

## Welcome to the Annual General meeting in Mycronic AB (publ)

The shareholders in Mycronic AB (publ) are hereby given notice to attend the Annual General Meeting, on Thursday 25 June 2020 at 10:00 a.m. at Industrisalen, Näringslivets hus, Storgatan 19, Stockholm.

### **Measures in relation to Covid-19**

As a precautionary measure to reduce the risk of spreading the Covid-19 (corona) virus, Mycronic intends to keep the Annual General Meeting very short and effective. No food or beverages will be served. The length of the Annual General Meeting will be minimized. There will not be any speech by the CEO at the Annual General Meeting. The speech will be pre-recorded and made available at Mycronic's website prior to the Annual General Meeting. However, shareholders will still have the opportunity to ask questions. Shareholders displaying symptoms of illness, have had contact with people with illness or are considered to be part of a risk group should not participate, but are invited to vote via proxy. To enable shareholders to vote whilst not being physically present at the Annual General Meeting, the registrar Computershare offers a service, free of charge, to any shareholder registered to attend the Annual General Meeting to appoint Computershare to vote on their behalf. The proxy is available on request by contacting Computershare at telephone +46-8-518 01 559 or by e-mail [info@computershare.se](mailto:info@computershare.se) – Mycronic encourages shareholders to exercise their voting rights accordingly. Mycronic has taken further measures, which are described in detail below

### **Participation**

Shareholders, who wish to participate in the Annual General Meeting, must be listed in the share register kept by Euroclear Sweden AB by Thursday 18 June 2020, and must make notification of their and any advisors' participation at the Annual General Meeting not later than Thursday 18 June 2020, at 12:00 p.m. Notification of participation is made with Computershare AB and can be done:

- On the website [www.mycronic.com](http://www.mycronic.com)
- By telephone +46 8 518 01 559
- By mail to Computershare AB, "Mycronic's Annual General Meeting", P.O. Box 5267, SE-102 46 Stockholm, Sweden
- By e-mail to [mycronic@computershare.se](mailto:mycronic@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. Shareholders whose shares are registered in the name of a nominee must, to be entitled to participate in the Annual General Meeting, request temporary registration of the shares in their own name. Shareholders must notify their nominee well before Thursday 18 June 2020, as the temporary registration must be done by this date.

Shareholders who are represented by a proxy should include in the notification of participation the written proxy and a copy of the registration certificate or an equivalent document which shows who is authorized to sign for the shareholder. Proxy forms can be found on the website, [www.mycronic.com](http://www.mycronic.com).

The total number of shares and votes in the company amounts to 97,916,509. The company does not hold any of the shares. Shareholders are reminded of the right to, at the Annual General Meeting, ask questions to the Board of Directors and the Chief Executive Officer (CEO) in accordance with the Swedish Companies Act, Chapter 7, Section 32.

## **Measures to reduce the risk of spreading the Covid-19 virus at the Annual General Meeting**

Transmission speed of the Covid-19 (corona) virus remains difficult to assess, and Mycronic is closely following the development. With the purpose of protecting the health of shareholders, members of the Board of Directors and co-workers, several new decisions have been made regarding the company's Annual General Meeting to be held on June 25, 2020.

The instructions from the Swedish Public Health Agency in order to limit general contagion include avoiding larger public events, and when these cannot be avoided, minimizing time spent as well as avoiding crowded situations and other interaction with many people. As a cautionary and risk-minimizing measure, Mycronic has therefore decided to adjust the arrangements for the Annual General Meeting. Measures are being taken from two perspectives: the serious regard for the health of shareholders, and the opportunity for the shareholders to fully exercise their shareholder rights.

Arrangements for Mycronic's Annual General Meeting at 10:00 a.m. on June 25, 2020, will accordingly be adjusted as follows:

- No registration prior to 09:30 a.m. and until then, shareholders are kindly requested to wait outside. Controlled entry solutions to limit congestion could also cause further waiting times
- No food or beverages will be served
- There will not be any speech by the CEO at the Annual General Meeting. The speech will be pre-recorded and made available at Mycronic's website prior to the Annual General Meeting. However, shareholders will still have the opportunity to ask questions
- The number of non-shareholders participating will be limited
- No members of the nomination committee, members of the Board of Directors, auditors' representatives, officials or employees who have visited countries outside of the Nordic countries or those who have experienced respiratory problems in combination with fever for two weeks prior to the Annual General Meeting will attend the meeting
- Cloakrooms will be closed, and all who attend are requested to bring their outerwear into the auditorium
- The choice of premises: Industrisalen, Näringslivets hus, Storgatan 19, Stockholm, remains in force, but all of those in attendance will be seated in widely spread "social distancing" formations
- Allotted time for the Annual General Meeting will be minimized, without restricting the rights of the shareholders
- Shareholders and their proxies are requested to pay extra attention in order to avoid virus transmission

Shareholders who are concerned about the spread of infection or who belong to one of the risk groups are reminded of the opportunity to participate via proxy instead of attending in person. We also ask shareholders who are suspected of being infected, have experienced illness symptoms during the past two weeks prior to the Annual General Meeting or have been in a risk area within the same period of time – not to attend in person but to attend through a representative. This also applies to those who have been in close contact with someone who is infected with the corona virus. A proxy form is available at [www.mycronic.com](http://www.mycronic.com). Please note that Mycronic is not able to collect proxies and act as agents.

To enable shareholders to vote whilst not being physically present at the Annual General Meeting, the registrar Computershare offers a service, free of charge, to any shareholder registered to attend the Annual General Meeting to appoint Computershare to vote on their behalf. The proxy is available on request by contacting Computershare at telephone +46-8-518 01 559 or by e-mail [info@computershare.se](mailto:info@computershare.se) – Mycronic encourages shareholders to exercise their voting rights accordingly.

Mycronic is closely monitoring contagion risks and request that all those who intend to participate at the meeting to stay updated via [www.mycronic.com](http://www.mycronic.com), on potential further measures.

## **Proposed Agenda for the Annual General Meeting**

1. Election of Chairman of the Annual General Meeting
2. Preparation and approval of the voting list
3. Approval of the agenda
4. Election of one or two persons who shall approve the minutes of the meeting
5. Consideration of whether the meeting has been duly convened
6. Speech by the CEO
7. Presentation of annual report and auditor's report as well as of the consolidated financial statements and the auditor's report for the group
8. Resolutions regarding the adoption of the income statement and the balance sheet as well as the consolidated income statement and the consolidated balance sheet
9. Resolution regarding appropriation of the company's profit or loss in accordance with the adopted balance sheet
10. Resolution regarding discharge from liability of members of the Board of Directors and the CEO
11. Resolution regarding number of Board members and deputy Board members and auditors
12. Determination of fees for the members of the Board of Directors and the auditors
13. Election of members of the Board of Directors and Chairman of the Board of Directors
14. Election of auditor
15. The Board of Directors' proposal regarding guidelines for remuneration to senior executives
16. Proposal regarding composition of nomination committee
17. The Board of Directors' proposal on authorization of the Board of Directors to resolve to issue new shares
18. The Board of Directors' proposal on authorization of the Board of Directors to resolve for the company to acquire the company's own shares
19. The Board of Directors' proposal regarding Long Term Incentive Program 2020 (LTIP 2020)
20. The Board of Directors' proposal for resolution to amend the Articles of Association

## **Proposals from the nomination committee**

The nomination committee for the 2020 Annual General Meeting is composed of Henrik Blomquist (Bure Equity), Thomas Ehlin (Fjärde AP-fonden), Hans Ek (SEB Investment Management AB) and Patrik Tigerschiöld (Chairman of the Board).

### **Item 1: Election of Chairman of the Annual General Meeting**

The nomination committee proposes that Patrik Tigerschiöld is elected Chairman of the Annual General Meeting.

### **Item 9: Resolution regarding appropriation of the company's profit or loss in accordance with the adopted balance sheet**

The Board of Directors proposes an ordinary dividend for the financial year 2019 of SEK 2,00 per share. Record date is proposed to be 29 June 2020 and disbursement day is estimated to be 2 July 2020.

### **Item 11: Resolution regarding number of Board members and deputy Board members**

The nomination committee proposes that the Board of Directors for the period running up until the end of the next Annual General Meeting shall be composed of six members with no deputy members and that one registered accounting firm is elected as auditor.

### **Item 12: Determination of fees for the members of the Board of Directors and the auditor**

The nomination committee proposes that the total remuneration to the Board of Directors shall remain unchanged at the amount SEK 2,430,000 for the period running until the end of the next Annual General Meeting, whereof SEK 700,000 shall constitute remuneration to the Chairman of the Board, SEK 275,000 shall constitute remuneration to each of the other five members of the Board, SEK

100,000 shall constitute remuneration to the Chairman of the audit committee, SEK 50,000 shall constitute remuneration to each of the other members of the audit committee, SEK 75,000 shall constitute remuneration to the Chairman of the remuneration committee and SEK 40,000 shall constitute remuneration to each of the other members of the remuneration committee.

The nomination committee also proposes that the auditor's fee for the period running until the end of the next Annual General Meeting is taken on current account.

### **Item 13: Election of members of the Board of Directors and Chairman of the Board of Directors**

The nomination committee proposes re-election of the Board members Anna Belfrage, Katarina Bonde, Robert Larsson, Staffan Dahlström and Patrik Tigerschiöld. The nomination committee also proposes election of Arun Bansal. Patrik Tigerschiöld is proposed to be re-elected as chairman of the Board. Ulla-Britt Fräjdin-Hellqvist has declined re-election.

Arun Bansal is Senior Vice President and Head of the Europe & Latin America market at Ericsson since 2017. He has worked in various leading international positions at Ericsson since 1995, including Senior Vice President and Head of the Radio business unit, Head of Southeast Asia and Oceania region and Country Manager in Indonesia and Bangladesh. Arun Bansal holds a Bachelor of Engineering (Electronics) from the University of Jiwaji, India, and a Postgraduate Diploma in Marketing from Indira Gandhi National Open University, India. He was born in 1968, is an Indian citizen and lives in the UK. Arun Bansal is also a board member of OPCOM Cables Sdn Bhd, Malaysia.

### **Item 14: Election of auditor**

The nomination committee proposes re-election of Ernst & Young AB as auditor for the period running until the end of the next Annual General Meeting. Ernst & Young has announced the Authorized Public Accountant Erik Sandström as responsible auditor.

### **Item 15: The Board of Directors' proposal regarding guidelines for remuneration to senior executives**

The Board of Directors proposes that the Annual General Meeting resolves to adopt the following guidelines for remuneration to senior executives covering remuneration to the Board of Directors, the CEO, the deputy CEO and other senior executives according to 9.9 of the Code, i.e. the Executive Management. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after the adoption of the guidelines by the Annual General Meeting 2020. These guidelines do not apply to any remuneration decided or approved by the general meeting.

The Board of Directors shall be entitled to temporarily deviate 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 and sustainability or to ensure the company's financial viability. If such a deviation occurs, it must be reported in the remuneration report before the next Annual General Meeting. An issue regarding deviation 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 is a global high-tech company that develops, manufactures and supplies market-leading production equipment with high requirements on precision and flexibility to the electronics industry. Mycronic has three priorities within the framework of the company's long-term strategy. These are to consolidate the company's strong position within Pattern Generators, increase profitability within Assembly Solutions and increase the company's proximity to customers. The strategy also includes creating value through a focus on sustainability.

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, including its sustainability, is that the company is able to recruit and retain a highly competent management with capacity of achieving specified goals. To this end, it is necessary that the company can offer competitive remuneration to motivate senior executives to do their utmost. Variable cash remuneration 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, etcetera*

The remuneration and other terms of employment for senior executives shall be based on market terms. The total remuneration may consist of fixed base salary, variable remuneration, pension and certain other benefits. Agreements exist, that has previously been entered into regarding variable remuneration for additional persons in the group management team that is linked to continued employment. In addition, the general meeting may – regardless of these guidelines – resolve on share-related or share price-related remuneration.

### Fixed base salary

Fixed base salary for the CEO and other senior executives are reviewed yearly. The fixed base salary constitutes a maximum of 65 percent of the total remuneration excluding LTI and assuming a 50 percent outcome of STI.

### Short-term incentive (STI)

The remuneration is paid in accordance with goals achieved for the company as a whole. The criteria, such as revenue or operating profit, contributes to the company's business strategy, long-term interests and sustainability through clear links to the above-mentioned criteria and thus to the company's long-term value creation. The fulfillment of the criteria is determined through the company's audited annual accounts. The remuneration can amount to a maximum of 110 percent of the fixed base salary. STI, as a percentage of the total remuneration excluding LTI, may amount to a maximum of 55 percent at full outcome. Unless otherwise provided by mandatory law or obligations in applicable collective bargaining agreements, short-term incentive shall not be pensionable. The outcome of the remuneration is prepared by the remuneration committee and determined by the Board of Directors in connection with the end of the qualification period. The remuneration is thereafter paid out. The company has no contractual right to recover the remuneration.

### Long-term Incentive (LTI)

Senior executives can be offered share-related or share price-related remuneration. LTI is intended to improve the participants' commitment to the company's development and shall be implemented on market-based terms. Resolutions on incentive programmes related to shares and share prices must be passed at the Annual General Meeting and are therefore not covered by these guidelines.

### Other benefits

#### Pension

The agreed retirement age for both the CEO and other senior executives is 65 years. All pension benefits for senior executives are based on defined payments. This means that the company pays an individually agreed defined pension premium and a premium-based supplementary pension for senior executives. The company does not have any other pension obligations.

#### Company car, etcetera

Senior executives are offered a company car or cash compensation of equivalent value. In addition, all senior executives are covered by customary health insurance.

Other benefits constitute a maximum of 35 percent of the total remuneration excluding LTI and assuming a 50 percent outcome of STI. Regarding employment conditions that are governed by rules

other than Swedish, appropriate adjustments may be made in order to comply with such mandatory rules or local practice, whereby the overall purpose of these guidelines shall be met.

#### *Notice of termination and severance pay*

The senior executives' employment or contractual agreements shall be valid until further notice or for a specified period of time. In the event of termination by the company, the notice period is twelve months for the CEO and the CEO is entitled to twelve months severance pay. In the event of termination by the company, the notice period is six months for other senior executives and other senior executives are entitled to six months severance pay. During notice period, the current employment contract runs with associated benefits. In cases where severance pay would be paid, no other benefits will be paid after the expiry of the notice period.

#### *Salary and terms of employment for employees*

In preparing the Board of Directors' proposal for these remuneration guidelines, the salaries and terms of employment for the company's employees have been taken into account. Information about employees' total remuneration, components of their remuneration, as well as increases in remuneration and increases over time have been obtained and have constituted a part of the remuneration committee's and the Board of Directors' decision basis in their evaluation of the fairness of the guidelines and the limitations arising from them.

#### *The resolution process*

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

The remuneration committee shall, inter alia, monitor and evaluate the application of the guidelines for remuneration to senior executives decided by the Annual General Meeting. When the remuneration committee has prepared the proposal, it is submitted to the Board of Directors for decision. The CEO or other senior executives shall not be present while the Board of Directors addresses issues related to remuneration and passes resolutions about them, insofar as they are affected by the issues.

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

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

#### *Review of the guidelines*

A review of the guidelines for remuneration to senior executives has been made as a result of the amendments to the Swedish Companies Act that came into force on June 10, 2019. The proposed changes are not expected to entail any significant change in the remuneration paid in accordance with the current guidelines.

#### **Item 16: Proposal regarding composition of nomination committee**

The nomination committee proposes that a new nomination committee for the 2021 Annual General Meeting is appointed by the Chairman of the Board – at the latest by the end of the third quarter of 2020 – contacting the three largest or otherwise known shareholders per 31 August, 2020. The term of office shall run until a new nomination committee commences its service.

The composition of the nomination committee shall be published no later than six months before the company's Annual General Meeting.

The responsibility of the nomination committee regarding the 2021 Annual General Meeting includes proposing (i) chairman of the meeting, (ii) the number of Board members, (iii) election of members of the Board and Chairman of the Board and remuneration to Board members and the Chairman of the Board and remuneration to members of Board committees, (iv) election of auditor and remuneration to auditor and (v) the process for appointment of a new nomination committee.

The nomination committee proposes that the Annual General Meeting decides that the instruction to the nomination committee shall be the same as last year.

### **Item 17: The Board of Directors' proposal on authorization of the Board of Directors to resolve to issue new shares**

The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors up until the end of the 2021 Annual General Meeting, on one or several occasions, to resolve to issue new shares, with deviation from the shareholders' preferential rights. Shares may be paid in kind, through set-off or with other conditions set forth in Chapter 13, Section 5, first paragraph item 6 in the Swedish Companies Act. The Board of Directors may otherwise set the terms of such share issuance. The authorization shall however not comprise a right for the Board to issue shares against cash payment and with deviation from the shareholders' preferential rights. The issue price shall be determined on marketable grounds and the number of issued shares may not exceed ten percent of the total amount of outstanding shares in the company per the day of this notice.

The reason for the deviation from the shareholders' preferential rights and the right to decide on payment through set-off, in kind or other condition as set forth in the Swedish Companies Act is to enable the company to issue shares in order to acquire shares, business or product rights.

#### *Majority requirements*

A valid resolution under item 17 above requires that shareholders representing not less than two-thirds (2/3) of the votes cast as well as the shares represented at the Annual General Meeting approve the resolution.

### **Item 18: The Board of Directors' proposal on authorization of the Board of Directors to resolve for the company to acquire the company's own shares**

The Board of Directors shall be authorized, during the period until the next Annual General Meeting, to decide to acquire the company's own shares in accordance with the following.

1. Acquisition 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 all shares in the company
2. Acquisition of shares in the company may only be made on Nasdaq Stockholm (the "Exchange")
3. Acquisition of shares on the Exchange may only take place at a price within the price range recorded on the Exchange at any given time
4. The payment for the shares shall be paid in cash
5. The authorization may be used on one or several occasions up until the end of the 2021 Annual General Meeting

The purpose of the above authorizations to acquire shares is to enable delivery of shares to participants in LTIP 2020 (the introduction of a new long term incentive program, LTIP 2020, is subject to a separate resolution in item 19 in the notice for the 2020 Annual General Meeting) and to be able to continuously adjust the company's capital structure to the company's capital requirements.

Shares that have been acquired by the company and which have not been reserved in order to secure the company's delivery of shares under LTIP 2020 are intended to be canceled following a resolution thereof at the 2021 Annual General Meeting.

### *Majority requirements*

A valid resolution under item 18 above requires that shareholders representing not less than two-thirds (2/3) of the votes cast as well as the shares represented at the Annual General Meeting approve the resolution.

## **Item 19: The Board of Directors' proposal regarding Long Term Incentive Program 2020 (LTIP 2020)**

Mycronic's Board of Directors proposes that the Annual General Meeting passes a resolution on the implementation of a Long Term Incentive Program 2020 (LTIP 2020). This proposal is divided into four items:

- A. Terms of LTIP 2020
- B. Transfer of the company's own shares under LTIP 2020 and hedging activities
- C. If item B is not approved, the Board proposes that hedging of LTIP 2020 shall take place via an equity swap agreement with a third party
- D. Other matters related to LTIP 2020

### **A. Terms of LTIP 2020**

#### **A.1 Introduction**

The Board wishes to establish a long-term incentive program for certain key employees in order to encourage personal long-term ownership of Mycronic shares as well as to increase and enhance its ability to recruit, retain and motivate employees. The Board therefore proposes that the Annual General Meeting resolves to implement a long-term performance share program 2020 ("LTIP 2020"). The intention is also to use LTIP 2020 to unite the interest of the employees with the interests of shareholders.

Participants may, after a qualifying period, receive allotments of Mycronic ordinary shares without consideration. The number of allotted shares will depend on the fulfilment of certain performance targets. The term of LTIP 2020 is approximately three years.

#### **A.2 Basic features of LTIP 2020**

The LTIP 2020 will be directed towards certain key employees in the Mycronic Group. The participants are based in Sweden and other countries where the Mycronic Group is active. Each participant may be entitled, after a certain qualification period (defined below), provided continued employment during the entire period (except from "Good Leavers"), and depending on the fulfilment of certain performance targets linked to Mycronic's Earnings Per Share ("EPS"), to receive allotment of Mycronic shares ("Performance Shares"). The participant shall not pay any consideration for the allotted Performance Shares. Performance Shares are Mycronic ordinary shares.

#### **A.3 Participation in LTIP 2020**

LTIP 2020 is directed towards a maximum of 70 employees, divided in three categories of participants:

<b>Category</b>	<b>Maximum number of shares per person</b>
A) CEO (maximum 1 person)	10,300
B) Management Group (maximum 10 persons)	3,900
C) Other key employees (maximum 65 persons)	1,600



Any resolution on participation or implementation of LTIP 2020 shall be conditional on that it, in the Board's judgement, can be offered with reasonable administrative costs and financial effects.

#### **A.4 Allotment of Performance Shares**

Allotment of Performance Shares within LTIP 2020 will be made during a limited period of time following the Annual General Meeting 2023. The period up to this date is referred to as the qualification period (vesting period). A condition for the participant to receive allotment of Performance Shares is that the participant remains an employee of the Mycronic Group during the full qualification period up until allotment. Allotment of Performance Shares also requires that the EPS performance targets are fulfilled. The Board shall establish a customary definition of Good Leavers and determine whether any allocation shall be made to participants who are considered Good Leavers.

The performance targets are Mycronic's EPS and the performance targets shall be established by the Board. Partial fulfilment of the performance targets will result in partial allotment of Performance Shares. Performance under a certain level will result in no allotment. The EPS targets and the outcome will be communicated to the shareholders after the allotment of Performance Shares to participants.

Prior to the allotment of Performance Shares, the Board shall assess whether the allotment is reasonable in relation to the company's financial results, position and performance, as well as other factors.

If significant changes take place within the Mycronic Group, or on the market, which, by the assessment of the Board, would mean that the terms for allocation/transfer of shares according to LTIP 2020 is no longer reasonable, the Board shall have the right to implement an adjustment to LTIP 2020, including, among others, the right to reduce the number of Performance Shares allocated/transferred, or not to allocate/transfer Performance Shares at all.

#### **A.5 Implementation and administration etcetera**

The Board, with the assistance of the remuneration committee, shall in accordance with the resolutions by the Annual General Meeting set forth herein be responsible for the detailed design and implementation of LTIP 2020. The Board may also decide on the implementation of an alternative cash based incentive for participants in countries where the allotment of Performance Shares is not appropriate, as well as if otherwise considered appropriate. Such alternative incentive shall to the extent practically possible be designed to correspond to the terms of LTIP 2020.

The intention is that the Board shall launch LTIP 2020 as soon as practically possible after the Annual General Meeting.

### **B. Transfer of the company's own shares under LTIP 2020 and hedging activities.**

#### **B1. Number of shares**

The Board proposes that the Annual General Meeting resolves that transfer of up to 143,700 Mycronic shares under LTIP 2020 may be made in accordance with the below. The number of shares is calculated on the basis of maximum participation and maximum fulfilment of performance requirements.

#### **B2. Other conditions for transfer of Mycronic shares**

Mycronic shares may be transferred to the participants in LTIP 2020.

Share transfers to participants in LTIP 2020 shall be made without the participants paying consideration and shall be carried out at the time and subject to the other conditions under which participants in LTIP 2020 have the right to be allotted shares.

The number of Mycronic shares that might be transferred under LTIP 2020 shall be subject to customary re-calculation principles and may, consequently, be subject to re-calculation due to a bonus

issue, share split, dividends and/or other similar events. Resolutions resolved upon by the Annual General Meeting 2020 shall not be included in a re-calculation of the number of shares.

### **B.3 Grounds for the Board's proposal and alternative hedging via an equity swap agreement with a third party etcetera**

Since the Board believes that the most cost efficient and flexible method to transfer Mycronic shares under LTIP 2020 is obtained through transfer of own shares, the Board proposes that transfers are secured as described above in this item B. Should the necessary majority not be obtained for the proposal in item B, the Board proposes that the Annual General Meeting resolves on a share swap agreement, in accordance with item C below.

Share swap agreement will be relevant should this be more appropriate, for example due to the fact that the acquisition of own shares cannot be made to the extent required to be able to transfer shares under LTIP 2020.

The reason for the deviation from the shareholders' pre-emption rights to acquire the own shares is that the company shall be able to secure the delivery of shares under LTIP 2020.

### **C. Hedge of LTIP 2020 via an equity swap agreement with a third party**

The Board proposes that the Annual General Meeting, should the necessary majority not be obtained for item B above, resolves to hedge the financial exposure of LTIP 2020, by the company entering into a share swap agreement with a third party, whereby the third party in its own name shall acquire and transfer shares in the company under LTIP 2020. The relevant number of shares shall correspond to the number of shares proposed under item B above.

### **D. Other matters in relation to LTIP 2020**

#### **D.1 Majority requirements etc.**

The resolution by the Annual General Meeting regarding the implementation of LTIP 2020 according to item A above shall be conditional on the Annual General Meeting resolving either in accordance with the Board's proposal under item B above or in accordance with the Board's proposal under item C above.

The resolution according to item A above shall require a majority of more than half of the votes cast at the Annual General Meeting. A valid resolution under item B above requires that shareholders representing not less than nine-tenths of the votes cast as well as the shares represented at the Annual General Meeting approve the resolution. A valid resolution under item C above shall require a majority of more than half of the votes cast at the Annual General Meeting.

#### **D.2 Estimated costs, expenses and financial effects of LTIP 2020**

LTIP 2020 will be accounted for in accordance with "IFRS 2 – Share-based payments". IFRS 2 stipulates that the share awards should be expensed as personnel costs over the qualification period and will be accounted for directly against equity. Personnel costs in accordance with IFRS 2 do not affect the company's cash flow. Social security contributions will be recognized as an expense in the income statement through regular provisions in accordance with generally accepted accounting principles. The amount of these regular provisions will be revalued in line with the trend in the value of the right to Performance Shares, and the contributions payable on the allotment of Performance Shares.

Assuming a share price at the time of implementation of SEK 165, and that the performance targets are achieved so that 50 percent of the maximum number of Performance Shares vest, including a share price increase of 50 percent during the qualification period and an annual employee turnover of 5 percent, the total cost for LTIP 2020, including social security costs, is estimated to approximately SEK 15.0 million before tax, corresponding to an estimated annual cost of approximately SEK 5.0 million before tax.

Assuming that the performance targets are achieved so that 100 percent of the maximum number of Performance Shares vest, and otherwise the same assumptions as above, the total cost for LTIP 2020, including social security costs, is estimated to approximately SEK 29.9 million before tax, corresponding to an estimated annual cost of approximately SEK 10.0 million before tax.

LTIP 2020 will comprise maximum 143,700 shares in total, which corresponds to approximately 0.15 percent of the total outstanding shares and votes in the company on a fully diluted basis.

The above calculations are based on a decision on hedging in accordance with item B.

In the view of the Board, the positive effects expected to arise from LTIP 2020, outweigh the costs associated with LTIP 2020.

### **D.3 The Board's explanatory statement**

An individual long-term ownership commitment among the participants in LTIP 2020 is expected to stimulate greater interest and motivation in the company's business operations, results and strategy. Moreover, the Board wishes to increase the ability of Mycronic to retain important key employees. The Board believes that the implementation of LTIP 2020 will benefit Mycronic and its shareholders. LTIP 2020 will provide a competitive and motivation-improving incentive for executives and other key employees within the Group.

LTIP 2020 has been designed to reward the participants for increased shareholder value by allotting shares, based on the fulfilment of conditions in respect of results and operations. By linking the employees' remuneration to the development of Mycronic's results and value, the long-term value growth of Mycronic is rewarded. Based on these circumstances, the Board considers that the implementation of LTIP 2020 will have a positive effect on the Mycronic Group's continued development, and will therefore be beneficial to the shareholders and Mycronic.

### **D.4 Other share-related incentive programs**

The company's share-related incentive programs are described on page 43 in the company's annual report.

### **D.5 Adjustment Authorization**

The Board, or a person appointed by the Board, shall be authorized to make adjustments to the above resolutions that may be necessary in connection with the registration with the Swedish Companies Registration Office and Euroclear Sweden AB respectively.

### **D.6 Preparation of the item**

The basis for LTIP 2020 has been prepared by the Board of the company. The work has been supported by external advisors and has been made in consultation with shareholders. The Board has thereafter decided to present this proposal for the general meeting. Except for the staff that have prepared the matter upon instruction from the Board, no employee that may be a participant of LTIP 2020 has participated in the preparations of the program's terms.

### **Item 20: The Board of Directors' proposal for resolution to amend the Articles of Association**

The Board of Directors proposes that the Annual General Meeting passes a resolution to amend the Articles of Association. According to a new proposed amendment to the Swedish Companies Act, the record date for a general meeting of listed companies must fall six banking days before the meeting. The amendment is proposed to enter into force on September 3, 2020. The Board of Directors therefore proposes to amend the corresponding provision in the Articles of Association. Furthermore, some editorial changes are proposed due to changes already made to the law. The proposed wording is stated below.

## *1 § BUSINESS NAME*

*The company's business name is Mycronic AB (publ).*

## *5 § CSD-REGISTERED COMPANIES*

*The company's shares shall be registered in a securities register in accordance with the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (1998:1479).*

## *10 § SHAREHOLDERS' RIGHT TO PARTICIPATE IN SHAREHOLDERS' MEETINGS*

*Shareholders' who want to participate in shareholders' meetings shall notify the company not later than 12:00 pm the day which is specified in the notice to the meeting. This day may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Years Eve and not fall earlier than the fifth weekday prior to the meeting.*

*Shareholders or representatives may bring up to two counsels at shareholders' meetings only if the shareholder is giving notice of the number of counsels to the company in accordance with the previous section.*

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The financial statements and the audit report regarding the financial year 2019, as well as the nomination committee's and the Board of Director's complete proposals including related documentation will be available at the company at Nytorpsvägen 9 in Täby not later than by 4 June 2020, on the company website and will also be sent by post to shareholders requesting so and stating their postal address.

For information on how your personal data is processed, please see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>

Täby in May 2020  
Mycronic AB (publ)

*The Board of Directors*

*N.B. This English version of the AGM notice is an unofficial translation. In case of any discrepancies in relation to the Swedish version of the notice, the Swedish version shall prevail.*



**For further information, please contact:**

Anders Lindqvist  
CEO and President  
Tel: +46 8 638 52 00, e-mail: anders.lindqvist@mycronic.com

Torbjörn Wingårdh  
CFO  
Tel: +46 8 638 52 00, e-mail: torbjorn.wingardh@mycronic.com

Tobias Bülow  
Director Investor Relations  
Tel: +46 734 018 216, e-mail: tobias.bulow@mycronic.com

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**About Mycronic**

Mycronic AB is a Swedish high-tech company engaged in the development, manufacture and marketing of production equipment with high precision and flexibility requirements for the electronics industry. Mycronic's headquarters are located in Täby, north of Stockholm and the Group has subsidiaries in France, Japan, China, the Netherlands, Singapore, the United Kingdom, South Korea, Germany and the USA. Mycronic is listed on Nasdaq Stockholm. [www.mycronic.com](http://www.mycronic.com)