

## REMUNERATION REPORT 2022

### 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 2022, have been applied during 2022. 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 issued by the Swedish Corporate Governance Board on remuneration to the board and executive management and on incentive programs.

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 81 in the annual and sustainability report for the financial year 2022. Information on the remuneration committee's work during the year is available in the Corporate governance report on pages 48-49 in the annual and sustainability report 2022.

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 2022 .

### The year in brief

The CEO summarizes the company's development in his comments on pages 6-7 in the annual and sustainability report 2022.

### **Mycronic's remuneration guidelines 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 shall be based on market terms and may consist of base salary and variable pay, pension and other benefits. Variable pay covered by these 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 2022, are available on page 81 in the annual and sustainability report 2022 and were applied during the year. The remuneration to the executive management has during 2022 has followed these guidelines with the exception of the derogation below.

The derogation means that the cap on short-term variable remuneration in respect of one member of the executive management may be exceeded by a maximum of RMB 200,000, which at the current exchange rate correspond to approximately SEK 309,000. The remuneration committee has

recommended the Board of Directors to resolve on the derogation from the Remuneration Guidelines and to approve that a one-time bonus may be paid to a member of the executive management. By reason hereof, and with regard to the importance of motivating a certain member of the executive management to achieve specified goals in relation to the possible listing Axxon on the STAR market of the Shanghai Stock Exchange, the Board of Directors has considered that there is special cause to derogate from the Remuneration Guidelines and that the derogation is necessary to safeguard the Company's long-term interests, including its sustainability. However, once the outcome of the short-term variable remuneration was decided in conjunction with the year-end results, it turned out that the short-term variable remuneration, including the one-time bonus, was below the cap in the remuneration guidelines. No further derogations from the Remuneration Guidelines have been decided and no derogations from the procedure for implementation of the Remuneration Guidelines have been made.

The auditor's report regarding whether the remuneration guidelines have been followed is available on the company's website [www.mycronic.com](http://www.mycronic.com). In addition to remuneration covered by these guidelines, the Annual General Meeting of Mycronic, as in previous years, has 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. 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.

### **Information on shareholders' voting**

At the Annual General Meeting 2022, the remuneration report regarding the financial year 2021 was submitted for approval. The remuneration report regarding the financial year 2021 was approved. No opinions from the shareholders were expressed when the general meeting addressed the remuneration report regarding the financial year 2021. 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)<sup>1</sup>**

Name (Position)	Financial year	Fixed remuneration <sup>2</sup>	Variable remuneration <sup>3</sup>	Extraordinary remuneration <sup>4</sup>	Pension <sup>5</sup>	Total remuneration <sup>6</sup>	Proportion of fixed and variable remuneration <sup>7</sup>
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		Base salary	Other benefits	Short-term	Long-term				
Anders Lindqvist (CEO)	2022	6 480	118	5 810	1 726	-	2 306	16 440	54/46

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

<sup>2</sup> Refers to base salary including holiday pay and other benefits. Other benefits include benefits such as car benefits and health insurance.

<sup>3</sup> 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.

<sup>4</sup> 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.

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

<sup>6</sup> Summarizes remuneration elements during the financial year.

<sup>7</sup> 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 2022	
					During the year	Closing balance
	Program	Maximum number of performance shares that can be allotted	Qualification period	Date of allotment of performance shares	Number of shares allotted	Number of shares subject to performance requirement
Anders Lindqvist (CEO)	LTIP 2019	13 700	2019-11-01 - 2022-11-01	2022-11-01	10 098	0
	LTIP 2020	10 300	2020-09-01 - 2023-09-01	2023-09-01	0	10 300 <sup>1</sup>
	LTIP 2021	7 300	2021-07-01 - 2024-07-01	2024-07-01	0	7 300 <sup>1</sup>
	LTIP 2022	8 900	2022-07-01 – 2025-07-01	2025-07-01	0	8 900 <sup>1</sup>

<sup>1</sup> Performance period is still running.

## 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 <sup>1</sup> b) Actual award/outcome <sup>2</sup>
Anders Lindqvist (CEO)	1) Operating profit 2022, Pattern Generators 2) Operating profit 2022, AS High Flex 3) Operating profit 2022, AS High Volume 4) Operating profit 2022, Global Technologies 5) Total operational cost 2022, Corporate Office	1) 20% 2) 20% 3) 20% 4) 20% 5) 20%	a) 90% b) 5 810

<sup>1</sup> 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 100% of base salary.

<sup>2</sup> 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 <sup>1</sup>	Performance criteria	a) Measured performance
			b) Actual award/outcome
Anders Lindqvist (CEO)	LTIP 2019	Earnings per share 2021	a) SEK 8.48 b) 10 098 shares
	LTIP 2020	Earnings per share 2022	a) <sup>2</sup> b) <sup>2</sup>
	LTIP 2021	Earnings per share 2023	a) <sup>2</sup> b) <sup>2</sup>
	LTIP 2022	Earnings per share 2024	a) <sup>2</sup> b) <sup>2</sup>

<sup>1</sup> An overview of the programs is found in Table 2.

<sup>2</sup> The performance 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)**

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

<sup>1</sup> In accordance with Table 1, Total remuneration.

<sup>2</sup> 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.