

REMUNERATION REPORT 2023

Introduction

This remuneration report provides an overview of how Mycronic's guidelines for remuneration to members of the executive management, which were adopted by the Annual General Meeting 2023, have been applied during 2023. The report also provides details on remuneration to the CEO as well as a summary of Mycronic's outstanding share-related and share price-related incentive programs. The report has been prepared in accordance with the Swedish Companies Act and rules on remuneration to the board and executive management and on incentive programs issued by the Swedish Corporate Governance Board and administered by the Stock Market Self-Regulation Committee (ASK).

Further information on remuneration to members of the executive management is available in note 14 "Employees, personnel costs and remuneration to the executive management" on page 74 in the annual and sustainability report for the financial year 2023. Information on the remuneration committee's work during the year is available in the Corporate governance report on page 42 in the annual and sustainability report 2023.

Remuneration to Mycronic's Board of Directors is not covered by this report. The Board's fees is resolved annually by the Annual General Meeting and is disclosed in note 14 in the annual and sustainability report 2023

The year in brief

The CEO summarizes the company's development in his comments on page 6 in the annual and sustainability report 2023.

Mycronic's guidelines for remuneration to members of the executive management: scope, purpose and derogations

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 competence and capacity to achieve specified goals. To this end, the company must offer competitive remuneration to motivate the executive management. Mycronic's remuneration guidelines enable the company to offer a competitive total remuneration.

According to the guidelines, remuneration and other terms of employment for members of the executive management shall be based on market terms and may consist of base salary and variable pay, pension and other benefits. Variable pay covered by the guidelines shall be based on criteria established to contribute to the company's business strategy and long-term interests, and thus to the company's long-term value creation.

The remuneration guidelines, which were adopted by the Annual General Meeting 2023, are available on page 74 in the annual and sustainability report 2023 and were applied during the year. The remuneration to the executive management during 2023 has followed these guidelines. No deviation from the remuneration guidelines have been decided and no deviation from its decision making process have been made. No remuneration to members of the executive management covered by this remuneration report has been paid from another undertaking within the same corporate group. No remuneration has been recouped.

The auditor's report regarding whether the remuneration guidelines have been followed is available on the company's website www.mycronic.com. In addition to remuneration covered by the guidelines, the Annual General Meeting of Mycronic has, as in previous years, resolved to issue a new edition of the long-term incentive program as well as resolved on fees to the Board of Directors.

Application of the remuneration guidelines and the performance criteria

After evaluating the remuneration guidelines and the performance criteria, as well as their application, it can be concluded that these enable Mycronic to recruit and retain the right people in the executive management, which provides the company with the conditions for long-term value creation. The guidelines and performance criteria have also contributed to keeping the remuneration to the CEO and members of the executive management well-balanced. The current remuneration structure and remuneration levels for the CEO and executive management are reasonable.

Share-related and share price-related remuneration

Since 2019, the company has a performance share program ("LTIP") aimed at members of the executive management and key personnel that runs during the financial year. The company currently has three outstanding performance share programs, LTIP 2021, LTIP 2022 and LTIP 2023. Performance shares refer to ordinary shares in the company. Vesting of performance shares presupposes continued employment and is subject to a three-year qualification period. Vesting of performance shares also presupposes fulfilment of performance conditions that are based on earnings per share for the company. Allotment of performance shares shall take place free of charge and is subject to income taxation. For further information, see Table 2 and Table 3b below.

Share-related and share price-related incentive programs completed during 2023

The company's long-term incentive program 2020 ("LTIP 2020") was completed during the financial year 2023. Allotment of performance shares within LTIP 2020 required that the performance target linked to the company's earnings per share ("EPS") for the financial year 2022 were fulfilled. The EPS for the financial year 2022 that was used for this purpose was derived directly from the EPS value stated in the annual report for the financial year 2022 as established and approved by the annual general meeting. The number of shares used in the calculation of EPS was the number of outstanding shares by December 31, 2022, on a fully diluted basis according to IFRS.

A threshold EPS at 5.05 SEK had to be reached in order to have any allotment of performance shares, which entitled each participant to an allotment of 25 percent of such participant's maximum number of performance shares within LTIP 2020. A target EPS at 7.70 SEK entitled each participant to an allotment of 62.5 percent of such participant's maximum number of performance shares within LTIP 2020, and a stretch EPS at 10.08 SEK entitled each participant to an allotment of 100 percent of such participant's maximum number of performance shares within LTIP 2020. Allotment was linear for performances between the threshold and the target values, and between the target and the stretch values.

The EPS for the financial year 2022 was 7.59 SEK. Thus, participants in LTIP 2020 were allotted 61 percent of their respective maximum number of performance shares within LTIP 2020.

Information on shareholders' voting

At the Annual General Meeting 2023, the remuneration report regarding the financial year 2022 was submitted for approval. The remuneration report regarding the financial year 2022 was approved. No opinions from the shareholders were expressed when the general meeting addressed the remuneration report regarding the financial year 2022. Thus, no review of the guidelines for remuneration to senior executives has been conducted based on opinions from shareholders.

Table 1 – Total remuneration during the financial year (KSEK)¹

Name (Position)	Financial year	Fixed remuneration ²		Variable remuneration ³		Extraordinary remuneration ⁴	Pension ⁵	Total remuneration ⁶	Proportion of fixed and variable remuneration ⁷
		Base salary	Other benefits	Short-term	Long-term				
Anders Lindqvist (CEO)	2023	6 739	228	6 316	1 445	-	2 398	17 127	55/45

¹ With the exception of long-term variable remuneration, the table reports remuneration earned during the financial year, excluding statutory social security contributions.

² Refers to base salary and other benefits including holiday pay and benefits such as car benefits and health insurance.

³ Consists of short-term and long-term variable remuneration. Short-term remuneration refers to remuneration earned during the financial year according to achieved performance targets. Long-term remuneration refers to share-based remuneration (LTIP) released to the CEO.

⁴ Refers to non-recurring remuneration such as severance and remuneration that is paid in special situations such as in the event of relocation, or at the beginning of the employment.

⁵ Refers to the company's pension costs which are premium-based. For the CEO, pension is based on base salary.

⁶ Summarizes remuneration elements during the financial year.

⁷ As a share of total remuneration. The fixed share includes fixed remuneration and pension. The variable share includes variable and extraordinary remuneration, as well as (if applicable) pension paid on a variable remuneration.

Table 2 – Performance share program during the financial year

Name (Position)	The main conditions of share award program				Information regarding 2023		
					During the year		Closing balance
	Program	Maximum number of performance shares that can be allotted	Qualification period ¹	Date of allotment of performance shares ²	Number of shares allotted	Number of shares subject to fulfillment of qualification period	Number of shares subject to performance requirement
Anders Lindqvist (CEO)	LTIP 2020	10 300	2020-09-01 - 2023-09-01	2023-09-01	6 564 ³	0	0
	LTIP 2021	7 300	2021-07-01 - 2024-07-01	2024-09-01	0	5 329 ⁴	0
	LTIP 2022	8 900	2022-07-01 - 2025-07-01	2025-09-01	0	0	8 900 ⁵
	LTIP 2023	7 200	2023-07-01 - 2026-07-01	2026-09-01	0	0	7 200 ⁵

¹ The qualification period ends on the date of allotment of performance shares.

² The dates of allotment of performance shares are preliminary and the preliminary dates are based on a three year qualification period. Performance metrics and periods are outlined in table 3b below.

³ Number of shares after adjustment for dividends during the qualification period according to the LTIP terms and conditions.

⁴ Performance outcome was 73% of max. A threshold EPS at 6.04 SEK had to be reached in order to have any allotment of performance shares, which entitled the CEO to an allotment of 25 percent of the maximum number of performance shares within LTIP 2021. A target EPS at 9.47 SEK entitled the CEO to an allotment of 62.5 percent of the maximum number of performance shares within LTIP 2021, and a

stretch EPS at 12.12 SEK entitled the CEO to an allotment of 100 percent of the maximum number of performance shares within LTIP 2021. Allotment was linear for performances between the threshold and the target values, and between the target and the stretch values. The EPS for the financial year 2023 was 10.22 SEK. Number of shares to be adjusted for dividends during the qualification period before allotment.
⁵ Performance period has not yet concluded.

LTIP2019: Performance outcome was 74% of max. A threshold EPS at 5.08 SEK had to be reached in order to have any allotment of performance shares, which entitled the CEO to an allotment of 25 percent of the maximum number of performance shares within LTIP 2019. A target EPS at 7.61 SEK entitled the CEO to an allotment of 62.5 percent of the maximum number of performance shares within LTIP 2019, and a stretch EPS at 10.52 SEK entitled the CEO to an allotment of 100 percent of the maximum number of performance shares within LTIP 2019. Allotment was linear for performances between the threshold and the target values, and between the target and the stretch values. EPS outcome for 2021 was 8.48 SEK.

Table 3a – Performance during the financial year: short-term variable remuneration (KSEK)

Name (Position)	Performance criteria	Relative weighting of the performance criteria	a) Measured performance ¹ b) Actual award/outcome ²
Anders Lindqvist (CEO)	1) Operating profit 2023, Pattern Generators 2) Operating profit 2023, High Flex 3) Operating profit 2023, High Volume 4) Operating profit 2023, Global Technologies 5) Diversity – Share of women among Mycronic group new Hires during 2023 higher than share of women in total Mycronic group headcount year end 2022	1) 20% 2) 20% 3) 20% 4) 20% 5) 20%	a) 82% b) 6 316

¹ Each individual performance criterion can reach a potential maximum of 30%, at 150% target fulfillment. However, the maximum actual outcome is for the CEO set to 115% of base salary.

² In accordance with Table 1, Short-term remuneration.

Table 3b – Performance during the financial year: long-term variable share-related and share price-related remuneration

Name (Position)	Name of the program ¹	Performance criteria	a) Measured performance b) Actual award/outcome
Anders Lindqvist (CEO)	LTIP 2020	Earnings per share 2022	a) 7.59 SEK b) 6 564 ²
	LTIP 2021	Earnings per share 2023	a) 10.22 SEK b) ³
	LTIP 2022	Earnings per share 2024	a) ⁴ b) ⁴
	LTIP 2023	Earnings per share 2025	a) ⁴ b) ⁴

¹ An overview of the programs is found in Table 2.

² Number of shares after adjustment for dividend during the plan period according to LTIP terms and conditions.

³ The qualification period is still running.

⁴ The performance and qualification period is still running.

Table 4 – Change in remuneration and the company’s performance during the recent financial year (KSEK). Change versus previous year in parentheses (change in KSEK; Change in percentage)

	2023	2022	2021	2020
Anders Lindqvist (CEO)	17 127 ¹ (+687; +4%)	16 440 (+3 069; +23%)	13 371 (+5 125; +62%)	8 246
The Group’s operating profit	1 235 MSEK (+341 MSEK; +38%)	894 MSEK (-155 MSEK; -15%)	1 049 MSEK (+151 MSEK; +17%)	898 MSEK
Average total remuneration per full-time employee ²	834 (-4; 0%)	838 (+32; +4%)	806 (+91, +13%)	715

¹ In accordance with Table 1, Total remuneration.

² Refers to fixed and variable remuneration, including holiday pay, other benefits and pension attributable to the financial year, excluding restructuring costs, extraordinary remuneration (such as severance) and statutory social security contributions. The average total remuneration excludes members of the executive management.