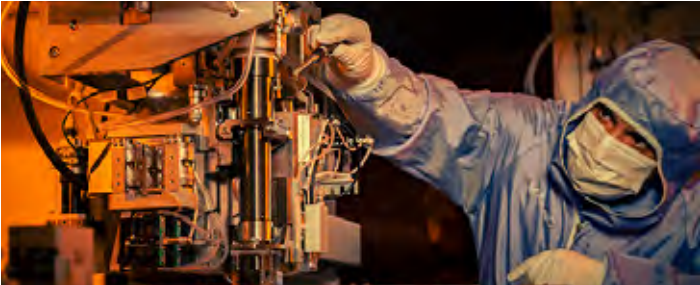
>28,000

The year in brief

Key milestones and events in 2022

Mycronic achieved its previous growth target and reported strong order intake. Notable milestones included the divestment of AEi, new financial and sustainability targets, two product introductions in the Pattern Generators division and the opening of a sales and service center in Mexico.

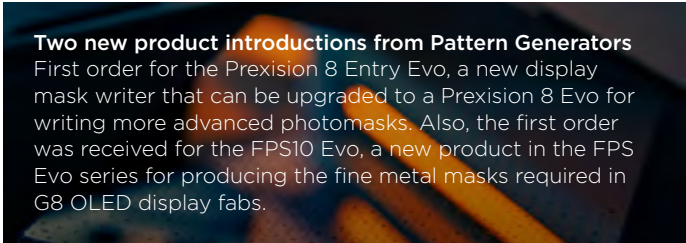
PREVIOUS TARGETS LATEST 2023	NEW TARGETS LATEST 2030
Net sales SEK	Net sales SEK
5 _{bn}	10 _{bn}
Group EBIT margin	Group EBIT margin SEK
>15%	2 _{bn} (20%)
No previous CO ₂ emissions target	Own CO ₂ emissions reduction
—	50%



Substantial orders received for Pattern Generators division
The Pattern Generators division recorded a substantial increase in order intake for mask writers for the display and semiconductor industries during the second half of the year.



New sales and service center in Mexico
The High Flex division opened a sales and service center in Mexico to serve customers in the Americas and capitalize on the reshoring trend there. The center will also support the High Volume division.



Two new product introductions from Pattern Generators
First order for the Precision 8 Entry Evo, a new display mask writer that can be upgraded to a Precision 8 Evo for writing more advanced photomasks. Also, the first order was received for the FPS10 Evo, a new product in the FPS Evo series for producing the fine metal masks required in G8 OLED display fabs.



Divestment of AEi
AEi, makers of camera module assembly and test solutions for the automotive industry, was divested by the Global Technologies division.



Possible listing of Axxon in Shanghai
The Board decided to investigate the possibility of listing Axxon, core of the High Volume division, on the STAR market of the Shanghai Stock Exchange.



Capital Markets Day
Mycronic held a well-attended and live-streamed Capital Markets Day, where among other things the new financial and sustainability targets were presented.

CEO comments

Delivering on promised growth

Mycronic showed great stability and resilience during uncertain times, fulfilling its target of SEK 5 billion in net sales. We reported strong order intake in Pattern Generators, including two new product introductions, and focused on sustainable innovation, together with our customers.

Mycronic President and CEO Anders Lindqvist, what are the key achievements in 2022?

I'm thrilled to see all four divisions now contributing to our profitability. Everyone played a vital role in our solid performance and can be extremely proud. Let's not forget that China experienced lockdowns during much of the year, while globally we faced both continued supply chain issues and market uncertainty. So, hats off to our dedicated teams for rising to the challenge to solve these issues, both internally and by delivering world-class customer service.

What are your new goals and their implications?

In 2017, we set a goal of growing net sales to SEK 5 billion with an EBIT margin of >15 percent no later than 2023. For 2022, I'm pleased to report that we made it a bit ahead of schedule! In addition, all divisions reported an EBIT margin exceeding 10 percent and we had a Group total EBIT of 17 percent for the year, amounting to SEK 894 million.

Now we are setting new targets to achieve SEK 10 billion in net sales by 2027-2030, with an EBIT of SEK 2 billion. During the same period, we plan to halve our own CO₂ emissions. Achieving these ambitious targets will require a high level of organic growth driven by sustainable innovation close to our customers as well as mergers and acquisitions.

How would you characterize the market and Mycronic's position in it?

As a partner to the electronics industry, we are a niche player with leading positions in flexible, high-precision production. Because we serve so many different manufacturing steps for varied products, with decentralized operations in multiple geographic markets, it balances out risks and creates stable growth for us. So, for example, we saw a dampening in consumer demand for mobile phones, tablets and wearables in Asia. But this was offset by rising demand for electronic content in electric vehicles, 5G, data centers, aerospace and defense.

How would you summarize the performance of the divisions?

All divisions contributed positively to the Group results.

- The Pattern Generators division reported a total of 13 orders for various models in its Prexision series for display photomasks and 13 orders for its SLX mask writer for semiconductors, a total order intake of 26 systems. Particularly noteworthy was the introduction of a new entry level and upgradeable Prexision display mask writer as well as a mask writer for producing photomasks used to make the larger fine metal masks required in G8 OLED display fabs. The combination of a strategic replacement program for the Prexision series, a robust aftermarket business and continued extension into



On my radar for 2023

- Develop our people, increase diversity, inclusion and motivate talent.
- Boost business performance by staying close to customers.
- Do more to reduce our impact on the environment.

CEO comments *continued*

semiconductors with the SLX mask writer, creates a stable base for years ahead.

- **The High Flex division** benefitted from a manufacturing reshoring trend in Eastern Europe and the Americas, notably in Mexico where we've opened a new sales and service center. Reshoring for High Flex often leads to backup factories, more orders, and a greater need for flexible, high-precision assembly solutions.
- **The High Volume division** secured its position as the world's leading provider of dispensing and conformal coating solutions. In China, a soft domestic market for consumer electronics was offset by electric vehicles. During the year, we announced a possible listing of Axxon, core of the High Volume division, on the STAR market in Shanghai.
- **The Global Technologies division** reported a strong year for newly acquired atg L&M of Germany, fueled by investments in China in electrical test equipment for substrates as well as PCBs. Die bonding was weaker. Divestment of AEi was completed during the year.

How is the need to become a sustainable business impacting Mycronic?

Today, the climate challenge is affecting all industries, and increasingly the electronics industry. Energy shortages and growing concerns about global warming are motivating manufacturers to adopt energy-efficient solutions and find new ways to meet their sustainability goals. Here we see an opportunity to take the lead in our segment of the industry and team up with customers to advance the transformation to a circular, low-carbon society.

Mycronic supports the UN Global Compact, with its ten principles relating to human rights, labor, environment, and anti-corruption. We

have committed to setting science-based targets and continue to implement our Sustainability Strategy for 2030. Ultimately, we believe that a focus on sustainability can give us a competitive advantage and help support our customers' goals as well.

How important is building a culture to attract and develop future talent?

Clearly, this is a top priority for us and a huge opportunity and challenge. If we expect to double our sales in five years, we will need to markedly increase our current workforce. That is a lot of people in a tight talent market for engineers, particularly female engineers. Our ability to attract, retain and develop talented people will be critical to our long-term growth objectives.

Recently, we agreed on an inspiring vision, purpose and mission as well as guiding principles needed to cultivate a vibrant, people-centric culture. Our focus is on curiosity, innovation, inclusion and diversity, valuing different perspectives and cultures. We are working diligently to broaden our global talent pool and to upskill and reskill our existing staff – two prioritized areas moving forward.

What are the key trends impacting our business?

Increasing data volume, network speeds and computing power are all driving a need for more advanced, flexible, high-precision manufacturing. The rollout of 5G, AI and Edge computing, with more local data centers, is also bringing with it a need for handling more complex boards and components. Also, the electrification of vehicles is driving a need for more electronic content, with dispensing and coating equipment required to protect the complex subassemblies. Finally, the regional-

ization into East and West, with a continued reshoring of supply chains, favors our diverse geographic spread and local focus – from Asia and Europe to North America.

What are your main priorities for the year ahead?

Our main priority will be on bringing value to all our stakeholders and maintaining a stable course on our sustainable and profitable growth journey. The winds of market uncertainties are potentially many, but I feel confident that we are well positioned to ride out any storm – and even turn it into an opportunity. We have a strong balance sheet and order backlog. And in times of change, there is often greater demand for flexible and efficient production solutions.

In 2022, our staff showed an amazing ability to pull together and perform while juggling component shortages, logistics snarl-ups and a lot more. A calmer and more "normal" market in 2023 could free them up to focus more on customers, and innovate.

In closing, I feel very fortunate to be leading such a talented group of people in a dynamic industry that is shaping a better tomorrow for so many. Our strategy of being close to customers, focusing on sustainable innovation and developing our own people, will provide a solid foundation for growth and stability moving forward.

Anders Lindqvist
President and CEO

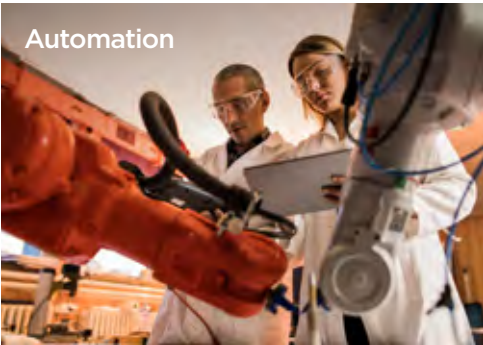


“Attracting and developing talent is a huge opportunity and challenge for us. We need to markedly increase our current workforce in five years and we are working diligently on this.”

Trends and drivers

Key aspects impacting industry growth

There are several trends in the electronics industry that are directly impacting Mycronic’s four divisions. We continue to monitor and capitalize on these trends.



TRENDS AND DRIVERS

Automation continues to be a guiding star in the industry

There is a constant need to reduce time-consuming manual practices and manage surges in data and digital tools to improve quality and reduce production costs. In Asia, this is driven by rising labor costs in some traditionally low-cost hubs. In the US and Europe, labor shortages add to the challenge. In particular, electronics producers are looking for factory-wide, data-driven systems with continuous feedback loops, in-line inspection and quality control versus only optimizing stand-alone machines. Pre- and post-assembly steps are also becoming more advanced using robots and connected software.

Electrification of cars and everything else

Today, policy changes and commercial investments are heading to replace our fossil-fuel economy with wind, solar, hydro and other forms of clean energy. Electric vehicles (EVs) are pioneering the electrification trend and driving technology development. This is especially relevant since EVs require roughly 50 percent more semiconductors and more complex subassemblies than their internal combustion counterparts. As a result, there is a rising need for battery storage capacity and advanced high-power electronic devices.

HOW WE MEET THEM

Mycronic invests in flexible, in-line assembly solutions

Mycronic’s core strategy is to offer flexible, high-precision production solutions that secure zero defects and high throughput. The focus is on output versus speed alone, in-line solutions versus individual machines, software versus only hardware. Investments are concentrated on advanced automation systems around key technologies. It’s all about boosting total productivity and quality, using both software and hardware. This includes today’s increasing application of AI to accelerate automation and drive down production costs.

Mycronic divisions invest in supporting technology

To support the high-volume, cost-efficient production of EVs, Mycronic continues to invest R&D in industrial dispensing and coating technologies used to assemble and protect the electronics. Fluid dispensing is a growing area for the application of adhesives and sealants in the assembly. One key focus is on tailoring in-line solutions for some of the world’s largest automotive companies. In addition, we continue to develop our SLX mask writers, which are used to produce semiconductors inside the subassembly content and devices.

Trends and drivers *continued*

Computing & Communication

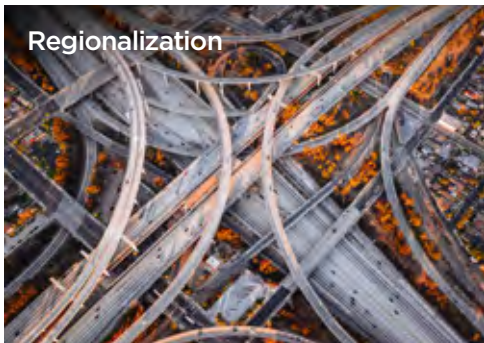


TRENDS AND DRIVERS

Increasing computing and communications capacity

5G, AI and Edge computing, as well as advanced driver-assistance systems and automated driving systems are driving a surge in computing and telecommunications capacity. All this is fueling a need to assemble smaller and more advanced chips and packages – with increasingly complex printed circuit boards (PCBs) and miniature components. Digital transformation is also pushing enterprises to be more distributed and expand high-capacity processing to the “edge” (not just cloud). There is a growing use of AI, software and systems that enable higher precision production with zero defects.

Regionalization



Regionalization of markets and supply chains continues

The electronics industry continues to be a global, interconnected ecosystem, but with regional differences. Supply chain disruptions due to covid, tariffs, and a war in Ukraine have exposed the vulnerabilities of being too reliant on one region. We see growing polarization into East and West ecosystems, and new security requirements on advanced semiconductors and technologies. Driven by resilience and geopolitics, some regions are aggressively promoting local fabs. Meanwhile, risk-adverse multinationals are reviewing reshoring options or spreading risks among new global suppliers or investing in own fabs in Malaysia, Thailand, Vietnam, India, Eastern Europe and Mexico.

Climate change



Climate agenda becomes more tangible

Today, there is widespread recognition of the importance of decarbonization to combat climate change. Increasingly, financial stakeholders and EU regulators are demanding more stringent and thorough reporting. And despite some differences, the COP 27 conference in Egypt confirmed the global ambition to reach the Paris Agreement. Many multinationals are aligning their goals with the Agreement. They are looking to suppliers for help in securing more climate-friendly energy consumption solutions as well as circular sourcing.

HOW WE MEET THEM

Mycronic innovates solutions for advanced assembly

Mycronic continues to invest in flexible, full-line SMT solutions and specialized systems for the assembly of complex, high-value PCBs. The high-quality assembly of zero-defect PCBs is ensured through real-time 3D solder-paste inspection (SPI) and automated optical inspection (AOI). Optical, high-precision die bonding solutions for the datacom and telecom sectors is another area of continued R&D investment. And to ensure the highest quality in the electronic assembly process, our electrical testing unit continues to develop high-precision testing and measurement solutions for bare board PCBs and substrates.

Mycronic has strong local advantage in key hubs

Today we are often seen as a “local citizen” after decades spent in the local assembly and photomask business in US, Europe, China and Taiwan, Japan and South Korea. By having our R&D sites close to our customers, we innovate together with them. In the High Volume division, our China operations, for example, are locally run and managed close to large domestic producers – building close ties and meeting key local supply chain requirements. Proximity to customers has been an advantage during the pandemic. The High Flex division’s opening in 2022 of a new sales and service center in Mexico will further strengthen Mycronic’s position in the Americas.

Mycronic elevates ambitious environmental goals

Mycronic long-term Group targets now include our climate goal alongside two new financial goals. The aim is to reduce our own CO₂ emissions by 50 percent by 2030. We have also committed to set science-based targets to reduce emissions from our own operations and from the use of our products. Outcomes of our work include energy-efficient mask writers. Mycronic is also a founding member of the Semiconductors Climate Consortium (SCC) – a forum to highlight the industry’s concern over the environmental footprint in the value chain associated with semiconductors.

Purpose and guiding principles.....

Driving value creation.....

Innovation.....

Customer centricity.....

Sustainability.....

Acquisitions.....

New financial and non-financial targets.....

11

12

13

14

15

16

17

Strategy

Mycronic’s strategy is to be a market-leading solutions provider within defined niches of the electronics industry. We create value by focusing on innovations that help drive the transition to a more sustainable future. This strategy will allow us to achieve our vision of being the most trusted partner to the creators of tomorrow’s electronics – delivering value for employees, customers, shareholders and society.

Purpose and guiding principles

Bringing tomorrow's electronics to life

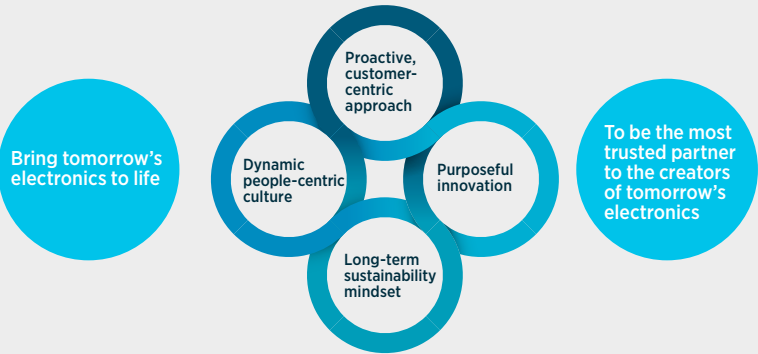
Living up to Mycronic's purpose and vision demands that we create a dynamic culture based on the four principles below. We can then implement our strategy of being a market-leading solutions provider within selected niches of electronics production, offering a high degree of recurring revenue.

PURPOSE, GUIDING PRINCIPLES AND VISION

Purpose

Guiding Principles

Vision



By adhering to our strategy, guided by our four principles, and working closely with customers in our four decentralized divisions, Mycronic secures a strong platform for long-term sustainable growth.

MYCRONIC'S FOUR GUIDING PRINCIPLES



Proactive, customer-centric approach

Staying close to our customers' problems means being closer to the solution. The goal is to understand these challenges so well that we anticipate and solve them in advance. Our decentralized global setup increases agility and shortens decision-making paths. It enables us to provide better service, innovate with customers and quickly adapt to growth trends.



Purposeful innovation

Mycronic believes that customer-centric innovation starts with solving a market need. As we dream up visions of tomorrow, we do so with our customers' current and future needs in sharp focus. Innovation is embedded in our DNA, and in 2022 we invested 12 percent of net sales in R&D.



Long-term sustainability mindset

Manufacturers are under pressure to cut energy consumption and adopt circular thinking. They also need to secure safe and sound working conditions throughout the supply chain. By striving for our own sustainability goals and those of customers, we support a more sustainable industry and future-proof our own business.



Dynamic, people-centric culture

Achieving our financial and sustainability targets depends a lot on our ability to attract, develop and inspire our people about the future. A key focus is thus on encouraging an innovative, proactive and entrepreneurial culture, where new ideas can come from anyone. It's all about creating an open, inclusive, diverse and responsible atmosphere.

Driving value creation

Sustainable and profitable growth

Our new targets of doubling net sales to SEK 10 billion by 2030 with an EBIT of SEK 2 billion and 50 percent reduction in our own CO₂ emissions require a clear growth strategy. Sustainable and profitable growth will be driven by innovation, customer centricity, following a strong sustainability agenda and acquisitions.

Whether it's for our direct customers, their end consumers, the communities we serve or our planet, sustainable and responsible growth benefits all stakeholders in different ways. Mycronic supports the creation of new products and solutions that are often life-saving, time-saving and energy-saving.

Capitalizing on growth trends

Mycronic's technology solutions are differentiated and well positioned to capitalize on today's growth trends. For example, the need for greater automation, electrification, and the convergence of 5G, AI and computing power increases demand for our advanced production solutions that are flexible, precise and efficient.

Decentralized organization

To support this growth strategy, our four divisions are given clear performance goals, incentives and targets that are monitored by executive management on a regular basis. The divisions invest in and manage their own R&D projects, with a clear strategic focus on solving customer needs.

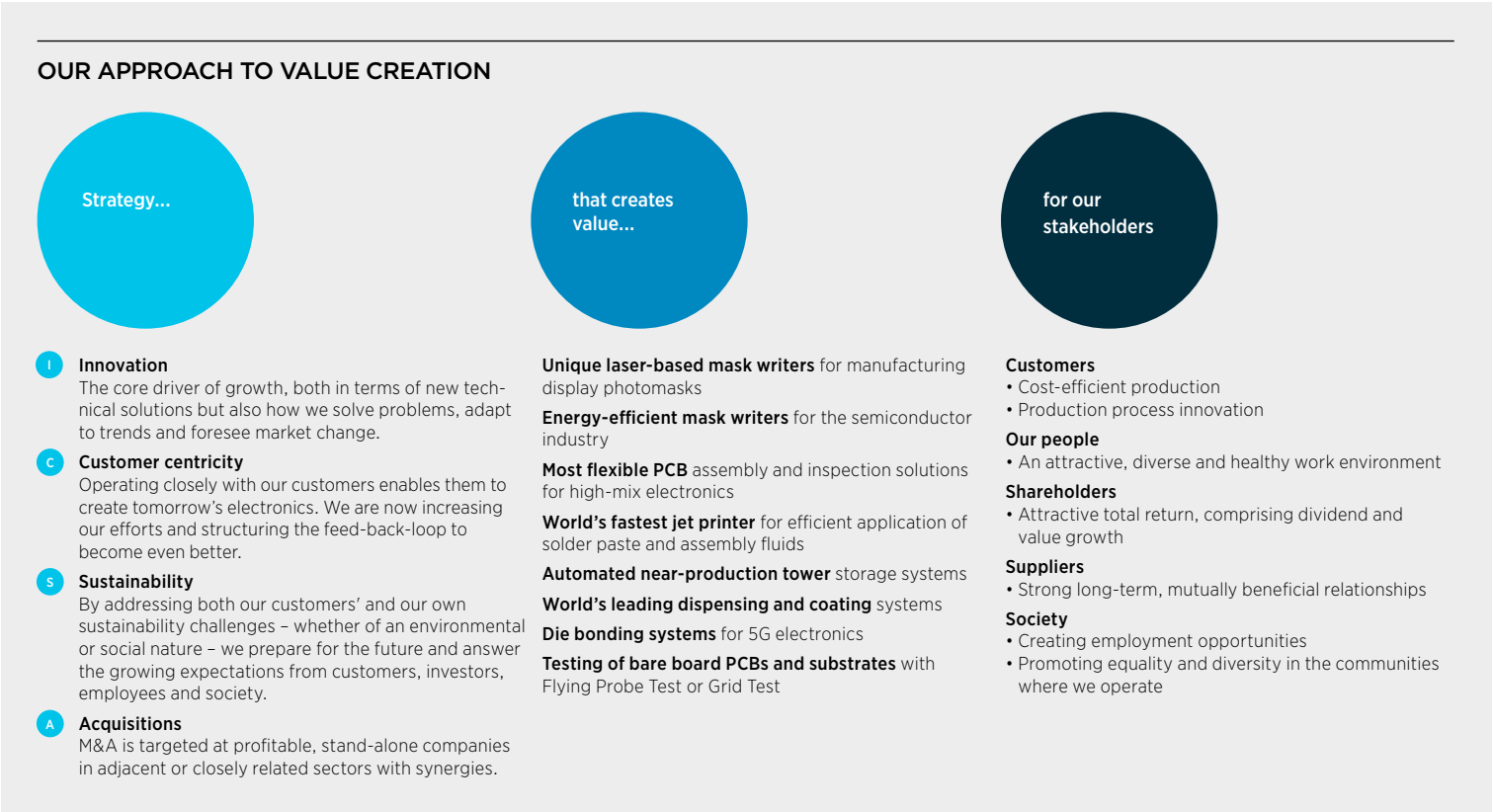
Innovation, acquisitions, sustainability

The core strategy for organic growth is to focus on innovation. This is not only in terms of technical competency, but also in adapting to market trends and preparing for future technology shifts before they happen.

Roughly two-thirds of our growth will come organically through energy-efficient laser writers, jet printers, dispensers, automation systems, etc. One third of growth will come

from acquisitions. Sustainability is also a clear part of our strategy to grow responsibly, benefit our customers and differentiate ourselves from the competition. Each of Mycronic's four

divisions has established goals and action plans to contribute to the overall sustainability strategy.



I Innovation

The rocket fuel of growth

Most of our growth through 2030 will be organic, driven largely by innovation. Whether finding new applications of an existing technology or disrupting an entire category, we know that customers will pay more if they can gain a competitive advantage.

One-of-a-kind advantage

Looking back 40 years, it's worth remembering that Mycronic's entire existence is based on breakthrough innovations. First, there was the invention of a laser-based mask writer that created display photomasks faster and more precisely than anything on the market. Such mask writers continue to be the number-one solution in selected segments.

Disrupting an entire category

Then came a flexible pick-and-place machine that could do the work of several specialized PCB assembly machines – all in a small, standalone unit. It was soon followed by jet printing, a Mycronic invention that upended traditional screen printing with a whole new category for the jetting of solder paste. Not to mention major leaps in die bonding, dispensing and coating. That same spirit of innovation is burning bright today.

Innovation in a broader context

But more than just technical innovations, Mycronic sees innovation as a way of thinking that can be applied to many areas to create value for customers. Examples include adapting quickly to new trends or foreseeing market changes, even before our customers, to keep them ahead.

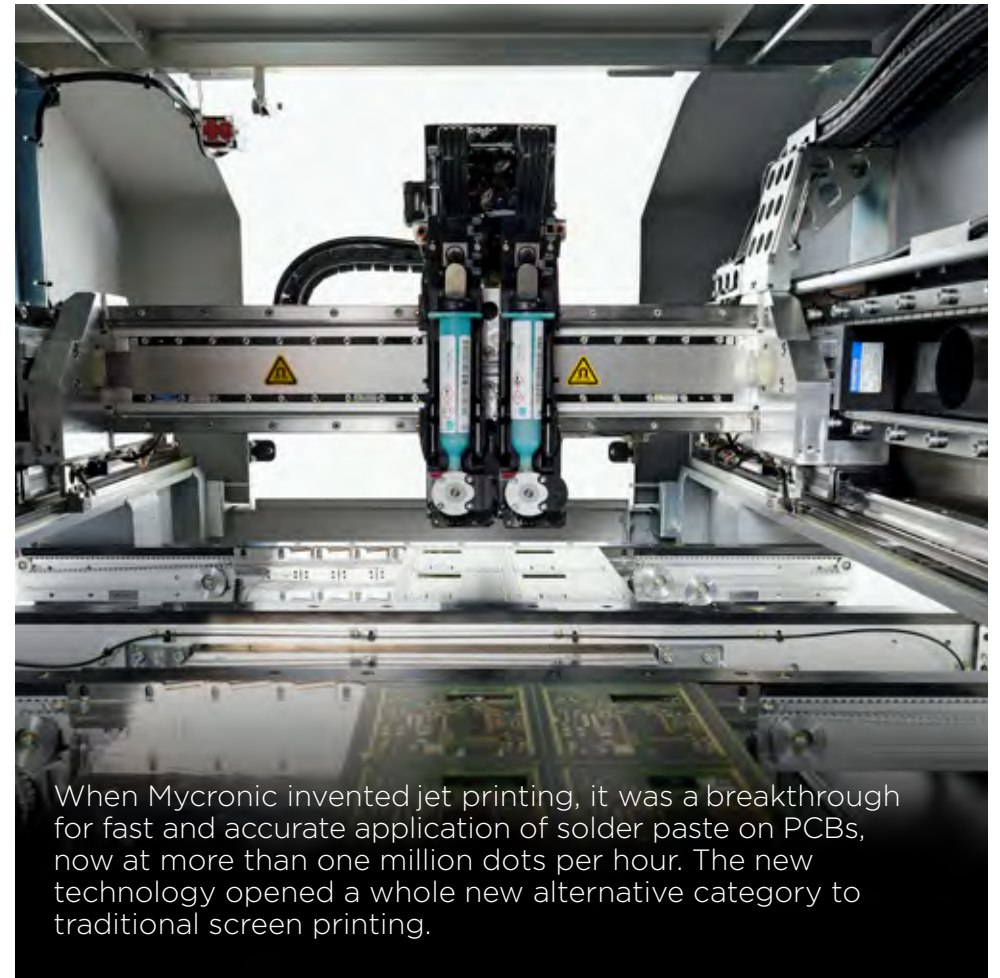
Investing for the future

To keep its customers at the forefront, Mycronic places a high priority on R&D. Funds are allocated on a decentralized basis, meaning that each division decides where best to focus its resources. During 2022, the average R&D investment for the company, across all divisions, was 12 percent of net sales, which amounted to SEK 638 million. Around 500 employees today are engaged in R&D with a goal of supporting the creation of electronics that make people's lives better. That means developing mission-critical production solutions that secure customer success. R&D efforts eventually translate into patents and Mycronic currently has over 500 patents, securing market leading positions.

Sustainable innovation for growth

Today, successful innovation includes reaching ambitious sustainability goals, both our own and those of our customers, which is why we integrate sustainable thinking into all of our development processes. It also explains why we have a fund dedicated to financing projects that promote sustainability in the electronics industry.

One good example of sustainable innovation at work is our SLX mask writer for semiconductor applications, which relies on solid-state lasers to cut the laser's power consumption by up to 99 percent, compared with gas lasers.



When Mycronic invented jet printing, it was a breakthrough for fast and accurate application of solder paste on PCBs, now at more than one million dots per hour. The new technology opened a whole new alternative category to traditional screen printing.

C Customer centricity

Putting our customers first

To achieve our vision of being the most trusted partner to the creators of tomorrow's electronics, we are intensifying efforts to build a more proactive, customer-centric organization. Our decentralized organizational setup, R&D understanding the customer, strong aftermarket business, and programs to enhance the customer experience, all play a key role.

Mycronic's future success depends on the success of its customers. This means we need to be at their side, listening and working together with them to solve their challenges. The closer we are to their problems, the closer we are to finding the best solutions

This applies to all parts of the customer journey – from initial contact and signing of the contract to the aftermarket and services business – as well as our R&D support. But it also requires taking a structured approach, with regular feedback loops to implement continuous improvements.

BRIDGE – a common global approach

As part of our customer-centric focus, we continue to work with BRIDGE, our global customer experience program, first introduced in 2021. It provides a systematic way of working, listening to our customers and acting on feedback to create business value for both our customers and Mycronic.

This is a long-term effort to create a culture of continuous improvement, building value together with our customers. When we understand what matters most to them, we can take proper actions for maximum results – improving and allocating the right level of resources to meet their needs.

R&D understanding the customer

Another driver of customer-centricity is our decentralized divisions, with R&D close to the customers. This approach is appreciated by customers and encourages faster, more responsive and effective feedback for



Our global customer experience program, BRIDGE, provides a structured way of working, listening to our customers and acting on feedback to create business value for everyone involved.

improvements to our existing product range as well as new developments.

Aftermarket – a long-term business

Our strong aftermarket business keeps us close to customers, gives feedback and provides a long-term business perspective. We define aftermarket as service sales, spare parts and sales of accessories to the installed base of systems. These businesses are of high strategic value to us and ensure customers get the most out of our products.

To underscore the importance, consider that Mycronic gets around 30 percent of its annual revenue from the aftermarket

business – mainly robust, predictable recurring revenue streams from service contracts. This allows us to execute with a long-term perspective since the aftermarket revenue bridges potential variations in systems sales. Our ambition is to grow the aftermarket business, ensuring customer satisfaction and growing profitably.

Finally, our strong aftermarket business supports sustainability initiatives since we can see, firsthand, the impact of our systems on energy consumption and other factors. With this feedback in mind and together with customers, we can take action to minimize environmental impact.

Customer experience – new opportunities

Delighted customers are our best promoters. We know, for example, that they happily share their experience and trust in the SLX mask writers. To further improve this experience, we now use the new approach to customer surveys defined within the BRIDGE program, where responses are no longer anonymous.

This common approach makes it easier to respond to specific customer needs and establish closer ties. The voice of customers gives powerful insights on how we can provide a premium customer-centric experience. We also combine this with input from market data and interactions within the supply chain.

Sustainability

Preparing for the transition

As the use of electronics continues to grow, the environmental and social challenges created by the industry are set to intensify. Our strategy aims to contribute to the sustainable transition of the electronics industry, while supporting our innovation and growth objectives.

Industry under growing scrutiny

Today, there is a growing recognition in the industry of the necessity to address the environmental and social challenges related to production and usage of electronics. Key challenges include the increasing use of energy and resources, e-waste, violations of privacy rights and poor working conditions in various parts of the supply chain.

Regulatory requirements associated with sustainable electronics are also multiplying, mainly driven by the EU. For example, the new EU Taxonomy and new regulations on eco-design of electronic products already impact manufacturers and suppliers in our markets.

Electronics enabling progress

While there are negative impacts to address, electronics could also hold answers to many of society's challenges. Examples include electronics enabling reductions in CO₂ emissions or improving access to healthcare. As such, electronics have considerable potential to support our society in becoming more sustainable. This offers business opportunities to Mycronic and our customers.

A competitive factor

In this context, sustainability in its broader sense is becoming a major competitive factor in the electronics industry. In addition to the rising requirements and demand for more sustainable electronic products, the competition for talent plays a key role in enabling growth. Our sustainability agenda for 2030 mirrors these trends.

Framing our agenda for 2030

Mycronic's commitment to sustainability is grounded in international standards and goals, such as the ten principles of the UN Global Compact. We build our sustainability framework through dialogue with stakeholders, thorough materiality analysis, and alignment with our strategic business objectives.

Mycronic's sustainability initiatives also incorporate the UN Sustainable Development Goals (SDGs) and we actively contribute to the goals where we have the greatest potential to drive positive change.

Our three key sustainability areas

We focus our work on three key areas: Innovation for sustainability, Future engineers through diversity, and Climate impact from own operations. These are areas where we see that Mycronic can make its greatest contribution to the transition of the electronics industry, while at the same time supporting us in achieving our business goals. Concrete goals and action plans are established in all three of these areas.

In addition to these key areas, we also address a number of other sustainability issues that are important to us and to our stakeholders (see page 109).

OUR THREE KEY AREAS

How our key sustainability areas support our growth objectives



Innovation is at the core of our growth strategy, and strong sustainability performance, for example in terms of energy and material efficiency, will be a prerequisite for selling production equipment in the future. Our roadmap includes incremental development, research in new technologies, and collaboration with clients and academic partners.



Our initiatives to promote diversity and inclusion are part of our plan to prepare the organization for future growth. Recruitment, in particular of engineers, is a considerable challenge in our industry. We therefore act to encourage youth to pursue engineering studies, we search for talents among under-represented groups, and we continue to develop our people with diversity and inclusion at top of mind.



We focus on minimizing impact from our largest emission sources with the aim of enabling growth without jeopardizing the future of the planet. Our roadmap includes initiatives to reduce emissions from our facilities, the transport of goods, and business travel.

UN Sustainable Development Goals (SDGs)

7. Affordable and Clean Energy
9. Industry, Innovation and Infrastructure
12. Responsible Consumption and Production

4. Quality Education
5. Gender Equality
8. Decent Work and Economic Growth

7. Affordable and Clean Energy
12. Responsible Consumption and Production

A

Acquisitions

Our approach to mergers and acquisitions

Roughly one-third of our future growth through 2030 is planned to come from mergers and acquisitions. Like many companies active in M&A, we have had both strong successes and a few disappointments, but the net effect has been value creation for the shareholders. Based on these experiences, we continue to sharpen our strategies moving forward.

Structured and strategic

Mycronic takes advantage of M&A to add crucial new technologies, gain access to new talent in growth segments, extend core areas of expertise, expand into new geographic markets, and boost net sales and profitability.

The largest and most successful example of this is the 2016 acquisition of Axxon in China. This was truly the result of examining both geographical aspects of the market in China as well as adjacent technologies in the electronics industry, to find a good fit with existing Mycronic business on a Group level. Not only was our selection process correct, but the timing for connecting with the owner of Axxon was right and we were able to negotiate a mutually beneficial agreement.

As an industrial company with a decentralized approach, it is very important for Mycronic to select acquisition targets that already are, or can shortly become profitable and a significant player, preferably market leading, in relevant niches. Other important factors include the cultural fit and management quality and style.

Supported by a strong financial position

Mycronic has the financial strength to drive an ambitious, forward-looking M&A strategy over the coming years. Even during covid times, the results and operational cash generation have been good and created a strong balance sheet, including a significant net cash position. In addition, Mycronic has a SEK 2 billion credit facility in place.

Group and Divisional M&A

We divide our M&A activities into Group and Divisional deals. At the Group level, our target sweet spot is larger, financially sound companies in attractive growth niches or sectors, preferably with a strong service and after-market business. Here, the direct link to what Mycronic is doing today, internally referred to as value-added logic, is less important.

Healthy from the start

Divisional M&A focuses on companies with high value-added logic that either complement or extend our existing technology or customer offering. Here, their stand-alone attractiveness is less important. But since most industrial companies, including Mycronic, are often unsuccessful in turning around weak companies, there needs to be a healthy underlying business from the start.

Transaction size – large and small

Divisional M&A may involve relatively small deals if the fit is good, whereas Group-level M&A is directed towards targets with an annual turnover exceeding 25 MEUR. Going forward, we believe the Global Technologies division can both lead and host acquisitions in new spaces with a mid-term potential of up to 100 MEUR annual turnover. If a target has, or grows to, an annual turnover exceeding 100 MEUR, it could fall outside our current divisional spaces and form a new division.



“ We take a structured, strategic and diligent approach to M&A, with a clear preference for profitable companies with a stable aftermarket business. We look to acquire good companies and make them even more successful.

Pierre Brorsson
Group CFO and Senior VP Corporate Development

KEY CRITERIA FOR ACQUISITIONS

	Group-level M&A	Divisional M&A
Market • Market size • Growth perspectives • Profit pool • Recurring revenue	●● ●●● ●● ●●	● ●● ●● ●●
Target • Market share • Financials • Advanced technology • Extension of Mycronic customer offering • Enabler of Mycronic technology	●●● ●●● ●●● ● ●	● ●● ●● ●●● ●●●
● = Level of importance		

New financial and non-financial targets

Aiming high for the future

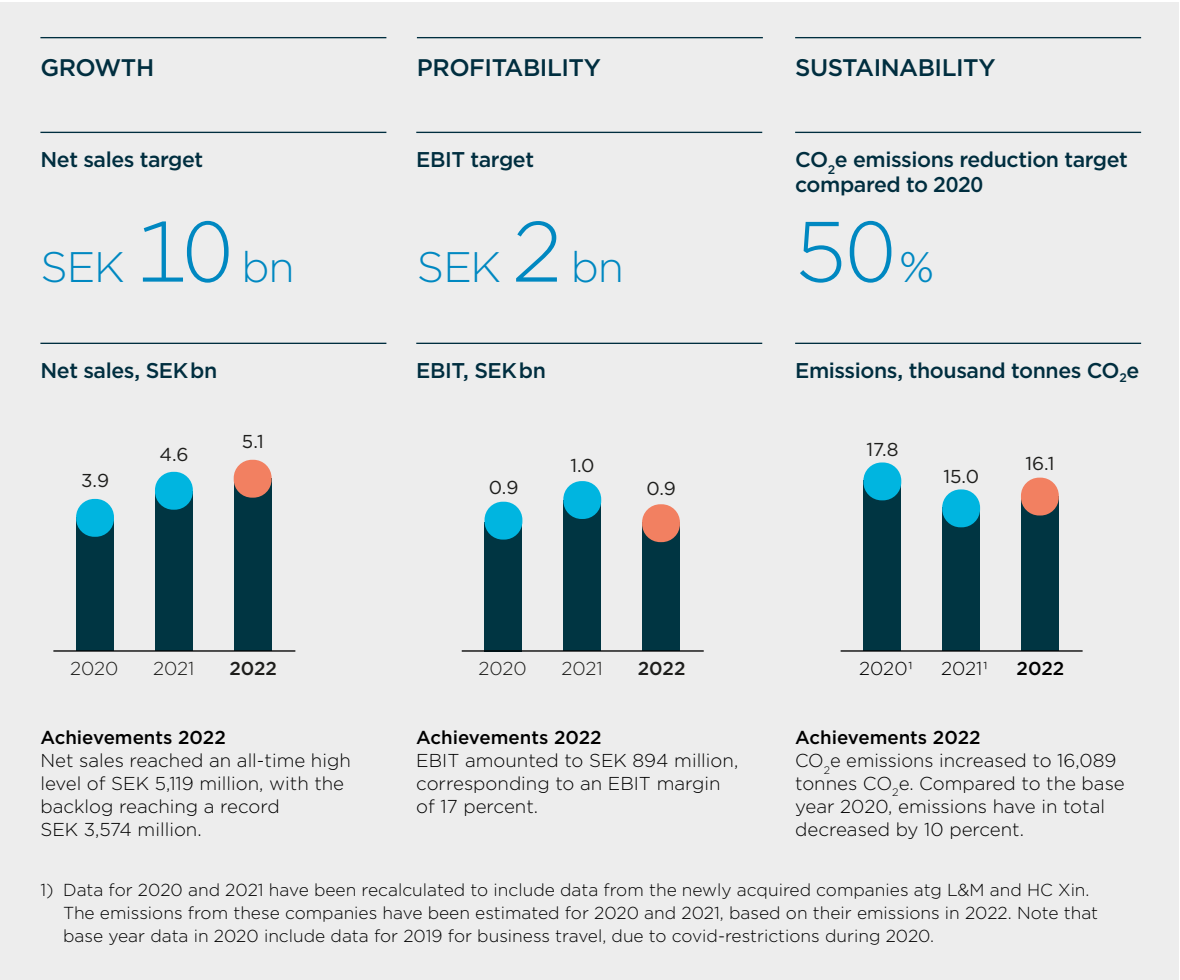
Double sales, double profits and halve the carbon footprint

Looking ahead, Mycronic has set ambitious financial and sustainability targets to be achieved during the 2027 to 2030 period. Mycronic has also committed to set science-based targets, which provides a pathway to reduce emissions.

On a Group level, we are aiming to be a SEK 10 billion company with an EBIT of SEK 2 billion. We have also introduced targets that each of our four divisions should have a minimum EBIT margin of 10 percent. Of equal importance is our efforts to help promote a zero-carbon economy by reducing our own emissions by 50 percent compared to 2020.



The sustainability target is now presented alongside the financial targets.



Introduction	19
Pattern Generators	20
Assembly Solutions High Flex	22
Assembly Solutions High Volume	24
Global Technologies	26

Divisions

Mycronic believes that daily operations and decision-making are best handled when they occur close to our customers. For this reason, we take a decentralized management approach in which our global operations are organized into four divisions. Giving our divisions more autonomy to create value, together with our customers, with minimal top down involvement from executive management is key to our success.

Introduction

Four decentralized divisions

Mycronic is organized into four divisions. Local wholly owned subsidiaries are supported by a network of agents and distributors covering more than 50 countries. A large share of Mycronic’s net sales is derived from the aftermarket business, where service is provided to more than 5,500 customers, with over 28,000 installed systems.

PATTERN GENERATORS

One of the world’s foremost suppliers of laser-based mask writers for the manufacture of photomasks for displays and semiconductors, including high-precision measuring systems.



Net sales, SEKm

1,369

EBIT, SEKm

465



ASSEMBLY SOLUTIONS HIGH FLEX

Leading global provider of flexible PCB assembly solutions, with a comprehensive full-line offering.



Net sales, SEKm

1,378

EBIT, SEKm

175



ASSEMBLY SOLUTIONS HIGH VOLUME

World’s largest supplier of automated in-line dispensing and conformal coating systems for high-volume electronics production.



Net sales, SEKm

1,563

EBIT, SEKm

290



GLOBAL TECHNOLOGIES

Leading positions in niche technology sectors with a potential to grow faster than the electronics industry as a whole – currently die bonding and electrical measurement of bare board PCBs and substrates.



Net sales, SEKm

865

EBIT, SEKm

101





Pattern Generators

Strong order intake in displays and semicon

The Pattern Generators division received orders for 13 systems for displays – including orders for two new models – as demand for photomasks returned to pre-pandemic levels. The division also received orders for 13 SLX mask writers for the semiconductor industry.

Market position & development

Pattern Generators is a leading supplier of laser-based mask writers for the display and semiconductor industries as well as high-precision measurement systems. These machines are used to produce the advanced photomasks required for manufacturing screens for TVs, cars, mobile phones, tablets and computers as well as for semiconductors used in diverse electronics. The customers are merchant mask shops in Asia and the US and electronics giants, with in-house production.

Today, all significant manufacturers in the display industry use photomasks made with Mycronic’s laser-based mask writers. A majority of semiconductors are also produced with laser-based mask writers, where we support the mid- to lower-end of chip design. During the year, Mycronic continued to extend its core competence in high-precision laser-based lithography from the display industry into the semiconductor industry – through the continued roll-out of its range of modern, energy-efficient SLX mask writers.

Interest in the SLX has been positive due to heavy investments in semiconductor production capacity, a need to replace ageing equipment and reduce energy consumption. In displays, investments in new photomask production gained momentum to support rising demand for more complex, high-resolution screens and thus a need to replace or modernize the installed base of mask writers.

Key trends and sales drivers

Earlier pandemic-related investment delays in new display mask writers – to support the

shift from older LCD to AMOLED technology, larger panels, higher quality, and new applications – have subsided. Despite economic uncertainties, there is growing and stable demand for high-quality photomasks to produce electric vehicle screens, larger TVs, flexible phones, and other applications.

In semiconductors, key drivers include 5G, new data centers, IoT, and cloud computing – with a persistent need to drive down production costs for components. Global shortages have also motivated governments, from the US to China, to invest heavily in production to secure local supply chains.

The installed base is made up of 140 systems, which we continue to support, resulting in a strong recurring aftermarket business. Much of the installed base requires investments in modernization, which are encouraged by our trade-in program.

Sustainable innovation

Pattern Generators applied lifecycle learnings in projects aiming to further reduce the use of energy and compressed air in mask writers. Going forward, the division will continue to focus on reducing the energy use of lasers in our mask writers in particular. We also invest in further training our knowledgeable staff, which we see as tomorrow’s innovators and a key asset.

Accomplishments in 2022

In 2022, Pattern Generators received orders for 13 SLX mask writers, bringing the total of SLX machines sold to 32 since first being introduced in late 2019. On the display side, the



“It was gratifying to see strong interest in our replacement program for display mask writers, a surge in orders for SLX mask writers for the semiconductor industry and a robust aftermarket business. Together these income streams form a solid base for reducing risks and supporting long-term profitable growth.

Charlott Samuelsson
Senior Vice President, Pattern Generators division

Key Ratios

	2022	2021	2020
Order backlog, SEKm	2,480	744	1,156
Net sales, SEKm	1,369	1,645	1,563
of which aftermarket	703	609	599
Gross profit, SEKm	782	1,105	1,156
Gross margin, %	57.1	67.2	74.0
EBIT, SEKm	465	832	889
EBIT margin, %	34.0	50.6	56.8
R&D expenditures, SEKm	219	219	222
Employees, amount	320	298	294

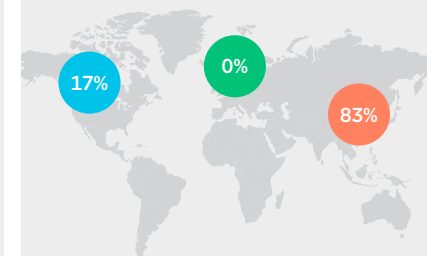
Growth in net sales compared with 2021

–17%

EBIT growth compared with 2021

–44%

Pattern Generators’ net sales 2022 per region



Geographical presence

United States, China, Taiwan, South Korea, and Japan

Primary competitors

Heidelberg and Applied Materials.

Pattern Generators *continued*

division received orders for five Prexision Lite Evos, one Prexision 8 Entry Evo, one FPS10 and one Prexision MMS.

The Prexision 8 Entry Evo, launched in 2022 and sold to an Asian customer, is also included in our trade-in program and can be upgraded to write displays up to mask size G8. In addition, we received the first order for our newly introduced FPS10 display writer from an Asian customer. This system is part of the FPS Evo series for producing photomasks used to make the larger fine metal masks for G8 OLED display fabs. Prexision MMS is a measurement system for quality assurance of photomasks.

Focus in 2023 and beyond

In 2023, Pattern Generators is well positioned to manage potential market uncertainties that may arise. The combination of a strong order backlog, an attractive trade-in program and robust aftermarket business, provides a stable foundation for the division.

The evolving SLX series, with mask writers that are both energy efficient and boost productivity, will support growth. The division continues to investigate ways to reduce carbon emissions, such as new applications of solid-state lasers to the display mask writers.

Going forward, the focus will be on continuing to stay close to customers and innovating to meet their future requirements for sustainable and competitive business.

Innovation case

Making way for the next generation

When Mycronic introduced its unique laser-based mask writers for photomasks in the early 1990s, it set a new industry standard in speed and precision for display manufacturing. Now many of the ageing machines are being replaced as part of a flexible trade-in program.

Since the 1990s, Mycronic has delivered mask writers for the photomasks required in the production of virtually all flat screen displays on the planet. Today, the technology has evolved and modernized into the Prexision series – for everything from more basic displays to advanced LCD and AMOLED models. This range offers an attractive mix of replacement options for mask writers Mycronic has provided to customers in Asia over the years.

Making the leap to AMOLED

“We service these mask writers as part of our aftermarket business,” says Mikael Wahlsten, Head of Product Strategy & Development. “But many machines are more than 15 years old and, at some point, need to be replaced or modernized. The trade-in program is an attractive way to make the leap to the next generation.”

Flexible replacement program

To ease the transition to a new generation, Mycronic introduced a flexible trade-in program that includes a discount for returning the old mask writer. In exchange, the customer can choose from a range of models that share a common control platform and can be upgraded as needed.

A market for less complex photomasks

While the need for advanced mask writers remains resilient, there is also a market for less complex mask writers, such as the Prexision 8 Lite Evo. “Judging by the positive response, we can see that the market for less complex photomasks continues to be an equally attractive part of our replacement program,” says Wahlsten.

Creating a win-win situation

“The replacement program creates a win-win situation for all,” explains Wahlsten. “It helps our customers migrate upward to a more advanced Prexision machine at their own pace, and it supports our business as

“The trade-in program lets customers migrate upward to a modern and scalable mask writer that can be upgraded later – all on a common platform.”

Mikael Wahlsten
Head of Product Strategy & Development

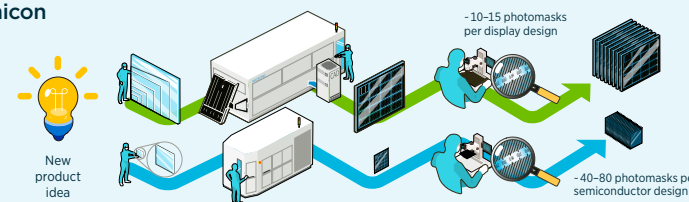


well. The combination of a strong replacement business, our aftermarket business and new sales adds stability to our mask writer display business.”

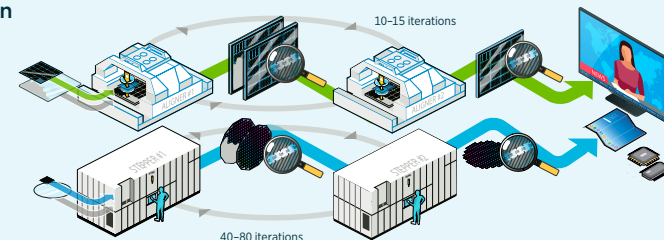
THE PHOTOMASK

The link between design and mass production of electronics

Display / semicon Maskshop



Display / semicon Fabrication



Assembly Solutions High Flex

Thriving in times of change

The High Flex division helped its customers stay agile in the face of changing market conditions, chip shortages and other supply chain issues. It maintained delivery times on key products, while continuing to develop new 3D AOI inspection and factory-wide connectivity solutions.

Market position and development

Mycronic's High Flex division is a leading global provider of flexible PCB assembly solutions, with a comprehensive full-line offering. Customers include subcontractors running diverse mixes of complex, high-value boards that require fast job changeovers, high precision and good line utilization as well as larger Tier-1 producers who want selected best-in-class technology. Key sectors are aerospace, defense, medical and industrial electronics.

High Flex offers all key solutions for PCB assembly, from complete production lines to individual systems for specific process steps. The flagship solution is the MYPro Line, which integrates advanced solder paste jet printing, pick-and-place and 3D inspection systems, together with automated material handling solutions and factory-wide software connectivity. Advanced in-line dispensing and conformal coating solutions are also offered.

During 2022, demand in Europe and the US remained at healthy levels despite an uncertain macroeconomic environment. The conflict in Ukraine, component shortages and a pandemic-related lockdown in China caused disruptions in global electronic supply chains. Some subcontractors shifted production to entirely new products due to component shortages while others moved production to new geographic regions.

Thanks to a tight organizational structure and planning, High Flex adapted quickly to these needs and maintained short delivery times for key pick-and-place systems, which proved to be a competitive advantage.

Key trends and sales drivers

Widespread adoption of electric vehicles drove a need for electric subassemblies, sensors, and advanced electronics, all of which require precision mounting, inspection and protection. This, in turn, boosted the need for our 3D inspection, industrial dispensing and conformal coating systems. The medical, aerospace and defense segments remained strong in Europe and the US.

Increasingly, customers say they want a seamless user experience, with total control over the production process. As a result, the emphasis is on data-driven software that integrates with their own ERP systems and enables factory-wide connectivity with zero-defects quality.

The reshoring trend back to Europe or the Americas benefits sales at High Flex. This is being fueled by a desire to minimize shipping, avoid tariffs, and secure local supply chains to circumvent delays and achieve a higher degree of local content.

Sustainable innovation

R&D focused on boosting efficiencies in existing assembly technologies in robotics, software, AI (machine learning) and optical inspection as well as dispensing and coating. The aim is to support the development of the next generation of Industry 4.0 intelligent factories where vast quantities of data generated on the production line can help predict process variability, improve quality and efficiency in a sustainable way.



“Today’s fast-changing and unpredictable world is leading to shorter innovation cycles, more product variants, supply chain challenges and more complex process workflows. Our job is to help our customers meet the change by setting new standards in flexibility, quality and productivity.

Clemens Jargon
Senior Vice President, High Flex division

Key Ratios

	2022	2021	2020
Order backlog, SEKm	138	130	86
Net sales, SEKm	1,378	1,176	1,079
of which aftermarket	475	429	400
Gross profit, SEKm	571	469	425
Gross margin, %	41.4	39.9	39.4
EBIT, SEKm	175	136	33
EBIT margin, %	12.7	11.6	3.0
R&D expenditures, SEKm	195	177	186
Employees, amount	386	375	390

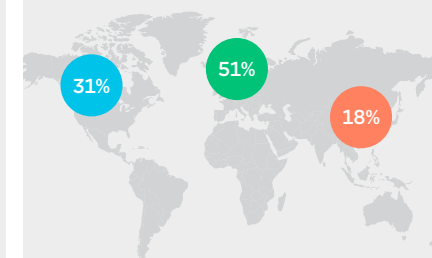
Growth in net sales compared with 2021

17%

EBIT growth compared with 2021

29%

High Flex' net sales 2022 per region



Geographical presence
Primarily Europe, United States and Mexico

Primary competitors

ASM, Fuji, Juki, Yamaha, Hanwha Techwin, Panasonic, Koh Young, Viscom and Saki

Assembly Solutions High Flex *continued*

Accomplishments in 2022

High Flex opened a sales and service center in Mexico to serve customers in the Americas and capitalize on the reshoring trend there. The center will also support the High Volume division.

Rollout continued of the latest developments within the comprehensive product line of MYSmart conformal coating, in-line dispensing and industrial dispensing solutions.

A new connectivity software, MYPro Connect, was introduced to customers aiming to further improve factory-wide automation and process control by eliminating the need for custom integration of Mycronic assembly equipment into MES systems. At year end, the division launched the Iris 3D AOI vision technology as part of its MYPro I series – a completely new generation of 3D AOI vision system that captures the highest quality images in the industry at speeds up to 30

percent faster. This is designed to attract larger Tier-1 EMSs and OEMs in the automotive, medical, and other sectors looking for a competitive edge.

Focus in 2023 and beyond

Looking ahead, High Flex will continue to collaborate closely with its core high-mix PCB customers in Europe and North America. The aim is to prepare them for change in an uncertain market climate, which also favors high-precision, flexible and efficient production solutions.

The division will continue to develop hardware and integrated software solutions that allow for faster, more flexible, high-precision assembly with zero defects – across the full PCB production line.

Another ongoing priority is to unleash the full growth potential of the MYSmart dispensing and coating systems, particularly in Europe and the US. This also includes working closer with larger Tier-1 manufacturers who require tailored process control, material handling and factory-wide connectivity.

Finally, when it comes to sustainability, the main focus will be on helping customers get the most out of their production lines. That means equipment that is never standing still and wasting energy, achieving higher line utilization, improved first-pass yield, quality, and reducing the use of energy and resources.

Zero defects – it's the goal for all PCBs assembled with our flagship MYPro Line.



Customer case

Smaller, smarter and faster

Just outside Nürnberg, Germany, one forward-thinking company is modernizing its production to meet fast growing demands for advanced industrial IoT electronics. Thanks to the latest full line assembly solution from Mycronic, Mikrolab can now respond to global competition with greater speed, quality and cost efficiency than ever before.

Mikrolab aims to significantly expand its share in the fast-paced EMS market, where an ability to handle far smaller and more diverse components and a wider range of batch sizes is essential.

Smaller quantities, more variants

“Our customers are trying to assert themselves in the market by establishing entire product families,” says Andreas Lebrecht, Product Manager, Mikrolab. “This leads to smaller quantities and more assembly variants.” A full-line Mycronic solution was chosen to replace the previous two SMT lines to ensure the best combination of speed, flexibility and quality.

One of the key motivations for the new investment was the need to handle far smaller components down to dimensions of 150 x 300 micrometers, as well as larger board formats. The addition of two



New full-line solution from Mycronic in action at Mikrolab, Germany, including two MY700 Jet Printers and three MY300 pick-and-place machines.

MY700 Jet Printers has added further productivity gains. By eliminating the need for stencils, the solution enables rapid changes to solder paste application. “We’ve removed the limits we faced with stencil printing,” says Andreas Lebrecht.

More job changeovers are supported by the Agilis feeder system, e-label and material handling software. Meanwhile, software-driven performance programs help guide operators through kitting and the overall process to ensure the highest level of line utilization with zero defects.

Taking performance to the next level

“At the end of the day, we’re very excited that we can now set up and produce new jobs more quickly and cost-efficiently,” Andreas concludes. “The new production line really enhances the product quality and expands our technological capabilities. Now we have much higher capacity.”

“The new production line really enhances the product quality and expands our technological capabilities. Now we have much higher capacity.”

Andreas Lebrecht
Production Manager, Mikrolab

Assembly Solutions High Volume

Close to China, serving the world

The High Volume division strengthened its position as the world’s leading provider of dispensing and conformal coating systems. A weaker consumer electronics market in China was offset by investments in the production of electric vehicles.

Market position and development

The High Volume division is the world’s leading developer and manufacturer of automated systems for dispensing and conformal coating. Local R&D and manufacturing secure a strong presence in China and facilitate unique access to high-volume customers. The focus is on manufacturers of consumer electronics, displays, electric vehicles and semiconductor-related products.

The dispensing of adhesives and conformal coating of circuit boards plays an important role in ensuring that end products can withstand vibration, temperature changes, avoid dust and are waterproof. These automated systems dispense a wide range of adhesives, mounting fluids and coatings in different stages of assembly. They help combine, connect and protect components in the products, enabling them to be smaller, safer and more reliable.

After strong growth in 2021, China’s consumer electronics industry weakened. A soft domestic market due to lockdowns continued to impact sales of PCs, watches, laptops, earphones and smartphones. But weaker consumer spending was offset by robust demand for electric vehicles with a high degree of electronic content that requires advanced dispensing and conformal coating to produce.

Key trends and drivers

The regionalization of supply chains, with a polarization between East and West, continued as China encouraged a “made in China, for China” policy while the U.S. and Europe pursued strategies to increase supply chain

resilience. Much debate, however, focused on advanced semiconductors, artificial intelligence, and sensitive technologies – not consumer electronics, where there is a shared interest in production as usual.

China’s zero-covid policy led to weaker investments by both manufacturers and consumer electronics groups. Lockdowns in several regions and large cities, like Shenzhen and Shanghai, meant that High Volume had to rely on digital tools to stay in touch with customers for a certain period of time in 2022. After covid restrictions in China were lifted at the end of the year, High Volume noted a clear increase in project requests from existing customers in the consumer electronics industry.

Rising labor costs in the competitive Chinese market continue to drive investments in full-line automation solutions. Ongoing cost pressures and supply chain issues also motivated some producers to shift some production to locations such as Vietnam, Malaysia, and Mexico. However, the Chinese market, long term, is expected to remain attractive and strong.

Sustainable innovation

R&D focused on next-generation five-axis precision dispensing for 3D surfaces requiring high accuracy and throughput as well as high-speed jet dispensing for adhesives. The focus on sustainability included developing a new version of the MYD dispenser, improving energy efficiency by more than 30 percent. The division also continued to work on reducing the number of parts in its products, which facilitates dismantling.



“Due to a weaker consumer electronics market in China, we shifted our focus from mobile phones and other devices to the automotive sector, where growth remains strong.

Ivan Li
Senior Vice President, High Volume division

Key Ratios

	2022	2021	2020
Order backlog, SEKm	717	809	669
Net sales, SEKm	1,563	1,200	873
of which aftermarket	126	97	88
Gross profit, SEKm	603	508	351
Gross margin, %	38.6	42.3	40.2
EBIT, SEKm	290	231	181
EBIT margin, %	18.5	19.3	20.7
R&D expenditures, SEKm	141	107	87
Employees, amount	993	927	630

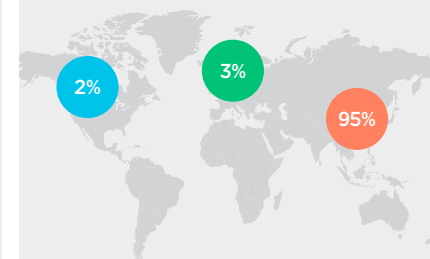
Growth in net sales compared with 2021

30%

EBIT growth compared with 2021

26%

High Volume’s net sales 2022 per region



Geographical presence
Asia, primarily China

Primary competitors

Nordson Asymtek, Musashi, Protec, Anda and PVA

Assembly Solutions High Volume *continued*

Accomplishments in 2022

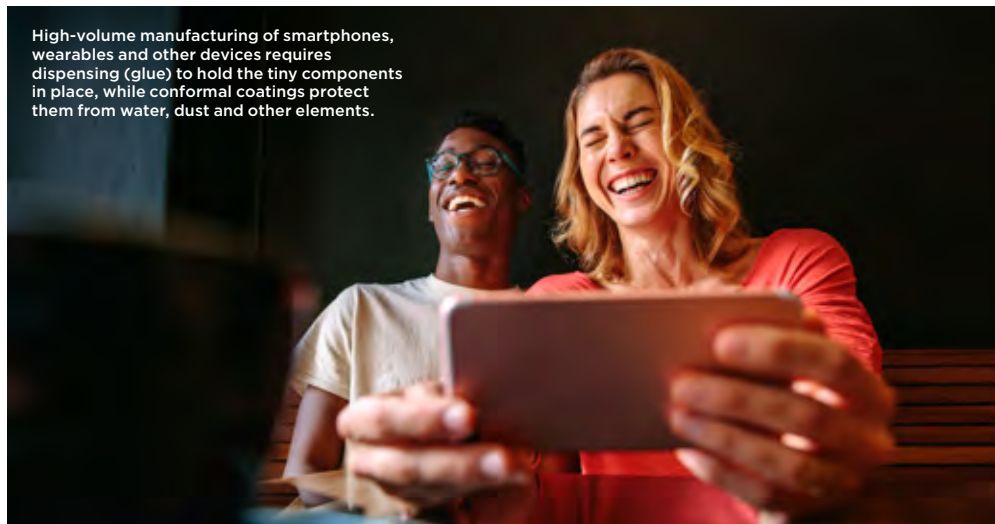
During the year, High Volume followed larger customers from China to sites abroad as they sought to spread risks by moving some production to Vietnam and Mexico. The screen-printing operations of recently acquired HC Xin were fully integrated, but sales have been unsatisfactory due to a soft consumer electronics market. Meanwhile, High Volume continued to consolidate its position as China's leading dispensing and coating experts, earning preferred supplier status from several large global customers. Capitalizing on the electrification trend, it also developed a customized electric vehicles line solution. This eventually contributed to a solid performance for the year and strengthened the overall outlook.

Focus in 2023 and beyond

High Volume will continue to strengthen and diversify applications for its market-leading dispensing and conformal coating systems in China and abroad. With China opening up, the market is expected to remain solid and grow. This is also being fueled by a rising urban middle class with built-up savings to spend on electric vehicles and consumer products.

The division is well positioned to leverage its close relations with domestic Chinese producers as well as multinational firms. This includes supporting expansion into international markets. An increasing focus will be on automotive final assembly and semiconductors, which show strong growth potential, as well as on sustainable business measures.

High-volume manufacturing of smartphones, wearables and other devices requires dispensing (glue) to hold the tiny components in place, while conformal coatings protect them from water, dust and other elements.



Innovation case

Shaping the future of dispensing

Whether it's smartphones, 5G infrastructure or electric vehicles, the need to better secure and protect electronic circuitry in harsh environments is growing. As the industry leader in dispensing and conformal coating production solutions, Mycronic continues to innovate in this area, including its latest automated five-axis in-line dispensing solutions.

What is five-axis dispensing?

The term five axis refers to the addition of a fifth vertical "tilt-and-rotate" axis in the dispenser for applying adhesives and sealants on the side of and under components.

This method of dispensing allows for the application of adhesives or coatings in previously hard-to-reach places with a very high level of speed and precision.

“We're seeing a growing need from Tier-1 manufacturers for smart, cost-efficient in-line fluid dispensing solutions tailored to their 24/7 production lines.”

Yongqing Liu, Mycronic

Growing need for fluid dispensing

“Today we are seeing a growing need from tier-one manufacturers for smart, cost-efficient in-line fluid dispensing solutions tailored to their 24/7 production lines,” says Yongqing Liu, R&D Director Mycronic (Axxon), who is based in the company's Shenzhen, China facility.

“The five-axis production solution gives these lines even more possibilities.”

Customized in-line solutions

According to Yongqing, a lot of the research is going into providing not only the dispensers themselves but robust control and feeding systems. With its advantages in flexibility and intelligence, five-axis dispensing technology can easily be extended into other applications, such as attachments and glue cleaning. In some cases, High Volume has also developed customized line solutions for specific customers, both in China and broader globally.



Electric vehicles are packed with powerful electronics that must withstand rugged operation and need to be secured and protected with smart dispensing solutions.



Global Technologies

Staying the course to unlock full potential

Global Technologies reported strong sales momentum in China for electrical testing equipment for substrates, while the investment climate for die bonding equipment was weaker. The divestment of AEi was completed in February 2022.

Market position and development

The Global Technologies division acquires and grows advanced electronics technology businesses with a high level of differentiation that are growing faster than the industry average. The division encourages a decentralized, entrepreneurial culture of problem-solving close to customers, supported by the expertise and resources of a strong global owner. The focus is on electronics niches favored by long-term trends in the electronics industry, with growth delivered organically and via acquisitions.

Currently, the division's technologies are positioned downstream in the electronics manufacturing chain – with die bonding used for semiconductor and optical packaging, and electrical testing used for PCBs and substrates. The largest markets are China and the US.

Die bonding, for microelectronics and optoelectronics applications, is an assembly process for the packaging of semiconductors to mount a die (or chip) to a substrate or package by epoxy or solder. Simply put, the die is placed into previously dispensed epoxy or attached in a heating process using solder. These processes are widely used in the data and telecommunications, aerospace, defense and other industries.

Electrical testing technologies, such as Flying Probe Test or Grid Test, check that all the circuitry in substrates and PCBs is working according to the design specifications, with zero defects.

Key trends and sales drivers

During 2022, Global Technologies was impacted by supply chain challenges, such as cost increases and labor and materials shortages. In electrical testing, an influx of longer-term strategic customer projects helped offset a weaker, more cyclical consumer market.

In China, customers invested heavily in substrates to support a national agenda of advancing their chipmaking and thus boosting sales of electrical test equipment. Despite a weaker consumer market, the PCB testing market remained solid in China due to increasing demand for multilayer board designs. However, sales of die bonding systems were weaker due to a softer datacom and telecom market, covid, and geopolitical headwinds.

Demand for multilayer PCBs is growing. Many of these boards are used in 5G wireless applications, space, defense, satellites, and new data center applications, including those with advanced optical sensors. The overall trend towards greater computing power is driving a higher level of miniaturization and component density. Both bare-board testing and die bonding benefit from this trend due to the resulting higher test requirements, and an increasing demand for submicron die-placement accuracy.

Sustainable innovation

In die bonding, R&D developed a new valve system for one of their machines that reduces air consumption and improves the energy efficiency of the product. The division now plans



The Global Technologies division acquires and grows advanced electronics technology businesses with a high level of differentiation that are growing faster than the industry average.

Key Ratios

	2022	2021	2020
Order backlog, SEKm	239	291	57
Net sales, SEKm	865	657	412
of which aftermarket	218	160	87
Gross profit, SEKm	333	200	146
Gross margin, %	38.5	30.4	35.5
EBIT, SEKm	101	-3	-87
EBIT margin, %	11.7	-0.4	-21.1
R&D expenditures, SEKm	71	68	66
Employees, amount	317	327	115

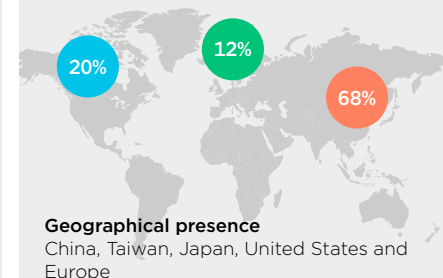
Growth in net sales compared with 2021

32%

EBIT growth in SEKm compared with 2021

104

Global Technologies' net sales 2022 per region



Primary competitors

Electrical testing: *Flying Probe Test:* Hioki, Microcraft, Joint Stars.
Grid Test: Nidec, Mason, Yamaha.
Die bonding: ASM, 4 Technos, Palomar, Finetech

Global Technologies *continued*

to use this valve system on other products. Technical advancements in electrical testing concentrated on extending the lead of the advanced A9 Flying Probe Test system as well as improving its own Grid Test, the LM 1000, for mass testing of HDI bare boards. The division continues to develop energy-efficient machinery and uses environmentally compatible materials.

Accomplishments in 2022

In 2022, alongside earlier investments in a new Product Demonstration Center in Shenzhen, China, the division established a new legal entity in China – MRSI Automation (Shenzhen) Co. Ltd., which will serve the needs of local customers.

Global Technologies reported a smooth integration of the earlier acquired atg L&M of Germany, whose aftermarket business contributed significantly to division revenues. The core A9 Flying Probe Test concept remained dominant in the PCB industry and sold well in the US and Asia, with automation and factory integration upgrades adding to the attractiveness. Expansion continues into the substrates segment.

During the year, the division also successfully divested AEI to Singapore-based ASM Pacific Technology.

Focus in 2023 and beyond

The division will continue to stay close to its customers to solve their production needs. In Asia, we are seeing a diversification away from China and working with customers on projects across Southeast Asia to increase capacity abroad. Efforts in PCB testing will continue to diversify into the substrates market, whereas die bonding explores other market segments such as emerging photonic chip assembly, where increasing precision, flexibility and speed are required.

Customer case

Flying ahead in Michigan with Calumet

When American industry brings tomorrow's electronics to life, it often starts with PCB or substrate from Michigan-based Calumet Electronics. To ensure flawless perfection in every board, Mycronic is providing its latest Flying Probe electrical testing system.

Calumet Electronics, based in the remote Upper Peninsula of Michigan, USA, is a safe harbor for some of the most important American electronics companies. For more than 50 years, it has provided high-velocity, high-performance PCB engineering and fabrication solutions to demanding companies in aerospace, medical, defense and general industry.

Flexibility, speed, precision

From a technical perspective, Calumet wanted an electrical test solution to cover its ever-expanding product range and order mix. Whether it's high-volume runs for industry, specialized military appli-

cations or state-of-the-art substrates, the orders are varied, each with its own high-precision requirements.

"Ultimately, we needed a system that could deliver high-end performance, but also give us a lot of flexibility," says Steve Vairo, President & CEO Calumet Electronic. After evaluations, he and his team decided to go with the latest, fully automated A9a Flying Probe Test System from Mycronic (atg L&M). It comes with eight test heads and double-sided cameras to ensure efficient testing of the very latest, ultra-fine designs.

Zero-second product exchanges

"For us, another plus was the dual shuttle system that reduces the product exchange time to zero seconds in automation mode," says Steve Vairo. "All in all, we are very pleased with the flexibility, speed and accuracy of the Flying Probe system from Mycronic, as well as their technical support," he concludes.



Roadmap to 203029
Value chain30
Key area: Innovation for sustainability31
Key area: Future engineers
through diversity32
Key area: Climate impact from operations33
Responsible business practices35

Mycronic is firmly committed to contributing to a clean, responsible and profitable electronics industry. Our agenda focuses on three key areas where we have the greatest potential to make a real change, and that are essential to achieving our growth objectives. We enable our customers to achieve their sustainability ambitions through product innovation. We foster diversity and inclusion among our people and in the communities where we are present, and we work to halve our own carbon footprint.

Sustainability

Sustainability

Roadmap to 2030

Our initiatives in the coming three years seek to prepare us for taking the major leaps that will be necessary to reach our goals to 2030, while at the same time ensuring we meet coming regulatory requirements.

Mycronic’s sustainability agenda focuses on three key areas that will help us contribute to the sustainable transition of the electronics industry, while supporting us in achieving our business goals. In each area, we have defined Group ambitions for 2030, broken down by our divisions into concrete targets and actions. For example, the Pattern Generators division has a target to reduce mask writer lifecycle emissions by >70 percent by 2030.

Reinforcing our ambitions

In 2022, we initiated work to further clarify and reinforce our ambitions. In September, Mycronic presented new long-term Group targets, which now include our climate target alongside two new financial targets. This is an important step that will support our growth objectives. We also made a commitment to set science-based targets to reduce emissions from our own operations as well as from our products. Finally, by the end of the year, we started discussions to set new Group diversity and inclusion targets.

During the year, Mycronic also became a founding member of the Semiconductors Climate Consortium (SCC), which promotes action within the semiconductors industry value chain in support of the Paris Agreement.

Roadmap to 2030

We are currently laying the foundation for achieving our ambitions for 2030 and our roadmap is set to bring us forward step by step. In the coming three years, our focus will be on finalizing target setting, organizing and training employees, and studying and testing



Our agenda focuses on three key areas that will help us contribute to the sustainable transition of the electronics industry, while supporting us in achieving our business goals.

solutions to address our main challenges. Our plans ahead also include preparing our organization for new regulations. As a company listed in Europe, Mycronic will be subject to the coming EU Corporate Sustainability Reporting Directive (CSRD). To ensure compliance, we will, for example, streamline data collection and provide training for employees.

The initiatives we drive in the three key areas are described in the following pages, while information about other material sustainability topics, governance, stakeholder dialogues and how our efforts relate to the UN Sustainable Development Goals (SDGs), are outlined in the sustainability notes (pages 105–131).

MAIN INITIATIVES 2023–2025

Key area innovation for sustainability	- Establish science-based targets on climate impact from product use - Continue to fund innovative projects through the Sustainable Innovation Fund - Together with partners, develop solid-state lasers for use in display mask writers - Align relevant products to the requirements of the EU taxonomy
Key area Future engineers through diversity	- Establish new measurable Group diversity and inclusion targets and new action plans to reach them - Drive Group women's network - Continue to drive diversity and inclusion initiatives at local sites - Continue to drive targeted local community engagement activities
Key area Climate Impact from own operations	- Establish science-based targets on climate impact from our own operations - Improve the energy efficiency of sites, install solar cells and otherwise assess options to supply electricity from renewable sources - Optimize processes to reduce transportation of goods between sites - Test and implement options to replace air by sea transport - Raise awareness on how to travel smarter
Compliance	- Prepare for reporting in accordance with the CSRD - Implement the EU taxonomy as it grows in scope - Further strengthen Group due diligence processes in our supply chain
Organization	- Organize resources for future needs - Invest in training and awareness building

Sustainability *cont.*

Our impact through the value chain

We strive to manage sustainability challenges throughout our value chain. We have the greatest scope to exert influence in product development, manufacturing, and sales. Our impacts in the various parts of our value chain are described in the life cycle chart below:

SUSTAINABILITY IMPACTS IN OUR VALUE CHAIN							
	Product development	Raw materials and components sourcing	Manufacturing	Transport	Sales	Product use	End-of-life management
Our impact	We meet the market's need for increasingly efficient and sustainable manufacturing processes through innovation, and by recruiting and retaining the best talent. We act as an attractive employer focused on innovation, diversity, and strong governance.	Through long-term relationships, clear requirements set out in our Code of Conduct, and controls, we contribute to improved working conditions, protect human rights, and reduce environmental impact in our supply chains.	We focus on energy efficiency and safety to ensure sustainable manufacturing. Healthy, happy employees make us more efficient. By promoting diversity we increase opportunities to find the right skills and promote local development.	By optimizing our transport of products, we reduce our environmental impact and meet customer demand for secure and sustainable deliveries.	Based on clear values and efficient procedures that ensure regulatory and ethical compliance, we create stable business relations and increase transparency and control in sales processes.	By creating product solutions that help our customers reduce the environmental impact of their manufacturing processes, we promote a more sustainable electronics industry and future-proof our business.	We simplify recycling and dismantling by using fewer and more sustainable materials. Through increased focus on maintenance and upgrades, we extend the useful life of our equipment. In their end of life, equipment and spare parts can be taken back for reuse or refurbishment.
Ability to influence	HIGH	MEDIUM	HIGH	MEDIUM	HIGH	MEDIUM	MEDIUM
Share of CO ₂ emissions	<1%	10%	3%	8%	<1%	77%	<1%

Key area: Innovation for sustainability

Reducing impact from our products

For Mycronic, sustainable innovation is about developing products that help our customers realize their business goals and minimize their environmental impact. We improve operational efficiency for our customers so they can do more with less. It is also about sharing our expertise to enable progress in other sectors.

Through innovation, we can accelerate the transition of the electronics industry toward a more sustainable future. During the year, Mycronic continued research into new technologies and solutions that enable our customers to improve the efficiency of their production processes. We focus on technical innovation to enable lower energy consumption and better throughput.

Sustainability is an integral part of our product development processes. Through product Life Cycle Analyses we get detailed information about the environmental impact of our products that influence the development in tangible ways.

Challenges and key objectives

Close to eighty percent of Mycronic's total carbon footprint is attributable to our customers' use of our products. In particular, the majority of Mycronic's mask writers currently in use consume large amounts of electricity, due to their energy-intensive gas lasers.

Consequently, one of our key priorities together with partners is to develop alternatives to these gas lasers. Our SLX mask writer, launched in 2019, uses a solid-state laser that reduces energy consumption from the laser by up to 99 percent. We now work to enable the use of this technology in mask writers for the display market. This is a significant challenge due to long writing times in combination with high requirements in terms of image quality.

Mycronic's products contain a large number of materials and components. The purchase of materials represents approxi-

mately 10 percent of our carbon footprint. We are taking steps to reduce this impact by improving design and promoting circularity. For example, the High Flex division has a buy-back program under which we renovate and upgrade equipment for resale.

The Sustainable Innovation Fund

Our Sustainable Innovation Fund finances projects that promote sustainability in the electronics industry or otherwise support selected Sustainable Development Goals. Through the Fund, new technologies can be created that enable advances in sustainability. The initiative also encourages interest in sustainability throughout the Mycronic Group and shows how sustainability can be woven into business. Two projects received funding in 2022, exploring circular business models and new technologies with the potential to dramatically reduce the energy consumption of our equipment.

Number of patents granted in 2022

28

Tonnes of materials reused through repurchases in 2022

107

2022 highlights

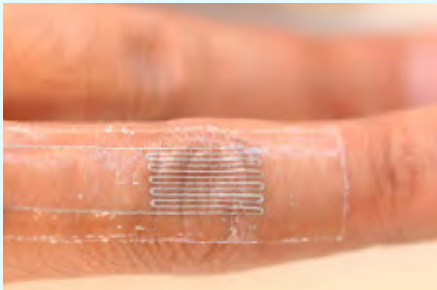
The Pattern Generators division applied life-cycle learnings in projects aiming to further reduce the use of energy and compressed air in mask writers. Going forward, the division will continue to focus on reducing the energy use of lasers in our mask writers in particular.

The High Volume division developed a new version of its MYD Dispenser that improved energy efficiency by more than 30 percent. The division also continued to work on reducing the number of parts in its products, which facilitates dismantling.

The Global Technologies division developed a new valve system for one of their die bonding machines, which reduces air consumption and improves the energy efficiency of the product. The division now plans to use this valve system on other products.

How much CO₂ could we save?

Energy use by lasers in our mask writers is Mycronic's single largest source of CO₂ emissions. By introducing energy-efficient, solid-state lasers in all our mask writers, we could theoretically reduce our entire carbon footprint by 20 percent.



Stretchable electronics that expand the boundaries of wearable technology

In the EU-funded research project, SINTEC, Mycronic and its partners develop ultra-thin wearable electronics that can be used in healthcare and sports to monitor heart rate, glucose levels and more.

"Unlike standard wearable devices that tend to be bulkier, stiffer and create friction, these sensors are extremely light and stretch to fit the contours of a finger, arm or leg," says Gustaf Mårtensson, project leader and expert in complex fluids at Mycronic.

Since the project was launched in 2019, the sensors have been tested with cardiac patients at a hospital in Italy, and with alpine athletes in Sweden. The design of the devices have recently been adapted to improve reuse and recycling.

The SINTEC project also inspired a new project supported by Sweden's innovation agency, Vinnova, which will test new biodegradable materials set to bring sustainable electronics a step closer.

Key area: Future engineers through diversity

A people-centric culture

Founded on passion, collaboration, and outside-the-box thinking, a diverse workforce is one of the greatest assets for Mycronic. A diverse and inclusive workplace, where everyone feels valued and can bring their own uniqueness to work every day, helps us to stay competitive now and in the future.

We want everyone at Mycronic to feel a sense of pride of, and belonging to, us as a company. To gather insights about our employees' experiences, we conduct a global employee engagement survey every year. In the 2022 survey, we learnt that our employees consider that new ideas and diverse opinions are welcome in our teams. We could also see that offering the right learning and development opportunities will be important for driving engagement in the years ahead.

Learning and growth opportunities are offered both globally, for example via our common learning portal, and locally, with different career paths and development opportunities depending on each employee's needs and aspirations. In our annual Performance

and Development process that starts off the year, all employees set goals and plan development activities together with their manager.

Inclusion and diversity

Mycronic has operations in 13 countries and many different nationalities are represented in our workforce. Embracing that diversity, and cultivating an inclusive and collaborative culture is key for creating a thriving workplace and for driving innovation and growth.

One key aspect of diversity is gender equality. Currently, 18 percent of Mycronic employees are women. This is not where we want to be and we have a clear ambition to increase that proportion. Activities are conducted to attract more women to Mycronic and to inspire and build a stronger sense of belonging among women already working here. We also run different programs to promote diversity in a broader sense. For example, in Sweden we participate in a program for newly arrived immigrants with academic degrees, to help them gain access to the labor market. Many of our sites also run targeted recruitment activities, like posting open positions on job boards geared specifically toward women or people with disabilities, or participating in dedicated job fairs for female engineers or veterans.

Inspiring future engineers

To succeed in the future, we need younger generations to choose careers in engineering. To promote engineering among youth, we engage in a variety of collaborations, such as the non-profit organization Hello World that promotes science, technology, engineering,



“ Our employees possess unique technical competence and expertise. In combination with our global reach, this puts us in a position where we can offer some of the most interesting learning, growth and development opportunities in the industry.

Johanna Jarl
Sr VP Human Resources

and math (STEM) for children regardless of their background. In Sweden, we also take part in Tekniksprånget, through which we offer internships to 10 high school graduates a year, of which at least half are young women, with the aim of inspiring them to pursue engineering studies. In the US, Mycronic partners with the Spark Alpha Pitch Program which introduces high school students to manufacturing and integrated photonics through a competition in which entrants solve real-world problems. Similarly, one of our sites in China holds a competition for students in industrial computing. At least one third of participants must be women or from minority groups, and the winner receives a college scholarship.

2022 highlights

During the year, we intensified our efforts to promote women in and outside the workplace. We launched a global network for women at Mycronic. Our site in Shenzhen, China, held a well-attended women's career conference for

employees. External engagements included, among others, partnering with the Female Technical Engineer organization that promotes female students in technical fields.

We continued to provide a course on unconscious bias that has now been offered to employees of all divisions.

Finally, we launched new leadership principles, which will serve as a foundation for leadership development at Mycronic. Leaders play a key role in driving employee engagement and growth and a key priority ahead is to equip our leaders with support and practical tools to grow and to help others to grow.



Tekniksprånget offers internships at engineering companies to Swedish high school graduates with the aim of inspiring them to pursue engineering studies. During the year, Mycronic welcomed two groups of students, a majority of whom were young women, to our site in Täby.



Key area: Climate impact from own operations

Cleaner, smarter operations

We aim to reduce the climate impact of our operations in line with the Paris Agreement. In 2022, we announced a target to cut CO₂ emissions from our facilities, transports, and business travel by 50 percent by 2030. We are also committed to setting science-based targets.

Our climate target

To achieve the goals of the Paris Climate Agreement, the world's CO₂ emissions must be halved by 2030 and reduced to zero by 2050. Mycronic wants to contribute to making this a reality. Therefore, in addition to developing equipment that facilitates our customers' transition to a more sustainable electronics industry, Mycronic has set a goal of reducing its own CO₂ emissions by 50 percent by 2030 from 2020 levels¹. The target includes emissions from our manufacturing facilities and offices, transports, and business travel. This represents our greenhouse gas (GHG) emissions in the GHG Protocol's Scope 1 and Scope 2, as well as part of the emissions in Scope 3. Compared to the base year, GHG emissions covered by the goal have decreased by 10 percent.

In September 2022, Mycronic also committed to set science-based targets to reduce emissions from our own operations as well as from the use of our products.

Transports

Emissions caused by the transport of our products and equipment are primarily due to air freight. Consequently, we are working to increase our use of sea and rail freight where possible. We are also considering options to shorten the distances goods are transported or reduce the need for transporting goods, for example by optimizing processes and workflow.

Facilities

Efforts to reduce CO₂ emissions from our sites focus on reducing energy consumption

from manufacturing, heating, lighting and air conditioning systems. We also work to reduce our dependency on fossil fuels by switching to renewable sources. Today, close to half of the electricity we use comes from renewable energy sources. During the year, we successfully phased out the use of heating oil at all of our facilities throughout the Group (see case study on next page).

Business travel

We seek to reduce business travel by air where possible, replacing flights with digital alternatives for meetings and site visits. In the past two years, we have developed software that enable our service technicians to diagnose problems remotely and we have introduced remote service solutions for several of our products. Other measures to cut down business travel include opening local sales and service offices that reduce reliance on long-haul flights.

2022 highlights

During the year, we conducted a study into sustainable transport, which helped us to identify practical solutions to reduce emissions in the coming years, such as assembly of some products closer to customers, active collaboration with freight forwarders, and actions to increase internal awareness about sustainable transport.

Our divisions continued to explore ways to reduce energy consumption from facilities. In Germany, High Flex' production facility moved into a more energy efficient building and the Global Technologies division plans to build

Reduced CO₂e since 2020, from sources in the climate target

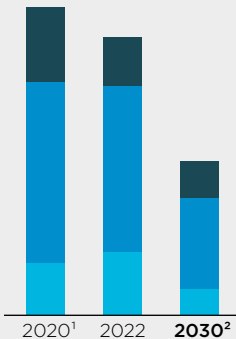
-10%

Share of energy from renewable sources in 2022

~45%

HOW WE REACH OUR 50 PERCENT REDUCTION TARGET

2022 compared to base year 2020 and scenario for target year 2030



■ Business travel

■ Transports

■ Energy consumption at facilities

Results 2022 compared to base year

- Travel by air remains below pre-covid levels, but increased in 2022 following the end of restrictions
- Emissions from transports have decreased
- Oil consumption decreased, while electricity and natural gas consumption increased, leading to higher emissions from energy consumption overall

Outlook 2030

- Scenario planning and roadmaps in place
- Key actions to reach the target:
 - Increase the use of renewable energy
 - Reduce air freight
 - Keep business travel at low post-pandemic levels

1) The base year is 2020, except for business travel for which the base year is 2019 due to covid-restrictions during 2020. We have recalculated base year figures to include data from the newly acquired companies atg L&M and HC Xin. The emissions from these companies have been estimated based on their emissions in 2022.

2) Shows one possible scenario for 2030.

Key area: Climate impact from own operations

a new facility that will be approximately 60 percent more energy efficient than the current building. In China, the High Volume division encouraged employees to suggest energy saving ideas and promoted changed behaviors by posting energy saving slogans throughout the site.

Finally, throughout 2022, all four of our divisions worked on identifying and breaking down available data on business travel by department and teams. This enables departments to identify where to focus efforts to reduce travel.

Reducing emissions in other areas

Mycronic's largest climate impact occurs in our downstream scope 3 emissions, when the products are used by our customers. On page 31, we describe our work to reduce impact from products, whether this comes from clients' utilization or from the materials incorporated in the product.

OUR CARBON FOOTPRINT

Share of total emissions by cause and scope

 = Included in 50 percent reduction target

Scope 1

Direct emissions from generation of heat at own facilities and fuels for owned cars <1%

Scope 2

Indirect emissions associated with our consumption of purchased electricity and heating 2%

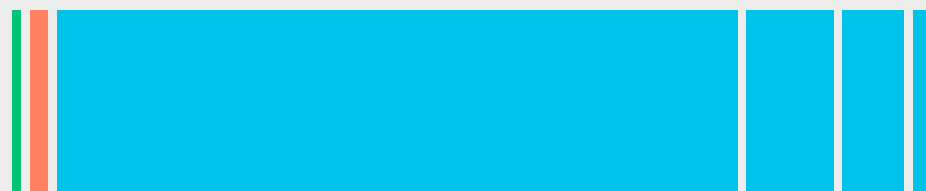
Scope 3

Indirect emissions caused by our activities but not controlled by us

- Energy consumed when clients use our products **77%**
- Purchase of materials **10%**
- Transportation **8%** 
- Business travel **2%** 
- Waste and other **<1%**

<1% 2%

97%



Phasing out heating oil at Mycronic facilities

In 2022, we successfully phased out the use of heating oil at all of our facilities throughout the Group. At the beginning of the year, one of our production facilities in Germany, as well as our Swedish headquarters (which is also a production site), still used oil for heating. During the year, the facility in Germany moved to a new site that has all its energy needs met by renewable geothermal heating and

solar power. Our headquarters in Sweden switched to low-carbon HVO bio fuel to meet its additional heating needs. While the large majority of the site's heating comes from geothermal energy, additional heating is required during particularly cold winter days. HVO will reduce CO₂ emissions from this additional heating by approximately 90 percent.

Responsible business practices

Doing good business

Mycronic is committed to conduct business responsibly throughout its operations. In addition to our work within the three key sustainability areas, we have defined robust and clear policies in other areas important to us, and we actively promote a responsible business culture.

Conducting business responsibly, in accordance with laws and internationally accepted standards, is a prerequisite for the long-term prosperity of any business. We have set out what being a responsible employer, employee and business partner means for Mycronic in our Codes of Conduct for employees, suppliers, and distributors. These Codes cover topics such as environmental management, human and labor rights, health and safety, supply chain due diligence, trade compliance, and anti-corruption.

Policies governing our activities

In addition to the Codes of Conduct, Mycronic has dedicated policies outlining our responsibilities in health and safety, diversity and inclusion, trade compliance, anti-corruption, IT security, and environmental management. Updates of all our Group policies are communicated to employees once a year by managers.

All employees are required to read and sign the Code of Conduct, the Anti-Corruption Policy and the IT Instruction. Systematic follow-up of signatures is conducted. At the end of 2022, 93 percent of employees had signed these documents.

Responsible sourcing and conflict minerals

Mycronic has some 1,500 suppliers globally. Suppliers of direct materials are required to sign the Supplier Code of Conduct as part of contractual agreements with us.

The four divisions use different methods and tools for evaluating suppliers, such as self-assessments and audits that cover product quality, environmental and social factors.

Mycronic also performs due diligence regarding conflict minerals. We use a reporting tool from the Responsible Minerals Initiative to assess suppliers according to the IPC-1755 standard. We also require our suppliers to have similar due diligence practices in place with regard to conflict minerals.

Corruption prevention and trade compliance

Including agents and distributors, Mycronic is present in approximately 50 countries, some of which are deemed to be at a high risk of corruption by Transparency International. To safeguard against corruption, the company provides training to its employees. In 2022, senior managers received business ethics training that included anti-corruption. E-learning on anti-corruption were rolled out for all employees in 2020 and update sessions will be made available to all employees in 2023.

Compliance with our Trade Compliance Policy and accompanying instructions are verified through a self-assessment tool. Identified non-compliance risks are followed up quarterly.

Whistleblower function

Mycronic has an independent whistleblower function, to which violations of the Code of Conduct, or illegal behavior, can be reported. Reported cases are always investigated and if a violation is confirmed, disciplinary measures are taken. In 2022, two cases were reported, both related to human resources. None of them revealed any violation of laws or our policies.

Ethics and Compliance Board

Mycronic's Ethics and Compliance Board (ECB) prepares guidelines on ethics, monitors compliance, and outlines how issues should be followed up on. ECB also provides guidance on individual transactions and their compliance with the Trade Compliance Policy and other policies, as relevant. The ECB meets monthly. It is led by the Group CFO and also includes the General Counsel and two other members of the executive management.

Information security

Investment in cybersecurity continued to evolve during 2022, as related risks develop. Our processes and ways of working are constantly refined and our supporting technology and services updated. We apply specific security services for valuable assets and conduct proactive analyses, assessments and tests to strengthen our ability to maintain a secure and compliant IT environment. All new employees participate in awareness training, and we conduct specific training for target stakeholders. Our work is supported by a set of cybersecurity KPIs, monitored and reported to keep all parts of Mycronic Group aware of our cybersecurity position.

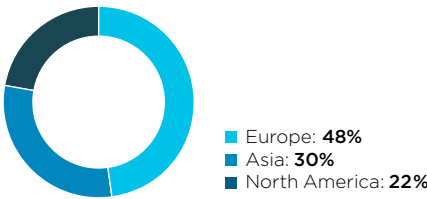
Number of suppliers globally

~1,500

Procurement budget spent on local suppliers

81%

Share of suppliers per region



Employees, distributors and suppliers are required to read and sign the Code of Conduct.

Investment case	37
Share and ownership	38
Proposal on appropriation of profit	40
Remuneration	41
Risks	44

Group

Mycronic is listed on Nasdaq Stockholm, Large Cap. In December 2022, Mycronic was included in the OMX Stockholm Benchmark Index, OMXSB, comprising a selection of the largest and most traded securities listed on Nasdaq Stockholm.

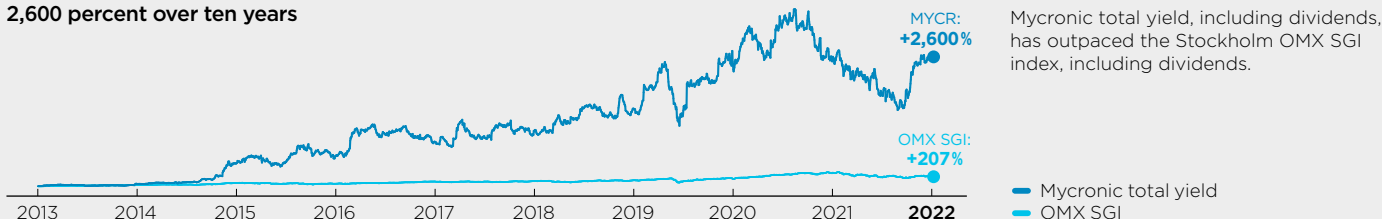
Investment case

At the center of the growing electronics industry

Through focus on innovation and organic growth, together with an active acquisition strategy and healthy profit contributions from all divisions, Mycronic is well placed to continue its growth journey.

1. STRONG TRACK RECORD

Total yield has grown more than 2,600 percent over ten years



2. INVESTING FOR GROWTH

R&D is decentralized to the divisions who are best placed to decide which R&D investments are the most suitable for their markets. Acquisitions form a central part of Mycronic's growth strategy.

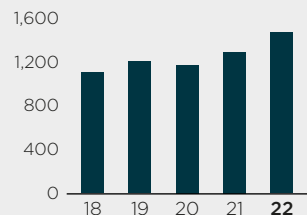
R&D investment 2022, share of net sales

12%

3. GROWING AFTER MARKET BUSINESS

Mycronic's after market business, 30 percent of net sales in 2022, has grown by 38 percent since 2018. Aftermarket sales are expected to grow with our installed base and acts as a cushion against swings in equipment sales.

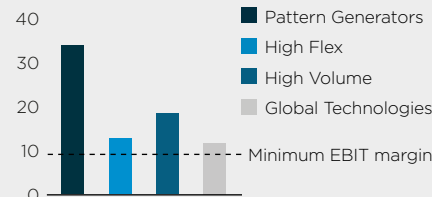
After market sales, SEK million



4. ALL DIVISIONS CONTRIBUTE

Mycronic's earnings have historically been dominated by the Pattern Generators division. The Group now has more widespread profitability and going forward all divisions shall be above an EBIT margin of above 10 percent.

EBIT margin 2022, %



5. AMBITIOUS TARGETS

Mycronic aims to participate in the transition towards a more sustainable electronics industry. This is a good foundation for our new ambitious targets, to be achieved during the 2027-2030 period.

Net sales shall reach SEK

10 bn

EBIT shall exceed SEK

2 bn

Reduce own CO₂ emissions by

50%

For the Group we aim to consistently be above an EBIT margin of 20 percent and all divisions shall be above 10 percent in order to create meaningful contributions.

In addition, Mycronic commits to setting science-based targets.

Share and ownership

The Mycronic share

Mycronic AB (publ), with corporate identification no. 556351-2374 is listed on Nasdaq Stockholm, Large Cap.

The share

Mycronic was listed on Nasdaq Stockholm in March 2000 and during 2022 included in the OMX Stockholm Benchmark Index, OMXSB, comprising a selection of the largest and most traded securities listed on Nasdaq Stockholm. The share capital amounts to SEK 98 million. The number of shares is 97,916,509. All shares are of the same class with equal voting rights and the same share of capital and earnings. The quote value is SEK 1 per share. In 2022, the total turnover of Mycronic shares on Nasdaq Stockholm amounted to 26,5 (33.2) million shares, corresponding to 27 (34) percent of the total number of shares. Nasdaq Stockholm accounted for 38 percent of total trading in Mycronic shares in 2022, down from 41 percent in 2021. CBOE (Chicago Board Options Exchange) accounted for 46 percent

and LSE (London Stock Exchange) accounted for 12 percent.

Shareholders

At the end of the year, Mycronic had 15,261 (15,716) shareholders. The largest shareholder, Bure Equity, owned 26.9 percent at the end of 2022, whereas the second largest shareholder, SEB Fonder, owned 10.3 percent. No other shareholder owned more than 10 percent of the company's shares. The ten largest owners held 71 (68) percent of the total number of shares. Board members and executive management held a total of 0,3 (0.3) percent. At the end of 2022, Swedish ownership was 80 (78) percent.

Price development

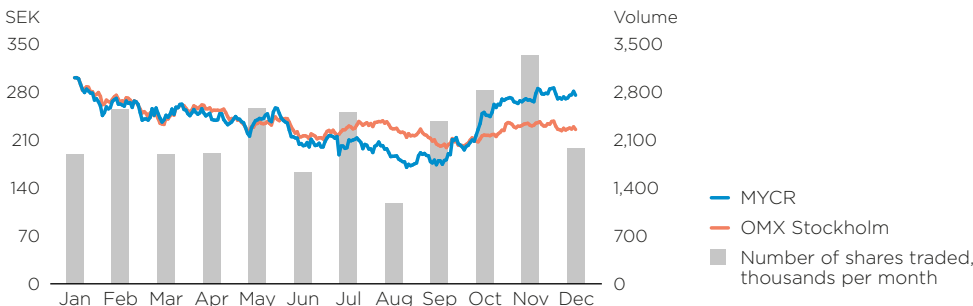
Mycronic's market capitalization declined 7 percent in 2022 to SEK 19,172 million, from SEK 20,660 million at the end of 2021. The highest closing rate was recorded on January 4 at SEK 214.0 and the lowest closing rate on September 1 at SEK 120.80. OMX Stockholm declined by 25 percent during the year and OMX Stockholm Technology declined by 35 percent.

Dividend and proposal on share buy-back

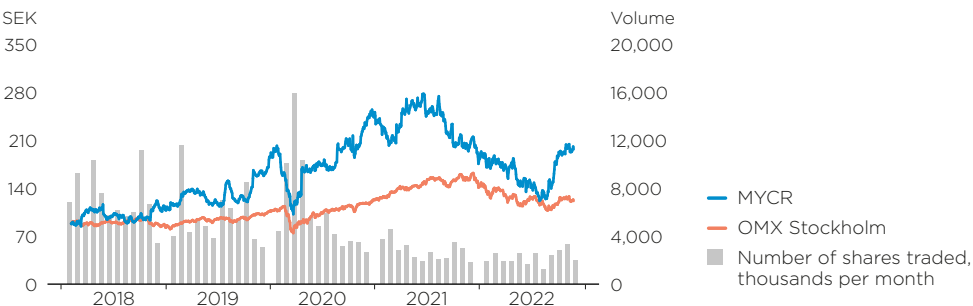
Mycronic's objective is to provide both a good return and value growth. Between 30 and 50 percent of net profit will be distributed to the shareholders, provided the company has a net debt lower than 3 times EBITDA after stipulated dividend. For 2022, the Board of Directors is proposing, in accordance with the company's dividend policy, a dividend

of SEK 3.50 (3.00) per share. The dividend corresponds to a total of SEK 343 (294) million and 47 (36) percent of net profit after tax. The Board of Directors intends to propose to the 2023 Annual General Meeting a renewed authorization for the Board of Directors to buy back shares in Mycronic. According to the proposal, the number of shares that may be bought back will be limited to a maximum of 5 percent of shares outstanding in Mycronic. During 2022, Mycronic repurchased 113,900 of its own shares for delivery to participants in the LTIP 2022 long-term incentive program. In total, Mycronic directly owns 203,500 of its own shares, with a quote value of SEK 203,500, amounting to 0.2 percent of the company's share capital. Mycronic has paid SEK 39 million for these shares.

Share price development 2022



Share price development 2018-2022



Source: Monitor by Modular Finance AB. Data compiled and processed from inter alia Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

Share and ownership

Ownership structure December 31, 2022

Holding by size	Number of shareholders	Number of shares	%
1-500	12,519	1,375,252	1.4
501-1,000	1,310	1,064,884	1.1
1,001-5,000	1,099	2,498,991	2.6
5,001-10,000	134	1,004,954	1.0
10,001-50,000	124	2,757,065	2.8
50,001-100,000	24	1,656,161	1.7
100,001-	51	84,730,819	86.5
Anonymous		2,828,383	2.9
Total	15,261	97,916,509	100.0

Data per share

	2022	2021
No. of shares	97,916,509	97,916,509
Share price at year-end, SEK	195.8	211.00
Equity per share, SEK	48.17	40.94
Market value/equity ratio	4.06	5.15
Earnings per share, SEK	7.59	8.48
P/E ratio	26	25
Dividend	3.50 ¹	3.00

1) Proposed dividend.

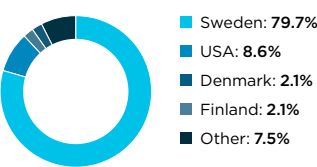
Analysts that follow Mycronic

Company	Analyst
Carnegie	Mikael Laséen
Handelsbanken	Fredrik Lithell, Daniel Djurberg

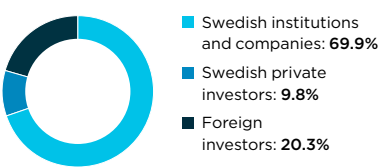
Largest shareholders, December 31, 2022

Shareholder	Number of shares	Holding, %
Bure Equity	26,317,163	26.88
SEB Fonder	10,088,507	10.30
Fjärde AP-fonden	8,946,552	9.14
Handelsbanken Fonder	6,359,799	6.50
Swedbank Robur Fonder	4,325,271	4.42
Lannebo Fonder	4,280,582	4.37
Didner & Gerge Fonder	2,590,959	2.65
Vanguard	2,388,806	2.44
Invesco	2,135,427	2.18
C WorldWide Asset Management	1,907,582	1.95
The 10 largest shareholders	69,340,648	70.82
Others	28,575,861	29.18
Total	97,916,509	100.00

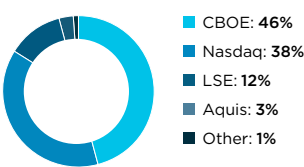
Ownership structure by geography



Ownership structure by category



Trading per marketplace



Proposal on appropriation of profit

At the Annual General Meeting’s disposal are the following amounts in SEK:

Share premium reserve	223,012,778
Retained earnings	1,870,413,730
Profit for the year	527,800,893
Total	2,621,227,401

The Board of Directors proposes that the retained earnings and non-restricted equity be managed as follows:

Dividend	342,707,782
Carried forward to new account	2,278,519,619
Total	2,621,227,401

Proposal on dividend
The Board of Directors proposes to the Annual General Meeting a dividend of SEK 3.50 per share, amounting to SEK 342.7 million. The dividend corresponds to 47 percent of the Group’s net profit after tax.

Approval and adoption
The Annual Report and consolidated financial statements were approved for publication on March 27, 2023. The consolidated profit and loss accounts and statement of financial position as well as the profit and loss accounts and balance sheet of the Parent Company will be put before the Annual General Meeting for adoption on May 9, 2023.

Remuneration

Approved guidelines for remuneration

For guidelines for remuneration to members of the executive management resolved on by the 2022 Annual General Meeting, refer to Note 14.

Remuneration guidelines 2023

The following guidelines for remuneration to members of the executive management are applicable to remuneration agreed, and amendments to remuneration already agreed, after the adoption of the guidelines by the 2023 Annual General Meeting. The guidelines encompass remuneration to the Board of Directors, the Chief Executive Officer and members of the executive management, however, these guidelines do not apply to any remuneration decided or approved by the Annual General Meeting.

The Board of Directors shall be entitled to temporarily depart from these guidelines, in whole or in part, if special reasons justify doing so in an individual case and such deviation is necessary in order to meet the company's long-term interests or to ensure the company's financial viability. If such a departure occurs, it must be reported in the remuneration report before the next Annual General Meeting. The guidelines pertain to the period starting from the 2023 Annual General Meeting. Any issue regarding departure from the guidelines shall be prepared by the Remuneration Committee and decided by the Board of Directors.

The guidelines' promotion of the company's business strategy, long-term interest and sustainability

Mycronic's strategy is to be a market-leading solutions provider within defined niches of the electronics industry. We create value by focusing on innovations that help drive the transition to a more sustainable electronics industry. This strategy will allow us to achieve our vision of being the most trusted partner to the creators of tomorrow's electronics – delivering value for employees, customers, shareholders and society.

The Board of Directors considers that it is critical for the successful implementation of the company's business strategy and safeguarding of its long-term interests, that the company is able to recruit and retain members of the executive management with the competence and capacity to achieve specified goals. To this end, the company must offer competitive remuneration to motivate the executive management. Short-term variable pay covered by these guidelines shall be based on criteria that aim at promoting the company's business strategy and long-term interests, and where the fulfillment of the criteria is determined by the method set out below.

Forms of remuneration, etc.

The remuneration and other terms of employment for members of the executive manage-

ment shall be based on market terms. Total remuneration consists of base salary and variable pay, pension and other benefits. Long-term variable pay is excluded in the calculation of the total remuneration and the relative proportion of the remuneration components.

Fixed remuneration

In establishing the base salary for the CEO and members of the executive management, the scope and complexity of the position in question, as well as the individual's performance is taken into account. The executive managements' salaries are, like the other components of remuneration, subject to annual review by the Remuneration Committee, with the support of external salary statistics to ensure that the salaries remain competitive. The base salary constitutes a maximum of 65 percent of total remuneration in the event of a maximum outcome of short-term variable pay.

Short-term variable remuneration

The remuneration is paid in accordance with goals achieved. The criteria, such as order intake, cost control or EBIT, are established in order to contribute to the company's business strategy and long-term interests and thus to the company's long-term value creation. The fulfillment of the criteria is determined through the company's audited annual

accounts. Short-term variable pay can amount to a maximum of 120 percent of base salary and 55 percent of total remuneration. Variable pay shall not be pensionable, unless otherwise provided by mandatory law or obligations in applicable collective bargaining agreements. The outcome is prepared by the Remuneration Committee and approved by the Board of Directors in connection with the end of the qualification period and the remuneration is thereafter paid out. The company has no contractual right to recover the remuneration.

Long-term variable remuneration

Members of the executive management can be offered incentive programs, which mainly should be share or share price-related. An incentive program is intended to improve the participants' commitment to the company's development and shall be introduced on market-based terms.

Resolutions on share or share price-related incentive programs must be passed at an Annual General Meeting and are therefore not covered by these guidelines.

Other long-term remuneration

There are already existing agreements on long-term variable pay linked to continued employment for certain members of the executive management.

Remuneration

Benefits

Pension

Members of the executive management employed in Sweden after 2012 are covered by the contribution-defined plan under ITP1. Members of the executive management employed prior to 1 January 2022 have a supplementary contribution-defined pension plan in addition to the ITP plan. The retirement age for members of the executive management employed in Sweden is 65 years. For members of the executive management employed outside of Sweden, locally competitive pension plans and retirement ages are applied.

Other benefits

Other benefits e.g. car benefits and health care plans are established based on them being competitive in the local market.

Pension and other benefits constitute a maximum of 40 percent of total remuneration in the event of a maximum outcome of short-term variable pay.

Special adjustments

Regarding employment conditions that are governed by rules other than those applying in Sweden, appropriate adjustments may be made in order to comply with such mandatory rules or local practice, whereby the overall purpose of these guidelines shall be met.

Notice of termination and severance pay

The employment or contractual agreements of members of the executive management shall be valid until further notice or for a specified period of time.

For the CEO, in the event of termination by the company, a twelve months' notice period and twelve months' severance pay apply.

For members of the executive management employed in Sweden, the mutual notice period is a maximum of six months. Upon termination by the company, six months' severance pay also applies. During notice period, the current employment contract runs with associated benefits. In cases where severance pay would be paid, no other benefits will be paid after the expiry of the notice period. For other members of the executive management who are locally employed outside of Sweden, employment or contractual agreements shall comply with mandatory rules applicable in the relevant jurisdiction or local practice, entailing that e.g. other term of the employment (or term of contract as the case may be), other notice periods and other agreements on severance pay may be applicable in the individual case.

Salary and terms of employment

In preparing the Board of Directors' proposal for guidelines on remuneration to members of the executive management, the salaries and terms of employment for the company's other

employees have been taken into account. Information about the executive management's total remuneration, components of their remuneration, as well as increases in remuneration and rates of increase over time have been obtained and have constituted a part of the Remuneration Committee's and the Board of Directors' decision basis in their evaluation of the fairness of the guidelines and the limitations arising from them.

The resolution process

The Board of Directors shall prepare a proposal for new guidelines when there is a need for significant changes to the guidelines, however at least every four years. The Board of Directors' proposal is prepared by the Remuneration Committee. The Chairman of the Board of Directors may also be Chairman of the Remuneration Committee. In order to manage conflicts of interest, other members of the Remuneration Committee who are elected by the Annual General Meeting must be independent in relation to the company and members of the executive management.

The Remuneration Committee shall, inter alia, monitor and evaluate the application of the guidelines for remuneration to members of the executive management resolved by the Annual General Meeting. When the Remuneration Committee has prepared the proposal, it is submitted to the Board of Directors for

decision. The CEO or other members of the executive management shall not be present while the Board of Directors addresses issues related to remuneration and passes resolutions about them, insofar as they are affected by the issues.

If the Annual General Meeting resolves not to adopt guidelines when there is a proposal for such, the Board of Directors shall submit a new proposal no later than at the next Annual General Meeting. In such cases, remuneration shall be paid in accordance with the current guidelines or, if no guidelines exist, in accordance with the company's practice.

External advisors are used in the preparation of these matters when deemed necessary.

Review of the guidelines

The guidelines for remuneration to members of the executive management were reviewed ahead of the 2023 Annual General Meeting and resulted in an adjustment from 110 to 120 percent of base salary for the maximum short-term variable pay.

Derogation from the remuneration guidelines

The remuneration to the executive management has during 2022 followed these guidelines without deviations to the disadvantage of the shareholders, with the exception of the derogation below.

Remuneration

The derogation means that the cap on short-term variable remuneration in respect of one member of the executive management may be exceeded by a maximum of RMB 200,000, corresponding to approximately SEK 300,000. The remuneration committee has recommended the Board of Directors to resolve on the derogation from the Remuneration Guidelines and to approve that a one-time bonus may be paid to a member of the executive management. By reason hereof, and with regard to the importance of motivating a certain member of the executive management to achieve specified goals in relation to the possible listing of Axxon on the STAR market of the Shanghai Stock Exchange, the Board of Directors has considered that there is special cause to derogate from the Remuneration Guidelines and that the derogation is necessary to safeguard the Company's long-term interests, including its sustainability. However, once the outcome of the short-term variable remuneration was decided in conjunction with the year-end results, it turned out that the short-term variable remuneration, including the one-time bonus, was below the cap in the remuneration guidelines.

No further derogations from the Remuneration Guidelines have been decided and no derogations from the procedure for implementation of the Remuneration Guidelines have been made.

Long-term incentive program (LTIP)

The Board of Directors proposes that the Annual General Meeting resolves to introduce a long-term incentive program for 2023 (LTIP 2023).

LTIP addresses members of the executive management and other key employees as a means of increasing and strengthening opportunities to recruit, retain and motivate employees, and to encourage personal, long-term ownership in Mycronic.

Each participant is entitled, after the end of a qualification period, subject to the employee still being employed throughout the qualification period until allotment, and depending on the fulfillment of specific performance requirements linked to Mycronic's earnings per share, to receive an allotment of shares in Mycronic, referred to as performance shares.

The allotment of performance shares will be free of charge. The allotment within LTIP 2023 will take place during a limited time period following the 2026 Annual General Meeting. The period up until this time constitutes the qualification period.

In addition, allotment requires the fulfillment of performance requirements linked to Mycronic's earnings per share. The number of shares per employee is limited to a maximum of 7,200 for the Chief Executive Officer, 2,700 for the members of the executive management, and 1,100 for key employees. In the event of a maximum allotment and participation, the program will encompass maximum 115,600 shares.

Risks

Managing risks across the Group

Mycronic’s enterprise risk management (ERM) process is a structured way of working to manage and mitigate major business critical risks that potentially could affect our ability to reach our long-term financial and sustainability targets.

Enterprise Risk Management

The enterprise risk management process is carried out as a bottom-up approach well aligned with the decentralized structure of Mycronic. The framework establishes a structured and consistent approach to risk management within the Group. Through clear roles, responsibilities and process management, transparent risk overview is achieved.

The management of operational risks at Mycronic is embedded in business processes, controls and approvals on different levels of the organization. Certain cross-functional risks are centrally coordinated and locally managed, such as risks related to information security, IT security, corporate governance, integrity and anti-corruption. Operational, environmental, labor, health and safety, supply -chain (e.g. conflict minerals) and human rights risks are managed within the respective division or functional area.

The outcome of the ERM process is an important input to the strategy process on both Group and divisional levels. The consolidated risk assessment is shared and discussed with the Board of Directors and a high-level overview is shared externally in the Annual and Sustainability Report.

The ERM process and related procedures for crisis management and business continuity planning ensure Mycronic’s ability to manage risks and respond and recover effectively from disruptions, minimizing any harm to people, the environment and our business.

MYCRONIC’S ERM PROCESS

The result and group consolidation is reviewed and approved by the executive management and shared with the Board of Directors. Regular follow-up is performed to ensure that mitigation activities have been identified and acted upon.



1. Risk assessment

Risk identification, analysis, evaluation and prioritization is made by all divisions and Group functions.

2. Consolidation and reporting

Risks are consolidated on Group level and top risks are defined for the Group and divisions. The Group consolidation is reviewed by the executive management, input is added and the final report is approved. The summary is shared and discussed with the Board of Directors. Results are integrated into the strategy process.

3. Risk mitigation

Risk owners manage risk mitigation activities.

4. Follow-up

Risk owners monitor risks and action status to ensure risks are under control. Enterprise risk management coordinators follow-up mitigation activities.

Risks

Mycronic Group risk overview

Mycronic is an international group with the bulk of its operations in Europe, Asia and North America. A general economic downturn on a global level, war, trade wars, pandemics, natural disasters, terrorism and disturbances in financial markets could significantly affect the demand for Mycronic products and solutions. Other areas that could significantly affect the operations are country specific risks like political instability and decisions, internal conflicts or changes in regulatory requirements such as trade, environmental and privacy regulations.

Mycronic does not expect climate-related risks to have a substantially negative financial impact on Group level. Mycronic's main climate related business risks in the medium term are compliance risks linked to new laws and regulations for products, reporting and due diligence. We also expect that in the coming few years, the green transition of the electronics industry will create new business opportunities for Mycronic. To conclude, while climate related risks and opportunities appear limited in the short term, Mycronic expects these to grow in the long term.

Mycronic's main risks, as consolidated in the 2022 risk review, are described in the table.

For detailed information on financial risks see Note 35.

RISK	TREND	MITIGATION
Geopolitical/global or regional crisis Changes in the macro or micro-economic situation, such as war, trade wars, pandemics, natural disasters and climate change consequences, terrorism, disturbances in financial markets and other major events.		- Continuous monitoring and integration into the strategy process. Critical functions, such as R&D, IP, production, sourcing, sales and service represented in key regions. Group goals and action plan to address climate change.
Market Market decline, order cancellation and increasing competition.		- Diversification to other segments, acquisitions to diversify and strengthen the product portfolio, developing new products. Monitoring of clients' financial situation and down payments on high-risk orders implemented.
Supply chain Dependency on single/sole source suppliers. Material shortages, especially related to the current market situation.		- Continuous monitoring and proactive tracking of order and delivery status, safety stocks, strengthening supplier evaluation procedures, escalation process and business continuity planning.
Emergency situation/local crisis Local emergency situations such as fire, theft and loss of key site.		- Site security procedures, preventive maintenance and fire-protection measures in place. Crisis management team, crisis management procedures, training and testing in place. Continue strengthening recovery plans to ensure business continuity management.
Compliance Failure to comply with external regulations or internal governance. Includes product and trade compliance, environmental compliance GDPR compliance, internal corruption or fraud, violation of labor and human rights and ethical codes and standards encompassing the full value chain.		- Codes of conduct, policies and other governance documents established, communicated, regularly reviewed and, when relevant, included in contracts. Whistleblower system, trade compliance processes in place. Quarterly compliance self-assessments reviewed at the Mycronic Group Ethics and Compliance Board.
Cyber and information security The risk of an event or events resulting in business information being lost, stolen, copied or otherwise compromised. Includes cyber-attacks and IP risks.		- Information security controls strengthened, governance established and awareness training conducted. - Continue to implement Mycronic structured cyber security program.
Financial Currency, liquidity and other financial risks		- Financial policy and key processes to mitigate currency risks are implemented. A solid balance sheet, with net cash and credit facilities of SEK 2 billion until 2025, are in place. Equipment orders for division Pattern Generators in foreign currency are hedged to 70-90 percent.
Human resources Risk of not being an attractive employer, leading to poor employee attraction, retention and development. Health and safety risks.		- Continuous strengthening of the employer brand and development of key employee processes such as onboarding, development and learning, job architecture framework, leadership and total rewards. - Continuously improved culture and systematic approach to health and safety

Corporate governance report 47
Board of Directors and auditor 52
Executive management 54

Governance

Corporate governance ensures that the Mycronic Group is managed as efficiently as possible through a clear division of responsibilities in addition to clear regulations and transparent processes.

Corporate governance report

The objective of corporate governance is to ensure that the Mycronic Group is managed as efficiently as possible in order to create shareholder value. This is achieved through a clear division of responsibilities between the Annual General Meeting, the Board and the executive management, as well as through clear regulations and transparent processes.

Framework for corporate governance

Corporate governance is based on external governing documents such as the Swedish Companies Act, the Annual Accounts Act, Nasdaq Nordic’s Main Market Rule Book and the Swedish Code of Corporate Governance (the Code), as well as internal governance systems. In 2022, Mycronic complied with the Code in all respects.

Our purpose, guiding principles, vision and Code of Conduct form the basis for internal governance systems. Internal regulations include the Articles of Association, the rules of procedure for the Board of Directors, the Board policy for the CEO and several other policy documents that are updated annually. Examples of steering documents include the Code of Conduct, the financial policy and the approval and signing policy.

Shareholders

Mycronic is a Swedish public limited liability company registered in Täby. The share is listed on Nasdaq Stockholm, Large Cap. Share capital amounts to SEK 97,916,509 spread over 97,916,509 shares. Each share carries one vote.

At the end of 2022, Mycronic had 15,261 (15,716) shareholders. Bure Equity was the largest shareholder with 26.9 percent of capital and votes at the end of the year. More information on Mycronic’s share and shareholders can be found on pages 38–39.

The Annual General Meeting (AGM)

The AGM is the company’s highest decision-making body. All shareholders have the right to participate in the AGM and to exercise their

voting rights relative to their shareholdings. Rules regarding the AGM can be found in the Swedish Companies Act and the Articles of Association. Notice to attend the AGM shall be made four to six weeks prior to the meeting through an announcement in Post och Inrikes Tidningar and in a press release published on the company website. Issuance of the notice shall be announced in Svenska Dagbladet. Shareholders who wish to participate in the meeting must submit an application in accordance with information in the official notification.

2022 Annual General Meeting

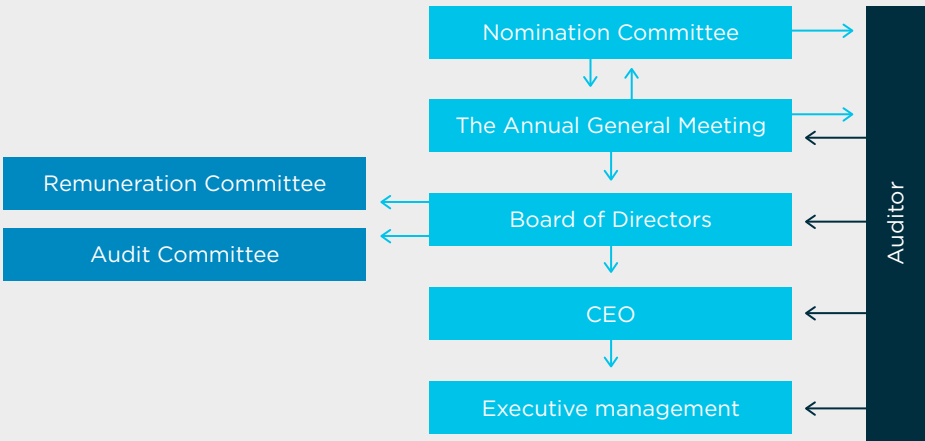
The AGM was held in Stockholm on May 5, 2022. The AGM was attended by shareholders representing 76,4 percent of the share capital and votes.

The AGM made decisions in accordance with the Board’s and the Nomination Committee’s proposals on:

- Chairman of the Meeting
- adoption of the balance sheet and the profit and loss accounts
- disposal of earnings through a dividend of SEK 3.00 per share
- discharge from liability for the Board members and the CEO
- the number of Board members elected by the general meeting shall be seven with no deputy Board members
- election of a registered public auditing firm
- It was resolved that Board fees shall be paid with a total of SEK 3,395,000, to be distributed with SEK 850,000 to the Chairman and with SEK 340,000 to each of the other

CORPORATE GOVERNANCE AT MYCRONIC

In order to govern the Mycronic Group in an efficient manner, governance, management and control has been distributed between the Annual General Meeting, the Board, the CEO and executive management, with committees and collaborative bodies within specific areas. Control is exercised by the external auditor and through internal control activities.



Board members elected by the general meeting. In addition, SEK 125,000 shall be allocated to the Audit Committee Chairman, SEK 75,000 to each of the other members of the Audit Committee, as well as SEK 100,000 to the Remuneration Committee Chairman and SEK 65,000 to each of the other members of the Remuneration Committee.

- It was resolved that fees to the auditor shall be paid on an ongoing basis as invoices are approved.
- Anna Belfrage, Katarina Bonde, Staffan Dahlström, Robert Larsson, Arun Bansal and Patrik Tigerschiöld were re-elected as members of the Board. Bo Risberg was elected as a new member of the Board. Patrik Tigerschiöld was re-elected as Chairman of the

Corporate governance reportcontinued

Board. In addition to the members elected by the general meeting, the employee organizations Unionen and Akademikerna have appointed one employee representative each.

- The auditing firm Ernst & Young was appointed auditor with authorized public accountant Erik Sandström as auditor-in-charge.
- The Board's remuneration report according to Chapter 8, Section 53 a of the Swedish Companies Act was approved.
- Adoption of guidelines for remuneration to senior executives.
- Adoption of principles for appointing the Nomination Committee.
- Resolution to authorize the Board of Directors to decide on issue of new shares. The issue price shall be established on marketable grounds and the number of issued shares may not exceed ten percent of the number of shares outstanding as of the date of the notification to attend the 2022 AGM.
- Resolution to authorize the Board of Directors to decide on acquisition of the company's own shares. Acquisition of own shares may only be made by a maximum of so many shares that, at any given time, the company's own holdings do not exceed five percent of the total number of shares outstanding in Mycronic AB.

Shareholder representation at the most recent AGMs



- Resolution to approve the terms and conditions for the long-term incentive program LTIP 2022 and to implement hedging measures pertaining to LTIP 2022 by transfer of the company's own shares.

Information on the AGM including all proposals and minutes can be found at www.mycronic.com.

2023 Annual General Meeting

The Annual General Meeting will be held on May 9, 2023.

Nomination Committee

The Nomination Committee represents the shareholders. Its task, ahead of the AGM, is to produce proposals regarding election of the Chairman of the meeting; decisions on the number of Board members; election of and decisions on fees to Board members, the Chairman of the Board and auditor; election of and decisions on fees to members pertaining to other special committees or councils that the AGM may resolve on appointing; and proposals for principles on appointing a Nomination Committee for resolution by the AGM.

In accordance with the resolution by the AGM, the Nomination Committee consists of four persons: representatives from the three largest known owners as of August 31 and the Chairman of the Board. The composition of the Nomination Committee is published at the latest six months prior to the AGM. The Nomination Committee's proposals are presented in the Notice to the AGM and on Mycronic's website.

The annual evaluation of the Board's work is presented to the Nomination Committee and form the basis for its work in proposing Board members. The Nomination Committee bases its work on the requirements of the Swedish Companies Act and the Code, as

well as company-specific requirements. In its work, the Nomination Committee applies section 4.1 of the Code as the diversity policy. The intention is to have an appropriate Board composition, which shall be characterized by versatility and breadth including age, gender, education, background and experience. The Board of Directors is presented on pages 52–53. Additional information is available in the Nomination Committee's reasoned statement regarding its proposal to the 2023 AGM.

The Nomination Committee for the 2023 AGM consists of Henrik Blomquist (Bure Equity), Patrik Jönsson (SEB Funds), Thomas Ehlin (Fourth Swedish National Pension Fund) and Patrik Tigerschiöld (Chairman of the Board).

Nomination Committee

Name	Representing	Holdings %, Aug 31, 2022
Henrik Blomquist	Bure Equity	26.9
Patrik Jönsson	SEB Funds	10.4
Thomas Ehlin	Fourth Swedish National Pension Fund	9.8
Patrik Tigerschiöld	Chairman of the Board of Mycronic AB	

Board of Directors

The Board of Directors (the Board) has overall responsibility for the company's organization and management. The Board monitors operations, ensures a suitable organization, and establishes guidelines for internal control. The Board establishes strategies and goals and makes decisions on major investments. The CEO is appointed by the Board and is responsible for ongoing administration.

The responsibilities of the Board are governed by the Swedish Companies Act and in the rules of procedure. Division of labor between the Board and the CEO is established through written instructions.

The Board consists of seven members appointed by the AGM, and two employee representatives appointed by Unionen and Akademikerna.

Board activities

The Board works according to the rules of procedure, which shall ensure that the Board is well-informed and that all Board-related issues are addressed. The rules of procedure, which are established annually, describe the division of responsibilities between the Board and its committees, and between the Board and the CEO. The Board takes decisions on strategy and budget, confirms financial reports and significant policies including the approval and signing policy, appoints the CEO and evaluates the CEO's work, establishes regulations for internal control and monitors the effectiveness of internal control, decides on major investments and agreements, appoints the Audit and Remuneration Committees and evaluates the work of the Board. The Board monitors compliance with approved guidelines on remuneration to executive management, and proposes guidelines for remuneration for consideration by the AGM.

The Chairman of the Board leads the work of the Board and also represents the company on ownership issues. Board meetings are prepared by the Chairman of the Board, together with the CEO. The CEO and the company's CFO, who is responsible for recording the minutes of Board meetings, attend. In addition, other employees attend as necessary in relation to individual cases. Materials are distributed prior to each meeting. Some issues are prepared in committees.

Corporate governance report *continued*

Recurring items at Board meetings are reviews of the business situation and financial reporting. Board committees report on their activities and raise issues for decision. The Board held twelve meetings in 2022.

Board committees

The committees’ tasks and rules of procedure are established by the Board in written instructions. The main task of the committees is to prepare matters that are presented to the Board for decision-making.

Remuneration Committee

The Remuneration Committee is appointed by the Board and consists of three Board members. The Committee is tasked with proposing the CEO’s salary, other remuneration and terms of employment. The Committee also proposes guidelines for remuneration and terms of employment for other members of the executive management and proposals for incentive programs. The Remuneration Committee ensures that established guidelines for remuneration to members of the executive management are complied with. Since the 2022 AGM, the Remuneration Committee has consisted of Patrik Tigerschiöld

(Chairman), Arun Bansal and Robert Larsson. The Remuneration Committee held three meetings in 2022.

Audit Committee

The Audit Committee is appointed by the Board and consists of three Board members. The Committee is tasked with ensuring the quality of financial reporting, monitoring the effectiveness of the internal control including risk management with respect to financial reporting, as well as evaluating performed internal audit work. This comprises reviews of significant accounting and valuation issues. The Audit Committee evaluates the external

auditing and assists the Nomination Committee with proposals for the election of the auditor. Employees do not participate during parts of certain meetings between the Audit Committee and the external auditor. Since the 2022 AGM, the Audit Committee has consisted of Anna Belfrage (Chairman), Katarina Bonde and Staffan Dahlström. In 2022, the Audit Committee held five meetings.

Evaluation of Board performance

The Board’s work is evaluated annually. The evaluation is done by external evaluation or self-assessment. The objective is to develop, set targets for, and measure the work of the Board, but also to provide the Nomination Committee a basis for the task of preparing proposals on Board appointments to the upcoming AGM. The Chairman of the Board is responsible for the evaluation.

CEO and executive management

The executive management consists of eight persons, including the CEO, see pages 54–55. The CEO leads the work of the executive management, which meets once a month. Issues addressed include financial performance, risk management, business development, leadership and talent acquisition and other strategic issues. The CEO is responsible for keeping the Board informed of the company’s development. Four global business leader meetings were organized in 2022 to strengthen unified communication and control throughout the Group. In addition to the executive management, there are several collaborative bodies that prepare and coordinate strategic and operational issues.

External audit

The auditor is appointed by the AGM to review the company’s annual financial statements and the consolidated accounts, as

BOARD ACTIVITY IN 2022

During 2022, the Board held twelve meetings, of which one was the statutory meeting, one by circulation and all meetings offered the opportunity to participate digitally.

Fourth quarter

- Budget for 2023 established
- Interim report January–September
- Review of M&A
- Review of cybersecurity
- Review of remuneration to executive management

Third quarter

- Interim report January–June
- Adoption of new financial and sustainability targets



First quarter

- Interim report for the fourth quarter and full-year 2021, proposal on dividend
- 2021 Annual Report adopted

Second quarter

- Statutory meeting with decisions on signing authority, policies, etc. directly after the AGM
- Strategy seminar, with adjacent Board meeting
- Interim report January–March
- Enterprise Risk Management review

Corporate governance report *continued*

well as the Board's and CEO's administration. Audits are conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. The executive management is briefed on audit results continuously. The auditor meets with the Audit Committee on an ongoing basis and with the entire Board annually. The auditor submits the Auditor's report to shareholders at the AGM. In 2022, the auditor performed, in addition to the audit, a summary review of the third quarter report. Fees to the auditor are paid on an ongoing basis as invoices are approved. Refer to Note 9 for information on auditor remuneration.

External financial reporting

In accordance with the established communication policy, Mycronic continuously reports information on the company's performance and financial position through interim reports, the Annual and Sustainability report and press releases in conjunction with significant events.

In conjunction with interim reports, presentations are held for financial analysts, institutional investors, and the media. Company management and the Director Investor Relations meet analysts and institutional investors at other external and internal arrangements. Representatives from Mycronic also participate at events arranged by, for example, investment banks and the Swedish Shareholders' Association. Financial reports, press releases and other relevant information are presented on the company's website.

Mycronic observes a 30-day silent period before publication of financial reports, during which the company does not communicate with the financial market by means other than public press releases.

Insiders

In accordance with the EU's Market Abuse Regulation (MAR), Mycronic is obligated to maintain a register of persons discharging managerial responsibilities and parties closely related to them. This group consists of Board

members and executive management. These persons are obliged to report all transactions in Mycronic securities to the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) and to the company. The company is also required to maintain a temporary insider register (log book) of persons who have access to non-public information for a limited period in connection with particular events. This might be the Board, employees or contractors. The details of the application of the provisions above are outlined in the Market Abuse Regulation.

Internal control of financial reporting

Internal control is comprised of processes and methods that limit risks for material misstatement in the financial statements, and provide a reasonable assurance of the reliability and accuracy of the financial reporting. Internal control is maintained by the Board, management and employees. Mycronic has chosen to describe its work with internal control based on COSO's components: the control environ-

ment, risk assessment, control activities, information and communication, and monitoring.

Control environment

The control environment consists of a suitable organization, decisionmaking procedures, authorization and responsibilities, as expressed in policies and guidelines. Common values provide consensus with the intention of strengthening internal control. Mycronic's Code of Conduct describes the approach that employees are expected to maintain in matters relating to business ethics and social issues. Examples of steering documents include the rules of procedure for the Board and its committees, terms of reference issued by the Board to the CEO, the approval and signing policy, Code of Conduct, and insider and communication policies. Ensuring processes include a high degree of internal control is the responsibility of the respective department manager. Process descriptions and steering documents are gathered in a digital management system.

The Group's finance and control organization, centrally and at the level of each unit, plays an important role in the reliability of financial information and is responsible for ensuring that complete, accurate financial reporting is completed on time.

Risk assessment

Included in risk assessment is the identification and evaluation of the risk for material misstatements in accounting and reporting and the risks of irregularities and fraud. When assessing risks that affect internal control as it relates to financial reporting, the evaluation is based on likelihood and impact. Risks are linked to processes. Critical processes are evaluated with respect to their efficiency and risk. Critical processes include product development, sourcing, manufacturing, sales,

Attendance at meetings in 2022 and remuneration to Board members elected by the AGM

Name	Elected	Independent ¹	Holdings	Attendance			Remuneration		
				Board of Directors	Audit Committee	Remuneration Committee	Board	Audit Committee	Remuneration Committee
Patrik Tigerschiöld, Chairman	2009	No	235,170	11/12		3/3	850,000		100,000
Katarina Bonde	2010	Yes	2,000	12/12	5/5		340,000	75,000	
Anna Belfrage	2018	Yes	—	11/12	5/5		340,000	125,000	
Robert Larsson	2018	Yes	3,000	12/12		3/3	340,000		65,000
Staffan Dahlström	2019	Yes	15,000	12/12	2/3		340,000	75,000	
Arun Bansal	2020	Yes	—	11/12		3/3	340,000		65,000
Bo Risberg	2022	Yes	10,000	8/8			340,000		

1) According to the Swedish Code of Corporate Governance, in relation to the company's largest shareholders.

Corporate governance report *continued*

salary and support processes such as financial closing and IT.

Control activities

Control activities should prevent, reveal and resolve deviations. There are controls at all levels within the company and across all departments. Control activities may be automated by being built into IT systems, such as authorization structures. They may also be manual, such as double checks for disbursements and reconciliations in connection with financial closings. Recurring analysis of results complement daily controls. A financial handbook ensures uniformity of financial reporting within the Group. A Group-wide system is used for financial reporting. In 2022, Mycronic further developed the standardization of a number of key controls within critical processes. These controls comprise unified Group-wide tools for internal control and governance. Control requirements are important aids for the Board to manage and evaluate information from management and assume responsibility in relation to the risks identified.

Information and communication

The Board and executive management have established channels for communication to ensure that financial reporting is complete and accurate. Internal communication channels

include quality systems and analysis tools as well as the intranet. One way to educate staff on Group-wide rules is through e-learning, which can be linked to tests after completion of the training. Each month, financial information is compiled and distributed to Board members and executive management. External communication is carried out in accordance with the established communication policy. Financial reporting is published in accordance with applicable regulations. The Board approves the Group's annual and sustainability report and year-end report and issues quarterly reports. For the first and third quarters, the Board has instructed the CEO to issue the quarterly reports.

Monitoring

Mycronic's evaluation of internal control occurs through self-assessment. Self-assessment entails employee involvement, which increases understanding of the importance of internal control. Self-assessment of critical processes is complemented by external evaluation or statements of opinion. Evaluation of internal control follows a plan approved by the Audit Committee.

Mycronic continuously develops its overall procedure in which the effectiveness of key controls is monitored for each reporting unit. The results are followed up and compiled

at Group level and presented to the Audit Committee on a quarterly basis, which in turn reports the results to the Board.

Representatives of the central finance and controller department regularly visit the subsidiaries to review and evaluate internal controls. In 2022, two visits to subsidiaries were conducted as well as reviews using a digital solution. One of the visits was carried out together with representatives from Ernst & Young. Focus areas in the reviews included inventories, trade receivables and authorization procedures. Experiences are continuously shared among representatives from the Group's finance and HR departments, for example, through digital meetings and global conferences.

The Audit Committee monitors the internal control work and has ongoing contact with the external auditor. This contributes to the Board's collective insight into internal control regarding financial reporting.

Mycronic has no internal audit function, as it is the Board's opinion that the company's internal organization and processes for monitoring fulfill this function in a satisfactory manner. Internal audits on selected topics are, however, conducted regularly, either with internal resources or, if so required, through a third party.

Board of Directors and auditor



Patrik Tigerschiöld

Chairman of the Board since 2012 and Board member since 2009

Born: 1964

Dependent Board member

Education: MSc Business and Economics

Other Board assignments: Chairman of the Board of Bure Equity AB, ACQ Bure AB, Cavotec SA and the Center for Business and Policy Studies (SNS). Board member of Ovzon AB, Fondbolaget Fondita AB and member of the Royal Academy of Engineering Sciences

Previous positions: CEO of Bure Equity AB 2010–2013, CEO of Skanditek Industriförvaltning 1999–2010, and CEO of SEB Allmansfonder AB 1995–1999.

Committee in Mycronic: Chairman of the Remuneration Committee

Shareholding in Mycronic¹: 235,170



Arun Bansal

Board member since 2020

Born: 1968

Independent Board member
CEO of Adani Airports Holdings Limited

Education: Bachelor of Engineering (Electronics) from University of Jiawaji, India. Postgraduate Diploma in Marketing from Indira Gandhi National Open University, India

Previous positions: Deputy CEO & President of Europe and Latin America and senior international positions at Ericsson since 1995

Committee in Mycronic: Member of the Remuneration Committee

Shareholding in Mycronic¹: –



Anna Belfrage

Board member since 2018

Born: 1962

Independent Board member

Education: M Sc B usiness a nd Economics

Other Board assignments: Board member of NOTE AB, Isofol Medical AB, Ellevio AB, Cint AB, Elopak ASA and Sveaskog AB

Previous positions: CFO Södra Skogs-ägarna ekonomisk förening 2017–2019, Acting CEO Beijer Electronics Group 2014–2015, CFO Beijer Electronics Group 2011–2014, CFO ABS Group (a division of the Cardo Group) 2004–2010, various roles and positions at Dresser Wayne AB, Obducate AB, Åkerlund & Rausing AB, and auditor at Price Waterhouse 1986–1994

Committee in Mycronic: Chairman of the Audit Committee

Shareholding in Mycronic¹: –



Katarina Bonde

Board member since 2010

Born: 1958

Independent Board member
President of Kubi LLC

Education: MSc Engineering Physics

Other Board assignments: Chairman of the Board of Mentimeter AB, Nepa AB, Flatfrog Laboratories AB and Stratsys AB. Board member of ACQ Bure AB and Stillfront Group AB

Previous positions: CEO of UniSite Software Inc 2000–2003, CEO of Captura International 1997–2000, Marketing Director Dun & Bradstreet Software Inc 1996–1997, Vice President at Timeline Inc 1994–1995, and CEO of Programator Industri AB 1989–1992.

Committee in Mycronic: Member of the Audit Committee

Shareholding in Mycronic¹: 2,000



Staffan Dahlström

Board member since 2019

Born: 1967

Independent Board member
CEO of HMS Networks AB since 2009

Education: Data Engineer, MBA

Other Board assignments: Board member of Clavister AB

Previous positions: Co-founder HMS Networks since 1989

Committee in Mycronic: Member of the Audit Committee

Shareholding in Mycronic¹: 15,000

1) Shareholding as of December 31, 2022

Board of Directors and auditor *continued*

EMPLOYEE REPRESENTATIVES

AUDITOR



Robert Larsson

Board member since 2018
Born: 1967
Independent Board member
EVP and Head of Industrial & Digital
Solutions at AFRY AB
Education: MSc Mechanical Engineering
Previous positions: A number of senior
positions in ABB in Sweden, China and
Switzerland
Committee in Mycronic: Member of
the Remuneration Committee
Shareholding in Mycronic¹: 3,000



Bo Risberg

Board member since 2022
Born: 1956
Independent Board member
Industrial advisor to EQT
Education: BSc Mechanical Engineering,
Queen's University, Canada and MBA, IMD,
Switzerland
Other Board assignments: Chairman of the
Board of Kelvin Holdco A/S and Board
member of Stäubli International AG.
Previous positions: 14 years at Hilti
Corporation, of which 6 years as COO
and 7 years as CEO. In addition, 14 years'
experience from various roles within ABB.
Committee in Mycronic: —
Shareholding in Mycronic¹: 10,000



Jörgen Lundberg

Board member since 2019
Employee representative appointed by
Akademikerna
Born: 1964
Director, Development Center Pattern
Generators – Product Strategy &
Development
Education: MSc Mechanical Engineering
Shareholding in Mycronic¹: —



Sahar Raouf

Board member since 2022
Employee representative appointed by
Unionen
Born: 1979
Senior software developer
Education: BSc mathematics and
computer engineering
Shareholding in Mycronic¹: —

Erik Sandström

Auditor-in-Charge, Ernst & Young
Born: 1975
Authorized Public Accountant and member
of FAR
Other assignments: Atlas Copco, Autoliv,
Epiroc and Ratos

1) Shareholding as of December 31, 2022

Executive management



Anders Lindqvist

PRESIDENT AND CEO

Employed since 2019

Born: 1967

Education: Mechanical engineer and university-level studies in marketing

Previous positions: President and CEO of Piab Group AB 2013–2019, Divisions Director for Atlas Copco 2007–2013, President of Atlas Copco China 2006–2007, President of Atlas Copco Nordic 2004–2006

Board assignments: Chairman of the Board of Dafo Vehicle Fire Protection AB. Board member of Gunnebo Holding AB and Munters AB

Shareholding in Mycronic¹: 29,628



Pierre Brorsson

CFO & SR VP CORPORATE DEVELOPMENT

Employed since 2021

Born: 1972

Education: MSc Business and Economics

Previous positions: CFO Ramirent, senior positions as Financial Manager and VP Business Development at Atlas Copco

Shareholding in Mycronic¹: —



Lena Båvegård

SR VP GLOBAL FUNCTIONS

Employed since 2018

Born: 1967

Education: MSc Electrical Engineering

Previous positions: Various senior positions in Transmode and Infinera, most recently as Sr Dir, Corporate Quality & Sustainability and various senior positions in Q-Med and Ericsson

Board assignments: Board alternate of SIQ and Chairman of the Board of SIQ Intres-sentföreningen Kvalitetsutveckling

Shareholding in Mycronic¹: 3,928



Clemens Jargon

SR VP HIGH FLEX

Employed since 2015

Born: 1965

Education: Master's degree in Mechanical Engineering, discipline: Aerospace engineering

Previous positions: Various senior positions in telecommunications and the semiconductor industry, as well as in the market for renewable energy, at companies such as Q-Cells, Infineon, Siemens and T-Mobile.

Shareholding in Mycronic¹: 4,283



Johanna Jarl

SR VP HUMAN RESOURCES

Employed since 2022

Born: 1981

Education: MSc Business and Economics

Previous positions: Vice President & Head of HR Infrastructure Division at AFRY, Director Strategy & Integration SSAB Europe Division and management consultant in Talent & Organization at Accenture

Shareholding in Mycronic¹: —

1) Shareholding as of December 31, 2022

Executive management *continued*



Ivan Li
SR VP HIGH VOLUME

Employed since 2008
Born: 1983
Education: MSc Mechanical Engineering
Previous positions: VP Global Dispensing Mycronic & General Manager Axxon
Shareholding in Mycronic¹⁾: —



Charlott Samuelsson
SR VP PATTERN GENERATORS

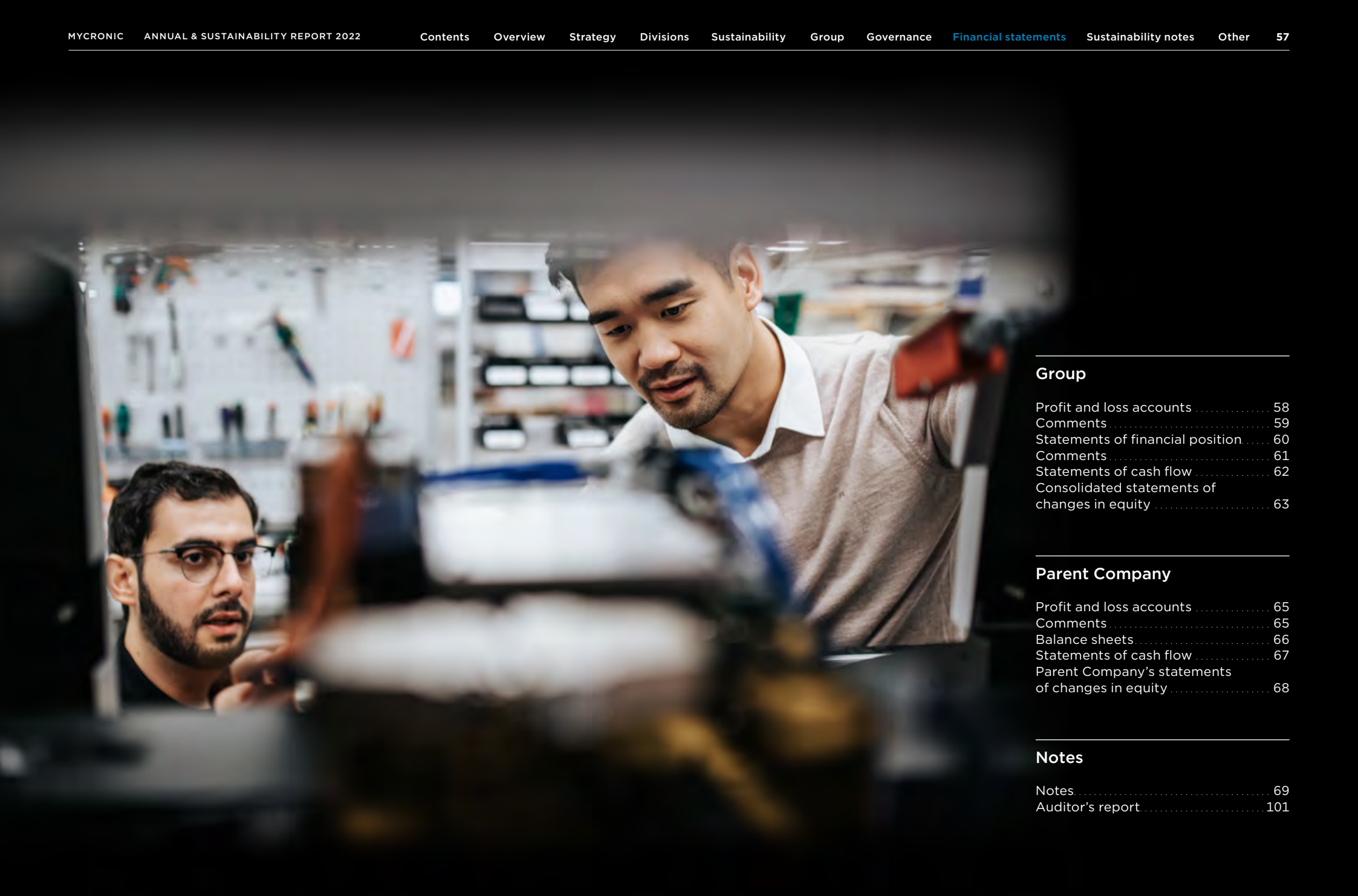
Employed since 1996
Born: 1963
Education: MSc Engineering Physics
Previous positions: Head of global after-market, Head of system and application development and Head of operational development in the Mycronic Group
Board assignments: Board member of Invisio Communications AB
Shareholding in Mycronic¹⁾: 24,198

The appointment of the Sr VP Global Technologies is ongoing at the time of publication of the Annual and Sustainability report.

1) Shareholding as of December 31, 2022



Financial statements



Group

Profit and loss accounts	58
Comments	59
Statements of financial position	60
Comments	61
Statements of cash flow	62
Consolidated statements of changes in equity	63

Parent Company

Profit and loss accounts	65
Comments	65
Balance sheets	66
Statements of cash flow	67
Parent Company's statements of changes in equity	68

Notes

Notes	69
Auditor's report	101

Group

Profit and loss accounts

SEK million	Notes	2022	2021
Net sales	6, 7	5,119	4,635
Cost of goods sold	12	-2,831	-2,351
Gross profit		2,288	2,284
Research and Development	11, 12	-638	-548
Selling expenses	12	-611	-526
Administrative expenses	9, 12	-278	-243
Other operating income	10	133	85
Other operating expenses	10, 12	0	-3
EBIT		894	1,049
Financial income		9	11
Financial expenses		-13	-14
Net financial items	15	-4	-2
Profit before tax		890	1,046
Tax	18	-154	-219
Profit for the year		737	827
Earnings per share, before and after dilution, SEK	17	7.59	8.48
Profit attributable to owners of the Parent Company		741	828
Profit attributable to non-controlling interests		-4	-1
		737	827

Statements of comprehensive income

SEK million	Notes	2022	2021
Profit for the year		737	827
Other comprehensive income			
Items not to be reclassified to profit and loss			
Actuarial profit/loss from defined benefits to employees	30	0	1
Tax relating to actuarial results	18	0	0
Total of items not to be reclassified to profit and loss		0	1
Items to be reclassified to profit and loss			
Translation differences upon translating foreign entities	35	269	209
Tax relating to translation differences	18, 35	-36	-18
Hedge of net investment	36	—	-6
The year's changes in fair value on cash flow hedges	36	-19	-49
Cash flow hedges transferred to profit and loss	35	58	-47
Tax relating to cash flow hedges	18	-8	20
Total of items to be reclassified to profit and loss		265	109
Total other comprehensive income		265	110
Total comprehensive income for the year		1,001	938
Total comprehensive income attributable to owners of the Parent Company		1,003	936
Total comprehensive income attributable to non-controlling interests		-2	2
		1,001	938

Group

Profit and loss accounts *continued*

Comments on financial performance

All financial information, such as profit and loss and balance sheet items, includes acquired companies as of the respective dates of acquisition.

Net sales

Group net sales increased 10 percent to SEK 5,119 million (4,635) and by 1 percent based on constant exchange rates. Organic growth was -4 percent. Net sales comprised delivery of 13 mask writers (14), of which 12 SLX systems, in the Pattern Generators division.

Of net sales for the year, the Pattern Generators division accounted for SEK 1,369 million (1,645), High Flex for SEK 1,378 million (1,176), High Volume for SEK 1,563 million (1,200) and Global Technologies for SEK 865 million (657).

Aftermarket sales constituted 30 percent (28) of the Group's net sales.

Gross profit and gross margin

Consolidated gross profit amounted to SEK 2,288 million (2,284). Gross margin amounted to 45 percent (49). The decline in gross margin for the year was a result of lower sales and less favorable product mix in the Pattern Generators division.

Research and development

Research and development expenses in 2022 amounted to SEK 638 million (548). SEK 30 million (46) was capitalized in the balance sheet, of which the Pattern Generators division accounted for SEK 2 million (17) and the High Flex division for SEK 28 million (29).

The product program is continuously being modernized through maintenance and minor development initiatives. The Group also continued to execute its product development strategy. Mycronic's patent strategy protects its investments in unique technology. At year-end, the Group held more than 500 patents.

Sales and administration

Expenses for sales and administration amounted to SEK 889 million (769) in 2022. The increase in expenses is primarily attributable to operating expenses in the companies acquired in 2021, investments in business development and the sales organization as well as higher variable selling expenses.

EBIT

Consolidated EBIT for 2022 amounted to SEK 894 million (1,049), corresponding to an EBIT margin of 17 percent (23). Acquisition-related costs amounted to SEK 67 million (97), and are primarily attributable to amortization and impairment of acquired intangible assets and revaluation of contingent considerations. The divestment of AEi in February had a positive EBIT impact of SEK 23 million.

EBIT for the Pattern Generators division amounted to SEK 465 million (832), corresponding to an EBIT margin of 34 percent (51).

EBIT for the High Flex division amounted to SEK 175 million (136). The EBIT margin was 13 percent (12).

EBIT for the High Volume division amounted to SEK 290 million (231), corresponding to an EBIT margin of 19 percent (19). EBIT was

impacted negatively by SEK 8 million for an impairment of acquired intangible assets in HC Xin and positively by SEK 6 million for a revaluation of a contingent consideration related to the acquisition of Axxon Piezoelectric Technology.

EBIT for the Global Technologies division totaled SEK 101 million (-3), of which SEK 23 million is attributable to the divestment of AEi. The EBIT margin amounted to 12 percent (0).

Costs for Group-wide functions of SEK 137 million (149) were charged to EBIT.

Taxation

Consolidated profit before tax for 2022 totaled SEK 890 million (1,046). Consolidated tax expenses amounted to SEK 154 million (219), corresponding to an effective tax rate of 17 percent (21) in relation to profit before tax.

Profit for the year and earnings per share

Consolidated profit after tax for full-year 2022 amounted to SEK 737 million (827), of which SEK 741 million (828) is attributable to the Parent Company's owners. This corresponds to earnings per share, before and after dilution, of SEK 7.59 (8.48).

Group

Statements of financial position

SEK million	Notes	Dec 31, 22	Dec 31, 21
ASSETS			
Intangible assets	19	2,374	2,296
Tangible assets	20	265	206
Right-of-use assets	21	248	223
Other non-current assets	6, 25, 36	66	55
Deferred tax assets	18	193	145
Total non-current assets		3,145	2,926
Inventories	26	1,433	1,363
Tax receivables		48	93
Trade receivables	6, 27, 36	1,143	658
Prepaid expenses and accrued income	28	127	181
Other receivables		170	46
Cash and cash equivalents	35, 36	1,274	683
Total current assets		4,195	3,024
Assets held for sale	29	—	186
TOTAL ASSETS		7,340	6,136

SEK million	Notes	Dec 31, 22	Dec 31, 21
EQUITY AND LIABILITIES			
Equity			
Share capital		98	98
Other contributed capital		1,358	1,349
Reserves		354	92
Retained earnings including profit/loss for the year		2,853	2,417
Equity attributable to owners of the Parent Company		4,663	3,955
Holdings of non-controlling interests		40	42
Total equity		4,703	3,997
Liabilities			
Non-current interest-bearing liabilities	36	193	181
Non-current provisions	30	48	48
Deferred tax liabilities	18	335	329
Other non-current liabilities	36	—	11
Total non-current liabilities		575	570
Current interest-bearing liabilities	36	77	62
Advance payments from customers	6	711	364
Trade payables	36	310	295
Tax liabilities		50	24
Other liabilities		155	128
Accrued expenses and deferred income	6, 31	673	596
Current provisions	32	86	74
Total current liabilities		2,062	1,544
Liabilities directly associated with assets held for sale	29	—	26
Total liabilities		2,637	2,139
TOTAL EQUITY AND LIABILITIES		7,340	6,136

Group

Statements of financial position *continued*

Comments on financial position

Assets

The Group's total assets at year-end 2022 amounted to SEK 7,340 million, compared with SEK 6,136 million at the end of 2021.

Non-current assets amounted to SEK 3,145 million (2,926). Intangible assets amounted to SEK 2,374 million (2,296), of which SEK 2,244 million (2,156) consisted of acquisition-related assets in the form of goodwill, customer relationships, technology and brands. The value of goodwill and brands with indefinite useful life is tested annually for impairment.

Capitalized development expenditure amounted to SEK 118 million (126). During 2022, development projects were capitalized in the amount of SEK 30 million (46). Amortization of previously capitalized development amounted to SEK 40 million (36). Each development project is assessed individually to determine whether the criteria for capital-

ization in the statement of financial position have been met.

Tangible assets amounted to SEK 265 million (206). Investments in tangible assets totaled SEK 107 million (42) during the year.

During 2022, inventories increased from SEK 1,363 million to SEK 1,433 million, and trade receivables from SEK 658 million to SEK 1,143 million. The increase in trade receivables is mainly attributable to the Pattern Generators and High Volume divisions. Cash and cash equivalents at the end of the year amounted to SEK 1,274 million (683).

Liabilities

Current non-interest bearing liabilities amounted to SEK 1,985 million (1,482). During 2022, trade payables increased from SEK 295 million to SEK 310 million, and advance payments from customers from SEK 364 million to SEK 711 million. The Group strives to the greatest

extent possible to receive advance payments from customers in connection with orders, and especially for sales of mask writers.

At year-end, the Group had interest-bearing liabilities amounting to SEK 270 million (243). Net cash amounted to SEK 1,004 million (440). Interest-bearing liabilities consist primarily of lease liabilities.

Equity

Consolidated equity on December 31, 2022, was SEK 4,703 million (3,997). The number of outstanding shares at year-end was 97,631,309.

The equity/assets ratio, the percentage of equity of the total assets, was 64 percent (65). At year-end, Mycronic's market capitalization was SEK 19,172 million (20,660).

Group

Statements of cash flow

SEK million	Notes	2022	2021
Operating activities			
Profit before tax		890	1,046
<i>Adjustments for non-cash items and paid income tax</i>			
Depreciation/amortization and impairment of assets	19, 20, 21	253	205
Gains/losses from sale of subsidiaries and non-current assets		-23	2
Unrealized foreign exchange differences		-41	-34
Provisions for employee benefits		-6	5
Other provisions		1	3
Write-down of inventories		24	16
Revaluation of contingent considerations		-6	0
Other non-cash items		14	3
Income tax paid		-141	-181
Cash flow from operating activities before changes in working capital		966	1,066
<i>Cash flow from changes in working capital</i>			
Inventories		-26	-26
Trade receivables		-414	110
Other receivables		-21	-56
Trade payables		-2	-1
Other liabilities		350	-95
Cash flow from operating activities		853	998
Investing activities			
Investments in subsidiaries	23	—	-1,117
Investments in intangible assets	19	-34	-48
Investments in tangible assets	20	-107	-42
Sale of subsidiaries	29	216	—
Sale of tangible assets		0	0
Increase in other non-current assets	25	-8	-17
Decrease in other non-current assets	25	1	1
Cash flow from investing activities		67	-1,223

SEK million	Notes	2022	2021
Financing activities			
Dividends paid to Parent Company shareholders		-294	-294
Dividends to non-controlling interests		—	-4
Swap contract for own shares		5	10
Repurchase of own shares		-16	-23
Acquisition of non-controlling interest		—	-43
Borrowings	36	7	—
Repayment of loans and lease liabilities	36	-84	-83
Cash flow from financing activities		-382	-437
Cash flow for the year		537	-662
Cash and cash equivalents at beginning of year ¹		692	1,303
Exchange rate differences in cash and cash equivalents		44	51
Cash and cash equivalents classified as assets held for sale	29	—	-9
Cash and cash equivalents at end of year		1,274	683
Interest received and paid			
Interest received		9	11
Interest paid		-13	-14
		-4	-3

1) Cash and cash equivalents at the beginning of 2022 include cash and cash equivalents classified as assets held for sale.

Comments on cash flow and investments

Consolidated cash and cash equivalents at year-end amounted to SEK 1,274 million (683). Cash flow for the year amounted to SEK 537 million (-662).

Cash flow from operating activities amounted to SEK 853 million (998). Working capital increased SEK 113 million during the year, driven by an increase in trade receivables of SEK 414 million, partly offset by an increase in advance payments from customers of SEK 327 million.

Investing activities during the year generated a positive cash flow of SEK 67 million,

compared with a negative cash flow of SEK 1,223 million in the preceding year. The latter is explained by the acquisitions of atg L&M and HC Xin. The divestment of AEi in February 2022 generated SEK 216 million in cash flow, while the capitalization of product development amounted to SEK 30 million (46) and investments in tangible assets to SEK 107 million (42).

Financing activities for the year utilized SEK 382 million (437), of which SEK 294 million (294) related to dividends to shareholders.

Group

Consolidated statements of changes in equity

The share capital consists of 97,916,509 (97,916,509) shares. The shares are of the same class, and each share carries one vote.

2022

SEK million	Share capital	Other contributed capital	Reserves		Retained earnings	Total	Holdings of non-controlling interests	Total equity
			Hedge reserve	Translation reserve				
Opening equity, January 1, 2022	98	1,349	-13	105	2,417	3,955	42	3,997
Profit for the year					741	741	-4	737
Other comprehensive income								
Items not to be reclassified to profit and loss								
Actuarial profit/loss from defined benefits to employees					0	0		0
Tax relating to actuarial results					0	0		0
Items to be reclassified to profit and loss								
Translation differences for the period at translation of foreign entities				267		267	2	269
Tax relating to translation differences				-36		-36		-36
The year's changes in fair value on cash flow hedges			-19			-19		-19
Cash flow hedges transferred to profit and loss			58			58		58
Tax attributable to hedge accounting			-8			-8		-8
Total other comprehensive income			31	231	0	262	2	265
Total comprehensive income for the year			31	231	741	1,003	-2	1,001
Transactions with owners, etc.								
Dividends paid					-294	-294		-294
Swap contract for own shares					5	5		5
Repurchase of own shares					-16	-16		-16
Share-based remuneration		9				9		9
Total transactions with owners	0	9	0	0	-305	-295	0	-295
Closing equity, December 31, 2022	98	1,358	18	336	2,853	4,663	40	4,703

Group

Consolidated statements of changes in equity *continued*

2021

SEK million	Share capital	Other contributed capital	Reserves		Retained earnings	Total	Holdings of non-controlling interests	Total equity
			Hedge reserve	Translation reserve				
Opening equity January 1, 2021	98	1,343	63	-78	1,938	3,364	14	3,378
Profit for the year					828	828	-1	827
Other comprehensive income								
Items not to be reclassified to profit and loss								
Actuarial profit/loss from defined benefits to employees					1	1		1
Tax relating to actuarial results					0	0		0
Items to be reclassified to profit and loss								
Translation differences for the period at translation of foreign entities				207		207	2	209
Tax relating to translation differences				-18		-18		-18
Hedging of net investments in subsidiaries				-6		-6		-6
The year's changes in fair value on cash flow hedges			-49			-49		-49
Cash flow hedges transferred to profit and loss			-47			-47		-47
Tax attributable to hedge accounting			20			20		20
Total other comprehensive income			-76	183	1	108	2	110
Total comprehensive income for the year			-76	183	829	936	2	938
Transactions with owners, etc.								
Dividends paid					-294	-294		-294
Dividends to non-controlling interests					-4	-4		-4
Change of non-controlling interest					-40	-40	27	-13
Swap contract for own shares					10	10		10
Repurchase of own shares					-23	-23		-23
Share-based remuneration		6				6		6
Total transactions with owners	0	6	0	0	-351	-345	27	-319
Closing equity, December 31, 2021	98	1,349	-13	105	2,417	3,955	42	3,997

Parent Company

Profit and loss accounts

SEK million	Notes	2022	2021
Net sales	6, 7	2,450	2,557
Cost of goods sold		-1,279	-1,165
Gross profit		1,171	1,392
Research and Development	11	-398	-377
Selling expenses		-192	-189
Administrative expenses		-195	-155
Other operating income	10	184	123
EBIT		571	794
<i>Profit from financial investments</i>			
Interest income and similar items	15	116	194
Interest expenses and similar items	15	-7	-54
Profit after financial items		679	934
Appropriations	16	-24	-199
Profit before tax		655	735
Tax	18	-127	-135
Profit for the year		528	600

Parent Company

Mycronic AB is the Group's Parent Company. Sales in the Parent Company comprise production solutions for electronics manufacturing and aftermarket sales. At year-end 2022, there were 382 persons (358) employed by the Parent Company.

The Parent Company's net sales amounted to SEK 2,450 million (2,557) and included 13 mask writers (14). EBIT was SEK 571 million (794). Cash and cash equivalents at year-end amounted to SEK 687 million (116).

Statements of comprehensive income

SEK million	Notes	2022	2021
Profit for the year		528	600
Other comprehensive income		—	—
Total comprehensive income for the year		528	600

Parent Company

Balance sheets

SEK million	Notes	Dec 31, 2022	Dec 31, 2021
ASSETS			
Non-current assets			
Intangible assets	19	11	17
Tangible assets	20	136	102
<i>Financial assets</i>			
Participations in Group companies	22	1,223	1,218
Non-current receivables from Group companies	24	1,711	1,674
Other non-current assets	25	19	18
Deferred tax assets	18	6	6
Total financial assets		2,959	2,915
Total non-current assets		3,106	3,034
Current assets			
Inventories	26	542	512
<i>Current receivables</i>			
Trade receivables		305	126
Receivables from Group companies		277	341
Other receivables		72	65
Prepaid expenses and accrued income	28	67	109
Total current receivables		722	641
Cash and cash equivalents		687	116
Total current assets		1,951	1,269
TOTAL ASSETS		5,057	4,303

SEK million	Notes	Dec 31, 2022	Dec 31, 2021
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		98	98
Statutory reserve		0	0
		98	98
<i>Non-restricted equity</i>			
Share premium reserve		223	213
Retained earnings		1,870	1,575
Profit for the year		528	600
		2,621	2,388
Total equity		2,719	2,486
Untaxed reserves	16	1,300	1,275
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities		—	—
Non-current provisions		2	1
Other non-current liabilities		—	0
Total non-current liabilities		2	1
<i>Current liabilities</i>			
Current interest-bearing liabilities		—	8
Advance payments from customers		500	92
Trade payables		120	101
Liabilities to Group companies		149	48
Current tax liability		—	—
Other liabilities		31	47
Accrued expenses and deferred income	31	224	232
Current provisions	32	13	11
Total current liabilities		1,036	540
Total liabilities		1,038	541
TOTAL EQUITY AND LIABILITIES		5,057	4,303

Parent Company

Statements of cash flow

SEK million	Notes	2022	2021
Operating activities			
Profit after financial items		679	934
<i>Adjustments for non-cash items and paid income tax</i>			
Depreciation/amortization and impairment of assets	19, 20	46	42
Capital gain/loss on the sale of non-current assets		0	—
Unrealized foreign exchange differences		-156	-111
Provisions		2	2
Write-down of inventories		13	8
Share-based remuneration		10	3
Interests not received		—	-7
Other non-cash items		—	43
Paid income tax		-71	-126
Cash flow from operating activities before changes in working capital		522	788
<i>Changes in working capital</i>			
Inventories		-47	-9
Trade receivables		-178	131
Other receivables		44	-10
Trade payables		18	10
Other liabilities		466	-137
Cash flow from operating activities		826	773

SEK million	Notes	2022	2021
Investing activities			
Investments in subsidiaries	22	-5	-193
Investments in intangible assets	19	-2	0
Investments in tangible assets	20	-67	-13
Increase in other non-current assets	24, 25	-1	-892
Decrease in other non-current assets	24, 25	134	50
Cash flow from investing activities		59	-1,049
Financing activities			
Dividends paid to Parent Company shareholders		-294	-294
Swap contract for own shares		5	10
Repurchase of own shares		-16	-23
Repayment of loans		-9	-21
Cash flow from financing activities		-314	-327
Cash flow for the year		571	-603
Cash and cash equivalents at beginning of year		116	719
Cash and cash equivalents at end of year		687	116
<i>Additional information</i>			
Interest received and paid			
Interest received		54	23
Interest paid		-7	-8
		47	15

Parent Company

Statements of changes in equity

The share capital consists of 97,916,509 (97,916,509) shares. The shares are of the same class, and each share carries one vote.

SEK million	Restricted equity		Non-restricted equity		Total equity
	Share capital	Statutory reserve	Share premium reserve	Retained earnings including profit/loss for the year	
Equity, January 1, 2021	98	0	208	1,882	2,188
Profit for the year				600	600
Total comprehensive income for the year				600	600
Transactions with owners, etc.					
Dividends to shareholders				-294	-294
Swap contract for own shares				10	10
Repurchase of own shares				-23	-23
Share-based remuneration			6		6
Closing equity, December 31, 2021	98	0	213	2,175	2,486
Profit for the year				528	528
Total comprehensive income for the year				528	528
Transactions with owners, etc.					
Dividends to shareholders				-294	-294
Swap contract for own shares				5	5
Repurchase of own shares				-16	-16
Share-based remuneration			10		10
Closing equity, December 31, 2022	98	0	223	2,398	2,719

Notes

Contents

Note 1	Accounting policies, general information	69	Note 18	Income tax	83
Note 2	Accounting policies for the Group	70	Note 19	Intangible assets	85
Note 3	Accounting policies of the Parent Company	74	Note 20	Tangible assets	86
Note 4	Critical accounting estimates and assumptions	75	Note 21	Leases	88
Note 5	Capital management and proposal on appropriation of profit	75	Note 22	Participation in Group companies	88
Note 6	Revenue from contracts with customers	76	Note 23	Business combinations	89
Note 7	Segment reporting	77	Note 24	Non-current receivables from Group companies	90
Note 8	Transactions with related parties	79	Note 25	Other non-current assets	90
Note 9	Fees for auditing and non-auditing services	79	Note 26	Inventories	90
Note 10	Other operating income/expenses	79	Note 27	Trade receivables, impairment, age analysis and other	91
Note 11	Research and development expenses	79	Note 28	Prepaid expenses and accrued income	91
Note 12	Operating expenses	80	Note 29	Assets held for sale and divestments	91
Note 13	Depreciation/amortization by function	80	Note 30	Non-current provisions	92
Note 14	Employees, personnel costs and remuneration to the executive management	81	Note 31	Accrued expenses and deferred income	93
Note 15	Net financial items	83	Note 32	Current provisions	93
Note 16	Appropriations and untaxed reserves	83	Note 33	Pledged assets	93
Note 17	Earnings per share	83	Note 34	Contingent liabilities	93
			Note 35	Financial risks	93
			Note 36	Financial assets and liabilities	95
			Note 37	Reconciliation alternative performance measures	98
			Note 38	Events after year-end	99

Note 1 Accounting policies, general information

Mycronic AB (publ), corporate identification no. 556351-2374, and its subsidiaries, together comprising the Group, are engaged in the development, manufacture and sales of advanced production equipment to the electronics industry. Sales are generated almost exclusively outside Sweden.

Subsidiaries are located in China, France, Germany, Japan, the Netherlands, Singapore, South Korea, Taiwan, United Kingdom, United States and Vietnam. In addition, there are a large number of distributors and agents around the world.

The Parent Company Mycronic AB, with registered office in Täby and address Nytorpsvägen 9, PO Box 3141, 183 03 Täby, Sweden, is listed on Nasdaq, Stockholm, in the category Large Cap.

The Annual and Sustainability Report has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as endorsed by the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, has been applied.

Pages 28–35 and 104–130 of the Annual and Sustainability report constitute Mycronic AB's Statutory Sustainability Report, in accordance with the Swedish Annual Accounts Act. The report covers the entire group and refers to the financial year January 1 – December 31 2022.

The Annual and Sustainability Report was signed by the Board on March 27, 2023 and will be presented to the Annual General Meeting for adoption on May 9, 2023.

New and forthcoming accounting standards

None of the new standards, revised standards and interpretations of existing standards that shall be applied as of the financial year beginning on January 1, 2022 have any material impact on the Group or Parent Company financial statements.

New or revised standards or interpretations published by IASB that have not yet entered into force are not expected to have any material impact on the Group's or the Parent Company's financial reporting.

Basis of valuation

The assets and liabilities are stated at cost, unless otherwise specified. The functional currency of the Parent Company is Swedish kronor (SEK). SEK is also the reporting currency of the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts are stated in SEK million unless otherwise specified.

Accounting estimates and classifications

The preparation of financial statements in accordance with IFRS requires the company's management to make certain accounting judgments, estimates and assumptions that affect how accounting policies are applied and the reported amounts of assets, liabilities, revenues and expenses. The actual results may differ from these estimates and assessments.

The estimates and assumptions are reviewed regularly. Adjustments to estimates are reported for the period in which they occur if the change only affected this period or in the period that the change is made and future periods if the change affects both the current and future periods.

Assessments made by the company management in terms of applying IFRS that significantly impact financial statements and completed estimates and that can result in major adjustments to the financial reports for the subsequent year are described in more detail in Note 4.

Non-current assets and liabilities essentially consist of amounts that are expected to be recovered or settled later than twelve months from the closing date. Current assets and liabilities essentially consist of amounts that are expected to be recovered or settled within twelve months from the closing date. Any deviations from these principles for recovery or payment will be described in notes associated with the relevant balance sheet item.

Note 2 Accounting policies for the Group

Consolidated reporting

Subsidiaries are companies where the Parent Company has a controlling influence. A controlling influence exists when the investor has an influence over the investment object, which in a substantial manner affects the possibility of returns, when the investor is exposed to, or has the right to, variable returns from the investment object and when the investor can use its influence to affect the size of the returns.

The consolidated financial statements are prepared in accordance with the purchase method of accounting, whereby the acquisition of a subsidiary is regarded as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The Group's cost of acquisition is determined through a purchase price allocation in connection with the purchase. The analysis determines the acquisition value of the shares or operations, as well as the fair value on the date of acquisition for acquired identifiable assets as well as assumed liabilities or contingent liabilities. The cost of acquisition for the subsidiary shares and operations is measured as the aggregate of the fair values on the date of acquisition of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control of the acquired net assets. Contingent considerations are valued at fair value. In business combinations where the cost of acquisition exceeds the fair value of acquired net assets, the difference is recognized as goodwill. If the cost of acquisition is less than the fair value of acquired net assets, the difference is recognized in the profit and loss account. Transaction costs are reported directly in operating profit.

When contingent considerations are revalued at fair value, the revaluation is recognized in operating profit.

The financial statements of the subsidiaries are included in the consolidated financial statement from the date of acquisition and up to the date on which controlling influence ends.

Intra-group receivables and liabilities, revenues or costs and unrealized profits or losses that arise

from intra-group transactions between Group companies are eliminated in full when the consolidated financial statements are prepared.

Foreign currency translation

Functional currency

Items included in the financial statements of the group companies are measured using the currency of the primary economic environments in which the company operates (functional currency). The functional currencies are CNY, EUR, GBP, JPY, KRW, SEK, SGD, TWD, USD and VND.

Transactions

Transactions in foreign currency are translated to the functional currency at the exchange rate in effect on the transaction date.

Sales transactions in foreign currency within the Pattern Generators division are translated at the spot rate with the exception of sales of spare parts and service contracts for which an approximate exchange rate for the month is used. Sales transactions in foreign currency from sales within other divisions are reported at an approximate exchange rate for the month. When a contract sale is hedged, the cumulative gain or loss on the hedging instrument, normally a forward exchange contract, is recognized against net sales when the hedged sales transaction is recognized in the profit and loss account.

Monetary assets and liabilities in foreign currency are translated to the functional currency at the closing day rate. Exchange rate gains/losses arising on translation are recognized in the profit and loss account for the year. Non-monetary assets and liabilities carried at cost are translated at the exchange rate that applied on the transaction date. Non-monetary assets and liabilities carried at fair value are translated to the functional currency at the rate of exchange prevailing on the date when the fair value was determined. Forward exchange contracts are used to protect assets and liabilities from foreign exchange risk.

A financial hedge is reflected in the accounts, in that both the underlying asset/liability and the hedging instrument are translated at the closing day exchange rate, while changes in the exchange rates are recognized through the profit and loss account. Value fluctuations concerning operating assets and liabilities are recognized in the profit

and loss account under other operating income/expenses.

Financial statements of foreign operations

Assets and liabilities in foreign group companies are translated from that company's functional currency to SEK at the closing day exchange rate.

Revenue and expenses in the respective group company's profit and loss account are translated to SEK at the average rate of exchange that is a reasonable approximation of actual rates on the respective transaction dates. All exchange differences arising from the translation of foreign operations are recognized in other comprehensive income and are accumulated in a separate translation reserve within consolidated equity.

Net investments in foreign operations

Exchange differences arising with the translation of long-term loans that form part of the net investment in a foreign operation are deferred to a translation reserve in other comprehensive income together with the related tax effects.

When a foreign operation is disposed of, the cumulative exchange differences relating to that foreign operation are realized through a reclassification from the translation reserve to the year's consolidated profit and loss.

Reporting of operating segments

A segment is an identified part of the Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. A segment's operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess performance. In the Group, this function has been identified as the CEO. The grouping into segments correspond to the Group's divisions.

Intangible assets

Capitalized costs for business systems

Expenditures for business systems are recognized as intangible assets at cost with a deduction for accumulated amortization. The investment in a business system includes costs incurred for adaptation and implementation of a fully integrated business system and consists of both internally

generated and externally acquired assets. Capitalized costs for business systems are amortized straight-line over the expected useful life of the asset, which is three years. Amortization is initiated when the business system is ready for use. Costs for maintenance of the business system are expensed as they are incurred.

Capitalized development expenditure

Mycronic develops high-tech products on the cutting edge of technology. Several different types of development projects need to be conducted in order to achieve a few commercial products.

Costs related to research undertaken with the prospect of gaining new scientific or technical knowledge in the Group's operations are expensed as they are incurred. Development projects, where knowledge and understanding gained from research and practical experience are directed towards developing new products or processes, are recognized as intangible assets in the statement of financial position when they meet the criteria for capitalization. Development costs may be capitalized if the company can demonstrate the technical and commercial feasibility of completing the product or process, the intention and ability to complete the development and use or sell the asset. It must also be probable that future economic benefits related to the asset will flow to the company and the asset cost can be reliably measured. The carrying amount includes all directly attributable costs, such as those for materials and services as well as compensation to employees.

Other development costs are expensed in the profit and loss account for the period in which they arise.

Individual assessment is made of all ongoing research and development projects to determine which costs for the respective project are capitalizable and to look for any indications of impairment.

Amortization of capitalized development expenditure is started when the development project in question is completed, normally when it begins generating revenue, and is carried out on a straight-line basis. Capitalized development costs are written off over five years. Amortization of capitalized development costs is included in the acquisition cost of inventories, which by extension impacts the cost of goods sold in the Group.

Note 2 *continued*

Goodwill

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is annually tested for impairment. Goodwill is attributable to acquisitions.

Other intangible assets

Other intangible assets consist of brand, technology and customer relationships, and are measured at cost less accumulated amortization and possible impairment losses. These assets are attributable to acquisitions.

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and possible write-downs. The acquisition costs include the acquisition price as well as charges for transportation to the site and preparation efforts in order to use the equipment according to the intended purpose of the acquisition.

The item Equipment includes self-produced equipment used primarily for research and development as well as test and training equipment. The acquisition cost of self-produced, non-current assets includes expenses for materials, employee benefits and salaries and other production costs that are considered to be directly attributable to the assets.

The carrying amount of a tangible asset is removed from the statement of financial position upon disposal or sale of the asset or when there are no future economic benefits anticipated from using or disposing/selling the asset. Gains/losses on the sale or disposal of tangible assets are calculated as the difference between the net realizable value and carrying amount of the item. Gains and losses are recognized as other operating income/expenses.

Subsequent expenses are added to the acquisition cost if it is likely that the future economic benefits of the assets will be realized by the company and the acquisition cost can be estimated reliably. All other additional expenditures are accounted as costs when they arise.

A future expense is added to the acquisition cost if the expense involves the replacement of identified components or parts thereof. In cases where a new component has been produced, the expense is added to the acquisition cost. Any non-depreciated costs for replacement compo-

nents or parts of such components are discarded and expensed as the replacement is made. Repairs are expensed on an ongoing basis.

Tangible assets are depreciated on a straight-line basis over their expected useful life starting from when they are accessible for use.

Leases

A majority of all Group leases are recognized in the statement of financial position. Mycronic assesses at the inception of a contract whether the contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Mycronic recognizes right-of-use assets and lease liabilities in the statement of financial position starting on the commencement date of the lease. Mycronic applies the practical exemptions regarding leases where the underlying asset has a low value and for leases with a lease term of less than twelve months. These leases are not included in amounts recognized in the statement of financial position.

At the commencement date of a lease, Mycronic measures the lease liability at the present value of the lease payments that are not paid at that date. Lease payments are discounted using the interest rate implicit in the lease, if this rate can be readily determined. If this rate cannot be readily determined, Mycronic's incremental borrowing rate is used. Mycronic's incremental borrowing rate is based on country-specific information, the lease term and the currency. Lease payments included in the measurement of the lease liability comprise payments for the right to use the underlying asset during the lease term and can include fixed payments, variable lease payments, payments for the possibility of an extension or the exercise price for an option to buy the underlying asset if Mycronic has reasonable assurance that it will utilize one of these possibilities. For subsequent measurement of the lease liability, Mycronic uses amortized cost by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

At the commencement date, Mycronic measures the right-of-use asset at cost, which includes the

amount the lease liability was originally measured at, any initial direct costs, and an estimate of any costs for dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Mycronic applies a cost method for subsequent measurement of the right of use, which includes deductions for accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability. Mycronic depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Mycronic's material leases currently primarily comprise rented premises, but also vehicles and office equipment. Rented premises are presented as one class of underlying assets, and vehicles and office equipment is presented under Other in the note 21. The lease liability is presented as current or non-current interest-bearing liabilities, respectively, in the consolidated statement of financial position.

When the standard entered into force on January 1, 2019, Mycronic chose to apply the modified retrospective approach, entailing that comparative information from prior periods is not presented. Lease payments are recognized on a straight-line basis over the lease term in comparative periods, and the right-of-use asset and the lease liability are thus not recognized in the statement of financial position.

Financial instruments

The financial instruments recognized in the statement of financial position include cash and cash equivalents, trade receivables and derivatives as assets. Financial liabilities include trade payables, loans payable, lease liabilities, contingent considerations and derivatives.

Recognition and derecognition from the statement of financial position

A financial asset or liability is recognized in the statement of financial position when the company initially becomes party to the contractual provisions of the instrument. Financial assets are recognized when the company has performed and there is a contractual obligation for the counterparty to pay, even if no invoice has been sent. Trade receivables

are recorded in the statement of financial position when an invoice has been sent. Financial liabilities are recognized when the counterparty has performed and there is a contractual obligation to pay, even if no invoice has been received. Trade payables are recorded when an invoice has been received.

A financial asset is derecognized from the statement of financial position when the company's rights under the agreement are realized, expire or the company has relinquished control of the asset. The same applies for a part of a financial asset.

A financial liability is derecognized from the statement of financial position when the obligation specified in the agreement is fulfilled or otherwise extinguished. The same applies for a part of a financial liability.

A financial asset and a financial liability are set off and netted in the statement of financial position only when a legal right of set off exists and there is an intent and ability to set off and net these items or to simultaneously realize the asset and settle the liability.

Acquisitions and sales of financial assets are recognized on the trade date. The trade date is the date on which the company commits to acquire or sell the asset.

Classification and valuation of financial assets

Debt instruments: the classification of financial assets that are debt instruments is based on the Group's business model for managing the asset and the character of the asset's contractual cash flow. The instruments are classified as:

- Amortized cost
- Fair value through other comprehensive income
- Fair value through profit and loss

The Group's assets in the form of debt instruments are classified at amortized cost. Financial assets classified at amortized cost are measured initially at fair value with the addition of transaction costs. Trade receivables are recognized initially at the invoiced value. Following initial recognition, the assets are measured in accordance with the effective interest method. Assets classified at amortized cost are held in accordance with the business model to collect contractual cash flows that are solely the payment of the principal and interest on the principal outstanding. Assets are subject to a loss allowance for expected credit losses.

Note 2 *continued*

Derivative instruments are classified at fair value in profit and loss, except where hedge accounting is applied, see also below. Fair value is determined according to the description in Note 36.

Classification and valuation of financial liabilities

Financial liabilities are classified at amortized cost with the exception of derivatives and contingent considerations. Financial liabilities classified at amortized cost are measured initially at fair value including transaction costs. After initial recognition, these are measured at amortized cost according to the effective interest method.

Derivative instruments are classified at fair value in profit and loss, except where hedge accounting is applied, see also below. Contingent considerations related to business combinations are recognized at fair value in profit and loss. Upon valuation of contingent considerations, level 3 in the valuation hierarchy is applied.

Reporting of derivative instruments and hedges

Derivative instruments consist of forward exchange contracts that are used to reduce transaction exposure in foreign currencies. Derivative instruments are not used for speculative purposes. All derivative instruments are measured at fair value in the statement of financial position.

In the Group, derivatives that are used to hedge probable future commercial inflows in foreign currency, in other words, inflows from sales, and which meet the requirements for hedge accounting, are reported according to the rules for hedge accounting for cash flow hedges. The Group applies hedge accounting in accordance with IFRS 9. This means that the effective portion of fair value changes on derivative instruments is recognized in the hedge reserve in other comprehensive income. The profit and loss attributable to the ineffective portion is recognized immediately in the profit and loss account under other operating income/expenses. The fair value of derivatives is measured through current market prices of currency and interest rates on the closing date.

Amounts accumulated in other comprehensive income are transferred to net sales in the profit and loss account in the periods when the hedged item is reflected in profit and loss, i.e. upon revenue recognition. When a hedged instrument expires, is sold or no longer meets the hedge

accounting criteria and the cumulative gains/losses are recognized in other comprehensive income, these gains/losses are retained in other comprehensive income, and are recognized in profit and loss when the forecast transaction is ultimately recognized in the profit and loss account. The effective portion is recognized in net sales when the hedged item affects profit and loss, while the ineffective portion is recognized in other operating income/expenses. When a forecast transaction is no longer expected to occur, the cumulative gains/losses recognized in other comprehensive income are immediately transferred to the profit and loss account among other operating income/expense.

The Group also applies hedge accounting of net investments in foreign operations. The exchange rate effects on hedging instrument debt in foreign currency is recognized in other comprehensive income, insofar as the hedge is effective. With this, exchange rate changes on the debt meet exchange rate differences from net investments in foreign operations as presented in other comprehensive income, and the amount accumulates in the translation reserve. The exchange rate effects remain in the translation reserve until such time as the net investment is divested, when the accumulated amount in the reserve is reclassified to profit and loss.

When hedge transactions are entered into, the relationship between the hedge instrument and the hedged risk is formally documented, including the company's risk management objective and strategy for undertaking the hedge. The Group also documents its assessment, both at the inception of a hedge and at each reporting date, on the effectiveness of the hedge instrument used in the hedge transaction in offsetting changes in cash flows or value. Changes in the hedge reserve and translation reserve are reported in other comprehensive income.

Inventories

Inventories are valued at the lowest of acquisition cost or net realizable value. Inventories are carried out at cost calculated on a first-in, first-out basis and include all costs arising from the purchase of the inventory assets and costs incurred in bringing the goods to their existing location and condition. For manufactured goods and work in progress, the cost includes a reasonable share of indirect costs

based on normal capacity. Deductions are made for internal profit arising from intra-group sales.

Net realizable value is the estimated selling price less the estimated costs for completion and selling costs in operating activities.

Impairment

Impairment testing of tangible and intangible assets and participations in subsidiaries

If there is an indication of impairment, the asset's recoverable amount is calculated (see below). For goodwill and other intangible assets with indefinite useful lives and intangible assets that are not ready for use, the recoverable value is calculated annually. If it is not possible to establish an independent cash flow for an individual asset, and its fair value less the sales costs cannot be used, the assets are grouped during impairment testing at the lowest level at which the identifiable cash flow can be identified, a so-called cash-generating unit.

An impairment is recognized when the carrying amount of an asset or cash-generating unit (group of units) exceeds the recoverable value. An impairment is recognized as a cost in the profit and loss account for the year. When the need for impairment has been identified for a cash-generating unit (group of units) the impairment amount is firstly distributed to goodwill. Then the remaining assets in the unit (group of units) are impaired proportionally.

The recoverable value is the highest of fair value less selling costs and the value in use. In measuring the value in use, future cash flows are discounted using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment of financial instruments

The Group's financial assets and contract assets, except for those classified at fair value in profit and loss, are subject to impairment for expected credit losses. Impairment for credit losses according to IFRS 9 is forward-looking and a loss allowance is made when there exists an exposure for credit risk, normally at initial recognition. Expected credit losses are reflected in the present value of all deficits in cash flow relating to default either for the next twelve months or for the anticipated remaining term of the financial instrument, depending on the type of asset and on the credit deterioration

since initial recognition. The expected credit losses reflect an objective, probability-weighted outcome that takes into account a number of scenarios based on reasonable and verifiable forecasts. The valuation of expected credit losses reflects any collateral and other credit enhancements in the form of guarantees.

The simplified approach applies for trade receivables and contract assets. A loss allowance is recognized, in the simplified approach, for the receivable or asset's anticipated remaining time to maturity.

For other items covered by expected credit losses, an impairment model is applied with three steps. Initially, and on every balance-sheet date, a loss allowance is recognized for the next twelve months, or alternatively for shorter periods depending on the remaining time to maturity (step 1). If a material increase in credit risk has occurred since the initial recognition, a loss allowance is recognized for the asset's remaining term (step 2). For assets where credit is deemed to have deteriorated, a provision remains for expected credit losses for the remaining term (step 3). For assets and receivables where credit is deemed to have deteriorated, the calculation is based on interest income on the asset's carrying amount, net of loss allowance, unlike the gross amount used in the earlier steps.

The financial assets are recognized in the statement of financial position at amortized cost, meaning net of gross value and loss allowance. Changes to the loss allowance are recognized in the profit and loss account.

Assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale are valued at the lower of their carrying amount and fair value less costs to sell and are not subject to amortization or depreciation. Certain criteria must be fulfilled to classify an asset as held for sale. The asset must be available for immediate sale in its present condition subject to usual and customary terms. Further, the sale must be highly probable within one year from the date of classification. The last-mentioned criterion means that a plan for the disposal must have been prepared and approved at the appropriate level of management,

Note 2 *continued*

an active programme for the disposal must have been initiated, and the asset must be marketed for sale at a price that is reasonable in relation to its current fair value.

Taxation

Income tax consists of current tax and deferred tax. Income tax is reported in the profit and loss account for the year, except when underlying transactions were reported in other comprehensive income or in equity, whereby related tax effects are reported in other comprehensive income or in equity.

Current tax is the tax payable or refundable for the current year, with the tax rates enacted or substantively enacted by the closing date. Current tax also includes adjustment of current tax from previous periods.

Deferred tax is calculated according to the balance sheet method on the basis of temporary differences between the carrying amount of an asset or liability and its tax base. Temporary differences are not taken into consideration in consolidated goodwill. Also not observed are temporary differences for participations in subsidiaries that are not expected to be reclassified in the foreseeable future.

The valuation of deferred tax is based on how underlying assets or liabilities are expected to be recognized or paid. Deferred tax is calculated using the tax rates and tax regulations enacted or substantively enacted by the closing date.

Deferred tax assets for deductible temporary differences and tax loss carry-forwards are only recognized to the extent that they are expected to be used. The value of deferred tax assets is reduced when it is no longer expected to be used.

Any additional income tax that arises in relation to dividend is recognized on the same date as the dividend is recognized as a liability.

Employee benefits

Pension commitments and other post-employment benefits

Pension commitments are classified either as defined contribution or defined benefit pension plans. Pension commitments in the Group are mainly fulfilled through payment of premiums according to a defined contribution pension plan.

A defined contribution pension plan is classified as the plans where a company's obligation is limited to the charges the company has undertaken to pay. In such cases, the size of the employee's pension is dependent on the charges paid by the company to the plan or to an insurance company and the capital return offered by the charges. Consequently, the employee carries the actuarial risk (that the compensation may be lower than expected) and the investment risk (that the invested assets will be insufficient to offer the expected compensation). The company's obligations regarding charges to defined contribution plans are charged to the profit and loss account for the period in which the employees render the related service to the company.

In the Japanese, Korean, French and Taiwanese subsidiaries, there are defined benefit commitments to employees for benefits after the end of employment. When employment ceases, through termination or retirement, the accumulated amount of benefit is paid out immediately. The commitment is valued in the Group in accordance with IAS 19. Defined benefit pension plans set forth an amount for the pension benefit that an employee will receive at retirement depending on factors such as age, period of service and salary. The liability on the balance sheet for defined benefit pension plans is the present value of the defined benefit commitment at the end of the reporting period less the fair value of the plan assets.

The defined benefit pension commitment is calculated annually by independent actuaries with the application of the projected unit credit method. Revaluation of defined benefit net liability is recognized in other comprehensive income. Other costs are recognized in operating profit.

Termination benefits

An expense is recognized on the termination of employees only when the company is demonstrably committed, without realistic possibility of withdrawal, by a detailed, formal plan to terminate an employee or group of employees before the normal retirement date. When termination benefits are provided as a result of an offer made to encourage voluntary redundancy, the expense is recognized if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Short-term employee benefits

For short-term employee benefits, the undiscounted amount of benefits expected to be paid in respect of service rendered in a period are recognized in that period. A provision for the expected cost of profit sharing and bonus payments is recognized when the Group has a legal or informal obligation to make such payments in respect of service rendered by employees and a reliable estimate of the expected cost can be made.

Long-term incentive programs

Certain key staff, including executive management, in the Group receive remuneration in the form of share-based remuneration (LTIP), through which employees provide services in exchange for shares in Mycronic (share-based remuneration that is settled with equity instruments).

The cost of share-based remuneration is the fair value at the time of allocation, which is calculated using accepted measurement models. This cost is recognized as personnel costs together with a corresponding increase in equity during the period when the service, and where applicable, the performance conditions are met (the vesting period). The accumulated cost recognized for share-based remuneration at each reporting date until final vesting reflects the achieved percentage of the vesting period and the Group's best estimate of the number of equity instruments that will ultimately be vested. The impact on profit/loss for a period represents the change in the accumulated cost for the period.

Service- and non-market-related vesting conditions are not considered when determining the fair value on the allotment date, but the probability that the conditions will be met is part of the Group's best estimate of the number of equity instruments that will ultimately be vested. Any market-related vesting conditions are reflected in the fair value on the allotment date.

No cost is recognized for equity instruments that are not vested due to failure to comply with service and/or performance conditions that are not market-related.

Provisions

A provision is different from other liabilities because the payment time or the size of the payment is not clear. A provision is recognized in the statement of financial position when there is a

legal or informal obligation as a result of an event occurring, and it is likely that an outflow of financial resources will be needed to meet the obligation and that this amount can be reliably estimated.

Provisions are made using the best estimate of what will be required to fulfill the existing obligation on the closing date.

Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical data regarding warranties and an overall review of potential outcomes in relation to the probabilities of such outcomes.

Restructuring

A provision for restructuring is recognized when there is an established, detailed and formal restructuring plan, and the restructuring has either been started or has been made public. No provisions are made for future operating costs.

Revenue recognition

The Group's net sales consist of revenue arising from the sale of goods (systems and system upgrades, spare parts and accessories) and services. Sales are denominated mainly in USD, EUR, JPY and CNY.

Revenue is recognized when a promised product or service is transferred to the customer, i.e., when the client has obtained control over it, which can happen over time or at a point in time. Revenue shall consist of the amount that the company expects to receive in exchange for the delivered goods or services. Revenue is reported net of any discounts.

Revenue related to sale of services, primarily linked to service agreements, is recognized upon provision of the service. Service agreements that are invoiced in advance are progressively recognized over the term of the agreement. Service contracts that are invoiced in arrears are reported as income over the course of the agreement. Costs for the provision of service are expensed as incurred. See Note 6 Revenue from contracts with customers.

Financial income and expenses

Financial income consist of interest income on invested assets, and dividends. Dividends are

Note 2 *continued*

reported when the right to receive dividends has been established. Financial expenses consist mainly of interest expenses.

Operating expenses

The Group's expenses mainly refer to materials and supplies, personnel costs and other external expenses, primarily consisting of consulting fees. An assessment is made of costs incurred but not invoiced by suppliers for work performed during the financial year, and a corresponding provision is recognized in accrued expenses in the statement of financial position. Costs related to research are expensed as incurred. Costs for development projects that meet the criteria for capitalization are reported as intangible assets. The amortization of capitalized development costs is included in the acquisition cost of inventories, which by extension impacts the cost of goods sold in the Group.

Earnings per share

Earnings per share are calculated on consolidated profit for the year attributable to the Parent Company's owners and the weighted average number of outstanding common shares during the year. When calculating earnings per share after dilution, the weighted average number of outstanding common shares is adjusted for the dilution effect of all potential common shares.

Note 3 Accounting policies of the Parent Company

The annual report of the Parent Company is presented in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities (January 2018). The Swedish Financial Reporting Board's statements for listed enterprises are also applied. RFR 2 means that in the report for the legal entity, the Parent Company shall apply all EU-approved IFRSs and statements as far as possible within the framework of the Annual Accounts Act, the law of safeguarding pension commitments and with respect to the connection between accounting and taxation. The recommendation indicates which exceptions and additions to IFRS that shall be made.

The differences between the Group's and the Parent Company's accounting policies are shown below. The accounting policies for the Parent Company shown below have been consistently applied to all periods presented in the Parent Company's financial statements.

Changes in accounting policies

Unless otherwise specified below, the Parent Company's accounting policies in 2022 have been modified in accordance with what is specified above for the Group.

Classification and disposition

A profit and loss account, a statement of comprehensive income and a statement of cash flow are reported for the Parent Company and the Group. The Parent Company is using the title of balance sheet for the statement that in the Group is titled as statement of financial position. The profit and loss account and balance sheet for the Parent Company are presented according to the Swedish Annual Accounts Act structure, while the statement of comprehensive income, report of changes in equity and statement of cash flow are based on IAS 1 Presentation of Financial Statements and IAS 7 Consolidated Cash Flow Statements.

Development expenses

All costs, for both research and development, are expensed as incurred.

Taxation

In the Parent Company, untaxed reserves are reported in the balance sheet without being split into equity and deferred tax liability, unlike the Group reporting. Correspondingly, there is no split between appropriations and deferred tax costs in the profit and loss account in the Parent Company.

Group contribution

Group contributions, received and submitted, are reported as appropriations in the Parent Company.

Leases

The Parent Company utilizes the exemption set out in RFR 2 Accounting for Legal Entities and recognizes lease payments as a cost on a straight-line basis over the period of the lease. The right-of-use asset and the lease liability are thus not reported in the balance sheet. The property leasing charge, consisting of a fixed portion and an interest portion, is recognized as a lease expense in the profit and loss account. Variable charges are expensed in the period in which they are incurred.

Subsidiaries

In the Parent Company, participation in group companies are accounted for according to the cost method. This means that transaction expenses and contingent considerations are included in the carrying amount of holding in subsidiaries. Transaction expenses are recognized in the consolidated financial statements directly in profit and loss when these arise. Contingent considerations are measured in the Parent Company assuming the probability that a purchase consideration will be paid and any changes impact historical cost. The consolidated financial statements recognize contingent considerations at fair value with changes in value in profit and loss. The Parent Company recognizes the full amount of dividends received from subsidiaries as revenue in profit and loss for the year.

Exchange-rate differences on long-term loans that form part of the Parent Company's net investments in foreign operations are recognized in profit and loss.

Financial instruments and hedge accounting

In view of the connection between accounting and taxation, the rules on financial instruments and hedge accounting in IFRS 9 are not applied by the Parent Company as a legal entity.

In the Parent Company, financial non-current assets are valued at cost, less any impairment and financial current assets at the lower of cost and net realizable value. In connection with impairment and recognition according to the lower of cost or net realizable value, impairment of the debt instrument is applied for expected credit losses in accordance with IFRS 9.

When hedging receivables and liabilities in foreign currency using forward contracts, the spot exchange rate is used on the day when the currency is hedged to value the hedged receivable or liability. The difference between the forward contract rate and the spot rate at the time of entering into the contract (forward premium) is allocated over the life of the forward contract. Allocated forward premiums are reported as other operating income and other operating expenses, respectively.

Note 4 Critical accounting estimates and assumptions

The executive management and the Audit Committee discuss the development, selection and information regarding the Group's critical accounting policies and estimates, as well as the application of these policies and estimates.

Critical estimates when applying the Group's accounting policies

The preparation of financial statements to conform with IFRS requires the management to make certain assumptions that affect the application of the company's accounting policies. When preparing the financial statements, the executive management is also required to make certain estimates and assumptions about the future that affect the reported amounts of assets and liabilities on the closing date. Revenues and expenses are also affected by the estimates. The actual results may differ from these estimates. The key assumptions and estimates are specified below.

Capitalized development expenditure

Development projects, where knowledge and understanding gained from research and practical experience are directed towards developing new products or processes, are recognized as intangible assets in the statement of financial position when they meet the criteria for capitalization. The carrying amount includes all directly attributable costs, such as those for materials and services as well as compensation to employees. Individual assessment is made of major ongoing research and development projects to determine whether these criteria have been met.

Because it may be difficult to distinguish between research and development projects, this judgment can be affected by individual interpretations.

Evaluating useful life periods and impairment requirements for intangible assets

Assets with an indefinite useful life, meaning goodwill and brands, are not amortized but are tested annually, or as required, for impairment. Assets that are subject to amortization/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that

the carrying amount may not be recoverable. Impairment losses are recognized in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the highest of an asset's fair value less selling costs and the value in use. During impairment testing, assets are grouped at the lowest level with separate identifiable cash flow (cash-generating units). The value in use is based on cash flow forecasts, built on the executive management's and Board's business plan for the coming five years, for the cash-generating unit to which the values belong. These assessments can have a large impact on the Group's reported values of intangible assets.

Amortization of intangible assets is based on the estimated useful life of the asset. Depending on which useful life is determined for an asset, this can have a significant impact on the Group's reported profit. The expected residual value of an intangible asset at the end of its useful life is always set to zero.

Inventories

Inventories are valued at the lowest of acquisition cost or net realizable value. For manufactured goods and work in progress, the acquisition cost includes a fair share of indirect costs based on normal production capacity. Incorrect assumptions in the company's inventory accounting model give an incorrect cost allocation which affects the book value of inventories and the reported cost of goods sold.

Acquisitions and valuation of contingent considerations

In connection with business combinations, acquired assets, liabilities and contingent considerations are valued at fair value. Contingent considerations are subsequently valued at fair value at each reporting period. The valuation model is based on assumptions about future financial performance of the acquired company. These estimates have a major impact on the valuation of acquired assets and liabilities as well as reported values of contingent considerations.

Note 5 Capital management and proposal on appropriation of profit

The Board supervises the Group's capital structure and financial management, approves matters related to acquisitions, investments and financing and monitors the Group's exposure to financial risks. In 2022, the Board and executive management decided on new financial and sustainability targets, which shall be reached during the period 2027–2030:

Growth

Net sales shall reach SEK 10 billion.

Profitability

EBIT shall exceed SEK 2 billion. The EBIT margin for individual divisions shall exceed 10 percent.

Sustainability

Own CO₂ emissions shall be reduced by 50 percent.

Mycronic's dividend policy

The objective of the company is to provide both good returns and value growth. Between 30 and 50 percent of net profit will be distributed to the shareholders, provided the company has a net debt lower than 3 times EBITDA after stipulated dividend. In each case, account shall be taken of the company's financial position, profitability trends, growth potential and future investment needs.

At the Annual General Meeting's disposal are the following amounts in SEK:

Share premium reserve	223,012,778
Retained earnings	1,870,413,730
Profit for the year	527,800,893
Total	2,621,227,401

The Board of Directors proposes that the retained earnings and non-restricted equity be managed as follows:

Dividend	342,707,782
Carried forward to new account	2,278,519,619

Proposal on dividend

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 3.50 per share, amounting to SEK 342.7 million. The dividend corresponds to 47 percent of the Group's net profit after tax.

Note 6 Revenue from contracts with customers

2022	Pattern Generators	High Flex	High Volume	Global Technologies	Inter-division sales	Group
Geographical market						
EMEA	—	707	44	101	-42	810
North and South America	239	425	27	177	—	868
Asia	1,130	246	1,492	587	-15	3,441
Total	1,369	1,378	1,563	865	-56	5,119
Type of good/service						
System	666	903	1,438	648	-55	3,599
Aftermarket	703	475	126	218	-1	1,520
Total	1,369	1,378	1,563	865	-56	5,119
Timing of revenue recognition						
Goods transferred at a point in time	600	1,232	1,557	800	-56	4,132
Service transferred over time	770	146	6	65	—	987
Total	1,369	1,378	1,563	865	-56	5,119

2021	Pattern Generators	High Flex	High Volume	Global Technologies	Inter-division sales	Group
Geographical market						
EMEA	—	572	33	70	-33	642
North and South America	143	363	1	162	0	669
Asia	1,502	241	1,166	425	-11	3,323
Total	1,645	1,176	1,200	657	-44	4,635
Type of good/service						
System	1,037	747	1,103	498	-44	3,340
Aftermarket	609	429	97	160	—	1,295
Total	1,645	1,176	1,200	657	-44	4,635
Timing of revenue recognition						
Goods transferred at a point in time	1,000	1,051	1,194	617	-44	3,817
Service transferred over time	645	126	7	40	—	818
Total	1,645	1,176	1,200	657	-44	4,635

The distribution of Revenue from contracts with customers by division, geographical markets, type of good or service and timing of revenue recognition is summarized in the table to the left.

Revenue from aftermarket sales consists primarily of service revenue from all divisions, upgrades from the Pattern Generators division and spare parts and accessories from the High Flex, High Volume and Global Technologies divisions.

Information about trade receivables, contract assets and contract liabilities from contracts with customers are summarized in the table below.

Contract balances	Group		Parent Company	
	2022	2021	2022	2021
Non-current trade receivables	13	6	3	2
Trade receivables, see Note 27	1,143	658	305	126
Contract assets	54	117	22	77
Contract liabilities	-830	-481	-591	-189
Total	379	301	-260	16

Contract assets mainly pertain to the Group's right to reimbursement for work performed but not invoiced that is linked to system sales in the Pattern Generators division. Contract assets are transferred to trade receivables when the Group issues an invoice to the customer, which normally takes place when the terms for the installation are met.

Contract liabilities mainly consist of advance payments on orders received, unmet performance obligations related to system sales in the Pattern Generators division, and prepaid service revenue in all divisions. Of the SEK 481 million recognized as contract liabilities on the opening date, SEK 436 million was recognized as revenue as of December 31, 2022.

In the Pattern Generators division, payment is normally made for system orders when the order is confirmed and in conjunction with shipping, and a smaller portion is paid after installation is approved. Payments for upgrades are normally received after installation is approved. Service contracts are paid monthly or quarterly in arrears.

In the High Flex, High Volume and Global Technologies divisions, payment is normally made for system orders when the order is confirmed and after shipping, and a smaller portion is paid after installation is approved. Payments for spare parts and accessories normally take place after delivery. See Note 35 for average credit periods. Service contracts are normally paid in advance, annually or quarterly.

Note 6 *continued*

Performance obligations

High Flex, High Volume and Global Technologies

System sales in the High Flex, High Volume and Global Technologies divisions is normally divided into two separate performance obligations: system and installation. The system portion is recognized as income at a point in time while the installation is recognized over time. Aftermarket sales includes goods, such as spare parts and accessories, which are recognized as income at a point in time and service revenue that is recognized over time.

Pattern Generators

System sales in the Pattern Generators division is divided into three separate performance obligations: system, installation and service-type warranty. The system portion is recognized as income at a point in time while the installation and warranty are recognized over time. Aftermarket sales mainly comprise revenue from service contracts that is recognized as income over time and upgrades that are normally recognized at a point in time.

In the Pattern Generators division, combined agreements exist where two or more agreements are signed at the same time, or almost at the same time, with the same customer and when other criteria for recognizing the agreements as combined are satisfied. These combined agreements can include performance obligations such as system, installation, service-type warranty and upgrades.

Remaining performance obligations

Remaining performance obligations as per December 31, 2022 amounted to SEK 3,574 million, including advances and deferred income recognized as contract liabilities. The remaining performance obligations include 25 mask writers, of which 14 with planned delivery in 2023.

Note 7 Segment reporting

The Group has four segments, which correspond to its four divisions. The Pattern Generators division develops, manufactures and markets mask writers and measuring machines for production of photomasks for displays and semiconductors. Service agreements are a central part of the division's offering. The High Flex division develops, manufactures and markets surface mount technology (SMT) and inspection equipment, focusing on markets for flexible manufacture, primarily in Europe and the USA. The High Volume division develops, manufactures and markets equipment for dispensing and conformal coating of circuit boards, as well as automated screen printers, with a focus

on high-volume markets in Asia. The Global Technologies division's offering comprises die bonding systems and equipment for electrical testing of bare board PCBs and substrates.

The accounting principles of the segments are the same as for the Group, with the exception of IFRS 16 Leases. Net sales per geographical market are determined using the domicile of the customer. Consolidated net sales consist of revenue from sales of goods and services. Services mainly consist of service contracts, which normally include spare parts

NET SALES AND PROFIT/LOSS BEFORE TAX

2022	Pattern Generators	High Flex	High Volume	Global Technologies	Group- wide ¹	Effects of IFRS 16	Elimina- tions	Group
Revenue from external customers	1,369	1,371	1,513	865	—			5,119
Internal revenue	—	6	50	—	—		-56	0
Total revenue	1,369	1,378	1,563	865	—	—	-56	5,119
<i>of which 0 customers represent more than 10 percent of the Group's total sales</i>	—	—	—	—	—			—
Gross profit	782	571	603	333	—	2	-3	2,288
Gross margin, %	57	41	39	38	—	—	—	45
Operating expenses and EBIT								
R&D expenditure	-219	-195	-141	-71	—	0	—	-626
Capitalized development expenditure	2	28	—	—	—	—	—	30
Amortization and impairment of acquired technology	—	-4	-12	-26	—	—	—	-42
Selling expenses	-66	-202	-177	-128	-40	1	1	-611
Administrative expenses	-29	-45	-55	-41	-110	1	1	-278
Other income and expenses	-5	21	71	34	12	—	—	133
Financial income and expenses	—	—	—	—	1	-5	—	-4
Profit before tax	465	175	290	101	-136	-2	-1	890
Assets								
Capitalized development expenditure	56	62	—	—			—	118
Inventories	406	301	482	254			-10	1,433
Trade receivables	359	301	344	138			—	1,143
Investments								
Capitalized development expenditure	2	28	—	—			—	30

1) Includes costs for Group-wide functions, amortization of previously acquired intangible assets and financial items.

Note 7 *continued*NET SALES AND PROFIT/LOSS BEFORE TAX *continued*

2021	Pattern Generators	High Flex	High Volume	Global Technologies	Group- wide ¹	Effects of IFRS 16	Elimina- tions	Group
Revenue from external customers	1,645	1,173	1,159	657	—	—		4,635
Internal revenue	—	3	41	—	—	—	-44	0
Total revenue	1,645	1,176	1,200	657	—	—	-44	4,635
<i>of which 1 customer represents more than 10 percent of the Group's total sales</i>	647	—	—	—				647
Gross profit	1,105	469	508	200	—	2	0	2,284
Gross margin, %	67	40	42	30	—	—	—	49
Operating expenses and EBIT								
R&D expenditure	-219	-177	-107	-68	—	0	0	-570
Capitalized development expenditure	17	29	—	—	—	—	—	46
Amortization and impairment of acquired technology	—	-4	-5	-16	—	—	—	-25
Selling expenses	-55	-168	-156	-94	-53	1	0	-526
Administrative expenses	-25	-44	-40	-25	-110	1	0	-243
Other income and expenses	9	30	31	0	12	—	—	82
Financial income and expenses	—	—	—	—	2	-5	—	-2
Profit before tax	832	136	231	-3	-149	-1	0	1,046
Assets								
Capitalized development expenditure	72	54	—	—			—	126
Inventories	411	244	568	148			-8	1,363
Trade receivables	182	240	117	118			—	658
Investments								
Capitalized development expenditure	17	29	—	—			—	46

1) Includes costs for Group-wide functions, amortization of previously acquired intangible assets and financial items.

NET SALES PER GEOGRAPHICAL MARKET

	Group		Parent Company	
	2022	2021	2022	2021
Sweden	26	49	26	49
Rest of Europe	762	569	508	346
USA	795	601	564	369
Other Americas	73	69	12	22
China	2,316	2,116	408	669
South Korea	494	704	462	697
Rest of Asia	631	503	457	400
Other countries	21	25	13	4
Total	5,119	4,635	2,450	2,557
of which, system sales	3,599	3,340	1,473	1,708
of which, aftermarket sales	1,520	1,295	926	813
of which, group-wide services	—	—	52	36
	5,119	4,635	2,450	2,557

NON-CURRENT ASSETS PER GEOGRAPHICAL MARKET

	Group		Parent Company	
	2022	2021	2022	2021
Sweden	367	372	147	119
Germany	898	865		
Rest of Europe	84	55		
USA	574	530		
China	923	876		
Rest of Asia	41	27		
Total	2,886	2,726	147	119

Note 8 Transactions with related parties

Intra-Group transactions

Of the Parent Company's purchases during the year, SEK 428 million (433), was attributable to Group companies. Of the year's net sales, SEK 1,283 million (1,172) was attributable to Group companies. All transactions are conducted on market terms.

Transactions with persons in senior positions

Except what is described in Note 14 "Employees, personnel costs and remuneration to the executive management", no transactions have taken place with closely related persons.

Note 9 Fees for auditing and non-auditing services

	Group		Parent Company	
	2022	2021	2022	2021
<i>Fees and compensation, auditing, etc.:</i>				
Auditing assignments, EY	11.8	12.4	5.6	5.5
Auditing assignments, other	0.4	0.2	—	—
Audit-related services, EY	0.8	1.0	0.8	1.0
Tax consulting, EY	0.9	1.0	—	—
Other assignments, EY	0.0	6.8	0.0	4.2
	14.0	21.4	6.4	10.7

Auditing assignments refer to the auditing of the consolidated financial statements, the accounts and the administration of the Board of Director's and the CEO, other tasks that befall on the company's auditor and advice or other assistance prompted by observations from such audits or the performance of such tasks. Other assignments mainly pertain to services in connection with business combinations and divestments. The 2022 Annual General Meeting re-elected Ernst & Young (EY) as auditor.

Note 10 Other operating income/expenses

	Group		Parent Company	
	2022	2021	2022	2021
Other operating income				
Exchange rate gains	12	27	176	118
Gains from divestments of subsidiaries	23	—	—	—
Other	99	58	8	5
	133	85	184	123
Other operating expenses				
Exchange rate losses	—	—	—	—
Other	0	-3	—	—
	0	-3	—	—
of which, exchange rate differences on derivatives recognized in the profit and loss account at fair value	-23	8	-35	-5

Other operating income, excluding exchange rate gains and gains from divestments of subsidiaries, refers to such items as government grants and revaluation of contingent considerations. Gains from divestments of subsidiaries pertain to the divestment of AEi which was completed at the beginning of February 2022.

Note 11 Research and development expenses

	Group		Parent Company	
	2022	2021	2022	2021
<i>R&D expenditure</i>				
Pattern Generators	219	219		
High Flex	195	177		
High Volume	141	107		
Global Technologies	71	68		
	626	570	398	377
<i>Capitalized development</i>				
Pattern Generators	-2	-17		
High Flex	-28	-29		
	-30	-46	—	—
<i>Amortization of acquired technology</i>				
High Flex	4	4		
High Volume	8	5		
Global Technologies	26	16		
	38	25	—	—
<i>Impairment of acquired technology</i>				
High Volume	4	—	—	—
Reported cost	638	548	398	377

Note 12 Operating expenses

Functionalized expenses allocated by type of cost.

Group 2022	Cost of goods sold	Research and Development	Selling expenses	Administrative expenses	Other operating expenses	Total
Material costs	1,695	1	2	0	—	1,698
Personnel costs	639	383	306	218	—	1,546
Depreciation/amortization and impairment of assets	112	63	50	28	—	253
Other external costs	385	192	252	32	0	861
	2,831	638	611	278	0	4,358

Group 2021

Material costs	1,357	-8	1	0	—	1,350
Personnel costs	558	332	275	208	—	1,373
Depreciation/amortization and impairment of assets	90	57	40	18	—	205
Other external costs	346	167	210	18	3	743
	2,351	548	526	243	3	3,671

Note 13 Depreciation/amortization by function

Group 2022	Customer relationships	Brands	Business systems	Development expenses/Technology	Tangible assets	Right-of-use assets	Total
Cost of goods sold	—	—	2	40	30	40	112
Research and Development	—	—	2	42	15	4	63
Selling expenses	31	0	0	—	8	12	50
Administrative expenses	—	—	2	—	10	17	28
	31	0	6	82	62	72	253

Group 2021

Cost of goods sold	—	—	3	36	19	33	90
Research and Development	—	—	2	25	21	9	57
Selling expenses	19	2	0	—	7	13	40
Administrative expenses	—	—	2	—	8	7	18
	19	2	7	61	55	62	205

Note 13 *continued*

	Customer relationships	Brands	Business systems	Development expenses/ Technology	Tangible assets	Right-of-use assets	Total
Parent Company 2022							
Cost of goods sold	—	—	2	—	20	—	22
Research and Development	—	—	1	3	11	—	15
Selling expenses	—	—	0	—	0	—	1
Administrative expenses	—	—	2	—	2	—	4
	—	—	5	3	33	—	42
Parent Company 2021							
Cost of goods sold	—	—	3	—	12	—	15
Research and Development	—	—	1	3	18	—	23
Selling expenses	—	—	0	—	0	—	1
Administrative expenses	—	—	2	—	2	—	5
	—	—	6	3	33	—	42

Note 14 Employees, personnel costs and remuneration to the executive management

The Chairman and the members of the Board are remunerated according to the AGM decision. Members of the Board that are appointed by unions do not receive remuneration. No fees are paid to the Boards of the subsidiaries. Guidelines for remuneration to the CEO and members of the executive management are established by the AGM. The proposal of remuneration guidelines is prepared by the Remuneration Committee of the Board. The Board thereafter resolves on the proposal, which is presented at the AGM.

Reported remuneration refers to the CEO and the seven members who constituted the executive management in 2022. The executive management changed during the year following the appointment of a new SVP HR. The total remuneration for the CEO and members of the executive management consists of base salary, variable pay, pension and other benefits. Short-term variable pay may total a maximum of 110 percent of base salary, after fulfilment of performance targets. For 2022, short-term variable pay could amount to a maximum of SEK 20.6 million excluding social security expenses. Long-term variable pay may consist of share or share price-based remuneration and other remuneration linked to continued employment.

At the AGMs in 2019, 2020, 2021 and 2022, decisions were taken on free-of-charge, performance-based, share-based remuneration ("LTIP") that addresses members of the executive management and other key employees as a mean of increasing and strengthening opportunities to recruit, retain and motivate employees, and to encourage personal, long-term ownership in Mycronic. Provided the participant is employed by Mycronic throughout the vesting period until allotment, the participant has the right after the end of the vesting period to receive an allotment of shares in Mycronic, referred to as performance shares. The number of shares awarded is dependent on the fulfilment

of specific performance requirements linked to Mycronic's earnings per share and for active programs amounts to a maximum of 10,300 for a single participant.

Any allocation of performance shares within each respective program will be made during a limited period of time after the AGM that takes place following the expiration of each program's three-year qualification period. The accompanying table shows the maximum number of shares that can be transferred free of charge to participants if the established performance criteria are fully met. In 2022, costs, excluding social security expenses, related to performance shares were recognized in an amount of SEK 14 million (7) and SEK 10 million (5) in the Group and Parent Company, respectively.

Pension and health insurance benefits are premium-based. The contractual retirement age is 65 years for members of the executive management employed in Sweden. For members in the executive management employed outside of Sweden, locally competitive pension plans and retirement ages are applied. Other benefits may include, for example, car benefits and health care insurance.

For the CEO, the notice period is twelve months in the event of termination by the company, with twelve months' severance pay. During the notice period, base salary and associated benefits apply. For members of the executive management employed in Sweden, the mutual notice period is a maximum of six months. Upon termination by the company, six months' severance pay applies. During the notice period, the current employment contract runs with associated benefits. For other members of the executive management who are locally employed outside of Sweden, employment or contractual agreements shall comply with mandatory rules applicable in the relevant jurisdiction or local practice.

TOTAL REMUNERATION

	Group		Parent Company	
Salaries and remuneration	2022	2021	2022	2021
Board and executive management	49	47	30	29
Other employees	1,154	1,027	254	234
Total salaries and remuneration	1,203	1,074	285	263
Social security expenses	201	172	95	83
Pension expenses	105	88	51	47
Total expenses	1,509	1,334	431	393

The reported remuneration to employees includes variable pay for the Group of SEK 238 million (268) excluding social security expenses, of which SEK 38 million (29) refer to the Parent Company.

SHARE-BASED REMUNERATION

	LTIP 2022	LTIP 2021	LTIP 2020	LTIP 2019
Performance period	2022-2025	2021-2024	2020-2023	2019-2022
Expiration date	2025-07-01	2024-07-01	2023-09-01	2022-11-01
Allocated performance share rights	113,900	94,600	105,500	141,400
Outstanding January 1, 2022	—	87,400	84,900	100,600
Granted	113,900	—	—	—
Transferred	—	—	—	-67,933
Forfeited	-1,400	-5,500	-6,400	-32,667
Outstanding December 31, 2022	112,500	81,900	78,500	0
Remaining exercise period in months	30	18	8	—
Outstanding January 1, 2021	—	—	105,500	123,600
Granted	—	94,600	—	—
Transferred	—	—	—	—
Forfeited	—	-7,200	-20,600	-23,000
Outstanding December 31, 2021	—	87,400	84,900	100,600
Remaining exercise period in months	—	30	20	10

Forfeited share rights refer to participants who are no longer employed by Mycronic as well as performance conditions that have not been met.

Note 14 *continued*

REMUNERATION TO THE BOARD

	2022			2021		
	Board fees	Commit-tee fees	Total	Board fees	Commit-tee fees	Total
Patrik Tigerschiöld, Chairman of the Board and Chairman of the Remuneration Committee	0.9	0.1	1.0	0.8	0.1	0.9
Anna Belfrage, Chairman of the Audit Committee	0.3	0.1	0.5	0.3	0.1	0.4
Katarina Bonde	0.3	0.1	0.4	0.3	0.1	0.4
Robert Larsson	0.3	0.1	0.4	0.3	0.0	0.4
Staffan Dahlström	0.3	0.1	0.4	0.3	—	0.3
Arun Bansal	0.3	0.1	0.4	0.3	0.0	0.4
Bo Risberg	0.3	—	0.3	—	—	—
Total remuneration to the Board	2.9	0.5	3.4	2.4	0.3	2.7

REMUNERATION TO EXECUTIVE MANAGEMENT

2022	Base salary	Other remuneration	Short-term variable pay	Long-term variable pay	Pension expenses	Other benefits	Total
Anders Lindqvist, CEO	6.5	0.1	5.8	1.7	2.3	0.0	16.4
Other executive management (7 persons)	19.1	0.4	9.6	1.8	3.7	0.2	34.9
Total remuneration	25.6	0.5	15.4	3.6	6.0	0.2	51.3
2021							
Anders Lindqvist, CEO	5.6	0.1	5.5	0.0	2.0	0.1	13.4
Other executive management (8 persons)	17.9	4.9	9.6	0.6	4.3	0.3	37.7
2021							
Total remuneration	23.6	5.0	15.2	0.6	6.3	0.4	51.0

Reported remuneration refers to members of the executive management.

Base salary

During 2022, the base salary for the CEO amounted to SEK 540 thousand per month.

Other remuneration

Other remuneration mainly consists of severance expenses and remuneration connected to continued employment. Severance expenses include paid and accrued remuneration in accordance with severance agreements entered into in 2021. No costs were recognized in 2022.

The remuneration connected to continued employment pertains to agreements, with certain members of the executive management, that were entered into prior to them becoming members of the executive management. During 2021, SEK 9.0 million was expensed related to these agreements, of which SEK 2.3 million is reported as Other remuneration and pertains to amounts paid during the year.

Short-term variable pay

The short-term variable pay for the CEO during the year amounted to SEK 5.8 million, and for other members of the executive management to SEK 9.6 million. The outcome for 2022 reached 75 percent of maximum amount.

Long-term variable pay

Long-term variable pay, SEK 3.6 million, refers to share-based remuneration (LTIP) transferred to executive management in 2022. The expensed amount during the year amounted to SEK 4.4 million.

Pension expenses

Pension benefits are premium-based. The pension premium for the CEO is limited to 35 percent of base salary.

Other benefits

Other benefits consist of car benefit and health insurance.

PERCENTAGE OF WOMEN

% (average)	Group		Parent Company	
	2022	2021	2022	2021
Board of Directors	29	33	29	33
Executive management	36	35	36	35

The Board and the executive management of the Parent Company consisted of 17 (17) people during the year and were 17 (16) people at the end of the year. The proportion of women in the Parent Company's board is based on the members who are elected by the AGM.

AVERAGE NUMBER OF EMPLOYEES

	2022		2021	
	Total	of which women	Total	of which women
<i>Parent Company</i>				
Sweden	364	84	348	77
Total in Parent Company	364	84	348	77
France	56	10	63	12
Japan	76	8	78	8
China	1,113	164	846	132
Netherlands	12	2	12	2
Singapore	6	1	6	1
United Kingdom	13	3	13	3
South Korea	45	7	40	6
Germany	134	28	91	20
USA	153	30	171	27
Taiwan	27	6	13	3
Vietnam	5	1	2	0
Total in subsidiaries	1,639	260	1,335	214
Total in Group	2,002	343	1,683	291

Note 15 Net financial items

	Group		Parent Company	
	2022	2021	2022	2021
Interest income from Group companies	—	—	44	29
Other interest income (loans and trade receivables)	9	11	3	1
Total interest income in accordance with effective interest method¹	9	11	46	31
Dividend from Group companies	—	—	69	164
Financial income/Interest income and similar profit/loss items	9	11	116	194
Interest expenses	-13	-14	-7	-9
Total interest expenses in accordance with effective interest method	-13	-14	-7	-9
Impairment of participations and receivables, Group companies ²	—	—	—	-45
Financial expenses/ Interest expenses and similar profit/loss items	-13	-14	-7	-54
Financial net/Profit/loss from financial investments	-4	-2	108	140

1) Financial instruments classified at amortized cost.

2) See Note 22 and 24.

Note 16 Appropriations and untaxed reserves

Appropriations	2022	2021
Changes in tax allocation reserve	-22	-202
Changes in depreciation exceeding plan	-2	3
	-24	-199
Untaxed reserves		
Allocation reserve	1,274	1,252
Accumulated additional depreciation	26	23
	1,300	1,275
Allocation reserves that fall due within		
one year	204	182
one to five years	866	853
later than five years	204	217
	1,274	1,252

Note 17 Earnings per share

	Group	
Amount in SEK	2022	2021
Earnings per share before dilution	7.59	8.48
Earnings per share after dilution	7.59	8.48

The calculation of earnings per share is based on profits and number of shares detailed below.

	Group	
	2022	2021
Profit attributable to the owners of the Parent Company, SEK million	741	828
Basic weighted average number of shares outstanding, thousand	97,597	97,649
Effect of share-based remuneration, number of shares thousand	13	60
Diluted weighted average number of shares outstanding, thousand	97,610	97,709

Note 18 Income tax

	Group		Parent Company	
	2022	2021	2022	2021
<i>Current tax</i>				
The year's tax expense	-196	-188	-127	-135
	-196	-188	-127	-135
<i>Deferred tax</i>				
Deferred tax on temporary differences	42	-31	0	0
	42	-31	0	0
Total reported tax	-154	-219	-127	-135

RECONCILIATION OF EFFECTIVE TAX

	Group		Parent Company	
	2022	2021	2022	2021
Profit before tax	890	1,046	655	735
Tax according to tax rate in the Parent Company 20.6% (20.6%)	-183	-216	-135	-151
Effect of different tax rates in foreign subsidiaries	28	8	—	—
Non-deductible/non-taxable items	46	12	11	18
Utilization/increase of loss carryforwards for which deferred tax is not recognized	-18	-4	—	—
Temporary differences for which deferred tax assets have not been accounted	-16	-7	—	—
Withholding tax on dividends	-4	-9	—	—
Other	-6	-4	-4	-1
Reported effective tax	-154	-219	-127	-135

Note 18 *continued*

TAX ITEMS RECOGNIZED IN OTHER COMPREHENSIVE INCOME

	Group		Parent Company	
	2022	2021	2022	2021
Actuarial profit/loss from defined benefits to employees	0	0	—	—
Cash flow hedges	-8	20	—	—
Translation differences on foreign currency loans treated as net investments in subsidiaries	-36	-18	—	—
	-44	2	—	—

RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

Group	2022		2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Tangible assets incl. right-of-use assets	7	-3	5	-3
Intangible assets	3	-81	4	-87
Derivatives used as hedging instruments	—	-7	3	—
Trade receivables	30	—	37	—
Inventories	73	-15	25	—
Untaxed reserves	—	-277	—	-275
Provisions	17	—	16	—
Accrued expenses and deferred income	31	—	17	—
Other liabilities	11	—	19	—
Other	26	—	16	—
Loss carryforwards	44	—	39	—
Tax assets/liabilities	242	-384	181	-364
Set-off	-49	49	-35	35
Net tax assets/liabilities	193	-335	145	-329

Parent Company	2022		2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Trade receivables	0	—	1	—
Provisions	5	—	5	—
Tax assets/liabilities	6	—	6	—

Set-off of tax assets and tax liabilities is carried out within the same tax entity. The Group's deferred tax liabilities net amounted to SEK 142 million (184). Of the change for the year of SEK -42 million (31), SEK -42 million (31) was recognized in the profit and loss account, SEK 0 million (-35) was recognized in other comprehensive income and SEK 0 million (35) was added through business combinations. Tax assets regarding loss carryforwards are only recognized to the

extent that they are probable to be used. At the end of the year, the Group's accumulated loss carryforwards amounted to SEK 871 million. Tax assets were recognized at an amount of SEK 44 million, corresponding to loss carryforwards of SEK 182 million. Loss carryforwards mainly refer to subsidiaries in France and the USA and can be utilized without a time limit.

Note 19 Intangible assets

Group	Business systems		Development expenses		Technology		Customer relationships		Brands		Goodwill		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<i>Accumulated cost</i>														
Opening balance at January 1	40	56	982	935	327	168	191	193	102	72	1,740	963	3,381	2,387
Investments during the year	3	2	30	46	—	—	—	—	—	—	—	—	34	48
Investments through business combinations	—	0	—	—	—	193	—	78	—	25	—	744	0	1,039
Historical cost sold/scrapped assets	-9	-19	—	—	—	—	—	—	—	-2	—	—	-9	-20
Assets held for sale	—	—	—	—	—	-42	—	-85	—	—	—	-84	0	-211
Exchange rate differences for the year	0	0	1	0	20	7	9	5	6	7	126	117	162	137
Closing balance, accumulated cost at December 31	34	40	1,013	982	347	327	200	191	108	102	1,866	1,740	3,568	3,381
<i>Accumulated amortization and impairment</i>														
Opening balance at January 1	-26	-37	-855	-820	-99	-109	-85	-151	-20	-18	—	—	-1,085	-1,135
Amortization sold/scrapped assets	9	19	—	—	—	—	—	—	—	—	—	—	9	19
Assets held for sale	—	—	—	—	—	35	—	85	—	—	—	—	—	120
Amortization and impairment for the year	-6	-7	-40	-36	-42	-25	-31	-19	0	-2	—	—	-119	-89
Closing balance, accumulated amortization and impairment at December 31	-23	-26	-895	-855	-141	-99	-115	-85	-20	-20	—	—	-1,194	-1,085
Closing balance, residual value according to plan at December 31	11	14	118	126	206	229	84	106	88	82	1,866	1,740	2,374	2,296

Parent Company	Business systems		Technology		Total	
	2022	2021	2022	2021	2022	2021
<i>Accumulated cost</i>						
Opening balance at January 1	34	52	17	17	51	69
Investments during the year	2	0	—	—	2	0
Cost, disposals	-9	-19	—	—	-9	-19
Closing balance, accumulated cost at December 31	27	34	17	17	44	51
<i>Accumulated amortization</i>						
Opening balance at January 1	-24	-36	-10	-7	-34	-42
Disposals for the year	9	19	—	—	9	19
Amortization for the year	-5	-6	-3	-3	-9	-10
Closing balance, accumulated amortization at December 31	-19	-24	-13	-10	-33	-34
Closing balance, residual value according to plan at December 31	8	11	3	7	11	17

Each development project is assessed individually to determine whether the criteria for capitalization in the statement of financial position have been met. Capitalized expenditure consists of internally produced assets. The estimated useful life is five years.

Other intangible assets mainly refer to business combinations. In November 2021, intangible assets in the form of technology, customer relationships, brand and goodwill were added through the acquisition of HC Xin. Technology and customer relationships have estimated useful lives of seven years.

In June 2021, intangible assets in the form of technology, customer relationships, brand and goodwill were added through the acquisition of atg L&M. The estimated useful lives of technology and customer relationships are ten and seven years, respectively.

In June 2018, intangible assets in the form of technology, customer relationships, brand and goodwill were added through the acquisition of MRSI. Technology and customer relationships have estimated useful lives of seven years.

The acquisition of Vi TECHNOLOGY was carried out at the end of

Note 19 *continued*

October 2017. In connection with the acquisition, intangible assets were identified in the form of technology and goodwill. The estimated useful life of technology is seven years.

The acquisition of Axxon was carried out at the end of October 2016. In the purchase price allocation, assets in technology, customer relationships, brand and goodwill were identified. Technology and customer relationships have estimated useful lives of seven years.

Information about depreciation/amortization by function is provided in Note 13. The carrying amount of intangible assets with indefinite useful lives, excluding goodwill, is SEK 86 million (82) and refers to brands. Useful life has been defined as indefinite where the time period, during which an asset is deemed to contribute to economic benefits, cannot be determined.

Impairment testing of intangible assets

The carrying amount of goodwill and brands with indefinite lives are annually assessed through impairment testing of the cash-generating unit based on the unit's value in use. The cash-generating units referred to are division High Flex, division High Volume, division Global Technologies excluding atg L&M as well as atg L&M.

The carrying amount of goodwill in High Flex totals SEK 372 million (341). The carrying amount of goodwill and brands in High Volume totals SEK 549 million (519) and SEK 53 million (50), respectively. The carrying amount of goodwill and brands in Global Technologies, excluding atg L&M, totals SEK 239 million (211) and SEK 12 million (10), respectively. The carrying amount of goodwill and brands in atg L&M amounts to SEK 706 million (669) and SEK 25 million (23), respectively. The value in use is based on cash flow forecasts, built on the Executive Management's and Board's business plan for the coming five years. After the business plan period, the expected growth rate is 2 percent (2).

The recoverable value of the estimated cash flows has been calculated using a discount factor of 14.8 percent (14.9) before tax and 12.0 percent (12.0) after tax for the High Flex division. For the High Volume division, a discount factor of 13.6 percent (13.7) before tax and 12.0 percent (12.0) after tax was applied. For the Global Technologies division, a discount factor of 15.1 percent (15.2) before tax and 12.0 percent (12.0) after tax was applied. A discount factor of 12.4 percent (10.9) before tax and 9.5 percent (8.3) after tax was used for atg L&M. The most important assumptions in the five-year business plan relate to sales volumes, margins, operating profit, working capital, capital expenditure and discount factors. Since the recoverable value thus calculated exceeds the carrying amount, no indication of impairment has been reported. Atg L&M is developing according to plan but with some sensitivity to changes in significant assumptions. In connection with a decrease in the expected annual growth rate of 1 percent or an increase in the discount factor of 1 percent, the recoverable amount would correspond to the current reported values. For other cash-generating units, no reasonable changes to important assumptions are expected to result in impairment.

Note 20 Tangible assets

Group	Buildings and land		Improvements to leased property		Machinery and equipment		Construction in progress		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<i>Accumulated cost</i>										
Opening balance at January 1	—	—	65	60	475	421	9	69	549	550
Investments during the year	4	—	9	1	25	25	68	17	107	42
Reclassifications to machinery and equipment	—	—	—	—	68	77	-67	-77	0	0
Reclassifications to/from inventory	—	—	—	—	—	-16	—	—	—	-16
Reclassifications other	—	—	4	—	8	-14	—	—	12	-14
Investments through business combinations	—	—	—	—	—	4	—	—	—	4
Historical cost sold/scrapped equipment	—	—	—	-1	-36	-19	—	—	-36	-19
Assets held for sale	—	—	—	—	—	-6	—	—	—	-6
Exchange rate differences for the year	—	—	7	5	5	4	0	0	12	9
Closing balance, accumulated cost at December 31	4	—	86	65	546	475	10	9	646	549
<i>Accumulated depreciation and impairment</i>										
Opening balance at January 1	—	—	-17	-9	-327	-305	—	—	-344	-314
Depreciation sold/scrapped equipment	—	—	—	1	29	14	—	—	29	15
Reclassifications other	—	—	0	—	-4	10	—	—	-4	10
Depreciation for the year	—	—	-10	-8	-51	-47	—	—	-62	-55
Closing balance, accumulated depreciation and impairment at December 31	—	—	-27	-17	-353	-327	—	—	-381	-344
Closing balance, residual value according to plan at December 31	4	—	59	49	192	148	10	9	265	206

Note 20 *continued*

Parent Company	Machinery and equipment		Construction in progress		Total	
	2022	2021	2022	2021	2022	2021
<i>Accumulated cost</i>						
Opening balance at January 1	306	253	5	69	312	322
Investments during the year	—	0	67	13	67	13
Reclassifications to machinery and equipment	68	77	-68	-77	0	0
Reclassifications to/from inventory	—	-16	4	0	4	-16
Historical cost sold/scrapped equipment	-32	-7	—	—	-32	-7
Closing balance, accumulated cost at December 31	343	306	9	5	351	312
<i>Accumulated depreciation and impairment</i>						
Opening balance at January 1	-210	-186	—	—	-210	-186
Depreciation reclassifications to inventory	—	2	—	—	0	2
Depreciation sold/scrapped equipment	28	7	—	—	28	7
Depreciation for the year	-33	-33	—	—	-33	-33
Closing balance, accumulated depreciation and impairment at December 31	-215	-210	—	—	-215	-210
Closing balance, residual value according to plan at December 31	127	96	9	5	136	102

Non-current tangible assets are depreciated on a straight-line basis over their expected useful life. Depreciation is started when the assets are available for use, as follows:

Permanent equipment	5-10 years
Machinery and equipment	3-7 years
Computers	3 years

Note 21 Leases

Right-of-use assets are presented separately in the following table.

RIGHT-OF-USE ASSETS

Group	Rented premises		Other		Total	
	2022	2021	2022	2021	2022	2021
<i>Accumulated cost</i>						
Opening balance at January 1	343	307	22	19	365	326
Add-ons during the year	72	25	9	7	81	32
Add-ons through business combinations	—	10	—	1	—	12
Deductions during the year	-23	-10	-9	-6	-32	-17
Exchange rate differences for the year	16	11	0	0	16	12
Closing balance, accumulated cost at December 31	407	343	22	22	429	365
<i>Accumulated depreciation and impairment</i>						
Opening balance at January 1	-130	-86	-11	-11	-142	-97
Deductions during the year	23	10	9	6	32	16
Depreciation for the year	-66	-55	-6	-7	-72	-62
Closing balance, accumulated depreciation and impairment at December 31	-173	-130	-9	-11	-182	-142
Closing balance, residual value according to plan at December 31	235	213	13	10	248	223

Parent Company	2022	2021
Expensed lease charges for the year	19	17
of which, variable fees	—	—
<i>Future payments under lease contracts (nominal)</i>		
Within one year	18	17
Between one and five years	44	61
Later than five years	—	—
Total	63	78

Mycronic's material leases currently primarily comprise rented premises, but also vehicles and office equipment. Rented premises are presented as one class of underlying assets, and vehicles and office equipment are presented under Other, as they are not considered material individually. Rental premises have remaining lease terms for up to ten years. Leases where the underlying asset has low value and the contract for the lease period is less than twelve months are not included in the statement of financial position. The value of these lease contracts is not significant. This year's add-ons consist primarily of new premises in China and the extension of rental contracts in Japan, Korea and the Netherlands. There are no significant lease commitments for lease contracts that have not yet started as at end of 2022. The total cash outflow for leasing agreements for the year 2022 amounted to SEK -75 million (-63). Interest expense for leasing liabilities amounted to SEK 5 million (5). Variable lease payments are not significant.

Note 22 Participation in Group companies

Parent Company	2022	2021
Opening balance, historical cost	1,266	1,073
Acquisitions	5	190
Share-based incentive programs	0	2
Value changes contingent considerations	—	0
Closing balance, accumulated cost	1,270	1,266
Opening balance, impairment	-47	-2
Impairment	—	-45
Closing balance, accumulated impairment	-47	-47
Closing balance, carrying amount	1,223	1,218

Impairment in 2021 pertains to shares in VIT S.A.S.

Note 22 *continued*

HOLDINGS OF SHARES AND PARTICIPATIONS IN GROUP COMPANIES

Directly owned subsidiaries	Corp. ID no.	Domicile/ country	No. of shares	% of capital	Carrying amount
Mycronic Technologies Corp.	2012401009633	Japan	200	100	5
Mycronic Co, Ltd.	80271004	Taiwan	1,600,000	100	4
Mycronic Co, Ltd.	134111-0136974	South Korea	810	100	14
Mycronic (Shanghai) Co., Ltd.	91310000560190439Y	China	—	100	6
Mycronic S.A.S.	333 906 139 000 55	France	10,000	100	8
Mycronic Ltd.	2524693	United Kingdom	24,000	100	6
Mycronic Inc.	04-3219080	USA	10,000	100	41
Mycronic Pte Ltd.	199601416W	Singapore	1,000	100	0
Mycronic BV	17131339	Netherlands	180	100	8
Mycronic GmbH	HRB 53381	Germany	4	100	30
Micronic Mydata AB	556963-0360	Stockholm	50,000	100	0
Mydata Automation AB	556963-0329	Stockholm	50,000	100	0
RoyoTech Digitalelektronik GmbH	HRB 92792	Germany	5	100	77
Kognitec Vertrieb and Service GmbH	HRB 203153	Germany	4	100	5
Shenzhen Axxon Automation Co, Ltd.	91440300682020147E	China	—	100	783
VIT S.A.S.	451 028 567	France	1,309,638	100	31
Mycronic Fukuoka Co., Ltd.	2 290 001 052 547	Japan	1,000	100	10
Test Solutions (Suzhou) Co., Ltd.	91320594739577860M	China	—	100	190
MRSI Automation (Shenzhen) Co., Ltd.	91440300MA5H432H37	China	—	100	5
					1,223
Indirectly owned Group companies					
MRSI Systems, LLC		USA		100	
Shenzhen Axxon Piezoelectric Technology Co., Ltd.		China		100	
atg Luther & Maelzer GmbH		Germany		100	
atg Luther & Maelzer Asia Ltd.		Taiwan		100	
Shenzhen Axxon Automation Co. Ltd.		Vietnam		100	
Shenzhen Huan Cheng Xin Precision Manufacture Co., Ltd		China		70	

Note 23 Business combinations

	atg L&M 2021	HC Xin 2021
Acquisition price		
Cash paid for the acquisitions	1,063	92
Deferred considerations for the acquisitions	—	—
Total	1,063	92
Acquired assets and liabilities at fair value		
Intangible assets	273	23
Tangible assets	15	0
Long-term receivables	7	0
Inventories	97	18
Current receivables	135	25
Cash and cash equivalents	36	5
Non-current liabilities	-38	-6
Current liabilities	-117	-22
Total	407	44
Non-controlling interests	—	40
Goodwill	656	87
Changes in consolidated cash and cash equivalents as of the acquisitions		
Cash paid for the acquisitions	1,063	92
Cash and cash equivalents in acquired subsidiaries	-36	-5
Total	1,027	87
	2022	2021
Paid deferred considerations for acquisitions in previous years	—	-3
Total	—	-3

Note 23 *continued*

No acquisitions were made in 2022.

Acquisitions completed in 2021

atg L&M

During the second quarter 2021, 100 percent of the shares in atg Luther & Maelzer GmbH was acquired. Domiciled in Wertheim in Germany and with approximately 190 employees, atg L&M develops, produces and sells advanced equipment that tests, measures and verifies PCBs and substrates. Mycronic's acquisition of atg L&M encompasses the entire global operations of the company, including companies in Taiwan, Germany and China. Following the transaction, atg L&M becomes part of Mycronic's Global Technologies division. The acquisition broadens the Group's offering, strengthens Mycronic generally and underlines the Global Technologies division's focus on leading niche technologies, which have the potential to grow faster than the market as a whole.

The purchase consideration amounted to SEK 1,063 million, corresponding to USD 125 million on a cash and debt-free basis. According to the purchase price allocation, goodwill amounts to SEK 656 million. Goodwill is primarily attributable to the company's leading position as a supplier of advanced equipment for electrical testing of PCBs and substrates, as well as the collective expertise of its employees.

The company was consolidated in the Mycronic Group as of June 25, 2021.

HC Xin

During the fourth quarter 2021, 70 percent of the shares in Shenzhen Huan Cheng Xin Precision Manufacture Co., Ltd (HC Xin) was acquired with an option to acquire the remaining 30 percent in 2025 based on a pre-defined earnings multiple. The value of the option is not deemed to be significant as per year-end. HC Xin with around 120 employees, is headquartered in Shenzhen and produces automated screen printers and pick & place machines. China is the company's dominating market, accounting for 95 percent of sales. Following the transaction, HC Xin is part of Mycronic's High Volume division.

The purchase price allocation was finalized in 2022 without any material changes. Goodwill amounts to SEK 87 million according to the purchase price allocation. The full goodwill method has been applied. Goodwill is primarily attributable to the company's strong product portfolio and expertise which creates expanded business opportunities in combination with the High Volume division's existing product offering.

The company was consolidated in the Mycronic Group as of November 1, 2021.

Note 24 Non-current receivables from Group companies

Parent Company	2022	2021
Opening balance, carrying amount	1,674	753
Additions	52	969
Deductions	-15	-49
Closing balance, carrying amount	1,711	1,674

The Parent Company applies similar impairment as the Group for expected credit losses for current and non-current receivables from Group companies. No material increase in credit risk is deemed to exist on the closing date for any receivable from Group companies. The assessment is that expected credit losses are not material and no provision has therefore been recognized.

Note 25 Other non-current assets

	Group		Parent Company	
	2022	2021	2022	2021
Opening balance, carrying amount	55	40	18	13
Additions	12	22	0	11
Deductions	-1	-7	1	-7
Closing balance, carrying amount	66	55	19	18

Assets mainly refer to deposits regarding lease of premises, non-current trade receivables, pension insurance premiums for employees and shares in business partners. Additional items 2022 primarily relate to non-current trade receivables.

Note 26 Inventories

	Group		Parent Company	
	2022	2021	2022	2021
Components	531	404	307	277
Finished goods	666	707	96	84
Products in progress	236	253	139	151
	1,433	1,363	542	512

Write-down of inventories amounted to SEK 24 million (16) in the Group and SEK 13 million (8) in the Parent Company.

Note 27 Trade receivables, impairment, age analysis and other

Group	2022			2021		
	Gross	Impairment	Loss given default, %	Gross	Impairment	Loss given default, %
Trade receivables not due	869	14	1.6	543	11	2.0
Trade receivables, overdue 0–30 days	140	3	1.9	57	2	2.9
Trade receivables, overdue >30–90 days	92	3	3.7	46	2	4.2
Trade receivables, overdue >90–180 days	30	3	9.8	17	1	6.0
Trade receivables, overdue >180–360 days	49	20	41.1	9	2	19.6
Trade receivables, overdue >360 days	9	4	49.4	11	9	76.5
	1,189	47	4.0	684	26	3.8

Trade receivables overdue amount to 27 percent (21) of total gross trade receivables. In the High Flex, High Volume and Global Technologies divisions, sales are conducted to a large number of customers in several countries where payment terms differ from the company's standard terms. Part of the company's sales are conducted via distributors, which can also contribute to longer payment processes. Historically, credit losses are very limited. The company judges that the risk of credit losses in excess of the provisions already made is low. The maximum credit risk exposure refers to the carrying amount of trade receivables.

The Group's impairment of trade receivables is conducted in accordance with the simplified approach for recognizing expected credit losses. This means a provision is made for the remaining time to maturity for the expected credit losses, which are expected to be less than one year for all of the receivables above. The Group makes a provision for expected credit losses based on individual assessments concerning receivables in the Pattern Generators division, where known information about the counterparty and forward-looking information is taken into account. The High Flex, High Volume and Global Technologies divisions apply an impairment model based on historical percentage loss combined with forward-looking information and individual assessments. Changes to the provision for expected credit losses are recognized as selling expenses in EBIT.

Any credit enhancements in the form of credit insurance and letters of credit are taken into account in impairment. Mycronic writes down a receivable when there is no longer an expectation of payment and when active measures to receive payment are completed.

Five customers represent 25 percent (28) of trade receivables outstanding. For further information on the concentration and customer risk in trade receivables outstanding, see Note 35.

PROVISION FOR EXPECTED CREDIT LOSSES

Group	2022	2021
Opening balance, carrying amount	26	26
Additions	27	5
Additions through business combinations	—	2
Utilized during the year	-5	-5
Unutilized during the year	0	-2
Closing balance, carrying amount	47	26

Note 28 Prepaid expenses and accrued income

	Group		Parent Company	
	2022	2021	2022	2021
Contract assets	54	117	22	77
Other accrued revenue	12	18	—	—
Other prepaid expenses	61	45	45	32
	127	181	67	109

Note 29 Assets held for sale and divestments

Group	2022	2021
Intangible assets	—	90
Tangible assets	—	6
Inventories	—	35
Trade receivables	—	36
Other current receivables	—	10
Cash and cash equivalents	—	9
Total assets	—	186
Trade payables	—	10
Other current liabilities	—	16
Total liabilities	—	26

Assets held for sale as per 31 December 2021 referred to assets in Automation Engineering Inc. (AEI). The divestment was completed at the beginning of February 2022. The divestment resulted in a cash effect of +216 SEK million and a capital gain of SEK 23 million. The capital gain is included in "Other operating income", see note 10.

Note 30 Non-current provisions

Group	2022	2021
Post employment benefits	36	41
Other non-current provisions	12	7
Closing balance, carrying amount	48	48

Post employment benefits

In the Japanese and South Korean subsidiaries, provisions are made for long-term employee benefits. On certain conditions, a lump-sum payment is made to employees when their employment is terminated, either due to retirement or when the employee leaves the company for some other reason. The French and Taiwanese subsidiaries also have small obligations regarding post employment benefits. In Korea and Taiwan, payments are made to plan assets after decision by the employer. Other pension obligations are unfunded. Defined benefit obligations expose the Group for risks related to, for example, discount rates and salary increases. Plan assets mainly consist of cash and cash equivalents and are affected by changes in market values.

PENSION EXPENSES

Group	2022	2021
Amounts recognized in profit and loss account		
Current service cost	6.8	6.7
Net interest	-0.3	0.1
Expenses, defined benefit plans	6.6	6.8
Amounts recognized in other comprehensive income		
Remeasurement of pension obligations	-0.1	-1.3
Remeasurement of plan assets	0.1	0.2
Expenses/(income) defined benefit plans	0.0	-1.1
Total pension expenses, defined benefit plans	6.6	5.7
Amounts recognized in statement of financial position		
Present value of defined benefit obligation, funded plans	49.6	43.7
Fair value of plan assets	-49.9	-33.2
Net liability, funded plan	-0.3	10.5

Group	2022	2021
Present value of defined benefit obligation, unfunded plans	34.3	30.7
Net liability recognized in statement of financial position	36.0	41.2
Net assets recognized in statement of financial position	-2.0	—
Change in present value of defined benefit obligation		
Opening balance, defined benefit obligation	74.4	65.8
Current service cost	6.8	6.7
Interest expenses	0.6	0.8
Remeasurement of pension obligations,		
– demographic assumptions	1.0	0.1
– financial assumptions	-6.0	0.3
– experience adjustments	4.9	-1.7
Pension payments	-2.0	-1.4
Effect from acquired companies	—	3.4
Exchange rate difference	4.2	0.4
Closing balance, defined benefit obligation	83.9	74.4
Change in fair value of plan assets		
Opening balance, plan assets	33.2	31.2
Interest income	0.9	0.7
Return excluding interest income	-0.1	-0.2
Employer's contribution	13.1	0.2
Pension payments from plan assets	-0.8	-0.1
Effect from acquired companies	—	1.1
Exchange rate difference	3.7	0.3
Closing balance, plan assets	49.9	33.2

The sensitivity analysis is based on changes in a single actuarial assumption, while other assumptions remain unchanged. This method shows the obligation's sensitivity to a single assumption. This is a simplified method since the assumptions are usually correlated. Weighted duration for the defined benefit obligations are estimated to six years.

The discount rate is determined for each currency with reference to the market interest rate at the end of the report period, which is

aligned with the average weighted duration of the pension liability. When determining the market interest rate, first-class corporate bonds are used.

Forecast employer pension plan payments for next year amount to SEK 5.7 million. Additional amounts can be paid to plan assets after decision of the employer. In the Korean pension plan there is a minimum funding requirement that may result in additional contributions to plan assets compared with expected contribution.

SIGNIFICANT ACTUARIAL ASSUMPTIONS

	Japan		South Korea	
	2022	2021	2022	2021
Discount rate, %	0.8	0.3	5.2	2.6
Future salary increases, %	2.6	2.4	4.5	4.5

SENSITIVITY ANALYSIS DISCOUNT RATE

Assumption	Change in assumption	Change in value, SEK million
Discount rate, %	-0.50/+0.50	+2.3/-2.1
Future salary increases	-0.50/+0.50	-2.5/+2.8

Information on Alecta pension commitments

For some 30 employees in Sweden, the ITP 2 plan's defined benefit pension commitments for retirement and family pension are secured through an insurance in Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Reporting of the ITP 2 pension plan financed through insurance in Alecta, this is a defined benefit plan that comprises several employers. For the 2022 financial year, the company has not had access to information to be able to report its proportional share of the plan's obligations, plan assets and costs, making it impossible to report the plan as a defined benefit plan. The ITP 2 pension plan secured through insurance in Alecta is therefore reported as a defined contribution plan. The premium for the defined benefit retirement and family pension is individually calculated and depends on salary, previously vested pension and expected remaining period of service. Anticipated fees in 2023 for ITP 2 insurance taken out with Alecta amount to SEK 1 million. In 2022, the costs for premium based pension amounted to SEK 95 million (76).

Note 30 *continued*

OTHER NON-CURRENT PROVISIONS

Group	2022	2021
Opening balance, carrying amount	7	7
The year's provision	6	1
Utilized during the year	-1	-1
Closing balance, carrying amount	12	7

Note 31 Accrued expenses and deferred income

	Group		Parent Company	
	2022	2021	2022	2021
Salaries and social expenses	451	374	66	61
Commissions	19	16	8	4
Deferred income	119	117	90	96
Other accrued expenses	84	89	59	71
	673	596	224	232

Salaries and social expenses include, among other things, variable salaries.

Note 32 Current provisions

	Group		Parent Company	
	2022	2021	2022	2021
Opening balance, carrying amount	74	62	11	10
The year's provision	81	70	8	7
Utilized during the year	-31	-23	-6	-6
Unutilized during the year	-38	-35	—	—
Closing balance, carrying amount	86	74	13	11

Current provisions mainly consist of warranty provisions. A provision for warranties is recognized when the underlying products are sold. The provision is based on historical data regarding warranties and an overall review of potential outcomes in relation to the probabilities of such outcomes.

Note 33 Pledged assets

	Group		Parent Company	
	2022	2021	2022	2021
Collateral provided for liability items in the balance sheet				
<i>Credit institutions</i>				
Chattel mortgages	—	—	—	—
Other	3	3	—	—
	3	3	—	—

Note 34 Contingent liabilities

	Group		Parent Company	
	2022	2021	2022	2021
Commitment for billing by credit insurance through EKN	2	2	2	2
Parent Company guarantee	—	—	219	213
Other	—	1	—	—
	2	3	221	214
Of which, falling due:				
within one year	1	2	27	24
between one and five years	1	1	105	91
later than five years	—	—	89	99
	2	3	221	214

The Parent Company guarantees are attributable to subsidiaries in the USA, of which the largest portion refers to a rental guarantee.

Note 35 Financial risks

Financial risks arise due to fluctuations in Mycronic's earnings and cash flow as a consequence of changes in exchange rates and interest rates, credit risks and financing risks. The single largest financial risk is exchange rate fluctuations. Financial risks are managed in accordance with the financial policy established by the Board.

Foreign exchange risk – transaction exposure

Transaction exposure is the risk that changes in exchange rates for sales and sourcing in foreign currencies will affect consolidated earnings and the value of assets and liabilities.

Mycronic's sales are done almost exclusively in foreign currency. A large part of the Group's expenses are incurred in SEK. Sales within the High Flex division occur primarily in USD and EUR. All sales within the Pattern Generators division occur in foreign currency, primarily USD and JPY. Changes in exchange rates have a greater impact on income than on expenses. Mycronic has significant net currency exposure; see the following table. Currency hedging is undertaken in accordance with the established financial policy.

For sales of mask writers the company uses forward exchange contracts to hedge contracted cash flows, which consist of orders received. As the delivery date approaches, the lowest hedged portion of the respective contracted inflows increases, in accordance with the financial policy. Forecast inflows not covered by underlying orders are not hedged. Hedge accounting is used within the Pattern Generators division.

For sales of surface mount technology equipment, forward exchange contracts corresponding to at least 50 percent of the order backlog in EUR, USD, JPY and GBP are used. Hedge accounting is not used within the High Flex division.

Effects from transaction exposure

If sales for 2022 within the Pattern Generators division were translated at the average exchange rates for 2021, without considering forward exchange contracts, revenues would have been SEK 79 million lower. The majority derive from the depreciation of the SEK in 2022, against all currencies except the JPY. Sales were negatively affected by forward exchange contracts in the amount of SEK 58 million, while EBIT was negatively affected by SEK 77 million as a result of forward exchange contracts.

If sales for 2022 were translated at the average exchange rates for 2021, revenues would have been SEK 131 million lower for the High Flex division, SEK 179 million lower for the High Volume division and SEK 84 million lower for the Global Technologies division. EBIT for the High Flex division was negatively impacted by forward exchange contracts in an amount of SEK 5 million. Based on 2022 sales volumes and expenses, without consideration of forward exchange

Note 35 continued

contracts, the effect on consolidated EBIT of a 10-percent change in the exchange rate of the most significant currencies compared to SEK would be about SEK 193 million (203). Equity would be affected in the same amount after tax.

Foreign exchange risk – translation exposure

Translation exposure is the risk Mycronic is exposed to when translating the financial statements of subsidiaries to SEK.

Effects from translation exposure

Translation of the balance sheets of foreign subsidiaries to SEK generated a positive translation difference of SEK 234 million (191) after deductions for tax. A change of 10 percent against those currencies where Mycronic has net investments in foreign subsidiaries would affect the Group's equity by SEK 323 million (270) after tax, without consideration of hedge accounting.

The impact on the Group's profit before tax due to changes in fair value of monetary assets and liabilities, including forward exchange contracts, in connection with a change of 10 percent in USD, EUR and JPY as of the closing date amounts to approximately SEK 85 million, of which USD accounts for SEK 54 million. Equity is impacted by about SEK 74 million before tax. See table to the right.

Interest risks

Interest risk refers to the risk for changes in interest rate levels affecting consolidated earnings.

Mycronic's interest risk is limited. Investments in interest-bearing financial instruments or bank accounts with fixed interest are done in accordance with liquidity plans, meaning that investments, which may not exceed six months, are held to maturity. During 2022, investments were made in interest-bearing financial instruments.

Credit risk

Credit risk is partly tied to sales and partly to liquidity management. For sales, there is a risk that customers do not fulfill their payment obligations. For liquidity management, there is a risk that the counterparty will not be able to fulfill its obligations.

Exposure to credit risks

Mycronic sells only a few mask writers to a limited number of customers, which concentrates the credit risk. Customers are, however, major manufacturers of photomasks where the mask writers comprise a small portion of the equipment in a production facility. Customers are well-known and have good credit worthiness historically. In order to reduce customer credit risk, Mycronic strives to obtain advances from customers to the highest degree possible. Especially in business transactions with new customers or within new geographic areas, the credit risk is managed through Mycronic requiring letters of credit or other collateral. Sales in other divisions are spread over a large number of customers and exposure to credit risk linked

to individual customers is therefore limited. Credit risk is managed through credit control. Credit limits are established and monitored.

Credit exposure in trade receivables at year-end was SEK 1,143 million (658). The average credit period was 57 days (45) for the Pattern Generators division, 69 days (59) for High Flex, 60 days (29) for High Volume and 58 days (40) for the Global Technologies division. For information on the aging structure of trade receivables and provisions for doubtful trade receivables, see Note 27.

Mycronic's maximum financial credit exposure consists of the fair values of financial assets, see Note 36. At year-end 2022, the total financial credit exposure, excluding trade receivables, was SEK 1,326 million (683), of which SEK 1,274 million (683) was cash and cash equivalents. Cash and cash equivalents consisted only of bank balances, as was the case one year earlier. Cash and cash equivalents are to be invested in banks or other interest-bearing financial instruments with credit ratings of at least A1/P1/K1. For cash and cash equivalents and other financial instruments, Mycronic applies a rating-based method combined with other known information and forward-looking factors. No material increase in credit risk is deemed to exist on the balance-sheet date for any receivable or asset. Such assessment is based on whether payment is 30 days or more past due or if the rating changes materially, resulting in a rating below investment grade. In cases where the amount is not considered immaterial, a provision is recognized for expected credit losses even for these financial instruments.

Liquidity risks

Liquidity risk refers to the risk that the company may not be able to meet its payment obligations on the settlement date. Mycronic's net cash at the end of 2022 was SEK 1,004 million (440). Investments of excess liquidity are done in such a way that the Group assumes no significant liquidity risk. This means that excess liquidity is placed in bank deposits or in other interest-bearing instruments where it is

possible to liquidate on short notice. Liquidity is monitored continuously. Liquidity forecasts are compiled monthly in order to provide a basis for decisions on possible investments.

LIQUIDITY RESERVE

	2022	2021
Credit line	2,021	2,005
Cash and cash equivalents	1,274	683
Total	3,295	2,688

TRANSLATION EXPOSURE SENSITIVITY

	2022	2021
<i>Profit before tax</i>		
USD exchange rate +10%	54	25
EUR exchange rate +10%	33	25
JPY exchange rate +10%	-2	2
	85	52
<i>Equity before tax</i>		
USD exchange rate +10%	-105	-5
EUR exchange rate +10%	33	25
JPY exchange rate +10%	-2	1
	-74	22

EXPOSURE PER CURRENCY

Currency	% of revenue	% of expenses	Average rate 2022	Average rate 2021	Closing rate 2022	Closing rate 2021
USD	36	18	10.1245	8.5815	10.4371	9.0437
EUR	19	17	10.6317	10.1449	11.1283	10.2269
JPY (100)	5	5	7.7075	7.8133	7.9167	7.8521
GBP	2	0	12.4669	11.8022	12.5811	12.1790
SEK	0	25	1.0000	1.0000	1.0000	1.0000
KRW (100)	5	1	0.7824	0.7492	0.8294	0.7604
CNY	33	34	1.5020	1.3307	1.5017	1.4186

Note 36 Financial assets and liabilities

The table to the right presents the Group's financial assets and liabilities, stated at book and fair value and classified in accordance with IFRS 9 categories.

Risk management

A description of the Group's financial risks and risk management is provided according to IFRS 7 in Note 35.

Fair value and carrying amount

IFRS 13 Fair Value Measurement includes a valuation hierarchy regarding data to be used in the valuation. This valuation hierarchy is divided into three levels:

- Level 1: According to quoted prices in active markets for identical instruments.
- Level 2: Based on inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3: Based on inputs that are not observable in market data.

Mycronic uses level 2 according to the valuation hierarchy when measuring forward exchange contracts at fair value through current market prices and current exchange rates on the closing day. At valuation of contingent considerations related to business combinations, Level 3 in the valuation hierarchy is applied.

The Group's maximum credit risk in financial assets consists of the net amount in the table to the right. The fair value of the Parent Company's derivatives is equal to the fair value of the Group's derivatives. At year-end, the balance sheet item Cash and cash equivalents consisted solely of bank balances, as it did in the preceding year. Granted unutilized bank overdraft facilities amount to SEK 2,021 million (2,005).

CONTINGENT CONSIDERATIONS

Group	2022	2021
Opening balance, carrying amount	11	3
Estimated liabilities related to acquisitions	—	11
Settled liabilities	—	-3
Changes in value reported in profit and loss	-6	0
Exchange rate differences recognized in other comprehensive income	1	0
Closing balance, carrying amount	6	11

The balance sheet item consists of contingent considerations from the acquisition of the non-controlling interest in Axxon Piezoelectric Technology Co, Ltd. As per December 31, 2022, the maximum contingent consideration was estimated at SEK 6 million.

FINANCIAL ASSETS AND LIABILITIES PER VALUATION CATEGORY

Group 2022	Financial assets/ liabilities measured at fair value in com- prehensive income, hedge accounting	Financial assets/ liabilities measured at fair value in profit and loss	Financial assets/ liabilities measured at amortized cost	Total carrying amount	Total fair value
<i>Financial assets</i>					
Non-current trade receivables			13	13	13
Trade receivables			1,143	1,143	1,143
Forward exchange contracts	48	5		53	53
Cash and cash equivalents			1,274	1,274	1,274
Total financial assets	48	5	2,429	2,482	2,482
<i>Financial liabilities</i>					
Contingent considerations		6		6	6
Lease liabilities			263	263	263
Bank loan			7	7	7
Trade payables			310	310	310
Forward exchange contracts	26	21		46	46
Total financial liabilities	26	27	579	632	632
Recognized loss (change in value)		-23			
Group 2021					
<i>Financial assets</i>					
Non-current trade receivables			6	6	6
Trade receivables			658	658	658
Forward exchange contracts	0	0		0	0
Cash and cash equivalents			683	683	683
Total financial assets	0	0	1,347	1,347	1,347
<i>Financial liabilities</i>					
Contingent considerations		11		11	11
Lease liabilities			235	235	235
Factoring			8	8	8
Trade payables			295	295	295
Forward exchange contracts	17	2		19	19
Total financial liabilities	17	14	539	570	570
Recognized gain (change in value)		8			

Note 36 *continued*

FINANCIAL LIABILITIES, MATURITY STRUCTURE (FUTURE NON-DISCOUNTED CASH FLOWS)

Group, December 31, 2022	Amount in SEK	Within 3 months	3 months -1 year	1-5 years	>5 years
Contingent considerations	6	6	—	—	—
Lease liabilities	272	21	59	153	40
Bank loan	7	—	—	7	—
Trade payables	310	281	29	—	—
Forward exchange contracts	54	17	29	8	—
	649	325	117	168	40

Group, December 31, 2021	Amount in SEK	Within 3 months	3 months -1 year	1-5 years	>5 years
Contingent considerations	11	—	—	11	—
Lease liabilities	253	15	43	144	50
Invoice factoring	9	—	9	—	—
Trade payables	295	274	21	—	—
Forward exchange contracts	22	6	13	3	—
	590	295	86	159	50

ANALYSIS OF LIABILITIES IN FINANCING ACTIVITIES

Group	Opening balance at January 1, 2022	Cash flow	Addition/ deduction lease contracts	Exchange rate effects for the year	Other	Closing balance at December 31, 2022
Current interest-bearing loan	8	-8	—	0	—	0
Current lease liabilities	54	-75	—	3	95	77
Non-current interest-bearing loan	0	7	—	0	—	7
Non-current lease liabilities	181	—	81	14	-90	186
	243	-77	81	17	5	270

The category Other mainly consists of reclassifications from non-current to current liabilities.

Hedging instruments

The Group's holdings of forward exchange contracts at December 31, 2022 and 2021, can be broken down into the following underlying amounts and maturities. The forward exchange contracts fall due at a time when the secured flows are expected to affect earnings. The tables show the nominal amounts of the forward exchange contracts in SEK million.

Group 2022	Maturity			Total
	within 3 months	3 months -1 year	1-3 years	
Hedging instruments — hedge accounting applied				
Forward exchange contracts — cash flow hedge of currency risk, transaction exposure (contract sale)				
Sold JPY, bought SEK, nominal amounts	—	—	—	—
Average hedged forward contract rate, JPY/SEK	—	—	—	—
Sold USD, bought SEK, nominal amounts	59	563	973	1 595
Average hedged forward contract rate, USD/SEK	9.5876	10.1869	10.6005	10.3677
Hedging instruments — non-hedge accounting				
Forward exchange contracts — hedge of currency risk, transaction exposure (contract sale)				
Sold EUR, bought SEK, nominal amounts	-120	-33	—	-153
Average hedged forward contract rate, EUR/SEK	10.8032	11.1272	—	10.8326
Sold GBP, bought SEK, nominal amounts	0	—	—	0
Average hedged forward contract rate, GBP/SEK	12.4784	—	—	12.4784
Sold JPY, bought SEK, nominal amounts	16	—	—	16
Average hedged forward contract rate, JPY/SEK	0.0782	—	—	0.0782
Sold USD, bought SEK, nominal amounts	146	-6	—	140
Average hedged forward contract rate, USD/SEK	9.9317	9.6187	—	9.7752

Note 36 *continued*

Group 2021	Maturity			Total
	within 3 months	3 months -1 year	1-3 years	
Hedging instruments — hedge accounting applied				
Forward exchange contracts — cash flow hedge of currency risk, transaction exposure (contract sale)				
Sold JPY, bought SEK, nominal amounts	—	—	5	5
Average hedged forward contract rate, JPY/SEK	—	—	0.0791	0.0791
Sold USD, bought SEK, nominal amounts	47	166	64	277
Average hedged forward contract rate, USD/SEK	8.7295	8.5241	8.5917	8.5877
Hedging instruments — non-hedge accounting				
Forward exchange contracts — hedge of currency risk, transaction exposure (contract sale)				
Sold EUR, bought SEK, nominal amounts	29	2	1	33
Average hedged forward contract rate, EUR/SEK	10.1041	10.1502	10.2487	10.1278
Sold GBP, bought SEK, nominal amounts	7	—	—	7
Average hedged forward contract rate, GBP/SEK	11.8336	—	—	11.8336
Sold JPY, bought SEK, nominal amounts	0	—	—	0
Average hedged forward contract rate, JPY/SEK	0.0791	—	—	0.0791
Sold USD, bought SEK, nominal amounts	124	0	—	124
Average hedged forward contract rate, USD/SEK	8.9359	9.0477	—	8.9498

EFFECTS OF HEDGE ACCOUNTING ON FINANCIAL POSITION AND EARNINGS

	Hedging instruments identified in hedging relationship as of December 31, 2022		Period — change in fair value for measurement of ineffectiveness	
	Nominal amount	Recognized value asset (+) liability (-)	Balance sheet item	Hedging instruments Hedged item
2022				
<i>Cash flow hedge of currency risk, transaction exposure (contract sale)</i>				
Forward exchange contracts, Sold JPY, bought SEK	—	—	Other liabilities	
Total Forward Exchange Contracts, JPY	—	—		1 -1
Forward exchange contracts, Sold USD, bought SEK	97	48	Other receivables	
Forward exchange contracts, Sold USD, bought SEK	56	-26	Other liabilities	
Total Forward Exchange Contracts, USD	153	22		-20 20
Total		22		-19 19
<i>Currency hedging of net investment in foreign operations</i>				
Debt in foreign currency, EUR	—	—	Other liabilities	— —

Note 36 *continued*

	Hedging instruments identified in hedging relationship as of December 31, 2021			Period – change in fair value for measurement of ineffectiveness	
	Nominal amount	Recognized value asset (+) liability (–)	Balance sheet item	Hedging instruments	Hedged item
2021					
<i>Cash flow hedge of currency risk, transaction exposure (contract sale)</i>					
Forward exchange contracts, Sold JPY, bought SEK	65	0	Other receivables		
Total Forward Exchange Contracts, JPY	65	0		0	0
Forward exchange contracts, Sold USD, bought SEK	31	0	Other receivables		
Forward exchange contracts, Sold USD, bought SEK	2	–17	Other liabilities		
Total Forward Exchange Contracts, USD	33	–17		–49	49
Total		–17		–49	49
<i>Currency hedging of net investment in foreign operations</i>					
Debt in foreign currency, EUR	—	—	Other liabilities	–6	6

Hedge accounting

The Group applies hedge accounting in accordance with IFRS 9 regarding debt in foreign currency used to hedge currency risk in net investments in foreign operations and for forward exchange contracts used to currency hedge future cash flows in the Pattern Generators division. When entering into the hedge transaction, the relationship between the hedging instrument and the hedged item is documented, as is the objective of risk management and the strategy. The Group determines the hedge ratio between hedging instruments and the hedge item based on the hedge ratios in place in the actual hedges. The hedge ratio is 1:1 for all hedges.

In 2021, the debt in EUR associated with a net investment in the foreign operations was amortized. The exchange rate effects remain in the translation reserve until such time as the net investment is divested.

Hedges are designed such that they are expected to be effective, meaning there is an expectation

of a financial link in that the hedging instrument counteracts changes to fair value or cash flow for currency risk in the hedged item. The financial link is preferably determined through a qualitative analysis of critical terms in the hedging relationship. If changes in circumstances influence the hedging relationship so that critical terms no longer match, the Group uses quantitative methods (hypothetical derivative approach) to assess its effectiveness. Sources of hedge ineffectiveness pertaining to the hedge of net investments in foreign operations include the risk that the volume of the hedging instrument exceeds the net investment. Sources of hedge ineffectiveness pertaining to cash flow hedge of currency risk in future sales includes the impact of the parties' credit risk in measuring forward exchange contracts and imperfectly matching cash flows between hedge instruments and hedged cash flows.

Note 37 Reconciliation alternative performance measures

The European Securities and Markets Authority (ESMA) has issued guidelines regarding alternative performance measures for listed companies. These relate to financial key figures used by management, to control and evaluate the Group's business, which cannot be directly inferred from

the financial statements. Alternative performance measures are also considered to be of interest to external investors and analysts who monitor the company. For financial definitions, see page 134. Amounts below are stated in SEK million.

	2022	2021
Return on equity		
Profit for the year	737	827
Average equity	4,350	3,687
	16.9%	22.4%
Return on capital employed		
Profit before tax	890	1,046
Financial expenses	13	14
Profit before financial expenses	904	1,060
Average balance sheet total	6,738	5,728
Average non-interest-bearing liabilities	2,132	1,787
Average capital employed	4,607	3,941
	19.6%	26.9%
Capital turnover rate		
Net sales	5,119	4,635
Average balance sheet total	6,738	5,728
Average non-interest-bearing liabilities	2,132	1,787
Average capital employed	4,607	3,941
	1.1	1.2
Book-to-bill		
Order intake	6,783	4,506
Net sales	5,119	4,635
	1.3	1.0

Note 37 *continued*

	2022	2021
EBITDA		
EBIT	894	1,049
Depreciation/Amortization	253	205
	1,147	1,254
Underlying EBIT		
EBIT	894	1,049
<i>Acquisition-related costs</i>		
Cost of goods sold	—	30
Operating expenses	67	67
	67	97
<i>Gains from divestments of subsidiaries</i>	-23	—
	939	1,146
Equity per share		
Equity at balance day	4,703	3,997
Number of outstanding shares at year-end, thousand	97,631	97,635
	48.17	40.94
Earnings per share		
Profit/loss for the year attributable to owners of the Parent Company	741	828
Average number of outstanding shares before dilution, thousands	97,597	97,649
Average number of outstanding shares after dilution, thousands	97,610	97,709
	7.59	8.48
Net cash		
Cash and cash equivalents	1,274	683
Interest-bearing liabilities	-270	-243
	1,004	440

Note 38 Events after year-end

No events took place after year-end that had a significant impact on the Group's earnings and financial position.

Statement of assurance

The Board of Directors and the CEO give their assurance that the Annual Report has been prepared in accordance with generally accepted accounting standards in Sweden and that the consolidated financial statements have been prepared in accordance with Regulation (EC) No. 1606/2002 of the European

Parliament and of the Council of July 19, 2002, on the application of international accounting standards.
The Annual Report and consolidated financial statements give a true and fair view of the financial position and performance of the Group and the Parent Company.

The report of the Directors for the Parent Company and the Group gives a true and fair view of the business activities, financial position and results of the Parent Company and the Group and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Täby, March 27, 2023

Patrik Tigerschiöld
Chairman of the Board

Arun Bansal
Board member

Anna Belfrage
Board member

Katarina Bonde
Board member

Staffan Dahlström
Board member

Robert Larsson
Board member

Bo Risberg
Board member

Jörgen Lundberg
Board member
Appointed by Akademikerna

Sahar Raouf
Board member
Appointed by Unionen

Anders Lindqvist
CEO

Stockholm the day of our electronical signature
Ernst & Young AB

Erik Sandström
Authorized Public Accountant

Auditor’s report

To the general meeting of the shareholders of Mycronic AB, corporate identity number 556351-2374

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Mycronic AB (publ) except for the Corporate governance statement on pages 46–51 for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 18–27, 36–45 and 52–100 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the Corporate governance statement on pages 46–51. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the Parent Company’s audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally

accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its Parent Company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

VALUATION OF FINISHED GOODS AND PRODUCTS IN PROGRESS

Description

As of December 31, 2022, Inventory of finished goods and products in progress amount to 902 MSEK. A detailed specification of the composition of the inventory is presented in note 26 of the Annual Report. Inventories are valued at the lower of cost and net realizable value. Finished goods and products in progress is recognized at production cost less any obsolescence. Production cost is calculated using a stock accounting model to allocate direct and indirect production related costs to the manufactured products. The allocation of costs is affected by management’s estimates and assumptions and an incorrect allocation of costs affects the valuation of finished goods and products in progress as well as cost of goods sold. Thus, we have considered valuation of finished goods and products in progress as a key audit matter. A presentation of the applied accounting principles on valuation of finished goods and products in progress is described in the section of accounting principles in note 2 of the Annual Report. The estimates and assumptions associated with the valuation of inventory of finished goods and products in progress is described in note 4.

How our audit addressed this key audit matter

In our audit, we have evaluated the company’s accounting procedures for determining the acquisition cost of finished goods and products in progress and evaluated whether applied accounting principles are in accordance with current regulations.

Further, we have also examined calculations, tested a sample for pricing of materials, components and processing costs as well as assessed the reasonableness of used prices and assumptions when distributing direct and indirect production costs. We have tested a sample of direct and indirect costs allocated to inventory of finished goods and products in progress.

We have examined the information provided in the Annual Report.

Auditor's report

VALUATION OF GOODWILL

Description

Goodwill amounts to 1 866 MSEK in the statement of financial position as of December 31, 2022. A presentation of the applied accounting principles on goodwill is described in the section of accounting principles in note 2 of the Annual Report. As described in note 2, the Company tests for impairment annually and when an indication of impairment of goodwill exists. The recoverable amounts are determined with a calculation of the value in use of each cash generating unit by calculating the present value of estimated future cash flows. Used forecasts of future cash flows are based on the forecast set for the following year, supplemented by an individual assessment of an additional four years.

Note 19 describes significant assumptions used in the calculation of the value in use. As the value in use is dependent upon these assumptions, we have assessed valuation of goodwill as a key audit matter.

How our audit addressed this key audit matter

In the audit for the financial year, we have evaluated the company's process for conducting impairment tests. Based on established criteria, we have examined how the company identifies cash-generating units. We have evaluated the valuation methods and calculation models used. We have assessed the reasonableness of assumptions, conducted sensitivity analysis, and compared historical outcomes to evaluate the reliability of previous forecasts. The reasonableness of the discount rate and long-term growth used for each unit has been evaluated through comparisons with other companies in the same industry.

We have examined the information disclosed in the Annual Report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-17, 28-35 and 105-138. The remuneration report for the financial year 2022 also constitutes other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, 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 and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The

going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, 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 opinions. 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 the company's internal control relevant to our 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.

Auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified. We must also provide the Board of Directors 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 related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Mycronic AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and

the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that

Auditor's report

we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Mycronic AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Mycronic AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement

in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the Corporate governance statement

The Board of Directors is responsible for that the Corporate governance statement on pages 46–51 has been prepared in accordance with the Annual Accounts Act.

Our examination of the Corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the Corporate governance statement. This means that our examination of the Corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A Corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent

with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Hamngatan 26, SE-111 47, Stockholm was appointed auditor of Mycronic AB by the general meeting of the shareholders on May 5 2022 and has been the company's auditor since May 6, 2013.

Stockholm the day of our electronical signature
Ernst & Young AB

Erik Sandström

Authorized Public Accountant

About the sustainability reporting 106

How we govern sustainability 107

Stakeholder dialogue and
materiality analysis 108

Economic disclosures 110

Environmental disclosures 111

Social disclosures 117

EU Taxonomy Regulation disclosures 123

Auditor's report on the statutory
sustainability statement 127

GRI content index 128

Sustainability notes

About Mycronic's sustainability reporting

Mycronic aims to provide its key stakeholders with a transparent picture of its sustainability initiatives and results. This section presents additional information about our sustainability governance, impact, stakeholder dialogue and materiality analysis, as well as economic, environmental and social disclosures in accordance with the GRI Standards.

About the Sustainability Report

Mycronic's Sustainability Report for 2022 has been prepared in accordance with the GRI Standards. The disclosures focus on the sustainability topics that are considered to be the most material regarding Mycronic's economic, social and environmental performance. Mycronic applies the precautionary approach to reduce or to avoid negative impacts on the environment. The Sustainability Report is part of Mycronic's Annual Report. Pages 28–35 and 104–129 of the Annual Report constitute Mycronic's statutory Sustainability Report, in accordance with the Swedish Annual Accounts Act. Mycronic reports sustainability performance on an annual basis.

This report refers to the period January 1 to December 31, 2022, which corresponds to Mycronic's fiscal year. The report is published on April 3, 2023.

For more information about the Sustainability Report, please contact:

Kristina Svanteson,
Sustainability Manager
+46 73 352 71 13
kristina.svanteson@mycronic.com

Boundaries and changes

Mycronic's sustainability reporting and data cover all Mycronic companies worldwide that are integrated into our financial report. (see note 22 in the Financial Statements for a complete list). Exceptions to this rule are newly acquired companies, which become fully integrated into the sustainability reporting framework in the reporting year following the year of acquisition, which allow the acquired company to report sustainability data for a full year. Other exceptions, specific for this year's report, are described below:

In 2022, exceptions exist for some of the environmental disclosures for which data does not include Shenzhen Huan Cheng Xin Precision Manufacture Co. Ltd. (HC Xin), acquired by Mycronic in

2021. For disclosures for which this is the case, this is clearly indicated in connection to the reported data. The remaining data is planned to be collected and fully integrated in the 2023 Sustainability Report. Any other exception in boundary or Scope is clearly indicated in connection to the reported data.

Information on the definitions and calculation methods applied are described in connection to the reported data. Changes have generally not been made to the information supplied in earlier reports. Only in a few cases, new information provided has led to adjustments in previous years' reporting. This is then clearly indicated in conjunction to the disclosure.

How we govern sustainability

The Mycronic Board of Directors and executive management ensure that Mycronic's policies, sustainability targets and actions are aligned with the company's vision and strategy. Initiatives are mainly managed by our divisions. We believe this is the best way to secure the commitment of our people and achieve better results.

The responsibility for effective governance of sustainability lies with the CEO and executive management. The Group's sustainability strategy, with its roadmap to 2030, lays the foundation for our work. Each head of division is responsible for setting targets, driving actions and reporting results for their respective organization. This is in line with the Group's business structure and working methods, with decisions taken and initiatives managed by respective business divisions.

The Group's sustainability function reports directly to executive management and is responsible for preparing the Group sustainability strategy and for driving the sustainability agenda at Group level. Other responsibilities include supporting and facilitating work for the divisions and coordinating stakeholder dialogues.

Designated members of executive management, (CFO, Sr VP Global Functions and Sr VP Human Resources), have also been tasked with leading working groups focusing on responsible business, environmental impact, social responsibility, and sustainable innovation. The working groups consist of field experts and representatives from each division. The working groups ensure the sharing of best practice, collaboration between divisions and reporting on progress.

In 2022, executive management reviewed and adopted Mycronic's new financial and sustainability targets, which were approved by the Board. Executive management and senior managers received presentations about the sustainability strategy, our carbon footprint and gender statistics.

The role of the Board of Directors and its committees

In conjunction with the yearly business strategy review, the Board of Directors reviews and approves the sustainability strategy proposed by executive management. The Board is responsible for the annual statutory Sustainability Report and its preparation in accordance with the Swedish

Annual Accounts Act. Progress on sustainability matters is presented to the Board at least yearly, with specific focus on Mycronic's three key sustainability areas (Innovation for sustainability, Future engineers through diversity and Climate impact from own operations). The Board may also request to be informed on any other material topics, including, for example, responsible sourcing, employee health and safety and anti-corruption.

The Audit Committee is kept informed about activities related to regulated sustainability reporting, such as the EU Taxonomy and the upcoming Corporate Sustainability Reporting Directive (CSRD). During the year, the Audit Committee was actively involved in discussions about future CSRD compliance.

In 2022, all Board members and the CEO completed a self-assessment of their understanding of Mycronic's key impacts, strategy and work on sustainability. The evaluation looked at the degree of maturity and consensus in sustainability matters, at Board and C-suite level. The assessment was provided by an external party that also provided an analysis of the results.

Policy and guidelines

Management in the field of sustainability is guided by Mycronic's Code of Conduct, other Group policies, Mycronic's Guiding Principles and the UN Global Compact's ten principles relating to human rights, labor, environment, and anti-corruption. Together, these comprise fundamental rules and guidelines for employees and external consultants. Mycronic requires regular signing of main Group policies. Read more about our policies on page 35 of this report. Mycronic Group policies are published on our website: www.mycronic.com.

Internal awareness raising

We use a variety of communication channels to raise awareness among employees about Mycronic's sustainability goals and initiatives.

Yearly goals and action plans are communicated to employees by managers. Group management also regularly communicates about sustainability initiatives and progress. For example, the CEO's presentation during quarterly Group staff meetings has sustainability as a standing topic. On two occasions in 2022, employees were given the opportunity to ask the CEO about a given sustainability topic. The topics raised included Mycronic's work on climate change, and workplace and company culture. During the year, other members of Group management wrote articles about trade compliance, engaging women at work, and IT security. These and other articles from various parts of the organization were published on Mycronic's intranet.

Mycronic's annual employee survey covers questions related to inclusion and diversity, health and well-being, company culture, and environmental work, among others. Results are presented and discussed in smaller teams for action as relevant.

Finally, to follow up on ideas gathered from employees on how to improve Mycronic's sustainability efforts, we organized a poll in the beginning of 2022 in which all employees were given the opportunity to vote about an idea they wish Mycronic to act upon. From over three hundred ideas collected, we short-listed five ideas that touch on improvements in our everyday work life. The winning idea was "Encourage waste reduction and recycling at our offices", on which actions were rapidly initiated.

Compliance

Mycronic regularly reviews its compliance to laws and regulations through self-assessments and internal audits. In 2022, Mycronic was not subject to any significant fines, monetary or non-monetary sanctions. No critical compliance concerns were identified or reported to the Board.

Whistleblower system and grievance mechanisms

All employees are expected to report any observed or suspected violation of law or the Mycronic Code of Conduct to their nearest manager, their manager's manager, or HR. Violations of the Code of Conduct, other Group policies or related to the health and safety of individuals may be reported confidentially and anonymously to Mycronic's whistleblowing function, which is managed by an independent external partner. Employees, distributors and suppliers can all use the whistleblower function. In addition, we require that distributors and suppliers have their own whistleblowing function in place. Anyone who reports to the whistleblowing function in good faith shall not be discriminated against or punished. The above is also described in Mycronic's Whistleblowing Policy. In 2022, two cases were reported to the whistleblowing function. Both related to human resources issues. The investigations, conducted with the support of external experts, concluded that no infringement could be detected.

In countries where our employees are unionized, employees may also turn to their local trade union representative to report and address irregularities.

Assurance and external control

Mycronic follows Swedish law with regard to external assurance of the Sustainability Report. See page 127 for the external auditor's opinion on the statutory sustainability statement. In addition to this, a quality verification of the environmental disclosures has been performed by the external climate consultant organizations ZeroMission and U&We, which also provide the software tool used by Mycronic to report environmental data and calculate GHG emissions.

Stakeholder dialogue and materiality analysis

Stakeholder dialogue and materiality analysis
In addition to our traditional channels for information exchange, Mycronic also conducts targeted stakeholder dialogues on sustainability. These are conducted at least every three years to deepen understanding of our main stakeholders' expectations regarding our work with sustainability, and to identify risks and opportunities at an early stage. The materiality analysis lays the foundation for Mycronic's continued work with sustainability. The sustainability materiality analysis is based on input from stakeholder dialogues, identified risks and opportunities for Mycronic and our stakeholders, and our ability to impact in the different areas. Executive management approves the analysis. In 2022, no changes were made in Mycronic's material topics (see page 108). Mycronic addresses, and reports on, all topics identified as material for the company. We focus in particular on our three key areas (see page 15 and 29).

Identifying stakeholders
A stakeholder is defined as a person, group of persons or other entity, which is affected by the organization and its results or have interest in the organization. Both internal and external stakeholders are considered. Key stakeholders are defined through a process aiming at identifying those stakeholders with whom Mycronic wishes to engage. To be considered a key stakeholder, with whom Mycronic should conduct stakeholder dialogues, the three statements below must be true:

- The stakeholder has needs and expectations of Mycronic
- The stakeholder has a fundamental impact on Mycronic's performance
- Mycronic can easily identify the purpose of the engagement and the type of output the company can expect from a dialogue with the stakeholder

The primary stakeholders for Mycronic are investors, employees, customers and suppliers. Divisions at Mycronic may add other stakeholder groups to the list of relevant stakeholders if the process described above indicates that this is relevant.

Organization of the dialogues
Our dialogues on sustainability are held through surveys, interviews, face-to-face discussions and workshops, depending on the targeted stakeholder. The sustainability manager co-ordinates the sustainability dialogue process. The divisions are responsible for rolling out the dialogue process with their customers and suppliers. The Corporate Office organizes the dialogues with investors and employees. The sustainability manager collects and analyses the results, which is presented to executive management and the Board of Directors.

Most recent dialogues
Our most recent formalized stakeholder dialogues were held in 2021, when we conducted dedicated stakeholder dialogues on sustainability with customers, investors, employees and suppliers. The table below shows the top three sustainability topics for Mycronic to address according to

each stakeholder group. In addition, more than 350 comments and ideas were collected. In 2022, we received insights from employees from our employee survey and held informal discussions with various shareholders and clients.

Stakeholder group	Communication channel	Most important topics
Employees	Employee survey	1. Environmental innovation and design of products 2. Employee health and safety 3. Responsible sourcing
Customers	Customer survey, meetings	1. Environmental innovation and design of products 2. Responsible sourcing 3. Climate impact from Mycronic's operations
Investors	Face-to-face meetings	1. Environmental innovation and design of products 2. Responsible sourcing 3. Climate impact from Mycronic's operations
Suppliers	Supplier survey	1. Environmental innovation and design of products 2. Responsible sourcing 3. Employee health and safety

Stakeholder dialogue and materiality analysis *continued*

Summary of Mycronic's materiality analysis

Areas	Material topics	Main GRI Disclosures	Related UN Sustainable Development Goals and Targets
Key area: Innovation for sustainability	- Environmental impact from the use and disposal of products - Use of materials	GRI 301: Materials GRI 302: Energy	7,3 Double the improvement in energy efficiency 9,5 Enhance research and upgrade industrial technologies 12,2 Sustainable management and efficient use of natural resources 
Key area: Future engineers through diversity	- Non-discrimination, diversity and inclusion - Community involvement	GRI 401: Employment GRI 405: Diversity and equal opportunity GRI 406: Non-discrimination GRI 413: Local communities	4,4 Increase the number of people with relevant skills for employment 4,5 Eliminate gender disparities in education 5,1 End discrimination against women and girls 8,5 Full employment and decent work with equal pay 
Key area: Climate impact from own operations	- Transports - Internal energy use - Business travel	GRI 302: Energy GRI 305: Emissions	7,3 Double the improvement in energy efficiency 12,2 Sustainable management and efficient use of natural resources 
Other material areas	- Responsible sourcing - IT security - Anti-corruption - Anti-competitive practices - Trade compliance - Health and safety - Training and development - Environmental management systems - Waste - Chemicals - Respect of human rights - Respect of labor rights	GRI 205: Anti-corruption GRI 306: Waste GRI 308: Supplier environmental assessment GRI 403: Occupational health and safety GRI 404: Training and education GRI 414: Supplier social assessment	3,9 Reduce illness from hazardous chemicals and pollution 8,8 Protect labor rights and promote safe working environments 12,4 Responsible management of chemicals and waste 12,5 Substantially reduce waste generation 16,5 Substantially reduce corruption and bribery 

Economic disclosures

Suppliers

In 2022, Mycronic had about 1,500 suppliers worldwide, of which 48 (46) percent in Europe, 30 (37) percent in Asia, and 22 (17) percent in the USA. The proportion of spending on local suppliers was 81 (75) percent in 2022 on a Group level. A local supplier is defined as an organization “that provides a product or service to the reporting organization, and that is based in the same geographic market as the reporting organization (that is, no transnational payments are made to a local supplier)”.

Due diligence in the supply chain

Mycronic’s objective is always to source materials, goods and services responsibly. In particular, Mycronic strives to ensure that the sourcing of minerals and metals do not, directly or indirectly, finance or benefit armed groups or cause or contribute to human rights violations. As part of Mycronic’s commitment to responsible sourcing, due diligence shall be exercised with respect to the sourcing and extraction of raw materials from conflict affected and highrisk areas, including tin, tantalum, tungsten and gold, used in products. The due diligence shall be consistent with relevant parts of the OECD Due Diligence Guidance or

equivalent processes.

Suppliers shall sign Mycronic’s Supplier Code of Conduct, which covers both environmental and social criteria.

Environmental and social topics are included in the evaluation of suppliers to the Swedish purchasing organization. The standard evaluation consists of a self-assessment and an on-site audit, and covers issues related to, for example, greenhouse gas emissions, water and electricity use, waste recycling, human rights, health and safety, and diversity. In 2022, 5 suppliers completed the self-assessment, which included environmental and social criteria, and all declared processes in place to support the criteria. 6 audits, of which one was of a new supplier, were conducted and no major deviations were identified with regard to environmental and social criteria. In addition, 19 quality audits were conducted.

In our Chinese purchasing organization, new suppliers are assessed on their compliance with the Responsible Alliance Code of Conduct, which includes a number of social and environmental criteria. Suppliers are also assessed on their compliance with the RoHS and REACH regulations, most recently in 2021 when 168 suppliers were assessed.

Anti-corruption

In 2022, 93 percent of the employees worldwide had signed Mycronic’s Anti-corruption policy. Managers are responsible for following up on the signatures to ensure that all employees sign the policy.

Mycronic has established a whistleblowing function managed by an independent external partner, which enables employees and external parties to report suspected breaches of the Code of Conduct or the Anti-corruption policy, including e.g. suspicions of corruption. Any reported case is thoroughly investigated with the help of external experts and corrective measures are taken should a violation have occurred. In 2022, no case that was related to potential fraud or corruption was reported to the whistleblower service.

Memberships of associations

Mycronic has memberships in several business and sector associations, which have been listed in previous Annual and sustainability reports. However, Mycronic has not identified any association in which it participates in a significant role, in accordance with the GRI Standards’ definition.

Environmental disclosures

Environmental management is based on Mycronic's Codes of Conduct, Quality and Environmental Policy, Group instructions and established goals. A measurable Group target has been set to reduce Scope 1, Scope 2 and parts of Scope 3 emissions (more information on p 33, 34 and 113). In other material environmental areas, Group ambitions and/or instructions have been defined.

The divisions have set environmental targets in line with the Group strategy and identified significant environmental aspects. Divisions are responsible for their implementation and for reporting results, which is done mainly through our quality and environmental management system.

Note about the environmental disclosures
In 2022, the two recently acquired businesses, atg L&M and HC Xin, started to report environmental data for their four respective sites. To enable an analysis of progress of Mycronic's Climate target (see p 17, 33 and 113), the base year data for the target has been recalculated to include also the newly acquired companies. However, for all other

environmental disclosures, data for previous years have not been recalculated. In practice, this means that due to the increasing Scope, absolute figures have in many cases increased in 2022.

Materials

Mycronic's products contain many materials with differing degrees of environmental impact, including metals (such as stainless steel, aluminum and titanium), rock (primarily diabase), plastic, glass, batteries and various types of electronic components. Work is ongoing in all divisions to reduce the environmental impact of bought materials and components.

Data coverage
Data for 2022 covers all operations, except the newly acquired company HC Xin. The reported data for material consumption in 2021 has been reduced due to adjustments in data from China. Data for previous years have otherwise not been changed or recalculated.

Omissions
Due to the data being unavailable, Mycronic cannot report the data broken down by renewable and non-renewable materials.

Methodology
Collection and reporting of data for 2022 was done by representatives at each unit. The quality of the data was assessed by an external project group (ZeroMission and U&We). All data was reported in the web-based system Our Impacts where evidence is also stored.

The table below shows the weight of main materials that are used to produce and package Mycronic's primary products. The data include materials whose weight exceeds 1 percent of the product's total weight. Total weight is calculated by estimating material proportion in products, known weight of the products and multiplied by the number of produced products during the year. The materials covered in the data are metals, composite and stone, plastic, and electronics. Of the reported materials, metals represent the major part.

Water

Water and effluents are not material topics for Mycronic. Water is not used in Mycronic's production processes. The consumption relates mainly to bathrooms and canteens. As a result, Mycronic uses and wastes only small amounts of water. Moreover, Mycronic does not have manufacturing sites or substantial presence in regions facing high water stress. Mycronic has nevertheless chosen to publish water consumption data since 2021, to respond to stakeholder requests. Water consumption increased in 2022 due to a leakage in the Swedish site.

Data coverage and methodology
Data for 2022 covers all production sites, including the acquired companies HC Xin and atg L&M. Data for previous years have not been changed or recalculated. Collection and reporting of data for 2022 was done by representatives at each unit. The quality of the data was assessed by an external project group (ZeroMission and U&We). All data was reported in the web-based system Our Impacts where evidence is also stored.

MATERIAL USED BY WEIGHT

Group, tonnes	2022	2021	2020
Material consumption – products	2,696	2,608	2,537
Packaging materials, incl. paper, cardboard and plastics	358	389	450
Total	3,054	2,997	2,987

WATER CONSUMPTION

Group, m ³	2022	2021
Total	21,431	13,093

Environmental disclosurescontinued

Energy

Mycronic strives to reduce its energy consumption. This is part of the Group's Climate target to cut own CO₂ emissions by 50 percent to 2030. Efforts to reduce the energy consumption from our

manufacturing sites and offices include optimization of equipment, isolation, ventilation, heating and lighting systems. Where possible, we switch to renewable energy sources. In 2022, the renewable

share of purchased energy was 45 percent. At one production site, we also produce own electricity from solar cells.

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Total energy consumption within the organization

Group, MWh	2022	2021	2020
Total	10,286	9,820	8,905

Energy consumption per type

Group, MWh	2022	2021	2020
Electricity	9,527	8 570	8 139
Burning oil	54	256	117
Natural gas and LPG	694	556	649
Bioenergy	10	0	0

Energy consumption from renewable sources

Group, MWh	2022	2021	2020
Purchased energy	4,594	4,987	5,160

Energy consumption within the organization

The Group's total energy consumption increased during the year, due to the addition of atg L&M and HC Xin to the reported Scope.

Renewable energy

Close to half of Mycronic's total energy consumption comes from renewable sources. The electricity bought in Sweden comes from hydro power certi-

fied by Vattenfall and in Germany the electricity is a mix of wind and hydropower certified by Green Planet Energy. Emissions are calculated using EPD (Environmental Product Declarations) from Vattenfall. Bioenergy in Sweden has been added during 2022. Electricity from own solar cells (one site in Germany) is not included in the reported data.

Data coverage

Data covers all operations, including the acquired companies HC Xin and atg L&M. The reported data for electricity for 2021 has been reduced with 1,293 MWh due to adjustments in the reporting from China. Data for previous years have otherwise not been changed or recalculated.

Omissions

Cooling and steam consumption is minimal and is therefore not disclosed. Renewable energy is only disclosed when specifically reported by a reporting unit, and supported by certificates or other evidence.

Methodology

Collection and reporting of data for 2022 was done by representatives at each unit. The quality of the data was assessed by an external project group (ZeroMission and U&We). All data was reported in the web-based system Our Impacts where evidence is also stored. Total energy consumption is reported based on consumption of gas, electricity and other fuels.

ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION

Energy consumption outside of the organization

Group, MWh	2022	2021	2020
Total	139,338	139,872	148,926

Energy consumption outside of the organization

On Group level, the energy consumption outside of the organization (during customers' use of our products) indicates a decreasing trend in the past three years. However, due to the uncertainty of the data (for further details, see p 112), comparisons between the years must be done with caution.

Data coverage

Data covers all operations, except the newly acquired company HC Xin. The reported data for 2021 has been reduced with 16,251 MWh due to adjustments in the reporting from China. Data for previous years have otherwise not been changed or recalculated.

Methodology

Collection and reporting of data for 2022 was done by representatives at each unit. The quality

of the data was assessed by an external project group (ZeroMission and U&We). All data was reported in the web-based system Our Impacts where evidence is also stored.

The data covers electricity consumption from the installed base at customers' sites (i.e. Mycronic's products used at customers' sites). The consumed energy is an estimation based on:

- Number of installed units (installed base)
- Annual hours of operation at client site (both stand-by and full operation)
- Energy consumption of the sold units (based on technical specification)

Knowledge of hours in operation or stand-by is very fragmented and not equally applied across the Group. In most cases, Mycronic has no evidence of the type of energy purchased by their clients to operate the units. Instead, estimations based on the geographic location of the clients' sites have been used to calculate the emissions.

Environmental disclosures

continued

Emissions

Mycronic measures its Scope 1, Scope 2 and material Scope 3 emissions. Mycronic’s largest climate impact occurs in our downstream Scope 3 emissions, when the products are used by our customers.

To enable an analysis of progress of Mycronic’s Climate target, the base year data for the target has been recalculated to include also the newly acquired companies atg L&M and HC Xin. For all other emissions disclosures, data for previous years have not been recalculated.

Climate target

Mycronic has set a target to reduce own CO₂ emissions by 50 percent to 2030. The emissions covered by the Group Climate target have decreased by 10 percent in total, between the base year and 2022.

Data coverage

By own operations we refer to emissions from the energy consumption of our manufacturing facilities and offices; transport of goods and products; and business travel. All together, this includes emissions in Scope 1 and 2 and some of the emissions in Scope 3.

Methodology

The base year for the target is 2020, except for business travel for which the base year is 2019 due to the travel restrictions during covid-19 in 2020. The base year of 2020 was chosen because, at the time of setting the target (in 2021), it was the most recent year for which Mycronic had Group wide data on the relevant emissions. Base year data have been recalculated to include estimated emissions from the newly acquired companies atg L&M and HC Xin.

EMISSIONS COVERED BY GROUP CLIMATE TARGET

Group, tCO ₂ e	2022	Recalculated base year
Total	16,089	17,787

GREENHOUSE GAS EMISSIONS

Scope 1

Group, tCO ₂ e	2022	2021	2020
Total	532	474	458

Scope 2

Group, tCO ₂ e	2022	2021	2020
Total			
Market based	2,590	1,825	1,437
Total			
Location based	2,570	1,906	1,563

Scope 3

Group, tCO ₂ e	2022	2021	2020
Total	120,265	117,574	109,216

Data coverage (for Scope 1-3)

For Scope 1 and Scope 2, data covers all operations, including the acquired companies HC Xin and atg L&M. Further details are found under “Scope 1: Direct GHG emissions” and “Scope 2: Indirect GHG emissions” below. For Scope 3, data generally covers all operations, except HC Xin. For some Scope 3 categories, not all sites report data. Further details are found under “Scope 3: Other indirect GHG emissions” below.

Omissions

In Scope 3, Mycronic collects and reports data for its most material categories. Some, for Mycronic less material, categories are not covered, such as:

- Capital goods
- Employee commuting
- Transportation of waste

Methodology

Mycronic reports carbon emissions in accordance with the recommendations of the Greenhouse Gas Protocol Corporate Standard (“GHG Protocol”). We use a carbon emissions calculation tool (Our Impacts) from an external provider, which also provides the conversion factors. Climate consultants ZeroMission and U&We have performed a quality verification of the calculations. We use the operational control consolidation approach. The following gases are included in the calculation: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃. Biogenic CO₂ emissions are included in the calculation and were 4,4 tonnes in 2022. The global warming potential (GWP, AR5) rates used are: 1 for CO₂ and for CO₂eq, 28 for CH₄, 265 for N₂O and 0 for biogenic CO₂.

Scope 2 emissions are reported according to the market-based method outlined by the GHG protocol Scope 2 Guidance. The CO₂e value is calculated based on information about the source of the bought electricity, when available, or geographical location.

Scope 1: Direct GHG emissions

Scope 1 emissions increased between 2021 and 2022, which was due to the addition of atg L&M that uses natural gas, to the reported Scope. Data for previous years have not been changed or recalculated.

Data included in Scope 1

- Other energy: The production site in USA, and one of the production sites in Germany use natural gas and propane; the production site in China uses LPG for cooking. In the beginning of 2022, two production sites still used oil for heating. Both sites have ceased the use of oil during the year.
- Emissions from company owned cars are included in the Scope.

Scope 2: Indirect GHG emissions

Scope 2 emissions increased between 2021 and 2022, which was due to the addition of atg L&M and HC Xin to the reported Scope. Scope 2 data for 2021 has been corrected, which is due to an adjustment of data reported in China. Data for previous years have otherwise not been changed or recalculated.

Data included in Scope 2

- Electricity consumption within the organization.

Scope 3: Other indirect GHG emissions

The observed increase of Scope 3 emissions is mainly driven by: more air freight following the addition of atg L&M to the reported Scope; increased travel after covid-restrictions ceased; and changes in emission factors for emissions from the use of products. Scope 3 data for 2021 has been corrected, which is due to an adjustment of data reported in China. Data for previous years have otherwise not been changed or recalculated.

Mycronic’s Scope 3 emissions represent the large majority of the Group’s climate impact. A dominant part of Scope 3 emissions, 77 (80) percent or 95,104 (95,684) tCO₂e for 2022, come from the use of products by our customers (i.e. energy consumption outside of the corporation).

Environmental disclosures

continued

Observations

Scope 3 data are to a quite significant extent built on estimations. The reporting Scope has also increased every year in the past five years, as sites are finding ways to improve collection and measurements of the different categories. For these reasons, comparisons between the years should be done with caution.

In 2022, we note that:

- Calculations of emissions from transports are complicated and complex. Several sites started to report inbound transports in 2022. In addition to the increasing emissions this result in, there is also possible double-counting when some sites report outbound transports sent to another site for further transport, and the receiving site report the same transport as inbound transports.
- Definitions and methods used to estimate emissions from the use of products and from materials differ between the sites. We are working to align the data, and have adjusted data for 2021 for our Chinese operations.
- Data regarding end of life treatment of sold products are based almost entirely on estimations, and only two sites currently provide the data.
- The reported data for 2021, for electricity from product use as well as for material consumption, have been reduced due to adjustments in the reporting from China. This have resulted in adjusted values for Scope 3 emissions with 14,359 tCO₂e for 2021.

Data included in Scope 3

- **Materials; products**
See page 111 for information about the definition and methodology used.
- **Materials; packaging**
See page 111 for information about the definition and methodology used.
- **Materials; office material**
Measured by purchased amount of print paper.
- **Energy consumption outside of the organization (use of sold products)**
See page 112 for information about the definition and methodology used
- **Business travel; road, air and rail**
Reports from travel agencies and from internal accounting.
- **Transports**
Weight and distances have either been estimated based on sold products, or by requesting annual reports from expeditors and third-party delivery firms. Data covers outbound (sold units) deliveries to clients from all sites. Reporting on inbound transportation was introduced in 2021 and a major part of the sites reported on this in 2022, but not all.
- **Waste**
See page 113 for information about the definition and methodology used.

Environmental disclosures *continued*

Sources of the emission factors used

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Environmental disclosures *continued*

Waste

Waste from electronics and electronic equipment is one of the fastest-growing waste streams globally. Waste from Mycronic's operations and products is comparatively small, since few products are manufactured and these have a long service life. 40 percent of the total amount of waste is sent for recycling. Most of the remaining waste is sent for incineration with energy recovery. A minor portion

of waste, half of which consists of the natural stone diabase, goes to landfill. Waste increased in 2022 compared to 2021, mainly due to the addition of atg L&M to the Scope but also as a consequence of increased production.

The sourcing departments are responsible for determining that third parties chosen for waste management respect legal obligations.

The divisions are working continuously to increase recycling. For example, the production site in Tewksbury, USA, increased its amount of recycled waste during 2022 and the site has also started compacting its waste which has reduced the need for waste removal from the site by almost half, thereby saving emissions from transports. In Sweden, we collaborate with an external partner

to reuse or recycle IT waste. In 2022, this led to savings of more than 37,000 kg CO₂e. Materials reused through Mycronic's buyback program also increased in 2022.

WASTE GENERATED, BY TYPE AND DISPOSAL METHOD

Total waste from operations

Group, tonnes	2022	2021
Non-hazardous and hazardous waste	226	177

Non-hazardous waste from operations

Group, tonnes	2022	2021
Recycling	76	64
Recovering, incl energy recovery	78	67
Landfill	33	27
Total	188	158

Hazardous waste from operations

Sweden, tonnes	2022	2021
Combustion, without energy recovery	38	19

Product end-of-life disposal

Sweden, tonnes	2022	2021
Recycling	128	286
Recovering, incl energy recovery	39	65
Landfill	91	157
Re-use	107	17

Data coverage

Figures for non-hazardous waste from operations include all production sites worldwide, except the newly acquired company HC Xin. Data for hazardous waste and for product end-of-life disposal cover Swedish operations. The reported data for 2021 in "Product disposal - reuse" has increased due to adjustments made by the Swedish site. Data for previous years have otherwise not been changed or recalculated.

Omissions

Waste generated at sales offices are not included. These are assumed to be negligible compared to waste from production sites and from end-of-life of products. Data for hazardous waste is currently unavailable for all units outside Sweden. Information about the composition of the waste is not available.

Methodology

Collection and reporting of data for 2022 was done by representatives at each unit. The quality of the

data was assessed by an external project group (ZeroMission and U&We). All data was reported in the web-based system Our Impacts where evidence is also stored. Since 2020, all hazardous waste is assumed to be treated by incineration without energy recovery. This does not impact the actual weights reported, but the GHG emissions do change.

For product end-of-life disposal, we assume that all materials that can be recycled have been recycled at the end of life of products. To calculate amounts, we have used information provided by the waste disposal contractor, and, for recycling at end-of-life of products, known product content, combined with an estimated number of units recycled. Reuse refers to materials reused through Mycronic's buyback program (see p 31). The number of machines and parts recuperated through the program have fluctuated significantly over the years.

Chemicals

Mycronic handles certain chemicals that are hazardous to health or the environment. These include chemicals that are necessary in the manufacturing process, such as adhesives and fats, and chemicals that are included in products. Mycronic commits to compliance to the RoHS and REACH Directives for products sold on the European market, as well as to the China RoHS regulation. Mycronic requires that all chemicals used in products and operations are controlled to minimize negative effects on the environment and human health. Such controls include, but are not limited to:

- process for the introduction of a new chemical, including risk assessments and evaluation of compliance with legal requirements,
- correct labelling, use, storage, delivery and transportation,
- instructions and other suitable precautions to prevent misuse
- availability of Personal Protection Equipment, (PPE), and spill containment apparatus,
- training of employees,
- process for the identification, evaluation, and elimination of chemicals containing substances hazardous to the environment and human health, (i.e., substances on the REACH Candidate list, CMR (Carcinogenic, mutagenic and reprotoxic) substances, allergy inducing substances and substances banned by legislation. If harmful substances have to be used, a sound motivation shall be provided and approval by the relevant authority received.

Relevant employees are trained in handling chemicals. The Pattern Generators and the High Flex divisions' operations do not use products that contain chemicals that are CRM-classified (Cancer, Reproduction, Mutagen). Exceptions are made for solder paste containing lead, but only when this type of solder paste is mandatory, which sometimes is the case in for example the aerospace sector. In Sweden, yearly goals are set to phase out specific chemicals, and risk assessments and audits of chemicals are performed regularly by an independent external partner.

Social disclosures

Employees

Mycronic actively promotes an inclusive and healthy work environment by embracing diversity and showing compassion for colleagues.

Data coverage

Data covers all operations. Employee data is compiled through the global Human capital management (HCM) system, on December 31, 2022.

Omissions

The data does not cover non-guaranteed hours employees since this is not applicable at Mycronic.

Employees by gender

Number (head count)	2022			2021			2020		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
Employees	2,054	370	1,684	1,771	309	1,462	1,525	262	1,263
Permanent employees	2,038	363	1,675	—	—	—	—	—	—
Temporary employees	16	7	9	—	—	—	—	—	—
Full-time employees	1,991	338	1,653	—	—	—	—	—	—
Part-time employees	63	32	31	—	—	—	—	—	—

Employees by region

Number (head count)	2022			2021			2020		
	Asia	Europe	North America	Asia	Europe	North America	Asia	Europe	North America
Employees	1,274	617	163	1,108	494	169	831	507	187
Permanent employees	1,272	607	159	—	—	—	—	—	—
Temporary employees	2	10	4	—	—	—	—	—	—
Full-time employees	1,269	564	158	—	—	—	—	—	—
Part-time employees	5	53	5	—	—	—	—	—	—

Employees by business division

Percentage	2022					2021					2020				
	High Volume	Global Technologies	High Flex	Pattern Generators	Corporate Office	High Volume	Global Technologies	High Flex	Pattern Generators	Corporate Office	High Volume	Global Technologies	High Flex	Pattern Generators	Corporate Office
% of global workforce	48	15	19	16	2	52	8	21	17	2	43	8	26	20	3
% of women in the Division's workforce	15	22	21	16	55	15	16	20	16	57	14	14	20	17	55

Data coverage

Data covers all operations, globally.

Social disclosurescontinued

New employee hires and employee turnover

Mycronic's employees are crucial to the company's value creation, profitability and growth. At Mycronic, we want to offer an attractive, inclusive and healthy workplace.

Data coverage

Data covers all operations. Employee data is compiled through the global Human capital management (HCM) system, on December 31, 2022.

Methodology

Mycronic measures the voluntary employee turnover rate.
Definition: Employee turnover rate = (People who left the company / average number of employees) * 100

INFORMATION ON EMPLOYEES AND OTHER WORKERS

New employee hires by gender

Number	2022			2021		
	Total	Female	Male	Total	Female	Male
< 30 years	220	34	186	187	33	154
30 – 50 years	230	32	198	143	32	111
> 50 years	38	15	23	14	5	9
Total	488	81	407	344	70	274

New employee hires by region

Number	2022		
	Asia	Europe	North America
< 30 years	179	16	25
30 – 50 years	163	41	26
> 50 years	8	16	14
Total	350	73	65

Employee turnover rate by gender

Percentage	2022			2021		
	Total	Female	Male	Total	Female	Male
< 30 years	38	44	37	—	—	—
30 – 50 years	14	12	15	—	—	—
> 50 years	9	14	8	—	—	—
Average	18	18	18	14	—	—

Employee turnover rate by region

Percentage	2022		
	Asia	Europe	North America
< 30 years	39	7	71
30 – 50 years	15	10	28
> 50 years	7	7	19
Average	21	8	27

Employment

Mycronic commits to diversity, equality, fair working conditions and freedom of association for employees, including the right to join trade union associations. To identify the Group's strengths, risks and areas for improvement, HR audits are included in internal audits. In 2022, all employees in Sweden, the subsidiaries in France and atg L&M in Germany, which equals 26,4 percent of Mycronic's employees, were covered by collective bargaining agreements.

In China, the subsidiary Axxon (division High Volume) has a voluntary agreement with the authorities, which is reviewed every three years. Through the agreement, the company agrees to follow basic requirements from the government; for example to ensure benefits, healthy working environment, minimum wage, at least one day rest per week, and ensure working hours. The company also agrees to establish a local labor union, whose participants are chosen by a mix of voting and the company deciding. This local labor union does not negotiate with the employer.

Social disclosurescontinued

Training and development

Training and learning on the job are essential for our employees' continuous development and for Mycronic to stay on the cutting edge of technological development. Mycronic therefore works in a structured way with knowledge-sharing and technology transfers within and across functions in all divisions. Read more about our work with learning and growth opportunities on page 32.

Mycronic conducts annual employee surveys. 85 percent of the employees responded to the survey in 2022. Results showed that employees particularly appreciated their relations with colleagues, diversity and inclusion, as well as their possibilities to influence at work. Identified areas for improvement include training and development, which Mycronic strives to improve.

Group, percentage	Female	Male
Employees covered by performance and career development reviews in 2022	84	89

Data coverage

Data covers all operations. Employee data is compiled through the global Human capital management (HCM) system on December 31, 2022. Employees from the acquired companies atg L&M and HC Xin have been added to the reporting in 2022 (these were not included in the data for 2021 and earlier).

Omissions

Performance and Growth data divided per employee category is not available.

Occupational health and safety

Mycronic is committed to providing a safe and healthy workplace. Our work in occupational health and safety focuses on reducing and preventing physical, ergonomic and psychosocial risks.

Policy and guidelines

Mycronic's commitment to Health and safety is outlined in the Health and Safety (H&S) Policy and the Code of Conduct. In 2022, Mycronic established a Group Occupational Health and Safety (OHS) Board. It is chaired by SVP Human Resources and consists of representatives from HR and Operations from each division. The Board's mission is to build a strong health and safety culture within Mycronic, through awareness raising, shared working methods, recommendations of actions and joint follow-up on incidents and accident reporting. In Sweden (representing approx. 20 percent of total employees), a non-certified occupational health and safety management system is in place and an employee representative is member of the Health and Safety Committee. In the US, a local Safety Committee has been established. In other countries, health and safety is addressed in accordance with local laws and regulations. All sites must also adhere to and work in accordance to Mycronic's Group H&S Policy and common reporting procedures.

Detailed requirements on how suppliers should address health and safety are found in Mycronic's specific Code of Conduct for suppliers.

Covid-19

Since 2020, Mycronic has carried out a number of initiatives to ensure the well-being and health of its employees during the covid-19 pandemic (read more about these in the Annual and sustainability report 2021). Initiatives continued during 2022 in countries in which restrictions remained.

Health and safety inspections

Internal health and safety inspections are conducted regularly throughout the Group. 64 inspections were conducted in 2022. Findings and corrective measures are followed up on each site.

Training and other health and safety initiatives

Mycronic continually trains employees to reduce and prevent physical, ergonomic and psychosocial risks. All employees receive basic health and safety instructions and participate in exercises regarding how to act in the event of a fire or accidents. For relevant positions, health and safety are included in employees' introduction. In the US, safety suggestion "mailboxes" have been installed. For roles that are exposed to specific risks, such as chemicals or lasers, we provide special safety training. In 2022, trainings were for example provided in safe handling of chemicals, electrical safety, safe driving (for service technicians and sales people) and safe use of production equipment.

A number of targeted initiatives to prevent stress have been implemented over the last three years. Managers in Sweden and in China have participated in training on preventing work related stress, and employees at some sites have participated in an e-learning. High Volume in China offers training with a psychologist twice a year, as well as monthly individual consultations with a psychologist, for those who wish.

Promoting health

In Sweden, all employees are covered by health and accident insurance and have access to occupational health care. They also have access to naprapaths in the workplace, and receive grants for health-promoting activities (for example sports). In other countries, the Scope of access to insurance and occupational health care varies. The health care services are in most cases provided by external companies that guarantee the employees' data confidentiality in accordance with current local legislation.

Work-related injuries

Incidents and injuries are reported at all sites. 12 work-related incidents were recorded in 2022. Most of these related to falling, slipping or lifting. No fatalities or high-consequence injuries were recorded. All incidents are followed up locally and corrective measures are implemented as necessary.

Social disclosures *continued*

Occupational health and safety *continued*

WORK-RELATED INJURIES

Number of work related injuries

	2022		2021		2020	
	Group	Sweden	Group	Sweden	Group	Sweden
Fatalities as a result of work-related injury	0	0	0	0	0	0
High-consequence work-related injuries (excluding fatalities)	0	0	—	0	—	0
Recordable work-related injuries	12	4	—	5	—	7
Hours worked	3,976,798	775,619	4,281,226	579,532	—	500,303

Rates of work related injuries

	2022		2021		2020	
	Group	Sweden	Group	Sweden	Group	Sweden
Fatalities as a result of work-related injury	0.0	0.0	0.0	0.0	0.0	0.0
High-consequence work-related injuries (excluding fatalities)	0.0	0.0	—	0.0	—	0.0
Recordable work-related injuries	0.6	1.0	—	1.7	—	2.8

Data coverage

Data covers all operations.

Methodology

Mycronic uses the GRI definitions for the mentioned disclosures, i.e.:

- (Number of fatalities as a result of work-related injury/Number of hours worked) X 200,000 hours worked

- (Number of high consequence work-related injuries excluding fatalities/Number of hours worked) X 200,000 hours worked
- (Number of recordable work-related injuries/Number of hours worked) X 200,000 hours worked

Non-discrimination

Mycronic is committed to provide a workplace that is free from any type of discrimination and to promote diversity and equality. We monitor this issue through the annual employee survey and encourage employees to report incidents to their closest manager or through the whistleblower system. Any discrimination case, such as those based

on the categories listed in our Code of Conduct, in our Diversity and Inclusion Policy, or in ILO instruments, can be reported. No discrimination cases were reported within the Mycronic Group in 2022, neither through the whistleblowing system nor through internal reporting channels. Data covers all operations.

Social disclosures *continued*

Diversity and inclusion

Mycronic commits to prevent discrimination and foster diversity and inclusion, in its Code of Conduct and in its Diversity and Inclusion Policy. Each division sets targets and actions pertaining

to their specific challenges. Read more about our work to promote diversity and equal opportunities on page 32.

DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

	2022			2021			2020		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
Board of Directors									
< 30 years (number)	0	0	0	0	0	0	0	0	0
30 – 50 years (number)	0	0	0	0	0	0	0	0	0
> 50 years (number)	7	2	5	6	2	4	6	2	4
Total (number)	7	2	5	6	2	4	6	2	4
Share (percentage)	100	29	71	100	33	67	100	33	67
Executive management									
< 30 years (number)	0	0	0	0	0	0	0	0	0
30 – 50 years (number)	2	1	1	3	1	2	1	0	1
> 50 years (number)	6	2	4	5	2	3	8	3	5
Total (number)	8	3	5	8	3	5	9	3	6
Share (percentage)	100	37.5	62.5	100	37.5	62.5	100	33	67
Management positions									
< 30 years (number)	10	1	9	—	—	—	—	—	—
30 – 50 years (number)	208	33	175	—	—	—	—	—	—
> 50 years (number)	86	20	66	—	—	—	—	—	—
Total (number)	304	54	250	265	40	225	215	39	176
Share (percentage)	100	18	82	100	15	85	100	18	82
Employees									
< 30 years (number)	466	65	401	519	77	442	—	—	—
30 – 50 years (number)	1,136	213	923	919	166	753	—	—	—
> 50 years (number)	452	92	360	333	66	267	—	—	—
Total (number)	2,054	370	1,684	1,771	309	1,462	1,525	262	1,263
Share (percentage)	100	18	82	100	17	83	100	17	83

Data coverage

Data covers all operations. Employee data is compiled through the global Human capital management (HCM) system, on December 31, 2022.

Data for the Board of Directors aligns with Mycronic's financial reporting practices and therefore excludes employee representatives.

Methodology

Definition used for management positions = Line managers.

Social disclosurescontinued

Human rights

Mycronic’s commitment to human rights is described in the Code of Conduct. In addition, as a signatory to the UN Global Compact, we commit to its principle about human rights. For Mycronic, risks linked to human rights impacts are mainly indirect and appear several steps up or down in our value chain. Risks relate either to our supply chain (for example in terms of conflict minerals or poor working conditions), or to our produc-

tion equipment that could potentially be used to manufacture parts that are sensitive from a human rights perspective (for example electronics in telephones that could be used for surveillance purposes). Supply chain risks are addressed through due diligence activities, see p 35 and 110. Product related risks are addressed mainly through our Trade Compliance Policy and processes, as well as by our Ethical and Compliance Board, see p 35.

Local communities

In addition to creating job opportunities, Mycronic participates in a number of initiatives aimed at strengthening the local community. Mycronic has global guidelines for local community involvement in which the company encourages initiatives that promote: education (especially in technical science and engineering); women in technology; innovation; and environmental progress. These types of initiatives strengthen our employees’ commitment and, over the long term, can contribute to the company’s skills supply.

In 2022, Mycronic’s four major sites (four out of six production sites) conducted initiatives to support local communities. These are the headquarters in Sweden, Global Technologies’ sites in the US and in Germany (atg L&M), and one of High

Volume’s sites in China. In addition to the initiatives mentioned on page 32, actions during 2022 also included supporting local associations working to help people in need.

- In the US, employees organized activities to support: a food bank; an association providing housing for homeless families; and an association providing help to distressed animals.
- In China, one site organized a visit and food support to a center for children with special needs.
- In Germany, employees organized activities to support a food bank.

From time to time, local sales and service offices also conduct initiatives to support local communities.

Innovation capacity

Mycronic encourages new ideas and close collaboration with customers. Internal cooperation across division borders is essential to optimize the use of the skills and technological expertise available throughout the Group. Mycronic’s own laboratories and simulators, as well as a number of smaller innovation laboratories for rapid development and testing of new ideas, are facilitating the route from idea to concept. Partnerships with customers play a crucial role in monitoring and understanding future customer needs. In addition, collaboration with academia offers an insight into the latest

research that may serve as a basis for solutions for future products.

Mycronic has a history of innovations that spans more than 40 years and that has resulted in more than 500 patents.

Number of granted patents during the year

Group	2022	2021	2020
Total	28	31	24

EU Taxonomy Regulation disclosures for 2022

Assessment of substantial contribution to climate change mitigation in accordance with the EU Taxonomy Regulation

In this section, information is provided on how the economic activities in the EU Taxonomy apply to Mycronic's operations, including how the criteria for substantial contribution have been determined.

Description of eligible activities

As in the 2021 Annual Report, Mycronic considers its mask writer products with solid state lasers; the solid state laser technology itself; and all related R&D projects; to be eligible to the EU taxonomy under "3.6 Manufacture of low carbon technologies", because these demonstrate substantial life-cycle GHG emission savings compared to alternative technology currently used in the market.

The solid state laser technology enables the mask writer to significantly reduce energy consumption from the use phase, thereby reducing related GHG emissions. Mycronic's mask writers with solid state lasers are estimated to consume around 80 percent less electricity during use, compared to similar products that use gas laser technology. Accordingly, Mycronic's view is that the mask writers with solid state laser have the potential to substantially contribute to reduced GHG emissions for the customer.

In 2022, the large majority of the installed base of laser based mask writers on the global market were run on gas lasers. Given that the installed base is predominantly run on gas lasers, Mycronic considers mask writers integrating the solid state laser technology as "the best performing alternative technology/.../ available on the market", in accordance with the description provided in the Annex 1 to the EU Taxonomy Climate Delegated Act (page 50).

R&D projects related to these products or to the solid state laser technology itself are considered eligible, based on the same rationale as described above.

Mycronic is actively working towards alignment of the eligible activities. To ensure compliance with the EU Taxonomy's various criteria, we are reviewing our policies and processes, and an independent external life cycle analysis is also underway.

Definitions

- **Turnover:** Turnover from mask writers with the solid state laser technology are reported as eligible turnover in percentage of consolidated net sales.
- **OpEx:** Non-capitalized R&D costs related to mask writer products with solid state lasers, or to the solid state laser technology itself, are reported as operational expenditures in percentage of consolidated research and development expenses. Other taxonomy-related expenditures are not significant.
- **CapEx:** Capitalized development costs related to these products and the technology are reported as capital expenditures in percentage of total investments in tangible and intangible assets as well as add-ons of IFRS 16 leases. In 2022, there were no capitalized development costs related to eligible activities.

Contextual information, Scope, and limitations

Mycronic has applied a cautionary approach in its assessment of eligible activities. This means that Mycronic excludes activities for which there are substantial uncertainties in the interpretation of the EU taxonomy regulation. Mycronic may re-evaluate the eligibility of some of its activities when interpretation guidelines and best practice become available. Revenues from sales through distributors are included in the Scope. To our knowledge, Mycronic has no direct or indirect customers in the fossil fuel industry. No revenues to specific customer segments have therefore been excluded.

EU Taxonomy Regulation disclosures for 2022 *continued*

Turnover

[illegible]

EU Taxonomy Regulation disclosures for 2022 *continued*

Operating Expenditures (Opex)

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities				Substantial contribution criteria					DNSH criteria (Do No Significant Harm)											
Economic activities	Code/Codes	Absolute OpEx, Currency	Proportion of OpEx, %	Climate change mitigation, %	Climate change adaptation, %	Water and marine resources, %	Circular economy, %	Pollution, %	Biodiversity and ecosystems, %	Climate change mitigation, Y/N	Climate change adaptation, Y/N	Water and marine resources, Y/N	Circular economy, Y/N	Pollution, Y/N	Biodiversity and ecosystems, Y/N	Minimum safeguards, Y/N	Taxonomy-aligned proportion of OpEx, year N, %	Taxonomy-aligned proportion of OpEx, year N-1, %	Category (enabling activity), Y/N	Category (transitional activity), Y/N
A. Taxonomy eligible activities																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of eligible Taxonomy-aligned activities (A.1)		0	0																	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of low carbon technologies	3.6	69	11															Y	N	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	3.6	69	11															Y	N	
Total (A.1 + A.2)	3.6	69	11															Y	N	
B. Taxonomy non-eligible activities																				
OpEx of non-eligible activities (B)		568	89																	
Total (A + B)		638	100																	

In 2022, there were no capitalized development costs (CapEx) related to Taxonomy-eligible activities.

EU Taxonomy Regulation disclosures for 2022 *continued*

Capital Expenditures (Capex)

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities				Substantial contribution criteria					DNSH criteria (Do No Significant Harm)											
Economic activities	Code/Codes	Absolute CapEx, Currency	Proportion of CapEx, %	Climate change mitigation, %	Climate change adaptation, %	Water and marine resources, %	Circular economy, %	Pollution, %	Biodiversity and ecosystems, %	Climate change mitigation, Y/N	Climate change adaptation, Y/N	Water and marine resources, Y/N	Circular economy, Y/N	Pollution, Y/N	Biodiversity and ecosystems, Y/N	Minimum safeguards, Y/N	Taxonomy-aligned proportion of CapEx, year N, %	Taxonomy-aligned proportion of CapEx, year N-1, %	Category (enabling activity), Y/N	Category (transitional activity), Y/N
A. Taxonomy eligible activities																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of eligible Taxonomy-aligned activities (A.1)		0	0																	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of low carbon technologies	3.6	0	0															Y	N	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	3.6	0	0															Y	N	
Total (A.1 + A.2)	3.6	0	0															Y	N	
B. Taxonomy non-eligible activities																				
CapEx of non-eligible activities (B)		223	100																	
Total (A + B)		223	100																	

In 2022, there were no capitalized development costs (CapEx) related to Taxonomy-eligible activities.

Auditor’s report on the statutory sustainability statement

To the general meeting of the shareholders of Mycronic AB, corporate identity number 556351-2374

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2022 on pages 28–35 and 105–131, and that it has been prepared in accordance with the Annual Accounts Act.

The Scope of the audit

Our examination has been conducted in accordance with FAR’s auditing standard RevR 12. The auditor’s opinion regarding the statutory sustainability statement. This means that our examination of the statutory sustainability statement is

different and substantially less in Scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A statutory sustainability statement has been prepared.

Stockholm the day of our electronical signature
Ernst & Young AB

Erik Sandström
Authorized Public Accountant

GRI content index

Statement of use Mycronic AB has reported in accordance with the GRI Standards for the period January 1–December 31, 2022.	GRI 1 used GRI 1: Foundation 2021.	Applicable GRI Sector Standard(s) Not currently available.
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GENERAL DISCLOSURES

GRI standard	Disclosure	Page(s)	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-1 Organizational details	4, 47–48	*	*	*
	2-2 Entities included in the organization's sustainability reporting	89, 106	*	*	*
	2-3 Reporting period, frequency and contact point	106	*	*	*
	2-4 Restatements of information	106	*	*	*
	2-5 External assurance	107, 127	*	*	*
	2-6 Activities, value chain and other business relationships	19–27, 30			
	2-7 Employees	117–118	Part b iii	Information unavailable/incomplete	See page 116 under Omissions
	2-8 Workers who are not employees		2–8	Not applicable	Group data does not exist yet
	2-9 Governance structure and composition	47–55, 107			
	2-10 Nomination and selection of the highest governance body	48–49			
	2-11 Chair of the highest governance body	52–55			
	2-12 Role of the highest governance body in overseeing the management of impacts	107			
	2-13 Delegation of responsibility for managing impacts	107			
	2-14 Role of the highest governance body in sustainability reporting	107			
	2-15 Conflicts of interest	42, 107			
	2-16 Communication of critical concerns	107			
	2-17 Collective knowledge of the highest governance body	107			
	2-18 Evaluation of the performance of the highest governance body	107			
	2-19 Remuneration policies	41–43			
	2-20 Process to determine remuneration	41–43			
	2-21 Annual total compensation ratio		2–21	Information unavailable/incomplete	Mycronic does not calculate the ratio. See page 41 for information on compensation to the CEO

* Reasons for omission are not permitted for the disclosure.

GENERAL DISCLOSURES

GRI standard	Disclosure	Page(s)	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	7			
	2-23 Policy commitments	107, 110, 122			
	2-24 Embedding policy commitments	110, 119-120			
	2-25 Processes to remediate negative impacts	107	Part a	Information unavailable/incomplete	No formal commitment exists yet
	2-26 Mechanisms for seeking advice and raising concerns	107			
	2-27 Compliance with laws and regulations	107			
	2-28 Membership associations	110			
	2-29 Approach to stakeholder engagement	108-109			
	2-30 Collective bargaining agreements	118			

MATERIAL TOPICS

GRI standard	Disclosure	Page(s)	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 3: Material Topics 2021	3-1 Process to determine material topics	108	*	*	*
	3-2 List of material topics	108-109	*	*	*
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	107, 110			
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	110			
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	107, 111			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	111	Part a i, ii	Information unavailable/incomplete	See page 110 under Omissions
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	107, 112			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	112			
	302-2 Energy consumption outside of the organization	112			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	107, 113-114			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	113-115			
	305-2 Energy indirect (Scope 2) GHG emissions	113-115			
	305-3 Other indirect (Scope 3) GHG emissions	113-115			

* Reasons for omission are not permitted for the disclosure.

MATERIAL TOPICS

GRI standard	Disclosure	Page(s)	Omission		
			Requirement(s) omitted	Reason	Explanation
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	107, 116			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	116			
	306-2 Management of significant waste-related impacts	116	Part b	Information unavailable/incomplete	See page 115 under Omissions
	306-3 Waste generated	116			
	306-4 Waste diverted from disposal	116	Part a, d	Information unavailable/incomplete	See page 115 under Omissions
	306-5 Waste directed to disposal	116	Part a, d	Information unavailable/incomplete	See page 115 under Omissions
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	107, 110			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	110			
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	107, 118			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	118			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	107, 119			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	119			
	403-2 Hazard identification, risk assessment, and incident investigation	107, 119			
	403-3 Occupational health services	119			
	403-4 Worker participation, consultation, and communication on occupational health and safety	119			
	403-5 Worker training on occupational health and safety	119			
	403-6 Promotion of worker health	119			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	119			
	403-8 Workers covered by an occupational health and safety management system		Part a	Information unavailable/incomplete	Mycronic has no certified management system
	403-9 Work-related injuries	119–120			

MATERIAL TOPICS

GRI standard	Disclosure	Page(s)	Omission			
			Requirement(s) omitted	Reason	Explanation	
Training and education						
GRI 3: Material Topics 2021	3-3	Management of material topics	107, 119			
GRI 404: Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	119			
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3	Management of material topics	107, 120			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	121			
Non-discrimination						
GRI 3: Material Topics 2021	3-3	Management of material topics	107, 120			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	120			
Local communities						
GRI 3: Material Topics 2021	3-3	Management of material topics	107, 122			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	122	Part a i, ii, vi, viii	Not applicable	Mycronic's impact on local communities is limited. No impact assessments are therefore conducted.
Supplier social assessment						
GRI 3: Material Topics 2021	3-3	Management of material topics	107, 110			
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	110			

Shareholder information.....133

Definitions.....134

Glossary.....135

Ten-year overview.....136

Addresses.....138

Other

Shareholder information

Financial reporting financial year 2023

- Interim Report January–March, April 27, 2023
- Interim Report January–June, July 14, 2023
- Interim Report January–September, October 19, 2023
- Year-End Report 2023, February 8, 2024

Financial information

The 2022 Annual and Sustainability Report is published on the website and through a press release on April 3, 2023.

Financial reports and press releases are available on the website. Through a subscription service on the investor pages of the website, it is possible to register to obtain reports and press releases.

Distribution of the Annual and sustainability report 2022

A printed Annual and Sustainability Report is distributed to those who request it. The Annual and Sustainability Report is also available at Mycronic's website, www.mycronic.com.

Annual General Meeting 2023

The Annual General Meeting of Mycronic will be held on Tuesday, May 9, 2023, at 5:00 p.m. at the company's premises at Nytorpsvägen 9 in Täby. The entrance will open at 4:00 p.m.

Exercise of the right to vote

Shareholders who wish to exercise their voting rights at the Annual General Meeting must be recorded in the share register kept by Euroclear Sweden AB on Friday, April 28, 2023 and notify their intention to participate to the company.

For shareholders who have their shares nominee-registered through a bank or other nominee, the following applies in order to be entitled to participate in the meeting. In addition to registering, such shareholders must re-register their shares in their own name so that the shareholder is registered in the share register kept by Euroclear Sweden AB as of the record date on Friday, April 28, 2023. Such re-registration may be temporary (so-called voting rights registration). Shareholders who wish to register their shares in their own name must, in accordance with the respective nominee's procedures, request that the nominee make such registration. Registration of voting rights requested by shareholders at such a time that the registration has been made by the nominee no later than Wednesday, May 3, 2023 will be taken into account in the preparation of the share register.

Notification of physical participation or participation through a representative

Anyone wishing to attend the meeting physically or through a representative must no later than 12:00 on Wednesday, May 3, 2023, notify the company in one of the following ways:

- On the website www.mycronic.com
- By telephone +46 8 518 01 551
- By mail to Computershare AB, "Mycronic's Annual General Meeting", P.O. Box 5267, 102 46 Stockholm, Sweden
- By e-mail to proxy@computershare.se

The notification shall state name, personal ID number or corporate registration number, address and telephone number, number of shares held and names of any advisors (maximum two).

Anyone who does not wish to attend in person or exercise their voting right by postal vote may exercise their right at the meeting by proxy with a written, signed and dated power of attorney. If the power of attorney has been issued by a legal entity, a copy of the registration certificate or equivalent authorization document for the legal entity must be attached.

To facilitate access to the meeting, proxies, registration certificates and other authorization documents should be sent to the company at the address Computershare AB, "Mycronic's Annual General Meeting", P.O. Box 5267, 102 46 Stockholm, Sweden no later than Wednesday, May 3, 2023.

Please note that notification of participation in the meeting must be made even if the shareholder wishes to exercise his or her voting rights at the meeting through a proxy. A submitted power of attorney does not apply as notification to the meeting.

Instructions for postal voting

Shareholders who wish to exercise their voting right by postal voting must use the postal voting form and follow the instructions available on the company's website www.mycronic.com. Postal voting forms can also be provided by post to shareholders who request it by phone +46 8 518 01 551, weekdays at 09:00–16:00.

Completed and signed postal voting forms can be sent either by post to Computershare AB, "Mycronic's Annual General Meeting", P.O. Box 5267, 102 46 Stockholm, Sweden or by e-mail to proxy@computershare.se. The completed form must be received by Computershare no later than Wednesday, May 3, 2023.

Shareholders who are natural persons can also cast a postal vote electronically through verification with BankID via the company's website www.mycronic.com. Such electronic votes must be cast no later than Wednesday, May 3, 2023.

The shareholder may not provide the postal vote with special instructions or conditions. If this happens, the entire postal vote is invalid. Further instructions and conditions can be found in the postal voting form.

If a shareholder submits its postal vote by proxy, a written and dated power of attorney signed by the shareholder must be attached to the postal voting form. Proxy forms are available on the company's website www.mycronic.com. If the shareholder is a legal entity, a registration certificate or other authorization document must be attached to the form.

Anyone wishing to revoke a postal vote and instead exercise their right to vote by attending the meeting physically or by proxy must notify the secretariat of the meeting before the meeting opens.

Definitions

Acquisition-related costs

Acquisition-related costs include expensing of acquired inventories at fair value, amortization and impairment of acquired intangible assets, changes in value and revaluation of contingent considerations and transaction costs.

Book-to-bill

Order intake in relation to net sales. Used to show future expected net sales development.

Capital employed

Total assets reduced by non-interest bearing liabilities. Used to show the ability to meet capital needs from operations.

Capital turnover rate

Net sales divided by average capital employed. Used to show how much capital operations use.

Cash flow from financing activities

Payments of dividends, increase and amortization of loans, etc.

Cash flow from investing activities

Net capital investments in subsidiaries and other business combinations, building, machinery and equipment, capitalized development and financial non-current assets.

Cash flow from operating activities

Profit after financial items adjusted for non-cash items, income tax paid and changes in working capital.

Earnings per share

Profit attributable to the owners of the Parent Company divided by the average number of outstanding shares before and after dilution. Used to set the value of the company’s earnings per share.

EBIT

Profit from operations, before financial items and tax.

EBIT margin

Operating result, EBIT, as a percentage of net sales. Used to show profitability from operations.

EBITDA

Operating result, EBIT, before depreciation and amortization. EBITDA is a component in the dividend policy.

Equity per share

Equity at balance day divided by the number of outstanding shares at the end of the year. Used to set the value of the company per share.

Equity/assets ratio

Equity as a percentage of total assets. Used to show how much of assets are financed by equity.

Gross margin

Gross profit as a percentage of net sales. Used to show profitability from sales of goods and services.

Gross profit

Net sales less costs for goods sold. Used to show profitability from sales of goods and services.

Net debt/net cash

Interest-bearing liabilities less cash and cash equivalents. Used to show ability to repay all debts at expiry date.

Order backlog

Remaining orders for goods, valued at balance day exchange rate. Used to show secured future net sales of goods.

Order intake

Orders received for goods and services, valued at average exchange rates. The order intake also includes revaluation of the order backlog at closing exchange rate. Used to show orders received.

Organic growth

Change in net sales or order intake excluding increases attributable to acquisitions, recalculated to the preceding year’s exchange rates, as a percentage of the preceding year’s net sales or order intake. Net sales and order intake from acquired companies are included in calculating organic growth from the first turn of the month occurring 12 months after acquisition.

P/E ratio per share

Share price at December 31 divided by earnings per share.

R&D costs

Costs attributable to R&D activities including costs of personnel engaged in R&D. Reduced by capitalized development costs.

Return on capital employed

Profit before financial expenses as a percentage of average capital employed. Used to show return on capital needed by operations.

Return on equity

Net profit as a percentage of average equity. Used to show return on shareholders capital over time.

Science-based targets

Science-based targets provide a clearly-defined pathway for companies to reduce greenhouse gas emissions. Targets are considered science-based if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels. Science-based targets come from the Science-Based Targets Initiative.

Underlying EBIT and underlying EBIT margin

Underlying EBIT consists of operating result excluding acquisition-related costs and gains/losses from divestments of subsidiaries. The underlying EBIT margin is underlying EBIT as a percentage of net sales. Used to describe how operations are developing and performing excluding acquisition-related costs and gains/losses from divestments.

Working capital

Current assets less current liabilities. Used to show short-term capital needs for operations.

Glossary

AMOLED Active-Matrix Organic Light-Emitting Diode. In an AMOLED display, each pixel is its own light source. This enables the production of thinner, more energy-efficient displays.	Electronic packaging The manufacturing step that packages a semiconductor chip so that it is protected and can be connected to other electronics components in electronic products.	Mask writer Exposure equipment used for the manufacture of photomasks.	Pick and Place A term for robots that pick and place electronic components on a circuit board.
Assembly fluids In electronics manufacturing many different types of fluids are used in the assembly process. A few examples are adhesives and conductive adhesives.	Internet of Things A collective term for when machines, vehicles, goods, household appliances, clothing and other items are equipped with built-in sensors. Units can communicate and in this way behavior adapted to the situation is created.	OLED Organic Light Emitting Diode. OLED works in the same manner as conventional light emitting diodes, but instead of semiconductors, thin organic films are used to produce strong and vivid colors with a very high level of contrast. OLED displays use the material in every pixel as a light source, which offers several advantages in image quality compared with LCD. OLED technology also enables flexible displays.	Printed circuit board (PCB) Circuit boards are PCBs with mounted electrical components. A circuit board can have surface or through-hole mounting or a combination. The components can be mounted on one side or both.
Circuit board A circuit board is a board of insulated material containing a pattern of electrical conductors. See also Printed circuit board (PCB).	Jet printing A technology for non-contact application of solder paste on circuit boards.	Photomask A photomask can be compared to a photo negative. A pattern is written with a Mycronic mask writer and transferred to the end product by a lithographic process. The photomask consists of a transparent substrate of glass or quartz that is covered with a thin layer of chrome and a layer of photoresist. Photoresist is a light-sensitive material that can be developed and then washed away after exposure to light. After writing, the photoresist is developed and the pattern is transferred to the chrome layer by etching.	Semiconductors An electronic component containing more than one circuit element. Examples include memories, processors and amplifiers.
Die bonding Die Bonding is a process where Die, which is a small block of semiconductor material on which a specified functional circuit is manufactured, is bonded either to its packaging or to a substrate, which enables communication with the external environment.	LCD LCD (Liquid Crystal Display) is a technology for the manufacturing of displays. LCD is based on liquid crystal material, an electrically active fluid. There are two main LCD technologies: active (TFT-LCD) and passive (PM-LCD or TN/STN LCD).		Solder paste Material that creates electrical and mechanical connection between the PCB and its electronic components.
Dispensing Dispensing is used in the manufacturing of electronics to apply adhesives, solder paste or other mounting fluids onto circuit boards. This also includes conformal coating of circuit boards	LiDAR Light detection and ranging. LiDAR is an optical measuring instrument that measures properties of reflected light to find the distance and/or other properties of a distant object.		Surface mounting The dominant technology within electronics production where components are mounted onto the surface of a circuit board.

Ten-year overview

SEK million	2022	2021	2020	2019	2018	2017 ¹	2016	2015	2014	2013
Order intake	6,783	4,506	3,687	4,567	3,642	3,567	2,455	2,179	2,028	1,053
Order backlog	3,574	1,975	1,969	2,154	1,904	1,963	1,342	1,066	702	149
Profit and Loss Accounts										
Net sales	5,119	4,635	3,882	4,307	3,781	3,000	2,319	1,815	1,475	997
Gross profit	2,288	2,284	2,080	2,399	2,098	1,716	1,410	1,076	712	446
EBITDA	1,147	1,254	1,112	1,307	1,094	919	724	566	301	60
EBIT	894	1,049	898	1,124	1,020	844	691	540	277	32
Profit/loss before tax	890	1,046	890	1,122	1,011	836	689	540	278	36
Tax	-154	-219	-187	-263	-219	-212	-163	-98	-12	-22
Profit/loss for the year	737	827	703	859	792	623	526	442	266	14
Balance Sheet										
Non-current assets	3,145	2,926	1,886	1,960	1,592	1,192	1,225	242	286	282
Inventories	1,433	1,363	1,181	1,109	868	589	575	276	233	324
Other current assets	1,488	978	949	1,075	910	651	747	327	420	309
Cash and cash equivalents	1,274	683	1,303	655	829	813	209	898	661	487
Assets held for sale	—	186	—	—	—	—	—	—	—	—
Total assets	7,340	6,136	5,319	4,800	4,199	3,244	2,755	1,742	1,600	1,402
Equity	4,703	3,997	3,378	2,978	2,379	1,780	1,412	1,268	1,207	1,165
Interest-bearing liabilities	270	243	264	318	1	13	11	—	—	—
Other liabilities	2,367	1,870	1,678	1,504	1,819	1,452	1,333	474	393	236
Liabilities directly associated with assets held for sale	—	26	—	—	—	—	—	—	—	—
Total equity and liabilities	7,340	6,136	5,319	4,800	4,199	3,244	2,755	1,742	1,600	1,402
Capital employed	4,973	4,240	3,641	3,296	2,380	1,793	1,422	1,268	1,207	1,165
Net debt	-1,004	-440	-1,039	-337	-827	-800	-198	-898	-661	-487
Cash flow										
Cash flow from operating activities	853	998	1,126	545	702	984	462	661	418	-47
Cash flow from investing activities	67	-1,223	-150	-399	-440	-181	-768	-37	-18	-36
Cash flow from financing activities	-382	-437	-288	-326	-258	-194	-392	-392	-245	-2
Cash flow for the year	537	-662	689	-180	4	609	-699	233	154	-85

Ten-year overview *continued*

SEK million	2022	2021	2020	2019	2018	2017 ¹	2016	2015	2014	2013
Key ratios										
Book-to-bill	1.3	1.0	0.9	1.1	1.0	1.2	1.1	1.2	1.4	1.1
Gross margin, %	44.7	49.3	53.6	55.7	55.5	57.2	60.8	59.3	48.3	44.8
EBIT margin, %	17.5	22.6	23.1	26.1	27.0	28.1	29.8	29.8	18.7	3.2
Underlying EBIT margin, %	18.3	24.7	25.1	27.1	28.5	31.7	31.7	—	—	—
Equity/assets ratio, %	64.1	65.1	63.5	62.1	56.7	54.9	51.2	72.8	75.5	83.2
Return on equity, %	16.9	22.4	22.1	32.1	38.1	39.1	39.3	35.8	22.4	1.2
Return on capital employed, %	19.6	26.9	26.1	39.9	49.0	52.6	51.4	43.7	23.5	3.1
Capital turnover, multiple	1.1	1.2	1.1	1.5	1.8	1.9	1.7	1.5	1.2	0.9
Research and development, R&D										
R&D costs	638	548	514	559	476	348	348	267	198	183
R&D costs/net sales, %	12.5	11.8	13.2	13.0	12.6	11.6	15.0	14.7	13.4	18.4
Data per share										
Number of outstanding shares at year-end, million	97.6	97.6	97.7	97.8	97.9	97.9	97.9	97.9	97.9	97.9
Average number of outstanding shares before dilution, millions	97.6	97.6	97.7	97.9	97.9	97.9	97.9	97.9	97.9	97.9
Average number of outstanding shares after dilution, millions	97.6	97.7	97.8	97.9	97.9	97.9	97.9	97.9	97.9	97.9
Share price at December 31, SEK	195.80	211.00	245.40	185.10	118.10	85.00	98.00	82.25	24.80	12.40
Proposed dividend per share	3.50	3.00	3.00	2.00	3.00	2.50	2.00	1.50	0.80	—
Proposed extra dividend	—	—	—	—	—	—	—	2.50	3.20	2.50
Earnings per share (average number of share before/after dilution)	7.59	8.48	7.10	8.74	8.09	6.37	5.38	4.52	2.72	0.14
Equity per share (number of shares at year-end)	48.17	40.94	34.58	30.46	24.30	18.18	14.42	12.95	12.33	11.90
P/E ratio (calculated using average number of shares)	26	25	35	21	15	13	18	18	9	88

1) Restated for comparability

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