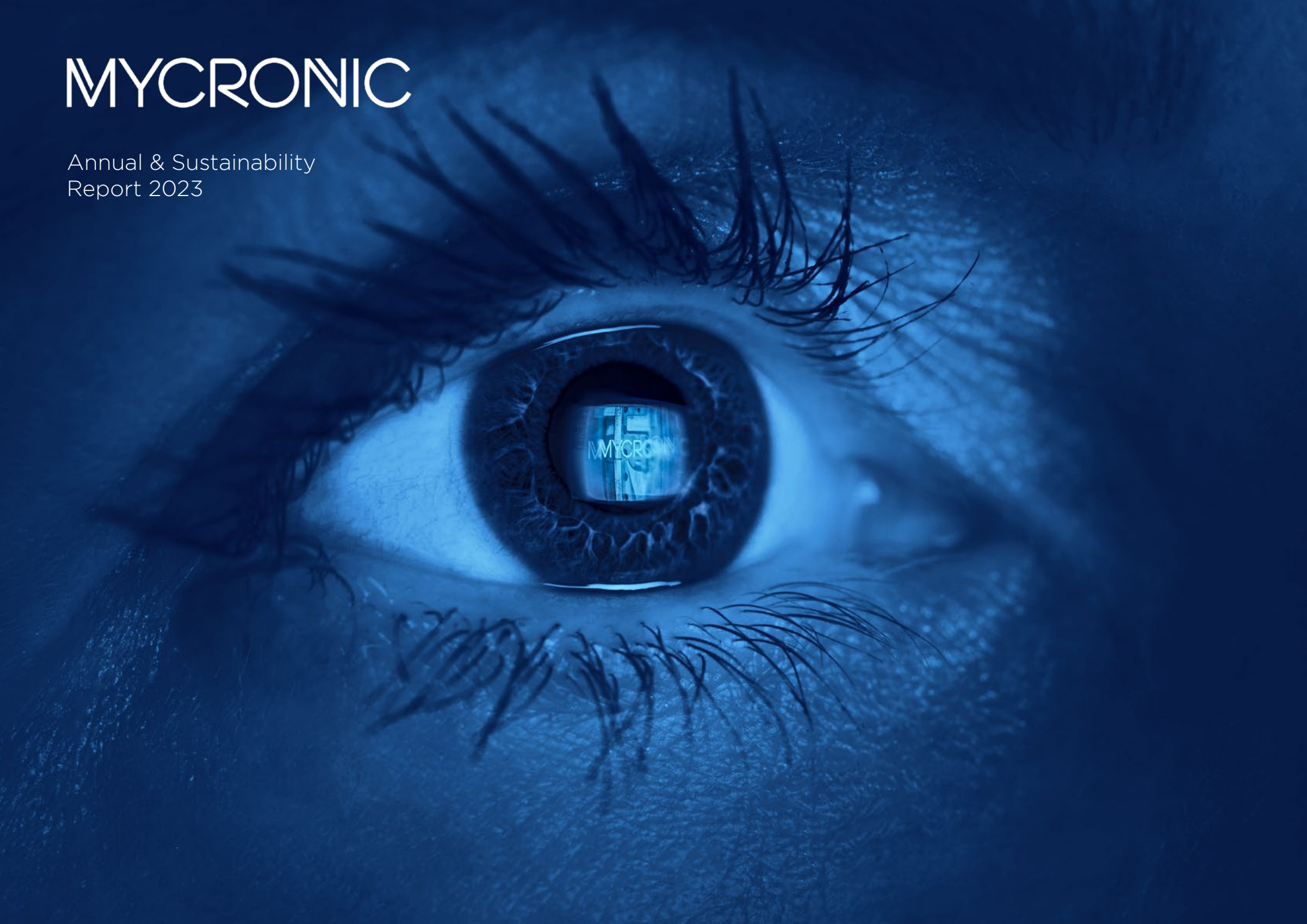


MYCRONIC

Annual & Sustainability
Report 2023

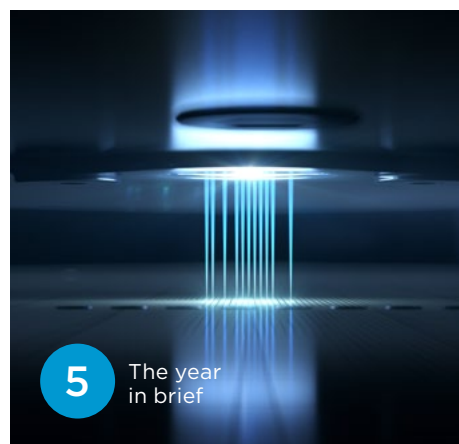


Mycronic

Annual & Sustainability Report 2023

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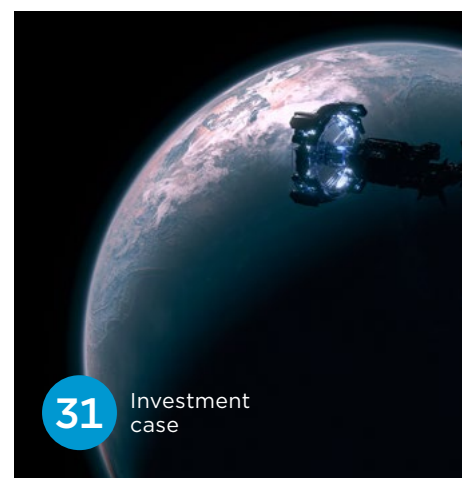
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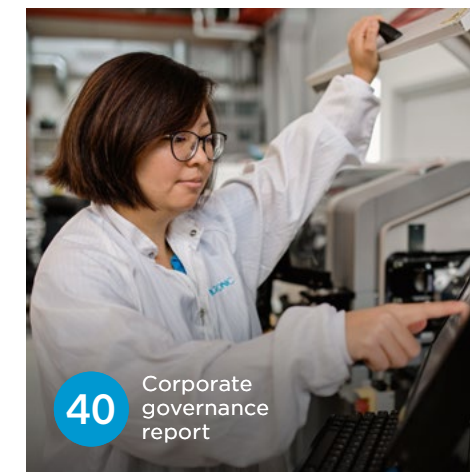
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- The audited annual and consolidated accounts can be found on pages 20-93.
The Report of the directors is a part of the Annual Report and can be found on pages 20-49.
The Corporate governance report examined by the auditors can be found on pages 40-45.

- Pages 16-17 and 98-127 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, 2023.

Mycronic in brief

Bringing tomorrow's electronics to life

Mycronic has long been a **leading force for innovation** in the global electronics manufacturing industry.

Our vision is to be **the most trusted partner to the creators of tomorrow's electronics.**

Our focus is on **using innovation to drive sustainable growth**, while reducing our climate impact.

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 team of more than 2,000 people strategically located near major 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 manufacturing advanced displays, semiconductors, medical devices or mobile phones, we meet their production requirements for flexibility, precision, sustainability, and effectiveness.

Why we do it

We help our customers achieve their goals and bring the next generation of electronics to life – profitably and sustainably. We aspire to play a pivotal role in driving the transition to a more sustainable electronics industry. When customers succeed, we do too.

Net sales 2023
SEKm

5,706

EBIT 2023
SEKm

1,235

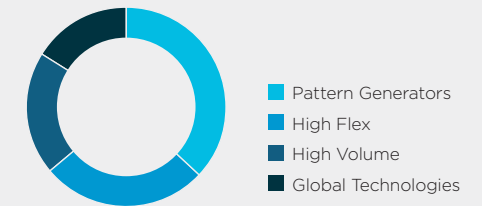
Cash flow
SEKm

966

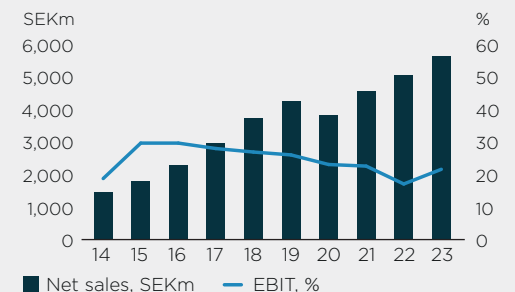
Share of net sales
outside of Sweden

>99%

Net sales per division
SEKm



Net sales and EBIT margin



Emissions in climate
target, tonnes CO₂e

23,367

Average number
of employees

2,027



Mycronic in brief *continued*

The must-knows to grasp Mycronic



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, United Kingdom, United States and Vietnam.

Customers

Highly skilled global experts

We cater to the world's producers of electronics, and assembly subcontractors engaged in the production of printed circuit boards (PCBs), semiconductors, displays, mobile phones, wearables, electric vehicles (EVs), medical devices and more.

Coverage

Well-balanced globally

With a long-standing presence in all major electronic manufacturing hubs, Mycronic is headquartered in Täby, north of Stockholm, Sweden. Wholly owned subsidiaries are complemented by a network of agents and distributors spanning over 50 countries.

People

Diverse international culture

We believe that a diverse workforce and an inclusive workplace are prerequisites for remaining competitive both now and in the future. With more than 2,000 highly skilled employees in 12 countries, all sharing the common purpose of bringing tomorrow's electronics to life, we collaborate with our customers to push the frontiers of electronics.

Organization

Agile and decentralized

We embrace a decentralized strategy, with four divisions empowered to make decisions close to the customers they serve. This approach underpins greater agility and better service.

R&D focus

High-tech company

Mycronic's research centers, located in seven countries across three continents, continually explore new software and hardware applications. With R&D and manufacturing in Asia, Europe and North America, the company has broad global reach.

Heritage

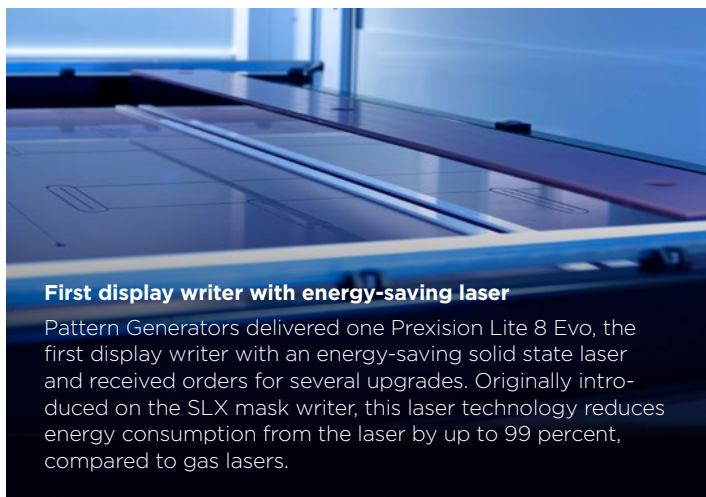
Rooted in innovation

Our history is marked by breakthrough innovations addressing key challenges in electronics manufacturing. One such innovation, still leading today, is a unique laser-based mask writer that enables thinner and sharper displays.

The year in brief

Key milestones and events in 2023

Noteworthy milestones included the introduction of an energy-saving laser for display mask writers, the streamlining of global dispensing and coating operations, and the unveiling of a new pick-and-place platform at Productronica, the world's largest electronics production trade show.



First display writer with energy-saving laser

Pattern Generators delivered one Prexision Lite 8 Evo, the first display writer with an energy-saving solid state laser and received orders for several upgrades. Originally introduced on the SLX mask writer, this laser technology reduces energy consumption from the laser by up to 99 percent, compared to gas lasers.

Unveiling a new pick-and-place platform at Productronica

In November, at the Productronica electronics industry trade show in Munich, the High Flex division announced the launch of its new MYPro A40. A high-speed, high-flexibility pick-and-place platform that places components up to six times larger with 48 percent faster top speeds.

High Volume expands sales and services outside China

The High Volume division, already the world's largest supplier of automated systems for dispensing and coating solutions, reinforced its focus on EV manufacturing by establishing facilities in Mexico and the US.



New leadership Global Technologies

Magnus Marthinsson, with a background in the Pattern Generators division, was appointed Sr VP Global Technologies. He will dedicate his efforts to bolstering the division's profitability and driving growth, through both organic expansion and acquisitions.

Change in net sales
SEKm

587

Change in EBIT
SEKm

341

Change in cash flow
SEKm

429

Change in earnings per share
SEK

2.63

CEO comments

Building for the future

Mycronic delivered a strong 2023, marked by a record order intake, milestones in product sustainability, and a promising new product pipeline. In an uncertain market, we stayed close to our customers, leveraging our core strength of innovation for sustainable growth. Looking forward, we will continue to innovate, develop our people and minimize climate impact.

Mycronic President and CEO Anders Lindqvist, how would you summarize 2023?

All-time high results! I've always said that a core strength of Mycronic is our ability to innovate close to our customers, building trust and keeping them a step ahead.

During 2023 we proved just that – staying focused on problem-solving in defined segments of the electronics industry. Despite an uncertain investment climate, particularly in China, we found new ways to meet our customers' needs and grow our business.

Could you comment on the business results and goals?

We achieved both record net sales and EBIT in 2023, with Pattern Generators driving a large portion of the growth and profit. During this record year, we increased CO₂e emissions related to our climate target, so we will need to accelerate work in 2024 to reverse the trend.

Our long-term goal of building a company with SEK 10 billion in net sales by 2027–2030, with an EBIT of SEK 2 billion and halving our CO₂e emissions remains intact. At the same time, we continue to challenge ourselves to aim even higher. I'm convinced that with the right strategic acquisitions, coupled with out-of-the-box innovation and a diverse, people-centric culture, we have tremendous potential.

What is the role of Mycronic in the electronics market?

Naturally the term electronics market covers a wide area – from semiconductors and displays to pacemakers, mobile phones and electric vehicles. In our niches within this spectrum, we strive to be the market-leading provider. Our strategy is to be the trusted partner to the manufacturers of tomorrow's electronics, from North America and Europe to Asia – supporting them with service, R&D and manufacturing.

Our decentralized global structure, with a strong presence in the major manufacturing hubs, serves to mitigate risks and promote stable growth. For instance, a downturn in the Chinese market for consumer electronics may be counterbalanced by increased demand in electronic content for medical, defense, electric vehicles or data centers in Europe and North America.

What are your comments on the divisions' performance?

To start with, all divisions contributed positively to the Group results.

- The **Pattern Generators division** significantly boosted the Group's results. It continues to diversify its product lines, scale up production on its SLX mask writers for semiconductors and work to reduce climate impact from its products. The division noted a favorable replacement sales business and important aftermarket business. It also achieved a sustainability milestone through



On my radar for 2024

- Convert orders to net sales
- Reduce climate impact
- Innovate together with our customers
- Build a strong, diverse and attractive culture

Watch Anders talking:



CEO comments *continued*

“There’s nothing stopping a team of talented and motivated people on a mission to bring tomorrow’s electronics to life.”

the delivery of its first Prexision display mask writer with a solid state laser, which reduces energy consumption by up to 99 percent from the laser, compared to gas lasers. It also received orders for display mask writer retrofits with the solid state laser.

- The **High Flex division** launched the MYPro A40 pick-and-place platform, a major advancement that boosts top speeds by nearly 50 percent. It also took over the stencil printing product line from the High Volume division.
- The **High Volume division** took over marketing and sales responsibilities for the MYSmart dispensing and coating solutions from the High Flex division, including a new facility in Mexico. In China, a soft domestic market for consumer electronics was partly offset by electric vehicles. Thanks to a flexible cost structure, High Volume has

been able to keep its EBIT margin high, despite weaker net sales.

- The **Global Technology division** faced a weaker investment climate in its key China market but continues to focus on developing its two business lines: electrical testing of bare board PCBs and substrates, and die bonding systems.

How is the drive to reduce climate impact affecting Mycronic?

Mycronic is committed to enabling a clean, responsible, and profitable electronics industry. We support the UN Global Compact, with its ten principles relating to human rights, labor, environment, and anti-corruption. In 2022, we announced our intention to set science-based targets, which stems from the Paris Agreement to reduce the world’s greenhouse gas emissions by 50 percent by 2030 and to zero by 2050.

During the year, we worked on developing our future targets and, by year-end, submitted our proposals to the Science Based Targets initiative (SBTi). This will also benefit our customers in terms of energy savings and meeting their own sustainability goals. Finally, related both to climate and other sustainability topics, we are planning for the new EU Corporate Sustainability Reporting Directive (CSRD).

What are you doing to attract talent?

They say that culture eats strategy for breakfast, and I tend to agree. You can have all the plans in the world, but without a good culture, nothing happens. In my experience, there’s nothing stopping a team of talented and motivated people on a mission to bring tomorrow’s electronics to life. To double our sales in five years, we need a lot more talented people! In line with our value-creation strategy, we want to attract, hire and retain diverse talent, including more female engineers.

One step in this direction is our membership in Diversity Charter, a European network representing more than 17 million employees working for diversity and inclusion. Additionally, when it comes to diversity and inclusion, we have conducted awareness-building training sessions in our different countries and sites.

In Sweden, I’m also proud that we were awarded the 2023 Career Companies of the Year (Karriärföretagen) for building a strong and attractive employer brand. As part of this, we support activities for continuous learning – upskilling and reskilling to ensure we always have the right competencies.

What are the key trends impacting Mycronic’s business?

This year, the remarkable surge of AI has captivated public interest. The far-reaching implications of this technology span across software, hardware, and society at large. Some of our solutions already use AI, but this is just the start for optimizing production for factory-wide connectivity. The widespread adoption of AI-powered tools is also fueling exponential demand for computing power, including advanced chips. But in my view, the most profound development will be the impact on jobs, productivity, and our entire way of thinking.

Escalating volumes of data, faster network speeds and enhanced computing power are all driving a need for more advanced, flexible, high-precision manufacturing.

The transition to electric vehicles is fueling an increase in demand for more electronic content, with dispensing and coating equipment required to protect the complex subassemblies. Finally, the ongoing trend of regionalization into East and West, coupled with a nearshoring of supply chains, favors our diverse geographic spread – from Asia and Europe to North America.

What are your main priorities for the year ahead?

I’m thrilled to announce that in 2024 we will be celebrating more than 50 years of innovation and forward-thinking at Mycronic. This is not only about technology, but daring to think differently in how we solve problems for our customers and society at large.

Every day, I feel fortunate to be part of the fast-evolving electronics industry. It is gratifying to see how our solutions play a key enabling role to bring tomorrow’s electronics to life – new electric vehicles, smartphones, displays, semiconductors, life-changing medical devices, satellites, the list goes on. It makes our goal of being the trusted partner to these producers feel especially meaningful.

Looking ahead, our Group value-creation model leads the way. It puts the spotlight on innovation, customer intimacy, climate, people and M&A. Together, these will ensure that we maintain a stable course on our sustainable and profitable growth journey – adding value for all stakeholders.

At year-end, we had a solid order backlog, a strong balance sheet and a recurring aftermarket business of around 30 percent of net sales. All these factors mean we can approach the future with confidence and pick our investments wisely. We will actively focus on growth through acquisitions, innovate together with our customers and develop our own people.

To round off, let me thank everyone who made 2023 a great year!

Anders Lindqvist
President and CEO

Trends and drivers

Growth drivers in the electronics industry

Mycronic closely monitors industry trends that continually reshape the competitive landscape and open new business opportunities for our four divisions. In 2023, the five primary megatrends remained largely unchanged, with one major update: The rise of Artificial Intelligence (AI) in all aspects of manufacturing and society at large.

TRENDS AND DRIVERS

Automation



Automation continues to be a guiding star in the industry

Automation and robotics in assembly continue to build momentum. All electronics manufacturers want to streamline time-consuming manual processes, enabling higher accuracy, and efficiency. Adding to this is rising wages across the world, including the disappearance of many low-cost Asian hubs. In the US and Europe, labor shortages add to the challenge. Electronics producers want 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



Electrification fuels investment in vehicle electronics

Regulations, subsidies and incentives to replace fossil fuels are broadly driving an electrification trend. First and foremost, it is being fueled by the automotive industry where we see novel assemblies within power electronics, battery storage and charging infrastructure. Electric vehicles (EVs), for example, require roughly 50 percent more electronics content and more complex subassemblies than internal combustion engine cars. 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 full-line automated solutions

Mycronic's DNA is all about automation. To bring electronics to life, we offer flexible, high-precision production solutions that secure zero defects and high throughput. It is all about achieving a balance between output versus speed alone, in-line solutions versus individual machines, and software versus only hardware. The aim is to boost total productivity and quality, using both software and hardware. This increasingly includes using AI and machine learning to simplify programming and cut production costs.

Mycronic supports safe and efficient subassemblies

To optimize high-volume and cost-efficient EV production, Mycronic invests its R&D in industrial dispensing and technologies used to assemble and protect the electronics. The increasing use of fluid dispensing for adhesives and sealants in the assembly favors Mycronic's offering – particularly our ability to tailor in-line solutions for some of the world's largest automotive companies. We also continue to develop semiconductor mask writers (SLX), which are used to produce semiconductors whose demand is positively impacted by electrification.

Trends and drivers *continued***Computing & communication****TRENDS AND DRIVERS****Rising demand for computing and communications capacity**

Hyperscale datacenters and the growing use of AI are fueling growing demand for computing and telecommunications capacity. In response, semiconductor manufacturers are intensifying their R&D to push the boundaries of chip design. Accompanying these initiatives is a requisite to assemble smaller, faster, and more energy-efficient advanced chips and packages – with increasingly complex printed circuit boards (PCBs) and miniature components.

HOW WE MEET THEM**Mycronic invests in supporting advanced electronics**

Mycronic invests in R&D for laser-based mask writers used for layers of the semiconductors powering AI. It also develops high-precision die bonding and dispensing solutions for advanced electronic and optical packaging. Within electronics assembly, Mycronic continues to provide complete solutions for mounting complex, high-value PCBs. Zero defects are enabled through real-time 3D solder-paste inspection (SPI) and automated optical inspection (AOI). To ensure the highest quality, Mycronic's electrical testing business line continues to develop high-precision testing solutions for bare board PCBs and substrates.

Regionalization**Regionalization wave affects markets and supply chains**

The electronics industry will remain a global, interconnected ecosystem, but with regional differences. Notably the East and West divide continues to be a factor, with countries such as China, the US and European nations seeking to achieve self-sufficiency and reduced dependency on external supply chains. This is fanned by growing nationalism and new security requirements on advanced semiconductors and technologies. To reduce geopolitical risks, some governments are subsidizing and promoting local production. Meanwhile, risk-averse corporations are either reshoring, spreading risks among new global suppliers or investing in own production in Malaysia, Thailand, Vietnam, India, Eastern Europe and Mexico.

Mycronic benefits from local edge in electronics hubs

Mycronic draws strength from a decades-long and well-balanced presence in assembly across the US, Europe and Asia. By having R&D sites close to our customers, we innovate together with them. The regionalization of supply chains results in added production facilities, driving investments that favor Mycronic. Notably, in the High Volume division, the China operations are locally managed, establishing close ties to large domestic producers and meeting crucial local supply chain requirements.

Climate change**Climate focus is existential, not just driven by guidelines**

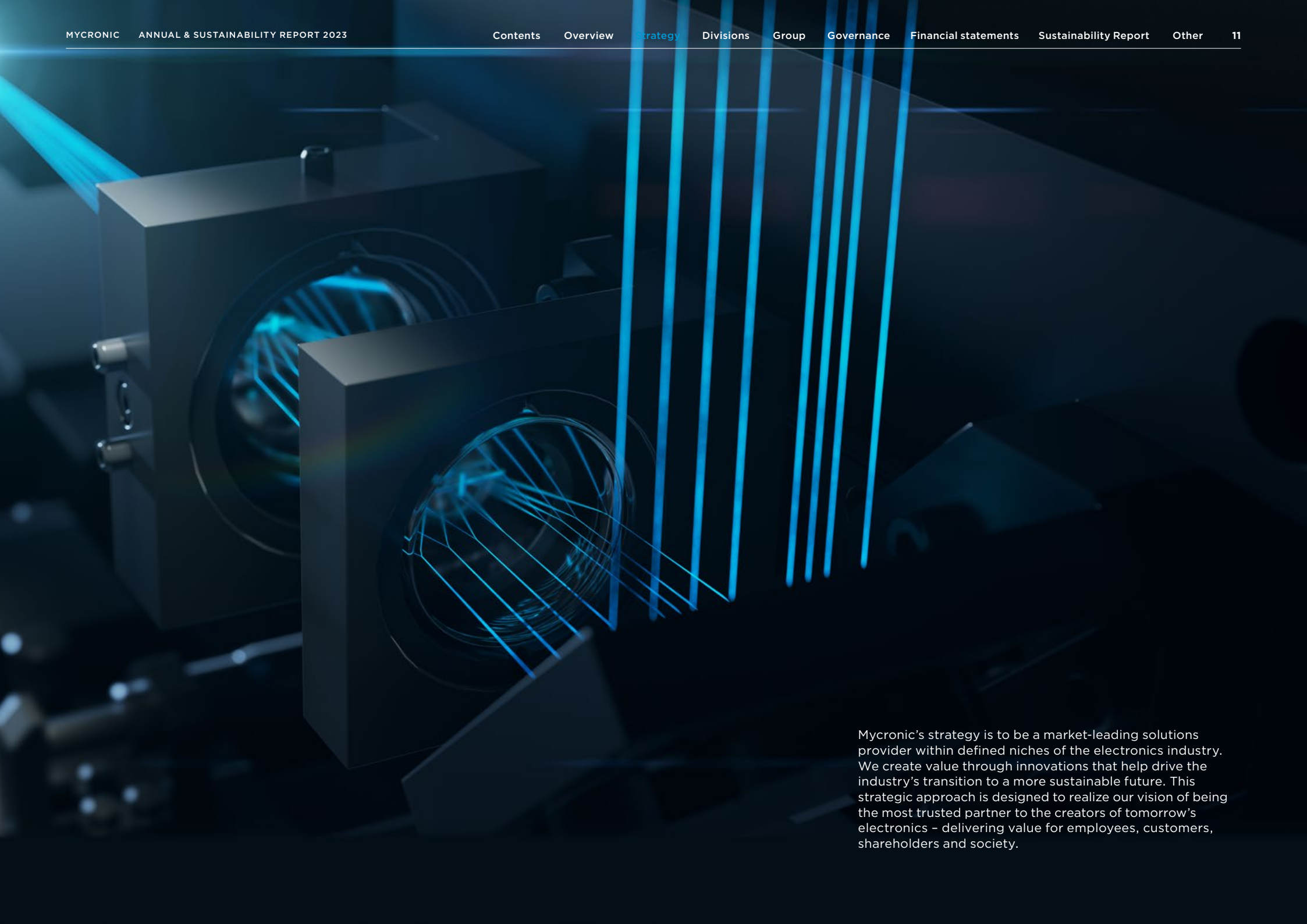
Today, climate change is universally acknowledged as an existential threat with far-reaching implications for international peace and stability. Private and public investments are being poured into making the crucial technological shift to a low carbon society. Increasingly, financial stakeholders and EU regulators are mandating more stringent and thorough reporting. In addition, many multinationals are aligning their goals with the Science Based Targets initiative (SBTi), UN Sustainability goals and other voluntary targets. They are looking to suppliers for help in securing more climate-friendly energy consumption solutions as well as circular sourcing.

Mycronic aims for high environmental goals

Mycronic's long-term Group targets include a climate goal alongside key financial goals. The aim is to reduce our own CO₂e emissions by 50 percent by 2030. In addition, we have committed to set science-based targets to reduce emissions from our own operations as well as from the use of our products. Mycronic is also a founding member of the Semiconductors Climate Consortium (SCC), a forum to highlight concerns over the environmental footprint in the value chain associated with semiconductors.

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Strategy



Mycronic's strategy is to be a market-leading solutions provider within defined niches of the electronics industry. We create value through innovations that help drive the industry's transition to a more sustainable future. This strategic approach is designed to realize 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

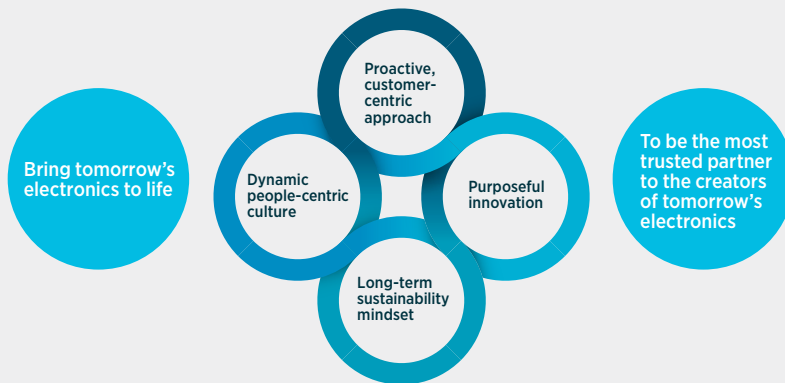
In alignment with Mycronic's purpose and vision, cultivating a dynamic culture grounded in the four principles below is essential. This sets the stage for the successful implementation of strategy – to be a market-leading solutions provider within selected niches of electronics production, characterized by a substantial level 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' challenges brings us closer to the solution. The objective is to understand these challenges so well that we anticipate and solve them in advance. Our decentralized global setup increases agility, shortens decision-making paths and allows us to offer superior service, innovate with customers and quickly adapt to growth trends.



Purposeful innovation

At Mycronic we believe customer-centric innovation starts by addressing 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 2023 we spent SEK 679 million, or 12 percent of net sales, on R&D.



Long-term sustainability mindset

Manufacturers are under pressure to cut energy consumption, adopt circular thinking, and ensure safe and sound working conditions across the supply chain. By pursuing our own sustainability goals and aligning with our customers', we actively contribute to a more sustainable industry and future-proof our own business.



Dynamic, people-centric culture

Achieving our financial and sustainability goals 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 is all about creating an open, diverse and responsible atmosphere.

Driving value creation

Building a future-proof business

Our ambitions are high – to reach sales of SEK 10 billion by 2027–2030 with an EBIT of SEK 2 billion, while halving our own CO₂e emissions. Our strategy to realize these goals includes several key factors: Innovation, customer centricity, climate initiatives, attracting and retaining talent, and M&A.

Whether for our customers, their end consumers, the communities we serve, or our planet, sustainable and responsible growth benefits all stakeholders. Mycronic actively supports the development of new products and solutions, frequently contributing to advancements that not only save time and energy in manufacturing, but ultimately benefit all of society.

Innovation drives growth

Our primary focus is on technology solutions that are differentiated and well positioned to capitalize on growth trends. Notably, the demand for automation, electrification, and the rise of AI and increased computing power fuels a need for advanced production solutions that are flexible, precise and efficient. For us, innovation also includes anticipating technology changes, embracing new ways of working and preparing for change.

Decentralized and customer-centric

To support this growth strategy, our four decentralized 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.

Minimizing climate impact

Achieving responsible growth also means minimizing the impact from our own facilities, transport of goods and business travel as well as developing flexible, energy-efficient solutions for our customers.

Diversity and inclusion

To double our business, we'll need to attract and develop a diverse group of talented people. Creating an attractive culture with an inclusive work environment is therefore key.

Strategic M&A

A structured, strategic and prudent approach to M&A is integral to our growth strategy and projected to account for roughly one-third of our future growth through 2030. Potential

deals will be in related industries, either where synergies are clear with existing business or as stand-alone businesses.

OUR APPROACH TO VALUE CREATION



- I Innovation**
The core driver of growth, both in terms of new technical solutions but also how we solve problems, adapt to trends and foresee market change.
- C Customer centricity**
By collaborating closely with our customers, listening and being proactive, we enable them to create tomorrow's electronics.
- C Climate**
By reducing our climate impact and helping customers reduce their CO₂e footprint we also meet the growing expectations from investors, employees and society.
- P People**
Based on a diverse, open culture, we attract the engineers of tomorrow.
- M M&A**
M&A is focused on profitable, stand-alone companies in adjacent or closely related industries with synergies.



- Unique laser-based mask writers** for manufacturing display photomasks
- Energy-efficient mask writers** for the display and semiconductor industries
- Most flexible PCB assembly and inspection solutions** for high-mix electronics
- World's fastest jet printer** for efficient application of solder paste and assembly fluids
- Automated near-production tower storage systems**
- World's leading dispensing and coating systems**
- Industry's fastest ultra-high-precision die bonders** for high-volume manufacturing
- Testing** of bare board PCBs and substrates



- Customers**
 - Production process innovation
 - Cost- and energy-efficient production
- Our people**
 - An attractive, diverse and healthy work environment
- Shareholders**
 - Attractive total return, comprising dividend and value growth
- Suppliers**
 - Strong long-term, mutually beneficial relationships
- Society**
 - Creating employment opportunities
 - Promoting equality and diversity in the communities where we operate
 - Reducing our customers' climate impact for the benefit of society

I Innovation

Our core growth driver

The majority of our growth through 2030 is expected to be organic, driven primarily by innovation. Whether discovering new applications for existing technologies or disrupting entire segments, we know that our customers are willing to invest more when presented with a distinct competitive advantage.

A distinct competitive edge

Looking back over the past 50 years, it is important to acknowledge that Mycronic's existence is rooted in breakthrough innovations. Initially, the invention of a laser-based mask writer set the stage, creating display photomasks faster and more precisely than anything on the market. These mask writers continue to dominate globally.

Transforming an entire segment

Then came a flexible pick-and-place machine that did the work of several PCB assembly machines – all in a small, standalone unit. Subsequently, jet printing, a Mycronic invention that upended traditional screen printing by introducing 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 continues to shine brightly today.

Innovation in a broader context

Beyond mere technical advancements, Mycronic views innovation as a mindset applicable 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 in the future

To ensure our customers maintain a leading edge, Mycronic places a high priority on R&D. Resources are allocated in a decentralized manner, enabling each division to strategically focus its efforts. In 2023, R&D expenditures amounted to 12 percent of net sales, totaling SEK 679 million. Presently, approximately 500

employees are engaged in R&D with the goal of supporting the creation of electronics that make people's lives better. The culmination of these R&D efforts is reflected in over 400 patents, securing Mycronic's position as a market leader.

Sustainable innovation for growth

Today, successful innovation is inseparable from the pursuit of ambitious sustainability goals, both internal and those of our customers. With this in mind, we integrate sustainable thinking into all development processes.

A prime example of this is the introduction of energy-efficient solid state lasers into mask writers for both semiconductors and displays. This integration has resulted in the reduction of power consumption by up to 99 percent from the laser in use, compared to conventional gas lasers.

Other examples include a new dispenser that cuts energy consumption by around 25 percent per placed dot. Or re-designing the control system of a high-precision dispenser to require fewer boards in the machine, thereby reducing energy consumption by 35 percent.

To further build awareness across the company, Mycronic held a Climate Innovation Day in 2023. The company also continues to work with a previously established Sustainability Innovation Fund, dedicated to financing projects with a clear climate agenda.



When Mycronic first introduced laser-based mask writers over 50 years ago, it set a whole new standard in the display industry. Today, this technology remains the industry standard behind billions of flat-screen TVs, laptops, smartphones and more.

Years of experience
in innovation

>50

Patents guarantee
market-leading
positions

>400

Net sales in 2023 spent
on R&D

12%

C Customer centricity

Staying close to build trust

To realize 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, customer-focused R&D approach, a robust aftermarket business, and initiatives to enhance the customer experience, all play pivotal roles.

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

This commitment extends across the entire customer journey – from initial contact and contract signing to aftermarket services. But it also requires a systematic approach, with regular feedback loops to implement continuous improvements.

BRIDGE – a common global approach

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

This ongoing initiative is designed to create a culture of continuous improvement, collaboratively building value alongside our customers. When we understand what matters most to them, we can take targeted actions for optimal results – refining and allocating resources to meet their evolving needs.

R&D understanding the customer

A driving force behind our customer-centricity is the localization of our R&D in decentralized divisions. This approach is well received by customers and encourages faster, more responsive, and effective feedback for refining our existing product range and guiding new developments.

Aftermarket – a long-term business

Our robust aftermarket business ensures close customer proximity, valuable feedback and a long-term business perspective. We define the 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.

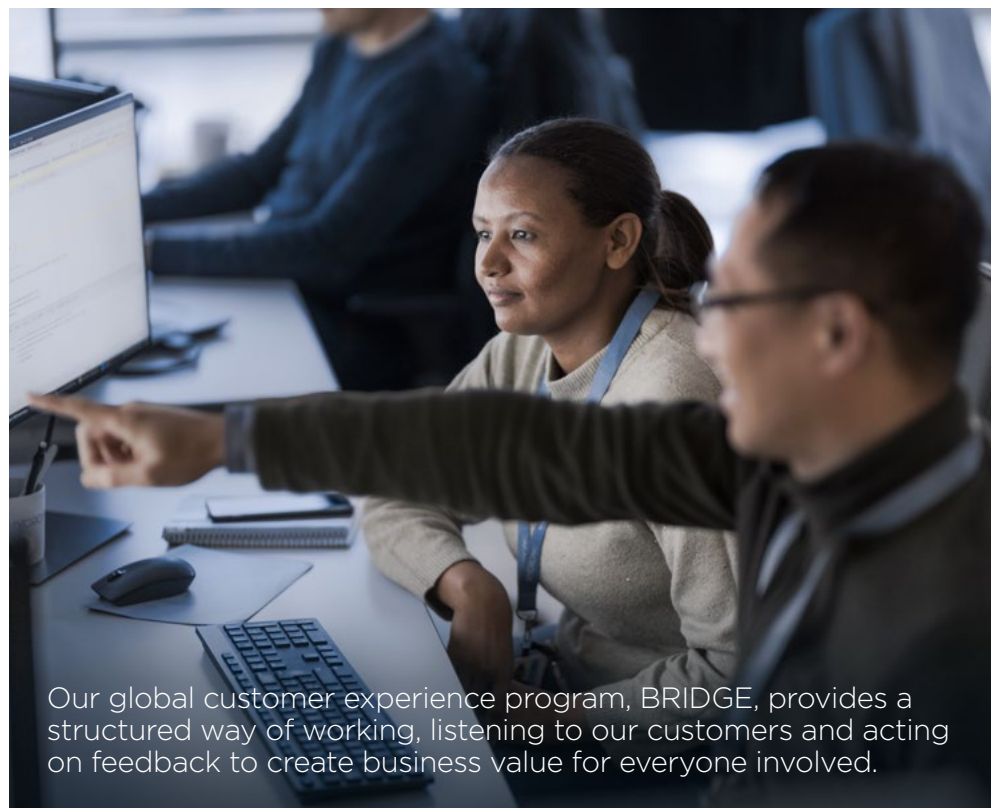
The aftermarket contributes stable, predictable recurring revenue streams, such as service contracts. This financial stability enables us to operate with a long-term perspective, bridging potential fluctuations in systems sales. Our ambition is to further grow the aftermarket business, ensuring customer satisfaction and sustainable profitability.

Our aftermarket business aligns with sustainability initiatives, expanding the lifetime of our products through regular service and spare parts, and giving us first hand insight into our systems in production.

Customer experience – new opportunities

Delighted customers are our best advocates. Notably, we have observed their willingness to enthusiastically share their positive experience and trust in the SLX mask writers. To enhance this experience, we have adopted a fresh approach to customer surveys within the BRIDGE program that is better tailored to address specific customer needs.

The combination of customer voices, market data, and supply chain interactions provides us with powerful insights for delivering a premium, customer-centric experience.



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.

Customers worldwide

>5,500

Share of net sales from aftermarket

29%

Installed systems in 50+ countries

>28,000



Climate

Contributing to an energy-efficient industry

Making the transition to a net-zero economy will require that all actors of society prepare for significant changes. To ensure business resilience in this area, Mycronic's management takes into account climate impact in its strategies, while preparing for changing customer needs and new legislation.

Mycronic initiated its efforts to address climate change several years ago. Initially, the focus was on raising awareness and gaining a better understanding of our responsibilities. This laid the groundwork for more concrete action plans.

In 2022, the company announced three new long-term business targets, one of which is our climate target. Climate impact is now taken into account in all our key processes, such as risk management systems, annual strategy reviews and budget processes. These strategic measures will ensure that initiatives to reduce our climate impact become an integral part of our business activities going forward.

Our climate target

Mycronic has set a target of reducing own greenhouse gas (GHG) emissions by 50 percent by 2030 from 2020 levels. This includes emissions from our facilities, from the transport of goods, and from business travel. Our divisions have set actionable climate targets and road maps that support the Group's ambition.

In 2023, Mycronic also submitted target proposals to the Science Based Targets initiative, which will cover emissions from the use of our products (scope 3), alongside emissions from our own operations (scope 1 and 2). We expect to be able to communicate our science-based targets in 2024.

The electronics industry and climate change

The shift towards a greener economy creates business opportunities for the electronics industry, which has considerable potential to help society achieve the changes needed. Electronics are for example crucial for the

electrification of the automotive industry, and constitute important parts of renewable energy systems.

At the same time, as the electronics industry grows, its own impact on the climate increases. Mycronic's customers are therefore actively looking for ways to reduce the impact of their operations. To help customers on the journey towards a more sustainable electronics manufacturing, Mycronic invests in creating more efficient products from a climate and environmental perspective. This also helps to reduce Mycronic's carbon footprint. In fact, approximately 80 percent of Mycronic's total GHG emissions (scope 1-3) is attributable to our customers' use of our products.

Our plans going forward

The implementation of our climate roadmap is ongoing, and we plan to carry through the most far-reaching actions between 2025 and 2029. Meanwhile, we are working to improve and adjust the predictions of our initiatives, to ensure that these reduce GHG emissions in line with what science says will be required. We are also initiating collaboration with our customers and suppliers on this topic, since collaboration will be key for taking the big steps needed to reach our goals.



As the electronics industry grows, its impact on the climate increases. This is leading Mycronic clients to actively look for ways to reduce the impact from their own operations.

Share of purchased electricity from renewable sources

46%

Change in energy consumption of updated high-precision dispenser

-35%

Change in emissions from the use of sold products, since 2022

-14%

P People

Attracting and developing talent

Our skilled and diverse workforce operates in a spirit of passion, collaboration, and outside-the-box thinking, which is critical to our success. Mycronic works to foster a culture that nurtures new ideas and innovations that enable us to grow and to stay at the forefront of the electronics industry. In 2023, we updated our People strategy and set new goals for the years ahead.

Inclusion and diversity

Mycronic's strong commitment to diversity, equity and inclusion is vital to our growth. It guides our People strategy, covering talent acquisition, onboarding, talent development, performance management, leadership, learning and compensation practices.

Our initiatives for inclusion and diversity include, among others, engaging with under-privileged groups, trainings and seminars for employees and managers.

Leadership at Mycronic

Mycronic's leadership approach focuses on empowering the employees. Our leadership principles are applied throughout the Group, ensuring consistency and guidance for our managers. Our leaders are expected to encourage new ideas and initiatives, create conditions for trust and collaboration, communicate in responsive and transparent ways, and lead by example.

Focusing on our leadership capabilities is key for building an attractive company culture and all our divisions therefore work in this area. For example, we recently enhanced our manager onboarding process and the divisions conduct training programs for leaders based on the Mycronic leadership principles.

Engagement, development and performance

Development is one of the biggest drivers of employee engagement. We constantly work to develop our employees, establish clear goals, and provide continuous feedback, for example through annual performance and development reviews. By adapting our company goals to the context of the team and the individual, we create a work environment that enables employees and the company to

thrive. In 2023, we set a Group goal related to employee engagement, monitored through an annual global survey in which we gather insights about our employees' view on us as an employer.

Attracting talent

We motivate and develop employees by offering an open company culture built on engagement, inclusion and diversity, where innovation, development and reward are key aspects. To succeed in the future, we will need younger generations with wide-ranging backgrounds to choose careers in our industry.

Recruitment, in particular of engineers, is a challenge in most of our markets. We therefore encourage young people to study engineering through various initiatives, and we search for talent among under-represented groups. In this way, we expand the pool of talent from which we are able to attract the engineers of tomorrow, while we contribute to a more diverse and inclusive electronics industry.

Health and safety

To promote a safe and healthy work culture across the organization, we carry out a wide range of initiatives both locally and globally. These span from clarification of roles to reduce stress and promote autonomy, to trainings, physical activities at the workplace, and sharing best practices in our Group Health and Safety Board.

Our work ahead

In the coming years, we will continue on the path we have embarked on to reach our goals, focusing on diversity and inclusion, engagement and empowering leadership.

PEOPLE GOALS TO 2030

Gender balance

Increase the diversity in the company, including improving the gender balance

25%

Women and female managers (respectively) in the workforce.

Achievements in 2023

The share of women in the workforce remained stable at 18 percent, and increased to 19 percent (18) among managers.

Diversity and inclusion

Build and ensure an inclusive culture in all parts of our organization

4.3

Diversity and inclusion score from annual engagement survey. Maximum is 5.

Achievements in 2023

With a score of 4.1 (4.1), diversity and inclusion became the highest rated topic in our annual engagement survey.

Engagement

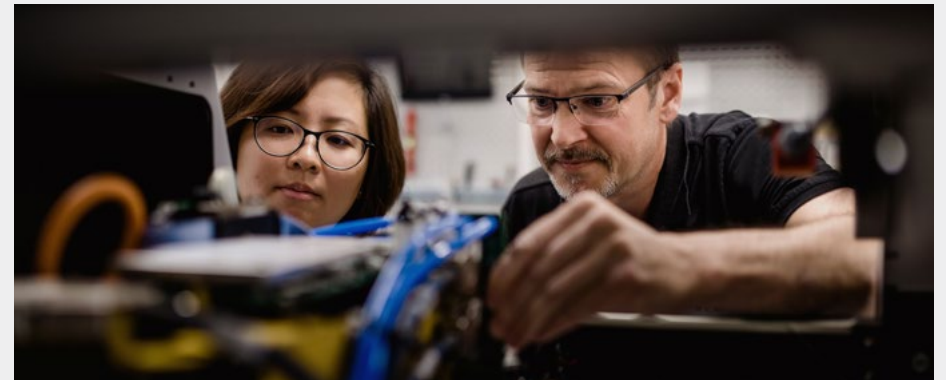
Ensure a high employee engagement

4.2

Overall engagement score from annual engagement survey. Maximum is 5.

Achievements in 2023

Our overall engagement score remained stable at 3.9, which is in line with industry peers.





Active, strategic and prudent

Roughly one-third of Mycronic’s projected growth until 2027–2030 is expected to come from mergers and acquisitions. Our own M&A history, marked by notable successes and some disappointments, has been instrumental in sharpening our strategies and taught us the importance of prudent capital allocation.

Structured and strategic

Mycronic applies a structured, strategic and diligent approach to M&A. For us, it is a tool to integrate crucial new technologies, access talent in growth segments, extend core areas of expertise, expand into new geographic and technological markets, and boost net sales and profitability.

A standout example is the 2016 acquisition of Axxon in China, a result of thorough examination of both the geographical market in China and adjacent technologies in the electronics industry. This acquisition seamlessly aligned with existing Mycronic business and it was mutually beneficial for buyer and seller.

As an industrial company with a decentralized approach, it is paramount for Mycronic to select acquisition targets that are already profitable in relevant niches. Other important factors include the cultural fit and management quality and style.

Supported by a strong financial position

Backed by a strong financial position, Mycronic has the means to drive an ambitious, forward-looking M&A strategy. Even during challenging times, such as the previous pandemic, our results and operational cash generation have been highly favorable, contributing to a strong balance sheet that includes a significant net cash position. In addition, Mycronic has a SEK 2 billion credit facility in place.

Group M&A – large and financially sound

Our M&A activities are systematically categorized into Group and divisional deals. At the Group level, we target larger, financially sound companies in attractive growth niches,

preferably with a robust service and aftermarket business. In these cases, the direct link to Mycronic’s current activities is less important.

Divisional M&A – healthy from the start

Divisional M&A focuses on companies that either complement or extend our existing technology or customer offering. In this context, their stand-alone attractiveness is less important. However, recognizing the challenges of turning around unprofitable companies, Mycronic emphasizes the importance of a healthy underlying business from the start.

Transaction size – large and small

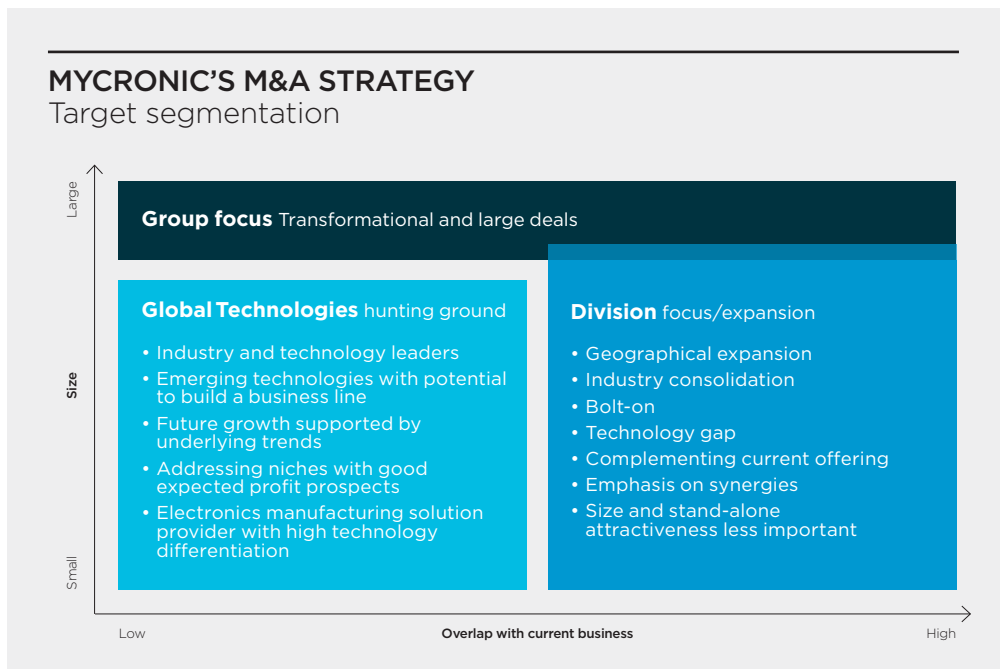
Divisional M&A may involve relatively small deals if the fit is good, whereas group-level M&A is directed towards targets with an annual turnover exceeding SEK 250 million.

Going forward, we envision the Global Technologies division leading and hosting acquisitions in new spaces with a mid-term potential of up to SEK 1,000 million in net sales. If a target has, or grows to, net sales exceeding SEK 1,000 million, it may fall outside our current divisional spaces and could potentially form a new division.



“ We take an active approach to M&A both on a Group and divisional level. We’re always on the lookout for attractive, well-run companies that align with our strategic goals, but we balance our investment decisions against a prudent allocation of capital.

Pierre Brorsson
CFO and Sr VP Corporate Development

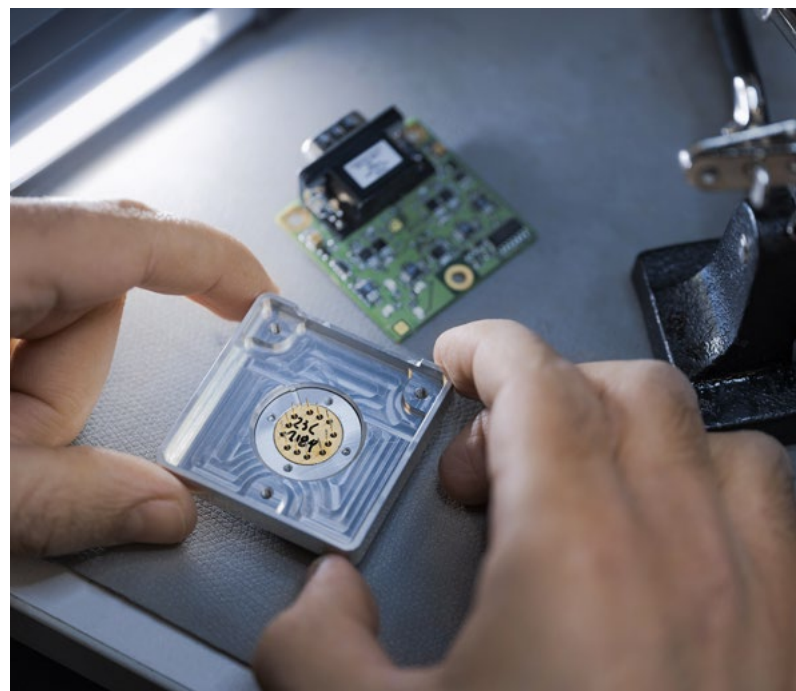


Financial and non-financial targets 2027-2030

Ambitious goals for tomorrow

Doubling sales, doubling profits, and cutting the carbon footprint in half
 Looking forward, Mycronic has set ambitious financial and climate targets to be achieved during the 2027 to 2030 timeframe. The company has also submitted its proposals for science-based targets, outlining a clear road-map for emissions reduction.

At the Group level, the aim is to be a SEK 10 billion company with an EBIT of SEK 2 billion and an EBIT margin above 20 percent along the growth journey. We also have a target that each of our four divisions should have a minimum EBIT margin of 10 percent. Equally significant is our efforts to support a zero-carbon economy by reducing our own emissions by 50 percent compared to 2020.



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Divisions

Mycronic believes in the effectiveness of managing daily operations and decision-making close to customers. For this reasons, we adopt 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 senior management, is key to our success.

Overview

How we are organized

Mycronic operates through four decentralized divisions, each contributing to our global presence. Our local wholly owned subsidiaries are supported by a network of agents and distributors spanning more than 50 countries. A substantial portion of Mycronic's net sales is derived from the aftermarket business.

 **PATTERN GENERATORS**

One of the world's foremost suppliers of laser-based mask writers for the manufacture of photomasks for displays and semiconductors, including metrology systems for display photomasks.

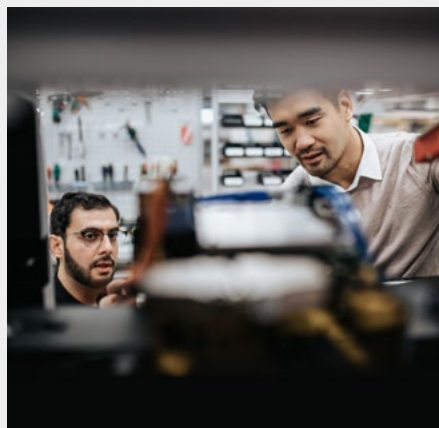
Net sales SEKm	EBIT SEKm
2,106	1,053



 **HIGH FLEX**

Leading global provider of flexible PCB assembly solutions, including jet printing, stencil printing, 3D inspection, component placement and automated storage solutions.

Net sales SEKm	EBIT SEKm
1,535	195



 **HIGH VOLUME**

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

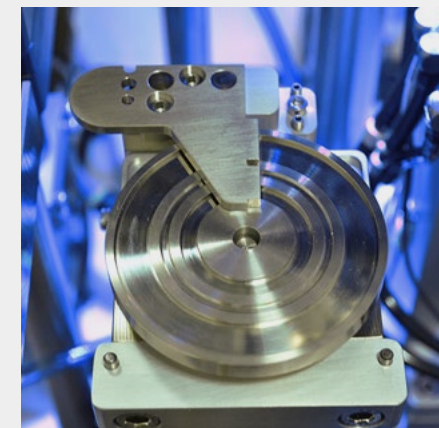
Net sales SEKm	EBIT SEKm
1,140	173



 **GLOBAL TECHNOLOGIES**

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

Net sales SEKm	EBIT SEKm
928	59



Pattern Generators

One technology serving two markets

The Pattern Generators division extended its unique position for display mask writers into the semiconductor field, delivering a strong order intake totaling 21 orders received. The division also achieved a milestone by shipping the first Prexision display mask writer with a solid state laser.

Market position and development

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

Today, manufacturers in the display industry use photomasks produced with Mycronic's laser-based mask writers. The majority of semiconductors are also manufactured using photomasks produced by laser-based mask writers, where the division supports the mid- to lower-end of chip design. During the year, Mycronic introduced an energy-saving solid state laser on its Prexision system for the display market, much like those on its energy-efficient SLX mask writers for semiconductors. Meanwhile, it continued to extend its core expertise in high-precision laser-based lithography from the display industry into the semiconductor industry.

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

Key trends and sales drivers

The continuous shift from LCD to AMOLED display technology, aimed at enhancing image quality and achieving vibrant colors, is fueling demand for advanced photomasks. In addition to TVs, high-quality photomasks are needed for computer screens, tablets, electric vehicles, smartphones, and other IT applications.

The division noted a growing interest in trade-ins of aging display mask writers, many of which are more than 15 years old. The aftermarket constitutes a significant share of the division's sales, providing a consistent, recurring source of revenue.

Robust demand for photomasks for semiconductors was driven by geopolitically motivated investments in chip production capacity in both the East and West.

Innovation, climate and people

In alignment with the Group's sustainability ambitions, Pattern Generators pioneered the integration of solid state lasers into its larger Prexision display mask writers. Like the SLX lasers, they consume up to 99 percent* less energy than the traditional gas lasers now used. This is a milestone in Mycronic's innovation strategy for sustainable growth, enabling lower CO₂e emissions in electronics production. The use of solid state lasers is an important step in the company's journey to reduce climate impact over the product's lifecycle.

The division found ways to leverage its core R&D investments into technology platforms shared between display and semiconductor mask writers. This innovative approach enables the extension of its core technologies

* Unaudited



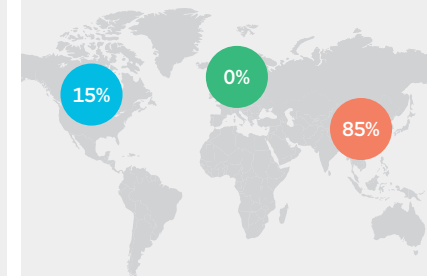
“ It is gratifying to see the ongoing industrial success of our SLX mask writers, which continue to receive amazing feedback from customers. These machines share software and other key technologies with our display writers. Together with revenue from our display writers, trade-in business and aftermarket, we're building a solid and stable long-term income base.

Charlott Samuelsson
Sr VP, Pattern Generators division

Key Ratios

	2023	2022	2021
Order backlog, SEKm	3,068	2,480	744
Net sales, SEKm	2,106	1,369	1,645
of which aftermarket	749	703	609
Gross profit, SEKm	1,389	782	1,105
Gross margin, %	66.0	57.1	67.2
EBIT, SEKm	1,053	465	832
EBIT margin, %	50.0	34.0	50.6
R&D expenditures, SEKm	255	219	219
Employees	351	320	298

Pattern Generators' net sales 2023 per region



Geographical presence
USA, China, South Korea and Japan

Change in net sales compared with 2022

54%

Change in EBIT compared with 2022

126%

Primary competitors

- Applied Materials
- Heidelberg Instruments

Pattern Generators *continued*

to diverse new product lines, often using shared parts and thus gaining production efficiencies. Investments continued into optimizing software and hardware. The division also invested in training its diverse workforce and building an inclusive culture – a key to future growth.

Accomplishments in 2023

In 2023, Pattern Generators received orders for 15 SLX mask writers, bringing the total of machines sold to 47 since first being introduced in October 2019. On the display side, the division received orders for four Prexision 8 Evos, one Prexision Lite 8 Evo and one FPS 6100, a mask writer for less critical applications.

To cut carbon emissions, a customer in Asia also ordered retrofits for several previously delivered Prexision 8 Evo mask writers to now include energy-saving lasers.

Focus in 2024 and beyond

Thanks to its unique market position for advanced photomasks, a highly skilled workforce, and service teams, Pattern Generators is well positioned to navigate any market uncertainties.

The business has been stabilized by securing reliable recurring revenues. These include the addition of the SLX business, a robust service and aftermarket business and a currently strong order backlog.

The evolving mask writer product portfolio for both displays and semiconductors, designed for energy efficiency and higher productivity, will support growth. The division continues to investigate ways to reduce carbon emissions, such as further integrating solid state lasers into all of its writers.

Moving forward, the company's strategic focus involves maintaining close relationships with customers and innovating to meet their future requirements for sustainable and competitive business.

SLX industrialization story

A scale-up beyond expectations

When Mycronic introduced a semiconductor mask writer in October 2019, the initial goal was to sell 4–6 machines annually. Fast forward to year-end 2023, and the company has surpassed all expectations with orders totalling 47 units. This remarkable achievement not only reflects strong new systems sales, but it paves the way for increased aftermarket sales – particularly as customers opt for service contracts beyond the usual one-year warranty.

The story of how Mycronic's laser-based mask writers revolutionized the efficient production of higher-resolution flat screen TVs is widely known. Less well known is how this core technology is being extended to support the scale-up of its SLX series for the fast-paced semiconductor industry. This untold story includes sharing R&D on technology platforms, laser expertise, assembly routines and service.

The cross-pollination effect

One example of this cross-pollination effect is the Evo control platform, says Mikael Wahlsten, Head of Product Strategy & Development. "We developed Evo to meet our customers' latest demands on product automation, connectivity and data handling for mask writers. It can be used for both our display mask writers as well as the SLX systems. This cross-functional way of thinking allows us to extend our innovations more quickly and efficiently. It makes it easier for our assembly people, our service technicians and our customers."

Aging installed base

With an installed base of some 250 semiconductor mask writers (laser-based or with similar capability), many of which are reaching the end of their operational life, the SLX series emerges as a smart, modern choice. The system can handle the majority of all writing for mid- to lower-end chip designs, but also some parts of the most advanced chips. It brings a new



level of stability, with state-of-the-art optics and data path management.

Same energy-saving lasers

But the story doesn't end here. Platform sharing goes both ways, as evidenced by the incorporation of the first energy-saving solid state lasers, originally developed for the SLX, now seamlessly retrofitted into the Prexision system. "This success serves as an industrial milestone, highlighting the power of collaborative innovation," concludes Mikael Wahlsten.

“By sharing core technology platforms and avoiding having separate R&D departments, we are efficiently advancing the industrialization and development of SLX production.”

Mikael Wahlsten
Head of Product Strategy & Development





High mix meets high throughput

The High Flex division introduced a new pick-and-place platform that boosts placement speed by nearly 50 percent, while handling an even wider mix of components. The new technology forms the core of its full-line PCB assembly solution, enabling new levels of speed, agility and factory connectivity.

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, stencil printing, pick-and-place, as well as 3D-enabled inspection systems, together with automated material handling solutions and factory-wide software connectivity.

During 2023, the market in Europe and North America remained strong, while demand in China and the rest of Asia was weak. The supply chain disruptions and component shortages reported in 2022 are now under control.

High Flex assumed global responsibility for the stencil printing portfolio of China-based HC Xin from the High Volume division. As a result, the division can now offer its customers a complete solution for all types of solder paste application, from agile jet printing to higher volume stencil printing. The division also transferred global responsibility for MYSmart dispensing products and the Mexico office to the High Volume division.

Key trends and sales drivers

The global consumer electronics market faced challenges, especially in China, where the post-pandemic economy did not recover. Global uncertainty, high inflation, and rising interest rates further dampened growth. But High Flex weathered these challenges since it mainly sells to the medical, defense and industrial segments, which remained resilient.

Increasingly, High Flex customers say they want a seamless user experience, with total control over the production process. As a result, the emphasis is on factory-wide connectivity software systems, enhanced by machine learning, AI and easy-to-use graphic interfaces.

Innovation, climate and people

High Flex is committed to reducing climate impact and helping customers reduce their CO₂e footprint by innovating highly efficient solutions. In 2023, the focus on innovation resulted in the launch of a breakthrough pick-and-place platform that runs 48 percent* faster than earlier models, with the same footprint and energy consumption. This achievement was enabled by a highly diverse global group of engineers.

To reach Mycronic’s own climate goals, the division promotes smarter travel and is shifting transport from air to sea, where possible.

* Unaudited



“With supply chains and component shortages now under control, our customers are getting on with business. To support them, we’re very excited to offer a high-speed, high flexibility pick-and-place platform that further increases throughput with top-level quality.”

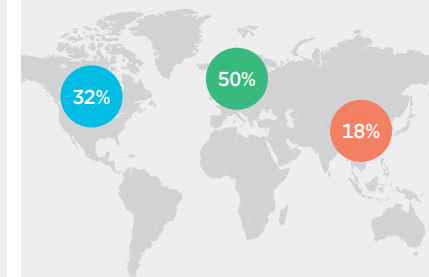
Clemens Jargon
Sr VP, High Flex division

Key Ratios

	2023	2022 ¹	2021
Order backlog, SEKm	120	155	130
Net sales, SEKm	1,535	1,405	1,176
of which aftermarket	542	466	429
Gross profit, SEKm	640	571	469
Gross margin, %	41.7	40.6	39.9
EBIT, SEKm	195	161	136
EBIT margin, %	12.7	11.5	11.6
R&D expenditures, SEKm	214	205	177
Employees	489	513	375

¹⁾ Restated for comparability.

High Flex’ net sales 2023 per region



Geographical presence
Primarily North America and Europe

Change in net sales compared with 2022

9%

Change in EBIT compared with 2022

21%

Primary competitors

- ASM
- Fuji
- Yamaha
- Koh Young

High Flex *continued*

Accomplishments in 2023

At the Productronica trade show in Munich, the division unveiled its new breakthrough MYPro A40 pick-and-place solution. This high-speed, high-flexibility platform, featuring an innovative mounthead for picking a diverse range of components, boosts top speed by 48 percent.

Throughout the year, High Flex continued to introduce advanced 3D automated optical inspection (AOI) systems and AI-powered inspection software. Notably, the Iris 3D vision system, which increases scanning speeds by up to 30 percent with high accuracy, gained increasing traction with customers.

Focus in 2024 and beyond

Looking ahead, High Flex sees the continued and accelerated emergence of a new era in agile PCB assembly – where manufacturers can rapidly move from mainly assembling prototypes to offering OEMs full-scale board production. Many of its core high-mix PCB customers in Europe and North America want to be able to scale up or down depending on the market situation, while still being sustainable and using flexible, high-precision lines that assure zero defects.

To meet these evolving standards, High Flex will continue to work closely with customers to get more out of their production lines, while living up to new regulatory obligations. One focus area is incremental improvements to reduce energy consumption of products in use. This means equipment that is never standing still, increasing both output and energy efficiency.

Innovation story

Turn up the volume

Fast and flexible? Is it possible? Yes, that was the thinking behind one of Mycronic's most ambitious technical development products to date – the next generation MYPro A40 pick-and-place solution. The new platform, which increases top speed by 48 percent, while handling a significantly wider range of component types and sizes, was introduced at Productronica 2023 in Munich.

It is not every day that High Flex unveils a significant upgrade to its core pick-and-place solution. What's even more exceptional is the division's team effort, uniting R&D teams from Sweden and Japan, to redefine the boundaries of flexible PCB production. So, what's the buzz all about? Especially considering their MY300 pick-and-place solution is already a well-established industry benchmark for prototypes, short series, and medium-batch runs.

Faster flexible assembly

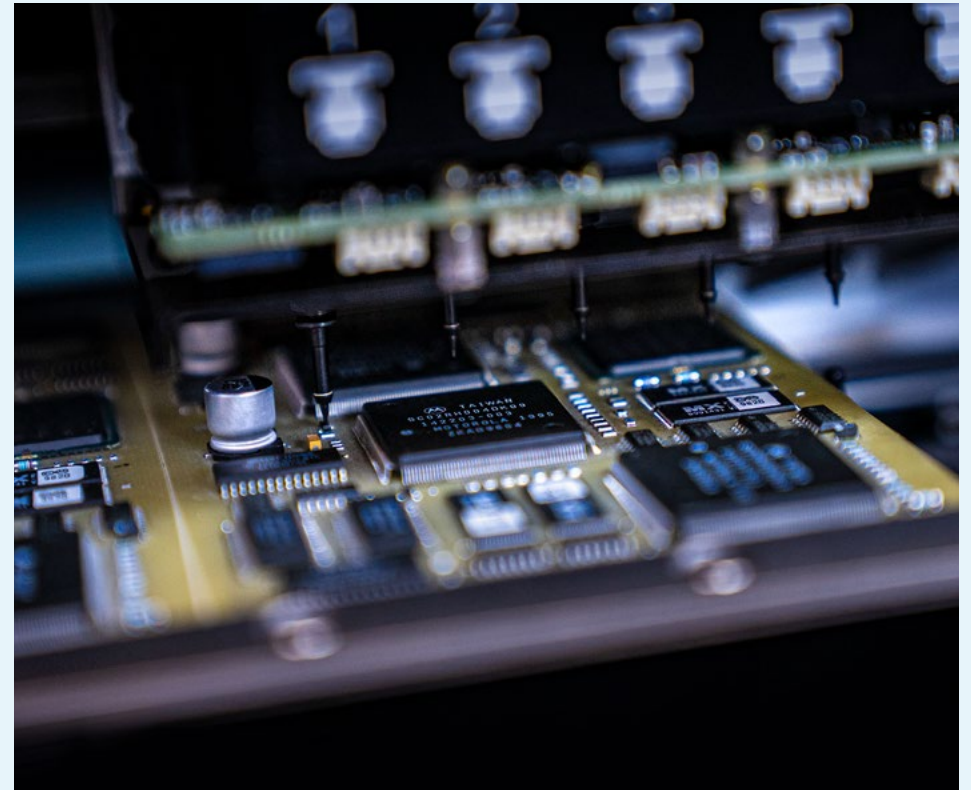
According to Robert Helleday, Head of R&D at High Flex, the aim was to radically boost speed in real-life production. "It is all about scaling up or down without missing a beat," he says. This is all thanks to a high-speed MX7 mount-head technology that can place components up to six times larger than previous mount heads could do, as well as small chips.

Scaling up production

For traditional high-mix manufacturers, it means they can rapidly scale up production volumes without investing in a dedicated high-speed line. Now they can hit a top speed of 59,000 components per hour versus 40,000 components per hour earlier, all with Mycronic's reliable, zero-defects throughput level, avoiding damages, mispicking or dropped components.

Preparing for growth

The new platform reinforces High Flex's leadership in flexible assembly. It can be integrated into any intelligent factory environment, preparing manufacturers to master any mix, then turn up the volume!



“The MYPro A40 is the result of several years of intensive development by our global team of R&D engineers.

Robert Helleday
Head of R&D, High Flex division

High Volume

Electric vehicles increasing

The High Volume division offset a weaker consumer electronics market in China by prudently managing costs and increasing its share of revenue going to electric vehicle production. It continued to further solidify its position as the world’s leading provider of dispensing and conformal coatings systems.

Market position and development

The High Volume division is the world’s leading developer and manufacturer of automated systems for dispensing and conformal coating for the electronics industry. Local R&D and manufacturing secure a strong presence in China and facilitate unique access to high-volume customers. This customer-centric approach is being implemented from Vietnam to Mexico and the US. The division’s customers include manufacturers of consumer electronics, 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.

The Chinese consumer electronics market did not recover to pre-pandemic levels, despite reopening. This is largely due to sluggish economic growth, and ongoing global uncertainties. At the same time, consumers are growing more cautious, sophisticated and demanding. Sales of mobile phones, PCs, watches, laptops and other consumer devices remained slower.

During the year, High Volume assumed global responsibilities for the MYSmart series of specialized dispensing and coating solutions previously managed by the High Flex division. The division also took control of the Mexico facility while transferring responsibility

to High Flex for the stencil printing offering of HC Xin, a Chinese company acquired earlier.

Key trends and drivers

The drive to reduce climate change continued to fuel sales of EVs, which require a 50 percent higher degree of electronic content. This creates a need for dispensing and conformal coating systems to glue and protect the subassembly components and circuitry.

The ongoing regionalization of supply chains to spread geographic risks continues. Whether it is Made in EU, Made in China or Made in USA, the sentiment is clear: Each region wants to create jobs, secure its own supply chains, and build regional champions. Add to this the topic of access to advanced semiconductors, AI and sensitive technologies and you have an increasingly challenging environment.

Rising labor costs in the competitive Chinese market continue to drive investments in full-line automation solutions. In parallel to this, ongoing cost pressures and supply chain concerns motivated some producers to shift new factory investment to low-cost locations such as Vietnam, Malaysia, and Mexico. High Volume benefits from this trend, since more factories mean more business.

Innovation, climate and people

As it builds up a global service network, High Volume is actively working to improve diversity and equality by cultivating an open, customer-centric culture. By participating in university career events, local activities aimed at female engineers and through training, it promotes a strong company culture for engineers, service personnel and more.



“ We are strengthening and diversifying our world-leading position in dispensing and conformal coating systems by building up a strong global service network. The construction of a new manufacturing facility in Mexico and the opening of demo centers in Silicon Valley and Vietnam are part of this.

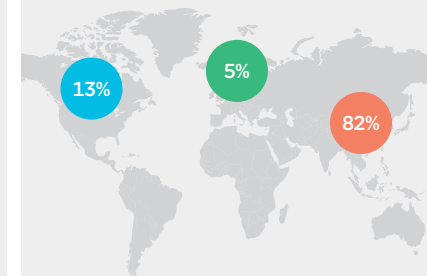
Ivan Li
High Volume division

Key Ratios

	2023	2022 ¹	2021
Order backlog, SEKm	662	700	809
Net sales, SEKm	1,140	1,479	1,200
of which aftermarket	149	133	97
Gross profit, SEKm	482	600	508
Gross margin, %	42.3	40.6	42.3
EBIT, SEKm	173	301	231
EBIT margin, %	15.2	20.4	19.3
R&D expenditures, SEKm	128	131	107
Employees	859	866	927

¹⁾ Restated for comparability.

High Volume’s net sales 2023 per region



Geographical presence
Asia and North America

Change in net sales compared with 2022

-23%

Change in EBIT compared with 2022

-43%

Primary competitors

- Nordson
- PVA
- Anda
- GKG

High Volume *continued*

Energy efficiency is becoming high on our customers' agenda. To address this, High Volume rolled out its new version of the MYD dispenser, which will improve energy efficiency per placed dot by up to 25 percent* by 2030. The division also reduced the number of parts in its products to facilitate sustainable dismantling.

Accomplishments in 2023

During the year, High Volume continued to follow larger automotive customers from China and other multinationals to sites abroad, as they balance production risks between East and West.

Capitalizing on the electrification trend, High Volume continues to work very closely

* Unaudited

with some of the world's largest EV producers to develop customized lines for their production. Business from this area helped to offset the negative consumer electronics trend in China.

High Volume was also effective in managing and reducing its operating costs and keeping up margins, despite lower net sales.

Focus in 2024 and beyond

The division is dedicated to enhancing and broadening the applications of its market-leading dispensing and conformal coating systems in both the Chinese and international markets. This commitment includes the establishment of a global service network, providing increased convenience and flexibility for customers worldwide.

High-volume manufacturing of smartphones, wearables and other devices requires precise dispensing of adhesives to glue the smartphones together and hold the tiny components in place, while conformal coating is applied to shield them from water, dust and other elemental elements.

Diversity and inclusion

Bridging cultures to serve the world

Manufacturing knows no borders. But as a global partner operating locally, you'd better be responsive, with 24/7 problem-solving capabilities. Now, as the High Volume division builds up a global service network, it is striving to foster an open, diverse and inclusive service culture that spans from China, Vietnam and Malaysia to Mexico and the USA.

High Volume's expertise in dispensing and coating has its roots the Chinese domestic market, where the renowned Axxon brand has ascended to the top spot. Over the years, it has leveraged this success to a number-one position on the world stage. To maintain this lead and keep a step ahead of the competition, it is further boosting its local service and support – from Shenzhen, China to San José, California.

Building an inclusive culture

This need came into sharp focus in recent years as several domestic Chinese customers started to move their production base to Vietnam. To support them, the division opened a subsidiary in Bac Ninh, Vietnam, and hired and trained skilled operators who understand the local requirements. But more than just offering coaching, the engineers are exposed to Mycronic company culture influences – an inclusive, open spirit of innovation and teamwork.

From Vietnam to Silicon Valley

This successful approach was replicated in San José, California where Mycronic



Axxon, the Chinese top player in dispensing and coating, is adding a service and support business in California as part of High Volume's expanding global service network.

supports world-leading EV manufacturers. In San José, High Volume inaugurated a demo center to collaborate with customers in the very early verification stages, build awareness and attract new talent.

New facilities in Mexico

Most recently, the establishment of manufacturing in Guadalajara, Mexico, adds to local convenience and service – giving an edge on competitors in terms of local sales support and service. In the future, the cultural integration will continue, to overcome new obstacles and succeed as a team.



Global Technologies

Two business lines with strong potential

Global Technologies faced weak demand in China but extended its lead in electrical testing of multi-layer PCBs with proprietary technology. The die bonding market was sluggish, but partly offset by AI-related demand.

Market position and development

The Global Technologies division acquires and grows advanced electronics technology businesses with a high level of differentiation, that have the potential of growing faster than the industry as a whole. The division encourages a decentralized, entrepreneurial culture of problem-solving together with 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.

At present, the division concentrates on two primary business lines. The first involves the manufacturing of electrical testing equipment for printed circuit boards and substrates. The second business line revolves around die bonding systems.

The largest markets are China and the US.

Die bonding is a crucial process for micro-electronics and optoelectronics applications. It involves mounting a die (or chip) to a substrate or package. In essence, the die is positioned within previously dispensed epoxy or attached through a heating process using solder. These processes find widespread applications in various industries, including data and telecommunications, aerospace and defense, medical devices, and emerging AI, AR/VR, and LiDAR.

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

Key trends and drivers

During 2023, Global Technologies navigated a landscape marked by significant market

uncertainty and weaker investments in both business lines, despite pockets of optimism. The slow-down in rollout of 5G networks and related infrastructure dampened some investments in optoelectronics applications that typically utilize the division's high-precision technologies.

On a brighter note, an uptick in interest surrounding AI is driving new investments in both business lines. For instance, there was strong interest in high-end, multi-layer printed circuit boards and substrates, which require sophisticated testing to ensure signal integrity. And the use of high-speed optical transceivers, required to work with powerful AI chips, demands Mycronic's fast, ultra-high-precision die bonders for high-volume manufacturing.

Innovation, climate and people

Global Technologies continued to explore energy-saving technology on its equipment, to help customers reduce their CO₂ footprint. Examples included the redesign of the control system on its MRSI-175AG High Precision Dispenser, which reduced energy consumption by 35 percent*.

In Germany, the division is building a new solar-powered 4,000 m² three-story facility for its test business. The new building is designed to foster better collaboration between departments and reflects the company's high sustainability standards.

In the US, the division works to reduce natural gas consumption and align its product roadmaps to reduce waste. Global Technologies continues to promote diversity by hiring a mix of nationalities and working to increase its share of female engineers.

* Unaudited



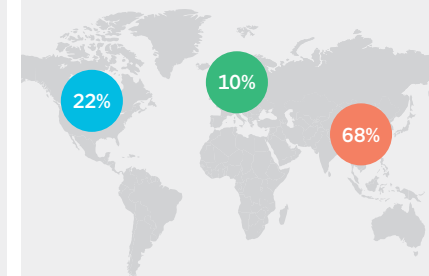
“I'm very excited to take responsibility for Global Technologies and apply my earlier experience within Mycronic's Pattern Generators division for the benefit of our global customers. We now have two strong business lines to build on and will continue to evaluate acquisitions that fit our strategy.

Magnus Marthinsson
Sr VP, Global Technologies division

Key Ratios

	2023	2022	2021
Order backlog, SEKm	297	239	291
Net sales, SEKm	928	865	657
of which aftermarket	189	218	160
Gross profit, SEKm	343	333	200
Gross margin, %	37.0	38.5	30.4
EBIT, SEKm	59	101	-3
EBIT margin, %	6.3	11.7	-0.4
R&D expenditures, SEKm	82	71	68
Employees	300	317	327

Global Technologies' net sales 2023 per region



Geographical presence
US, Europe, China and Japan

Change in net sales compared with 2022

7%

Change in EBIT compared with 2022

-42%

Primary competitors

- | | |
|---------------------------|--------------------|
| Electrical testing | Die bonding |
| • Hioki | • ASMPT |
| • Microcraft | • Besi |
| • Nidec | |

Global Technologies *continued*

Accomplishments in 2023

In 2023, the die bonding business introduced a new die bonder variant to its MRSI-705 platform.

The board test operations extended their lead through a proprietary back-drill test technology that is ideal for AI applications. This technology was developed together with a customer to meet challenging new signal integrity requirements.

In Shenzhen, the newly established MRSI Automation (Shenzhen) Co. Ltd facility underwent a transformation from being a product demo center to a dynamic innovation center. This enhances its capability to stay close to customers in China, providing timely service and introducing new products and solutions.

Focus in 2024 and beyond

Looking ahead, the division will complete the building of its solar-powered manufacturing facility in Germany, while also strengthening R&D, manufacturing and service in Asia and the US.

Global Technologies will continue to follow customers who are diversifying into other markets across Southeast Asia and globally.

Finally, die bonding will further explore new market segments and technologies that demand flexible and accurate high-volume manufacturing.

Innovating in die bonding

Submicron-precision volume manufacturing

Precision is everything, particularly in die bonding, a core technology mastered by only a handful of companies. A mere 1 micron variance can significantly impact signal integrity and performance in components tailored for advanced optoelectronics products. This is precisely where MRSI sets the standard.

Located in an R&D and production facility just outside Boston, Massachusetts, Dr. Yi Qian, General Manager & VP Mycronic, who leads the die bonding business (MRSI), explains the pivotal role of precision in die bonding. “Take a look at this strand of hair,” he says,

holding up a near-invisible thread. “The diameter of a human hair typically ranges from 50 to 70 microns, and our die bonders delicately place tiny components with an accuracy of less than 1 micron.”

Small discrepancies, big differences

Yi says even the slightest deviation in die bonding accuracy can accumulate across production batches – potentially compromising the overall yield. Ultra-high die bonding precision minimizes the likelihood of defects, improving the manufacturing efficiency and driving down costs.

Wanted: more than just precision

Yi Qian sees an increasing use of optical devices in 5G and cloud-based datacenters, fueling demand for higher computing

power and smaller, more densely packed components. “Achieving ultra-high precision is of course crucial, but it is just one dimension – speed and flexibility are equally crucial for high-volume manufacturing (HVM),” he emphasizes.

Achieved: less than 0.5 microns for HVM
“We are alone in the market to achieve HVM grade 0.5-to-1.5-micron precision, with the highest flexibility and the fastest-speed all-in-one platform,” says Yi Qian. “But we are not resting on our laurels. We continue to push the limits of die bonding technology to support some of the world’s most advanced packaging applications. Every micron counts!”



“We are alone in the market to achieve HVM grade 0.5-to-1.5-micron precision, with the highest flexibility and the fastest speed – all in one platform.”

Yi Qian
General Manager & VP Mycronic (MRSI)

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Group

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

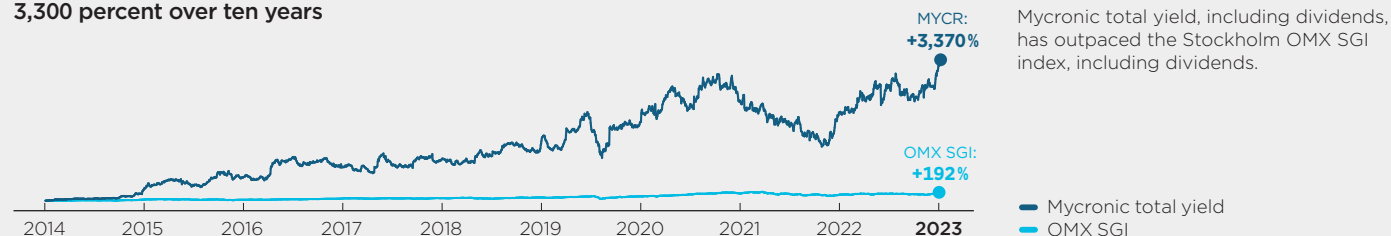
Investment case

At the center of the growing electronics industry

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

1. STRONG TRACK RECORD

Total yield has grown more than 3,300 percent over ten years



2. INVESTING FOR GROWTH

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

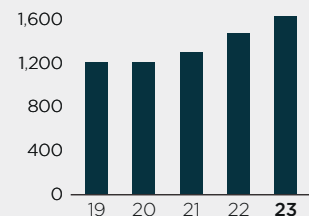
Share of net sales in 2023 spent on R&D

12%

3. GROWING AFTER MARKET BUSINESS

Mycronic’s after market business, accounting for 29 percent of net sales in 2023 is growing continually with the installed base, cushioning against swings in equipment sales.

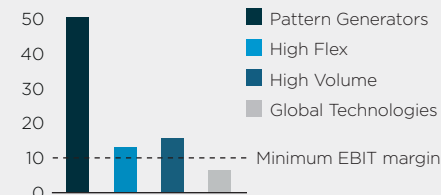
After market sales, SEK million



4. ALL DIVISIONS CONTRIBUTE

Mycronic’s profits are dominated by Pattern Generators, but all divisions contribute to the bottom line. Going forward, all divisions shall exceed an EBIT margin of 10 percent.

EBIT margin 2023, %



5. AMBITIOUS TARGETS

Mycronic aims to play an active role in the transition towards a more sustainable electronics industry. This commitment serves as a solid foundation for our targets, to be achieved during the 2027-2030 period.

Net sales shall reach

SEK 10 bn

EBIT shall exceed

SEK 2 bn

At the Group level, the target is to consistently exceed an EBIT margin of 20 percent and all divisions shall be above 10 percent in order to create meaningful contributions.

Reduce own CO₂e emissions by

50%

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 included in the OMX Benchmark Index (OMXSB) in 2022. OMXSB comprises a selection of the largest and most actively traded securities listed on Nasdaq Stockholm. The share capital amounts to SEK 98 million, with a total of 97,916,509 shares. 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 2023, the total turnover of Mycronic shares on Nasdaq Stockholm amounted to 32.8 (26.5) million shares, corresponding to 33 (27) percent of the total number of shares. Nasdaq Stockholm accounted for 43 percent of total trading in Mycronic shares in 2023, up

from 38 percent in 2022. The Chicago Board Options Exchange (CBOE) accounted for 45 percent, while the London Stock Exchange (LSE) accounted for 7 percent of the total trading volume.

Shareholders

At year-end, Mycronic had 14,678 (15,261) shareholders. The largest shareholder, Bure Equity, owned 23.1 percent at the close of 2023. No other shareholder owned more than 10 percent of the company's shares. The ten largest owners collectively held 67 (71) percent of the total number of shares. Board members and executive management held a total of 0.4 (0.3) percent. At the end of 2023, Swedish ownership was 77 (80) percent.

Price development

Mycronic's market capitalization increased 47 percent in 2023 to SEK 28,141 million, from SEK 19,172 million at year-end 2022. The highest closing price was recorded on December 20 at SEK 291.6 and the lowest closing price on January 5 at SEK 190.9. OMX Stockholm increased 15 percent during the year and OMX Stockholm Technology increased 11 percent.

Dividend and proposal on share buy-back

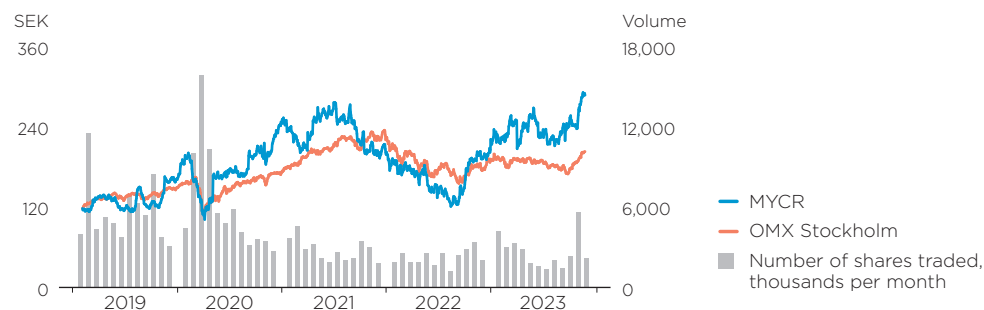
Mycronic's objective is to provide both a good return and value growth. Between 30 and 50 percent of net profit will be distributed to shareholders. For 2023, the Board of Directors is proposing, in accordance with the company's dividend policy, a dividend of SEK 4.50 (3.50) per share. The dividend

corresponds to a total of SEK 441 (343) million and 44 (47) percent of net profit after tax. The Board of Directors intends to propose to the 2024 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 2023, Mycronic repurchased 115,600 of its own shares for delivery to participants in the LTIP 2023 long-term incentive program. In total, Mycronic directly owns 319,100 of its own shares, with a quote value of SEK 319,100, amounting to 0.3 percent of the company's share capital. Mycronic has paid SEK 66 million for these shares.

Share price development 2023



Share price development 2019–2023



Share and ownership *continued*

Ownership structure December 31, 2023

Holding by size	Number of shareholders	Number of shares	%
1-500	12,185	1,331,846	1.4
501-1,000	1,174	953,133	1.0
1,001-5,000	996	2,231,994	2.3
5,001-10,000	111	805,116	0.8
10,001-50,000	122	2,659,094	2.7
50,001-100,000	27	1,852,217	1.9
100,001-	63	83,751,914	85.5
Anonymous		4,331,195	4.4
Total	14,678	97,916,509	100.0

Largest shareholders December 31, 2023

Shareholder	Number of shares	Holding, %
Bure Equity	22,617,163	23.10
SEB Fonder	9,723,983	9.93
Fjärde AP-fonden	7,958,317	8.13
Handelsbanken Fonder	7,023,029	7.17
Swedbank Robur Fonder	6,610,332	6.75
Lannebo Fonder	3,264,733	3.33
Vanguard	2,532,547	2.59
Clients Fonder	2,372,007	2.42
Norges Bank	1,773,288	1.81
C WorldWide Asset Management	1,466,582	1.50
The 10 largest shareholders	65,341,981	66.73
Others	32,255,428	33.27
Total	97,916,509	100.00

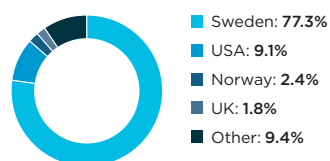
Share capital development

Year	Increase in number of shares	Total number of shares	Share capital, SEK thousand
1989	16,000	16,000	1,600
1990	3,300	19,300	1,930
1994	1,801	21,101	2,110
1997	11,979,399	12,000,500	12,001
1998	2,000,083	14,000,583	14,001
2000	5,100,000	19,100,583	19,101
2001	102,000	19,202,583	19,203
2002	12,700	19,215,283	19,215
2003	19,951,333	39,166,616	39,167
2009	26,111,057	65,277,673	65,278
2010	32,638,836	97,916,509	97,917

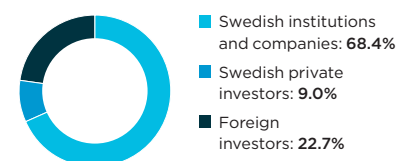
Analysts that follow Mycronic

Company	Analyst
Carnegie	Mikael Laséen
Handelsbanken	Fredrik Lithell, Daniel Djurberg
Nordea	Anders Åkerblom

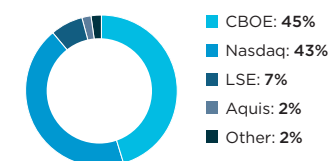
Ownership structure by geography



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	236,754,892
Retained earnings	2,038,713,348
Profit for the year	953,270,077
Total	3,228,738,316

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

Dividend	440,624,291
Carried forward to new account	2,788,114,026
Total	3,228,738,316

Proposal on dividend

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 4.50 per share, amounting to SEK 440.6 million. The dividend corresponds to 44 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 19, 2024. 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 8, 2024.

Remuneration

Approved guidelines for remuneration

For guidelines for remuneration to members of the executive management resolved on by the 2023 AGM, refer to Note 14.

Remuneration guidelines 2024

The following guidelines for remuneration to members of the executive management (the "Guidelines") are applicable to remuneration agreed, and amendments to remuneration already agreed, after the adoption of the Guidelines by the 2024 AGM. 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 AGM.

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 AGM. These Guidelines pertain to the period starting from the 2024 AGM. 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, including its sustainability, 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 management shall be based on market terms. Total remuneration consists of base salary and variable pay, pension and other benefits. In addition, the General Meeting may, regardless of these Guidelines, resolve on, inter alia, share-related or share-price related remuneration. Such pay is therefore 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 short-term variable pay covered by these Guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability. The short-term variable pay shall be dependent upon either the company's and/or the individual's fulfillment of criteria set annually or with another periodicity. In that way the short-term variable pay is clearly related to the company's development and/or the work contributions and performance of the individual. The criteria can be financial or non-financial, qualitative or quantitative, and shall be based on factors which support the company's business strategy and long-term interests. Examples of financial criteria that may be applied are order intake, cost control and EBIT. Examples of non-financial criteria that may be applied are diversity, reduced carbon footprint, reduced energy consumption and increased use of environmentally friendly and sustainable

materials. Short-term variable pay may also be awarded in extraordinary circumstances, provided that such extraordinary arrangements are applied on an individual basis only, either for the purpose of recruiting or retaining members of the executive management, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. The outcome is prepared by the Remuneration Committee and approved by the Board of Directors in connection with the end of the qualification period or after or in connection with an extraordinary circumstance or event. The remuneration is thereafter paid out. The 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 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-related 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-related or share-price-related incentive programs must be passed at a General Meeting and are therefore not covered by these Guidelines.

Remuneration *continued*

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.

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.

Expat arrangements etc.

Members of the executive management who are required to relocate (expatriates) and/or commute internationally to execute the requirements of their role, may receive additional benefits and/or allowances to the extent reasonable in light of the special circumstances associated with such international relocation and/or commuting arrangements. Such additional benefits and/or allowances shall be decided by the CEO provided that the benefits and/or allowances is in accordance with the company's policy regarding

international relocation and/ or commuting as adopted by the Board of Directors from time to time. The aforementioned benefits and/ or allowances may include (but is not limited to) commuting or relocation costs, cost of living adjustments, housing, home travel or education allowance, tax and social security equalization assistance.

Additional arrangements

In addition, it may on a case-by-case basis be proposed by the Remuneration Committee and approved by the Board of Directors to compensate an individual for remuneration forfeited from a previous employer during recruitment. The Remuneration Committee and the Board of Directors will consider on a case-by-case basis if all or some of the remuneration, including incentives forfeited need to be "bought-out".

If there is a buy-out of forfeited incentives, this will take into account relevant factors including the form they were granted (cash vs. shares), performance conditions attached to these awards and the time they would have vested/paid. Generally, buy-out awards will be made on a comparable basis to those forfeited.

In the event of an internal candidate being promoted to the executive management, legacy terms and conditions may be honored, including pension and benefits entitlements and any outstanding incentive awards. If a member of the executive management is appointed following a merger or acquisition with/of another company, legacy terms and conditions may be honored.

Special adjustments

Regarding employment contracts governed by rules other than those applying in Sweden, appropriate adjustments may be made in order to comply with such mandatory rules or local practices in the individual's country

of employment, taking into account, to the extent possible, the overall purpose of these Guidelines.

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 the 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 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 practices in the individual's country of employment, 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 these Guidelines, the salaries and terms of employment for the company's other employees have been taken into account. Information about the executive managements' 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 these 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 AGM must be independent in relation to the company and the members of the executive management.

The Remuneration Committee shall, inter alia, monitor and evaluate the application of these Guidelines resolved by the AGM. 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 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 AGM. 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 were reviewed ahead of the AGM on May 8, 2024, and the review has primarily resulted in the possibility to apply, inter alia, individual criteria that is clearly linked

Remuneration *continued*

to the individual's contributions and performance and a clarification of the application of these Guidelines in connection with, inter alia, international relocation and/or commuting arrangements. In addition to the above, the review has resulted in certain editorial changes. The aforementioned changes are not expected to entail any significant change in the remuneration paid in accordance with the current guidelines.

Long-term incentive program (LTIP)

The Board of Directors proposes that the AGM resolves to introduce a long-term incentive program for 2024 (LTIP 2024).

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 2024 will take place during a limited time period following the 2027 AGM. 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 and CO₂e. In the event of a maximum allotment and participation, the program will encompass maximum 115,600 shares.

Risks

Risk and business continuity management

Mycronic has established a framework for enterprise risk and business continuity management. It supports us in managing risks and disruptions and provides us with crucial input for shaping the organization's strategy.

Mycronic has implemented a Business continuity and risk management policy. It describes the key principles for effective risk management and ensuring continuity, as well as a coordinated method to handle incidents and disruptions. The risk management process adheres to the ISO 31000 guidelines, which are a comprehensive and internationally recognized standard for effective risk management.

Enterprise Risk Management (ERM) and Business Continuity Management (BCM) are two adjacent processes that contribute to Mycronic's business resiliency.

Enterprise Risk Management (ERM)

The ERM process is carried out with a bottom-up approach, which is 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, a transparent risk overview is achieved.

The management of 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.

Each year, Mycronic conducts a workshop with all divisions and Group functions. This

workshop includes summarizing emerging risks and identifying risks that have been changed or eliminated. As a support, data from related business processes has been collected and analyzed together with global risk reports.

Risks are evaluated based on two key factors: Risk Impact and Risk Factor. The former measures potential consequences upon realization of the risk. The latter measures how effectively a specific risk is currently managed, with already implemented risk management measures (this essentially represents the residual risk). This concept aims to pinpoint gaps in risk management and to enable a more customized approach based on risk perception and collective workshop experience. The prioritization of risks is based on their placement on a Risk Matrix.

The outcome of the ERM process is reviewed and approved by the executive management and is then communicated to the Board of Directors. The outcome from this process is an important input to the strategy process at Group and divisional levels.

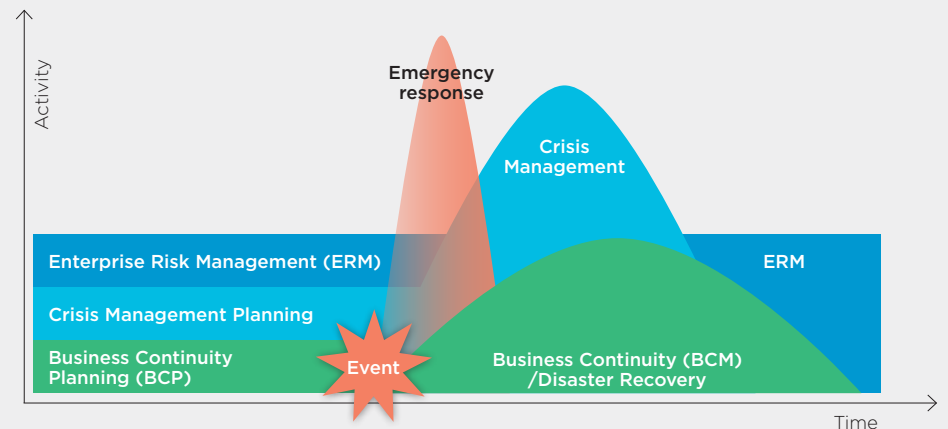
Business Continuity Management (BCM)

Business Continuity Management includes emergency response, crisis management and Business Continuity Planning (BCP).

To further strengthen Mycronic's business resilience, a common BCP approach and methodology, based on ISO 22301, was established in 2023. The process aims to provide a systematic and pragmatic approach to BCP as well as to ensure uniformity across Mycronic Group.

Critical dependencies and scenarios related

RELATIONSHIP BETWEEN ERM AND BCM PROCESSES



The enterprise risk management (ERM) process and procedures for business continuity management (BCM) together ensure Mycronic's ability to manage risks, respond to and recover effectively from disruptions, and to minimize any harm to people, the environment, and our business.









to loss of site, critical suppliers and IT systems have been defined for all divisions. Based on the results from this review, a business impact analysis was conducted and BCP targets and strategies were established. The divisions will continue to work with key dependencies and business continuity strategies and plans.

Risks *continued***Mycronic Group risk overview**

Mycronic is an international group with operational presence in Europe, Asia and

North America, and therefore encounters diverse risks across multiple domains. Mycronic's main risks are described in the

table below, which is a compilation of the 2023 risk review. For detailed information on financial risks see Note 34.

RISK	TREND	EXAMPLE OF RISK MITIGATION ACTIVITIES
<p>Compliance Failure to adhere to external regulations and internal governance standards, encompassing product and trade compliance, environmental regulations, GDPR, internal corruption, fraud, and violation of labor and human rights.</p>		<ul style="list-style-type: none"> Regular reviews of codes of conduct, policies, and other governance documents. Inclusion of these in contracts when relevant. Whistleblower system and trade compliance processes. Self-assessments and regular reviews of compliance by the Mycronic Group Ethics and Compliance Board. Business ethics e-training for the whole organization.
<p>Cyber and information security The risk of compromising business information through events like cyber-attacks and intellectual property threats.</p>		<ul style="list-style-type: none"> Cybersecurity Program covering all parts of the NIST Cybersecurity Framework (Identify, Protect, Detect, Respond and Recover). Awareness training, monitoring, penetration testing, and recovery planning and testing.
<p>Emergency situation/local crisis Local emergencies such as fire, theft, and loss of key site.</p>		<ul style="list-style-type: none"> Site security procedures. Preventive maintenance and fire-protection measures. Business continuity planning, along with a dedicated crisis management team and associated procedures.
<p>Financial Currency, liquidity, and other financial risks.</p>		<ul style="list-style-type: none"> Financial policies and key processes to effectively mitigate currency risks. Solid balance sheet with net cash and credit facilities of SEK 2 billion until 2025. Hedging of equipment orders for the Pattern Generators division, in order to manage foreign exchange exposure.
<p>Geopolitical/global or regional crisis Macro or micro-economic challenges such as wars, trade wars, political instability, climate change, pandemics, natural disasters, terrorism, and disruptions in financial markets.</p>		<ul style="list-style-type: none"> Trade compliance rules and trends monitored and considered for strategic actions. Sales and services carried out in the respective local regions. Establishment of local operations to better serve specific local needs and minimizing impact of trade wars. Double materiality analysis conducted, including assessment of climate-related risks. Group goals and action plans to address climate change. Monitoring of customer preferences. Business continuity planning to address risks related to natural disasters effecting main production facilities and critical suppliers.
<p>Human resources The risk of not being an attractive employer, leading to poor employee attraction, retention, and development. Health and safety risks.</p>		<ul style="list-style-type: none"> Enhancements of the employer brand and critical employee processes, such as onboarding, learning and development, performance management, leadership, diversity and inclusion, and total rewards. Strong safety culture and continuous development of approaches to ensure health and safety.
<p>Market Market decline, end-order cancellation and increasing competition.</p>		<ul style="list-style-type: none"> Diversification into other segments. strategic acquisitions, and refining of the go-to-market, sales, and service models. Development of new products. Monitoring of clients' financial situations and down payments on high-risk orders.
<p>Supply chain Dependency on single/sole source suppliers. Material shortages, particularly related to the current market situation.</p>		<ul style="list-style-type: none"> Monitoring and proactive tracking of order and delivery status. Safety stocks. Strengthening of supplier evaluation procedures, escalation process and business continuity planning.

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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 AGM, 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 2023, 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 2023, Mycronic had 14,678 (15,261) shareholders. Bure Equity was the largest shareholder with 23.1 percent of capital and votes at the end of the year. More information on Mycronic's share and shareholders can be found on pages 32-33.

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.

2023 AGM

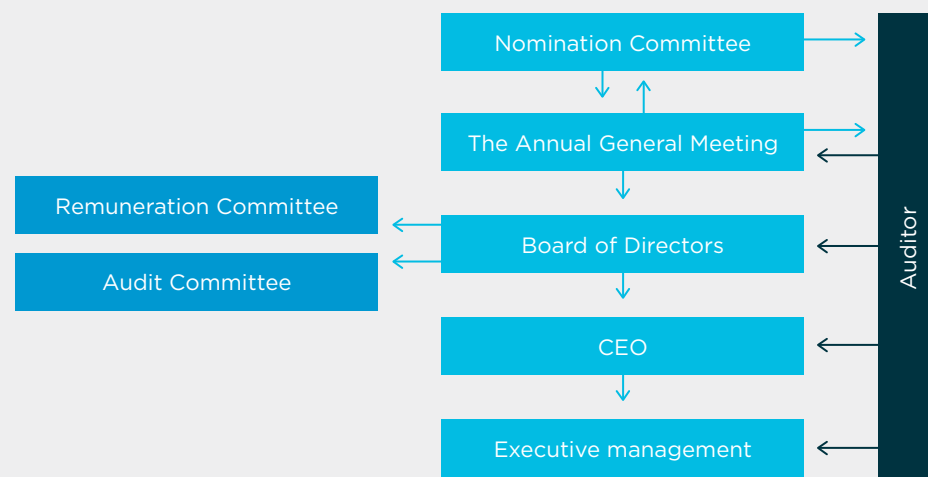
The AGM was held at the company's premises at Nytorpsvägen 9 in Täby on May 9, 2023. The AGM was attended by shareholders representing 78,0 percent of the share capital and votes.

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

- Chairman of the Meeting.
- adoption of the income statement and the balance sheet as well as the consolidated income statement and consolidated balance sheet.
- disposal of earnings through a dividend of SEK 3.50 per share.
- discharge from liability for the board members and the CEO.
- that the number of board members elected by the general meeting shall be seven with no deputy board members.
- that one registered public auditing firm shall be elected.

CORPORATE GOVERNANCE AT MYCRONIC

In order to govern the Mycronic Group in an efficient manner, governance, management and control has been distributed between the AGM, 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.



- that board fees shall be paid with a total of SEK 3,520,000, to be distributed with SEK 875,000 to the Chairman and with SEK 350,000 to each of the other board members elected by the general meeting. In addition, SEK 135,000 shall be allocated as fee to the Audit Committee Chairman,

SEK 80,000 to each of the other members of the Audit Committee, as well as SEK 110,000 to the Remuneration Committee Chairman and SEK 70,000 to each of the other members of the Remuneration Committee.

Corporate governance report *continued*

- That fees to the auditor shall be paid on an ongoing basis as invoices are approved.
- The re-election of Anna Belfrage, Katarina Bonde, Staffan Dahlström, Robert Larsson, Arun Bansal, Bo Risberg and Patrik Tigerschiöld as members of the Board. Patrik Tigerschiöld was re-elected as Chairman of the Board. In addition to the members elected by the general meeting, the employee organizations Unionen and Akademikerna have appointed one employee representative each.
- The election of the auditing firm Ernst & Young as auditor with authorized public accountant Anna Svanberg as auditor-in-charge.
- The approval of the Board's remuneration report according to Chapter 8, Section 53 a of the Swedish Companies Act.
- The adoption of guidelines for remuneration to members of the executive management.
- The adoption of principles for appointing the Nomination Committee.
- An authorization for 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 2023 AGM.

Shareholder representation at the most recent AGMs



- An authorization for 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.
- Approval of the terms and conditions for the long-term incentive program LTIP 2023 and approval to implement hedging measures pertaining to LTIP 2023 by transfer of the company's own shares.

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

2024 AGM

The AGM will be held on May 8, 2024.

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 46-47. Additional information is available in the Nomination Committee's reasoned statement regarding its proposal to the 2024 AGM.

The Nomination Committee for the 2024 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, 2023
Henrik Blomquist	Bure Equity	26.9
Patrik Jönsson	SEB Funds	10.0
Thomas Ehlin	Fourth Swedish National Pension Fund	8.5
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.

During 2023 the Board visited the Global Technologies division and the US subsidiaries, Mycronic Inc and MRSI Systems LLC in Tewksbury MA. Further the Board went on to meet clients and strategic partners in the San Francisco area.

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

Corporate governance report *continued*

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. 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 ten meetings in 2023.

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, succession planning and terms of employment. The Committee also proposes guidelines for remuneration to the executive management and proposals for incentive programs. The Remuneration Committee shall also monitor and evaluate the application of the guidelines for remuneration to members of the executive

management that the general meeting has adopted.

Since the 2023 AGM, the Remuneration Committee has consisted of Patrik Tiger-schiöld (Chairman), Arun Bansal and Robert Larsson. The Remuneration Committee held three meetings in 2023.

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 and sustainability 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 2023 AGM, the Audit Committee has consisted of Anna Belfrage (Chairman), Katarina Bonde and Staffan Dahlström. In 2023, 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 seven persons, including the CEO, see pages 48-49.

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. Three global business leader meetings were organized in 2023 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.

BOARD ACTIVITY IN 2023

During 2023, the Board held ten meetings, of which one was the statutory meeting and one per capsulam, and all meetings offered the opportunity to participate digitally.

Fourth quarter

- Budget for 2024 established
- Interim report January-September
- Review of M&A
- Review of sustainability progress
- Review of cybersecurity
- Review of remuneration to executive management

Third quarter

- Interim report January-June
- CSRD seminar



First quarter

- Interim report for the fourth quarter and full-year 2022, proposal on dividend
- 2022 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*

External audit

The auditor is appointed by the AGM to review the company's annual financial statements and the consolidated accounts, as 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 2023, 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 environment, risk assessment, control activities, information and communication, and monitoring.

Control environment

The control environment consists of a suitable organization, decision making 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 controller 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, salary and support processes such as financial closing and IT.

Attendance at meetings in 2023 and remuneration to Board members elected by the Annual General Meeting

Name	Attendance			Remuneration					
	Elected	Independent ¹⁾	Holdings	Board of Directors	Audit Committee	Remuneration Committee	Board	Audit Committee	Remuneration Committee
Patrik Tigerschiöld, Chairman	2009	No	235,170	10/10		3/3	875,000		110,000
Katarina Bonde	2010	Yes	2,000	10/10	5/5		350,000	80,000	
Anna Belfrage	2018	Yes	—	6/10	5/5		350,000	135,000	
Robert Larsson	2018	Yes	3,000	10/10		3/3	350,000		70,000
Staffan Dahlström	2019	Yes	15,000	10/10	4/5		350,000	80,000	
Arun Bansal	2020	Yes	—	10/10		3/3	350,000		70,000
Bo Risberg	2022	Yes	10,000	10/10			350,000		

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

Corporate governance report *continued*

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 2023, 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 2023, a site visit was conducted at Axxon in China, as well as reviews using a digital solution. The visit 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 departments. In 2023, a global finance and HR conference was held where all entities in the Group participated.

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, Yubico AB, Cavotec SA and the Center for Business and Policy Studies (SNS). Board member of Ovzon AB and member of the Royal Academy of Engineering Sciences

Previous positions: CEO of Bure Equity AB 2010–2013, CEO of Skanditek Industrieförvaltning 1999–2010, and CEO of SEB Allemansfonder 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 Jiwaji, 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 Business and Economics

Other board assignments: Chairman of the Board of NOTE AB. Board member of Ellevio AB, Cint AB, Elopak ASA, Sveaskog AB and Deep Ocean Group AS

Previous positions: CFO Södra Skogsägarna 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, Obducat 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 Stillfront Group AB, Mentimeter AB, Stratsys AB and Zimpler 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, 2023.

Board of Directors and auditor *continued*

EMPLOYEE REPRESENTATIVES

AUDITOR

**Robert Larsson**

Board member since 2018

Born: 1967

Independent board member

EVP and Head of Infrastructure Division 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: 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

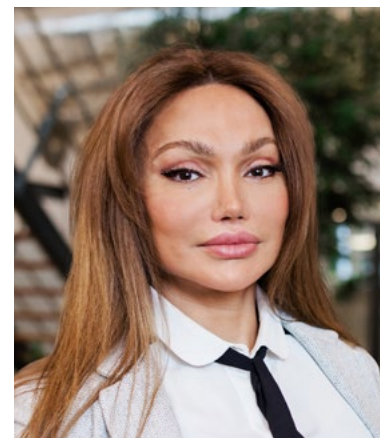
Employee representative appointed by Akademikerna

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: —

Anna Svanberg

Auditor-in-Charge, Ernst & Young

Born: 1976

Authorized Public Accountant and member of FAR

Other assignments: Hemnet and Oncopeptides

1) Shareholding as of December 31, 2023.

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 AND 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: 5,001



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: 5,653

1) Shareholding as of December 31, 2023.

Executive management *continued***Johanna Jarl**

SR VP PEOPLE & CULTURE

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:** –**Magnus Marthinsson**

SR VP GLOBAL TECHNOLOGIES

Employed since 2004

Born: 1968**Education:** MSc Electrical Engineering**Previous positions:** Head of global after-market sales, head of global customer support within the Mycronic Group and various management roles in the development organizations of Zarlink, Ericsson and Allgon**Shareholding in Mycronic¹:** 17,133**Charlott Samuelsson**

SR VP PATTERN GENERATORS

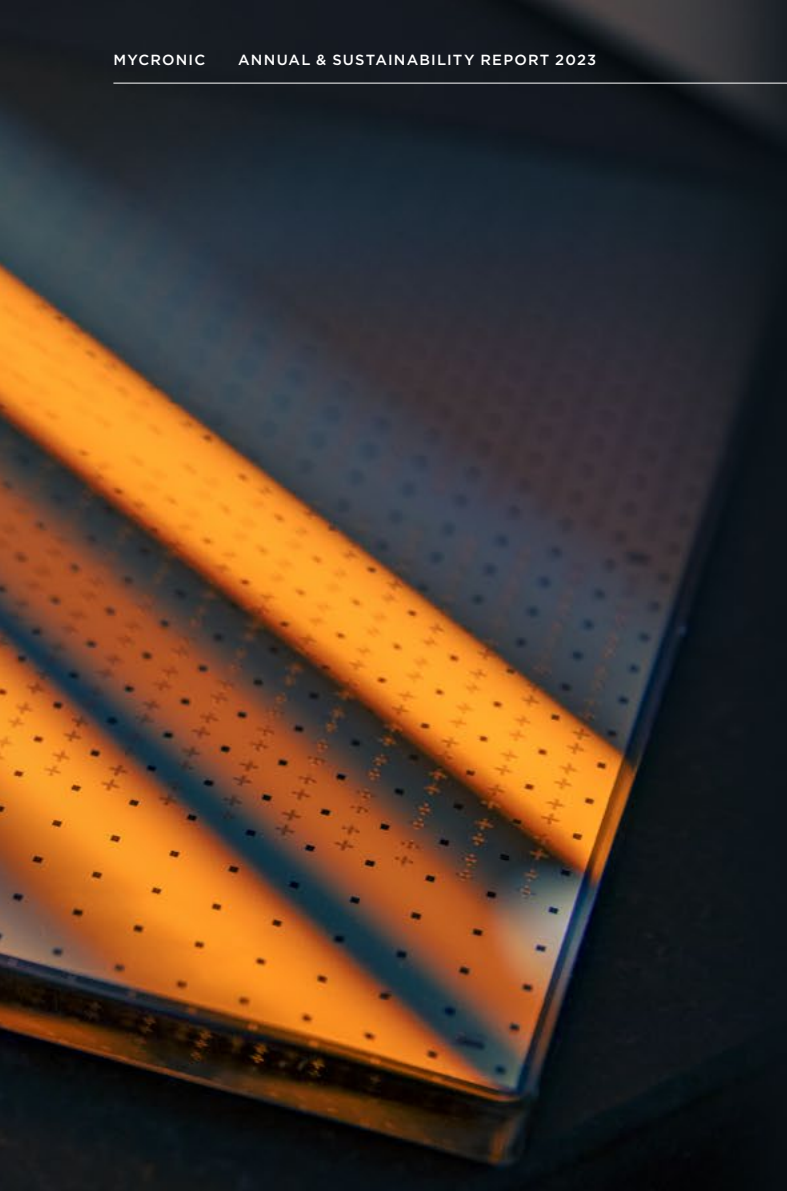
Employed since 1996

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 and Ependion AB**Shareholding in Mycronic¹:** 26,683

1) Shareholding as of December 31, 2023.



Financial statements



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Parent Company

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Group

Profit and loss accounts

SEK million	Notes	2023	2022
Net sales	6, 7	5,706	5,119
Cost of goods sold	12	-2,850	-2,831
Gross profit		2,855	2,288
Research and Development	11, 12	-653	-638
Selling expenses	12	-658	-611
Administrative expenses	9, 12	-338	-278
Other operating income	10	61	133
Other operating expenses	10, 12	-33	0
EBIT		1,235	894
Financial income		40	9
Financial expenses		-13	-13
Net financial items	15	27	-4
Profit before tax		1,262	890
Tax	18	-266	-154
Profit for the year		996	737
Earnings per share before dilution, SEK	17	10.22	7.59
Earnings per share after dilution, SEK	17	10.22	7.59
Profit attributable to owners of the Parent Company		998	741
Profit attributable to non-controlling interests		-2	-4
		996	737

Statements of comprehensive income

SEK million	Notes	2023	2022
Profit for the year		996	737
Other comprehensive income			
Items not to be reclassified to profit and loss			
Actuarial profit/loss from defined benefits to employees	29	-5	0
Tax relating to actuarial results	18	1	0
Total of items not to be reclassified to profit and loss		-4	0
Items to be reclassified to profit and loss			
Translation differences upon translating foreign entities	34	-134	269
Tax relating to translation differences	18, 34	8	-36
The year's changes in fair value on cash flow hedges	35	52	-19
Cash flow hedges transferred to profit and loss	34	22	58
Tax relating to cash flow hedges	18	-15	-8
Total of items to be reclassified to profit and loss		-67	265
Total other comprehensive income		-71	265
Total comprehensive income for the year		925	1,001
Total comprehensive income attributable to owners of the Parent Company		929	1,003
Total comprehensive income attributable to non-controlling interests		-4	-2
		925	1,001

Group

Profit and loss accounts *continued*

Comments on financial performance

The Group's operating segments correspond to its four divisions. In the third quarter of 2023, the High Flex division took over the global responsibility for China-based HC Xin from the High Volume division, while High Volume took over the global responsibility for the MYSmart dispensing products as well as the Mexico office from High Flex. Comparative figures are restated for comparability in the comments below and in relevant notes.

Net sales

Group net sales increased 11 percent to SEK 5,706 million (5,119). Based on constant exchange rates, net sales increased 8 percent.

Net sales comprised delivery of 18 mask writers (13), of which 14 SLX systems (12), in the Pattern Generators division.

Of net sales for the year, the Pattern Generators division accounted for SEK 2,106 million (1,369), High Flex for SEK 1,535 million (1,405), High Volume for SEK 1,140 million (1,479) and Global Technologies for SEK 928 million (865).

Aftermarket sales constituted 29 percent (30) of the Group's net sales.

Gross profit and gross margin

Consolidated gross profit amounted to SEK 2,855 million (2,288). Gross margin increased to 50 percent (45), driven by a strong gross performance in Pattern Generators.

Research and development

Research and development expenses in 2023 amounted to SEK 653 million (638). SEK 63 million (30) was capitalized in the balance sheet, of which the Pattern Generators division accounted for SEK 27 million (2) and the High Flex division for SEK 36 million (28).

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 400 patents.

Sales and administration

Expenses for sales and administration amounted to SEK 995 million (889) in 2023. The increase in expenses is primarily attributable to business development projects.

EBIT

Consolidated EBIT for 2023 amounted to SEK 1,235 million (894), corresponding to an EBIT margin of 22 percent (17). Acquisition-related costs amounted to SEK 63 million (67), and are primarily attributable to amortization of acquired intangible assets.

EBIT for the Pattern Generators division increased to SEK 1,053 million (465), corresponding to an EBIT margin of 50 percent (34).

EBIT for the High Flex division amounted to SEK 195 million (161). The EBIT margin was 13 percent (11).

EBIT for the High Volume division decreased to SEK 173 million (301), corresponding to an EBIT margin of 15 percent (20).

EBIT for the Global Technologies division totaled SEK 59 million (101). The divestment of AEi in February 2022 had a positive impact of SEK 23 million on EBIT of the preceding year. The EBIT margin amounted to 6 percent (12).

Costs for Group-wide functions of SEK 248 million (137) were charged to EBIT.

Taxation

Consolidated profit before tax for 2023 totaled SEK 1,262 million (890). Consolidated tax expenses amounted to SEK 266 million (154), corresponding to an effective tax rate of 21 percent (17) in relation to profit before tax.

Profit for the year and earnings per share

Consolidated profit after tax for full-year 2023 amounted to SEK 996 million (737), of which SEK 998 million (741) is attributable to the Parent Company's owners. This corresponds to earnings per share, before and after dilution, of SEK 10.22 (7.59).

Group

Statements of financial position

SEK million	Notes	Dec 31, 2023	Dec 31, 2022
ASSETS			
Intangible assets	19	2,292	2,374
Tangible assets	20	288	265
Right-of-use assets	21	207	248
Other non-current assets	6, 25, 35	58	66
Deferred tax assets	18	175	193
Total non-current assets		3,021	3,145
Inventories	26	1,602	1,433
Tax receivables		40	48
Trade receivables	6, 27, 35	1,270	1,143
Prepaid expenses and accrued income	28	88	127
Other receivables	35	180	170
Cash and cash equivalents	34, 35	2,140	1,274
Total current assets		5,319	4,195
TOTAL ASSETS		8,340	7,340

SEK million	Notes	Dec 31, 2023	Dec 31, 2022
EQUITY AND LIABILITIES			
Equity			
Share capital		98	98
Other contributed capital		1,372	1,358
Reserves		290	354
Retained earnings including profit/loss for the year		3,487	2,853
Equity attributable to owners of the Parent Company		5,247	4,663
Holdings of non-controlling interests		36	40
Total equity		5,282	4,703
Liabilities			
Non-current interest-bearing liabilities	35	150	193
Non-current provisions	29	43	48
Deferred tax liabilities	18	359	335
Total non-current liabilities		551	575
Current interest-bearing liabilities	35	78	77
Advance payments from customers	6	1,039	711
Trade payables	35	388	310
Tax liabilities		88	50
Other liabilities	35	122	155
Accrued expenses and deferred income	6, 30	718	673
Current provisions	31	74	86
Total current liabilities		2,507	2,062
Total liabilities		3,058	2,637
TOTAL EQUITY AND LIABILITIES		8,340	7,340

Group

Statements of financial position *continued*

Comments on financial position

Assets

The Group's total assets at year-end 2023 amounted to SEK 8,340 million, compared with SEK 7,340 million at the end of 2022.

Non-current assets amounted to SEK 3,021 million (3,145). Intangible assets amounted to SEK 2,292 million (2,374), of which SEK 2,116 million (2,244) 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 140 million (118). During 2023, development projects were capitalized in the amount of SEK 63 million (30). Amortization of previously capitalized development amounted to SEK 42 million (40). 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 increased to SEK 288 million (265). Investments in tangible assets totaled SEK 103 million (107) during the year. Right-of-use assets amounted to SEK 207 million (248).

During 2023, inventories increased from SEK 1,433 million to SEK 1,602 million, and trade receivables from SEK 1,143 million to SEK 1,270 million. The increase in inventories and trade receivables is mainly attributable to the Pattern Generators division.

Cash and cash equivalents at the end of the year amounted to SEK 2,140 million (1,274).

Liabilities

Current non-interest bearing liabilities amounted to SEK 2,429 million (1,985). During 2023, trade payables increased from SEK 310 million to SEK 388 million, and advance payments

from customers from SEK 711 million to SEK 1,039 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 227 million (270). Net cash amounted to SEK 1,912 million (1,004). Interest-bearing liabilities consist solely of lease liabilities at the end of 2023.

Equity

Consolidated equity of December 31, 2023, was SEK 5,282 million (4,703). The number of outstanding shares at year-end was 97,597,409.

The equity/assets ratio, the percentage of equity of the total assets, was 63 percent (64). At year-end, Mycronic's market capitalization was SEK 28,141 million (19,172).

Group

Statements of cash flow

SEK million	Notes	2023	2022
Operating activities			
Profit before tax		1,262	890
<i>Adjustments for non-cash items and paid income tax</i>			
Depreciation/amortization and impairment of assets	19, 20, 21	264	253
Gains/losses from sale of subsidiaries and non-current assets		0	-23
Unrealized foreign exchange differences		80	-41
Provisions for employee benefits		-6	-6
Other provisions		1	1
Write-down of inventories		36	24
Revaluation of contingent considerations		—	-6
Other non-cash items		21	14
Income tax paid		-188	-141
Cash flow from operating activities before changes in working capital		1,471	966
<i>Cash flow from changes in working capital</i>			
Inventories		-235	-26
Trade receivables		-210	-414
Other receivables		74	-21
Trade payables		94	-2
Other liabilities		415	350
Cash flow from operating activities		1,608	853
Investing activities			
Investments in subsidiaries	23	-6	—
Investments in intangible assets	19	-89	-34
Investments in tangible assets	20	-103	-107
Sale of subsidiaries	29	—	216
Sale of tangible assets		1	0
Increase in other non-current assets	25	-2	-8
Decrease in other non-current assets	25	4	1
Cash flow from investing activities		-195	67

SEK million	Notes	2023	2022
Financing activities			
Dividends paid to Parent Company shareholders		-343	-294
Swap contract for own shares		9	5
Repurchase of own shares		-26	-16
Borrowings	35	—	7
Repayment of loans and lease liabilities	35	-88	-84
Cash flow from financing activities		-447	-382
Cash flow for the year		966	537
Cash and cash equivalents at beginning of year ¹		1,274	692
Exchange rate differences in cash and cash equivalents		-100	44
Cash and cash equivalents at end of year		2,140	1,274
Interest received and paid			
Interest received		40	9
Interest paid		-13	-13
		27	-4

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

The Group's cash and cash equivalents at the end of the year were SEK 2,140 million (1,274). Cash flow for the year amounted to SEK 966 million (537).

Cash flow from operating activities amounted to SEK 1,608 million (853). Working capital decreased and contributed SEK 138 million in positive cash flow during the year, compared with a negative cash flow of SEK 113 million in the preceding year. The decrease in working capital is mainly attributable to an increase in advance payments from customers.

Investing activities generated a negative cash flow of SEK 195 million during the year, compared with a positive cash flow of SEK 67 million in the preceding year due to the divestment of AEi. Investments in property, plant and equipment accounted for SEK 103 million (107) and capitalization of product development for SEK 63 million (30).

Financing activities for the year utilized SEK 447 million (382), of which SEK 343 million (294) related to dividends to shareholders. At the end of the year, Mycronic had a strong net cash position of SEK 1,912 million (1,004).

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.

2023

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, 2023	98	1,358	18	336	2,853	4,663	40	4,703
Profit for the year					998	998	-2	996
Other comprehensive income								
Items not to be reclassified to profit and loss								
Actuarial profit/loss from defined benefits to employees					-5	-5		-5
Tax relating to actuarial results					1	1		1
Items to be reclassified to profit and loss								
Translation differences for the period at translation of foreign entities						-132	-2	-134
Tax relating to translation differences						8		8
The year's changes in fair value on cash flow hedges				52		52		52
Cash flow hedges transferred to profit and loss				22		22		22
Tax attributable to hedge accounting				-15		-15		-15
Total other comprehensive income	—	—	59	-124	-4	-69	-2	-71
Total comprehensive income for the year			59	-124	994	929	-4	925
Transactions with owners, etc.								
Dividends paid					-343	-343		-343
Swap contract for own shares					9	9		9
Repurchase of own shares					-26	-26		-26
Share-based remuneration		14				14		14
Total transactions with owners	—	14	—	—	-360	-346	—	-346
Closing equity, December 31, 2023	98	1,372	77	213	3,487	5,247	36	5,282

Group

Consolidated statements of changes in equity *continued*

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	-	9	-	-	-305	-295	-	-295
Closing equity, December 31, 2022	98	1,358	18	336	2,853	4,663	40	4,703

Parent Company

Profit and loss accounts

SEK million	Notes	2023	2022
Net sales	6, 7	3,195	2,450
Cost of goods sold		-1,423	-1,279
Gross profit		1,773	1,171
Research and Development	11	-425	-398
Selling expenses		-262	-192
Administrative expenses		-248	-195
Other operating income	10	10	184
Other operating expenses	10	-80	–
EBIT		767	571
<i>Profit from financial investments</i>			
Interest income and similar items	15	433	116
Interest expenses and similar items	15	-13	-7
Profit after financial items		1,187	679
Appropriations	16	-74	-24
Profit before tax		1,113	655
Tax	18	-160	-127
Profit for the year		953	528

Parent Company

Mycronic AB is the Group's Parent Company. At year-end 2023, there were 413 persons (382) employed by the Parent Company.

The Parent Company's net sales amounted to SEK 3,195 million (2,450). Net sales included delivery of 18 mask writers (13), of which 14 SLX systems (12), in the Pattern Generators division.

Expenses for sales and administration increased from SEK 386 million to SEK 511 million mainly attributable to business development projects. EBIT was SEK 767 million (571).

Cash and cash equivalents at the end of the year amounted to SEK 1,371 million, compared with SEK 687 million at the end of 2022.

Statements of comprehensive income

SEK million	Notes	2023	2022
Profit for the year		953	528
Other comprehensive income		–	–
Total comprehensive income for the year		953	528

Parent Company

Balance sheets

SEK million	Notes	Dec 31, 2023	Dec 31, 2022
ASSETS			
Non-current assets			
Intangible assets	19	73	11
Tangible assets	20	143	136
<i>Financial assets</i>			
Participations in Group companies	22	1,818	1,223
Non-current receivables from Group companies	24	1,216	1,711
Other non-current assets	25	14	19
Deferred tax assets	18	7	6
Total financial assets		3,056	2,959
Total non-current assets		3,272	3,106
Current assets			
Inventories	26	752	542
<i>Current receivables</i>			
Trade receivables		511	305
Receivables from Group companies		358	277
Other receivables		34	72
Prepaid expenses and accrued income	28	51	67
Total current receivables		954	722
Cash and cash equivalents		1,371	687
Total current assets		3,077	1,951
TOTAL ASSETS		6,349	5,057

SEK million	Notes	Dec 31, 2023	Dec 31, 2022
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		237	223
Retained earnings		2,039	1,870
Profit for the year		953	528
		3,229	2,621
Total equity		3,327	2,719
Untaxed reserves	16	1,374	1,300
<i>Non-current liabilities</i>			
Non-current provisions		2	2
Total non-current liabilities		2	2
<i>Current liabilities</i>			
Advance payments from customers		837	500
Trade payables		180	120
Liabilities to Group companies		258	149
Current tax liability		23	—
Other liabilities		46	31
Accrued expenses and deferred income	30	290	224
Current provisions	31	14	13
Total current liabilities		1,647	1,036
Total liabilities		1,649	1,038
TOTAL EQUITY AND LIABILITIES		6,349	5,057

Parent Company

Statements of cash flow

SEK million	Notes	2023	2022
Operating activities			
Profit after financial items		1,187	679
<i>Adjustments for non-cash items and paid income tax</i>			
Depreciation/amortization and impairment of assets	19, 20	48	46
Capital gain/loss on the sale of non-current assets		—	0
Unrealized foreign exchange differences		128	-156
Provisions		1	2
Write-down of inventories		24	13
Share-based remuneration		10	10
Interests not received		1	—
Other non-cash items		2	—
Paid income tax		-125	-71
Cash flow from operating activities before changes in working capital		1,276	522
<i>Changes in working capital</i>			
Inventories		-237	-47
Trade receivables		-217	-178
Other receivables		-73	44
Trade payables		64	18
Other liabilities		527	466
Cash flow from operating activities		1,341	826

SEK million	Notes	2023	2022
Investing activities			
Investments in subsidiaries	22	-2	-5
Investments in intangible assets	19	-66	-2
Investments in tangible assets	20	-47	-67
Increase in other non-current assets	24, 25	-183	-1
Decrease in other non-current assets	24, 25	0	134
Cash flow from investing activities		-297	59
Financing activities			
Dividends paid to Parent Company shareholders		-343	-294
Swap contract for own shares		9	5
Repurchase of own shares		-26	-16
Repayment of loans		—	-9
Cash flow from financing activities		-360	-314
Cash flow for the year		684	571
Cash and cash equivalents at beginning of year		687	116
Cash and cash equivalents at end of year		1,371	687
<i>Additional information</i>			
Interest received and paid			
Interest received		69	54
Interest paid		-12	-7
		57	47

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, 2022	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
Profit for the year				953	953
Total comprehensive income for the year				953	953
Transactions with owners, etc.					
Dividends to shareholders				-343	-343
Swap contract for own shares				9	9
Repurchase of own shares				-26	-26
Share-based remuneration			14		14
Closing equity, December 31, 2023	98	0	237	2,992	3,327

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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, Mexico, the Netherlands, Singapore, South Korea, 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 16–17 and 98–132 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 2023.

The Annual and Sustainability Report was signed by the Board on March 19, 2024 and will be presented to the Annual General Meeting for adoption on May 8, 2024.

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, 2023 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. When preparing the consolidated financial statements the purchase method of accounting is used, 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 acquisition. When contingent considerations are revalued at fair value, the revaluation is recognized in operating profit.

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. The functional currencies are CNY, EUR, GBP, JPY, KRW, MXN, 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.

Foreign operations translation

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.

Exchange differences of long-term loans in foreign currency that form part of the Parent Company's net investment in foreign operations are deferred to a translation reserve in other comprehensive income together with the related tax effects.

When a foreign operation is disposed, 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. The Group has four segments which correspond to its four divisions Pattern Generators, High Flex, High Volume and Global Technologies. The divisions operating results are reviewed regularly by the entity's chief operating decision maker, the CEO,

to make decisions how the resources should be allocated to the segments and to assess its performance. See also Note 7.

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 over the expected useful life of the asset, which is 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.

Goodwill and other intangible assets

Goodwill is carried at cost, according to what was determined at the acquisition date less accumulated impairment losses. Goodwill is allocated to cash-generating units and is annually tested for impairment.

Other intangible assets consist of brand, technology and customer relationships, and are carried at cost less accumulated amortization and possible impairment losses. Goodwill and other intangible assets are attributable to business combinations. See also Note 19.

Tangible assets

Tangible assets are carried 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 Group's tangible assets is mainly Machinery and equipment and Improvements to leased property. 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.

Tangible assets are depreciated on a straight-line basis over their expected useful life starting from when they are accessible for use. See also Note 20.

Leases

A majority of all Group leases are recognized in the statement of financial position. At the inception of a contract an assessment is made whether

Note 2 *continued*

the contract is or contains a lease. Right-of-use assets and lease liabilities are recognized 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. Material leases currently primarily comprise rented premises, but also vehicles and office equipment.

At the commencement date of a lease, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using Mycronic's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The 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 include fixed payments, variable lease payments as a result of index or interest and 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 amortized cost is applied 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 the right-of-use asset is measured at cost, which includes the amount the lease liability was originally measured at, any initial direct costs, and an estimate of any restoring costs. Mycronic applies a cost method for subsequent measurement of the right-of-use asset, which includes deductions for accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated 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. See also Note 21.

The lease liability is presented as current or non-current interest-bearing liabilities, respec-

tively, in the consolidated statement of financial position.

Impairment of non-financial assets

If there is an indication of impairment, the asset's recoverable value is calculated as 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 of which an independent 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.

Financial instruments

The Group's 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 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. 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. 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.

A financial liability is derecognized from the statement of financial position when the obligation specified in the agreement is fulfilled or otherwise extinguished.

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 date on which the company commits to acquire or sell the asset.

Classification and valuation of financial assets

The Group's assets in the form of the debt instruments trade receivables and cash and cash equivalents 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.

Derivative instruments are classified at fair value in profit and loss, except where hedge accounting is applied when they are measured at fair value through other comprehensive income, see also below. Fair value is determined according to the description in Note 35.

Classification and valuation of financial liabilities

Financial liabilities are classified at amortized cost with the exception of derivatives. 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 when they are measured at fair value through other comprehensive income, see also below.

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.

Derivatives that are used to hedge probable future inflows from sales in foreign currency, 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. 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/expenses.

The Group applies hedge accounting of net investments in foreign operations in some cases. 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

Note 2 *continued*

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. See also Note 35.

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 expected 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. See also Note 27.

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.

Inventories

Inventories are valued at the lowest of acquisition cost or net realizable value. Net realizable value is the estimated selling price less the estimated costs for completion and selling costs in operating activities. 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, corresponding to expected production the next coming twelve months. Deductions are made for internal profit arising from intra-group sales.

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.

The valuation of deferred tax is based on how underlying assets or liabilities are expected to be recognized or paid. 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. See also Note 18.

Employee benefits***Pension commitments and other postemployment 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. See also Note 29.

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. See also Note 14.

Provisions***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. See also Note 31.

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

Note 2 *continued*

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 also Note 6.

Financial income and expenses

Financial income consist of interest income on loan- and trade receivables. Financial expenses consist mainly of interest expenses. Interest income and interest expenses are accounted for in profit or loss account of the year by applying the effective interest method. See also Note 15

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. See also Note 12.

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 shares during the year. When calculating earnings per share after dilution, the weighted average number of outstanding shares is adjusted for the dilution effect from the share-based incentive programs. See also Note 17.

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 2023 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.

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 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 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 the 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.

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.

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	236,754,892
Retained earnings	2,038,713,348
Profit for the year	953,270,077
Total	3,228,738,316

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

Dividend	440,624,291
Carried forward to new account	2,788,114,026

Proposal on dividend

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 4.50 per share, amounting to SEK 440.6 million. The dividend corresponds to 44 percent of the Group's net profit after tax.

Note 6 Revenue from contracts with customers

2023	Pattern Generators	High Flex ¹	High Volume ¹	Global Technologies	Inter-division sales ¹	Group
Geographical market						
EMEA	—	768	54	97	—	919
North and South America	324	486	152	200	—	1,162
Asia	1,782	281	934	631	-3	3,625
Total	2,106	1,535	1,140	928	-3	5,706
Type of good/service						
System	1,357	993	991	739	-3	4,077
Aftermarket	749	542	149	189	—	1,629
Total	2,106	1,535	1,140	928	-3	5,706
Timing of revenue recognition						
Goods transferred at a point in time	1,280	1,365	1,127	874	-3	4,643
Service transferred over time	826	169	13	55	—	1,063
Total	2,106	1,535	1,140	928	-3	5,706

2022	Pattern Generators	High Flex ¹	High Volume ¹	Global Technologies	Inter-division sales ¹	Group
Geographical market						
EMEA	—	670	39	101	—	810
North and South America	239	418	35	177	—	868
Asia	1,130	318	1,406	587	—	3,441
Total	1,369	1,405	1,479	865	—	5,119
Type of good/service						
System	666	939	1,346	648	—	3,599
Aftermarket	703	466	133	218	—	1,520
Total	1,369	1,405	1,479	865	—	5,119
Timing of revenue recognition						
Goods transferred at a point in time	600	1,259	1,473	800	—	4,132
Service transferred over time	770	146	6	65	—	987
Total	1,369	1,405	1,479	865	—	5,119

1) Restated for comparability, see Note 7.

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	
	2023	2022	2023	2022
Non-current trade receivables	9	13	3	3
Trade receivables, see Note 27	1,270	1,143	511	305
Contract assets	34	54	8	22
Contract liabilities	-1,203	-830	-974	-591
Total	109	379	-453	-260

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 and Global Technologies divisions. 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 830 million recognized as contract liabilities on the opening date, SEK 359 million was recognized as revenue as of December 31, 2023.

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 34 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 are 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 include 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 are 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, 2023 amounted to SEK 4,149 million, including advances and deferred income recognized as contract liabilities. The remaining performance obligations include 27 mask writers, of which 20 with planned delivery in 2024.

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 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. The segments recognizes lease payments as a cost on a straight-line basis over the period of the lease.

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.

In the third quarter of 2023, the High Flex division took over the global responsibility for China-based HC Xin from the High Volume division, while High Volume took over the global responsibility for the MYSmart dispensing products as well as the Mexico office from High Flex. Comparative figures are restated for comparability.

NET SALES AND PROFIT/LOSS BEFORE TAX

2023	Pattern Generators	High Flex ¹	High Volume ¹	Global Technologies	Group-wide	Effects of IFRS 16	Eliminations ¹	Group
Revenue from external customers	2,106	1,532	1,140	928	—	—	—	5,706
Internal revenue	—	3	—	—	—	—	-3	0
Total revenue	2,106	1,535	1,140	928	—	—	-3	5,706
<i>of which 0 customers represent more than 10 percent of the Group's total sales</i>								
Gross profit	1,389	640	482	343	0	2	-1	2,855
Gross margin, %	66	42	42	37	—	—	—	50
Operating expenses and EBIT								
R&D expenditure	-255	-214	-128	-82	—	0	—	-679
Capitalized development expenditure	27	36	—	—	—	—	—	63
Amortization and impairment of acquired technology	—	-6	-4	-28	—	—	—	-38
Selling expenses	-67	-203	-163	-105	-120	1	0	-658
Administrative expenses	-35	-59	-50	-61	-134	1	0	-338
Other income and expenses	-5	0	36	-8	6	—	0	28
Financial income and expenses	—	—	—	—	33	-6	—	27
Profit before tax	1,053	195	173	59	-215	-2	0	1,262
Assets								
Capitalized development expenditure	65	75	—	—	—	—	—	140
Inventories	519	392	457	235	—	—	-2	1,602
Trade receivables	571	328	243	129	—	—	—	1,270
Investments								
Capitalized development expenditure	27	36	—	—	—	—	—	63

1) Restated for comparability.

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

2022	Pattern Generators	High Flex ¹	High Volume ¹	Global Technologies	Group- wide	Effects of IFRS 16	Elimina- tions ¹	Group
Revenue from external customers	1,369	1,405	1,479	865	—	—	—	5,119
Internal revenue	—	—	—	—	—	—	—	—
Total revenue	1,369	1,405	1,479	865	—	—	—	5,119
<i>of which 0 customers represent more than 10 percent of the Group's total sales</i>								
Gross profit	782	571	600	333	—	2	0	2,288
Gross margin, %	57	41	41	38	—	—	—	45
Operating expenses and EBIT								
R&D expenditure	-219	-205	-131	-71	—	0	—	-626
Capitalized development expenditure	2	28	—	—	—	—	—	30
Amortization and impairment of acquired technology	—	-11	-5	-26	—	—	—	-42
Selling expenses	-66	-194	-183	-128	-40	1	0	-611
Administrative expenses	-29	-49	-50	-41	-110	1	1	-278
Other income and expenses	-5	21	70	34	12	—	—	133
Financial income and expenses	—	—	—	—	1	-5	—	-4
Profit before tax	465	161	301	101	-136	-2	0	890
Assets								
Capitalized development expenditure	56	62	—	—	—	—	—	118
Inventories	406	327	447	254	—	—	-1	1,433
Trade receivables	359	317	328	138	—	—	—	1,143
Investments								
Capitalized development expenditure	2	28	—	—	—	—	—	30

1) Restated for comparability.

NET SALES PER GEOGRAPHICAL MARKET

	Group		Parent Company	
	2023	2022	2023	2022
Sweden	31	26	31	26
Rest of Europe	848	762	571	508
USA	1,015	795	659	564
Other Americas	147	73	20	12
China	2,447	2,316	1,010	408
South Korea	453	494	392	462
Rest of Asia	725	631	481	457
Other countries	40	21	31	13
Total	5,706	5,119	3,195	2,450
of which, system sales	4,077	3,599	2,106	1,473
of which, aftermarket sales	1,629	1,520	1,044	926
of which, group-wide services	—	—	46	52
	5,706	5,119	3,195	2,450

NON-CURRENT ASSETS PER GEOGRAPHICAL MARKET

	Group		Parent Company	
	2023	2022	2023	2022
Sweden	410	367	216	147
Germany	865	898		
Rest of Europe	104	84		
USA	522	574		
Other Americas	5	—		
China	852	923		
Rest of Asia	29	41		
Total	2,788	2,886	216	147

Note 8 Transactions with related parties

Intra-Group transactions

Of the Parent Company's purchases during the year, SEK 452 million (428), was attributable to Group companies. Of the year's net sales, SEK 1,351 million (1,283) 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 related persons.

Note 9 Fees for auditing and non-auditing services

	Group		Parent Company	
	2023	2022	2023	2022
<i>Fees and compensation, auditing, etc:</i>				
Auditing assignments, EY	14.0	11.8	7.3	5.6
Auditing assignments, other	0.6	0.4	—	—
Audit-related services, EY	1.3	0.8	1.3	0.8
Tax consulting, EY	1.2	0.9	—	—
Other assignments, EY	2.1	0.0	2.1	0.0
	19.0	14.0	10.6	6.4

Auditing assignments refer to the auditing of the consolidated financial statements, the accounts and the administration of the Board of Directors 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 related to sustainability reporting. The 2023 Annual General Meeting re-elected Ernst & Young (EY) as auditor.

Note 10 Other operating income/expenses

	Group		Parent Company	
	2023	2022	2023	2022
Other operating income				
Exchange rate gains	—	12	—	176
Gains from divestments of subsidiaries	—	23	—	—
Other	61	99	10	8
	61	133	10	184
Other operating expenses				
Exchange rate losses	-16	—	-80	—
Other	-17	0	—	—
	-33	0	-80	—

of which, exchange rate differences on derivatives recognized in the profit and loss account at fair value

	15	-23	-14	-35
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Other operating income, excluding exchange rate gains and gains from divestments of subsidiaries, refers to such items as government grants. 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	
	2023 ¹	2022 ¹	2023	2022
<i>R&D expenditure</i>				
Pattern Generators	255	219		
High Flex	214	205		
High Volume	128	131		
Global Technologies	82	71		
	679	626	425	398
<i>Capitalized development</i>				
Pattern Generators	-27	-2		
High Flex	-36	-28		
	-63	-30	—	—
<i>Amortization of acquired technology</i>				
High Flex	6	7		
High Volume	4	5		
Global Technologies	28	26		
	38	38	—	—
<i>Impairment of acquired technology</i>				
High Flex	—	4	—	—
Reported cost	653	638	425	398

1) Restated for comparability, see Note 7.

Note 12 Operating expenses

Functionalized expenses allocated by type of cost.

Group 2023	Cost of goods sold	Research and Development	Selling expenses	Administrative expenses	Other operating expenses	Total
Material costs	1,640	3	1	0	—	1,644
Personnel costs	683	406	284	229	—	1,603
Depreciation/amortization and impairment of assets	129	60	47	28	—	264
Other external costs	398	184	325	81	33	1,021
	2,850	653	658	338	33	4,532
Group 2022						
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

Note 13 Depreciation/amortization by function

Group 2023	Customer relationships	Brands	Business systems	Development expenses/Technology	Tangible assets	Right-of-use assets	Total
Cost of goods sold	—	—	2	42	40	45	129
Research and Development	—	—	1	38	16	5	60
Selling expenses	25	0	0	—	8	14	47
Administrative expenses	—	—	1	—	10	17	28
	25	0	4	79	74	81	264
Group 2022							
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

Parent Company 2023	Business systems	Development expenses/Technology	Tangible assets	Total
Cost of goods sold	2	—	28	30
Research and Development	1	4	10	15
Selling expenses	0	—	0	1
Administrative expenses	1	—	2	3
	4	4	41	48
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

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 2023. The executive management changed during the year following the appointment of a new Sr VP Global Technologies. 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 120 percent of base salary, after fulfilment of performance targets. For 2023, short-term variable pay could amount to a maximum of SEK 19.5 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 2020, 2021, 2022 and 2023, 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 8,900 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 2023, costs, excluding social security expenses, related to performance shares were recognized in an amount of SEK 12 million (14) and SEK 11 million (10) 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	
	2023	2022	2023	2022
Salaries and remuneration				
Board and executive management	46	49	34	30
Other employees	1,178	1,154	291	254
Total salaries and remuneration	1,224	1,203	325	285
Social security expenses	224	201	108	95
Pension expenses	111	105	51	51
Total expenses	1,559	1,509	484	431

The reported remuneration to employees includes variable pay for the Group of SEK 166 million (238) excluding social security expenses, of which SEK 43 million (38) refer to the Parent Company.

SHARE-BASED REMUNERATION

	LTIP 2023	LTIP 2022	LTIP 2021	LTIP 2020
Performance period	2023- 2026	2022- 2025	2021- 2024	2020- 2023
Expiration date	2026- 07-01	2025- 07-01	2024- 07-01	2023- 09-01
Share price on allotment day	267.00	143.90	258.20	196.60
Allocated performance share rights	97,700	113,900	94,600	105,500
Outstanding January 1, 2023	—	112,500	81,900	78,500
Granted	97,700	—	—	—
Transferred	—	—	—	-37,349
Forfeited	-1,100	—	-2,200	-41,151
Outstanding December 31, 2023	96,600	112,500	79,700	0
Remaining exercise period in months	30	18	6	—
Outstanding January 1, 2022	—	—	87,400	84,900
Granted	—	113,900	—	—
Transferred	—	—	—	—
Forfeited	—	-1,400	-5,500	-6,400
Outstanding December 31, 2022	—	112,500	81,900	78,500
Remaining exercise period in months	—	30	18	8

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

	2023			2022		
	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	0.9	0.1	1.0
Anna Belfrage, Chairman of the Audit Committee	0.4	0.1	0.5	0.3	0.1	0.5
Katarina Bonde	0.4	0.1	0.4	0.3	0.1	0.4
Robert Larsson	0.4	0.1	0.4	0.3	0.1	0.4
Staffan Dahlström	0.4	0.1	0.4	0.3	0.1	0.4
Arun Bansal	0.4	0.1	0.4	0.3	0.1	0.4
Bo Risberg	0.4	—	0.4	0.3	—	0.3
Total remuneration to the Board	3.0	0.5	3.5	2.9	0.5	3.4

REMUNERATION TO EXECUTIVE MANAGEMENT

	Base salary	Other remuneration	Short-term variable pay	Long-term variable pay	Pension expenses	Other benefits	Total
2023							
Anders Lindqvist, CEO	6.7	0.2	6.3	1.4	2.4	0.0	17.1
Other executive management (7 persons)	18.4	0.4	7.1	1.9	3.4	0.2	31.4
Total remuneration	25.2	0.6	13.4	3.3	5.8	0.2	48.6
2022							
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

Reported remuneration refers to members of the executive management.

Base salary

During 2023, the base salary for the CEO amounted to SEK 562 thousand per month.

Other remuneration

Other remuneration mainly consists of holiday pay and car allowance.

Short-term variable pay

The short-term variable pay for the CEO during the year amounted to SEK 6.3 million, and for other members of the executive management to SEK 7.1 million and refers to short-term variable pay earned in 2023 to be paid in 2024. Paid short-term variable pay amounted to SEK 5.8 million for CEO and SEK 9.6 million for other members of the executive management. The outcome for 2023 reached 69 percent of maximum amount.

Long-term variable pay

Long-term variable pay, SEK 3.3 million, refers to share-based remuneration (LTIP) transferred to executive management in 2023. The expensed amount during the year amounted to SEK 4.3 million (4.4), of which CEO SEK 1.6 million (1.6).

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	
	2023	2022	2023	2022
Board of Directors	29	29	29	29
Executive management	38	36	38	36

The Board and the executive management of the Parent Company consisted of 17 people (17) during the year and were 17 people (17) 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

	2023		2022	
	Total	of which women	Total	of which women
<i>Parent Company</i>				
Sweden	409	103	364	84
Total in Parent Company	409	103	364	84
China	1,106	173	1,140	170
France	59	12	56	10
Germany	132	27	134	28
Japan	80	8	76	8
Mexico	7	1	—	—
Netherlands	14	2	12	2
Singapore	6	1	6	1
South Korea	49	7	45	7
United Kingdom	14	4	13	3
USA	147	29	153	30
Vietnam	4	1	5	1
Total in subsidiaries	1,618	265	1,639	260
Total in Group	2,027	369	2,002	343

Note 15 Net financial items

	Group		Parent Company	
	2023	2022	2023	2022
Interest income from Group companies	—	—	43	44
Other interest income (loans and trade receivables)	40	9	26	3
Total interest income in accordance with effective interest method¹	40	9	69	46
Dividend from Group companies	—	—	364	69
Financial income/Interest income and similar profit/loss items	40	9	433	116
Interest expenses	-13	-13	-13	-7
Total interest expenses in accordance with effective interest method	-13	-13	-13	-7
Financial net/Profit/loss from financial investments	27	-4	421	108

1) Financial instruments classified at amortized cost.

Note 16 Appropriations and untaxed reserves

Appropriations	2023	2022
Changes in tax allocation reserve	-60	-22
Changes in depreciation exceeding plan	-14	-2
	-74	-24
Untaxed reserves		
Allocation reserve	1,334	1,274
Accumulated additional depreciation	40	26
	1,374	1,300
Allocation reserves that fall due within		
one year	235	204
one to five years	835	866
later than five years	264	204
	1,334	1,274

Note 17 Earnings per share

Amount in SEK	Group	
	2023	2022
Earnings per share before dilution	10.22	7.59
Earnings per share after dilution	10.22	7.59

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

	Group	
	2023	2022
Profit attributable to the owners of the Parent Company, SEK million	998	741
Basic weighted average number of shares outstanding, thousands	97,610	97,597
Effect of share-based remuneration, number of shares thousands	25	13
Diluted weighted average number of shares outstanding, thousands	97,636	97,610

Note 18 Income tax

	Group		Parent Company	
	2023	2022	2023	2022
<i>Current tax</i>				
The year's tax expense	-251	-196	-161	-127
	-251	-196	-161	-127
<i>Deferred tax</i>				
Deferred tax on temporary differences	-15	42	1	0
	-15	42	1	0
Total reported tax	-266	-154	-160	-127

RECONCILIATION OF EFFECTIVE TAX

	Group		Parent Company	
	2023	2022	2023	2022
Profit before tax	1,262	890	1,113	655
Tax according to tax rate in the Parent Company 20.6% (20.6)	-260	-183	-229	-135
Effect of different tax rates in foreign subsidiaries	3	28	—	—
<i>Tax effect of:</i>				
- non-deductible/non-taxable items	17	46	73	11
- withholding tax on dividends	-18	-4	—	—
<i>Adjustments from prior years:</i>				
- current tax	-1	-17	3	—
- deferred tax	4	15	—	—
Utilization/increase of loss carryforwards for which deferred tax is not recognized	-2	-18	—	—
Other	-10	-20	-7	-4
Reported effective tax	-266	-154	-160	-127

Note 18 *continued*

TAX ITEMS RECOGNIZED IN OTHER COMPREHENSIVE INCOME

	Group		Parent Company	
	2023	2022	2023	2022
Actuarial profit/loss from defined benefits to employees	1	0	—	—
Cash flow hedges	-15	-8	—	—
Translation differences on foreign currency loans treated as net investments in subsidiaries	8	-36	—	—
	-6	-44	—	—

RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

Group	2023		2022	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Tangible assets	2	-2	2	-3
Right-of-use assets	—	-47	—	-57
Intangible assets	10	-78	3	-81
Derivatives used as hedging instruments	—	-26	—	-7
Trade receivables	9	—	30	—
Inventories	68	—	73	-15
Untaxed reserves	—	-290	—	-277
Provisions	18	—	17	—
Accrued expenses and deferred income	35	—	31	—
Lease liabilities	51	—	62	—
Other liabilities	6	—	11	—
Other	26	0	26	—
Loss carryforwards	32	—	44	—
Tax assets/liabilities	258	-442	299	-441
Set-off	-83	83	-106	106
Net tax assets/liabilities	175	-359	193	-335
Parent Company	2023		2022	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Trade receivables	0	—	0	—
Provisions	5	—	4	—
Accrued expenses and deferred income	2	—	1	—
Tax assets/liabilities	7	—	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 183 million (142). Of the change for the year of SEK 41 million (-42), SEK 15 million (-42) was recognized in the profit and loss account and SEK 26 million (0) was recognized in other comprehensive income. Tax assets regarding loss carryforwards are only recog-

nized 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 701 million. Tax assets were recognized at an amount of SEK 32 million, corresponding to loss carryforwards of SEK 125 million. Loss carryforwards mainly refer to subsidiaries in France, the USA and China and can be utilized without a time limit.

Note 19 Intangible assets

Group	Business systems		Development expenses		Technology		Customer relationships		Brands		Goodwill		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<i>Accumulated cost</i>														
Opening balance at January 1	34	40	1,013	982	347	327	200	191	108	102	1,866	1,740	3,568	3,381
Investments during the year	26	3	63	30	—	—	—	—	—	—	—	—	89	34
Reclassifications	4	—	—	—	—	—	—	—	—	—	—	—	4	—
Historical cost sold/scrapped assets	0	-9	—	—	—	—	—	—	—	—	—	—	0	-9
Exchange rate differences for the year	0	0	0	1	-1	20	0	9	-2	6	-63	126	-66	162
Closing balance, accumulated cost at December 31	64	34	1,076	1,013	347	347	200	200	107	108	1,803	1,866	3,596	3,568
<i>Accumulated amortization and impairment</i>														
Opening balance at January 1	-23	-26	-895	-855	-141	-99	-115	-85	-20	-20	—	—	-1,194	-1,085
Amortization sold/scrapped assets	0	9	—	—	—	—	—	—	—	—	—	—	0	9
Amortization and impairment for the year	-4	-6	-42	-40	-38	-42	-25	-31	0	0	—	—	-109	-119
Closing balance, accumulated amortization and impairment at December 31	-27	-23	-936	-895	-179	-141	-140	-115	-21	-20	—	—	-1,303	-1,194
Closing balance, residual value according to plan at December 31	37	11	140	118	168	206	59	84	86	88	1,803	1,866	2,292	2,374

Parent Company	Business systems		Technology		Total	
	2023	2022	2023	2022	2023	2022
<i>Accumulated cost</i>						
Opening balance at January 1	27	34	17	17	44	51
Investments during the year	26	2	40	—	66	2
Reclassifications	4	—	—	—	4	—
Historical cost sold/scrapped assets	0	-9	0	—	0	-9
Closing balance, accumulated cost at December 31	57	27	56	17	114	44
<i>Accumulated amortization</i>						
Opening balance at January 1	-19	-24	-13	-10	-33	-34
Amortization sold/scrapped assets	0	9	—	—	0	9
Amortization for the year	-4	-5	-4	-3	-8	-9
Closing balance, accumulated amortization at December 31	-23	-19	-17	-13	-40	-33
Closing balance, residual value according to plan at December 31	34	8	39	3	73	11

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. In 2023, development projects were capitalized in the amount of SEK 63 million (30).

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 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.

Note 19 *continued*

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

In 2016, intangible assets in the form of technology, customer relationships, brand and goodwill were added through the acquisition of Axxon. Technology and customer relationships are fully amortized as per end of 2023.

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 84 million (86) 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 373 million (372). The carrying amount of goodwill and brands in High Volume totals SEK 503 million (549) and SEK 48 million (53), respectively. The carrying amount of goodwill and brands in Global Technologies excluding atg L&M, totals SEK 230 million (239) and SEK 12 million (12), respectively. The carrying amount of goodwill and brands in atg L&M amounts to SEK 697 million (706) and SEK 25 million (25), 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.

The recoverable value of the estimated cash flows has been calculated using a discount rate of 13.6 percent (14.8) before tax and 11.1 percent (12.0) after tax for the High Flex division. For the High Volume division, a discount rate of 13.1 percent (13.6) before tax and 11.5 percent (12.0) after tax was applied. For the Global Technologies division, a discount rate of 15.3 percent (15.1) before tax and 11.8 percent (12.0) after tax was applied. A discount rate of 13.2 percent (12.4) before tax and 10.1 percent (9.5) after tax was used for atg L&M. The most important assumptions in the five-year business plan relate to growth rates, operating margins and discount rates. Since the calculated recoverable value exceeds the carrying amount, no indication of impairment has been reported.

Based on the current business plan, Global Technologies excluding atg L&M and atg L&M show some sensitivity to changes in significant assumptions. The recoverable value of Global Technologies and atg L&M would equal the carrying amount if the pre-tax discount rates increased by 1.9 and 1.1 percentage points, respectively, if the growth rates in relation to the business plan decreased by 2.8 and 2.0 percentage points, respectively, or if operating margins decreased by 2.0 percentage points and 1.9 percentage points, respectively. 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<i>Accumulated cost</i>										
Opening balance at January 1	4	—	86	65	546	475	10	9	646	549
Investments during the year	0	4	7	9	16	25	80	68	103	107
Reclassifications to machinery and equipment	—	—	—	—	48	68	-48	-67	0	0
Reclassifications to/from inventory	—	—	—	—	0	—	3	—	3	—
Reclassifications other	—	—	—	4	—	8	-2	—	-2	12
Historical cost sold/scrapped equipment	—	—	0	—	-8	-36	—	—	-8	-36
Exchange rate differences for the year	0	—	-2	7	-3	5	-1	0	-6	12
Closing balance, accumulated cost at December 31	4	4	91	86	599	546	41	10	735	646
<i>Accumulated depreciation and impairment</i>										
Opening balance at January 1	—	—	-27	-17	-353	-327	—	—	-381	-344
Depreciation sold/scrapped equipment	—	—	0	—	7	29	—	—	8	29
Reclassifications other	—	—	—	0	—	-4	—	—	—	-4
Depreciation for the year	—	—	-11	-10	-63	-51	—	—	-74	-62
Closing balance, accumulated depreciation and impairment at December 31	—	—	-38	-27	-409	-353	—	—	-447	-381
Closing balance, residual value according to plan at December 31	4	4	53	59	190	192	41	10	288	265

Note 20 *continued*

Parent Company	Machinery and equipment		Construction in progress		Total	
	2023	2022	2023	2022	2023	2022
<i>Accumulated cost</i>						
Opening balance at January 1	343	306	9	5	351	312
Investments during the year	—	—	47	67	47	67
Reclassifications to machinery and equipment	48	68	-48	-68	0	0
Reclassifications to/from inventory	—	—	3	4	3	4
Reclassifications other	—	—	-2	—	-2	—
Historical cost sold/scrapped equipment	-1	-32	—	—	-1	-32
Closing balance, accumulated cost at December 31	390	343	8	9	399	351
<i>Accumulated depreciation and impairment</i>						
Opening balance at January 1	-215	-210	—	—	-215	-210
Depreciation sold/scrapped equipment	1	28	—	—	1	28
Depreciation for the year	-41	-33	—	—	-41	-33
Closing balance, accumulated depreciation and impairment at December 31	-256	-215	—	—	-256	-215
Closing balance, residual value according to plan at December 31	134	127	8	9	143	136

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	
	2023	2022	2023	2022	2023	2022
<i>Accumulated cost</i>						
Opening balance at January 1	414	342	23	21	437	363
Add-ons during the year	37	72	9	9	46	81
Deductions during the year	-23	-23	-5	-9	-28	-32
Exchange rate differences for the year	-14	23	-1	1	-14	25
Closing balance, accumulated cost at December 31	415	414	25	23	440	437
<i>Accumulated depreciation and impairment</i>						
Opening balance at January 1	-180	-129	-10	-11	-189	-140
Deductions during the year	22	23	5	9	28	32
Depreciation for the year	-74	-66	-7	-6	-81	-72
Exchange rate differences for the year	9	-8	0	-1	10	-9
Closing balance, accumulated depreciation and impairment at December 31	-222	-180	-11	-10	-233	-189
Closing balance, residual value according to plan at December 31	193	235	14	13	207	248

Parent Company	2023	2022
Expensed lease charges for the year	21	19
of which, variable fees	—	—
<i>Future payments under lease contracts (nominal)</i>		
Within one year	20	18
Between one and five years	29	44
Later than five years	—	—
Total	48	63

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 seven 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 amounts to SEK 8 million. This year's add-ons consist primarily of new premises in Sweden, China, the USA and Mexico and the extension of rental contracts in Germany and China. There are no significant lease commitments for lease contracts that have not yet started as at end of 2023. The total cash flow for lease contracts for the year 2023 amounted to SEK -81 million (-75). Interest expense for lease liabilities amounted to SEK 6 million (5). Variable lease payments are not significant.

Note 22 Participation in Group companies

Parent Company	2023	2022
Opening balance, historical cost	1,270	1,266
Acquisitions	2	5
Share-based incentive programs	3	0
Shareholder contribution	590	—
Closing balance, accumulated cost	1,866	1,270
Opening balance, impairment	-47	-47
Impairment	—	—
Closing balance, accumulated impairment	-47	-47
Closing balance, carrying amount	1,818	1,223

HOLDINGS OF SHARES AND PARTICIPATIONS IN GROUP COMPANIES

Directly owned subsidiaries	Corp. ID no.	Domicile	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	9
Mycronic Ltd.	2524693	United Kingdom	24,000	100	6
Mycronic Inc.	04-3219080	USA	10,000	100	43
Mycronic Pte Ltd.	199601416W	Singapore	1,000	100	1
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	596
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
Mycronic, S. de R.L. de C.V.	N-2022088617	Mexico	1	100	2
					1,818
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

Changes in consolidated cash and cash equivalents as of acquisitions	2023	2022
Paid deferred considerations for acquisitions in previous years	-6	—
Total	-6	—

Paid deferred considerations consist of contingent considerations from the acquisition of the non-controlling interest in Axxon Piezoelectric Technology Co, Ltd.

No acquisitions were made in 2023 and 2022.

Note 24 Non-current receivables from Group companies

Parent Company	2023	2022
Opening balance, carrying amount	1,711	1,674
Additions	95	52
Deductions	-590	-15
Closing balance, carrying amount	1,216	1,711

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	
	2023	2022	2023	2022
Opening balance, carrying amount	66	55	19	18
Additions	1	12	—	0
Deductions	-10	-1	-5	1
Closing balance, carrying amount	58	66	14	19

Assets mainly refer to deposits regarding lease of premises, non-current trade receivables, pension insurance premiums for employees and shares in business partners. Deducted items 2023 primarily relate to non-current trade receivables and reclassification to intangible assets.

Note 26 Inventories

	Group		Parent Company	
	2023	2022	2023	2022
Components	594	531	406	307
Finished goods	668	666	108	96
Products in progress	340	236	239	139
	1,602	1,433	752	542

Write-down of inventories amounted to SEK 36 million (24) in the Group and SEK 24 million (13) in the Parent Company.

Note 27 Trade receivables

Group	2023			2022		
	Gross	Impairment	Loss given default, %	Gross	Impairment	Loss given default, %
Trade receivables not due	1,024	5	0.5	869	14	1.6
Trade receivables, overdue 0-30 days	148	3	1.9	140	3	1.9
Trade receivables, overdue >30-90 days	66	3	4.0	92	3	3.7
Trade receivables, overdue >90-180 days	22	2	10.4	30	3	9.8
Trade receivables, overdue >180-360 days	31	12	40.0	49	20	41.1
Trade receivables, overdue >360 days	30	26	85.9	9	4	49.4
	1,321	51	3.9	1,189	47	4.0

Trade receivables overdue amount to 22 percent (27) 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 31 percent (25) of trade receivables outstanding. For further information on the concentration and customer risk in trade receivables outstanding, see Note 34.

PROVISION FOR EXPECTED CREDIT LOSSES

Group	2023	2022
Opening balance, carrying amount	47	26
Additions	10	27
Utilized during the year	0	-5
Unutilized during the year	-5	0
Closing balance, carrying amount	51	47

Note 28 Prepaid expenses and accrued income

	Group		Parent Company	
	2023	2022	2023	2022
Contract assets	34	54	8	22
Other accrued revenue	—	12	—	—
Other prepaid expenses	55	61	43	45
	88	127	51	67

Note 29 Non-current provisions

Group	2023	2022
Post employment benefits	33	36
Other non-current provisions	10	12
Closing balance, carrying amount	43	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 South 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	2023	2022
<i>Amounts recognized in profit and loss account</i>		
Current service cost	6.3	6.8
Net interest	-1.3	-0.3
Expenses, defined benefit plans	5.0	6.6
<i>Amounts recognized in other comprehensive income</i>		
Remeasurement of pension obligations	4.4	-0.1
Remeasurement of plan assets	1.0	0.1
Expenses, (income) defined benefit plans	5.3	0.0
Total pension expenses, defined benefit plans	10.4	6.6

Group	2023	2022
<i>Amounts recognized in statement of financial position</i>		
Present value of defined benefit obligation, funded plans	31.7	49.6
Fair value of plan assets	-33.4	-49.9
Net liability, funded plan	-1.7	-0.3
Present value of defined benefit obligation, unfunded plans	32.1	34.3
Net liability recognized in statement of financial position	32.7	36.0
Net assets recognized in statement of financial position	-2.3	-2.0
Group	2023	2022
<i>Change in present value of defined benefit obligation</i>		
Opening balance, defined benefit obligation	83.9	74.4
Current service cost	6.3	6.8
Interest expenses	1.2	0.6
Remeasurement of pension obligations		
- demographic assumptions	-0.1	1.0
- financial assumptions	0.9	-6.0
- experience adjustments	3.5	4.9
Pension payments	-26.5	-2.0
Exchange rate difference	-5.5	4.2
Closing balance, defined benefit obligation	63.9	83.9
Group	2023	2022
<i>Change in fair value of plan assets</i>		
Opening balance, plan assets	49.9	33.2
Interest income	2.5	0.9
Return excluding interest income	-1.0	-0.1
Employer's contribution	4.9	13.1
Pension payments from plan assets	-20.4	-0.8
Exchange rate difference	-2.6	3.7
Closing balance, plan assets	33.4	49.9

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 nine 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.

This year's pension payments are mainly attributable to the subsidiary in South Korea, related to management retirement in 2023. Forecast employer pension plan payments for next year amount to SEK 5.5 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	
	2023	2022	2023	2022
Discount rate, %	1.1	0.8	4.5	5.2
Future salary increases, %	2.6	2.6	4.5	4.5

Sensitivity analysis	Change in assumption	Change in value, SEK million
Assumption		
Discount rate, %	-0.50/+0.50	+2.2/-2.0
Future salary increases, %	-0.50/+0.50	-2.4/+2.5

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 2023 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 2024 for ITP 2 insurance taken out with Alecta amount to SEK 1 million. In 2023, the costs for premium based pension amounted to SEK 101 million (95).

Note 29 *continued***OTHER NON-CURRENT PROVISIONS**

Group	2023	2022
Opening balance, carrying amount	12	7
The year's provision	0	6
Utilized during the year	-2	-1
Closing balance, carrying amount	10	12

Note 30 **Accrued expenses and deferred income**

	Group		Parent Company	
	2023	2022	2023	2022
Salaries and social expenses	431	451	77	66
Commissions	33	19	5	8
Deferred income	171	119	144	90
Other accrued expenses	83	84	64	59
	718	673	290	224

Salaries and social expenses include, among other things, variable salaries.

Note 31 **Current provisions**

	Group		Parent Company	
	2023	2022	2023	2022
Opening balance, carrying amount	86	74	13	11
The year's provision	66	81	6	8
Utilized during the year	-27	-31	-6	-6
Unutilized during the year	-52	-38	—	—
Closing balance, carrying amount	74	86	14	13

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 32 **Pledged assets**

	Group		Parent Company	
	2023	2022	2023	2022
Collateral provided for liability items in the balance sheet				
<i>Credit institutions</i>				
Chattel mortgages	—	—	—	—
Other	3	3	—	—
	3	3	—	—

Note 33 **Contingent liabilities**

	Group		Parent Company	
	2023	2022	2023	2022
Commitment for billing by credit insurance through EKN	1	2	1	2
Parent Company guarantee	—	—	186	219
Other	—	—	—	—
	1	2	187	221
Of which, falling due:				
within one year	1	1	26	27
between one and five years	1	1	101	105
later than five years	—	—	60	89
	1	2	187	221

The Parent Company guarantees are attributable to subsidiaries in the USA, of which the largest portion refers to a rental guarantee.

Note 34 **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 KRW. 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 and GBP are used. Hedge accounting is not used within the High Flex division.

Effects from transaction exposure

If sales for 2023 within the Pattern Generators division were translated at the average exchange rates for 2022, without considering forward exchange contracts, revenues would have been SEK 51 million lower. The majority derive from the depreciation of the SEK in 2023, against all currencies except CNY and JPY. Sales were negatively affected by forward exchange contracts in the amount of SEK 22 million, while EBIT was negatively affected by SEK 17 million as a result of forward exchange contracts.

If sales for 2023 were translated at the average exchange rates for 2022, revenues would have been SEK 80 million lower for the High Flex division, SEK 8 million lower for the High Volume division and SEK 46 million lower for the Global Technologies division. EBIT for the High Flex division was positively impacted by forward exchange contracts in an amount of SEK 1 million. Based on 2023 sales volumes and expenses, without consideration of forward exchange 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 247 million (193). Equity would be affected in the same amount after tax.

Note 34 *continued***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 negative translation difference of SEK 126 million (+234) 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 321 million (323) 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 59 million, of which USD accounts for SEK 36 million. Equity is impacted by about SEK 108 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 2023, investments were made in interest-bearing financial instruments.

Credit risks

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 1,270 million (1,143). The average credit period was 49 days (57) for the Pattern Generators division, 65 days (69) for High Flex, 94 days (60)

for High Volume and 50 days (58) 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 35. At year-end 2023, the total financial credit exposure, excluding trade receivables, was SEK 2,250 million (1,326), of which SEK 2,140 million (1,274) 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 2023 was SEK 1,912 million (1,004). 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.

EXPOSURE PER CURRENCY

Currency	% of revenue	% of expenses	Average rate 2023	Average rate 2022	Closing rate 2023	Closing rate 2022
USD	54	22	10.6128	10.1245	10.0416	10.4371
EUR	16	17	11.4765	10.6317	11.0960	11.1283
JPY (100)	4	5	7.5590	7.7075	7.0980	7.9167
GBP	2	0	13.1979	12.4669	12.7680	12.5811
SEK	1	29	1.0000	1.0000	1.0000	1.0000
KRW (100)	6	1	0.8120	0.7824	0.7740	0.8294
CNY	17	26	1.4982	1.5020	1.4133	1.5017

LIQUIDITY RESERVE

	2023	2022
Credit line	2,006	2,021
Cash and cash equivalents	2,140	1,274
Total	4,145	3,295

TRANSLATION EXPOSURE SENSITIVITY

	2023	2022
<i>Profit before tax</i>		
USD exchange rate +10%	36	54
EUR exchange rate +10%	19	33
CNY exchange rate +10%	4	0
JPY exchange rate +10%	0	-2
	59	85
<i>Equity before tax</i>		
USD exchange rate +10%	-131	-105
EUR exchange rate +10%	19	33
CNY exchange rate +10%	4	0
JPY exchange rate +10%	0	-2
	-108	-74

Note 35 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 34.

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.

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. Unutilized credit facilities amounts to SEK 2,006 million (2,021) of which the committed part amounts to SEK 2,000 million. According to Mycronic's financial covenants for the committed revolving credit facility, the ratio between the Group's net debt and twelve-month rolling EBITDA must be 3.5 or lower and the Group's twelve-month rolling EBITDA in relation to the Group's net financing costs must not be lower than 4.

CONTINGENT CONSIDERATIONS

Group	2023	2022
Opening balance, carrying amount	6	11
Settled liabilities	-6	—
Changes in value reported in profit and loss	—	-6
Exchange rate differences recognized in other comprehensive income	0	1
Closing balance, carrying amount	0	6

Settled liabilities consist of contingent considerations from the acquisition of the non-controlling interest in Axxon Piezoelectric Technology Co, Ltd.

FINANCIAL ASSETS AND LIABILITIES PER VALUATION CATEGORY

Group 2023	Valuation hierarchy	Financial assets/liabilities measured at fair value in comprehensive 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>						
				9	9	9
				1,270	1,270	1,270
	2	95	15		110	110
				2,140	2,140	2,140
Total financial assets		95	15	3,418	3,529	3,529
<i>Financial liabilities</i>						
				227	227	227
				388	388	388
	2		4		4	4
Total financial liabilities		—	4	616	620	620
Recognized gain (change in value)			15			
Group 2022						
<i>Financial assets</i>						
				13	13	13
				1,143	1,143	1,143
	2	48	5		53	53
				1,274	1,274	1,274
Total financial assets		48	5	2,429	2,482	2,482
<i>Financial liabilities</i>						
	3		6		6	6
				263	263	263
				7	7	7
				310	310	310
	2	26	21		46	46
Total financial liabilities		26	27	579	632	632
Recognized loss (change in value)			-23			

Note 35 *continued*

FINANCIAL LIABILITIES, MATURITY STRUCTURE (FUTURE NON-DISCOUNTED CASH FLOWS)

Group, December 31, 2023	Amount in SEK	Within 3 months	3 months -1 year	1-5 years	>5 years
Lease liabilities	235	21	57	133	24
Trade payables	388	367	21	—	—
Forward exchange contracts	4	4	—	—	—
	627	393	78	133	24

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

ANALYSIS OF LIABILITIES IN FINANCING ACTIVITIES

Group	Opening balance at January 1, 2023	Cash flow	Addition/ deduction lease contracts	Exchange rate effects for the year	Other	Closing balance at December 31, 2023
Current lease liabilities	77	-81	—	-2	84	78
Non-current interest-bearing loan	7	-7	—	0	—	0
Non-current lease liabilities	186	—	45	-2	-79	150
	270	-88	45	-5	6	227

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, 2023, 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 2023	Maturity			Total
	within 3 months	3 months -1 year	1-3 years	
Hedging instruments - hedge accounting applied				
<i>Forward exchange contracts - cash flow hedge of currency risk, transaction exposure (contract sale)</i>				
Sold USD, bought SEK, nominal amounts	378	905	473	1,755
Average hedged forward contract rate, USD/SEK	10.5950	10.5410	10.5085	10.5406
Hedging instruments - non-hedge accounting				
<i>Forward exchange contracts - hedge of currency risk, transaction exposure (contract sale)</i>				
Sold EUR, bought SEK, nominal amounts	-138	2	—	-136
Average hedged forward contract rate, EUR/SEK	11.4244	11.3066	—	11.4087
Sold GBP, bought SEK, nominal amounts	9	3	—	12
Average hedged forward contract rate, GBP/SEK	13.1636	12.8493	—	13.1113
Sold JPY, bought SEK, nominal amounts	1	—	—	1
Average hedged forward contract rate, JPY/SEK	0.0724	—	—	0.0724
Sold USD, bought SEK, nominal amounts	336	28	—	363
Average hedged forward contract rate, USD/SEK	10.3921	10.1388	—	10.3474

Note 35 *continued*

Group 2022	Maturity			Total
	within 3 months	3 months -1 year	1-3 years	
Hedging instruments - hedge accounting applied				
<i>Forward exchange contracts - cash flow hedge of currency risk, transaction exposure (contract sale)</i>				
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				
<i>Forward exchange contracts - hedge of currency risk, transaction exposure (contract sale)</i>				
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

EFFECTS OF HEDGE ACCOUNTING ON FINANCIAL POSITION AND EARNINGS

	Hedging instruments identified in hedging relationship as of December 31, 2023			Period - change in fair value for measurement of ineffectiveness	
	Nominal amount	Recognized value asset (+) liability (-)	Balance sheet item	Hedging instruments	Hedged item
2023					
<i>Cash flow hedge of currency risk, transaction exposure (contract sale)</i>					
Forward exchange contracts, Sold USD, bought SEK	167	95	Other receivables	—	—
Forward exchange contracts, Sold USD, bought SEK	—	—	Other liabilities	—	—
Total Forward Exchange Contracts, USD	167	95		52	-52
Total		95		52	-52

Note 35 *continued*

	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 receivables	—	—
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

Hedge accounting

The Group applies hedge accounting in accordance with IFRS 9 for forward exchange contracts used to currency hedge future cash flows in the Pattern Generators division and for debt in foreign currency used to hedge currency risk in net investments in foreign operations. As per closing day there are no hedge accounting for debt in foreign currency.

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.

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 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 36 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.

	2023	2022
Return on equity		
Profit for the year	996	737
Average equity	4,993	4,350
	20.0%	16.9%
Return on capital employed		
Profit before tax	1,262	890
Financial expenses	13	13
Profit before financial expenses	1,275	904
Average balance sheet total	7,840	6,738
Average non-interest-bearing liabilities	2,599	2,132
Average capital employed	5,241	4,607
	24.3%	19.6%
Capital turnover rate		
Net sales	5,706	5,119
Average balance sheet total	7,840	6,738
Average non-interest-bearing liabilities	2,599	2,132
Average capital employed	5,241	4,607
	1.1	1.1
Book-to-bill		
Order intake	6,280	6,783
Net sales	5,706	5,119
	1.1	1.3

Note 36 *continued*

	2023	2022
EBITDA		
EBIT	1,235	894
Depreciation/Amortization	264	253
	1,499	1,147
Underlying EBIT		
EBIT	1,235	894
<i>Acquisition-related costs</i>		
Cost of goods sold	—	—
Operating expenses	63	67
	63	67
Gains from divestments of subsidiaries	—	-23
	1,298	939
Equity per share		
Equity at balance day	5,282	4,703
Number of outstanding shares at year-end, thousands	97,597	97,631
	54.12	48.17
Earnings per share		
Profit/loss for the year attributable to owners of the Parent Company	998	741
Average number of outstanding shares before dilution, thousands	97,610	97,597
Average number of outstanding shares after dilution, thousands	97,636	97,610
	10.22	7.59
Net cash		
Cash and cash equivalents	2,140	1,274
Interest-bearing liabilities	-227	-270
	1,912	1,004

Note 37 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 19, 2024

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

Our Auditor's Report was submitted on March 26, 2024
Ernst & Young AB

Anna Svanberg
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 40–45 for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 20–93 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 2023 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 2023 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 40–45. 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, 2023, Inventory of finished goods and products in progress amount to SEK 1,008m. 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 *continued.*

VALUATION OF GOODWILL

Description

Goodwill amounts to SEK 1 803m in the statement of financial position as of December 31, 2023. 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 1-19 and 98-139. The other information also includes the remuneration report and were obtained before the date of this auditor's report. 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 *continued.*

- 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 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) 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

Auditor's report *continued.*

are based on our professional judgment with starting point in risk and materiality. This means that 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 for the financial year 2023.

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 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 ISQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable 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 40–45 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, 111 47, Stockholm was appointed auditor of Mycronic AB by the general meeting of the shareholders on May 9, 2023 and has been the company's auditor since May 6, 2013.

Stockholm 26 March, 2024
Ernst & Young AB

Anna Svanberg

Authorized Public Accountant

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Sustainability Report

About the 2023 Sustainability Report

Mycronic aims to provide its key stakeholders with a transparent picture of its sustainability initiatives and results. This report presents information about our sustainability agenda, our governance, impact, materiality analysis and stakeholder dialogue, as well as disclosures on economic, environmental and social topics in accordance with the GRI Standards.

About the Sustainability Report

Mycronic's Sustainability Report for 2023 has been prepared in accordance with the GRI Standards. 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 16–17 and 98–132 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, 2023, which corresponds to Mycronic's fiscal year. The report is published on April 3, 2024.

Boundaries and changes

Mycronic's sustainability reporting and data generally include all Mycronic companies worldwide that are integrated into our financial report (see note 22 in the Financial Statements). Newly acquired companies become fully integrated into the sustainability reporting framework in the reporting year following the year of acquisition, which allows the acquired company to report sustainability data for a full year. No newly acquired companies have been added to the reporting for the fiscal year 2023.

In the reporting for 2023, the following exceptions apply for the environmental data:

- Some of the smallest sales and service offices are not part of the reporting scope. These offices are very small, both in terms of office space and number of employees.
- In October 2023, the Swedish site expanded its premises. Energy and water usage from this new space are not included in the reporting.

Information on the definitions and calculation methods applied, as well as any other exception in boundary or scope, are described in conjunction with reported data.

In 2023, we made a major methodology update for environmental data calculations. This was done in order to prepare Mycronic for compliance with the European Sustainability Reporting Standards (ESRS) and for setting science-based targets. The update affects data from fiscal year 2022 and onwards, and several of the reported environmental disclosures for fiscal year 2022 have, as a consequence, been restated.

Data earlier than 2022 has generally not been modified. Only in a small number of other cases has new information resulted in adjustments in previous years' reporting. This is clearly indicated in conjunction to such disclosures.

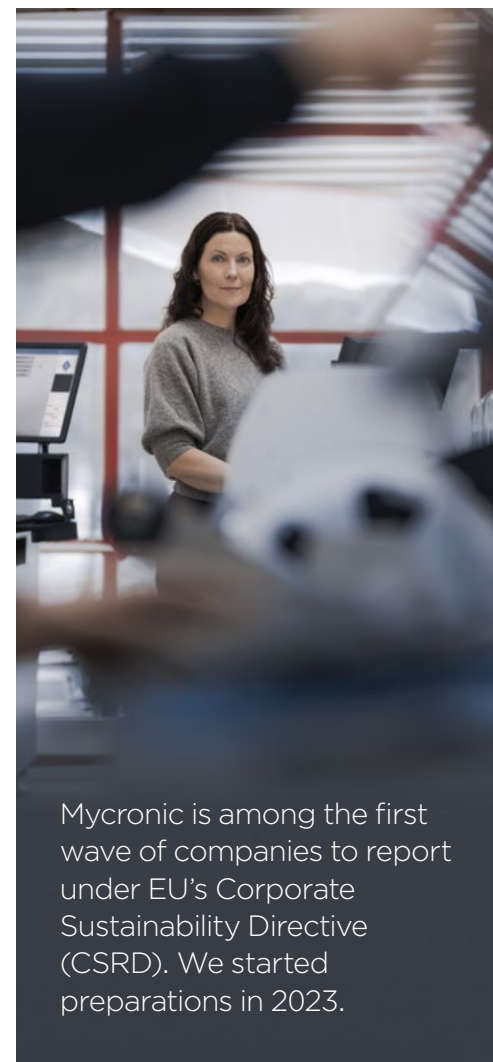
Preparing for CSRD

The Corporate Sustainability Reporting Directive (CSRD) entered into force in January 2023. Mycronic is among the first wave of companies to report under the CSRD's reporting standard, known as the European Sustainability Reporting Standards (ESRS). The first report is due to be published in 2025 or 2026, depending on upcoming Swedish legislation.

In 2023, we started to prepare for CSRD by conducting a gap analysis and a pre-assurance of our Sustainability Report. These assessments sought to identify what we need to implement to comply with the CSRD within the required timeframe. Based on the results of these two assessments, we:

- drew up an action plan to ensure we are ready for the introduction of the Directive,
- updated our materiality analysis,
- carried out climate scenario analyses,
- initiated measures to improve internal controls of sustainability data,
- increased knowledge among all employees who are affected by the directive.

This last point includes the publication of articles on Mycronic's internal website, as well as workshops and seminars for employees and the corporate management team. In addition, the Board of Directors and its Audit Committee have been regularly informed about our progress and all directors attended a half-day CSRD training in 2023.



Mycronic is among the first wave of companies to report under EU's Corporate Sustainability Directive (CSRD). We started preparations in 2023.

Framing our agenda

Foundations of our work

Foundations of our work with sustainability

Mycronic's commitment to sustainability is grounded in international standards and goals, such as the 10 principles of the UN Global Compact, the eight ILO core conventions and the UN Guiding Principles on Business and Human Rights. 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.

Framing our agenda for 2030

Mycronic has set ambitious business targets for the years ahead. Our strategy to realize these goals includes several key factors (see pages 10-19), among which innovation, climate and people are closely related to sustainability. We have summarized these three into sustainability areas that will support us in achieving our business goals, while we also contribute to the sustainable transition of the electronics industry. 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 more than 70 percent by 2030.

OUR KEY AREAS

Climate impact from own operations

We focus on minimizing impact from our main 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.

Group goal: Cut own CO₂e emissions by 50 percent to 2030 compared to 2020. Science-based target to be set.

Innovation for sustainability

Innovation is at the core of our growth strategy and our customers' interest in energy and material efficient production equipment is increasing. Our roadmap includes incremental development, research in new technologies, and collaboration with clients and academic partners.

Group goal: Enable our customers to achieve their sustainability ambitions, through product innovation. Science-based target to be set.

Future engineers through diversity

Promoting diversity and inclusion is part of our preparations for future growth. Recruitment of engineers is a challenge in our industry. We therefore act to encourage youth to pursue engineering studies, we search for talents among under-represented groups, and we develop our people with diversity, equity and inclusion at top of mind.

Group goal: 25 percent women in the workforce, respectively in manager positions. Diversity and inclusion result at the annual engagement survey at 4.3 (of 5).



Climate, innovation and people are key factors of our business strategy. They are all closely related to sustainability.

Framing our agenda *continued*

Moving towards our goals

We are implementing a variety of initiatives to achieve our sustainability goals. Our actions are framed by a roadmap to 2030, in which we have identified the necessary steps forward. We are also working to ensure that we comply with all applicable and upcoming regulatory requirements.

Reinforced ambitions

In 2023, we introduced new People goals, which include targets on diversity, inclusion and engagement. Myconic also became a member of the European Diversity Charters network.

While we continued our efforts to achieve Myconic's existing climate target, we also submitted target proposals to the Science Based Targets initiative, for which we are expecting validation during 2024.

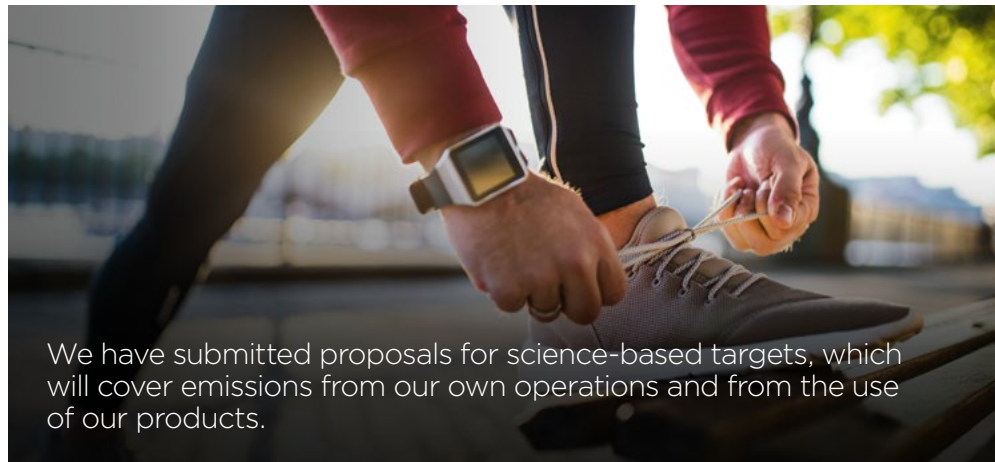
Progress on our roadmap to 2030

In 2023, we continued to embed sustainability into our core processes. During the year, we also worked with strengthening our methodology for measuring impacts. This will help us to better evaluate the actual impact of specific activities in our roadmap, and to plan the actions we need to take to reach our goals.

We now have the foundation in place to achieve our ambitions for 2030 and our roadmap is set to bring us forward step by step. Testing solutions to address our main challenges will be our focus throughout 2024.

Implementing new requirements

New regulatory requirements, in particular the the Corporate Sustainability Reporting Directive (CSRD), but also the expanded EU Taxonomy, demanded extensive preparatory work in 2023 and will continue to do so in 2024. We are closely monitoring other upcoming regulations, such as the EU Corporate Sustainability Due Diligence Directive (CSDDD), and will include these in our plans as they materialize.



We have submitted proposals for science-based targets, which will cover emissions from our own operations and from the use of our products.

OUR MAIN INITIATIVES 2023-2025

Key area Innovation for sustainability

- Set science-based target to reduce emissions from product use
- Continue to fund innovative projects through the Sustainable Innovation Fund
- Develop solid state lasers (SSL) for use in display mask writers
- Align relevant products to the requirements of the EU taxonomy

Key area Climate Impact from own operations

- Set science-based target to reduce emissions from our own operations
- Improve the energy efficiency of sites and assess options to supply electricity from renewable sources
- Optimize logistics to reduce emissions from transportation
- Test and implement options to replace air by sea transport
- Raise awareness on how to travel smarter

Key area Future engineers through diversity

- Establish new measurable Group diversity and inclusion targets and new action plans
- Drive Group women's network
- Continue to drive diversity and inclusion initiatives at local sites
- Continue to drive targeted local community engagement activities

Compliance and other material areas

- Prepare for CSRD
- Implement the EU Taxonomy as it grows in scope
- Further strengthen Group due diligence processes in our supply chain

PROGRESS 2023

- Target submitted for approval by the Science Based Targets initiative
- Two new projects funded by the Sustainable Innovation Fund
- Delivery of the first mask writer with SSL for display writers
- One product family aligned with the EU Taxonomy

- Target submitted for validation by the Science Based Targets initiative
- Energy efficiency improvements at several sites
- Collaboration with freight forwarders initiated
- Sea transports tested
- Pilot project to introduce carbon budgets for business travel

- New Group targets implemented
- Two global digital networking events organized
- Diversity and inclusion initiatives at all main sites
- Six sites actively involved in local community activities

- Gap assessment, action plan, and first version of double materiality analysis and climate scenario analysis completed
- New EU Taxonomy requirements fully implemented

Framing our agenda *continued*

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 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, engaged employees make us more efficient. By promoting diversity we increase opportunities to find the right skills while we promote local development.	By optimizing our transport of products, we reduce our environmental impact and meet customer demand for secure and sustainable deliveries.	Through 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 less and more sustainable materials. Through increased focus on maintenance, we extend the useful life of our equipment. In their end of life, equipment and spare parts can be taken back for upgrading and reuse.
Ability to influence	HIGH	MEDIUM	HIGH	MEDIUM	HIGH	MEDIUM	MEDIUM

Framing our agenda *continued*

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 ensure the commitment of our people and achieve better results.

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 each business division.

The Group's sustainability function reports directly to executive management and is responsible for preparing Mycronic's 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 (the CFO, Sr VP Global Functions, and Sr VP Human Resources), have been tasked with leading working groups focusing on responsible business, environmental impact, social responsibility, and sustainable innovation. These consist of field experts and representatives from each division. The working groups ensure that divisions collaborate, report on progress, and contribute to share best practices.

In 2023, executive management reviewed and adopted Mycronic's new People targets, which were approved by the Board. The Board also reviewed the first version of Mycronic's updated sustainability materiality analysis. The final version will be subject for approval by the Board in 2024.

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. Sustainability work was presented to the Board at one meeting during 2023. An additional meeting was also arranged, in which the Board attended a half-day information session about the CSRD. From 2024, progress on sustainability matters is presented to the Board at least twice a year.

The Audit Committee is regularly informed about activities relating to regulated sustainability reporting such as the CSRD and the EU Taxonomy. During the year, both the Board and its Audit Committee closely followed Mycronic's work to ensure future compliance with the CSRD, for example by participating in discussions on the update of the sustainability materiality analysis.

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. It was not deemed necessary to renew this assessment in 2023.

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 121 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.

In October, all employees were invited to participate in one full day of seminars addressing the theme of Climate and Innovation, with both internal and external speakers. All around the year, articles related to sustainability, from various parts of the organization, are published on Mycronic's intranet. In 2023, topics addressed included health and safety, diversity and inclusion, climate impact, Science-based targets, training and development, new regulations, Mycronic policies, and business ethics.

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.

Compliance

Mycronic regularly reviews its compliance to laws and regulations through self-assessments and internal audits. In 2023, Mycronic was not subject to any significant fines, monetary or non-monetary sanctions. No critical compliance concerns were identified or reported to the Board.

Whistleblowing 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 (such as the Anti-Corruption Policy) 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. Any reported case is thoroughly investigated with the help of external experts and corrective measures are taken should a violation have occurred.

In 2023, one case was reported to the whistleblowing function. After investigation, the topic reported was not considered to fall under the whistleblowing legislation.

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 128 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 used by Mycronic to report environmental data and calculate GHG emissions.

Framing our agenda *continued*

Materiality analysis and stakeholder dialogue

The sustainability materiality analysis lays the foundation for Mycronic’s continued work with sustainability. It is based on identified risks and opportunities for Mycronic and our stakeholders, and our ability to impact different areas. To gather input from our main stakeholders, we conduct regular dialogues with employees, investors, customers and suppliers.

Mycronic addresses and reports on all topics identified as material for the company. We focus in particular on our three key areas (see page 100). In 2023, no changes were made in Mycronic’s material topics. Executive management approves the analysis.

Updating our materiality analysis

In 2023, we initiated a major update of our materiality analysis in order to become compliant with CSRD’s upcoming requirements for a, so called, “double materiality analysis”. A first version was presented to the Board of Directors in December and will be completed with input from our main stakeholders in the first half of 2024. We also conducted a dedicated climate scenario analysis, which will provide valuable input to our double materiality analysis. The climate analysis will also be complemented in 2024 with input from our stakeholders.

Stakeholder dialogues

In addition to our traditional channels for information exchange, Mycronic conducts targeted stakeholder dialogues on sustainability. These are conducted at least every three years to deepen the understanding of our main stakeholders’ expectations regarding our work with sustainability, and to identify risks and opportunities at an early stage. 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 top sustainability topics for Mycronic to address, according to the stakeholders, are environmental innovation, responsible

sourcing, climate impact from operations and employee health and safety. In 2022 and 2023, we received insights from employees from our employee survey and held informal discussions with various shareholders and clients. New formal stakeholder dialogues will be held in 2024.

Dialogue process

Our dialogues on sustainability are held through surveys, interviews, face-to-face discussions and workshops, depending on the targeted stakeholder. The Group Sustainability function coordinates the sustainability dialogue process, and collects and analyzes the results. The divisions are responsible for rolling out the dialogue process with their customers and suppliers. Results are presented to executive management and the Board of Directors.

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,

AREAS	MATERIAL TOPICS	MAIN GRI DISCLOSURES
Key area: Innovation for sustainability	<ul style="list-style-type: none"> • Environmental impact from the use and disposal of products • Use of materials 	<p>GRI 301: Materials GRI 302: Energy</p>
Key area: Future engineers through diversity	<ul style="list-style-type: none"> • Non-discrimination, diversity and inclusion • Community involvement 	<p>GRI 401: Employment GRI 405: Diversity and equal opportunity GRI 406: Non-discrimination GRI 413: Local communities</p>
Key area: Climate impact from own operations	<ul style="list-style-type: none"> • Transports • Internal energy use • Business travel 	<p>GRI 302: Energy GRI 305: Emissions</p>
Other material areas	<ul style="list-style-type: none"> • 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 	<p>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</p>

- 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.

Environment

Acting on our environmental responsibilities

To achieve the goals of the Paris Climate Agreement, global greenhouse gas (GHG) emissions must be halved by 2030 and reduced to zero by 2050. Mycronic wants to contribute to making this a reality. We work to reduce the climate impact of our operations and we develop products that help our customers to do the same.

Working towards our climate goal

Mycronic has set a goal of reducing its own GHG emissions by 50 percent by 2030 from 2020 levels. The target includes emissions from energy consumption at our manufacturing facilities and offices, the transport of goods and products, and business travel. This represents GHG Protocol scope 1 and 2 greenhouse gas emissions, as well as a proportion of scope 3 emissions. Compared to the base year, GHG emissions included in this target have increased by 7 percent. This is a trend we want to reverse and our intent is to find ways to implement changes already in 2024.

In 2023, Mycronic submitted proposals for targets to the Science Based Targets initiative, which will cover emissions from our own operations (scope 1 and 2) as well as emissions from our largest proportion of scope 3, i.e. emissions from the use of our products. We expect to be able to communicate our validated science-based targets in 2024.

Energy consumption at facilities

At our sites, we focus efforts on reducing energy consumption from manufacturing processes, heating, lighting, and air conditioning systems. In 2023, we significantly reduced the use of fuels and natural gas, leading to an 8 percent reduction of GHG emissions in scope 1 compared to the previous year. We also work to reduce our dependency on fossil fuels by switching to renewable sources. Close to half of the electricity we use now come from renewable energy sources. Emissions from electricity, however, increased slightly in 2023, due to increased usage in China.

During the year, our divisions conducted a variety of measures at our sites. For example,

an energy audit, followed by new routines and training, resulted in almost a 30 percent decrease in natural gas consumption at the Tewksbury site in the US. The same site also improved airflow to cool facilities more efficiently and introduced an electric forklift truck to eliminate the use of propane.

In Germany, a groundbreaking ceremony was held for a new production site, planned to be finalized by the beginning of 2025. The new site is expected to be approximately 60 percent more energy efficient compared to the current production site, partly thanks to solar cells.

Transportation

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. The divisions are also looking into options to use sustainable aviation fuel (SAF) when air freight is necessary. During the year, the Pattern Generators division performed the first delivery of a mask writer using SAF.

We continue to review ways to reduce the transportation of goods, either by shortening distances or by reducing the need for transportation. The High Flex division moved one of its smaller production sites from Germany to Sweden during the second half of 2023. This site previously worked closely with its Swedish counterpart, which meant that components, spare parts and ready-built products were transported between the two sites. The relocation to the Swedish facility is expected to result in reductions in transports going forward.

In 2023, emissions from transportation increased compared to the previous year.

Share of purchased electricity from renewable sources

46%

Projects financed by our Sustainable Innovation Fund since its launch in 2022

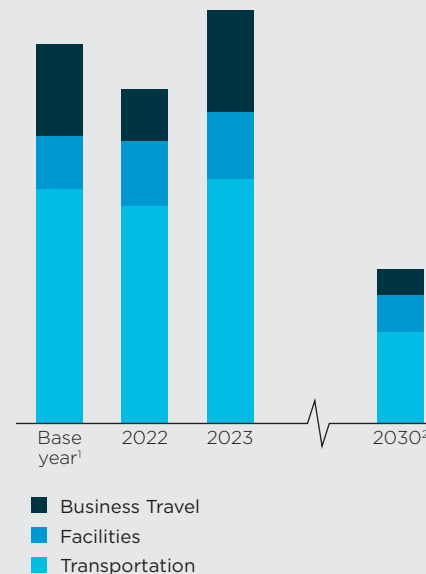
5

Change in emissions from the use of sold products, since 2022

-14%

HOW WE REACH OUR 50 PERCENT REDUCTION TARGET

2023 compared to base year 2020 and scenario for target year 2030



Results 2023

Compared to the base year, emissions from fuel and natural gas consumption have decreased, while emissions from transportation are similar to the base year. Emissions from business travel and electricity consumption however increased during the period, leading to a total increase of 7 percent of the emissions included in the climate target.

Key actions to reach the target

To reach the climate target, while continuing Mycronic's growth journey, key actions will include transitioning to electricity from renewable sources at facilities, and significantly reducing emissions from air flight - whether they stem from transportation or business travel.

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 data for the base year and for 2022 to enable comparisons over the same scope of reported data.

2) Shows one possible scenario for 2030.

Environment *continued*

“Thanks to new routines, our production site in the US decreased its natural gas consumption by almost 30 percent.”

This was mainly a result of more products being transported by air compared to by sea, which in turn was due to the location of customers. Transportation emissions were also impacted by an increase of the emission factor for aviation applied in the calculations. To progress, we will need to collaborate closely with our customers and freight forwarders in the coming years, and we, therefore, initiated discussions with key partners in 2023.

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 years, we have developed software that enables our service technicians to diagnose problems remotely and we have introduced remote service solutions for a number of our products. Other measures to reduce business travel include opening local sales and service offices that reduce reliance on long-haul flights.

Mycronic currently run a pilot project in which a “travel emissions budget” will limit the amount of emissions employees are permitted to cause from business travel. We will evaluate the project in 2024 and, based on its results, decide about its implementation. During the year, we also started to investigate options to fly with sustainable aviation fuel when alternatives to flights are not relevant.

Business travel increased in 2023 for the Group as a whole compared to last year. This is mainly due to unmet travel needs during covid-19, in particular in China that had travel restrictions in place until the beginning of 2023.

Reducing impact from our products

A large majority – 80 percent – of Mycronic’s carbon footprint is attributable to our customers’ use of our products. Reducing the climate impact of products therefore plays an important role in Mycronic’s product innovation plans. We focus on technical innovation to enable lower energy consumption and higher efficiency of our products. We also innovate to reduce our customers’ production waste and to prolong the life of our products. In this work, life cycle analyses (LCAs) of our products provide important input. In 2023, the LCA conducted on one of our mask writers was reviewed by an independent third party.

The Sustainable Innovation Fund

Our Sustainable Innovation Fund supports internal or external projects that promote sustainability in the electronics industry or otherwise support selected UN Sustainable Development Goals. The Fund also encourages interest in sustainability throughout the Mycronic Group and shows how sustainability can be woven into business. Two new projects received funding in 2023. One explores possibilities to utilize biodegradable materials in the production of electronic components and the other studies circular business models. In 2023, the Fund also organized a full day of seminars for employees on the theme Climate Innovation.

Energy efficiency of our products

Our Pattern Generators division made a number of breakthroughs in 2023. The division delivered its first display mask writer fitted with a solid state laser (consuming up to 99 percent less energy than traditional gas lasers); and received its first client order to retrofit the gas laser in already installed mask writers to solid state lasers. With a significant amount of mask writers currently on the market – which are likely to remain in use for many years to come – the exchange program launched by the Pattern Generators

division is set to play a key role in our efforts to decrease our clients’ and our own carbon footprint (find more information on this topic on pages 22 and 23).

The other divisions also made good progress on reducing impact from their products in 2023, including:

- The High Volume division started sales of its updated MYD Dispenser, which improves energy efficiency by up to 25 percent.
- Global Technologies redesigned the control system in one of its high-precision dispenser products, which resulted in reductions in energy consumption of up to 35 percent.

Change in scope 1 emissions since 2022


-8%

Change in scope 2 emissions since 2022


10%

OUR CARBON FOOTPRINT


Share of total emissions by cause and scope

 = Included in Mycronic’s climate target

Scope 1

Direct emissions from generation of heat at own facilities, and fuels for company owned cars **0.3%** 

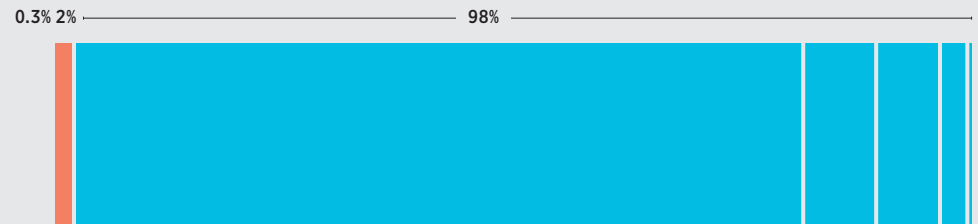
Scope 2

Indirect emissions associated with our consumption of purchased electricity **1.5%** 

Scope 3

Indirect emissions caused by our activities but not controlled by us:

- Energy consumed when clients use our products **80%**
- Purchase of materials **8%**
- Transportation **7%** 
- Business travel **3%** 
- Waste and other **0.5%**



Environment *continued*

Materials in products and circularity

Mycronic's products contain a large number of materials and components. We are taking action to reduce the amount of materials and to promote the circularity of our products. Our divisions work on improving design, offer services to control production efficiency, and extend the life of our products through service and replacement of spare parts.

For example, through redesign our Global Technologies division managed in 2023 to eliminate the need for ten printed circuit boards (PCBs) in its dispenser systems. Only three PCBs can now do the same job as previously thirteen, which saves both material and energy consumption.

Several of our divisions provide digital solutions to identify potential production errors which can cause materials wastage at customer sites. They also offer regular maintenance services, some of which are offered remotely, and replacement of key spare parts.

Finally, the divisions have programs to reuse and upgrade parts of their product families. The High Flex division, for example, has a buy-back program under which equipment is renovated and upgraded for resale.

Waste and hazardous substances

Waste from electronics and electronic equipment is one of the fastest-growing waste streams globally. Several substances classified as hazardous are found in electronics and can become a problem for health and the environment, mainly when they become waste.

Waste at our facilities

Waste amounts from Mycronic's operations and products are comparatively small because of the relatively small number of products manufactured combined with long service lives of the products. Waste decreased in 2023 compared to 2022, driven mainly by a reduction at the Swedish production site.

The divisions are working continuously to increase recycling. For example, our produc-

tion site in Tewksbury, USA, has increased the amount of waste recycled in recent years. In Sweden, we collaborate with an external partner to reuse or recycle IT waste. In 2023, this resulted in savings of more than 23,000 kg CO₂e. During the year, the Swedish site also introduced collection of food and coffee grounds waste for composting. Finally, several sites have invested in waste compactors which have reduced the need for waste removal from the site, thereby reducing emissions from transports.

Hazardous substances

Mycronic handles small amounts of 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 our products.

We commit to comply with 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 new chemicals, including risk assessments and evaluation of compliance with legal requirements,
- correct labelling, use, storage, delivery and transportation,
- instructions to prevent misuse,
- availability of personal protection equipment and spill containment apparatus,
- mandatory training of employees,
- processes for the identification, evaluation, and elimination of chemicals containing hazardous substances (i.e., substances on the REACH Candidate list, CMR 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. In Sweden, substances with higher identified risks are used only when their use is stipulated and mandatory. Yearly goals are set to phase out specific chemicals, and risk assessments and audits of chemicals are performed regularly by an independent external partner. In 2023, the Swedish site also launched a project with the aim of making the facility's heating and cooling systems PFAS-free.

Reduction of waste from our operations since 2022

-13%

Tonnes of materials reused through repurchases in 2023

26

One of the projects co-funded by Mycronic's Sustainable Innovation Fund explores possibilities to utilize biodegradable materials in the production of electronic components.



Environment *continued*

Environmental disclosures

Environmental management at Mycronic

Environmental management at Mycronic is based on our 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 (see page 105, 106 and 112). In all other material environmental areas, we have defined our ambitions in our Group Policies, and we have established instructions that the whole organization must follow.

The divisions have set environmental targets in line with the Group strategy and identified significant environmental aspects. The divisions are responsible for their implementation and for reporting results through our quality and environmental management system.

Improving environmental data quality

During 2023, an extensive work to ensure more robust environmental data was conducted. Calculation methods were updated and fine-tuned, a broader data coverage was obtained, and the

quality of the data provided was secured through analyses and controls. This has resulted in updates of part of the data previously presented.

To ensure comparable results against 2023, data from 2022 is restated in this report for all environmental disclosures. The acquired companies atg Luther & Maelzer (atg L&M) and Shenzhen Huan Cheng Xin Precision Manufacture Co. Ltd. (HC Xin), are from the 2023 report included in all environmental disclosures from 2022, where they in previous reports were included only in part of the disclosures.

Data for 2021 and earlier is not comparable with data from 2022 and 2023, due to differences in scope and, for some data points, methodology changes. Exceptions in boundary or scope are described in connection to the reported data.

Collection and reporting of environmental data for 2023 were done by representatives at each business unit. All data have been reported in the online platform, Our Impacts, where evidence is stored. A quality assessment was executed by an external consultant (ZeroMission and U&We).

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 several types of electronic components.

The decrease from 2022 is due to reduced production volumes at our Chinese production sites.

Methodology

The table shows the weight of main materials that are used to produce and package Mycronic's primary products. Each production site reports material

type and amount in kg from products (machines) sold during the year, including packaging. These are classified into different categories. The materials covered in the data are metals, composite and stone, plastic, and electronics. Of the reported materials, metals represent the major part. Packaging materials include packaging for the products. Total weight is calculated by estimating material proportion in products, known weight of the products, and multiplied by the number of sold products during the year.

Data coverage

Data for 2023 covers all operations.

Data for 2022 has been restated to include the acquired company Hc Xin, as well as to adjust data for production in China. This restatement resulted in an increase of almost 1,200 tonnes for 2022.

Omissions

Due to the data being unavailable, Mycronic cannot report the data broken down by renewable and non-renewable materials.

Water

Water and effluents are not material topics for Mycronic. Mycronic has nevertheless chosen to publish water consumption data since 2021, to respond to stakeholder requests. Water is not used in Mycronic's production processes, and we do not have manufacturing sites or substantial presence in regions facing high water stress. The consumption relates to bathrooms and canteens. The higher water consumption in 2022 was due to a leakage at the Swedish site.

Data coverage and omissions

Data covers water consumption from all Mycronic production sites. It does not include sales and service offices.

Data for 2022 has been restated to include the acquired company atg L&M, as well as to exclude some sales and service offices that previously were included. In total, the difference is minimal.

MATERIAL USED BY WEIGHT

Group, tonnes	2023	2022
Material consumption – products	3,208	3,768
Packaging materials, incl. paper, cardboard and plastics	374	464
Total	3,582	4,232

WATER CONSUMPTION

Group, m ³	2023	2022
Total	16,710	21,523

Environment *continued*

Energy

The disclosures related to energy cover consumption within the organization as well as outside of the organization. Energy consumption within the organization includes energy used in facilities and

energy consumption from fuels in company owned cars. Energy consumption outside of the organization includes energy consumption from the use of Mycronic's products (at clients' facilities).

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Energy consumption and mix	2023	2022
(1) Fuel consumption from coal and coal products (MWh)	—	—
(2) Fuel consumption from crude oil and petroleum products (MWh)	1,548	1,361
(3) Fuel consumption from natural gas (MWh)	426	556
(4) Fuel consumption from other fossil sources (MWh)	99	137
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	5,445	4,944
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	7,519	6,999
Share of fossil sources in total energy consumption, %	62	60
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	65	—
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	4,556	4,583
(10) The consumption of self-generated non-fuel renewable energy (MWh)	—	—
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	4,622	4,583
Share of renewable sources in total energy consumption, %	38	40
Total energy consumption (MWh) (Calculated as the sum of lines 6 and 11)	12,141	11,582

Energy consumption within the organization

Energy consumption within the organization includes energy used in facilities for electricity, heating and cooking (consisting of electricity, natural gas, LPG and biofuel), as well as fuel used by company owned cars. The calculation is based on consumption of gas, electricity and fuels, and driven kilometers for company owned cars. Conversion factors from BEIS are used to convert gas, fuels, and kilometers to kWh.

The total energy consumption has slightly increased over the last year. This is driven by an increase in energy consumption from company owned cars, as well as a slight increase in purchased electricity. Burning oil used for heating facilities has been phased out and replaced by renewable biofuel, HVO. Natural gas and LPG usage has decreased, in total by 30 percent.

Renewable energy

The share of renewable sources in the total energy consumption has slightly decreased, from 40 percent in 2022 to 38 percent in 2023. Close to half, 46 percent, of the electricity consumption now comes from renewable sources. The electricity bought in Sweden comes from hydro power, in the UK it is a mix of hydro, wind and solar and in Germany the electricity is a mix of wind and hydropower.

The Swedish headquarters use geothermal energy to heat its building but uses additional means during particularly cold winter days. Bioenergy, HVO, was used for additional heating needs in Sweden during 2023.

Data coverage

Data for 2023 covers the whole Group.

Data for 2022 has been restated. Company owned cars have been included (this has previously been duly included in the emissions data disclosure for scope 1, but was not explicitly reported here), resulting in an increase of approximately 1 300 MWh. A correction of the amount of bioenergy combusted has resulted in a decrease of 10 MWh. In total, the result from 2022 has increased by 13 percent compared to the previously stated data.

Omissions

Cooling and steam consumption is minimal and is therefore not disclosed. Renewable energy is only included and disclosed as such, when specifically reported by a unit and supported by certificates or other evidence. Similarly, we have assumed that all the electricity and fuels used in company owned cars come from 100 percent non-renewable sources.

Environment *continued*

Energy *(continued)*

ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION

Energy consumption from the use of sold products

Group, MWh	2023	2022
Total	208,986	239,726

Energy consumption outside of the organization (from the use of Mycronic's products)

The energy consumption reported outside of the organization is calculated based on the lifetime energy consumption of Mycronic products during use at the customer site, for products sold during the reporting year. It is therefore closely correlated to yearly sales of our products. Since the energy consumption during use differs significantly between our product lines, both the amount and type of products sold will affect the result.

The power consumption data per product and estimates did not change between 2022 and 2023. Consequently, the identified decrease of energy consumption from the use of sold products between 2022 and 2023 was only affected by the amount and type of products sold. In the future, we expect differences in energy consumption between two generations of a product to start affecting the result as well.

Mycronic's products have a long lifetime. The majority are used for around 15 years, and are used during multiple shifts or even 24 hours a day at the customer's site. As a result, the electricity consumption within this category is high compared to, for example, Mycronic's internal electricity consumption.

Methodology

The data is reported in accordance with the Greenhouse Gas (GHG) protocol's category 11, "Use of sold products". We calculate energy usage, specifically electricity, from the use of our sold products based on a life-time electricity consumption (MWh) at the customer's site.

For each type of product, we collect data regarding:

- Number of products sold during the reporting year
- Total expected lifetime, expressed in total number of hours in use (both stand-by and full operation),
- Power consumption
- Country where the product is being used by the customer

Indirect energy used at the customer site is not included, such as electricity needed for clean room, pressured air, cooling, et cetera.

Data coverage

Data for 2022 and 2023 covers the whole Group.

Data for 2022 is restated as a result of the methodology update conducted in 2023 (see page 99 and 108). The data has been recalculated in accordance with the methodology of the GHG protocol, category 11. "Use of sold products".

Mycronic previously reported the electricity consumption for one year of use of our entire installed base. The GHG protocol requires companies to report the whole life-time energy consumption of the products, the year they are sold. This change in methodology has resulted in significantly higher figures compared to the previously stated data.

Emissions

Mycronic measures its scope 1, scope 2, and material scope 3 greenhouse gas emissions. Mycronic's largest climate impact occurs in our downstream scope 3 emissions, when the products are used by our customers.

Methodology for emission accounting, scope 1-3

Mycronic reports greenhouse gas emissions in accordance with the recommendations of the Greenhouse Gas Protocol Corporate Standard (GHG Protocol), including all seven required greenhouse gases: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃. To calculate emissions, Mycronic uses a carbon emissions calculation tool ("Our Impacts") from

an external provider, who also provides the emission factors. The global warming potential (GWP, AR5) rates used are: 1 for CO₂ and for CO₂e, 28 for CH₄, 265 for N₂O and 0 for biogenic CO₂. Biogenic CO₂ emissions are included in the calculation and were 25 tonnes in 2023. We use the operational control consolidation approach and the market-based method as our main scope 2 accounting method.

Due to the lack of available data, some of the scope 3 emissions stemming from the acquired company HC Xin was not included in Group scope 3 emissions data in previous reports. During 2023, the data for 2022 was updated by using estimations based on the data reported for the first half year

Group, tCO ₂ e	2023	2022	% N/N-1
Scope 1 GHG emissions			
Gross scope 1 GHG emissions	489	534	-8%
Percentage of scope 1 GHG emissions from regulated emission trading schemes, %	—	—	0%
Scope 2 GHG emissions			
Gross location-based scope 2 GHG emissions	2,799	2,570	9%
Gross market-based scope 2 GHG emissions	2,846	2,590	10%
Significant scope 3 GHG emissions			
Total Gross indirect (scope 3) GHG emissions	185,633	207,513	-11%
1. Purchased goods and services	14,606	18,153	-20%
3. Fuel and energy-related activities (not included in scope 1 or scope 2)	1,030	968	6%
4. Upstream transportation and distribution	5,938	4,820	23%
5. Waste generated in operations	0.02	0.03	-22%
6. Business travel	5,437	2,542	114%
9. Downstream transportation	7,627	5,508	38%
11. Use of sold products	150,994	175,522	-14%
12. End-of-life treatment of sold products	2	1	126%
Total GHG emissions			
Total GHG emissions (location-based)	188,921	210,617	-10%
Total GHG emissions (market-based)	188,968	210,637	-10%

Environment *continued*

Emissions *(continued)*

of 2023. This concerns the following categories: business travel, upstream/downstream transportation, waste generated in operations, and purchased goods and materials.

Data coverage for scope 1 and scope 2 emissions

Scope 1 and 2 data for 2023 covers the whole Group.

Scope 1 consists of emissions from fuel usage at facilities and from the use of company owned cars. Refrigerant leakage is currently not measured and therefore excluded. Scope 1 data for 2022 is restated with approximately 2 tonnes, corresponding to less than a 1 percent increase from previously stated data. The difference arises from a correction of bioenergy combusted and the addition of HC Xin's company owned cars.

Scope 2 consists of emissions from purchased electricity within the organization, including electricity usage in facilities and electricity used for company owned cars. Scope 2 data for 2022 is not restated.

Data coverage for scope 3 emissions

Data for 2023 covers the whole Group, with some exceptions stated under omissions.

Category 1. Purchased goods and services:

This category mainly consists of estimated emissions from materials used in our products, including packaging. See "Materials" on page 108 for information about the scope, definitions and methodology used. This category also includes emissions from printed paper from offices, measured by weight, as well as from water supply (see "Water" on page 108).

Category 3. Fuel- and energy related activities:

This category consists of emissions from upstream emissions arising from scope 1 and 2 activities. More information regarding data coverage can be found under "Data coverage for scope 1 and 2 emissions" above.

Category 4. Upstream transportation and distribution and Category 9. Downstream transportation and distribution:

Data for transportation is mostly based on the distance-based method, where weight and distances are either estimated (based on sold products), or come from reports from expeditors and third-party delivery firms. Some expeditors provide emissions data, which is included in the reporting only when the expeditor could verify well-to-wheel (WtW) calculations.

Data covers primarily outbound (sold units) deliveries to clients. In some cases, the outbound transportation from Mycronic's sites to other own facilities might be double-counted and also reported as incoming transports.

A Radiative Forcing Index (RFI) of 2 has been added to flight transport. All transportation is calculated as well-to-wheel (WtW).

Category 5. Waste generated in operations:

For information about the data coverage, definition, and methodology for data within this category, see "Waste" on page 114.

Category 6. Business travel:

Business travel includes air flights, travel by employee owned cars and train travel. It also includes taxi travel for the production sites located in China. Data is collected from travel agency reports and internal accounting. A Radiative Forcing Index (RFI) of 2 has been added to flight travel.

Category 11. Use of sold products:

We calculate emissions from the use of our sold products based on a life-time electricity consumption (kWh) at our customer site, with emission factors for the countries where the products are used. For more details regarding data coverage and methodology, see "Energy consumption outside of the organization", page 110.

Our customers are present mainly in Asia, North America and Europe, with a majority in Asia. The electricity mix within these countries affect the emissions significantly.

Category 12. End-of-life treatment of sold products:

For information about the data coverage, definition, and methodology for data within this category, see "Waste" on page 114.

Restatement of 2022 data for scope 3 emissions

Data for 2022 is restated as a result of the major update to our methods for calculating environmental data (see, page 99 and 108). In total, the difference from previously presented data is approximately 87,000 tonnes CO₂e. The most important differences are due to the following:

- Emissions from the use of sold products have been recalculated with a new methodology according to the GHG Protocol.
- The acquired company HC Xin has been included for all scope 3 reporting categories.

Emissions from the use of sold products have been recalculated according to the methodology for category 11. "Use of sold products" in accordance with the GHG Protocol. Data for HC Xin has also been included. This resulted in an increase of approximately 80,400 tonnes CO₂e (further explanation under "Energy consumption outside of the organization", page 110).

Emissions from upstream and downstream transportation increased with a little over 710 tonnes CO₂e. This is due to the increased scope of reported data, which now covers the whole Group, as well as to adjustments of data by some divisions that had identified errors in the previous reporting. In addition, the Radiative Forcing Index (RFI) for air freight has been updated from 1,9 to 2, which also contributed to the increase.

Emissions from business travel increased by approximately 160 tonnes CO₂e, since data for HC Xin was added to the scope of reported data.

Emissions from purchased goods and services increased by approximately 6,000 tonnes CO₂e. Two of the production sites have restated the data for purchased materials, and data from HC Xin was added to the scope of reported data.

Emissions from waste generated in operations decreased by approximately 40 tonnes CO₂e following a correction for "waste generated in operations" for the Swedish production site.

Omissions for scope 3 emissions

Category 1. Purchased goods and services:

Subcontractors' scope 1 and 2 emissions are not included (all materials purchased from the subcontractors are included).

Category 3. Fuel- and energy related activities:

Omissions can be found under "Data coverage for scope 1 and 2 emissions".

Category 4. Upstream transportation and distribution and Category 9. Downstream transportation and distribution:

Data regarding inbound transportation is not available for USA, China, including Taiwan, for 2022 and 2023. On the other hand, three sites were able to include larger parts of downstream transportation in their reporting for 2023, which had not been covered in previous years' scope of reporting.

The Swedish production site was not able to obtain data from one of the smaller transport carriers.

Category 6. Business travel:

Business travel does not include rental cars and hotel stays.

Taxi travel is excluded for all sites, except for the production sites located in China. This is due to the small amount of taxi travel in other countries than China.

For a small amount of train travel, data is not available and therefore excluded for both 2022 and 2023.

Data regarding employee owned cars has been excluded for some offices in 2022 but included for 2023.

Parts of flight travel are excluded due to lack of available data. One office in the USA could not retrieve data for 2023, and one of the offices in Sweden has not been able to retrieve data for domestic flight travel within China for both 2022 and 2023. One office in China has excluded parts of air travel data for 2022, but it is included for 2023.

Category 5. Waste generated in operations:

Omissions can be found under "Waste", page 114.

Category 12. End-of-life treatment of sold products:

Omissions can be found under "Waste", page 114

Observations

Overall, scope 3 emissions represent the large majority of Mycronic's climate impact, standing for 98 percent of total emissions, with the category "Use of sold products" (i.e., energy consumption outside of the organization) representing 80 percent of the total emissions. The second

Environment *continued*

Emissions *(continued)*

largest category is purchased goods and materials, standing for 8 percent, followed by upstream and downstream transportation, 7 percent and business travel, 3 percent.

Use of sold products

The decrease of scope 3 emissions between 2022 and 2023 is mainly resulting from the decrease in energy consumption from the use of sold products. This decrease is affected by the amount and type of products sold. In 2023, the total number of products sold was lower compared to 2022, resulting in a large decrease of energy consumption from product use in 2023. Differences in energy consumption between two generations of a product are not visible for a two year period but is expected to affect the result in the future.

Transportation and distribution

Transportation emissions have increased since 2022. This is due to a shift in transportation mode, where more products have been transported with air freight and less with ocean freight compared to the previous year. In addition, the scope of reported data increased slightly in 2023, which also affected the result.

Air freight emissions have also increased because the emission factor for aviation, provided by BEIS, increased significantly in 2023. This is a delayed consequence of reduced load factors during the covid-19 pandemic. 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.

Calculating emissions from transports are complicated and complex. Mycronic continues to improve data quality in this area and will recalculate and restate data for previous years if necessary.

Purchased goods and materials

The emissions in this category are mainly based on estimates and the data will be improved for future reporting. The decrease from 2022 is due to a significantly reduced production volume at the Chinese production sites.

Business travel

Emissions from business travel have increased significantly since 2022. This is largely due to the fact that a lot of travel could not be carried out during covid-19. Since 2022, Mycronic has increased train travel, but the largest share of our travelled distances is still with airplane. Flight travel stands for the largest part of our emissions within this category and the largest part of our increase in emissions. The increase is however also a result of the significant increase of the emission factor for aviation, provided by BEIS in 2023, as a delayed consequence of reduced load factors during the covid-19 pandemic.

Climate target

Mycronic has set a target to reduce own CO₂e emissions by 50 percent to 2030. In 2023, Mycronic also submitted target proposals to the Science Based Targets initiative, covering emissions from scope 1 and 2, as well as scope 3 category 11. "Use of sold products". The proposals are still awaiting validation by the Science Based Targets initiative.

EMISSIONS COVERED BY GROUP CLIMATE TARGET

Group, tCO ₂ e	2023	2022	Recalculated base year
Total	23,367	19,323	21,901

Data coverage and base year

By "own CO₂e emissions" we refer to emissions from:

- **Energy consumption from facilities** – Scope 1 and 2 and related scope 3. Cat. 3 "Fuel- and energy related activities" in accordance with the GHG protocol.
- **Transportation** – Scope 3, cat. 4 and 9 "Upstream/ Downstream transportation" in accordance with the GHG protocol.
- **Business travel and company cars** – Scope 3, cat. 6 "Business travel", and scope 1, Company operated cars and related scope 3. Cat. 3 "Fuel- and energy related activities" in accordance with the GHG protocol.

The base year for Mycronic's climate target is 2020, except for business travel for which the base year is 2019 due to the travel restrictions during covid-19 in 2020.

Data for 2023 covers the whole Group. Further details regarding data coverage and omissions related to the GHG categories included in the Climate target, can be found on pages 110–112.

Restatement of base year data

Data for the base year, as well as for 2022, is restated to ensure comparison over the same scope, and as a result of the major update to our calculation methods (see "Boundaries and changes", page 99 and 108).

Base year data

In total, the difference from previously presented data is an increase of 23 percent. Changes include:

- **Emissions from energy consumption:** A correction of electricity usage data has resulted in an increase of 144 tonnes CO₂e.
- **Emissions from transports:** Emissions for HC Xin have been added and some divisions have corrected previously reported data. For divisions that increased their scope in 2023 (e.g. by adding "cat 9. Downstream transportation and distribution") emissions have been added to enable comparisons over the years. The Radiative Forcing Index (RFI) for air freight has been updated from 1,9 to 2. These additions have resulted in a total increase of approximately 3,000 tonnes CO₂e.
- **Business travel:** Emissions for HC Xin have been added. Emissions from employee owned cars, taxi, and train travel (added to the scope of reporting in 2021), have been added to enable comparisons over the years. In total, this has increased emissions with 970 tonnes CO₂e.

Data for 2022

In total, the difference from previously presented data is an increase of 20 percent. Changes include:

- **Emissions from energy consumption:** A correction of bioenergy combusted, and a correction of electricity usage has resulted in an increase of 143 tonnes CO₂e.

- **Emissions from transports:** The same additions as for the base year data were made (see above), resulting in a total increase of a little over 2,900 tonnes CO₂e in 2022.
- **Business travel:** Emissions from HC Xin were added, resulting in an increase of almost 160 tonnes CO₂e.

Observations

Emissions included in our climate target have in total increased by 7 percent since our base year. Between the base year and 2023, emissions from facilities increased mainly due to higher electricity usage at one of our Chinese production sites. Transportation emissions remained stable, while emissions from business travel increased. The significant increase of the emission factor for aviation has affected the results for emissions both from transportation and from business travel.

Similar trends are observed also when comparing the original base year data with a comparable scope for 2023.

Environment *continued*

Sources of emission factors used

Scope 1

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- United Nations (2023). UN Statistics Division – 2020 Energy Balance Visualizations. <https://unstats.un.org/unsd/energystats/dataPortal/> IPCC (2019). Revised IPCC Guidelines for National Greenhouse Gas Inventories: Reference Manual. Intergovernmental Panel on Climate Change. Cambridge University Press, Cambridge. (No refinement from 2006).

Scope 2

- AlB (2023). European Residual Mixes 2022. Version 1.0, 2023-06-01. Association of Issuing Bodies.
- Client-supplied market-based instrument emission factor
- CO₂ emissiefactoren (2023), <http://co2emissiefactoren.nl/lijt-emissiefactoren/> accessed March 2023
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Scope 3

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Environment *continued*

Waste

WASTE GENERATED, BY TYPE AND DISPOSAL METHOD

Total waste from operations

Group, tonnes	2023	2022
Non-hazardous and hazardous waste	198	226

Non-hazardous waste from operations

Group, tonnes	2023	2022
Recycling	81	77
Recovering, incl energy recovery	59	78
Landfill	32	33
Total	172	188

Hazardous waste from operations

Sweden, tonnes	2023	2022
Combustion, without energy recovery	26	38

Product end-of-life disposal

Sweden, tonnes	2023	2022
Recycling	272	128
Recovering, incl energy recovery	81	39
Landfill	206	91
Reuse	26	39

The disclosures related to waste cover waste from Mycronic's own operations as well as waste from product disposal (at the end of life of Mycronic's products). Over forty percent of Mycronic's total waste is sent for recycling. Most remaining waste is incinerated with energy recovery. A limited amount of waste, half of which consists of the natural stone diabase, goes to landfill. Sourcing departments are responsible for ensuring that third parties chosen to provide waste management services respect legal obligations.

Waste from operations decreased with 13 percent in 2023, driven by a reduction at the Swedish production site.

Waste from product disposal increased significantly, because more and heavier machines were disposed of during 2023 compared to 2022. In particular, machines with a large and very heavy stone diabase were disposed, resulting in the increase of waste to landfill.

Methodology

The amount of waste in weight (kg) generated in operations is categorized into landfill, hazardous, recycled, and incinerated waste treatment.

For product end-of-life disposal, we assume that all materials that can be recycled have been recycled when disposed. To calculate amounts, we have used information about product content and

an estimated number of units recycled, combined with information provided by the waste disposal contractor. Reuse refers to materials reused through Mycronic's buy-back program (see page 107).

Data coverage

Figures for non-hazardous waste from operations include all production sites worldwide.

Data for 2022 has been restated for "Non-hazardous waste from operations" for recycling, where the acquired company Hc Xin has been included, resulting in a minor increase compared to the data originally disclosed.

Data for hazardous waste and for product end-of-life disposal covers Swedish operations.

The reported data for 2022 in "Product end-of-life disposal - reuse" has decreased due to an adjustment made by the Swedish site.

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.

Waste from end-of-life treatment from sold products only includes data from production done in Europe. Data is unavailable for the other regions.

Social

A people-centric culture

Mycronic's employees are crucial to the company's value creation and growth. We offer an attractive, inclusive, and healthy workplace.

Inclusion and diversity

Mycronic has operations in 12 countries with more than 2,000 employees in total, representing many nationalities. Embracing that diversity and cultivating an inclusive and collaborative culture is key for creating a thriving workplace and for driving innovation and growth. A key aspect of diversity is gender equality. Currently, 18 percent of Mycronic employees are women. We have a clear ambition to increase that proportion and gender targets have therefore been set both at Group and division level (see page 17). Activities are conducted to attract more women to Mycronic and to inspire and build a stronger sense of belonging among women already working here. For example, we run an internal women's network that meets at least two times a year for shorter seminars, sharing experiences and networking.

We also run different programs to promote diversity in a broader sense. Many of our sites run targeted recruitment activities, such as participating in dedicated job fairs or posting open positions on job boards geared specifically toward veterans or people with disabilities.

Our commitment to non-discrimination

Mycronic is committed to providing a workplace that is free from any type of discrimination and to promote diversity and equity. We monitor this through an annual employee survey and by encouraging employees to report incidents to their immediate manager, HR, or through the whistleblower function. Any discrimination case based on any of the categories listed in our Code of Conduct, our Diversity and Inclusion Policy, or in ILO instruments, may be reported. One incident,

categorized as harassment, was reported directly to HR in 2023. Measures were taken immediately to resolve the situation, and the case is no longer subject to any action.

Highlights 2023

- Mycronic became a member of the European network Diversity Charter, the world's largest diversity and inclusion network. The network brings together 15,400 organizations that employ a total of more than 17 million people. By joining the Diversity Charter, Mycronic has made a voluntary commitment to create and maintain an inclusive working environment for its employees, free from discrimination on the basis of gender, racial or ethnic origin, religion, age, disability, or sexual orientation.
- The Global Technologies division in Germany held diversity and inclusion trainings for all its employees and started offering individual coaching to female managers.
- In Sweden, Mycronic participated in the Female Digital Engineers program. The program offers female students opportunities to meet and network with some of Sweden's most innovative companies and gain understanding of opportunities in engineering.

Training and development

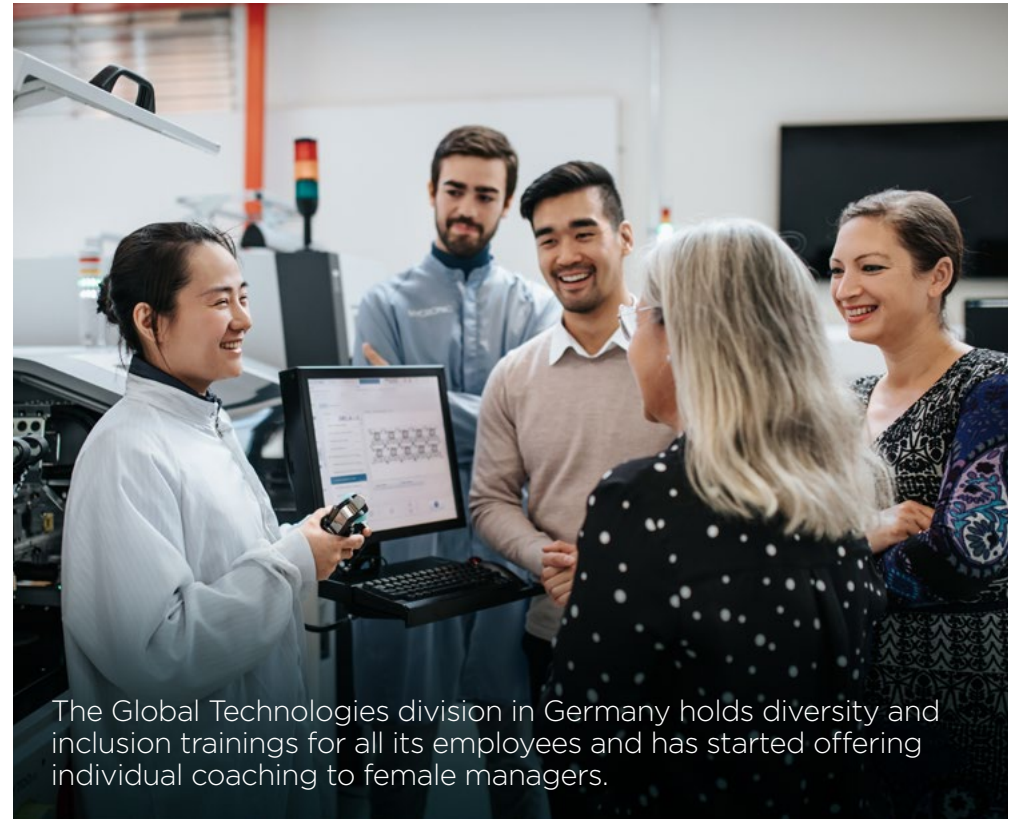
Training and learning on the job are essential for our employees' continuous development and for Mycronic to stay on the cutting edge of technological development. Mycronic therefore works in a structured way with knowledge-sharing and technology transfers within and across functions in all divisions. Learning and growth opportunities are offered both globally, for example via our

Employees with performance and development reviews

91%

Women's average salary as a percentage of men's

102%



The Global Technologies division in Germany holds diversity and inclusion trainings for all its employees and has started offering individual coaching to female managers.

Social *continued*

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.

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.

Mycronic's commitment to health and safety is outlined in the Health and Safety (H&S) Policy and the Code of Conduct. We have a Group Occupational Health and Safety (OHS) Board, whose mission is to build a strong health and safety culture within Mycronic. This is done through awareness raising, shared working methods, recommendations of actions, and joint follow-up on incidents and accident reporting. The Board consists of representatives from HR and Operations from each division. It is chaired by Sr VP Human Resources.

In South Korea, our local site is certified to ISO-45001. In Sweden, an 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 Mycronic's policies and requirements as well as with local laws and regulations.

Monitoring, audits and inspections

Incidents and injuries are reported at all sites and are also monitored on Group level. All incidents are followed up locally and corrective measures are implemented as necessary. Internal health and safety inspections are also conducted regularly throughout the Group. In 2023, Mycronic Group conducted in-depth internal health and safety audits at all divi-

sions including at our premises in Shenzhen (China), Täby (Sweden), Tewksbury (US) and Wertheim (Germany).

Health and safety training and other initiatives

Mycronic continually trains employees to reduce and prevent physical, ergonomic and psychosocial risks. All employees receive 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. For roles that are exposed to specific risks, such as chemicals or lasers, we provide additional specific safety training. In 2023, 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. In the US, safety suggestion "mailboxes" have also been installed.

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 received e-learnings. 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 naprapathy 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 in accordance with local practices. The health care services are in most cases provided by external companies that guarantee the employees' data confidentiality in accordance with current local legislation.

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.

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, and math (STEM) for children regardless of their background.

In Sweden, we also take part in Tekniksprånget, through which we offer internships to about 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 that introduces high school students to manufacturing and integrated photonics through a competition in which entrants solve real-world problems. 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.

Highlights 2023

In 2023, Mycronic's four major sites took action to support local communities. These are the headquarters in Sweden, Global Technologies' production sites in the US and in Germany, and High Volume's production site in China. In addition to initiatives to inspire future engineers, actions during 2023 also

included supporting local associations helping people in need, such as:

- In France, one site provided support to an educational program specifically designed for youth aged 16 to 19 with DYS disorders (e.g., dyslexia or ADHD), aiming to help these young individuals find suitable career orientation.
- In the US, employees organized activities to support an association providing housing for homeless families.
- In Germany, France and the US, employees organized activities to support local food banks.

Employment, social dialogue and fundamental workers' rights

Mycronic commits to diversity, equity, fair working conditions and freedom of association for employees, including the right to join trade union associations. In 2023, all employees in Sweden, the subsidiaries in France and Mycronic Fukuoka Co. in Japan, which equals 26 percent of Mycronic's employees, were covered by collective bargaining agreements. In Germany, our labor agreements negotiated between the works council and management apply to all employees in Wertheim and Wunstorf. These are not classified as collective bargaining agreements as per GRI standards, due to their non-union nature and the focus on company-specific policies rather than broader labor issues typically addressed in traditional collective bargaining.

In China, the subsidiary Axxon has a voluntary agreement with the authorities, which is reviewed every three years. Through the agreement, the company agrees to follow government requirements about for example benefits, work environment, wages, working hours and rest. The company also agrees to establish a local labor union whose participants are chosen by the company, both through voting and management decision. This local labor union does not formally negotiate with the employer.

Social *continued*

Social disclosures

Employees

Data coverage

Data covers all operations.

Methodology

Data was compiled through Mycronic's global Human Capital Management (HCM) system, on December 31, 2023. We have used a headcount methodology, counting the total number of individual employees within our organization as of the end of the reporting period. Our headcount figures exclude contingent workers, thesis workers, and student workers, as they do not fall under our internal definition of an employee. Temporary employees are defined as those who are hired for a specific period, which includes fixed-term employees and project workers. Gender data is based on the legal gender of the employee as recorded in our internal systems.

Full-time employees are defined as those who work a standard work week. Part-time employees are those who work less than full-time, which also includes non-guaranteed workers who do not have a set number of weekly hours.

Countries within our organization are categorized into regions. For Asia, this category includes China, Japan, Malaysia, Singapore, Vietnam, and South Korea. The European region consists of France, Germany, the Netherlands, Sweden, and the United Kingdom. The United States and Mexico is categorized under North America.

Employees by gender

Number (head count)	2023			2022		
	Total	Female	Male	Total	Female	Male
Employees	2,045	376	1,669	2,054	370	1,684
Permanent employees	2,039	375	1,664	2,038	363	1,675
Temporary employees	6	1	5	16	7	9
Full-time employees	1,979	342	1,637	1,991	338	1,653
Part-time employees	66	34	32	63	32	31

Employees by region

Number (head count)	2023			2022		
	Asia	Europe	North America	Asia	Europe	North America
Employees	160	1,237	648	163	1,274	617
Permanent employees	159	1,236	644	159	1,272	607
Temporary employees	1	1	4	4	2	10
Full-time employees	160	1,224	595	158	1,269	564
Part-time employees	0	13	53	5	5	53

Employees by business division

	2023					2022				
	Corporate office	Global Technologies	High Flex	High Volume	Pattern Generators	Corporate office	Global Technologies	High Flex	High Volume	Pattern Generators
Employees, number	46	300	489	859	351	38	317	513	866	320
Female, number	26	65	99	126	60	21	70	103	125	51
Male, number	20	235	390	733	291	17	247	410	741	269
Share of global workforce, %	2	15	24	42	17	2	15	25	42	16
Share of women in the division's workforce, %	57	22	20	15	17	55	22	20	14	16

Social *continued*

New employee hires and employee turnover

Data coverage

Data covers all operations.

Methodology

Employee data is compiled through the global Human capital management (HCM) system, on December 31, 2023. Voluntary turnover rate includes terminations due to employees' resignation, retirement or decease. Involuntary turnover includes employees who leave involuntarily or due to reduction in force. The formula we use for our turnover rate is as follows:

Turnover rate = (Number of employees who leave the company / average number of employees) * 100.

Only regular employees are included, excluding contingent, student, thesis and temporary workers. During the reporting period, we count the total headcount at both the start and the end to determine the average number of employees.

Differences in turnover rates between periods can be affected by the number of employees included in each group. Smaller groups may see fluctuations in turnover figures as each departure or new hire represents a larger percentage of the group's total.

New employee hires by gender

Number	2023			2022		
	Total	Female	Male	Total	Female	Male
< 30 years	168	34	134	220	34	186
30-50 years	148	29	119	230	32	198
> 50 years	24	11	13	38	15	23
Total	340	74	266	488	81	407

New employee hires by region

Number	2023			2022		
	Americas	Asia	Europe	Americas	Asia	Europe
< 30 years	12	139	17	25	179	16
30-50 years	17	78	53	26	163	41
> 50 years	9	5	10	14	8	16
Total	38	222	80	65	350	73

Employee turnover rate by gender

Percentage, %	Voluntary turnover - 2023			Voluntary turnover - 2022		
	Total	Female	Male	Total	Female	Male
< 30 years	27	35	26	38	44	37
30-50 years	14	12	14	14	12	15
> 50 years	7	11	6	9	14	8
Total	15	16	15	18	18	18

Percentage, %	Turnover rate - 2023			Turnover rate - 2022		
	Total	Female	Male	Total	Female	Male
< 30 years	28	35	27	38	44	37
30-50 years	15	16	15	15	12	15
> 50 years	9	14	8	10	15	9
Total	16	18	16	19	18	19

Employee turnover rate by region

Percentage, %	Voluntary turnover - 2023			Voluntary turnover - 2022		
	Americas	Asia	Europe	Americas	Asia	Europe
< 30 years	36	28	18	71	39	7
30-50 years	9	16	8	28	15	10
> 50 years	13	11	5	19	7	7
Total	15	19	7	27	21	8

Percentage, %	Turnover rate - 2023			Turnover rate - 2022		
	Americas	Asia	Europe	Americas	Asia	Europe
< 30 years	46	28	18	77	39	7
30-50 years	29	16	9	32	15	11
> 50 years	22	12	5	21	9	7
Total	28	19	8	31	22	9

Social *continued*

Percentage of employees receiving regular performance and career development reviews

Data coverage

Data covers all operations with the exception of those at atg L&M and HC Xin.

Methodology

"My Performance and Growth" is the name of Mycronic's process for managing employee performance and development. This process involves evaluating each employee's annual performance and setting new development goals for the following year. For 2023 (conducted 2022), it includes all regular employees across our operations, with the exception of those at atg L&M (approx. 10 percent of total employees 2022) and HC Xin (6 percent of total employees 2022).

The data for this report has been extracted from Mycronic's global Human Capital Management (HCM) system. It focuses on the performance reviews conducted during the calendar year 2022. This is due to the fact that the current (2023) process is still ongoing. The data includes only employees who have been actively involved in the performance review process or have received feedback.

Omissions

Performance and Growth data divided per employee category is not available.

My Performance and Growth*

Percentage, %	2023		2022	
	Male	Female	Female	Male
Group	92	87	89	84

* My Performance and Growth = Employee Development Process.

Work-related injuries

17 work-related incidents were recorded in 2023. These incidents primarily involved commuting accidents and minor workplace injuries. Additionally, we encountered some incidents related to equipment and safety compliance, as well as other health-related incidents. No fatalities or high-consequence injuries were recorded. All incidents are followed up locally and corrective measures are implemented as necessary.

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

Fatalities: Events that resulted in death.

High consequence injuries: An injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

Other recordable injuries or ill health: Work-related injury or ill health that results in any of the following:

- loss of consciousness, days away from work, restricted work or transfer to another job,
- medical treatment beyond first aid,
- significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

Working hours have been reported by each company and have been calculated from payroll systems, time reporting or estimations based on standardized workdays.

Omissions

Data for 2023 includes only employees, excluding contingent workers/consultants.

Number of work related injuries

Number	2023		2022	
	Group	Sweden	Group	Sweden
Fatalities as a result of work-related injury	0	0	0	0
High-consequence work-related injuries (excluding fatalities)	0	0	0	0
Recordable work-related injuries	17	3	12	4
Hours worked	4,138,854	637,110	3,976,798	775,619

Rates of work related injuries

Rate	2023		2022	
	Group	Sweden	Group	Sweden
Fatalities as a result of work-related injury	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	0.8	0.9	0.6	1.0

Social *continued*

Diversity of governance bodies and employees

Data coverage

Data covers all operations.

Methodology

Employee data is compiled through the global Human capital management (HCM) system, on December 31, 2023. Data for the Board of Directors aligns with Mycronic's financial reporting practices and therefore excludes employee representatives.

Number (head count)	2023			2022		
	Total	Female	Male	Total	Female	Male
Employees						
< 30 years	440	68	372	466	65	401
30–50 years	1,138	218	920	1,136	213	923
> 50 years	467	90	377	452	92	360
Total	2,045	376	1,669	2,054	370	1,684
Total shares, %	100	18	82	100	18	82
Managers*						
< 30 years	11	1	10	10	1	9
30–50 years	193	35	158	208	33	175
> 50 years	98	22	76	86	20	66
Total	302	58	244	304	54	250
Total shares, %	100	19	81	100	18	82
Executive management						
< 30 years	0	0	0	0	0	0
30–50 years	2	1	1	2	1	1
> 50 years	6	2	4	6	2	4
Total	8	3	5	8	3	5
Total shares, %	100	37.5	62.5	100	37.5	62.5
Board of directors**						
< 30 years	0	0	0	0	0	0
30–50 years	0	0	0	0	0	0
> 50 years	7	2	5	7	2	5
Total	7	2	5	7	2	5
Total shares, %	100	29	71	100	29	71

* Definition used for Managers = Individuals with direct personnel responsibility over at least one employee.

** Excluding employee representatives

Business ethics

Conducting business responsibly

Conducting business responsibly, in accordance with laws and internationally accepted standards, is necessary for the long-term prosperity of any business. We have defined what being a responsible employer, employee and business partner means for Mycronic.

Policies governing our activities

Mycronic’s Codes of Conduct for employees, suppliers, and distributors cover topics related to the environment, human rights, labor rights, health and safety, supply chain and business ethics. 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.

All employees are required to read and sign the Code of Conduct, the Anti-Corruption Policy, and the IT Instruction every year. Systematic follow-up of signing is conducted and managers are responsible for ensuring that employees in their teams sign them. At the the beginning of 2024, 89 percent of the employees worldwide had signed these policies.

Responsible sourcing

Mycronic has approximately 1,500 suppliers globally. Our objective is always to source materials, goods and services responsibly. Direct suppliers of materials are required to sign the Supplier Code of Conduct as part of contractual agreements with us. The proportion of spending on local suppliers was 70 (81) percent in 2023 at Group level. The decrease is due to a change in the definition of “local supplier” by one of our divisions.

Due diligence in the supply chain

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. In Sweden, the 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 2023, 6 suppliers completed the self-assessment and all declared having processes in place to support the criteria. In addition, 13 audits were conducted. No major and three minor deviations were identified with regard to environmental (two) and social (one) criteria. Quality audits were also conducted during the year.

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 Directives, most recently in 2021 when 168 suppliers were assessed.

Conflict minerals

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 of raw materials from conflict affected and high risk 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. 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

Including agents and distributors, Mycronic is present in approximately 50 countries, some of which are deemed to be at an elevated risk of corruption by Transparency International. To safeguard against corruption, the company provides regular training to its employees. In 2023, 11 mandatory e-learning on business ethics and compliance were rolled out to all employees, except in China. Every month, employees received an e-learning with a different theme, for example fraud, bribery, conflicts of interests, anti-money laundering, or gifts and gratuities. At year end, 86 percent of the employees (Chinese operations not included) had completed the majority of the trainings. No corruption case was reported during 2023, neither through the whistleblowing system (see page 103) nor through any other reporting channels.

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. ECB also provides guidance on individual transactions and their compliance with the Trade Compliance Policy and other policies, as relevant. The ECB meets at least quarterly. It is led by the Group CFO and includes the General Counsel, Sr VP Global Functions and Sr VP Human Resources.

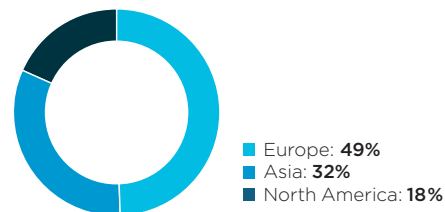
Number of suppliers globally

~1,500

Procurement budget spent on local suppliers

70%

Share of suppliers by region



Trade compliance

Mycronic is subject to Trade Compliance legislation, including Embargo and Sanction control, End User control, and End User Statements and Export license handling. Mycronic has established a Trade Compliance Policy that is supplemented by instructions, self-assessments and internal audits. Identified non-compliance risks are followed up three times a year.

Business ethics *continued*

Human rights

Mycronic's commitment to human rights is described in the Code of Conduct. 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 production 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. Human rights risks related to sales of products are partly addressed through our Trade Compliance Policy and related processes (e.g. by ensuring compliance to international sanctions and embargoes), but also by our Ethics and Compliance Board.

Information security

Our investment in cybersecurity continues to evolve, as risks in this area grow. We are constantly refining our processes and continually update our supporting technology. We apply specific security services for valuable assets and conduct proactive analyses, 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 regularly.

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.



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

EU Taxonomy Regulation disclosures for 2023

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.

Scope, limitations and definitions

Mycronic has applied a cautionary approach in its assessment of eligible and aligned 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 or alignment 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.

Definitions

- **Turnover:** Turnover related to eligible or aligned activities, in percentage of consolidated net sales.
- **OpEx:** Non-capitalized R&D costs related to eligible or aligned activities 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 eligible or aligned activities are reported as capital expenditures in percentage of total investments in tangible and intangible assets as well as add-ons of IFRS 16 leases.

Assessment of substantial contribution to climate change mitigation

Description of eligible activities

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 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 70 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 2023, 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 I 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 also considers one of its dispenser systems to be eligible to the EU taxonomy under "3.6 Manufacture of low carbon technologies". The updated version of this dispenser system is considered eligible since it demonstrates substantial life cycle GHG emission savings compared to alternative technology currently used in the market.

The recent major redesign of the dispenser system has resulted in a significant reduction of energy consumption during use. Measurements comparing the updated version with the previous model shows a reduction of 35 percent in electricity consumption when using the product. Mycronic considers this a substantial reduction leading to GHG emissions savings for the customer.

In 2023, there were no direct competitors to this product. Mycronic has therefore compared the product to its previous version which is currently

in use on the global market. As a result, Mycronic views this product as "the best performing alternative technology /.../ available on the market", in accordance with the description provided in the Annex I to the EU Taxonomy Climate Delegated Act (page 50).

R&D projects related to this dispense system are considered eligible, based on the same rationale as described above.

Aligned activities

For 2023, Mycronic considers a minor share of its eligible mask writers to be aligned with "3.6 Manufacture of low carbon technologies". These mask writers meet all the criteria outlined:

As required by the technical screening criteria, the reductions in greenhouse gas emissions during the life cycle of our mask writer have been calculated in a Life Cycle Assessment (LCA) of one of the relevant mask writer products.

The LCA was made in accordance with ISO 14040 and 14044 and was verified by an independent third-party (DNV).

The EU Taxonomy also requires alignment with a number of criteria under its sections "Do no significant harm" and "Minimum safeguards". To ensure compliance with these criteria, Mycronic has reviewed relevant policies and processes. A minor product modification, already planned but also deemed necessary for EU Taxonomy alignment, was implemented during 2023. Only products with this modification have been considered for alignment. In 2024, we expect the share of aligned products to increase. R&D projects related to aligned products or to the relevant technology are considered aligned.

In the table on page 124, Mycronic describes main points of its alignment with the relevant criteria under "Do no significant harm" and "Minimum safeguards".

The full version of Mycronic's Life Cycle Assessment Report was reviewed by DNV. The review concluded in an Independent Critical Review Statement. In this statement DNV added the following conclusion:

"Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the LCA methodology for Selected Information within /the mask writer/* LCA report is not fairly stated and has not been prepared, in all material respects, in accordance with the requirements of ISO 14040:2006 and ISO 14044:2006."

* The name of the product has been excluded for publication in this report.

EU Taxonomy Regulation disclosures for 2023 *continued*

DO NO SIGNIFICANT HARM ('DNSH')

Climate change adaption

Mycronic has performed a scenario analysis to assess its climate risks, in accordance with the technical screening criteria for the EU Taxonomy activity "3.6 Manufacture of low carbon technologies" (EU Taxonomy Climate Delegated Act, Annex 1, p 50 and p 189).

The climate scenario analysis was executed for the Representative Concentration Pathway 7.0 (SSP3) and 1,9-2,6 (SSP1), with the aim to assess risks and opportunities in different temperature outcomes.

Sustainable use and protection of water and marine resources

Mycronic does not utilize water in a way that can risk "environmental degradation related to preserving water quality and avoiding water stress", as described in the EU Taxonomy Climate Delegated Act, Annex 1, Appendix B (p 189) and in accordance with the EU Water Framework Directive (2000/60/EC).

Water consumption is monitored two times a year and related impacts have been assessed as non-material in Mycronic's sustainability materiality analysis. Mycronic uses and wastes only small amounts of water, mainly from bathrooms and canteens. Water is not used in Mycronic's production processes and Mycronic does not have manufacturing sites or substantial presence in regions facing high water stress. Our products do not consume any significant volumes of water while in use. Some products only use small amounts of cooling water in closed systems.

Transition to a circular economy

The technical screening criteria for EU Taxonomy activity "3.6 Manufacture of low carbon technologies" require companies to assess the availability of and, where feasible, adopts techniques that support the transition to a circular economy.

Mycronic's Quality and Environmental policy on group level incorporates circular economy. More specifically, our policy states that products should be designed "for increased energy and resource efficiency throughout their lifecycles", as well as "avoiding hazardous substances".

All our mask writers are designed to have a high durability and serviceability. The products have a long lifespan, making service and replacements of parts a necessity. At their end-of-life, Mycronic offers to buy back the mask writers, and if so, will reuse some parts, while others will be recycled or disposed of in a controlled way.

Our mask writers are manufactured on our Swedish site where local waste management regulation prioritizes recycling over disposal. Within our production we actively work to minimize the production of waste and to use materials efficiently.

Mycronic has the data and a traceability for substances of concern throughout the products' life cycle.

Pollution prevention and control

The Technical screening criteria for EU Taxonomy activity "3.6 Manufacture of low carbon technologies" require that the business activity does not lead to the manufacture, placing on the market or use of listed chemicals from different EU regulations and directives listed in Appendix C to the EU Taxonomy Climate Delegated Act, Annex I (p 193). Products aligned to the EU Taxonomy are compliant to the criteria listed in this Appendix.

Mycronic commits to compliance to the relevant regulations and directives. It is required that all chemicals used in products and operations are controlled to minimize negative effects on the environment and human health. This includes processes 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; Carcinogenic, mutagenic and reprotoxic substances; allergy inducing substances; and other substances banned by legislation).

Protection and restoration of biodiversity and ecosystem

The technical screening criteria for EU Taxonomy activity "3.6 Manufacture of low carbon technologies" require companies to complete an Environmental Impact Assessment (EIA) in accordance with the EU Environmental Impact Assessment Directive (2011/92/EU). A specific assessment shall be conducted for sites located in or near biodiversity-sensitive areas a specific assessment.

None of Mycronic's sites run environmentally hazardous activities requiring permits according to The Swedish Environmental code, chapter 9 and/or 11 or other national sector specific legislation. Therefore, we are not under the obligation to conduct an EIA or screening in accordance with the EU Environmental Impact Assessment Directive. In addition, Mycronic does not have manufacturing sites or substantial presence in biodiversity-sensitive areas.

Assessment of substantial contribution to the transition to a circular economy

Mycronic considers two of its software products to be eligible to the EU Taxonomy under "4.1 Provision of IT/OT data-driven solution". Both products meet the description provided in the Environmental Delegated Act, Annex II (p 67) of an activity that "manufactures, develops, installs, deploys, maintains, repairs or provides professional services, including technical consulting for design or monitoring of: (a) software and information technology (IT) or operational technology (OT) systems /.../ built for the purpose of remote monitoring and predictive maintenance".

Both products help increasing clients' production efficiency by monitoring manufacturing and detecting errors – without need of an on-site visit by a Mycronic technician. The first software, used within die bonding, is intended to "(i) remotely collecting, processing, transferring, and storing data from equipment, products or infrastructure during their use or operation". The other software, used within printed circuit board assembly, is "(ii) analyzing the data and generating insights about the operational performance and condition of the equipment, product or infrastructure" (Environmental Delegated Act, Annex II, p 67).

In 2023, Mycronic had revenues from direct sales of the software. R&D projects and investments related to these products are considered eligible, based on the same rationale as described above. As this is the first year that Substantial contribution to the transition to a circular economy is evaluated, only the criteria for eligibility have been assessed according to EU requirements.

MINIMUM SAFEGUARD CRITERIA

Mycronic is committed to conducting business in accordance with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, including the declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO), the eight fundamental conventions of the ILO and the International Bill of Human Rights, in line with EU Taxonomy minimum safeguard criteria.

Mycronic's commitment to human and labor rights, anti-corruption, taxation, fair competition, and other topics covered by the abovementioned standards are described in the Code of Conduct. In addition, as a signatory to the UN Global Compact, we commit to its ten principles relating to human rights, labor, environment, and anti-corruption. All suppliers of direct materials shall sign Mycronic's supplier Code of Conduct. More information can be found in the dedicated chapters of Mycronic's sustainability report.

EU Taxonomy Regulation disclosures for 2023 *continued*

Proportion of **Turnover** from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Economic Activities	Year			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum Safeguards			
	Code	Turnover	Proportion of Turnover, Year N	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or turnover, year N-1	Category enabling activity	Category transitional activity
	(a)	SEKm	%	Y; N; N/EL; EL (b)	Y; N; N/EL; EL (b)	Y; N; N/EL; EL (b)	Y; N; N/EL; EL (b)	Y; N; N/EL; EL (b)	Y; N; N/EL; EL (b)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low carbon technologies	CCM3.6	123	2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		123	2%	2%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%		
of which Enabling		123	2%	2%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
of which Transitional		0	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of low carbon technologies	CCM3.6	1027	18%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								11%		
Provision of IT/OT data-driven solutions	CE4.1	5	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,031	18%	18%	0%	0%	0%	0%	0%								11%		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		1,154	20%	20%	0%	0%	0%	0%	0%								11%		
B. Taxonomy non-eligible activities																			
Turnover of Taxonomy-non-eligible activities		4,551	80%																
TOTAL (A + B)		5,706	100%																

(a) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible, as well as the section number of the activity in the relevant EU Taxonomy Annex covering the objective.
 (b) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.
 N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.
 EL – Eligible, Taxonomy-eligible activity for the relevant objective.
 N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

Proportion of turnover/total turnover	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate Change Mitigation (CCM)	2%	20%
Climate Change Adaptation (CCA)	0%	0%
Water and Marine Resources (WTR)	0%	0%
Circular Economy (CE)	0%	0%
Pollution Prevention and Control (PPC)	0%	0%
Biodiversity and ecosystems (BIO)	0%	0%

EU Taxonomy Regulation disclosures for 2023 *continued*

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Economic Activities	Year			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum Safeguards			
	Code	OpEx	Proportion of OpEx, year N	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or OpEx, year N-1	Category enabling activity	Category transitional activity
(a)	SEKm	%	Y; N; N/EL; EL (b)	Y; N; N/EL; EL (b)	Y; N; N/EL; EL (b)	Y; N; N/EL; EL (b)	Y; N; N/EL; EL (b)	Y; N; N/EL; EL (b)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. Taxonomy eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low carbon technologies	CCM3.6	23	3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		23	3%	3%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%		
of which Enabling		23	3%	3%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
of which Transitional		0	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of low carbon technologies	CCM3.6	26	4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								11%		
Provision of IT/OT data-driven solutions	CE4.1	2	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		28	4%	4%	0%	0%	0%	0%	0%								11%		
A. OpEx of Taxonomy eligible activities (A.1 + A.2)		50	8%	8%	0%	0%	0%	0%	0%								11%		
B. Taxonomy non-eligible activities																			
OpEx of Taxonomy-non-eligible activities		603	92%																
TOTAL (A + B)		653	100%																

(a) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible, as well as the section number of the activity in the relevant EU Taxonomy Annex covering the objective.
 (b) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.
 N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.
 EL – Eligible, Taxonomy-eligible activity for the relevant objective.
 N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

Proportion of OpEx/Total OpEx	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate Change Mitigation (CCM)	3%	8%
Climate Change Adaptation (CCA)	0%	0%
Water and Marine Resources (WTR)	0%	0%
Circular Economy (CE)	0%	0%
Pollution Prevention and Control (PPC)	0%	0%
Biodiversity and ecosystems (BIO)	0%	0%

EU Taxonomy Regulation disclosures for 2023 *continued*

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Economic Activities	Year			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum Safeguards			
	Code	CapEx	Proportion of CapEx, year N	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or CapEx year N-1	Category enabling activity	Category transitional activity
(a)	SEKm	%	Y; N; N/EL; EL (b)	Y; N; N/EL; EL (b)	Y; N; N/EL; EL (b)	Y; N; N/EL; EL (b)	Y; N; N/EL; EL (b)	Y; N; N/EL; EL (b)	Y; N; N/EL; EL (b)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low carbon technologies	CCM3.6	27	11%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		27	11%	11%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%		
of which Enabling		27	11%	11%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
of which Transitional		0	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of low carbon technologies	CCM3.6	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Provision of IT/OT data-driven solutions	CE4.1	0	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%	0%	0%	0%	0%	0%								0%		
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		27	11%	11%	0%	0%	0%	0%	0%								0%		
B. Taxonomy non-eligible activities																			
CapEx of Taxonomy-non-eligible activities		211	89%																
TOTAL (A + B)		238	100%																

(a) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible, as well as the section number of the activity in the relevant EU Taxonomy Annex covering the objective.

(b) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.
 N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.
 EL – Eligible, Taxonomy-eligible activity for the relevant objective.
 N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

Proportion of CapEx/Total CapEx	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate Change Mitigation (CCM)	11%	11%
Climate Change Adaptation (CCA)	0%	0%
Water and Marine Resources (WTR)	0%	0%
Circular Economy (CE)	0%	0%
Pollution Prevention and Control (PPC)	0%	0%
Biodiversity and ecosystems (BIO)	0%	0%

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 2023 on pages 16-17 and 98-127 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, March 26, 2024
Ernst & Young AB

Anna Svanberg
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, 2023.

GRI 1 used

GRI 1: Foundation 2021.

Applicable GRI Sector Standard(s)

Not currently available.

GENERAL DISCLOSURES

GRI standard	Disclosure	Page(s)	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-1 Organizational details	4, 41–42	*	*	*
	2-2 Entities included in the organization's sustainability reporting	82, 99	*	*	*
	2-3 Reporting period, frequency and contact point	99, 138	*	*	*
	2-4 Restatements of information	99	*	*	*
	2-5 External assurance	103, 128	*	*	*
	2-6 Activities, value chain and other business relationships	21–29, 102			
	2-7 Employees	117–118	Part b iii	Information unavailable/incomplete	Non-guaranteed workers are included in part-time employees. See page 117
	2-8 Workers who are not employees		2–8	Not applicable	Group data does not exist yet
	2-9 Governance structure and composition	41–49, 103			
	2-10 Nomination and selection of the highest governance body	42–43			
	2-11 Chair of the highest governance body	46–49			
	2-12 Role of the highest governance body in overseeing the management of impacts	103			
	2-13 Delegation of responsibility for managing impacts	103			
	2-14 Role of the highest governance body in sustainability reporting	103			
	2-15 Conflicts of interest	36, 46–47, 103			
	2-16 Communication of critical concerns	103			
	2-17 Collective knowledge of the highest governance body	103			
	2-18 Evaluation of the performance of the highest governance body	103			
	2-19 Remuneration policies	35–37			
	2-20 Process to determine remuneration	35–37			
	2-21 Annual total compensation ratio		2–21	Information unavailable/incomplete	Mycronic does not calculate the ratio. See page 35 for information on compensation to the CEO

* Reasons for omission are not permitted for the disclosure.

GRI content index *continued*

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	103, 121-122			
	2-24	Embedding policy commitments	115-116, 121			
	2-25	Processes to remediate negative impacts	103	Part a	Information unavailable/incomplete	No formal commitment exists yet
	2-26	Mechanisms for seeking advice and raising concerns	103			
	2-27	Compliance with laws and regulations	103			
	2-28	Membership associations	122			
	2-29	Approach to stakeholder engagement	104			
	2-30	Collective bargaining agreements	116			

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	104	*	*	*
	3-2	List of material topics	104	*	*	*
<i>Anti-corruption</i>						
GRI 3: Material Topics 2021	3-3	Management of material topics	103, 121			
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	121			
<i>Materials</i>						
GRI 3: Material Topics 2021	3-3	Management of material topics	103, 108			
GRI 301: Materials 2016	301-1	Materials used by weight or volume	108	Part a, i, ii	Information unavailable/incomplete	See page 108 under Omissions
<i>Energy</i>						
GRI 3: Material Topics 2021	3-3	Management of material topics	103, 109-110			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	109	Part a, b	Information unavailable/incomplete	See page 109 under Omissions
	302-2	Energy consumption outside of the organization	110			
<i>Emissions</i>						
GRI 3: Material Topics 2021	3-3	Management of material topics	103, 110-112			
GRI 305: Emissions 2016	305-1	Direct (scope 1) GHG emissions	110-112			
	305-2	Energy indirect (scope 2) GHG emissions	110-112			
	305-3	Other indirect (scope 3) GHG emissions	110-112			

* Reasons for omission are not permitted for the disclosure.

GRI content index *continued*

MATERIAL TOPICS

GRI standard	Disclosure	Page(s)	Omission		
			Requirement(s) omitted	Reason	Explanation
<i>Waste</i>					
GRI 3: Material Topics 2021	3-3 Management of material topics	103, 114			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	114			
	306-2 Management of significant waste-related impacts	114	Part b	Information unavailable/incomplete	See page 114 under Omissions
	306-3 Waste generated	114			
	306-4 Waste diverted from disposal	114	Part a, d	Information unavailable/incomplete	See page 114 under Omissions
	306-5 Waste directed to disposal	114	Part a, d	Information unavailable/incomplete	See page 114 under Omissions
<i>Supplier environmental assessment</i>					
GRI 3: Material Topics 2021	3-3 Management of material topics	103, 121			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	121			
<i>Employment</i>					
GRI 3: Material Topics 2021	3-3 Management of material topics	103, 118			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	118			
<i>Occupational health and safety</i>					
GRI 3: Material Topics 2021	3-3 Management of material topics	103, 116			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	116			
	403-2 Hazard identification, risk assessment, and incident investigation	103, 116			
	403-3 Occupational health services	116			
	403-4 Worker participation, consultation, and communication on occupational health and safety	116			
	403-5 Worker training on occupational health and safety	116			
	403-6 Promotion of worker health	116			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	116			
	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	116, 119			

GRI content index *continued*

MATERIAL TOPICS

GRI standard	Disclosure	Page(s)	Omission		
			Requirement(s) omitted	Reason	Explanation
<i>Training and education</i>					
GRI 3: Material Topics 2021	3-3 Management of material topics	103, 119			
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	119			
<i>Diversity and equal opportunity</i>					
GRI 3: Material Topics 2021	3-3 Management of material topics	103, 115			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	120			
<i>Non-discrimination</i>					
GRI 3: Material Topics 2021	3-3 Management of material topics	103, 115			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	115			
<i>Local communities</i>					
GRI 3: Material Topics 2021	3-3 Management of material topics	103, 116			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	116	Part a i, ii, vi, viii	Not applicable	Mycronic's impact on local communities is limited. No impact assessments are therefore conducted.
<i>Supplier social assessment</i>					
GRI 3: Material Topics 2021	3-3 Management of material topics	103, 121			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	121			

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Other



Financial and sustainability 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 increase 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 the calculation of organic growth as of the first day of the first month which falls 12 months after the date of 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 for operations.

Return on equity

Net profit as a percentage of average equity. Used to show return on shareholders capital over time.

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.

CO₂e, Carbon dioxide equivalent

A term for describing different greenhouse gases in a common unit. For any type of greenhouse gas, CO₂e signifies the amount of carbon dioxide (CO₂) that would have the equivalent global warming impact.

Greenhouse Gas (GHG) Protocol

A set of global standardized frameworks to measure and report greenhouse gas emissions from private and public sector operations and value chains.

Radiative Forcing Index (RFI)

A measure of the importance of aircraft-induced climate change other than that from the release of fossil carbon alone.

Science-based targets

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.

Scope 1-3

The GHG Protocol's categorization of the different kinds of greenhouse gas emissions a company creates in its own operations and in its wider value chain. Scope 1 includes direct emissions from a company's own activities. Scope 2 includes indirect emissions related to purchased energy. Scope 3 includes indirect emissions that are the result of activities and assets in the value chain that are not directly owned or controlled by the company.

Well-to-wheel (WtW)

All greenhouse gas emissions from the production, transportation, transformation and distribution of the fuel combusted by a vehicle.

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.

Assembly fluids

In electronics manufacturing many different types of fluids are used in the assembly process. A few examples are adhesives and conductive adhesives.

Circuit board

A circuit board is a board of insulated material containing a pattern of electrical conductors. See also Printed circuit board (PCB).

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.

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

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.

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.

Jet printing

A technology for non-contact application of solder paste on circuit boards.

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).

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.

Mask writer

Exposure equipment used for the manufacture of photomasks.

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.

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.

Pick and Place

A term for robots that pick and place electronic components on a circuit board.

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.

Semiconductors

An electronic component containing more than one circuit element. Examples include memories, processors and amplifiers.

Solder paste

Material that creates electrical and mechanical connection between the PCB and its electronic components.

Surface mounting

The dominant technology within electronics production where components are mounted onto the surface of a circuit board.

Ten-year overview

SEK million	2023	2022	2021	2020	2019	2018	2017 ¹	2016	2015	2014
Order intake	6,280	6,783	4,506	3,687	4,567	3,642	3,567	2,455	2,179	2,028
Order backlog	4,149	3,574	1,975	1,969	2,154	1,904	1,963	1,342	1,066	702
Profit and Loss Accounts										
Net sales	5,706	5,119	4,635	3,882	4,307	3,781	3,000	2,319	1,815	1,475
Gross profit	2,855	2,288	2,284	2,080	2,399	2,098	1,716	1,410	1,076	712
EBITDA	1,499	1,147	1,254	1,112	1,307	1,094	919	724	566	301
EBIT	1,235	894	1,049	898	1,124	1,020	844	691	540	277
Profit/loss before tax	1,262	890	1,046	890	1,122	1,011	836	689	540	278
Tax	-266	-154	-219	-187	-263	-219	-212	-163	-98	-12
Profit/loss for the year	996	737	827	703	859	792	623	526	442	266
Balance Sheet										
Non-current assets	3,021	3,145	2,926	1,886	1,960	1,592	1,192	1,225	242	286
Inventories	1,602	1,433	1,363	1,181	1,109	868	589	575	276	233
Other current assets	1,578	1,488	978	949	1,075	910	651	747	327	420
Cash and cash equivalents	2,140	1,274	683	1,303	655	829	813	209	898	661
Assets held for sale	—	—	186	—	—	—	—	—	—	—
Total assets	8,340	7,340	6,136	5,319	4,800	4,199	3,244	2,755	1,742	1,600
Equity	5,282	4,703	3,997	3,378	2,978	2,379	1,780	1,412	1,268	1,207
Interest-bearing liabilities	227	270	243	264	318	1	13	11	—	—
Other liabilities	2,831	2,367	1,870	1,678	1,504	1,819	1,452	1,333	474	393
Liabilities directly associated with assets held for sale	—	—	26	—	—	—	—	—	—	—
Total equity and liabilities	8,340	7,340	6,136	5,319	4,800	4,199	3,244	2,755	1,742	1,600
Capital employed	5,509	4,973	4,240	3,641	3,296	2,380	1,793	1,422	1,268	1,207
Net debt	-1,912	-1,004	-440	-1,039	-337	-827	-800	-198	-898	-661
Cash flow										
Cash flow from operating activities	1,608	853	998	1,126	545	702	984	462	661	418
Cash flow from investing activities	-195	67	-1,223	-150	-399	-440	-181	-768	-37	-18
Cash flow from financing activities	-447	-382	-437	-288	-326	-258	-194	-392	-392	-245
Cash flow for the year	966	537	-662	689	-180	4	609	-699	233	154

1) Restated for comparability.

Ten-year overview *continued*

SEK million	2023	2022	2021	2020	2019	2018	2017 ¹	2016	2015	2014
Key ratios										
Book-to-bill	1.1	1.3	1.0	0.9	1.1	1.0	1.2	1.1	1.2	1.4
Gross margin, %	50.0	44.7	49.3	53.6	55.7	55.5	57.2	60.8	59.3	48.3
EBIT margin, %	21.6	17.5	22.6	23.1	26.1	27.0	28.1	29.8	29.8	18.7
Underlying EBIT margin, %	22.7	18.3	24.7	25.1	27.1	28.5	31.7	31.7	—	—
Equity/assets ratio, %	63.3	64.1	65.1	63.5	62.1	56.7	54.9	51.2	72.8	75.5
Return on equity, %	20.0	16.9	22.4	22.1	32.1	38.1	39.1	39.3	35.8	22.4
Return on capital employed, %	24.3	19.6	26.9	26.1	39.9	49.0	52.6	51.4	43.7	23.5
Capital turnover, multiple	1.1	1.1	1.2	1.1	1.5	1.8	1.9	1.7	1.5	1.2
Research and development, R&D										
R&D costs	653	638	548	514	559	476	348	348	267	198
R&D costs/net sales, %	11.4	12.5	11.8	13.2	13.0	12.6	11.6	15.0	14.7	13.4
Data per share										
Number of outstanding shares at year-end, million	97.6	97.6	97.6	97.7	97.8	97.9	97.9	97.9	97.9	97.9
Average number of outstanding shares before dilution, millions	97.6	97.6	97.6	97.7	97.9	97.9	97.9	97.9	97.9	97.9
Average number of outstanding shares after dilution, millions	97.6	97.6	97.7	97.8	97.9	97.9	97.9	97.9	97.9	97.9
Share price at December 31, SEK	287.40	195.80	211.00	245.40	185.10	118.10	85.00	98.00	82.25	24.80
Proposed dividend per share	4.50	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
Earnings per share (average number of share before/after dilution)	10.22	7.59	8.48	7.10	8.74	8.09	6.37	5.38	4.52	2.72
Equity per share (number of shares at year-end)	54.12	48.17	40.94	34.58	30.46	24.30	18.18	14.42	12.95	12.33
P/E ratio (calculated using average number of shares)	28	26	25	35	21	15	13	18	18	9

1) Restated for comparability.

Shareholder information

Financial reporting financial year 2024

- Interim Report January–March, April 18, 2024
- Interim Report January–June, July 12, 2024
- Interim Report January–September, October 24, 2024
- Year-end Report 2024, February 6, 2025

Financial information

The 2023 Annual and Sustainability Report is published on the website and through a press release on April 3, 2024.

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 2023

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.

AGM 2024

The Annual General Meeting of Mycronic will be held on Wednesday, May 8, 2024, 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 Monday, April 29, 2024 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 Monday, April 29, 2024. 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 Thursday, May 2, 2024 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 Thursday, May 2, 2024, 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 authori-

zation 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 Thursday, May 2, 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 9.00 a.m–16.00 p.m.

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 Thursday, May 2, 2024.

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 Thursday, May 2, 2024.

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.

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