

Year-end Report 2022



CEO & President

Anders Lindqvist

Agenda

- Q4 in short
 - Divisional development
 - Financials
 - Sustainability
 - Q&A
-
- *Appendix – Market update*





Record breaking quarter

- Record order intake, increasing 105% to SEK 2,529 (1,234) million
 - Pattern Generators received orders for a whopping 15 systems
- Best ever net sales, increasing 16% to SEK 1,497 (1,295) million
 - Organic net sales increased 9%
- EBIT increased to SEK 262 (204) million
- EBIT margin at 18 (16)%
- Record order backlog at SEK 3,574 (1,975) million
 - Contained 25 systems on December 31
- After the end of Q4, an order for two SLX mask writers was received.

Share of Group's net sales

30%

Net sales

SEK 455 M

Order intake

SEK 1,829 M

EBIT

SEK 154 M

EBIT margin

34%



Pattern Generators

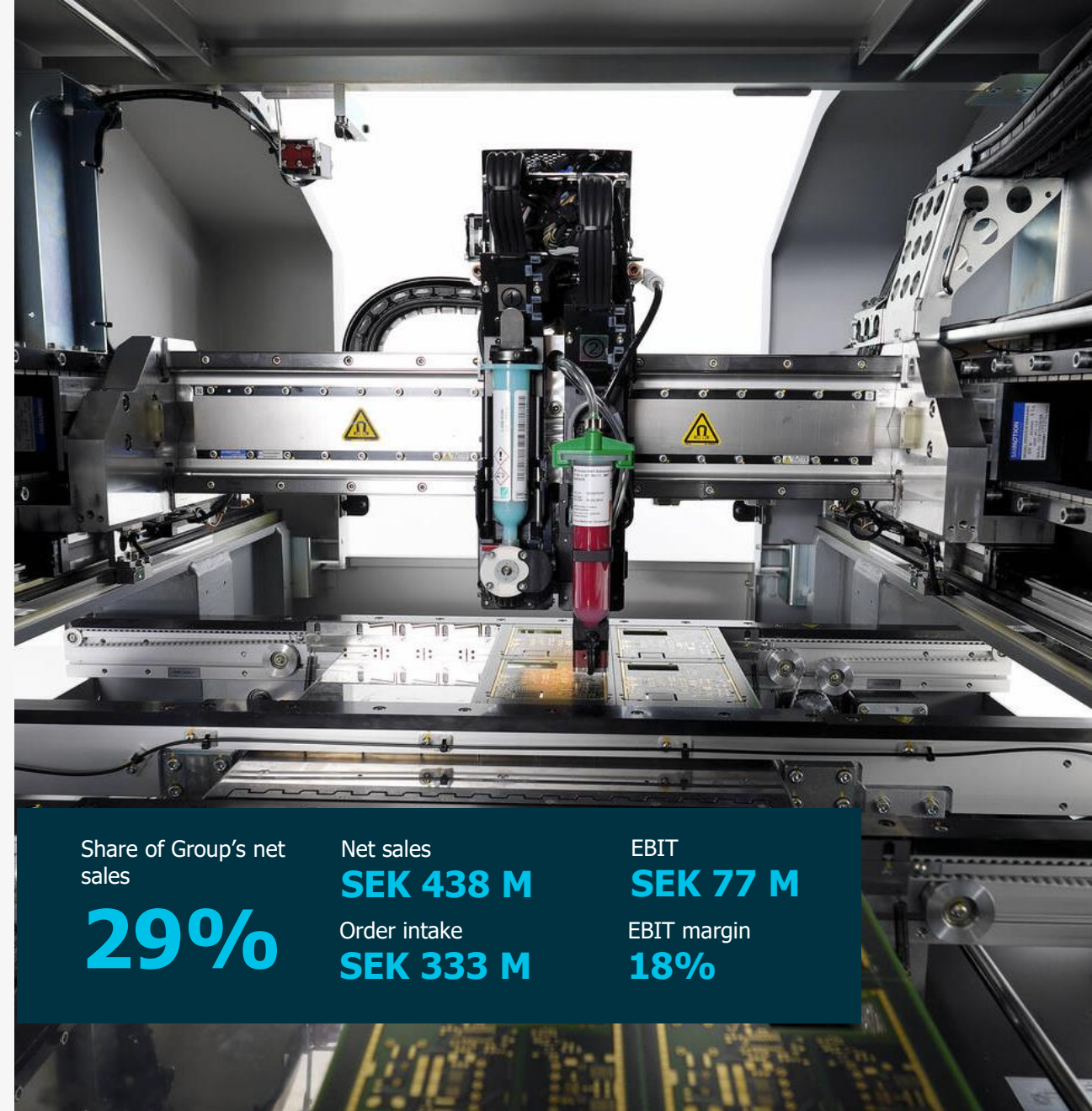
All time high order intake

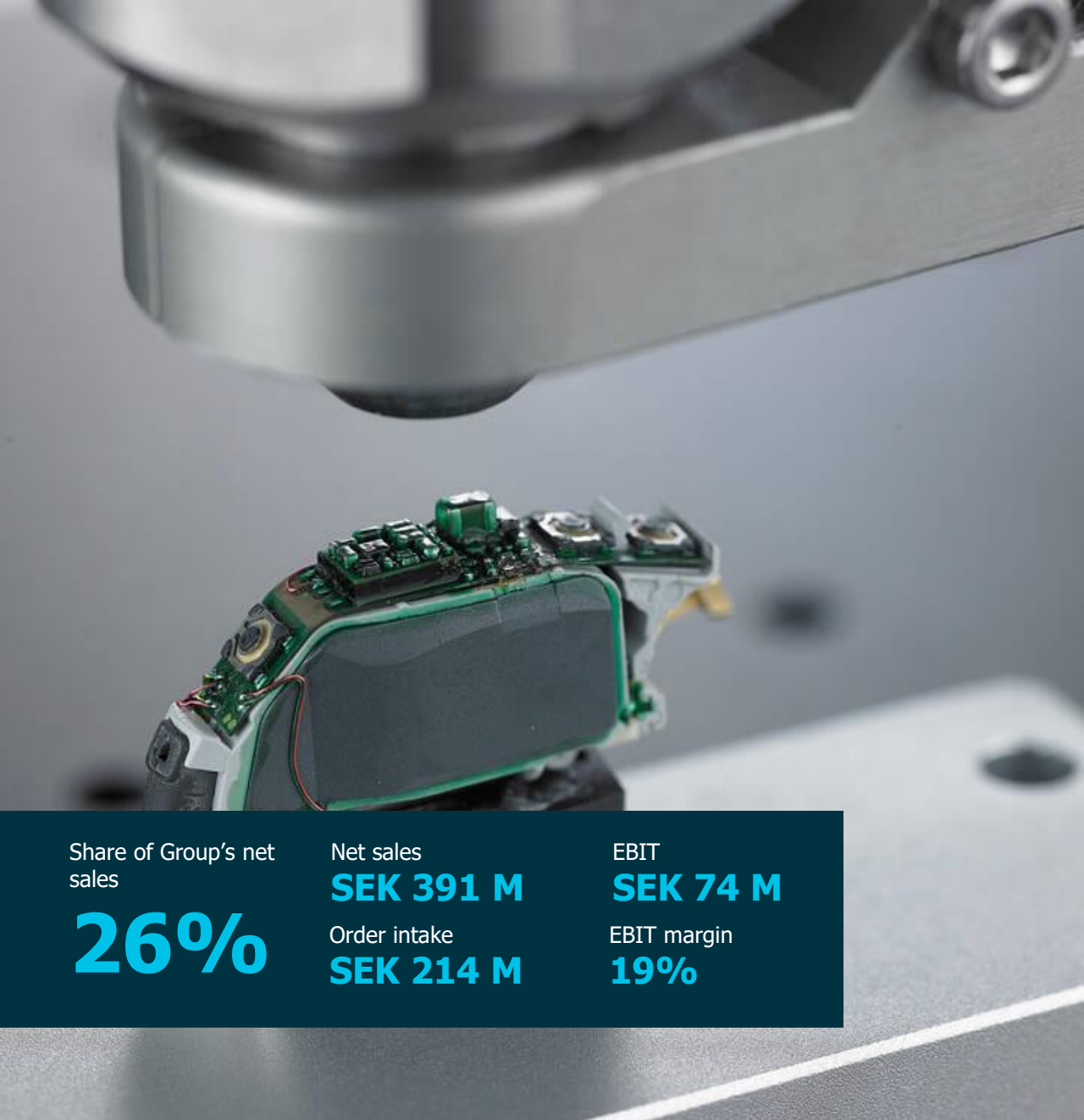
- First order for an FPS10 Evo
 - New product in the FPS Evo series for writing photomasks to produce Fine Metal Masks, which are used when manufacturing OLED displays
- Fantastic order intake
 - 15 systems, including the fifth order ever for a Precision 800 Evo
 - Order intake increased 377% to SEK 1,829 (384) million
- Net sales increased 14% to SEK 455 (399) million
 - One Precision Lite 8 Evo and four SLX mask writers delivered
- Gross margin at 54 (56)%
- EBIT at SEK 154 (146) million
- Record order backlog of SEK 2,480 (744) million
 - 25 systems in order backlog

High Flex

Strong finish to the year

- Demand was healthy, particularly in Europe, but also in the US and Mexico
- The Chinese market was challenging
 - Easing of covid restrictions presents an opening going forward
- Sales and service center in Mexico opened
 - Will support both High Flex and High Volume
- Order intake increased 17%
- Net sales increased 19%
- Gross margin at 43 (41)%
- EBIT at SEK 77 (59) million
- Order backlog at SEK 138 (130) million





Share of Group's net sales

26%

Net sales

SEK 391 M

Order intake

SEK 214 M

EBIT

SEK 74 M

EBIT margin

19%

High Volume Improved EBIT

- Clear increase in project requests from existing customers in consumer electronics after the lifting of covid restrictions
- Order intake decreased 35%
- Net sales increased 38%
 - Supported by positive currency effects
 - Organic net sales increased 23%
- Gross margin at 39 (32)%
 - Q4 2021 was negatively impacted by acquisition-related costs and increased logistics costs
- Write-down in HC Xin gave a negative SEK 8 million EBIT effect
- Positive SEK 6 million EBIT effect from revalued earn-out related to the acquisition of Axxon Piezoelectric Technology
- EBIT increased to SEK 74 (17)
- Order backlog at SEK 717 (809) million

Global Technologies

Challenging market

- In die bonding, the largest markets are data and telecom, which were hesitant during the quarter, as was the Chinese market as a whole
- Order intake decreased 33%
 - Order intake excluding the divestment of AEi declined 20%
- Net sales decreased 11%
 - Organic net sales declined 3%
- In die bonding, the supply chain situation eased slightly, while the strained situation in electrical testing was unchanged
- Gross margin at 37 (34)%
- EBIT at SEK 6 (21) million

Share of Group's net sales

15%

Net sales

SEK 224 M

Order intake

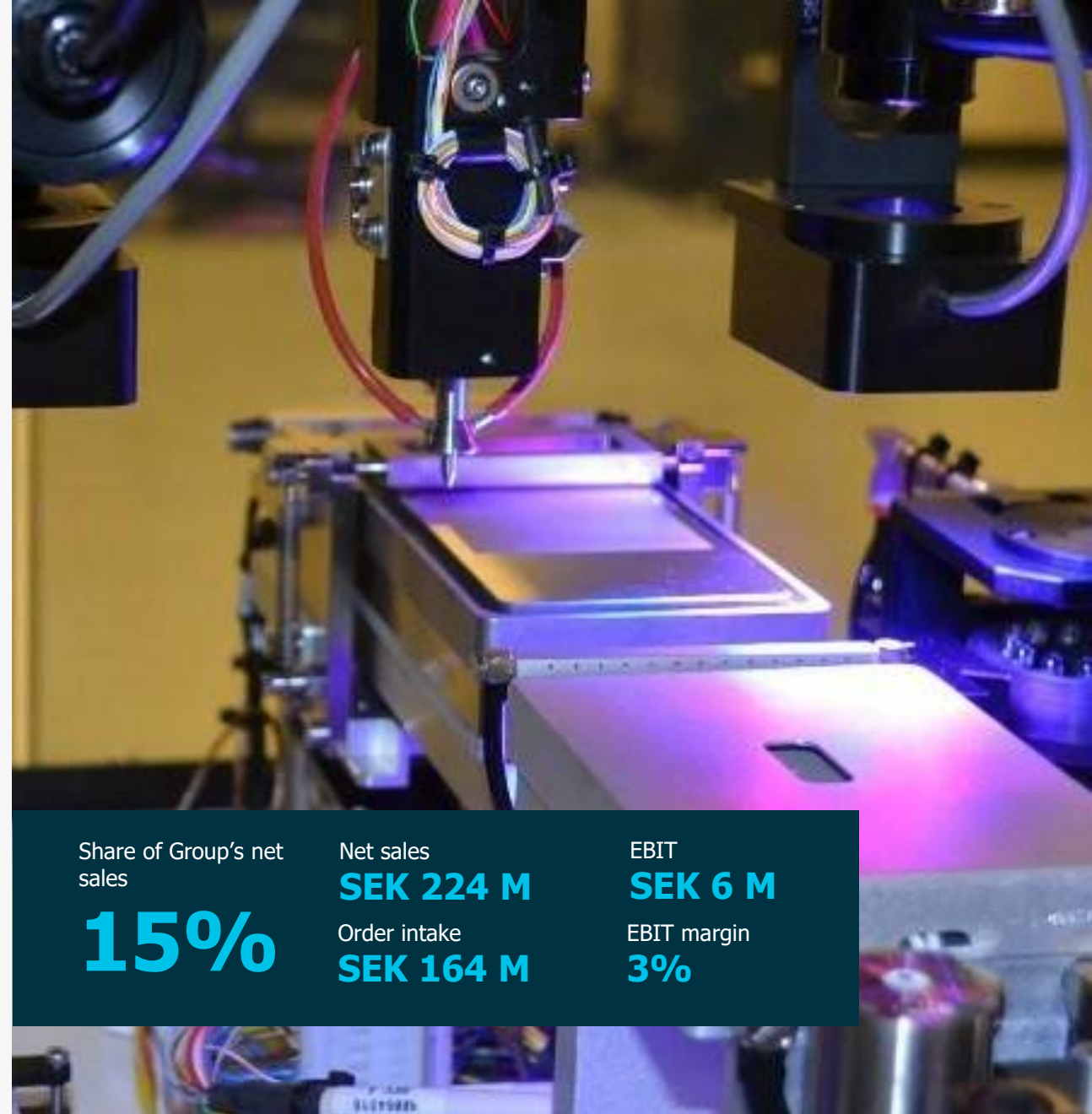
SEK 164 M

EBIT

SEK 6 M

EBIT margin

3%



Outlook 2023

Net sales
SEK 5.5 billion



CFO & Sr VP Corporate Development

Pierre Brorsson

Group net sales and EBIT margin rolling 12 months



- Net sales R12 amounted to SEK 5,119 million
- EBIT margin R12 at 17%
- Aftermarket revenue R12 increasing quarter-on-quarter since Q1 2021

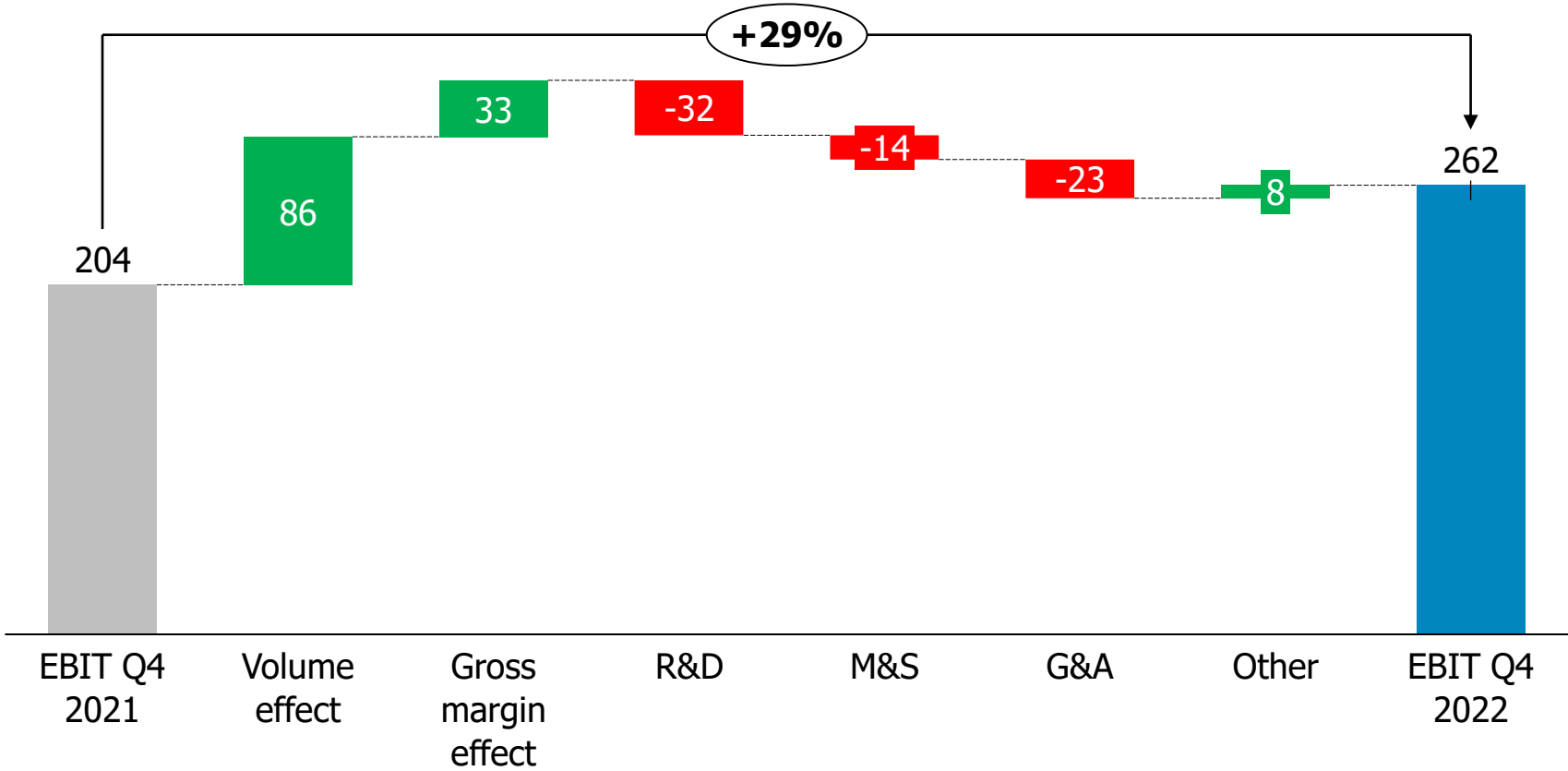
Group net sales and EBIT margin per quarter



- Record net sales during Q4, amounting to SEK 1,497 million
- Pattern Generators, High Flex and High Volume contributing to the net sales increase
- Higher EBIT-margin vs Q4 2021 mainly explained by improvement in High Volume
- EBIT margin at 18%

Group Q4 EBIT bridge

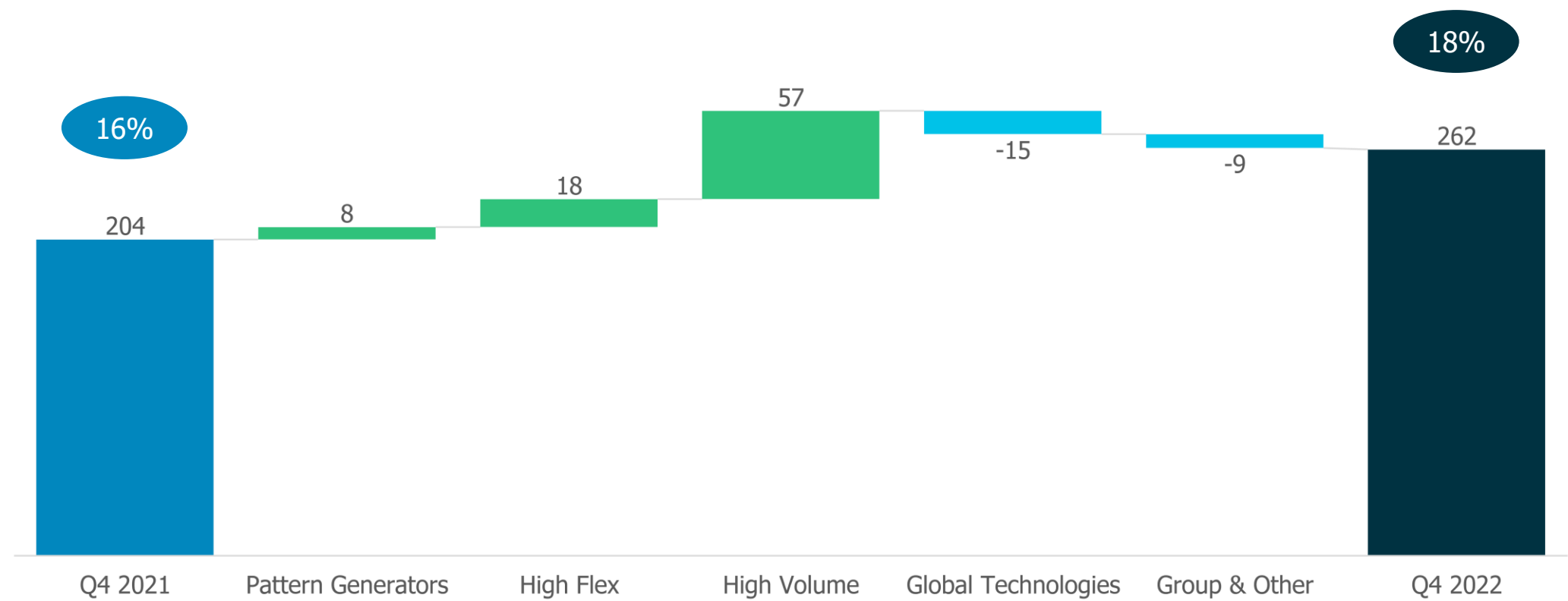
MSEK



% of Sales 2021	16%	43%	-11%	-12%	-5%	1%	
% of Sales 2022		45%	-12%	-11%	-6%	1%	18%

Divisional Q4 EBIT contribution

MSEK



Cash flow

MSEK	YTD 2022	YTD 2021	
Cash flow from operations before change in working capital	966	1,066	
Change in working capital	-113	-68	• 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
Cash flow from operations	853	998	
Investing activities	67	-1,223	• Cash flow from investing activities positive due to SEK +216 million from AEi divestment
Financing activities	-382	-437	• Financing activities include SEK -294 million in dividend payment
Cash flow for the period	537	-662	
Cash, opening balance*	692	1,303	
Exchange difference	44	51	• Cash at AEi
Cash classified as assets held for sale	-	-9	• Net cash amounted to SEK 1,004 million on December 31
Cash at end of period	1,274	683	

*Opening balance 2022 includes cash and cash equivalents classified as assets held for sale

A background image of a precision industrial machine, likely a laser cutting or engraving system. The machine is dark and metallic, with various components and a large flat bed. Several bright red laser lines are visible, extending across the machine's surface and into the background. The lighting is dramatic, with strong highlights and shadows.

CEO & President

Anders Lindqvist

Sustainability

- A Group-wide professional network for women was launched during the quarter
- The aim is to create relationships and cooperation between Mycronic's female employees
- This network was established following a survey into meaningful Group-wide activities for inspiring and generating engagement among female employees at Mycronic





Q&A

APPENDIX

Q4 2022 Market update

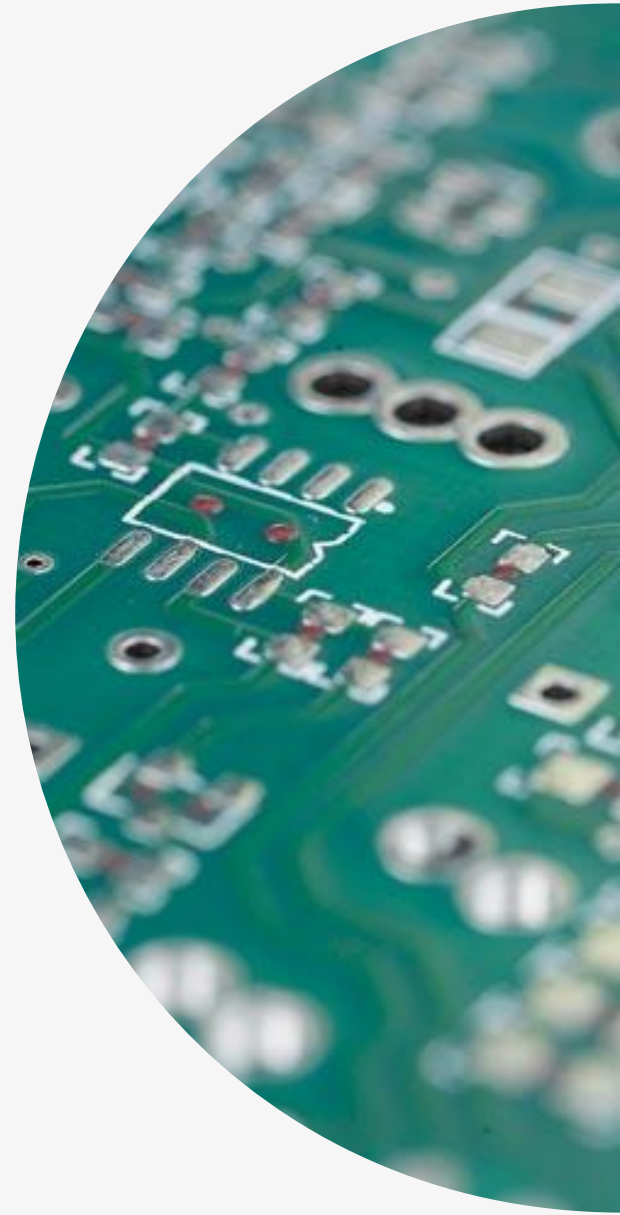
MYCRONIC

Preliminary outcome 2022

Market summary and updates

- Global electronics at -2.6% to 2,415 BnUSD¹⁾
- Semiconductors 3.4% to 575 BnUSD¹⁾
- Optical components 14.5% to 13.6 BnUSD³⁾
- Printed circuit boards and substrates 2.9% to 83.3 BnUSD⁴⁾
- Display market -21.7% to 123 BnUSD⁵⁾
- Display photomasks 9.8% to 869 MUSD⁶⁾
- Semiconductor photomasks 18.4% to 7.2 BnUSD⁷⁾
- SMT assembly equipment 3,062 MUSD²⁾
- Dispensing equipment: not available⁸⁾

Source: 1) Prismark December 2022, 2) PROTEC MDC January 2023, 3) Lightcounting October 2022, 4) Prismark, Nov 2022, 5) Omdia January 2023, 6) Omdia July 2022 (annual update), 130 YEN/USD used as conversion rate, 7) TechInsights April 2022 (annual update), 8) Prismark April 2022 (annual update)





Forecasts 2023

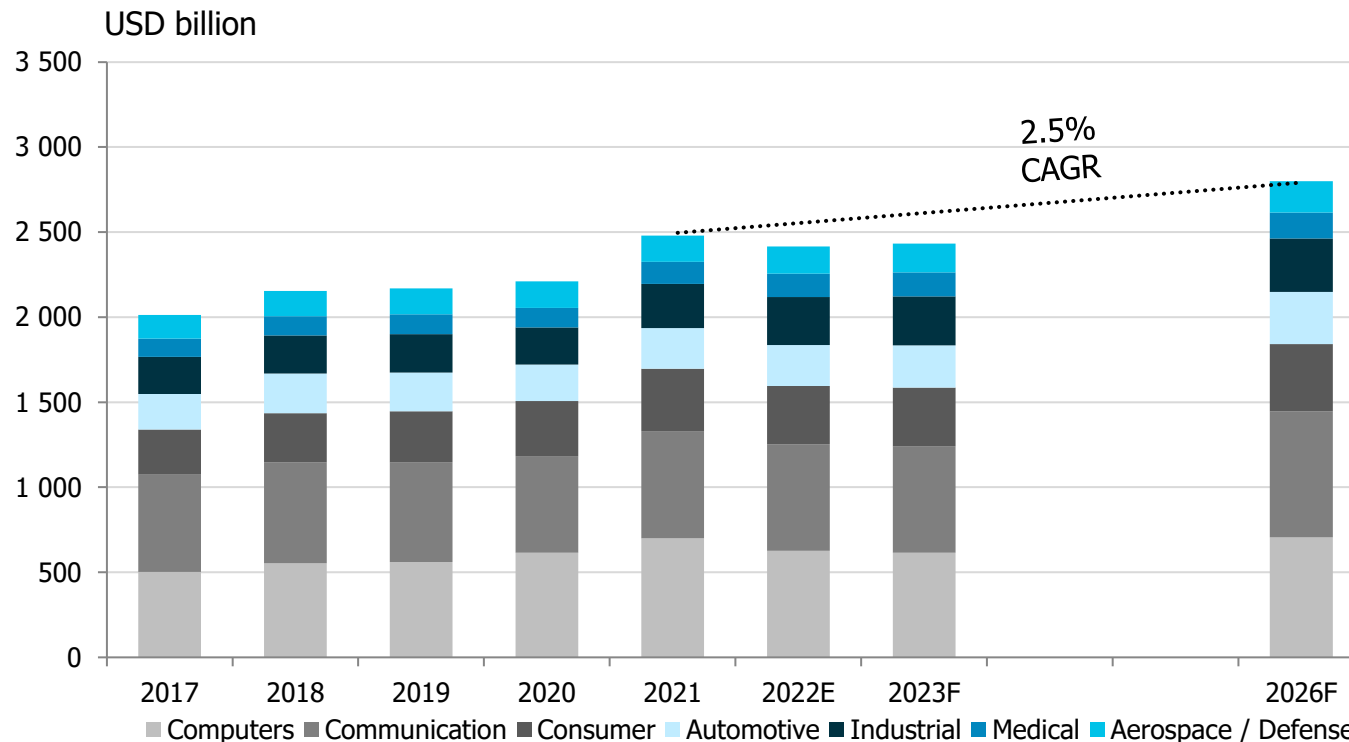
Market summary and updates

- Global electronics industry 0.8% to reach 2,433 BnUSD¹⁾
- Semiconductor industry -5.2% to reach 545 BnUSD¹⁾
- Optical components market 5.1% to reach 14.3 BnUSD²⁾
- Printed circuit boards and substrates market -1.6%³⁾
- Displays 0.9% to 124 BnUSD⁴⁾
- Display photomasks 1.6% to 884 MUSD^{5, 6)}
- Semiconductor photomasks 5.5% to 7.6 BnUSD⁷⁾
- SMT assembly equipment: not available
- Dispensing: not available

Source: 1) Prismark December 2022, 2) Lightcounting October 2022, 3) Prismark, Nov 2022, 4) Omdia January 2023, 5) Omdia FPD large-area photomask research July 2022. Information is not an endorsement of Mycronic. Any reliance on these results is at the third party's own risk, 6) 130 YEN per USD used for conversion from JPY to USD, 7) TechInsights April 2022

Electronics industry systems

Yearly development by industry segment

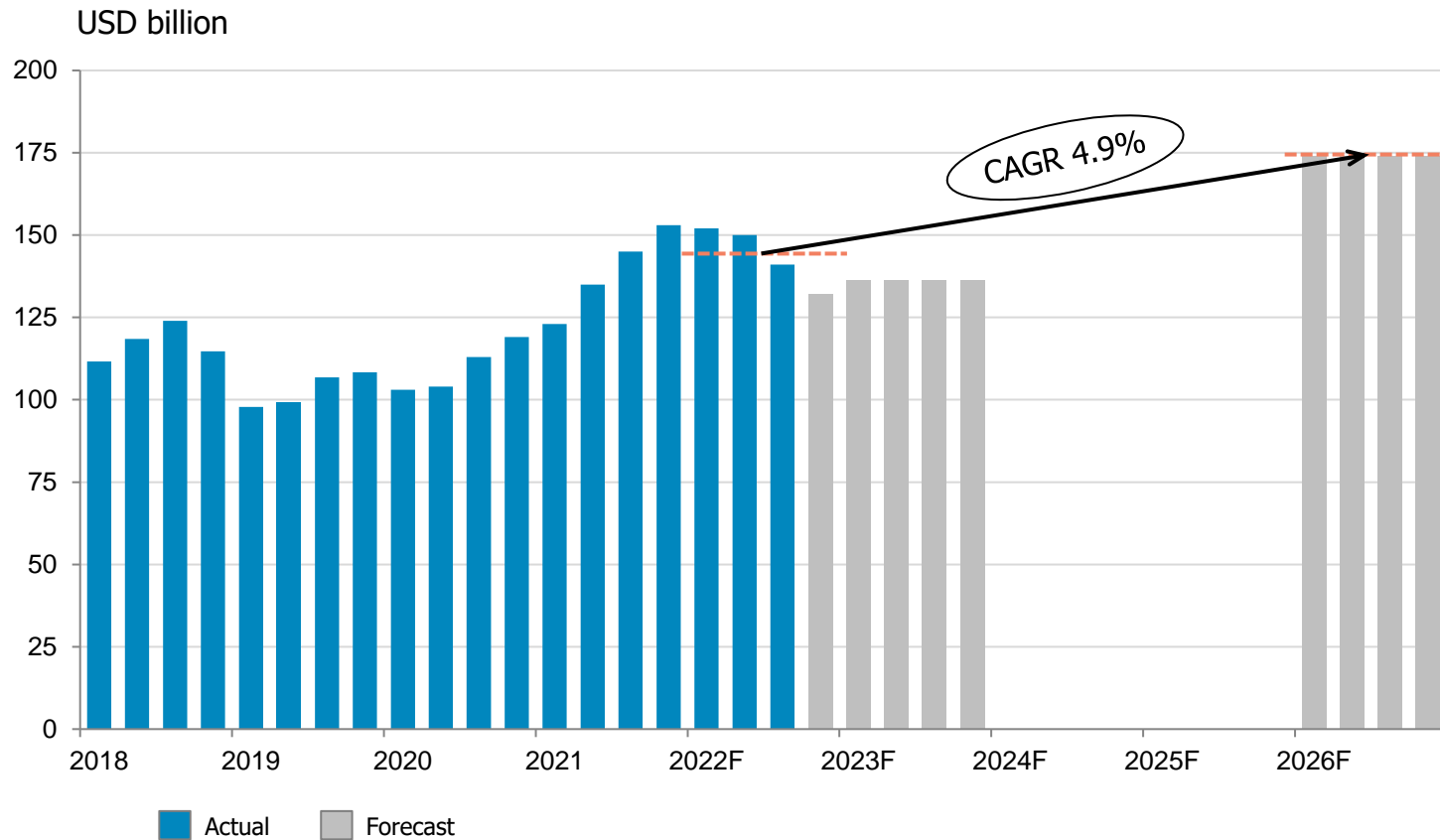


- Forecast -2.6% in 2022, to reach 2,415 BnUSD, with strongest development in
 - Industrial 8.9%
 - Aerospace / Defense 4.0%
 - Medical 4.7%
- Slight growth of 0.8% forecast for 2023, to reach 2,433 BnUSD, with strongest development in
 - Aerospace / Defense 6.3%
 - Automotive 2.9%
 - Medical 2.9%
- 2.5% CAGR expected for 2021-2026, with strongest development in
 - Automotive 4.9%
 - Industrial 4.0%
 - Aerospace / Defense 3.7%

Source: Prismark, November 2022

Semiconductors

Quarterly development



- Estimated 3.4% growth in 2022 to reach 575 BnUSD
- Forecast -5.4% in 2023 to reach 545 BnUSD
- 2022 to 2026 CAGR growth forecast at 4.9% to reach 696 BnUSD

Source: Prismark, December 2022

SMT and Dispensing

Market update

SMT assembly equipment*

- The segment declined by 17.9 percent in 2022 to USD 3,062 million, although the markets in Europe and North and South America reported growth.¹⁾

Dispensing*

- 2021 market estimated at 910 MUSD²⁾ - data for 2022 not yet available.
- Mycronic is a leading supplier of dispensing equipment, addressing the major part of the total market.

** No forecast available*

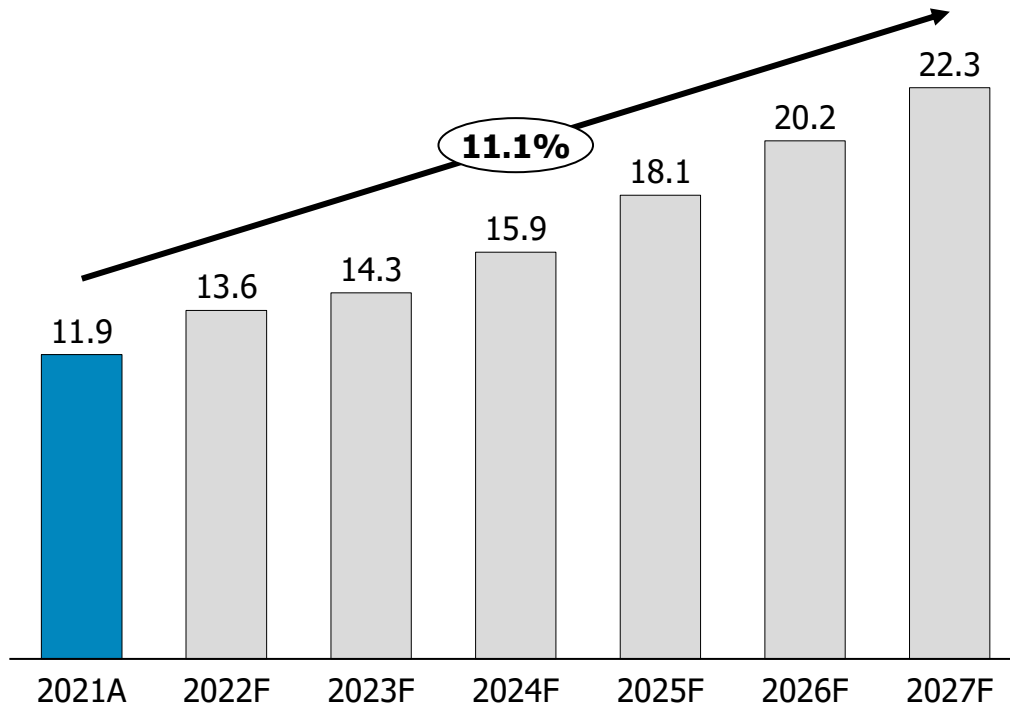
Source: 1) PROTEC MDC January 2023, 2) Prismark April 2022 (annual update)



Die Bonding

Long-term growth in key die bonding market – optical components, driven by mega trends

Optical components production (BUSD)



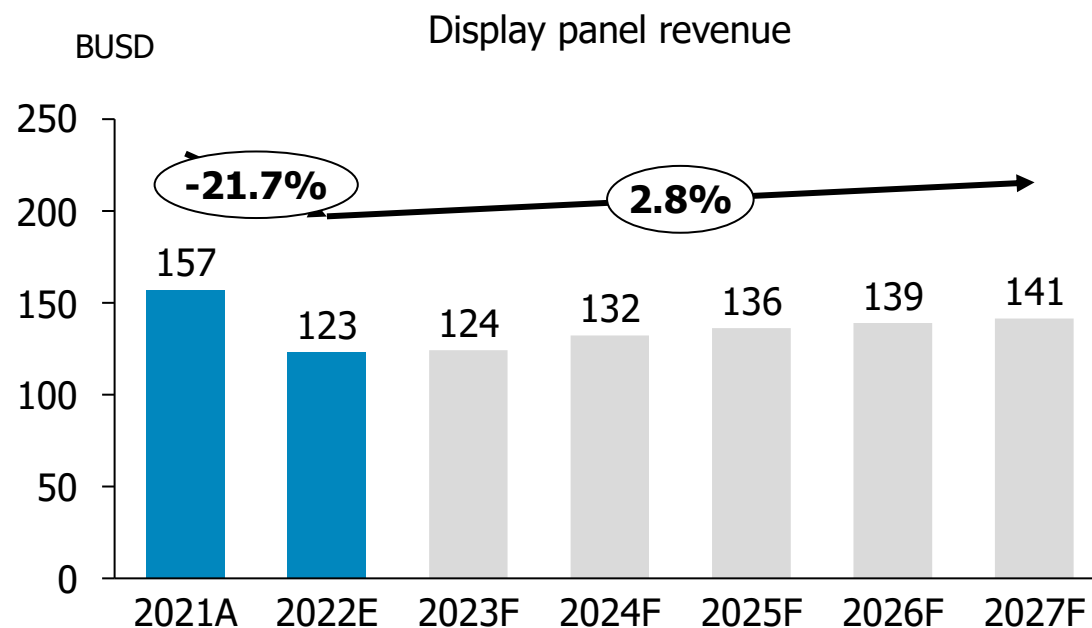
Source: Lightcounting, October 2022

Healthy Data/Telecom long-term growth

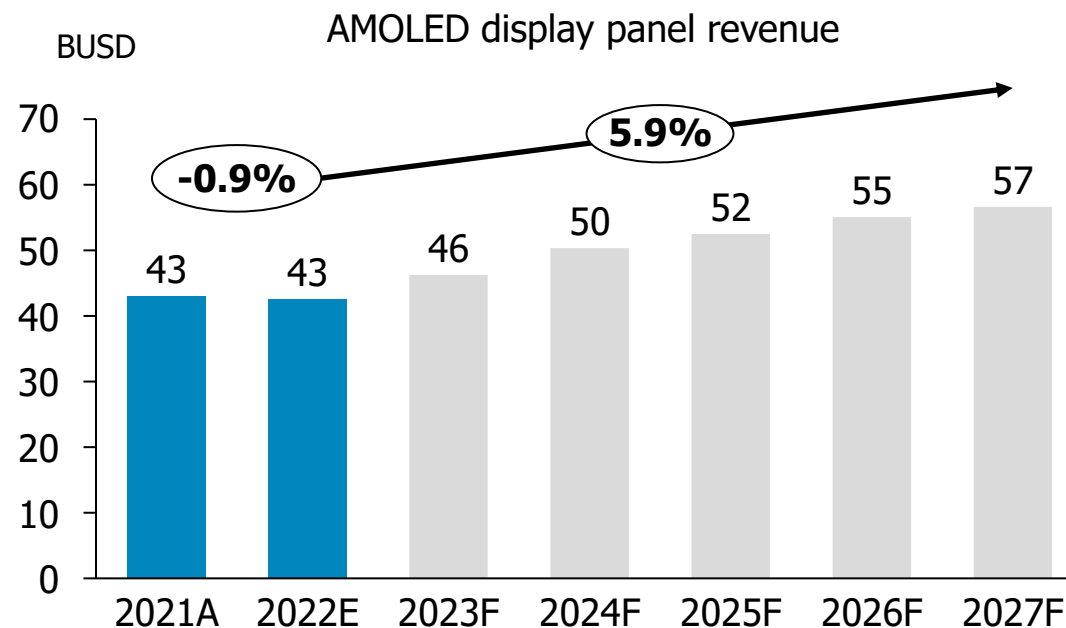
- Optical components production is the main driver for die/lens attach and other adjacent processes.
- Growth driven by mega trends such as hyperscale data centers, 5G/6G, EV, AI, IoT, and global supply chain shifting.
- Post covid era supports the higher demand for networking bandwidth with optical components.

Pattern Generators

Display panel market



- Display market showed negative growth of 21.7% in 2022 primary driven by weak demand and price decline for LCD displays
- Growth of 0.9% is forecast for 2023
 - Positive AMOLED market offset but continued LCD TV/IT price pressure but at a slower pace compared to 2022
- After 2023 a stable market with modest growth is expected



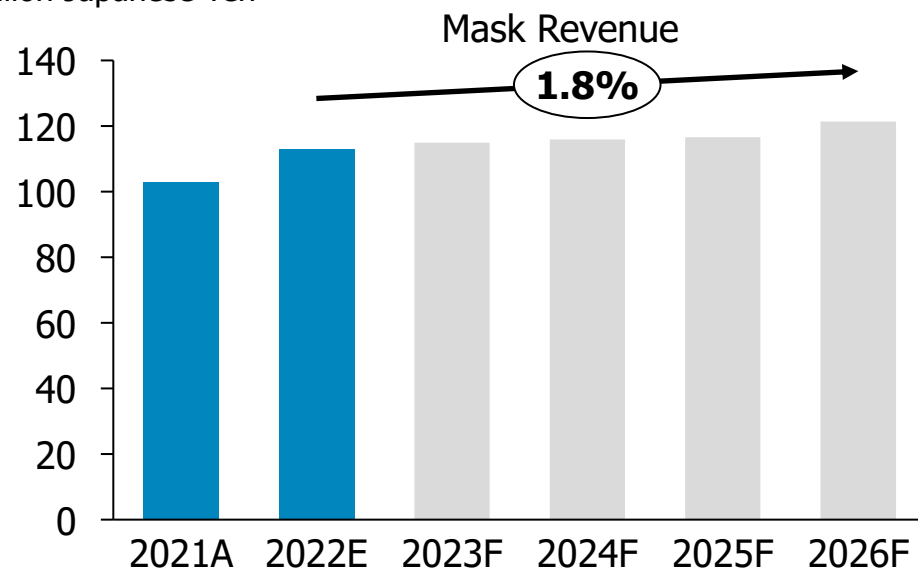
- Shift towards AMOLED continued in 2022 despite an overall declining display market, the AMOLED market size was similar as in 2021
- Technology shift ongoing from LCD to AMOLED for mobile displays, TV and IT segment
 - AMOLED forecast to grow 8.5% in 2023
- AMOLED ratio goes from 35% of total display revenue in 2022 to 40% of total display revenue in 2027

Source: Omdia, Display Long-Term Demand Forecast Tracker, January 2023. Information is not an endorsement of Mycronic. Any reliance on these results is at the third party's own risk.

Pattern Generators

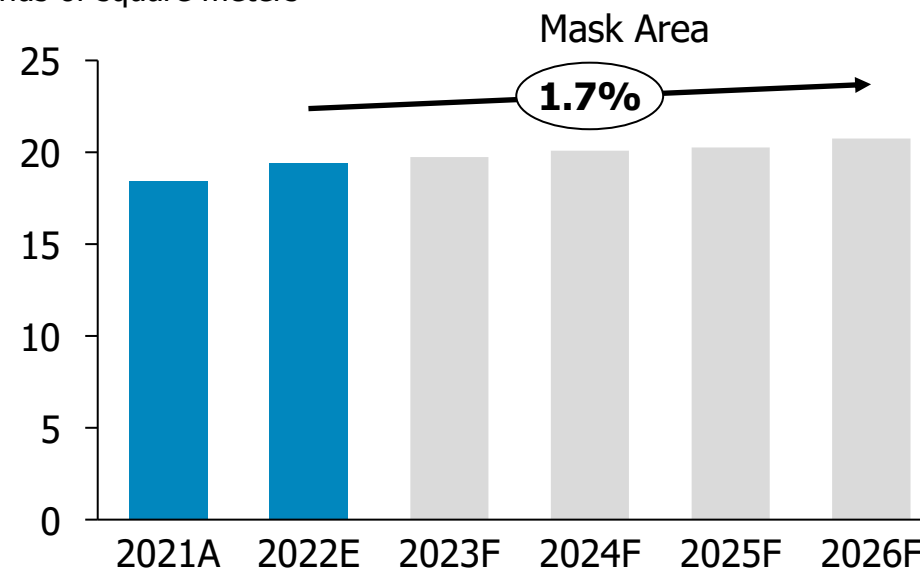
Positive photomask market

Billion Japanese Yen



- Display masks expected to have developed strongly during 2022
 - Market growth during 2022 expected to have been 9.8%. The photomask market has continued to recover, driven by more new development and display models and transition to more advanced and more high value photomasks
- The market is forecast to continue to show growth also in 2023 of 1.6%

Thousands of square meters

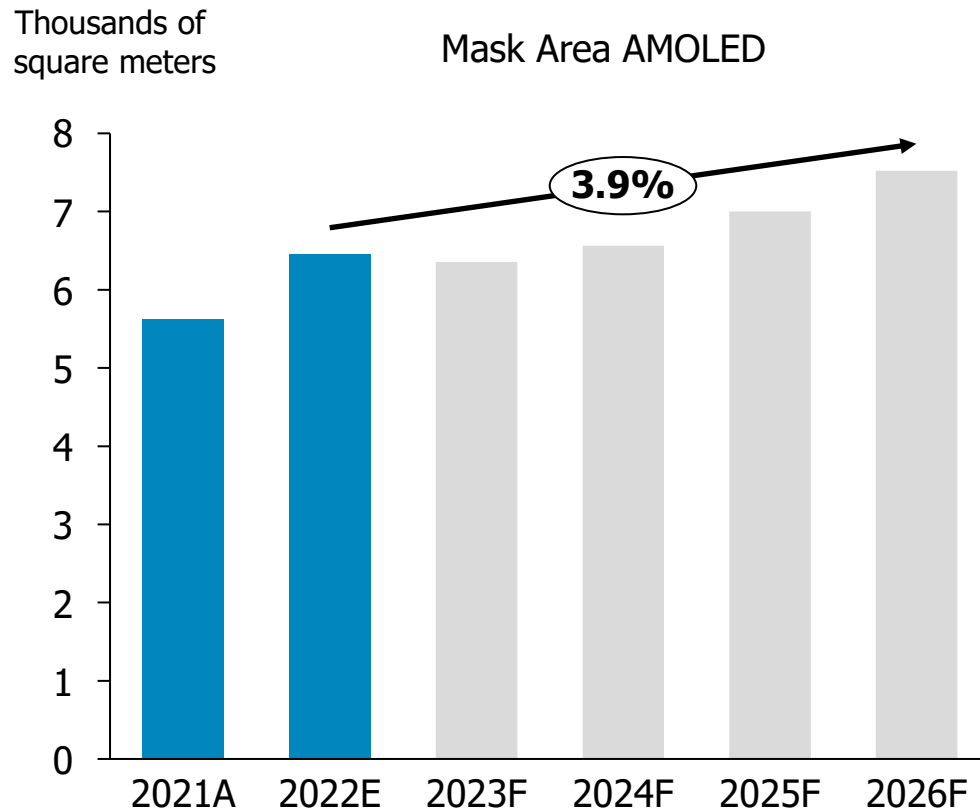


- Long-term area growth forecast remains positive
 - Area development is expected to have continued to show good growth during 2022 of 5.3%
 - Growth 2022-2026 of 1.7% CAGR. Strongest growth seen in segment of complex and high value masks, due to AMOLED transition and transition to displays with higher quality

Source: Omdia, Technology Group, FPD large-area photomask research, July 2022. Information is not an endorsement of Mycronic. Any reliance on these results is at the third party's own risk.

Pattern Generators

Increasing photomasks demand for AMOLED displays



- Technology shift from LCD to AMOLED for mobile and IT displays drives demand for AMOLED photomasks
 - Share of AMOLED photomasks will grow from 33% 2022 to 36% 2026 in relation to the total photomask area
- Photomasks for AMOLED are typically more complex than for LCD
 - More complex circuit design in each pixel
 - Requires a higher image quality and tighter specs
- Expected to drive need for advanced mask writer capacity

Source: Omdia, Technology Group, FPD large-area photomask research, July 2022. Information is not an endorsement of Mycronic. Any reliance on these results is at the third party's own risk.

Bringing tomorrow's electronics to life

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