MYCRONIC
When passion meets innovation

Q4

Year-end Report January-December 2020

Fourth quarter

- Order intake amounted to SEK 865 (1,706) million, a decline of 49 percent
- Net sales decreased 16 percent to SEK 992 (1,181) million and 11 percent based on constant exchange rates
- EBIT rose 5 percent to SEK 214 (204) million and EBIT margin was 22 (17) percent
- The underlying EBIT increased 3 percent to SEK 220 (214) million. The underlying EBIT margin was 22 (18) percent
- Earnings per share were SEK 1.80 (1.57)

January-December

- Order intake was SEK 3,687 (4,567) million, a decrease of 19 percent
- Net sales decreased 10 percent to SEK 3,882 (4,307) million and 8 percent based on constant exchange rates
- EBIT was SEK 898 (1,124) million, a decline of 20 percent. The EBIT margin was 23 (26) percent
- The underlying EBIT amounted to SEK 975 (1,169) million, a decline of 17 percent. The underlying EBIT margin was 25 (27) percent
- Earnings per share were SEK 7.10 (8.74)
- The Board of Directors has proposed a dividend of SEK 3.00 (2.00) per share to the 2021 Annual General Meeting

"I am very satisfied with the way in which we closed the year and the way we are addressing and managing the uncertainty in our macro-environment as the pandemic continues to impact our everyday lives. We are demonstrating once more that our long-term view and approach, combined with continuously adapting to the prevailing conditions, provide a stable foundation for our operations. I noted a fluctuating trend for our divisions during the quarter, but it is generally unavoidable that our operations will also be affected. Despite this, the Group's EBIT increased 5 percent during the quarter and the EBIT margin increased to 22 percent, while net sales declined 16 percent, of which currency effects accounted for 5 percentage points," says Anders Lindqvist, President and CEO.

Outlook 2021

It is the Board of Directors' opinion that consolidated net sales for 2021 will be at a level of SEK 3.9 billion, based on 2020 closing exchange rates.

	Q4		Jan-Dec	
Group summary	**2020**	**2019**	**2020**	**2019**
Order intake, SEK million	865	1,706	3,687	4,567
Net Sales, SEK million	992	1,181	3,882	4,307
Book-to-bill	0.9	1.4	0.9	1.1
Order backlog, SEK million	1,969	2,164	1,969	2,164
Gross margin, %	52.3%	49.4%	53.6%	55.7%
EBIT, SEK million	214	204	898	1,124
EBIT margin, %	21.5%	17.2%	23.1%	26.1%
Underlying EBIT margin, %	22.2%	18.1%	25.1%	27.1%
Earnings per share before/after dilution, SEK	1.80	1.57	7.10	8.74
Cash Flow, SEK million	247	-157	689	-180
Changes in net sales				
Total growth, %	-16%	12%	-10%	14%
Organic growth, %	-11%	9%	-8%	7%
Growth from acquisitions, %	-	-	-	2%
Currency effects, %	-5%	4%	-2%	5%

MYCRONIC

CEO comments

I am very satisfied with how we closed the year and the way we are addressing and managing the uncertainty in our macro-environment as the pandemic continues to impact our everyday lives. We are demonstrating once more that our long-term view and approach, combined with continuously adapting to the prevailing conditions, provide a stable foundation for our operations. A key part of the long-term approach is our stable financial position and well-filled order book, but what is most important is that we focus on helping our customers through this difficult period every single day.

Our resilience is also based on having a healthy risk spread, with a business that is diversified across segments and geographies. I noted a fluctuating trend for our divisions during the quarter, and it is generally unavoidable that we also are affected by the pandemic. Despite this, the Group's EBIT increased 5 percent during the quarter and the EBIT margin increased to 22 percent, while net sales declined 16 percent, of which currency effects accounted for 5 percentage points.

The Pattern Generators division had a strong end to the year, with orders for a Prexision Lite 8 Evo and four SLX. This means that we have secured eight SLX orders during the product's first year on the market, indicating it was the right decision and time to develop and launch a mask writer for the semiconductor industry. In December, the first system was delivered to a customer in Asia.

Activities in the High Flex division increased from low levels during the last quarter of the year, with for example a couple of major orders received in Western Europe and the USA. The uncertainty remains, although there are signs that postponed investments are now beginning to materialize.

The High Volume division also saw an improved investment climate in the fourth quarter, which was also apparent in a couple of significant orders from, for example, South Korea.

The weak trend for camera modules to the automotive industry continues to impact the Global Technologies Division. Also within optoelectronics, which reported a strong performance, somewhat slower demand is visible in the Chinese market, driven by the earlier accumulation of inventory ahead of an anticipated expansion of the trade barriers between China and the USA.

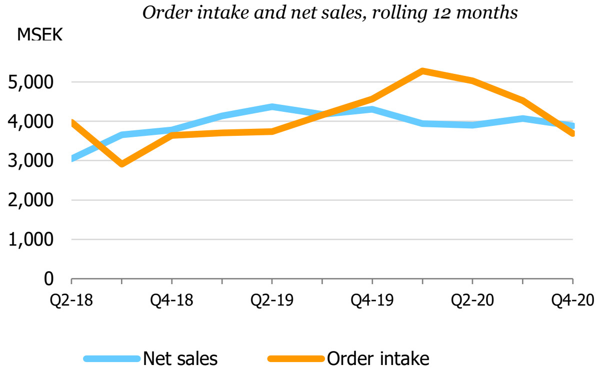
As part of our more customer-focused and decentralized Group structure, we have choosen to also present performance by division as of this quarter. However, for the three former Assembly Solutions divisions, we will retain the aggregate EBIT margin target of at least 10 percent in 2021. We are well on our way at 5 percent for the quarter and I confirm that the annual target for 2021 stands firm.

For 2021, the Board of Directors and I estimate that we will report sales of SEK 3.9 billion. Our conditions for continued growth are favorable and we can confirm our ambition of achieving SEK 5 billion not later than 2023. We have a strong product portfolio with world-leading solutions in all of our divisions. In addition, we have a strong financial position that enables the implementation of acquisitions, alongside a scalable structure for continued growth.

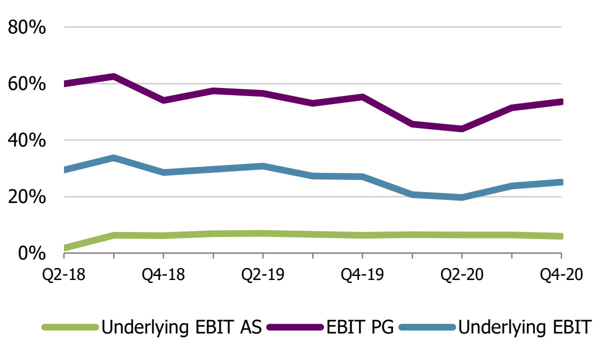
During the year, we continuously adapted our operations to manage the uncertainty and problems arising in the wake of the pandemic and I am impressed by how our employees are handling the situation on a daily basis. Although we will see variations and uncertainty in the market in the short term, I feel confident that we have a strong platform and the prerequisites for a continued journey of growth in the long term.

Anders Lindqvist, President and CEO

Order intake and net sales, rolling 12 months



EBIT margin, rolling 12 months



MYCRONIC

Financial performance, Group

	Q4		Jan-Dec	
	2020	**2019**	**2020**	**2019**
Order intake, SEK million	865	1,706	3,687	4,567
Order backlog, SEK million	1,969	2,164	1,969	2,164
Net Sales, SEK million	992	1,181	3,882	4,307
Gross profit, SEK million	519	584	2,080	2,399
Gross margin, %	52.3%	49.4%	53.6%	55.7%
EBIT, SEK million	214	204	898	1,124
EBIT margin, %	21.5%	17.2%	23.1%	26.1%
Underlying EBIT, SEK million	220	214	975	1,169
Underlying EBIT margin, %	22.2%	18.1%	25.1%	27.1%
EBITDA, SEK million	255	244	1,112	1,307

Group

Activities in the High Flex division increased from low levels during the last quarter of the year, with for example a couple of major orders received in Western Europe and the USA. The uncertainty remains, although there are signs that postponed investments are now beginning to materialize. The High Volume division also saw an improved investment climate in the fourth quarter, which was also apparent in a couple of significant orders from, for example, South Korea. The weak trend for camera modules to the automotive industry continues to impact the Global Technologies Division. Also within optoelectronics, which reported a strong performance, somewhat slower demand is visible in the Chinese market, driven by the earlier accumulation of inventory ahead of an anticipated expansion of the trade barriers between China and the USA.

The Pattern Generators division had a strong end to the year, with orders for a Prexision Lite 8 Evo and four SLX.

In total, this resulted in an order intake for the Group of SEK 865 (1,706) million for the quarter and SEK 3,687 (4,567) million for the full year. The decline of 49 and 19 percent, respectively, should be viewed, in addition to the pandemic, in light of the very strong order intake for Pattern Generators in the fourth quarter of 2019. The Group's order backlog amounted to SEK 1,969 (2,164) million at the end of December.

The development among the divisions varies, but on the whole, the effects of the pandemic resulted in net sales for the quarter declining 16 percent to SEK 992 (1,181) million and by 11 percent based on constant exchange rates. The Group's net sales for the full year declined 10 percent to SEK 3,882 (4,307) million and 8 percent based on constant exchange rates.

EBIT for the quarter improved 5 percent to SEK 214 (204) million as a result of a favorable product mix and lower costs. EBIT margin amounted to 22 (17) percent. For the full year, EBIT was SEK 898 (1,124) million, a decline of 20 percent. The EBIT margin was 23 (26) percent.

Acquisition-related costs, mainly attributable to the amortization and impairment of acquired intangible assets, amounted to SEK 6 (11) million for the last quarter of the year and to SEK 77 (45) million for the full year. Underlying EBIT amounted to SEK 220 (214) million for the quarter and SEK 975 (1,169) million for the full year, corresponding to an underlying EBIT margin of 22 (18) percent and 25 (27) percent, respectively.

Cash flow and financial position

Consolidated cash and cash equivalents at the end of the year amounted to SEK 1,303 (655) million. Cash flow for the year amounted to SEK 689 (-180) million. Cash flow from operating activities amounted to SEK 1,126 (545) million. Working capital tied up decreased during the year by SEK 218 million, driven primarily by advances from customers, compared with an increase of SEK 498 million in the preceding year.

Investments amounted to SEK 150 (399) million, of which capitalization of product development accounted for SEK 85 (29) million. Investments in tangible assets totaled SEK 44 (109) million.

Financing activities for the year utilized SEK 288 (326) million, of which SEK 196 million related to dividends to shareholders.

COVID-19

Mycronic is adhering to all official recommendations related to the pandemic and is also monitoring any development related to COVID-19. The company is taking a structured approach to reducing the risks to personnel and operations,

MYCRONIC

while also implementing measures that will ensure future flexibility. Health and safety is our main priority.

Mycronic has a strong financial position, combined with its operations being well distributed over different segments and geographies, which is why the impact of COVID-19 on the Group differs substantially between its various parts. The virus has had an impact on the electronics industry and is creating uncertainty in the market, making forecasts and long-term effects difficult to assess.

Financial performance Assembly Solutions

Assembly Solutions business area

	Q4		Jan-Dec	
	2020	**2019**	**2020**	**2019**
Order intake, SEK million	462	703	2,327	2,762
Order backlog, SEK million	813	805	813	805
Net Sales, SEK million	607	776	2,319	2,463
Gross profit, SEK million	235	308	922	1,011
Gross margin, %	38.7%	39.6%	39.8%	41.0%
EBIT, SEK million	28	42	62	110
EBIT margin, %	4.6%	5.4%	2.7%	4.5%
Underlying EBIT, SEK million	34	53	139	155
Underlying EBIT margin, %	5.6%	6.8%	6.0%	6.3%
R&D expenditures, SEK million	-85	-99	-339	-340
R&D costs, SEK million	-81	-99	-351	-344

The Assembly Solutions divisions High Flex, High Volume and Global Technologies are recognized separately on the following pages as of the fourth quarter. However, the business area's aggregate target of an EBIT margin of at least 10 percent in 2021 remains.

EBIT for the quarter for Assembly Solutions as a whole declined 34 percent to SEK 28 (42) million, corresponding to an EBIT margin of 5 (5) percent. EBIT for the full year declined 44 percent to SEK 62 (110) million, corresponding to an EBIT margin of 3 (4) percent. Underlying EBIT amounted to SEK 34 (53) million for the quarter and SEK 139 (155) million for the full year, corresponding to an underlying EBIT margin of 6 (7) percent and 6 (6) percent, respectively. Group functions costs that impact the business area's EBIT amounted to SEK 20 million for the quarter and SEK 65 million for the full year (see Note 6).

Reconciliation Assembly Solutions

SEK million	High Flex	High Volume	Global Technologies	Internal sales and Group functions	Assembly Solutions
Q4 2020					
Net sales	331	203	93	-20	607
EBIT	25	30	-8	-20	28
Jan-Dec 2020					
Net sales	1,079	873	412	-46	2,319
EBIT	33	181	-87	-65	62

Assembly Solutions divisions

High Flex division

	Q4		Jan-Dec	
	2020	2019	2020	2019
Order intake, SEK million	269	357	1,032	1,370
Order backlog, SEK million	86	134	86	134
Net Sales, SEK million	331	421	1,079	1,403
Gross profit, SEK million	136	180	425	586
Gross margin, %	41.0%	42.8%	39.4%	41.8%
EBIT, SEK million	25	34	33	92
EBIT margin, %	7.7%	8.1%	3.0%	6.6%
Underlying EBIT, SEK million	26	36	37	98
Underlying EBIT margin, %	8.0%	8.5%	3.4%	7.0%
R&D expenditures, SEK million	-42	-60	-186	-229
R&D costs, SEK million	-36	-56	-165	-216

Activities in the High Flex division increased from low levels during the last quarter of the year, with for example a couple of major orders received in Western Europe and the USA. The uncertainty remains, although there are signs that postponed investments are now beginning to materialize. Most of the year was impacted by the pandemic and, in relation to the preceding year, which had a very strong fourth quarter, order intake declined 25 percent to SEK 269 (357) million. For the full year, order intake closed at SEK 1,032 (1,370) million, a decrease of 25 percent. The order backlog amounted to SEK 86 (134) million.

Net sales for the fourth quarter amounted to SEK 331 (421) million, driven by healthy deliveries from the orderbook, although the pandemic led to a decrease of 21 percent on the preceding year. The full year declined 23 percent to SEK 1,079 (1,403) million. The fourth quarter's net sales were negatively impacted by currency effects of SEK 24 million and the full year negatively by SEK 24 million.

EBIT declined 25 percent to SEK 25 (34) million, corresponding to an EBIT margin of 8 (8) percent. EBIT for the full year declined 65 percent to SEK 33 (92) million, corresponding to an EBIT margin of 3 (7) percent. Underlying EBIT amounted to SEK 26 (36) million for the quarter and SEK 37 (98) million for the full year, corresponding to an underlying EBIT margin of 8 (8) percent and 3 (7) percent, respectively.

Research and development costs during the quarter amounted to SEK 36 (56) million and SEK 165 (216) million for the year and pertained to existing product development, together with investments in future growth. The capitalization of R&D costs amounted to SEK 7 (5) million and SEK 25 (17) million for the respective periods.

High Volume division

	Q4		Jan-Dec	
	2020	**2019**	**2020**	**2019**
Order intake, SEK million	163	244	983	928
Order backlog, SEK million	669	560	669	560
Net Sales, SEK million	203	189	873	599
Gross profit, SEK million	68	68	351	260
Gross margin, %	33.3%	35.9%	40.2%	43.4%
EBIT, SEK million	30	29	181	104
EBIT margin, %	14.9%	15.5%	20.7%	17.3%
Underlying EBIT, SEK million	34	33	195	124
Underlying EBIT margin, %	16.5%	17.4%	22.3%	20.7%
R&D expenditures, SEK million	-29	-26	-87	-60
R&D costs, SEK million	-30	-27	-92	-65

The High Volume division displayed an improved investment climate during the fourth quarter of the year, driven by a stable trend in China. During the quarter, High Volume gained a few significant orders from countries including South Korea, although this was not fully able to offset a fall in order intake of 33 percent to SEK 163 (244) million compared with a strong fourth quarter in the preceding year. For 2020 as a whole, order intake rose 6 percent to SEK 983 (928) million. Since the end of 2019, the backlog of orders has increased 20 percent to SEK 669 (560) million.

Net sales for the fourth quarter of the year grew 8 percent to SEK 203 (189) million. There was strong performance for the full year and High Volume increased its net sales by 46 percent to SEK 873 (599) million due to a strong trend in the Chinese market. The fourth quarter's net sales were negatively impacted by currency effects of SEK 9 million and the full year negatively by SEK 22 million.

EBIT improved 3 percent to SEK 30 (29) million, corresponding to an EBIT margin of 15 (16) percent. EBIT for the full year increased 75 percent to SEK 181 (104) million, corresponding to an EBIT margin of 21 (17) percent. Underlying EBIT amounted to SEK 34 (33) million for the quarter and SEK 195 (124) million for the full year, corresponding to an underlying EBIT margin of 17 (17) percent and 22 (21) percent, respectively.

Research and development costs during the quarter amounted to SEK 30 (27) million and SEK 92 (65) million for the year and pertained to existing product development, together with investments in future growth.

MYCRONIC

Global Technologies division

	Q4		Jan-Dec	
	2020	**2019**	**2020**	**2019**
Order intake, SEK million	51	107	357	492
Order backlog, SEK million	57	112	57	112
Net Sales, SEK million	93	172	412	489
Gross profit, SEK million	32	61	146	167
Gross margin, %	34.4%	35.2%	35.5%	34.1%
EBIT, SEK million	-8	5	-87	-9
EBIT margin, %	-8.6%	2.7%	-21.1%	-1.9%
Underlying EBIT, SEK million	-6	9	-28	7
Underlying EBIT margin, %	-6.6%	5.4%	-6.7%	1.5%
R&D expenditures, SEK million	-14	-13	-66	-51
R&D costs, SEK million	-15	-15	-95	-62

The weak trend for camera modules to the automotive industry continues to impact the Global Technologies division. Also within optoelectronics, which reported a strong performance, somewhat slower development is visible in the Chinese market, driven by earlier accumulation of inventory ahead of an anticipated expansion of the trade barriers between China and the USA. Overall, the order intake declined 52 percent to SEK 51 (107) million in the fourth quarter of the year and 27 percent to SEK 357 (492) million during the year.

Net sales for the fourth quarter of the year amounted to SEK 93 (172) million, a decline of 46 percent. For the full year, net sales declined 16 percent to SEK 412 (489) million, with strong performance in optoelectronics partly offsetting a very weak market for camera modules. The fourth quarter's net sales were negatively impacted by currency effects of SEK 11 million and the full year negatively by SEK 11 million.

EBIT for the quarter was SEK -8 million compared with SEK 5 million for the year-earlier period. For full-year, EBIT was SEK -87 million compared with SEK -9 million last year. The EBIT margin for the periods amounted to -9 (3) percent and -21 (-2) percent, respectively. Underlying EBIT amounted to SEK -6 (9) million for the quarter and SEK -28 (7) million for the full year, corresponding to an underlying EBIT margin of -7 (5) percent and -7 (2) percent, respectively.

Research and development costs during the quarter amounted to SEK 15 (15) million and SEK 95 (62) million for the year and pertained to existing product development, together with investments in future growth. Research and development costs for the full year also included SEK 18 million pertaining to the impairment of acquired technology. Sales costs during the quarter amounted to SEK 12 (25) million and to SEK 91 (116) million for the full year. The full-year sales costs include a write-down of acquired customer relationships of SEK 24 million.

Financial performance Pattern Generators

	Q4		Jan-Dec	
	2020	2019	2020	2019
Order intake, SEK million	403	1,004	1,361	1,805
Order backlog, SEK million	1,156	1,359	1,156	1,359
Net Sales, SEK million	385	405	1,563	1,844
Gross profit, SEK million	283	277	1,156	1,389
Gross margin, %	73.5%	68.3%	74.0%	75.3%
EBIT, SEK million	186	163	838	1,019
EBIT margin, %	48.5%	40.3%	53.6%	55.3%
R&D expenditures, SEK million	-59	-70	-222	-227
R&D costs, SEK million	-51	-59	-163	-215

Pattern Generators noted a strong end to the year, with orders for four SLX and one Prexision Lite 8 Evo. This means that there were a total of eight orders for SLX during its first year on the market. Order intake for the quarter totaled SEK 403 (1,004) million. Despite a strong quarter, order intake declined 60 percent due to the challenging comparison with the unusually strong end to 2019. For the full year, order intake closed at SEK 1,361 (1,805) million, a decrease of 25 percent. The pandemic entailed that uncertainty regarding the timing of scheduled deliveries is higher than usual. At the end of the year, the order backlog amounted to SEK 1,156 (1,359) million and contained 13 systems with planned system deliveries as follows:

2021 Q1: Prexision Lite 8 Evo, SLX, Prexision 800 Evo
2021 Q2: Prexision Lite 8 Evo, MMS G8, SLX
2021 H1: SLX, FPS 6100
2021 Q3: SLX, Prexision Lite 8 Evo
2021 H2: SLX

2022 Q1: SLX
2022 Q3: SLX

Net sales for the quarter amounted to SEK 385 (405) million. Due to the protracted processes resulting from the pandemic, the delivery of an FPS 6100 was postponed to the first half of 2021. The first SLX system, a Prexision 8 Evo and a major upgrade of a Prexision 8 were delivered during the fourth quarter of the year. For the full year, net sales amounted to SEK 1,563 (1,844) million, with the decline largely attributable to slightly fewer system deliveries compared with the preceding year. The fourth quarter's net sales were negatively impacted by currency effects of SEK 16 million and the full-year negatively by SEK 39 million.

EBIT for the quarter increased 14 percent and amounted to SEK 186 (163) million, corresponding to an EBIT margin of 48 (40) percent. EBIT for the full year declined 18 percent to SEK 838 (1,019) million, corresponding to an EBIT margin of 54 (55) percent. The business is characterized by major variations between the quarters in terms of orders and deliveries, and development should therefore be viewed over a longer period. The business area's share of Group functions costs amounted to SEK 15 million for the quarter and SEK 51 million for the full year (see Note 6).

R&D costs amounted to SEK 51 (59) million for the quarter and to SEK 163 (215) million for the year and pertain mainly to the SLX mask writer, together with the development of the current and next generations of mask writer. The capitalization of R&D costs amounted to SEK 8 (11) million and SEK 60 (12) million for the respective periods.

MYCRONIC

The electronics industry

It should be noted that the spread of COVID-19 and the global economic slowdown mean that there is currently heightened uncertainty relating to market forecasts in general.

The global electronics industry is assessed to have declined 1.9 percent in 2020 to USD 2,130 billion[1]. For full-year 2020, the semiconductor market was forecast to demonstrate a positive trend, with growth of 6.8 percent to the equivalent of USD 440 billion[1].

Outlook

Annual growth for the electronics industry is forecast at 4.1 percent for the period 2019–2024[1]. Segments with the strongest expected growth during this five-year period are electronics for data center and wireless communication infrastructure, the automotive industry, industrial applications and consumer electronics. The electronics industry is forecast to demonstrate growth of 6.2 percent in 2021. The semiconductor market is expected to grow 8.0 percent in full-year 2021 compared with 2020 and is forecast to be positive during the 2021–2024 period as a whole, with average annual growth of 4.4 percent[1].

Size/growth	2021F	2020	2019
Electronics industry, percentual change[1]	+6.2%	-1.9% (F)	+0.8%
Semiconductor industry, percentual change[1]	+8.0%	+6.8% (F)	+12.1%
SMT, percentual change[2]	NA	+7%	-10%
Dispensing, USD million[3]	NA	NA	800
Automotive camera modules, units, million[3]	236	172	189
Displays, USD, billion[4]	140	123	109
Photomasks, percentual change in value[5]	0%	+2%	+8%
Photomask area, thousand sq. meters[5]	17.7	17.9	17.4

Assembly Solutions

SMT and dispensing market area

The global market for SMT equipment has annual sales of approximately USD 5,000 million[6]. The segment SMT robots for component mounting grew by 7 percent in 2020 to USD 2,945 million[2], driven primarily by strong Chinese development, while markets in America, Europe and Japan declined. The dispensing equipment market had sales of USD 800 million[3] in 2019. Mycronic's product portfolio comprises production systems for component mounting, non-contact high-speed dispensing of solder paste, inspection equipment, automated storage solutions, and equipment for dispensing, including coating of circuit boards.

Assembly automation market area

Mycronic offers die-bonding systems with very high precision for the production of micro and optoelectronics that are used in, for example, the data and telecommunication, aerospace, defense and medical devices industry. With the development of data centers, 5G, artificial intelligence and IoT (Internet of Things), optical components for communication are expected to grow from USD 7.5 billion in 2019 to USD 12.9 billion in 2025, which corresponds to annual growth of 10 percent[8]. Mycronic also offer solutions for assembly and testing of camera modules including those for Advanced Driver Assistance Systems (ADAS) in the automotive market. The number of automotive camera modules manufactured is expected to increase from 189 million units in 2019 to 357 million in 2025, corresponding to 11 percent annual growth[3].

Pattern Generators

The initial assessment of the display market for 2020 was for stabilized prices and growth of 3 percent to USD 112 billion[4]. After an initial decline in the market due to the outbreak of the pandemic, the market made a strong recovery in the second half of 2020, driven by healthy demand and rising prices, particularly for LCD displays. Growth for 2020 has now been revised upward to growth of 13 percent to USD 123 billion[4]. The positive trend in the display market is expected to continue in 2021, with growth of 13 percent to USD 140 billion[4]. The assessment is that the trend toward a larger share of advanced displays will continue. During 2021, AMOLED is expected to grow 28 percent to USD 38 billion[4], driven by an increased share of AMOLED displays and the fact that more display manufacturers are starting to produce displays based on this technology. Meanwhile, the total display area is also increasing, driven by larger screens and more screens in new products.

Photomasks for displays market area

The market grew by 8 percent to USD 900 million in 2019 and the forecast for 2020 is for growth of 2 percent to USD 919 million[5,7]. Growth is driven primarily by a higher proportion of advanced photomasks for AMOLED. At the same time, predicted growth for G10 photomasks has been slower due to increased price pressure and the deferral of capacity build-outs[5]. The forecast for total area growth is an average of 2 percent per year for 2019–2024[5]. Strong growth for AMOLED photomasks is expected, with an annual average area growth of 12 percent for 2019–2024[5], which drives the need for photomasks produced by Prexision 80 and Prexision 800 systems. The market report from Omdia on photomasks for displays is updated annually during the second quarter. The currrent forecast is from the second quarter of 2020.

1) Prismark, latest forecast December 2020
2) Protec MDC, January 2021
3) Prismark, May and December 2020
4) Omdia (formerly IHS Markit), latest forecast Jan 2021
5) Omdia (formerly IHS Markit), June 2020 (annual update)
6) Prismark April 2019, Protec January 2021, Mycronic analysis
7) 110 YEN/USD used by Mycronic for conversion
8) Lightcounting, October 2020

Other

The Parent Company

Mycronic AB is the Group's Parent Company.

The Parent Company's net sales amounted to SEK 2,381 (2,833) million for the full year. EBIT was SEK 604 (1,028) million.

Cash and cash equivalents at the end of the year amounted to SEK 719 million, compared with SEK 246 million at the end of 2019.

Nomination Committee

The Nomination Committee for Mycronic's 2021 Annual General Meeting has been appointed in accordance with the instructions for the Nomination Committee as decided by the 2020 Annual General Meeting. The Nomination Committee comprises: Henrik Blomquist, Bure Equity, Per Trygg, SEB Fonder, Thomas Ehlin, Fourth AP Fund, and Patrik Tigerschiöld, Chairman of Mycronic. The Nomination Committee represented 47.6 percent of votes and shares as of August 31, 2020.

Annual General Meeting 2021

The Annual General Meeting will be held on May 5, 2021. The notification will be sent out in due course.

In line with the dividend policy, the Board of Directors is proposing to the Annual General Meeting a dividend of SEK 3.00 (2.00) per share, totaling SEK 293.7 (195.8) million.

The record date for entitlement to the dividend is proposed as May 7, 2021. Provided the Meeting resolves in favor of the dividend proposal, the dividend is expected to be paid as a single payment on May 12, 2021.

Financial information

Mycronic AB (publ) is listed on NASDAQ Stockholm, Large Cap. The information in this report is published in accordance with the EU Market Abuse Regulation and the Swedish Securities Act. The information was submitted for publication through the contact persons stated below (page 11) on February 10, 2021, at 8:00 a.m.

Financial reports and press releases are published in Swedish and English and are available on www.mycronic.com.

This report was not reviewed by the company's auditor.

Financial calendar

Annual and Sustainability Report 2020	April 8, 2021
Interim Report January–March 2021	April 22, 2021
Annual General Meeting 2021	May 5, 2021
Interim Report January–June 2021	July 15, 2021
Interim Report January–September 2021	October 21, 2021
Year-end report 2021	February 9, 2022

The Board of Directors and President certify that this year-end report provides a true and fair picture of the business activities, financial position and results of operations of the Parent Company and the Group and describes the significant risks and uncertainties to which the Parent Company and the Group are exposed.

Täby, February 10, 2021
Mycronic AB (publ)

Anders Lindqvist
President and CEO

Patrik Tigerschiöld Chairman of the Board	Arun Bansal Member of the Board	Anna Belfrage Member of the Board
Katarina Bonde Member of the Board	Staffan Dahlström Member of the Board	Johan Densjö Employee representative
Robert Larsson Member of the Board	Jörgen Lundberg Employee representative	

MYCRONIC

Mycronic's vision
The business partner of choice, enabling the future of electronics.

Mycronic's mission
- We aim to be the market leader within our key segments across the globe
- We continuously improve and develop innovative solutions, products and services to meet the changing needs of our customers
- We do not compromise with our goal to deliver sustainable growth, profitability and shareholder value
- We meet our challenging goals by engaging the passion and talent of people dedicated to deliver

Mycronic's long-term financial goals announced in February 2017

Growth
Net sales including acquisitions shall reach SEK 5 billion at the end of the business plan period, 4 to 7 years.

Profitability
EBIT shall exceed 15 percent of net sales over a business cycle.

Capital structure
Net debt shall be less than 3 times average EBITDA (operating profit before interest, tax, depreciation and amortization). The average is calculated over 3 years.

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.

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 (MYCR) is listed on Nasdaq Stockholm. www.mycronic.com

For additional information, please contact

Anders Lindqvist
President and CEO
+46 8 638 52 00
anders.lindqvist@mycronic.com

Torbjörn Wingårdh
CFO
+46 8 638 52 00
torbjorn.wingardh@mycronic.com

Tobias Bülow
Director Investor Relations
+46 734 018 216
tobias.bulow@mycronic.com

Mycronic AB (publ)
PO Box 3141
SE-183 03 Täby, Sweden
Phone: +46 8 638 52 00
Fax: +46 8 638 52 90

www.mycronic.com
Reg office: Stockholm
Reg no: 556351-2374
VAT no: SE556351237401

MYCRONIC

Group

Consolidated profit and loss accounts in summary, SEK million	Note	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	5, 6	992	1,181	3,882	4,307
Cost of goods sold		-473	-598	-1,802	-1,908
Gross profit		**519**	**584**	**2,080**	**2,399**
Research and development	7	-132	-159	-514	-559
Selling expenses		-76	-148	-435	-541
Administrative expenses		-66	-66	-236	-237
Other income and expenses		-31	-8	3	62
EBIT		**214**	**204**	**898**	**1,124**
Financial income and expenses		-3	-1	-8	-2
Profit/loss before tax		**211**	**203**	**890**	**1,122**
Tax		-31	-51	-187	-263
Net Profit/loss		**180**	**152**	**703**	**859**
Earnings per share before/after dilution, SEK		1.80	1.57	7.10	8.74
Average number of shares, thousand		97,680	97,822	97,743	97,893
Results attributable to owners of the Parent Company		176	153	694	855
Results attributable to non-controlling interests		4	-1	10	4
		180	**152**	**703**	**859**

Consolidated statement of comprehensive income in summary, SEK million	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Net Profit/loss	**180**	**152**	**703**	**859**
Other comprehensive income				
Items not to be reclassified to profit/loss, after tax				
Actuarial profit/loss from defined benefits to employees	3	-2	3	-2
Items to be reclassified to profit/loss, after tax				
Translation differences at translating foreign entities	-122	-67	-161	56
Hedging of net investment in foreign entities	-	0	-	-13
Changes in cash flow hedges	37	32	61	19
Total comprehensive income	**98**	**115**	**606**	**919**
Total comprehensive income attributable to owners of the Parent Company	95	116	597	915
Total comprehensive income attributable to non-controlling interests	3	-1	9	4
	98	**115**	**606**	**919**

MYCRONIC

Consolidated statements of financial position in summary, SEK million	31 Dec 20	31 Dec 19
ASSETS		
Fixed assets		
Intangible assets	1,253	1,366
Tangible assets	465	447
Non-current receivables	40	50
Deferred tax assets	128	97
Total fixed assets	**1,886**	**1,960**
Current assets		
Inventories	1,181	1,109
Trade receivables	601	826
Other current receivables	348	250
Cash and cash equivalents	1,303	655
Total current assets	**3,433**	**2,839**
Total assets	**5,319**	**4,800**
EQUITY AND LIABILITIES		
Equity	**3,378**	**2,978**
Long-term liabilities		
Long-term interest-bearing liabilities	185	252
Deferred tax liabilities	281	226
Other non-current liabilities	41	54
Total long-term liabilities	**507**	**532**
Short-term liabilities		
Short-term interest-bearing liabilities	79	66
Trade payables	261	288
Other current liabilities	1,094	936
Total current liabilities	**1,434**	**1,289**
Total liabilities	**1,941**	**1,822**
Total equity and liabilities	**5,319**	**4,800**

Consolidated cash flow statements in summary, SEK million	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Profit/loss before tax	211	203	890	1,122
Adjustments for non-cash items and paid income tax	54	59	18	-79
Change in working capital	30	-43	218	-498
Cash flow from operating activities	**296**	**219**	**1,126**	**545**
Cash flow from investing activities	-27	-330	-150	-399
Cash flow from financing activities	-22	-46	-288	-326
Cash flow for the period	**247**	**-157**	**689**	**-180**
Cash and cash equivalents, opening balance	1,089	826	655	829
Exchange difference for cash and cash equivalents	-33	-14	-41	6
Cash and cash equivalents, closing balance	1,303	655	1,303	655

Consolidated statement of changes in equity in summary, SEK million	Jan-Dec 2020	Jan-Dec 2019
Opening balance	**2,978**	**2,379**
Dividend to owners	-196	-294
Dividend to non-controlling interests	-1	-6
Swap agreement related to own shares	-15	-21
Equity-settled share based payments	5	1
Total comprehensive income	606	919
Closing balance	**3,378**	**2,978**
Of which holdings of non-controlling interests	14	6

Other key figures *	Jan-Dec 2020	Jan-Dec 2019
Equity per share, SEK	34.58	30.46
Return on equity (rolling 12 months), %	22.1%	32.1%
Return on capital employed (rolling 12 months), %	26.1%	39.9%
Net cash, SEK million	1,039	337
Average number of employees	1,506	1,349

**In addition to key figures presented on page 1. See calculations on page 20.*

MYCRONIC

Parent Company

Profit/loss accounts in summary, Parent Company, SEK million	Q4		Jan-Dec	
	2020	**2019**	**2020**	**2019**
Net sales	645	698	2,381	2,833
Cost of goods sold	-275	-319	-970	-1,097
Gross profit	**370**	**378**	**1,411**	**1,736**
Other operating expenses	-270	-290	-808	-708
EBIT	**100**	**88**	**604**	**1,028**
Result from financial items	-67	15	90	51
Profit/loss after financial items	**33**	**103**	**694**	**1,079**
Appropriations	-157	-273	-157	-273
Profit/loss before tax	**-125**	**-170**	**537**	**806**
Tax	8	41	-103	-169
Net Profit/loss	**-116**	**-129**	**434**	**637**
Total comprehensive income	**-116**	**-129**	**434**	**637**

Balance sheets in summary, Parent Company, SEK million	31 Dec 20	31 Dec 19
ASSETS		
Fixed assets		
Intangible and tangible assets	162	92
Financial assets	1,842	1,893
Total fixed assets	**2,005**	**1,985**
Current assets		
Inventories	494	463
Current receivables	722	871
Cash and cash equivalents	719	246
Total current assets	**1,936**	**1,580**
TOTAL ASSETS	**3,941**	**3,565**
EQUITY AND LIABILITIES		
Equity	**2,188**	**1,960**
Untaxed reserves	**1,076**	**919**
Long-term interest-bearing liabilities	9	28
Other non-current liabilities	1	4
Total long-term liabilities	**10**	**32**
Short-term interest bearing liabilities	17	19
Other current liabilities	650	636
Total current liabilities	**667**	**654**
TOTAL EQUITY AND LIABILITIES	**3,941**	**3,565**

MYCRONIC

Notes

Note 1 Accounting policies

The year-end report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting together with applicable provisions in the Swedish Annual Accounts Act. The report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act. For the Group and Parent Company, accounting policies, valuation policies and assumptions were applied in accordance with the latest annual report. The accounting principles of the segments are the same as for the Group, with the exception of IFRS 16 Leases. The segments and the Parent Company recognize 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.

At the beginning of April, a new organization was implemented according to which the Assembly Solutions business area was divided between the three divisions of High Flex, High Volume and Global Technologies, while Pattern Generators formed the fourth division. As a result of this reorganization, the company identified the four divisions as segments in accordance with IFRS 8. Comparative figures for 2019 have been restated in this year-end report. For comparison, the former Assembly Solutions segment is also presented.

The nature of financial assets and liabilities is, in all material respects, the same as on December 31, 2019. As was the case at the end of 2019, the carrying amounts and fair values are deemed to essentially correspond with one another.

Note 2 Transactions with related parties

Transactions with related parties are described in Note 8 of the 2019 Annual Report. The scope and focus of these transactions did not change significantly during the period.

Note 3 Risks and uncertainty factors

There are a number of risks and uncertainty factors of an operational and financial character to which the Group is exposed through its operations, these are described in the 2019 Annual Report. Mycronic is for example exposed to country-specific risks such as political decisions or overarching changes to the regulatory framework, both geographically and product-wise. Mycronic is also exposed to effects from the COVID-19 outbreak, see pages 3-4.

Note 4 Events after the end of the period

There have been no events after the end of the period which have any significant effects on the Group's results or financial position.

Note 5 Revenue from Contracts with Customers

	Q4		Jan-Dec	
Revenue by geographical market, SEK million	**2020**	**2019**	**2020**	**2019**
EMEA	191	225	580	743
North and South America	119	223	497	1,005
Asia	682	733	2,804	2,559
	992	**1,181**	**3,882**	**4,307**
Revenue by type of good/service, SEK million				
System	686	854	2,707	3,099
Aftermarket	306	328	1,174	1,208
	992	**1,181**	**3,882**	**4,307**
Timing of revenue recognition, SEK million				
Goods transferred at a point in time	820	982	3,133	3,533
Services transferred over time	172	199	749	774
	992	**1,181**	**3,882**	**4,307**

Note 6 Segment reporting

SEK million	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales by Business Area				
Assembly Solutions	607	776	2,319	2,463
Pattern Generators	385	405	1,563	1,844
	992	**1,181**	**3,882**	**4,307**
EBIT by Business Area				
Assembly Solutions	28	42	62	110
Pattern Generators	186	163	838	1,019
Amortization of previously acquired intangible assets	-1	-1	-4	-4
Effects from IFRS 16	1	-1	2	-1
Group	**214**	**204**	**898**	**1,124**

SEK million	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales by Division				
Pattern Generators	385	405	1,563	1,844
High Flex	331	421	1,079	1,403
High Volume	203	189	873	599
Global Technologies	93	172	412	489
Internal net sales between divisions	-20	-5	-46	-28
	992	**1,181**	**3,882**	**4,307**
EBIT by Division				
Pattern Generators	201	186	889	1,089
High Flex	25	34	33	92
High Volume	30	29	181	104
Global Technologies	-8	5	-87	-9
Group functions etc	-35	-48	-115	-146
Amortization of previously acquired intangible assets	-1	-1	-4	-4
Effects from IFRS 16	1	-1	2	-1
Group	**214**	**204**	**898**	**1,124**

MYCRONIC

SEK million	31 Dec 20	31 Dec 19
Assets by Division		
Capitalized development costs		
Pattern Generators	69	12
High Flex	47	38
	116	**51**
Inventories		
Pattern Generators	357	331
High Flex	292	278
High Volume	418	362
Global Technologies	117	141
	1,181	**1,109**
Trade receivables		
Pattern Generators	247	304
High Flex	213	320
High Volume	89	94
Global Technologies	52	108
	601	**826**

Note 7 Research and development expenses

	Q4		Jan-Dec	
Research and development costs, SEK million	**2020**	**2019**	**2020**	**2019**
R&D expenditures				
Division High Flex	-42	-60	-186	-229
Division High Volume	-29	-26	-87	-60
Division Global Technologies	-14	-13	-66	-51
Assembly Solutions	**-85**	**-99**	**-339**	**-340**
Division Pattern Generators	-59	-70	-222	-227
Pattern Generators	**-59**	**-70**	**-222**	**-227**
	-144	**-169**	**-561**	**-567**
Capitalization of development costs				
Division High Flex	7	5	25	17
Assembly Solutions	**7**	**5**	**25**	**17**
Division Pattern Generators	8	11	60	12
Pattern Generators	**8**	**11**	**60**	**12**
	16	**16**	**85**	**29**
Amortization of acquired technology				
Division High Flex	-1	-1	-4	-4
Division High Volume	-1	-1	-5	-5
Division Global Technologies	-2	-3	-10	-11
Assembly Solutions	**-4**	**-5**	**-19**	**-20**
Impairment of acquired technology				
Division Global Technologies	-	-	-18	-
Assembly Solutions	**-**	**-**	**-18**	**-**
Reported cost	**-132**	**-159**	**-514**	**-559**

Note 8 Definitions and reconciliation alternative performance measures, etc

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 definitions of other key ratios, please refer to the Annual Report.

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 expenses.

Book-to-bill

Order intake in relation to net sales. Indicates future development of net sales.

Capital employed

Balance sheet total less non-interest bearing liabilities. Used to show a company's ability to meet capital needs from operations.

Earnings per share

Net result attributable to the owners of the Parent Company divided by the average number of outstanding shares before and after dilution. Used to show a company's results per share.

EBITDA

Operating result (EBIT) before depreciation and amortization, interest and tax. EBITDA is a component used in expressing the company's financial goals and dividend policy.

Equity per share

Equity on balance day divided by the number of outstanding shares at the end of the period. Used to measure the value of the company per share.

Net cash

Cash and cash equivalents less interest-bearing liabilities.

Order backlog

Remaining orders for goods, valued at the closing date exchange rate. Used to show secured future net sales of goods.

Order intake

Received orders for goods and services, valued at average exchange rates. The order intake also includes revaluation of the order backlog at closing date exchange rates. Used to show orders received.

Organic growth

Change in net sales excluding increase related to acquisitions, recalculated to the previous year's currency rates, as a percentage of the previous year's net sales. Net sales 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.

Return on capital employed

Earnings before financial expenses as a percentage of average capital employed. Used to show return on capital needed for operations.

Return on equity

Net profit/loss as a percentage of average equity. Used to demonstrate return on shareholder capital over time.

Underlying EBIT and underlying EBIT margin

Underlying EBIT consists of operating profit/loss excluding acquisition-related costs. 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.

MYCRONIC

	Jan-Dec	
Return on equity	**2020**	**2019**
Net profit/loss (rolling 12 months)	703	859
Average shareholders' equity	3,178	2,679
	22.1%	**32.1%**
Return on capital employed		
Profit/loss before tax (rolling 12 months)	890	1,122
Financial expenses	14	11
Profit/loss before financial expenses	**904**	**1,133**
Average balance sheet total	5,059	4,500
Average non-interest-bearing liabilities	1,591	1,661
Average capital employed	**3,469**	**2,838**
	26.1%	**39.9%**
Book-to-bill		
Order intake	3,687	4,567
Net sales	3,882	4,307
	0.9	**1.1**
EBITDA		
EBIT	898	1,124
Depreciation/Amortization	214	182
	1,112	**1,307**
Underlying EBIT		
EBIT	898	1,124
Acquisition-related costs included in:		
Cost of goods sold	-	-
Operating expenses	77	45
	975	**1,169**
Equity per share		
Equity at balance day	3,378	2,978
No. of shares at end of period, thousand	97,685	97,775
	34.58	**30.46**
Earnings per share before/after dilution, SEK		
Net Profit/loss attributable to owners of the Parent Company	694	855
Average no. of shares before dilution, thousand	97,743	97,893
Average no. of shares after dilution, thousand	97,763	97,895
	7.10	**8.74**
Net cash, SEK million		
Cash and cash equivalents	1,303	655
Interest-bearing liabilities	-264	-318
	1,039	**337**

MYCRONIC

Quarterly data	Q4 20	Q3 20	Q2 20	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19
Order Intake Assembly Solutions	462	617	540	707	703	809	685	566
Order Intake Pattern Generators	403	122	111	725	1,004	430	216	156
	865	**739**	**651**	**1,432**	**1,706**	**1,238**	**901**	**721**
Order Backlog Assembly Solutions	813	958	903	945	805	879	654	553
Order Backlog Pattern Generators	1,156	1,138	1,522	1,915	1,359	760	647	972
	1,969	**2,096**	**2,425**	**2,860**	**2,164**	**1,639**	**1,301**	**1,525**
Net Sales Assembly Solutions	607	561	583	567	776	584	579	524
Net Sales Pattern Generators	385	506	503	169	405	317	541	581
	992	**1,068**	**1,086**	**736**	**1,181**	**900**	**1,120**	**1,105**
Gross Profit Assembly Solutions	235	218	244	225	308	239	250	214
Gross Profit Pattern Generators	283	404	361	109	277	227	407	478
	519	**622**	**605**	**334**	**584**	**465**	**657**	**692**
Gross Margin Assembly Solutions	38.7%	38.9%	41.8%	39.7%	39.6%	40.9%	43.2%	40.8%
Gross Margin Pattern Generators	73.5%	79.7%	71.7%	64.6%	68.3%	71.7%	75.3%	82.3%
	52.3%	**58.3%**	**55.7%**	**45.4%**	**49.4%**	**51.7%**	**58.7%**	**62.6%**
R&D expenses Assembly Solutions	-81	-95	-84	-91	-99	-81	-86	-77
R&D expenses Pattern Generators	-51	-35	-38	-39	-59	-46	-59	-51
Total R&D expenses	-132	-130	-122	-130	-159	-127	-145	-128
Selling expenses	-76	-101	-117	-140	-148	-153	-128	-113
Administrative expenses	-66	-52	-61	-57	-66	-55	-61	-56
Other income/expenses	-31	9	-24	49	-8	67	-8	10
EBIT	**214**	**348**	**281**	**55**	**204**	**198**	**317**	**406**
Of which EBIT Assembly Solutions	28	-6	20	20	42	46	17	5
Of which EBIT Pattern Generators	186	354	261	36	163	153	302	401
EBIT margin	21.5%	32.6%	25.8%	7.5%	17.2%	21.9%	28.3%	36.7%
Equity per share after tax	34.58	33.54	33.07	31.52	30.46	29.44	27.49	28.01
Earnings per share before/after dilution	1.80	2.71	2.18	0.40	1.57	1.52	2.50	3.20
Closing share price	245.40	211.40	175.70	121.10	185.10	121.90	112.80	132.50