

MYCRONIC

Annual report
2015



**”Innovative
production solutions
enable future
electronics”**

For more information

Mycronic's annual report is distributed to shareholders who have asked for a hard copy. The annual report is available on the web site as a Pdf and as an online version for those who prefer digital reading.



www.mycronic.com

In December 2015, Mycronic launched a new external web site. Visit the web site using a computer, tablet or smart phone to learn more about the Mycronic Group and its operations.



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The annual report is in all respects a translation of the Swedish annual report prepared in accordance with Swedish laws and regulations. In the event of any differences between this translation and the Swedish original, the Swedish annual report shall have precedence.

Mycronic in brief

Mycronic is at the cutting edge of the electronics industry and creates leading world-class production equipment for electronics and display manufacturing.

In a world impacted by extremely rapid technological change, Mycronic ceates innovative production solutions for electronics manufacturers globally. Mycronic's investment into research and development is just one of many indicators of the company's commitment to continuous innovation to meet these needs. The company's production solutions make possible end products such as advanced displays, life-saving medical implants and the next generation of satellites.

The company is active within two business areas, Surface Mount Technology (SMT) and Pattern Generators (PG). The flexible production solutions within business area SMT, for application of solder paste and mounting of electronics components onto circuit boards, are utilized by more than 2,300 circuit board manufacturers around the world.

The complex mask writers within business area PG are necessary for manufacturing photomasks. Photomasks are used by the world's leading electronics manufacturers for production of advanced displays used in tablets, smart phones, TVs and computers and for applications within electronic packaging.

With its global organization consisting of subsidiaries in ten countries and through distributors and agents, Mycronic delivers production equipment and services to leading actors within the electronics industry in more than 50 countries. This local presence ensures a deep understanding of the market and fast service for the customers who rely on around-the-clock production.

Mycronic has employees with a wide variety of backgrounds, a diversity that drives its innovative capacity and makes it possible for the company to succeed in a rapidly changing market. Simply put, diversity is a competitive advantage.

30 years

For over 30 years, Mycronic has developed advanced production equipment to the electronics industry. Mycronic has its roots in two companies started in the 1970s.

2,300

customers use production equipment from Mycronic.

Jet printing



Mounting equi



Mask writers for display manufacturing



Storage solutions



470 patents proves the unique power of innovation. Every year Mycronic adds 20-30 patents.



98% of consolidated sales are exports.



Mask writers for multi-purpose applications

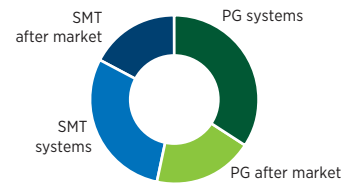


50 countries Mycronic is represented in more than 50 countries.

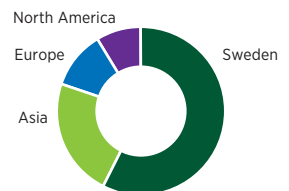
NET SALES 2015 BY REGION



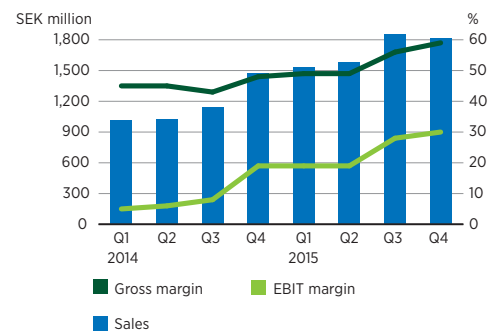
NET SALES 2015 BY APPLICATIONS



EMPLOYEES BY REGION



SALES AND MARGINS, ROLLING 4 QUARTERS



Increase in demand

Mycronic offers global electronics industry customers a comprehensive product program for effective manufacturing.

Through innovative solutions the product offering has been broadened, which increased demand for production solutions from both business areas, SMT and PG.

Increase in profitability

Mycronic saw good demand for its product offering and a favorable sales mix in 2015. This resulted in stable profits with increased margins.

EBIT was SEK 540 million, up 95 percent compared to 2014.

The operating margin reached 30 percent.

Execution of strategy

Mycronic continues to execute its strategy for growth and profitability, the basis for the financial goals.

The product program has been widened with functionality that enables customers to manufacture electronics effectively and profitably.

At the same time, activities for future growth are underway.

Order intake: **SEK 2,179 million**

Net sales: **SEK 1,815 million**

EBIT: **SEK 540 million**

Earnings per share **4.52 SEK**

FINANCIAL OVERVIEW

	2015	2014	2013
Net sales, SEK million	1,815	1,475	997
Gross margin, %	59.3	48.3	44.8
EBIT, SEK million	540	277	32
EBIT margin, %	29.8	18.7	3.2
Adjusted EBIT, SEK million	540	277	32
Adjusted EBIT margin, %	29.8	18.7	3.2
R&D costs, SEK million	267	198	183
R&D expenditure, SEK million	262	196	203
Capitalized development, SEK million	8	11	31
Order intake, SEK million	2,179	2,028	1,053
Order backlog, SEK million	1,066	702	149
Earnings per share, SEK	4.52	2.72	0.14
Average number of full-time employees	501	508	514

+23%

Net sales increased 23 percent in 2015.

Growth occurred within both of Mycronic's business areas, SMT and PG.

The growth during 2015 demonstrates that Mycronic, through its broad offering of effective production solutions, has strengthened its position on existing markets within the global electronics industry.



”Unique technology that’s constantly evolving”

Swedish engineering at its best is the foundation upon which Mycronic stands. Unique innovations, combined with business acumen and customer knowledge, have taken us to a leading position. We deliver production solutions for the global electronics industry.

ORDER INTAKE

2,179 MSEK

ORDER BACKLOG

1,066 MSEK

NET SALES

+23%

EBIT MARGIN

30%

IT IS WITH PRIDE that I look back and summarize 2015.

At Mycronic, we have high ambitions for what we want to accomplish and we have accomplished so much in 2015. We set new records for order intake, sales and profit. The order backlog is record high as we enter 2016. I see this as an affirmation of our product development strategy.

Mycronic received orders for nine mask writers, one of which was for our most advanced system, the Prexision-80. Our replacement offering for older mask writers was well received and resulted in three orders. During 2015, we also delivered two advanced mask writers for display applications.

Within SMT, we have further strengthened our market position with several launches of production solutions which help make customers' production more efficient. Mycronic 4.0 was launched – a unique, holistic solution, which provides production systems for the smart factory. During the last two years our entire product program, within both business areas, has been modernized.

MYCRONIC HAS A UNIQUE POSITION

We are the sole supplier of the mask writers that are indispensable for the production of photomasks necessary for the manufacturing of displays for TVs, tablets and smart phones. A large proportion of the world's population takes these products for granted, thanks to our technology.

Business area SMT offers flexible production solutions for the manufacturing of electronics – solutions which are sought after by more and more customers all over the world. We are also the sole supplier of the jet printing technology that enables the effective handling of increasingly complex circuit boards. Our customers can now handle more types of circuit boards and take on assignments that would not have been possible with traditional technology.

Mycronic's current position is the result of hard, goal-oriented work. It requires a constant evolution in ways of thinking and working; to move an organization from one level to another requires enormous efforts from everyone involved. But these efforts have yielded results: customer focus has increased; product launches have been well-received; profitability and cash flow have been strengthened. At the same time, our power of innovation remains strong, as does our curiosity about new ways of working in order to better utilize experience and competence.

WE OPERATE WITHIN A BRANCH THAT CHANGES CONTINUOUSLY AND RAPIDLY

Turnover in the global electronics industry is around 1,800 billion US dollars, equivalent to 15,000 billion SEK. It is a vast market consisting of many different segments. The branch as a whole is growing at the same pace as the global economy. However, some segments and markets are growing faster.

In a branch which is continuously and rapidly changing, we face high demands on our ability to interpret trends and markets. Our successful achievements are proof that Mycronic live up to these demands.

When it comes to the mounting of electronics components onto circuit boards, we need to exploit our expertise and our innovative capacity to reach new customers within market segments that are new to us.

As the sole manufacturer of mask writers, we cooperate closely not just with our customers, but also with end producers. By understanding their requirements, we can create solutions that meet the needs of the end customers, now and in the future.

GROWTH IN ASIA

Photomask manufacturers have historically been located primarily in Asia. Within SMT, we now see that growth within our market segments is strongest there, which presents attractive opportunities for Mycronic.

The Asian market has to some extent different needs from those seen on our other existing markets. One of the actions we've taken to adapt our products to these demands is to initiate a collaboration with a high-tech engineering company in Asia. This creates favorable conditions for continued expansion.

COMPLEX PRODUCTS REQUIRE UNIQUE COMPETENCE

Mycronic delivers extremely complex systems. It is our employees, with their different perspectives, backgrounds and unique competencies, that make the impossible possible. Our driving force is the courage to test new paths. With our combined strength, we can deliver what has never before been delivered. When we combine this driving force with our strong, innovative capacity, we make tomorrow's electronics products possible.

POWER OF INNOVATION

Technical innovation is a prerequisite for success and Sweden has a strong reputation in this area. But there are challenges if we are to maintain this innovative edge.

A shortage of engineers in the future is one such challenge, not just for Mycronic but for Sweden. At Mycronic, we want to contribute to an increased interest in technical education. For students in technical programs we offer internships, and we are generous in offering opportunities for students to do their master thesis for us. In order to arouse interest in technology among today's youth, Mycronic's employees also visit schools to engage in a dialog about what engineers actually do.

GOOD OPPORTUNITIES

We leave a very intense 2015 behind us and our starting point for the future is good. That doesn't mean that we can just lay back. We will continue our goal-oriented efforts to offer innovative production solutions that allow our customers to meet the market's expectations. In order to maintain and strengthen our market position, we will continue to make investments in research and development. Our products must meet existing and future customer requirements. Thus, a strong financial position is both important and necessary.

We know what we want, we have a clear strategy and we are executing it. Challenges present opportunities, which we intend to utilize in the best possible way for the benefit of Mycronic's customers and shareholders.

Leading a company with so much competence and such willingness to embrace change is fantastic. I wake up every morning filled with energy and joy over being a part in creating these results together with all of our employees.

Many thanks to each and every one of you who contribute every day to creating the electronics products of the future.



Lena Olving
President and CEO

Rapid development within the electronics industry **creates opportunities**

The global electronics industry has a turnover of approximately USD 1,800 billion, or around 15,000 billion Swedish kronor. This corresponds to almost three percent of global GDP.

MYCRONIC IS ACTIVE WITHIN the global electronics industry, where two main driving forces are clear:

- developing new products for new needs
- increasing efficiency to achieve lower costs.

The electronics industry is mature with an annual growth at approximately the same level as global GDP growth. Based on the number of electronic components, growth is significantly stronger, due to the fact that more and more electronics are required in an increasing number of products.

The utilization of electronics products is increasing world-wide and in all sectors. Along with consumers' ever increasing use of electronics follows increasing demands for functionality, as well as image quality in displays. More components must fit in the same space to achieve an increase in functionality. The number of components being manufactured is increasing. At the same time, high resolution displays are required to provide sharper images.

Within the electronics industry certain segments demonstrate significantly higher growth rates than the 3-4 percent forecast for the entire industry. China together with the rest of Asia is expected to account for the fastest growth. Product areas such as industrial, medical, automotive, aerospace and infrastructure, is expected to grow stronger than consumer goods.

Suppliers within the electronics industry are facing challenges to meet end-customers' increasing demands and expectations for even more advanced products, at the same or even lower prices. This in turn places demands on the development of more effective equipment for mounting components on circuit boards and the production of better photomasks for display manufacturing.

Mycronic has identified four trends that cut across the electronics industry and the geographical segments this industry is divided into. These trends have a profound effect on product development within most segments of the electronics industry.

- **INTERNET OF THINGS**, which includes everything from common household appliances and cars to clothing equipped with sensors that can communicate over the internet.
- **WEARABLE ELECTRONICS**, where growth is related to increasing population, as well as to self-care and health trends. For example, the technology can be utilized to monitor heart rate or insulin levels.
- **AUTOMOTIVE ELECTRONICS**, like almost everything in a modern car, is controlled by electronics and new functionality is being developed continually. For example, driverless cars are expected on the roads in the not too distant future.
- **LED SOLUTIONS**, where light emitting diodes are used as light sources, are rapidly replacing conventional lighting and the trend is expected to lead to several new application areas for LED technology.

Driving forces for electronics production

• MINIATURIZATION AND PRODUCT COMPLEXITY

Consumers want products that are energy-efficient and compact, with ever-increasing functionality. More electronics components must fit in the same space to achieve an increase in functionality. This requires precision mounting of extremely small, advanced and densely packed electronic components. At the same time, there are demands for higher productivity to lower the cost per component placed. Modern production lines are a prerequisite.

• JUST-IN-TIME PRODUCTION

Just-in-time production strives for shorter series and lower inventory levels. This requires increased flexibility in production. Flexibility, however, increases the degree of complexity, which affects productivity. The industry needs solutions that can manage this. Industry 4.0, the fourth industrial revolution, is an answer to these needs and includes many different technologies in automation, data communication, and manufacturing. The smart factory is today's reality, where systems seamlessly communicate, interact and share data in real time.

• THE IMPORTANCE OF ASIA

Asia, and especially China, are significant for both production and consumption. A large number of electronics manufacturers are located in Asia. This is also where demand for electronics is growing most, in parallel with a growing middle class.

• SHORTER PRODUCT LIFECYCLES

Shorter product life cycles place demands on electronics manufacturers for increased flexibility and shorter lead times.



OPPORTUNITIES FOR MYCRONIC

Traditionally, cost savings has led the electronics industry to move to low-cost countries. Now, cost savings are being realized through production automation.

Mycronic's flexible production solutions meet these needs, are efficient and provide a high degree of quality.

The Mycronic 4.0 offering provides a high degree of automation, where the flow of materials is managed via unique software solutions. Capacity utilization is significantly higher than that of traditional production.

The increased product variety and complexity, in combination with demands for more effective production, benefit Mycronic that offers high flexibility and optimized work flows.

The need for flexible production is seen clearly among manufacturers around the world, a need which has intensified on the Asian markets over the last few years.

Driving forces for displays

• DRIVING FORCES FOR DISPLAYS

The overall trend within display technology is a demand for increasingly higher resolution that improves the visual experience in new products. Higher resolution is a technology leap that enables manufacturers to compete and market their products.

• ENERGY EFFICIENCY

Increased functionality, more comprehensive mobile utilization, larger displays, and streaming of services all require more energy. Together with an increasing environmental awareness this creates a demand for displays that are energy-efficient to offer long battery time and a decreased environmental impact.

• LARGER TV DISPLAYS

Today, the average size of a TV display is 40 inches and this is constantly increasing at a rate of approximately one inch per year. Higher image quality and continuously lower prices for larger TVs offer consumers the opportunity to own the larger TVs they desire.

• NEW APPLICATIONS

Displays are used increasingly in new applications for more and more products, e.g. cars, watches and household appliances, which gives rise to a requirement for new types of displays.

• NEW PRODUCTS

Technology development and new application areas, together with consumer expectations for a steady stream of new products, result in shorter and shorter product lifecycles.



OPPORTUNITIES FOR MYCRONIC

Market demand for larger and more energy-efficient displays creates a need for new photomasks. At the same time, the demand for increasingly higher resolution in small displays creates technical challenges for manufacturers of both photomasks and displays.

These requirements and challenges lead to increased research and development efforts from manufacturers, which is a significant factor behind the need for new photomasks.

Other factors which contribute to the demand for photomasks are increased product differentiation and shorter product life cycles.

Mycronic meets these needs for new photomasks through its position as the world's only supplier offering the increasingly advanced mask writers necessary for handling new technical challenges.

Overall strategic goals

VISION

VISION

The business partner of choice, enabling the future of electronics.

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.

VALUES

- Passion for business
- Passion for people
- Passion for technology



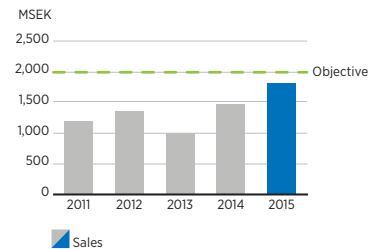
FINANCIAL GOALS

GROWTH

2 billion

Net sales will reach SEK 2 billion at the end of the the business plan period.

Net sales



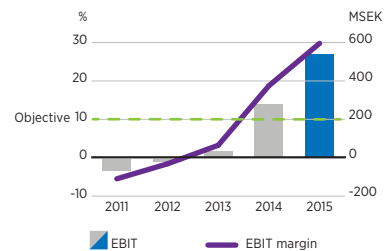
A new product portfolio, together with favorable market development, has resulted in higher demand for equipment from Mycronic's both business areas, SMT and PG. Long-term sustainable growth assumes complementary acquisitions.

PROFITABILITY

10%

Over time EBIT (operating profit before interest and tax) will exceed 10 percent of net sales over a business cycle.

EBIT



This year's margin of 30 percent is explained by Mycronic's strong market position within both business areas, as well as by the deliveries of advanced display mask writers.

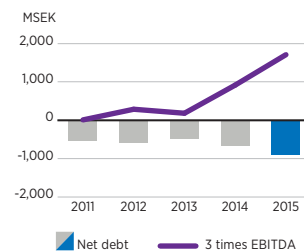
For long-term and sustainable profitability, Mycronic intends to broaden the product offering for new requirements and new markets.

CAPITAL STRUCTURE

3 times

Net debt will be less than 3 times the average EBITDA.

Net debt



The possibility to take on loans offers opportunities for future expansion to achieve long-term sustainable growth and profitability. During 2015, Mycronic invested in organic growth by increasing the pace of product development and continued PPA activities. Mycronic has no interest-bearing liabilities.

OVERALL STRATEGIC GOALS

Strengthen the position as a leading supplier within existing market segments

MAIN ACTIVITIES IN 2015

- Mycronic continued its efforts in rapid, incremental development of existing products, in order to offer a competitive product program.
- Within SMT, functionality for electronic material handling was introduced through the Agilis Smart Bin system.
- Mycronic launched functionality for application of solder paste for larger circuit boards through its unique jet printing technology.
- The Precision-MMS, which provides unique, world-class performance for quality control of the most advanced photomasks, was launched.
- Customers ordered the first replacement mask writers, in accordance with the offering for an effective generation shift.

Improved profitability within existing operations

- Mycronic worked systematically to relocate purchase volumes from high-cost to low-cost countries.
- Systematic efforts were made to reduce manufacturing costs.
- Sales processes were developed further and adapted for new customer requirements.

Growth in adjacent market segments

- Mycronic launched new functionality for dispensing of several different fluids, built on the MY600 platform, and with applications in the SMT and the semiconductor markets.
- To meet demands on productivity when complexity in manufacturing increases, the company introduced Mycronic 4.0.
- The FPS mask writer was further developed to reach a broader range of application areas.

Growth in Asia

- Mycronic strengthened its presence in China.
- A major technology leap was initiated through product development efforts to meet needs in new geographic markets within SMT.

Ensure the power of innovation to sharpen competitiveness

- Mycronic began collaborating with a high-tech engineering company in Asia. This complements its own unique competence with specific technology and market competence within new product areas.
- Activities and cooperation with universities to ensure future technical competence and early access to basic research.
- Research and development departments were reorganized to increase product focus.

Modern electronics manufacturing requires flexibility and quick changeovers.

14%

*growth in
business area SMT*

For over 30 years, Mycronic has been developing flexible production solutions for the electronics industry; solutions that allow for manufacturing of electronics products that simplify and enrich our daily lives.

Mycronic offers production equipment for the smart factory – Mycronic 4.0. This includes contact-free application of solder paste onto circuit boards, advanced assembly equipment for mounting of electronics components onto circuit boards, automated storage solutions and software for handling of flexible materials. These offerings consolidate the company's position as a leader within just-in-time electronics production.

Through subsidiaries, agents, and distributors, Mycronic delivers equipment and services to customers in more than 50 countries.

Business area SMT – for current and future electronics

Mycronic has a leading market position within flexible and just-in-time electronics production by providing innovative production solutions for mounting of components onto circuit boards.

IN TODAY'S MODERN ELECTRONICS PRODUCTION, there are high demands for efficient just-in-time production while minimizing inventory. Series are getting shorter, changeovers between products are becoming more frequent and new products are introduced more often. The result is more material movement to and from production lines, while the information flow at the factory becomes more complex. All electronics manufacturers are facing challenges when it comes to maintaining productivity. This is why initiatives like Industry 4.0 and the "smart factory" are placed high on the agenda of many companies. Modern equipment is necessary to reach high productivity in just-in-time production, as it offers a high degree of automation, supports quick changeovers, and is simple to integrate into a factory's information system for visibility of the production process.

Mycronic offers a complete manufacturing solution, Mycronic 4.0, for the just-in-time factory. The offering includes production systems for non-contact application of solder paste onto circuit boards, flexible mounting robots for placement of electronics components, automated storage solutions and advanced software for effective management of processes in the factory and for tracing of components. Mycronic 4.0 provides several competitive advantages

INFOCUS 2015

- Execution of strategy through increased focus and higher pace in product development
- Introduction of dispensing equipment
- Introduction of Mycronic 4.0
- Collaboration with product development to address new market segments
- Strengthening of the sales organization for new needs and new markets

REVENUES

- Mycronic's net sales increased 14 percent in 2015 in a global SMT market that declined 19 percent.

RESULTS

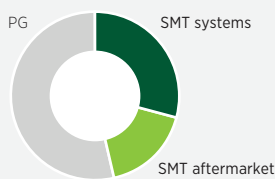
- Mycronic has strengthened its market position and at the same time kept its gross margin. The operating result was affected by an increased focus on product development, to create space for future growth in new segments.

since the concept solves many of the challenges presented by just-in-time production and enables a high degree of utilization of the manufacturing lines. This is achieved even in cases where the series are short and many different products are manufactured in a short time frame.

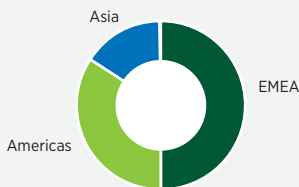
The production solutions that Mycronic provide play a central role in electronic production processes. Customers are demanding products and services that ensure availability and process

SMT	2015	2014
Order intake, SEK million	829	756
Net sales, SEK million	844	742
Gross margin, %	45	45
EBIT, SEK million	-16	54
EBIT margin, %	-2	7
R&D costs, SEK million	225	127

NET SALES 2015 BY APPLICATION



NET SALES 2015 BY REGION



security. Mycronic's aftermarket offering includes products, such as service and maintenance, training, upgrades and accessories.

Business is conducted via the Swedish company and local subsidiaries. Additionally, approximately 70 distributors and agents in the global sales and service organization, spread over 50 countries support more than 2,300 customers.

FINANCIAL PERFORMANCE

During 2015, Mycronic strengthened its market position on the global market for SMT equipment, which declined 19 percent. Order intake and sales within business area SMT increased 10 and 14 percent, respectively. A new product portfolio offers production solutions for customers with high demands for flexible electronics production and this contributed to the positive performance. Assembly equipment for mounting of components onto circuit boards from the MY200 series accounted for 80 (85) percent of machine sales while the MY600 Jet Printer for application of solder paste onto circuit boards accounted for 20 (15) percent.

Gross profit reached SEK 384 (331) million, which means that the gross margin remained at 45 percent. EBIT was SEK -16 (54) million, which corresponds to an operating margin of -2 (7) percent. During 2015, significant investments were made in future growth. Costs for development reached SEK 225 (127) million. Mycronic has increased the speed of execution of its product development strategy. This creates opportunities not only to maintain and develop the existing offering, but to reposition and address new requirements and new markets.

Variable sales costs increased in line with higher sales volumes. At the same time, the sales organization in Asian expanded.

THE MARKET

CUSTOMERS

Mycronic's customers within the electronics industry are either contract manufacturers or manufacturers of their own end products.

The customers range from small manufacturers to large global electronics producers. They are active within industrial electronics, as well as within the aerospace, aviation, automotive, energy, medicine, IT and telecom industries. Globally, there are around 4,700 SMT systems from Mycronic installed around the world. There are also 1,000 storage solutions installed globally.

What Mycronic's customers all have in common is small to medium-sized production volumes, where the circuit boards provide high levels of added value. These customers rely on flexible equipment and high levels of production yield. Flexible equipment can handle advanced electronics components and can quickly switch the production between different products.

Customers manufacture circuit boards

for a variety of purposes, are cost-conscious, and are constantly meeting new challenges in the form of new types of circuit boards, components and production technologies. Customers are expected to maintain a high level of quality and service vis-a-vis their own end customers.

The majority of Mycronic's existing customers are located in the USA and Europe, where the demand for equipment offering flexible and cost-effective production is high. In Asia, where a large proportion of the world's consumer products are manufactured, production volumes are normally larger than in the USA and Europe. But even in Asia, there is an increasing demand for equipment that provides a higher degree of factory automation. Mycronic's ambition is to continue to expand in Asia through a broadened product program.

OFFERINGS THAT STRENGTHEN MARKET POSITION

Mycronic is in a leading position within the segment for flexible electronics production, where just-in-time production is central.

Through a unique design and a high degree of automation, the assembly equipment in the MY200 series enable effective and flexible production, with a high level of quality and the market's shortest change-over times. Mycronic's products minimize the need for operator interventions. For the customer, this means short lead times in production and lower manufacturing costs.

Mycronic also has a unique offering within the area of application of solder paste onto circuit boards through its jet printing technology in the MY600 product. The jet printing technology is non-contact, quick, and software-driven, which is a prerequisite for fast changeovers between products. With 1 million applications per hour, jet printing is an interesting alternative to more traditional technologies.

The MY600 Jet Dispenser launched in 2015 addresses new applications for dispensing of a variety of fluids and thus new markets. Hence, Mycronic sees opportunities for further strengthening its position on the global SMT market.

MARKET PLAYERS

There are approximately ten players of varying sizes and with differing geographic presences on the SMT market.

A number of large manufacturers are primarily present on the market for high volume production of electronics, for example consumer products. These include ASM Siplace, Fuji, Hanwha, Panasonic and Yamaha. These manufacturers also offer equipment for lower volume production and are found to some extent within the market segment for flexible production where Mycronic primarily operates. Other manufacturers of production equipment are Europlacer, Juki,

Circuit board manufacturing

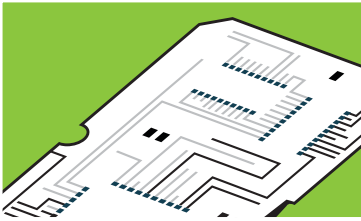
There are circuit boards in all electronics products, and these vary in size. A circuit board can consist of just a few components or several thousand, depending on the application area.

1

Digital description

A digital description with information about the printed circuit board's (PCB) functionality is converted to a machine program. This occurs at the manufacturer of a specific circuit board.

The digital description contains detailed information about the circuit board's dimensions, the electrical contact surfaces, as well as the types of components it holds and their mount position on the PCB.



MYCRONIC'S EQUIPMENT

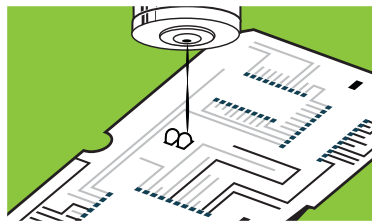
2

Solder paste is applied with MY600

Solder paste is applied on the PCB's contact surfaces with Mycronic's MY600. Droplets of solder paste as small as 5 nanoliters are applied 300 times per second.

The solder paste, which has a consistency similar to toothpaste, is necessary to fasten the components on the PCB.

Through Mycronic's jet printing technology, solder paste may be applied in cavities on the PCB or when the components are mounted on top of each other (PoP).



MYCRONIC'S EQUIPMENT

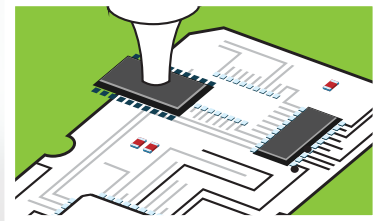
3

Component mounting

With Mycronic's MY200, components are mounted onto the PCB. This is accomplished with micrometer precision.

The components vary in size. They are fed using Mycronic's unique feeder system. The machine program guides the mounting and the machine ensures that components are mounted in the most efficient order.

Component reels can be stored in Mycronic's storage solution for effective production planning.



MYCRONIC'S EQUIPMENT

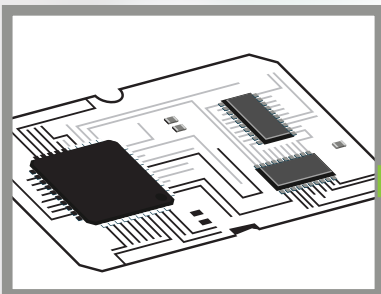
4

Inspection

After various process steps, the PCB is inspected via an automated process to ensure high product quality.

One of the inspection steps consists of a 3D inspection and comes after the application of solder paste.

The next inspection takes place after the components are mounted.



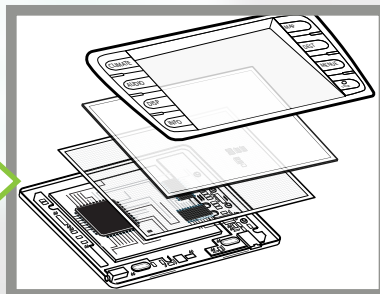
PCB MANUFACTURER

5

The circuit board is completed

When the mounting of components is completed, the PCB is moved into an oven. In the oven the solder paste is heated, it melts and after that it solidifies. Several controls follow, where x-ray equipment is utilized.

The completed PCB is ready for the next manufacturing step, final assembly.



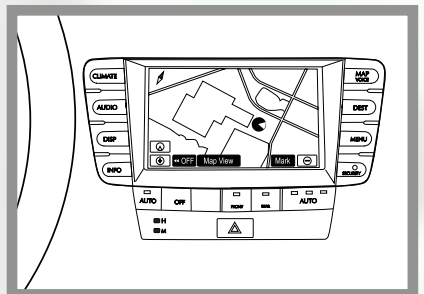
PCB MANUFACTURER

6

Final assembly

The end product is assembled. The PCB is the heart of all electronics, ranging from consumer to industrial products.

One example of an end product is a GPS or a measuring instrument. Within industrial applications, there are PCBs manufactured with Mycronic's equipment in products including industrial or medical devices, aerospace and aviation, in cars and in wind power stations.



THE PRODUCER OF END PRODUCTS

and Universal.

For application of solder paste, there are a number of players who offer the traditional technology using stencils to apply solder paste. These include ASM Assembly Systems, who market the stencil printer DEK, as well as ASYS and Speedline Technologies.

Within the segment for dispensing of other media, for example adhesives, there are players such as Speedline, Nordson ASYMTEK and Nordson EFD.

Some consolidation is underway within the SMT market. In 2015, Assembléon was acquired by Kulicke&Soffa. Yamaha Motor Company acquired parts of SMT-related assets from Hitachi High-Tech. Hanwha Group acquired four divisions of Samsung, including Samsung Techwin's SMT business.

MARKET DRIVING FORCES

Mycronic sees several clear trends and driving forces within electronics production. The trends within the electronics industry which have the greatest impact on the market for SMT equipment are:

- Miniaturization
- Lower cost per component placed
- Just-in-time production
- Importance of Asia

Electronics are becoming smaller, thinner and lighter, even as more and more functionality is being built into the products. The ongoing miniaturization of electronics is driving development toward ever smaller components, circuit boards with higher packing density and new production technologies.

Today's consumers place high demands on new products and demand higher performance without having to pay more.

Within the electronics industry, there is an increasing demand for automated production solutions that enable increased levels of just-in-time production, where the right number of circuit boards are produced at the right time.

Asia is becoming increasingly important within the electronics industry, both as a producer and as a consumer.

To meet market demands, Mycronic

offers advanced production equipment which enables a higher degree of automation, and hence just-in-time production.

MARKET DEVELOPMENT 2015

The semiconductor market is part of the electronics industry and affects the demand for equipment for surface mounting. When volumes of semiconductors increase, more equipment is required to place these semiconductors onto circuit boards. After a positive trend during 2014 with growth of almost 10 percent, zero growth is expected for whole-year 2015. This trend is assessed as being the result of weak financial performance from system manufacturers globally.

After a positive trend on the global market for SMT equipment in 2014, the trend reversed in 2015 and the market declined 19 percent to USD 1.9 billion (PROTEC MDC, January 2016). The global equipment market for application of solder paste experienced a decline of 9 percent.

Demand for SMT equipment normally follows the semiconductor market with a delay of about two quarters.

PRODUCT DEVELOPMENT

In order to develop new, competitive production solutions, it is important for Mycronic to maintain a close dialog with its customers and partners.

The company has increased the tempo of SMT product development. In line with the company's strategy for product development, competence within new technologies is being reinforced. The organization has been adapted to more clearly focus on the total life cycle of products with the ambition of working more closely with customers.

The goal to position Mycronic within new market segments increases demands for product adaptations. Strategic collaborations support the strategy for an increased presence in Asia, complements the company's competence and shortens the time-to-market introduction of new products.

The company's unique jet printing technology for contact-free application of solder paste, the MY600 Jet Printer, was further developed in 2015 to include functionality for

handling large circuit boards. It is useful in applications where, for example, light-emitting diodes (LED) are used to replace more traditional light sources, such as fluorescent light tubes.

The business area also launched new production equipment for fast, non-contact dispensing of a broad spectrum of media, for example various types of adhesives. There are many applications for this type of equipment within both the SMT and the semiconductor industries. Some examples include packaging of semiconductor chips, filling of cavities and the application of conductive adhesive. The MY600 Jet Dispenser equipment is based on the advanced platform for jet printing and is significantly faster than traditional dispensing equipment.

During the year, new and intelligent storage solutions for electronic components were introduced. They offer greater storage capacity than previously available and can handle larger component reels. These are important qualities for high volume manufacturers who want to automate their material handling.

Mycronic also introduced new, smart solutions for electronics manufacturing. As part of the development of the next generation of materials handling for just-in-time production, a new information system was launched. Electronic labels enable increased digitalization, fewer manual steps and improved inventory control.

MARKET OUTLOOK

The long-term trend for the semiconductor and electronics industry is for annual growth of 5 and 4 percent respectively up to an including 2019. Growth is expected to be driven by an increased demand for network storage computers, smart phones and electronics for the automotive industry (Prismark, December 2015).

Asia is expected to account for the highest geographical growth. The strongest growth is expected for segments other than consumer electronics, i.e. areas where Mycronic traditionally holds a stronger market position.

Mycronic 4.0

is a complete manufacturing solution which handles complexity in modern electronics manufacturing – an automated, smart factory for just-in-time production. The company's innovative component feeder and automatic storage solutions simplify the work involved in changeovers between products, while at the same time ensuring quality.

Mycronic has developed advanced software which creates good process visibility and enables an effective flow of informa-

tion on the factory floor, from preparation, planning and material handling to traceability and follow-up.

Mycronic's jet printing technology is also ideally adapted for the smart factory, where a high level of quality and short delivery times are the keys to success. The technology is based on a software-driven process, and it enables fast handling of construction changes and changeovers, while a high level of precision for all solder joints can be achieved.

Mycronic's assembly equipment inspect thousands of interconnects on a modern processor; this is accomplished with an advanced camera system collecting 40,000 images per second.



Mycronic's unique jet printing technology shoots droplets of solder paste as small as 5 nanoliters, five billionths of a liter - 300 times per second with micrometer precision.

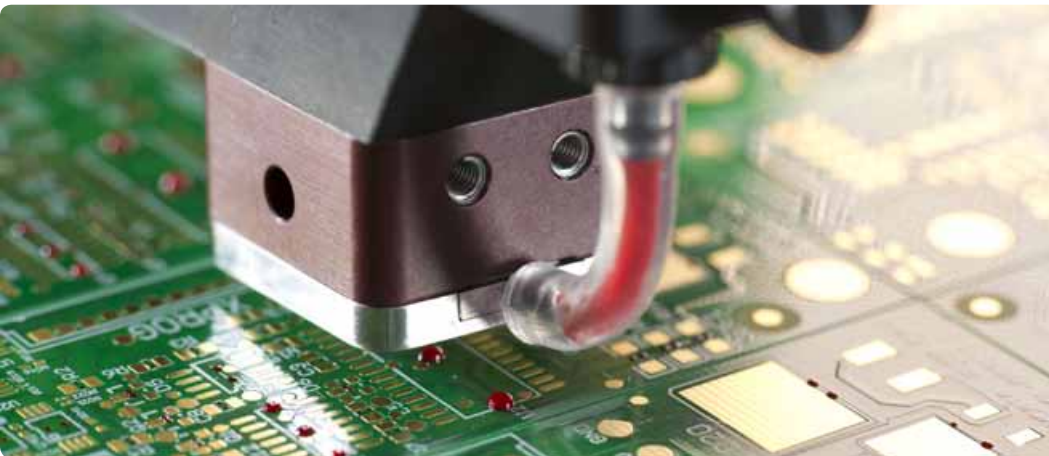


During the Productronica exhibition in November 2015, Mycronic launched its MY600 Jet Dispenser for dispensing of several different fluids, for example adhesives.



Mycronic's MY200, mounts electronic components as small as grains of sand, 0.4 x 0.2 millimeters.

A measuring spoon holds 100,000 of these small components.



Displays are increasingly important in new electronics products

33%

*growth within
business area PG*

Mycronic's mask writers are crucial to produce all photo-masks that are indispensable in manufacturing of displays for products such as smart phones, tablets, laptops and TVs.

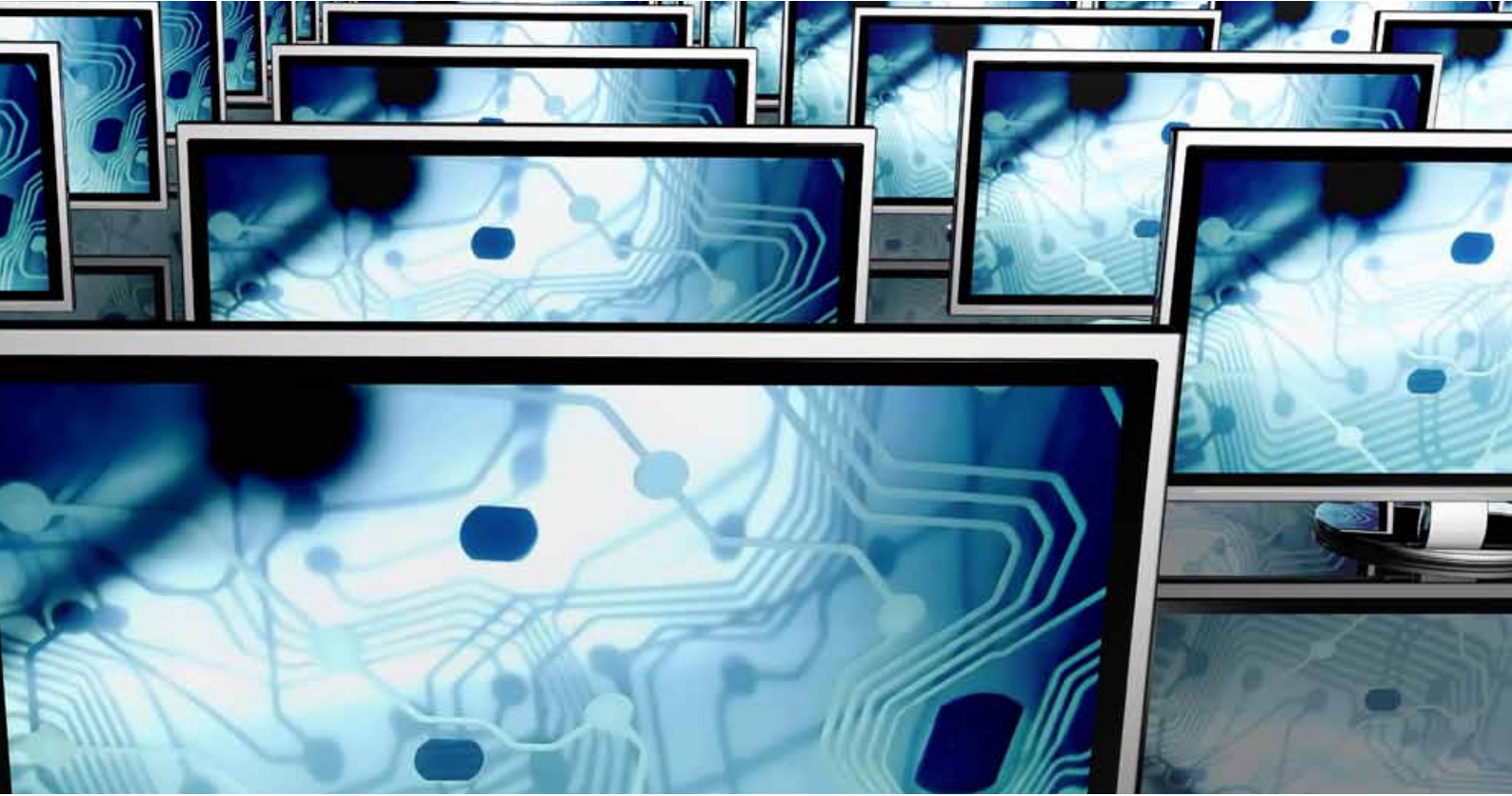
The trend toward displays with higher resolution in electronics products places ever increasing demands on photo-mask image quality. Mycronic is the world's only supplier of mask writers that meets all market requirements.

Through its power of innovation, Mycronic makes it possible for customers to write patterns on photomasks with extreme precision, high quality, and high productivity. The result is better image quality in the electronics products that we, as consumers, use in our daily lives.

All sales are direct sales. Subsidiaries are located close to customers. Through their service operations, Mycronic ensures effective photomask production for the customers.

Business area PG

for current and future electronics



Mycronic has a unique position as the world's only supplier of equipment for manufacturing of advanced photomasks. Photomasks are essential for manufacturing of all advanced displays.



AS WE CONSUMERS use more and more electronics products with displays, the demand for high quality displays also increases. This places high demands on the photomasks required to produce a display.

Mycronic's primary market consists of mask writers for manufacturing of photomasks for the display industry. The company is the world's only supplier within this segment, as well as for aftermarket products such as service and new functionality. Photomasks are also utilized within the multi-purpose market, a generic term for applications other than displays, for example, electronic packaging.

Mycronic's customers are photomask manufacturers who in turn sell to display manufacturers. Competition between manufacturers of photomasks is fierce. Delivery precision, short lead times, and high product quality are critical for their business. Photomask manufacturers are dependent on mask writers that can be utilized 24/7. A high level of availability is always in focus.

A rigorous service offering is the foundation of the aftermarket business. Customers are dependent on stable production and to a large extent enter into service agreements. Approximately 90 percent of Mycronic's customers have signed service contracts.

IN FOCUS 2015

- High degree of utilization of customers' mask writers
- The first orders for replacement of older mask writers
- Launch of the most advanced measurement system for quality assurance of photomasks
- Strengthened market position within the market for applications other than display.

REVENUES

- An increased demand for advanced photomasks for manufacturing of small and large displays resulted in an increase in order intake and net sales.

RESULTS

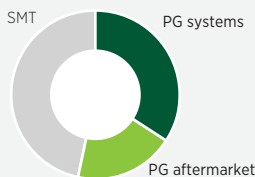
- The demand for advanced mask writers, together with strong aftermarket sales, created solid operating results.

The company's subsidiaries in Japan, South Korea and the US participate in the sales process and are responsible for service and customer support.

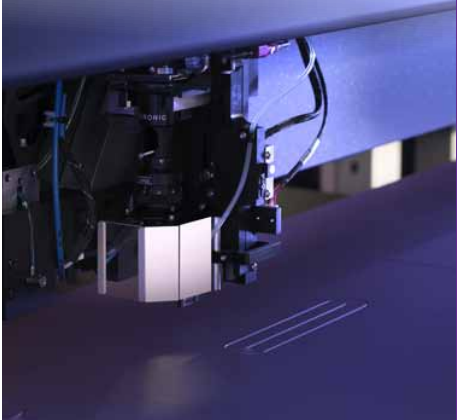
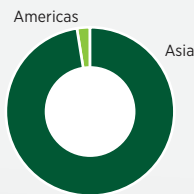
A little over half of the installed systems are 10 years old or older. Maintaining these systems is becoming increasingly challenging. At the same time, customers are in need of more modern production equipment. To meet these needs, Mycronic has a replacement offering with a scalable system based on the Precision platform. This system is offered in exchange for an older system. The customer is provided the possibility to increase productivity, while assuring long-term service for the customer's system.

PG	2015	2014
Order intake, SEK million	1,349	1,272
Net sales, SEK million	971	733
Gross margin, %	71	52
EBIT, SEK million	559	226
EBIT margin, %	58	31
R&D costs, SEK million	42	69

NET SALES 2014 BY APPLICATION



NET SALES 2015 BY REGION



FINANCIAL PERFORMANCE

Demand for photomasks in 2015 has been favorable with a high degree of utilization on Mycronic's mask writers. This, together with the fact that an increasing number of electronics products require high quality displays, has resulted in an increase in order intake, sales of mask writers and associated aftermarket.

The order intake, SEK 1,349 (1,272) million, comprised nine mask writers within several different application areas. Two of the mask writers are advanced systems for display manufacturing.

The order backlog reached SEK 1,014 (636) million at the end of 2015, including systems with estimated deliveries in 2016 and 2017.

Sales reached SEK 971 (733) million in 2015, and comprised three mask writers and aftermarket.

The gross profit of SEK 692 (381) million corresponds to a gross margin of 71 (52) percent. Gross profit was affected positively by deliveries of advanced mask writers and by positive currency effects. Costs for development are lower than for the previous year and LDI-related development efforts ceased. EBIT was SEK 559 (226) million, which corresponds to an operating margin of 58 (31) percent.

THE MARKET FOR PHOTOMASKS

PHOTOMASKS FOR DISPLAY APPLICATIONS

Mycronic's main market is mask writers for manufacturing of photomasks for displays. Regardless of the manufacturing technology, approximately ten photomasks are required to manufacture a display. With one set of photomasks, a very large number of displays can be manufactured, for example more than 5 million displays per month for mobile phones. Photomasks are not consumed during the manufacturing process. On the other hand, if there is a change in display construction, for example in size or application, an entirely new set of photomasks is required.

DRIVING FORCES BEHIND DEMAND FOR PHOTOMASKS

Mycronic sees three strong driving forces behind demand for photomasks for displays:

- the number of new types of displays
- the product development pace for display manufacturers and end product manufacturers
- the number of display manufacturing lines

DISPLAY TRENDS

Development and manufacturing of new display types intrude new and increasing demands on photomasks utilized in manufacturing, and therefore also on mask writers manufactured by Mycronic. A number of trends within the display industry affect demand for photomasks and thus the need for more advanced photomasks. The most

important trends affecting Mycronic are:

- displays with higher resolution
- larger displays
- displays in new products

DISPLAYS WITH HIGHER RESOLUTION

Consumer products, such as tablets and smart phones with high resolution, have quickly become standard. Within TV, UHD (4K) has seen a breakthrough, and the technology is also being developed for smaller displays. UHD is a new resolution standard with significantly higher resolution than anything previously manufactured. The photomasks are becoming increasingly complex, write times are increasing and more advanced mask writers are therefore needed. Manufacturers currently use two different technologies for advanced display manufacturing – LCD and AMOLED. This means a greater number of photomasks are required as each technology requires a unique set.

LARGER DISPLAYS

From 2007 to 2014, the average size of a TV increased from 31 inches to 40 inches (IHS, January 2016). To effectively produce these displays, larger photomasks are needed. Large photomasks require longer write times, which in turn means greater production capacity. Larger displays also mean that a greater total surface of displays are produced. This creates an increased need for manufacturing capacity for display manufacturing. These factors have a positive effect on the demand for photomasks.

Almost all displays are manufactured in Asia. During the last few years, manufacturing capacity for manufacturing larger displays has been increased in China. The expansion in China is due in part to government incentives that favor investments in production facilities for displays. The domestic market for displays in China is growing quickly, and it also benefits from Chinese import duties on imported displays.

DISPLAYS IN NEW PRODUCTS

High quality displays with user-friendly interfaces are becoming an increasingly common and important part of new products where there were no displays traditionally. Examples of areas where this is taking place are cars and watches. From 2015 to 2020, annual growth of smart watches is assessed at 21 percent (IHS, January 2016). New electronics products create growth. New products require new displays. New displays lead to new demands for image quality and form factors. These requirements have a positive effect on demand for photomasks and therefore photomask equipment.

MASK WRITERS FOR OTHER APPLICATIONS

Less complex photomasks intended for a more versatile market (multi-purpose) are

Display manufacturing

Mycronic's mask writers are indispensable in the manufacturing of 16,500 photomasks every year. These photomasks enable manufacturing of displays worth around USD 130 billion (approximately 1,100 billion Swedish kronor) every year.

1

The photomask

The photomask consists of a transparent substrate made of glass or quartz.

The photomask is covered with a light sensitive material, called photoresist. Photomasks can be of different sizes, with the largest measuring up to approximately 2x2 meters.



MYCRONIC'S MASK WRITER

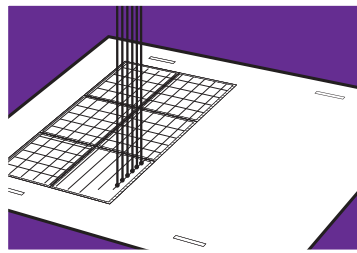
2

The pattern determines the display qualities

A display's qualities are set by a pattern written by a computer program.

Mycronic's mask writers transfer this pattern to the photomask using multiple, parallel laser beams.

The photomask is written.



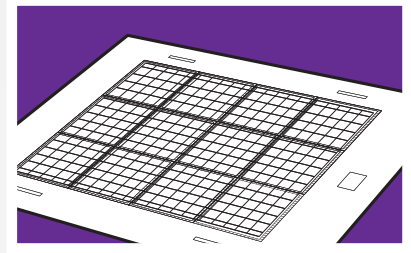
MYCRONIC'S MASK WRITER

3

The photomask is produced

The photomask is written on a mask writer, either by the display manufacturer or by one of the companies who specialize in manufacturing photomasks. It can take up to 72 hours to write a large photomask.

After writing the pattern, the photoresist is developed and the pattern emerges by etching. The process is similar to developing a photographic negative.

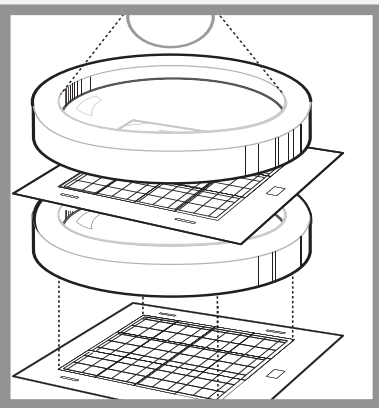


MYCRONIC'S MASK WRITER

4

The photomask is exposed

The completed photomask is exposed in a piece of equipment called an aligner. Approximately ten different photomasks are required to produce a display.

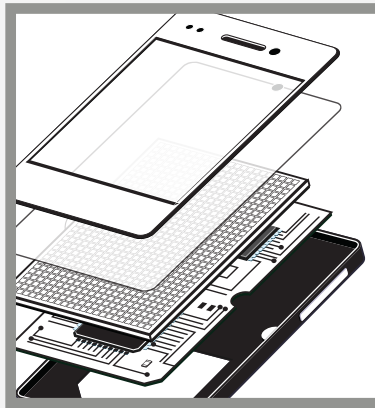


DISPLAY MANUFACTURER

5

Photomask assembly

After exposure in the aligner, the display is put together, after which it is delivered to a manufacturer of end products.



MANUFACTURER OF END PRODUCTS

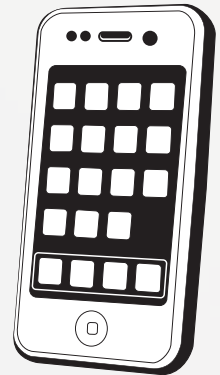
6

End products with displays

The manufacturer of end product uses the display as one part of a product. The end product might be a smart phone, TV, tablet or computer. More and more electronics products are being built with better displays.

As end consumers get used to superior displays, we want increased quality in products which previously have had less advanced displays. It can be the instrument panels in a car.

All advanced displays require photomasks written on Mycronic's mask writers.



MANUFACTURER OF END PRODUCTS

also produced. This is a broad segment dominated by photomasks for electronic packaging, 3D forms, and photomasks for creation of touch sensitivity on displays (so-called touch screens). The trend during the year has been positive with four orders for Mycronic's systems for various application areas.

Mycronic also has mask writers for semiconductor applications installed at customer sites. No new systems for semiconductor applications are sold, but Mycronic maintains installed systems with a solid aftermarket offering.

MARKET POSITION

Mycronic has a unique position as the world's only supplier of mask writers for manufacturing of advanced photomasks for the display industry. The demand on mask writers for these applications is exceptional with regard to performance, reliability and customized features. Mycronic has built up a technical platform which meets customer requirements. Today, all manufacturers of displays use photomasks produced on Mycronic's mask writers.

The market for mask writers within multi-purpose is characterized by tough competition and dominated by Mycronic and Heidelberg Instruments.

Since the year 2000, Mycronic has delivered approximately 125 systems, of which 70 for display applications. Approximately 30 of these are advanced systems.

MARKET PLAYERS

In most cases, display and electronics manufacturers purchase their photomasks from specialized sub-contractors, or so-called mask shops.

Market players include companies such as DNP, Hoya, LGIT, PKL, SKE and Supermask, all

of which are located in Asia. Other players are leading manufacturers of displays and electronics, such as Intel and Samsung.

Within business area PG, Mycronic has around 30 customers. The largest customer group consists of manufacturers of photomasks for various types of display applications for smart phones, tablets, laptops and TVs.

THE DISPLAY MARKET

The display market is significantly larger than the market for photomasks. Even if the market for photomasks is not directly tied to the display market, they are still indirectly connected via profitability and technology development.

During 2015, the display market is estimated to have declined 3 percent to a turnover of USD 127 billion, which corresponds to 3.7 billion units. This trend is expected to continue in 2016 with a further decline of 2 percent (IHS, January 2016). Reasons for the weaker market include weaker sales of displays for laptops and tablets, currency effects, and a strong dollar, as well as a discernible decrease in demand in China. However, the market for high resolution mobile displays and for displays for UHD-TVs (4K), i.e. TV displays with ultra high resolution, is positive (IHS, January, 2016).

The major display manufacturers have increased the pace of their investment plans for the future. Korean players are investing in AMOLED in order to maintain their technological edge. At the same time, Chinese manufacturers are building up manufacturing capacity. BOE is a Chinese manufacturer who has announced their plans of having a G10 factory in production in 2018.

PRODUCT DEVELOPMENT

The purpose of product development is to be

able to offer customers innovative and cost-effective products. Mycronic cooperates very closely with its customers, the photomask manufacturers. The company also engages in dialog with several leading display manufacturers to ensure that the product offering meets market requirements.

Over time, technology development ensures that the company maintains its unique competitive edge within PG.

During the year, Mycronic finalized development of the Prexision-80, the most advanced mask writer. The system can write the most complex photomasks for displays in a cost-effective manner. The photomasks meet both current demands and future demands for even more advanced displays.

The development of the Prexision-MMS, a measuring system for large photomasks, is underway. The system is built to measure the most advanced photomasks and in this way guarantee a high production yield for display manufacturers.

Some development efforts also support the installed base of mask writers.

MARKET OUTLOOK

The trend for the photomask market was favorable in 2015. Among Mycronic's customers this is shown in the high degree of utilization of mask writers, as well as through customers' investments. Demand is good for both small and larger displays.

Approximately 16,500 display photomasks are produced annually. During 2015-2018, volumes of photomasks for display manufacturing are estimated to see annual growth of 4 percent. Turnover is expected to grow from USD 590 to USD 630 million during the same period (IHS, January 2015).



Ever increasing demands on advanced mask writers

"As a manufacturer of large photomasks for displays, we are at the forefront of technology and of what is physically possible to achieve in a production environment. The trend towards more complex displays with higher resolution drives our R&D and keep us pushing the limits. At the same time it is driving the need for better mask writers.

Mycronic's mask writers and their development, together with our process knowledge are key components for our current and future photomask production and thus in the end also essential for the entire display industry.

In this environment top performance and extreme reliability is a must for both us and Mycronic's mask writers."

Mr Masanori Ishida, President and CEO of the Japanese company SK-Electronics Co., Ltd.



Displays are made with different technologies. All advanced displays, regardless of which technology is used, require photomasks written on Mycronic's mask writers.



Every year displays corresponding to 25,000 football fields are produced - all of them by a mask writer from Mycronic

Mycronic's mask writers are a prerequisite for display manufacturing worth approximately USD 130 billion.



Mycronic's mask writers write with nanometer precision. This is critical for creating a high quality image experience.



Sustainability at Mycronic

During 2015, Mycronic has been working systematically to integrate sustainability issues with the strategic direction. The purpose is to ensure the power of innovation and long-term competitiveness.

MYCRONIC'S EMPLOYEES

ENSURING THAT COMPETENCY FLOURISHES is an important part of Mycronic's long-term strategic focus. To this end, the company is very proactive in searching for the right talents. During the year, Mycronic worked to clarify its offer as a global employer as part of the strategic Employer Branding initiative to attract and keep competence. Implementation will continue in 2016. Mycronic took several initiatives to create the right conditions for recruitment. Participation at university job fairs increased. A recruitment program for young, newly graduated software developers was started. Through internship programs, such as Tekniksprånget established by the Royal Swedish Academy of Engineering Sciences, the company took in several trainees who were given the opportunity to try out the engineering profession.

AN ATTRACTIVE EMPLOYER

Mycronic conducts a global employee survey every other year. Based on the latest survey conducted in 2014, the following focus areas were defined for 2015: organizational structure and processes, quality and customer focus and personal development opportunities. Mycronic carried out activities in all of these areas, for example seminars around customer satisfaction and quality. All managers are responsible for preparing action plans for the individuals in their groups.

A good work environment is an important strategic issue for Mycronic. The overall goal with the work environment is to provide a healthy, stimulating and safe workplace. The ambition is to address these issues in a structured, targeted, and proactive way. The focus in 2015 has been to improve proactive efforts with respect to the

psycho social work environment, including manager training. A good psycho social work environment requires good leadership and a well-structured organization.

ORGANIZATION AND LEADERSHIP

Mycronic continued its comprehensive change management efforts within the areas of organization and leadership to enhance its capacity to execute the strategy. Major organizational changes were implemented in both business areas, within production, as well as within the research and development department. Managerial positions were advertised, and a large number of new managers were recruited internally and externally.

The company works continuously to strengthen its core values: Passion for business, Passion for people and Passion for technology. These efforts are ongoing since the company's brand is based on common values and corporate culture.

New leadership criteria – Execution, Engagement and Learning – were implemented and managers are measured based on these criteria. This becomes the foundation for each manager's individual development plan. In order to foster leadership, extensive evaluation of all managers within the Group was conducted during 2014/2015. One of the outcomes of this evaluation was the startup of a major management development program in 2015. The program focuses on managerial roles and responsibilities, communicative leadership, and the psycho social work environment.

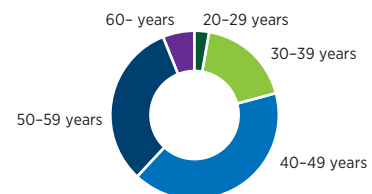
Efforts to create a global HR strategy with a common understanding of HR issues continues. In 2015, focus was on areas such as recruitment, compensation and diversity.

501
employees

19%
women

23%
female
managers

EMPLOYEES, AGE STRUCTURE





Mycronic is convinced that diversity creates a more successful company and adopted a global diversity policy in 2014.



In 2015, the first global HR conference with participants from all subsidiaries, met to discuss strategic HR topics. Focus was on recruitment, compensation and diversity.

COMPETENCE DEVELOPMENT

New markets and new technologies demand new competencies, not just on the technical and market perspective side, but also from a cultural and social perspective. The expertise and qualifications that Mycronic looks for are often rare and highly coveted.

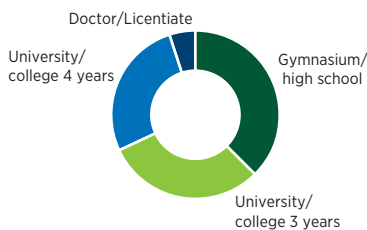
The ability to help employees develop their skills is crucial for success. Mycronic has worked internally with competence development in the areas of business acumen, change processes, and communication. All employees participate annually in goal and development discussions with their manager and are evaluated based on the fulfillment of these goals and the company's values. Within this structured discussions, individual development plans are also put into place.

Mycronic is continually identifying important key and single competencies. Managers are responsible for ensuring that the company has the correct competencies within their respective areas.

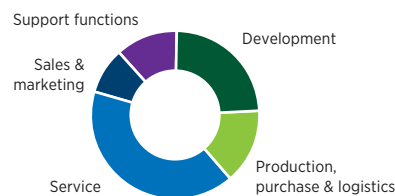
In 2015, a major training initiative for all employees was started to further increase the focus on quality. The training was divided into blocks including analysis of Mycronic's internal quality management, operational management, and "best practices" among suppliers. The initiative continues in 2016.

Mycronic's managers from subsidiaries and central functions, approximately 30 persons, meet on a regular basis to ensure consistency and competence development. In 2015, one of these occasions was held at the Productronica exhibition in Munich. The purpose was, among other things, to create a common experience and knowledge of the industry.

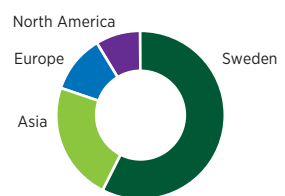
EMPLOYEES, LEVEL OF EDUCATION



EMPLOYEES BY FUNCTION



EMPLOYEES PER REGION



SUSTAINABILITY AT MYCRONIC

MYCRONIC IS A GLOBAL COMPANY, represented in more than fifty countries, often by local agents or distributors. Mycronic's strategy for growth presumes that growth takes place with responsibility. In 2015, Mycronic focused on four areas within sustainability. The four areas are diversity, future engineers, responsible business and the environment.

DIVERSITY

Mycronic is convinced that diversity creates a more successful company. Mycronic adopted a global diversity policy in 2014. Adaptations to local legislation are underway within respective subsidiaries.

Mycronic operates in many countries. The company needs employees that represent and reflect these markets. By combining different perspectives, such as culture, age, background and gender, Mycronic will strengthen its competitive edge and its innovative power.

The company updated and developed its recruitment process in 2015. On any list of final candidates, there should always be included persons who are under-represented according to gender, who are younger than 40 and who have an international background or experience. The result is increased diversification regarding these criteria compared to earlier. One example is the recruitment of managerial positions within the research and development department, where three out of seven managers now are women.

During the year, Mycronic became one of the first companies in Sweden to be certified with the international Economic Dividends for Gender Equality (EDGE) certification. The certification is a tool for working more systematically and long-term with equality issues.

Five areas are evaluated:

- equal pay for work of equal value
- recruitment/promotion
- leadership development and mentorship
- flexible work hours
- corporate culture

In order to keep the EDGE certification, the company is required to

develop and improve equality continuously. An independent audit is conducted every other year.

In Sweden, Mycronic regularly conducts salary surveys to evaluate whether unjustifiable differences in pay exist between men and women. In order to conduct the salary surveys in accordance with the Swedish Discrimination Act, all positions were evaluated according to a standardized methodology. The latest analysis shows that there are no unjustifiable differences in pay between men and women. Mycronic is now preparing to undertake corresponding salary surveys in all subsidiaries.

In November 2015, Mycronic was awarded a prize by the AllBright Foundation. Mycronic was awarded for working in a structured manner towards more meritocratic operations, where competencies and merits are highlighted in recruitment and compensation.

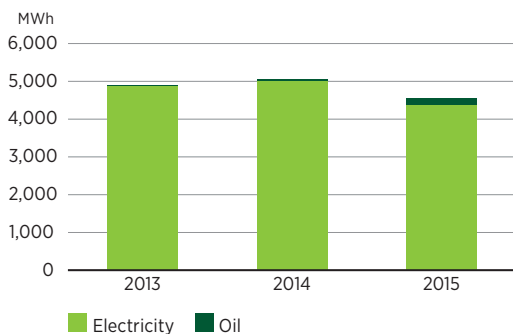
FUTURE ENGINEERS

World-leading technology requires world-leading personnel. Mycronic wants to contribute to Sweden's continued position as a leader in innovation, through activities for children, youth and students. The objective is to increase interest in technical education. This is done among other, through supervision of theses, and by taking on interns through Teknicsprånget – a program established by the Royal Swedish Academy of Engineering Sciences. The company also visits schools to talk about the engineering profession and to inspire students to think about this profession before they choose their further education. During 2015, Mycronic employees gave lectures for several hundreds junior high school students.

For the last three years, Mycronic held a competition entitled *A day at Mycronic* at the Royal Institute of Technology's career fair Armada. Of approximately 200 applicants, 30 students were invited to Mycronic's premises in Täby. The day included lectures given by Mycronic employees, such as specialists and technical PhDs. The day also included a tour around the production areas, clean rooms and the demo center. The students also participated in a workshop to generate ideas on how Mycronic can become even better at increasing interest in technology amongst children and youth.

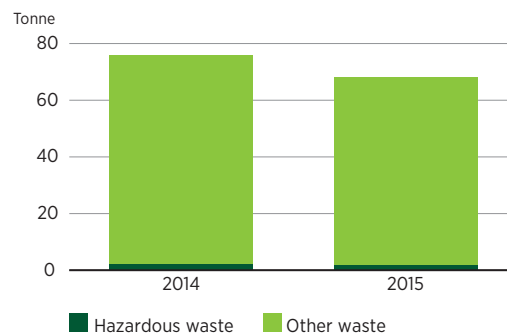
During the spring, Mycronic in Täby hosted an Open House for

TOTAL ENERGY CONSUMPTION



The diagram shows the total energy consumption for the facilities in Täby, Sweden split by oil and electricity. Oil consumption increased temporarily in 2015 due to a fault in the heat exchanger.

WASTE



The diagram shows the total amount of waste generated at Mycronic's facilities in Täby, Sweden, split by hazardous waste and other waste. Hazardous consists of electronic waste, chemical varnish, adhesives and solder paste. Process fluids and construction waste are not included in the data.

the families of employees. The purpose was to offer employees an opportunity to show off their workplace, as well as to increase interest in technology among young people. Children and adults were given the opportunity to experiment with everything from making ice cream using dry ice to building solar cell driven cars.

BUSINESS WITH RESPONSIBILITY

Mycronic is a responsible company who continuously work with these issues to improve even further. In 2015, Mycronic's Code of Conduct was updated to more clearly include suppliers, distributors and agents. Implementation of the updated Code of Conduct was initiated through training for external sales partners.

All employees are to be trained in business ethics and responsible behavior during 2016 for the purpose of increasing competence and awareness in this area. Through clear guidelines and continual education, Mycronic seeks to reduce the risk for irregularities. Clear structures and processes for sourcing, sales and representation also facilitate correct behavior. Employees, suppliers or partners shall not, under any circumstances, offer or accept bribes to secure a business deal.

Mycronic continuously evaluates its subcontractors. In 2015, many suppliers were evaluated. One of the suppliers was rejected due to deficiencies relating to the environment, as well as the work environment.

The Code of Conduct includes a whistle-blower function, where observations can be reported to an external party.

ENVIRONMENT

Through its global presence and growth strategy, Mycronic has identified transportation of goods and materials, as well as travel by employees, as important areas for reducing environmental impact. Investments have been made in equipment and software to facilitate online meetings and communication without the need for travelling.

Mycronic monitors energy consumption in its Täby operations, where production takes place and the greatest number of employees are based. Energy consumption has, for the most part, been flat during the last two years despite the increase of volume in production. In 2015, a survey of the total waste generated at the facilities in Täby was initiated.



During the "Open House" in the Täby office in March 2015 there were many opportunities to try several technical experiments.



Through Tekniskprången, established by the Royal Swedish Academy of Engineering Sciences, Mycronic welcomes high school graduates, who studied natural sciences or technical programs, as interns.



Mycronic's facilities in Täby outside Stockholm. Here several projects have been conducted to decrease the environmental impact of its operations, for example the installation of geothermal heating and a continuous change of light sources to LED.

The share and shareholders

The Mycronic share is listed on Nasdaq Stockholm Mid Cap. A clear growth strategy, new financial targets and a new dividend policy put focus on generating value. In 2015, Mycronic gained many new shareholders.

SHARE PRICE TREND



AS OF JANUARY 2, 2015 the Mycronic share, which was first listed in March 2000, has been listed on Mid Cap in Stockholm. The number of shares traded increased and at the end of 2015, Mycronic had 12,861 shareholders.

SHARE CAPITAL

The share capital amounted to SEK 97.9 million distributed over 97,916,509 shares as of 31 December, 2015. All shares are of the same class with the equal voting rights and the same share of capital and earnings. The quote value is SEK 1 per share.

SHARE PRICE TREND AND VOLUMES

The market cap at year-end was SEK 8,054 million, compared with SEK 2,428 million at the end of 2014. At the end of 2015, the share price was SEK 82.25 (24.80). In 2015, the share price rose by 232 percent. Considering the paid ordinary dividend of SEK 0.80 and an extra dividend of SEK 3.20, the increase was 248 percent. The Stockholm Stock Exchange (OMX Stockholm PI) rose nearly 7 percent in 2015.

The highest share price was recorded on 7 December at SEK 84.00, and the lowest price was SEK 24.80 on 2 January. A total of 114.0 (51.5) million shares were traded in 2015 with a value of SEK 6,342 (927) million. The share was traded on all trading days

with an average daily volume of 454,225 (206,632) shares, which corresponds to SEK 6.3 (3.7) million.

OWNERSHIP

At the end of the year, Mycronic had 12,861 (6,991) shareholders. The largest shareholder, Bure Equity, holds 29.9 percent after reducing its holding from 38 percent in November 2015. The ten largest shareholders held 56 (64) percent of the total number of shares, and the 100 largest shareholders held 81 (76) percent. The Board of Directors and executive management owned a combined 0.9 (0.3) percent. At the end of 2015, Swedish ownership was 70 (84) percent.

CREATING SHARE VALUE

MARKET COMMUNICATION

Mycronic strives for open and clear communication. The information given shall provide a good basis to correctly assess the company, its current position and future possibilities and contribute to a fair valuation of the share.

In accordance with the communication policy established by the Board, orders for individually large machines are published as well as other significant events that can affect the valuation of the company and such matters that must be made public by law or stock market rules. This is done through press releases. All information that is assessed to be price sensitive is communicated to the market at the same time and with the same content. Financial information is provided through interim reports and annual reports. Reports and press releases can be ordered through a subscription service on the website. A printed annual report is distributed to those who so desire. The annual report is also published on the website and is also available on the website in an on-line format.

Mycronic regularly meets with professional players on the capital market, including at the issuance of interim reports and other financial market meetings. In connection with the AGM in May 2015, which was

held on the company's premises, shareholders were offered a tour to see part of the operations. By participating in meetings with shareholder associations and other such seminars, the company continuously meets with various stakeholder groups.

DIVIDEND POLICY

The company's objective is to provide both a good return and value growth. On condition

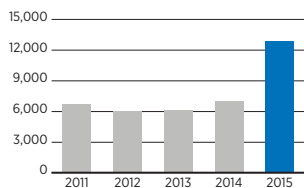
that the company's net debt is less than three times EBITDA after the stipulated dividend, 30 to 50 percent of the company's profit after tax shall be paid to the shareholders as a dividend.

In May 2015, an ordinary dividend of SEK 0.80 per share was paid, as well as an extra dividend of SEK 3.20 per share, or SEK 392 million in total.



Mycronic representatives continuously meet with shareholders and other capital market stakeholders.

NUMBER OF SHAREHOLDERS



During 2015 Mycronic gained many new shareholders.

OWNERSHIP STRUCTURE 31 DECEMBER 2015

Holding by size	No of shareholders	No of shares	%
1-500	8,314	1,345,024	1.4
501-1,000	1,829	1,554,493	1.6
1,001-5,000	2,030	4,834,744	4.9
5,001-10,000	317	2,444,714	2.5
10,001-50,000	234	5,069,890	5.2
50,001-100,000	46	3,280,159	3.3
100,001-	91	79,387,485	81.1
Total	12,861	97,916,509	100.0

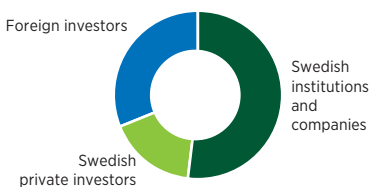
ANALYSTS THAT MONITOR MYCRONIC

Company	Analyst
Carnegie	Mikael Laséen
Danske Bank	Fredrik Lithell
Redeye	Victor Westman
Remium	Christian Lee

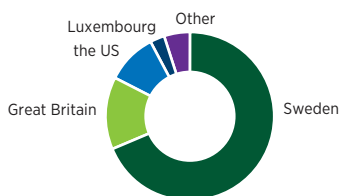
SHAREHOLDERS 31 DECEMBER 2015

Shareholder	No of shares	Holding %
Bure Equity	29,317,163	29.9
Handelsbanken Fonder	5,433,434	5.5
Fjärde AP-fonden	5,287,175	5.4
Catella Fonder	3,965,847	4.1
Swedbank Robur Fonder	3,621,101	3.7
DFA Fonder	2,028,502	2.1
Avanza Pension	1,835,162	1.9
JP Morgan Bank Luxemburg S.A.	1,787,539	1.8
JPM Chase NA	1,003,861	1.0
Barclays Capital Securities Ltd.	964,018	1.0
The 10 largest shareholders	55,243,802	56.4
Others	42,672,707	43.6
Total	97,916,509	100.0

OWNERSHIP STRUCTURE BY CATEGORY



OWNERSHIP STRUCTURE BY GEOGRAPHY



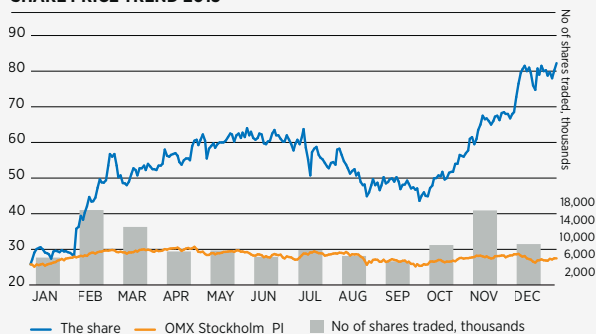
SHARE DATA

	2015	2014
Earnings	4.52	2.72
Cash flow	2.38	1.58
Equity	12.95	12.33
Share price at year-end	82.25	24.80
Price/equity ratio	6.35	2.01
Dividend	1.50	0.80
Extraordinary dividend	2.50	3.20
P/E ratio	18	9
Number of shares, thousands	97,917	97,917

THE SHARE CAPITAL

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

SHARE PRICE TREND 2015



SHARE PRICE TRENDS 2010 - 2015



Report of the directors

Mycronic develops, manufactures and sells production solutions for manufacturing electronics products. World leading companies use products and services from two business areas, Surface mount technology, SMT and Pattern generators, PG.

THE BOARD AND CEO for Mycronic AB (publ), corporate identification no. 556351-2374 with registered office in Täby, Sweden hereby submit the consolidated financial statements and annual report for financial year 1 January to 31 December, 2015.

OPERATIONS AND OFFERINGS

Mycronic is a high-tech company that develops, manufactures and sells production equipment for manufacturing electronics. The range of offerings includes surface mount equipment for flexible electronics production and mask writers used in the manufacture of photomasks.

The SMT equipment is used for stencil-free application of solder paste on printed circuit boards and for mounting electronic components on printed circuit boards.

Mask writers are used in the manufacture of photomasks that in turn are indispensable in manufacturing displays for tablets, smartphones, TVs and computers.

ORGANIZATION OCH PERSONNEL

The Group consists of the Parent Company Mycronic AB, with wholly-owned subsidiaries in Japan, China, South Korea and Taiwan (dormant), as well as the wholly-owned subsidiary Mycronic Technologies AB with its subsidiaries in France, the Netherlands, Singapore, the UK, Germany and the US.

The Group's product development, manufacturing and marketing are primarily conducted in Sweden. Within the SMT business area, the subsidiaries are responsible for system and aftermarket sales, service and customer support. SMT equipment is also sold through agents and distributors. The subsidiaries in the PG business area are responsible for aftermarket sales, service and customer support. The Group is represented in more than 50 countries.

The research and development functions, product management, production, purchasing and administration act jointly, while marketing, sales and aftermarket are managed individually within the respective business area.

The average number of full-time employees in the Group during 2015 was 501 (508), of whom 282 (286) work in Sweden. Women make up 18 (19) percent of the aver-

age number of employees in the Group. Employee turnover in 2015 was 5 (5) percent.

BOARD OF DIRECTORS

At the 2015 Annual General Meeting, it was decided that the Board should consist of six regular members without deputies. The AGM re-elected Board members Katarina Bonde, Ulla-Britt Fräjdin-Hellqvist, Anders Jonsson, Magnus Lindqvist, Eva Lindqvist and Patrik Tigerschiöld. Patrik Tigerschiöld was elected Chairman of the Board.

In addition, two personnel representatives with two deputies from the trade unions Akademikerna and Unionen are appointed.

EXECUTIVE MANAGEMENT

Group Management consists of eight people. On March 23, 2015, Johan Franzén began as the new Senior Vice President for Research and Development. A recruitment process is under way to expand Group Management by one person in charge of production.

EVENTS DURING THE YEAR

FIRST QUARTER

The first quarter showed higher order intake and sales than the corresponding period in 2014. The electronics industry and semiconductor industry grew in 2014, positively impacting demand for the Group's products.

New and improved functionality was launched for SMT equipment. Mycronic received orders for three mask writers, including the first order for a mask writer based on the replacement strategy for older mask writers for display manufacturing.

SECOND QUARTER

Demand for the Group's production equipment remained strong in the second quarter, which resulted in a record high order backlog at the end of the first half year.

The launch of new products continued with the introduction of a measurement system for advanced photomasks, Prexision-MMS.

Order intake continued to increase in both business areas and order for one mask writer was received.

In May, the AGM was held. An ordinary and an extra ordinary dividend totaling SEK 392 million was paid.

THIRD QUARTER

Demand in both of Mycronic's business areas was generated by launches of new production solutions for efficient electronics production last year and this year.

The replacement offering regarding older mask writers was well received with two additional orders during the quarter. Mycronic also received one order for a mask writer for applications other than display.

In SMT, investments were made in technical leaps to reach new needs and new markets. The company entered a collaboration with a high-tech consulting company in Asia. The collaboration means that Mycronic supplements its own unique expertise with specific technical and market skills.

FOURTH QUARTER

Mycronic received orders for two advanced display mask writers. One Prexision-80 for manufacturing of the most complex photomasks was delivered. Mycronic ended the year with a record order backlog of SEK 1,066 million.

FINANCIAL GOALS

GROWTH

Consolidated net sales will reach SEK 2 billion at the end of the company's business plan period.

PROFITABILITY

Over time EBIT will exceed 10 percent of net sales over a business cycle.

CAPITAL STRUCTURE

Net debt will be less than 3 times the average EBITDA.

PARENT COMPANY

Mycronic AB is the Parent Company in the Group. Parent Company sales are made up of sales of pattern generators and aftermarket sales to a certain extent.

At the end of 2015, the Parent Company had 211 (209) employees.

Net sales amounted to SEK 1,004 (729) million and comprise 3 (6) mask writers. Operating profit amounted to SEK 552 (236) million.

At year-end, cash and cash equivalents amounted to SEK 759 (517) million.

RESEARCH AND DEVELOPMENT

The Group's development costs for 2015 amounted to SEK 267 (198) million. The development expenditures increased from SEK 196 million to SEK 262 million and refers to the SMT business area.

The product range has been modernized and the company has increased the pace in the execution of the product development strategy in SMT. Through cooperation with an Asian high-tech consulting firm, investments are being made in product development for new needs and new markets.

In 2015, SEK 8 million was capitalized on the balance sheet, compared with SEK 11 million in 2014. Previously capitalized development was amortized in the amount of SEK 12 (10) million.

In the PG business area, development of LDI ended in 2014. Development efforts in 2015 comprised the development of measurement functionality, among other aspects.

Mycronic's patent strategy protects investments in unique technology. In 2015, 24 new patents were granted, and by the end of the year, the Group had 470 patents granted.

ENVIRONMENTAL AND PERMIT ISSUES

As a manufacturing company, the Group has a low impact on the environment. Mycronic's production unit is not subject to permit requirements from environmental authorities, but only a reporting requirement for the use of coolants (HFC) in the company's cooling system.

THE MYCRONIC SHARE

The share is listed on NASDAQ Stockholm since March 2000. Since 2 January, 2015, the share is listed on the Mid Cap list.

Share capital amounts to SEK 98 million. Mycronic has a total of 97,916,509 shares issued in one class. Each share grants the right to one vote.

The company has one shareholder in possession of more than 10 percent of the shares, Bure Equity. In November 2015, Bure sold some of its holdings and at the end of 2015, they owned 30 percent of the shares.

Mycronic does not have any limitations in terms of the transferability of shares due to provisions in the Articles of Association. To the company's knowledge, there are no

agreements between shareholders that result in limitations to the right to transfer shares. Furthermore, the company is not party to any agreement that will have effect, be altered or cease to apply if control over the company should change as result of a public tender offer. The Group has no contractual obligations between the company and Board members or between the company and employees, other than those that are reported below.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

Guidelines for remuneration of senior executives are established by the Annual General Meeting. Proposals made by the Board to the 2016 AGM are presented below.

The Board's proposal on guidelines is prepared by the Remuneration Committee and presented to the Board for approval. The guidelines shall apply to employment contracts that are signed after the AGM. The proposal includes the CEO and other persons in the Executive Management, currently a total of eight people. After a planned expansion by one person in 2016, the Executive Management will consist of nine people in total.

In handling matters regarding remuneration of senior executives, external advice is sought when necessary.

The main principle is to offer market-based remuneration and terms of employment. Actual levels of remuneration are decided on the basis of competence, experience and performance. The Board proposes that the Board be able to deviate from these guidelines in individual cases when there is special reason to do so. Total remuneration is proposed to consist of the following components:

- Fixed basic salary
- Short-term incentive, STI
- Long-term incentive, LTI
- Pension benefits
- Other benefits
- Severance pay

STI is payable according to earnings targets and the maximum amount is equivalent to 80 percent of basic salary.

The LTI shall encourage the acquisition of shares in Mycronic. The principle is that if a senior executive buys shares, the company will match this through cash payment of the same amount. The matching amount shall be used for the acquisition of shares in the company. The shares shall be held for a minimum of four years. The amount is maximized to SEK 100 thousand after taxes for the CEO and SEK 50 thousand after taxes for other senior executives. In 2016, the company intends to expand the circle covered by the LTI offer to, besides the Executive Management, also cover MDs in subsidiaries.

The contractual retirement age for the CEO is 62 years and 65 years for other senior executives. In addition to individually agreed pension premiums, there are no other pension commitments.

Senior executives are entitled to a company car benefit and health insurance. In addition to this, the CEO has a housing benefit in Stockholm and travel between Stockholm and the town of residence.

For the CEO, a period of notice of 12 months and 12 months' severance pay apply upon termination by the company. For the other senior executives, a period of notice of six months and six months' severance pay apply upon termination by the company. The employment contract, with related benefits, is valid during the notice period. In cases where a severance payment is made, no other benefits are payable. The principles established by the 2015 AGM are described in the Corporate Governance Report and Note 14.

OUTLOOK FOR 2016

The Board's assessment is that sales in 2016 will be at the level of SEK 1,900 million.

SIGNIFICANT RISKS AND RISK MANAGEMENT

Mycronic is a global company with operations that span the globe and is therefore exposed to different types of risks. The company can influence these risks to a varying degree. They may have a large or small effect on the Group, Parent Company or the subsidiaries within the Group. Material risks that can affect Mycronic are described below. By developing processes, systematic

risk management, together with the Group's insurance solutions, the overall risks and the costs of those risks are minimized. Risk management is handled on a general level by the Board of Directors and on an operational level by the Group management. Financial risk management as well as insurance issues are centralized in the Parent Company's finance department. Financial risks are handled in accordance with the finance policy that is established by the Board of Directors.

MARKET RELATED RISKS

Sales are related to investments in the electronics industry. Sales and profitability are affected by overall economic trends in terms of sales volumes, price trends and the customers' financing options. By continuously investing in product development, Mycronic addresses multiple areas of application and customer segments, which helps to spread risk.

Mycronic is developing the offering of the aftermarket business, which further contributes to reducing dependence on system sales.

Mycronic is affected by the political decisions and regulations in the 50 countries where the Group operates through its subsidiaries or via distributors and agents. Through local establishment, the knowledge in each market is increased. Today, there are no known material changes regarding legal regulations or restrictions on the markets in which Mycronic is active. The Group has no practical possibility to ensure at all times that distributors and agents comply with applicable laws and the Group's ethical regulations. During 2015 Mycronic updated its Code of Conduct to more clearly include suppliers, distributors and agents.

If Mycronic cannot deliver products and services according to the customers' demands or if the customers cannot fulfill their payment obligations, this may affect the Group's financial position and earnings.

The SMT business area operates in a market with several players and therefore has significant competition. Consolidations between companies on the market may result in some competitors gaining a stronger financial situation. The company has just over 2,300 customers around the world, making dependency on individual custom-

ers low. Sales are distributed across a large number of machines, and the products can be applied in several different segments and industries.

The PG business area has a customer base of roughly 30 companies. Dependency on a few individual customers is considerable, which involves a concentration of customer risk. Sales are distributed over a few high value machines, and the sales processes are long. Low sales to any one of these customers can have a significant impact on the Group's profit and financial position in the short term. Earnings for a specific reporting period, e.g. a quarter, can also be affected by major delays in the shipment of individual mask writers. There are few competitors, and customer relations extend for long periods of time.

The technical developments within the electronics industry occur quickly, which exposes the Group to development risk, i.e. that the research and development being conducted does not result in new profitable business opportunities, that launching or delivering new products does not occur on time or the risk that the costs of creating new products is difficult to estimate.

The electronics industry is estimated to have an annual growth rate on par with GDP in the coming years. Consumption of electronics products is increasing around the world, which is one of the basic driving forces for the Group. Mycronic's development projects are based on thorough prestudies, which combine market studies, technology studies and project preparations. These are important in reducing business risk in terms of product development projects. Development activities occur in close collaboration with customers and the sales organization.

Price changes and lead times for components that are used in the equipment that the company manufactures can affect the Group's earnings. Certain components are manufactured by a limited number of suppliers. Mycronic evaluates alternative suppliers of critical components and works to ensure competitive pricing and lead times.

Through the Group's products and global sales, Mycronic assumes product liability. Product liability covers damages arising as a result of the use of the Group's products. Mycronic has taken out liability insurance for this risk. There is also a risk that design-

manufacturing- and quality-related errors or defects can lead to expenses for withdrawal or corrective actions. Besides financial consequences, this could entail a negative impact on the company's brand and reputation.

The company's profits in the long term depend on its ability to protect strategically important technology. The Group purposefully works on identifying and protecting new technology early on by the use of patents. Mycronic held some 470 patents at the end of 2015.

BUSINESS RELATED RISKS

Mycronic leases a property in Täby where manufacturing takes place, among other operations. Damage due to fire, power loss and water damage can result in production disruptions and delivery problems and can affect the Group's financial position and earnings.

The Group takes preventative steps to ensure the continuity of operations in the facility. The work involves regular maintenance and fire safety training for personnel. The company has a contingency plan for acting quickly in the event of a disaster and to limit damage. The Group has the regular insurance policies, such as property and business interruption insurance.

The production facilities are fully insured by the property owner.

The employees as well as the customers are Mycronic's greatest asset. Having talented and motivated employees and managers is a key condition for achieving the Group's goals. Personnel costs are also one of the largest cost items. Mycronic constantly works to make the company an attractive employer. Cooperation with schools and universities is also a high-priority area in order to ensure recruitment opportunities.

FINANCIAL RISKS

Through its global operations, the Group is exposed to the risk of negative changes in earnings and cash flow through currency, credit and financing risks. Currency risk is the single, largest financial risk. Interest rate risk is limited. Financial risks are described in further detail in Note 32.

Earnings trend and financial position

EARNINGS TREND

ORDER INTAKE AND ORDER BACKLOG

The order intake, which comprise nine mask writers in several different application areas, SMT equipment and aftermarket sales for both business areas, amounted to SEK 2,179 (2,028) million in 2015. In the past two years, Mycronic has modernized the entire product range through launches, which has contributed to greater demand and a higher order intake in both of the business areas.

At year-end, the order backlog amounted to SEK 1,066 (702) million. The order backlog comprises deliveries in 2016 and 2017.

SALES

Net sales for 2015 amounted to SEK 1,815 (1,475) million, an increase of 23 percent. Currency effects impacted Group sales positively by SEK 199 (72) million. Converted to the same exchange rates which prevailed in 2014, sales would have amounted to SEK 1,616 million. The majority of the positive currency effects originate from a stronger USD. Aftermarket sales account for 36 (40) percent of the Group's net sales.

GROSS PROFIT AND GROSS MARGIN

Consolidated gross profit amounted to SEK 1,076 (712) million. The gross profit in 2015 is attributable to higher sales volumes, delivery of two advanced mask writers, a favorable product mix in SMT and positive curren-

cy effects. Last year, gross profit was impacted by impairment of LDI assets by SEK 48 million. The gross margin amounted to 59 (48) percent.

RESEARCH AND DEVELOPMENT

The efforts made in product development in 2014 and 2015 have resulted in multiple product launches. Virtually the entire product range has been modernized. In 2015, launches in SMT included Mycronic 4.0, a complete and flexible production solution that handles the complexity of modern electronics manufacturing. Mycronic 4.0 comprise new functionality for the next generation of material handling. In addition, new equipment built on the unique MY600 platform for dispensing a broad spectrum of assembly fluids was launched.

In PG, a measurement system was launched for quality control of the most complex photomasks written on Mycronic's Prexision system.

Development costs amounted to SEK 267 (198) million. Expenditures amounted to SEK 262 (196) million. SMT accounts for SEK 221 (127) million. During 2015, capitalization of development took place in an amount of SEK 8 (11) million attributable to SMT. Previously capitalized development has been amortized in the amount of SEK 12 (10) million.

SELLING AND ADMINISTRATION

Selling expenses for 2015 amounted to SEK 180 (164) million. This increase is mainly attributable to higher variable selling expenses in SMT and efforts to build up Mycronic's

own global sales organization. Mycronic also participated in several international trade shows.

Administration costs amounted to SEK 91 (90) million in 2015 and included activities and investments to enable future growth and brand building activities.

OPERATING PROFIT

The Group's operating profit in 2015 amounted to SEK 540 (277) million, which is equal to an operating margin of 30 (19) percent. The strong operating margin is mainly attributable to high sales volumes, a favorable product mix and positive currency effects.

TAX

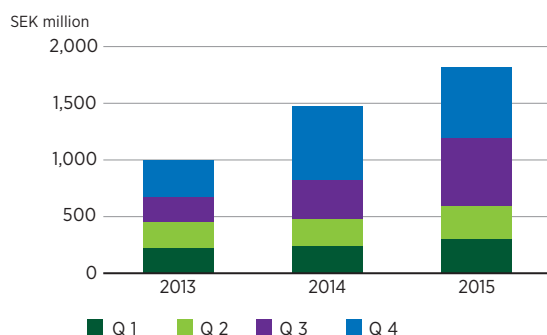
The consolidated profit before tax in 2015 was SEK 540 (278) million. The Group's tax expense was SEK 98 (12) million.

During the year, capitalized tax loss carry-forwards of SEK 331 million, corresponding to a deferred tax asset of SEK 73 million, were utilized. In addition, previously uncapitalized tax loss carry-forwards of SEK 119 million were utilized, which impacted the year's tax expense positively by SEK 26 million. By the end of 2015, all tax loss carry-forwards in Sweden had been utilized.

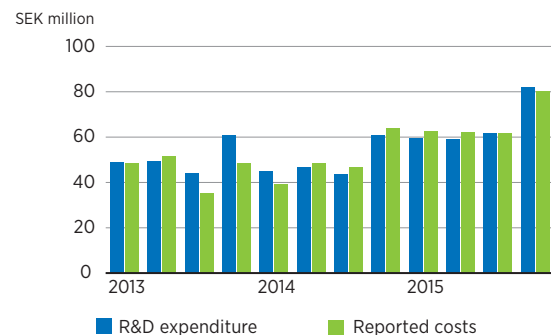
PROFIT FOR THE YEAR AND EARNINGS PER SHARE

The consolidated profit after tax in 2015 amounted to SEK 442 (266) million. The number of outstanding shares at year-end was 97,916,509 (97,916,509). Earnings per share amounted to SEK 4.52 (2.72).

QUARTERLY ORDER INTAKE



QUARTERLY R&D EXPENSES



FINANCIAL POSITION

ASSETS

The Group's total assets at the end of 2015 amounted to SEK 1,742 million, compared with SEK 1,600 million at the end of 2014.

The Group's non-current assets totaled SEK 242 (286) million. Intangible assets decreased by SEK 6 million and amounted to SEK 123 (129) million. The balance sheet item is comprised of capitalized development and acquisition-related assets in the form of brand, customer relationships and goodwill. In 2015, new development projects were capitalized in an amount of SEK 8 (11) million. Previously capitalized development has

been amortized in an amount of SEK 12 (10) million.

Amortization of acquired intangible assets amounted to SEK 2 (4) million.

Each development project is assessed individually to determine whether the criteria for capitalization in the statement of financial position have been met. The value of the balance sheet item capitalized development and intangible assets with indefinite useful life is impairment tested at least once a year to ensure accurate reporting.

Investments in tangible assets amounted to SEK 18 (8) million and relate mainly to

production and test equipment.

In 2015, inventory increased from SEK 233 million to SEK 276 million, which is attributable to a large order backlog and associated production in progress of upcoming deliveries.

Trade receivables at year end amounted to SEK 271 (341) million.

Cash and cash equivalents increased in 2015 and amounted to SEK 898 (661) million.

EQUITY

The Group's equity at the end of the year amounted to SEK 1,268 million, compared with SEK 1,207 million at the end of 2014.

The number of outstanding shares at year-end was 97,916,509. The equity/assets ratio, the percentage of equity of the total assets, was 73 (75) percent.

At year-end, Mycronic's market capitalization was SEK 8,054 (2,428) million.

FINANCING

At the end of the year, the Group had no interest-bearing liabilities.

Current operating liabilities increased by SEK 61 million to SEK 438 million. Trade payables increased from SEK 76 million to SEK 91 million. Advance payments from customers amounted to SEK 175 (96) million, which

is attributable to the larger order backlog.

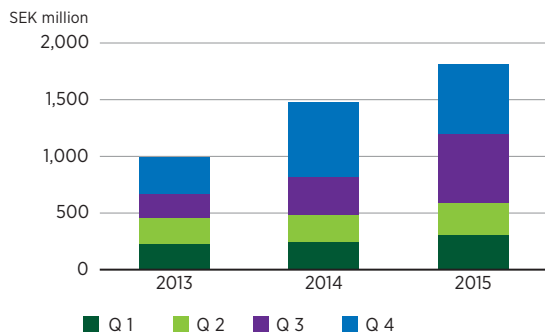
The Group strives as much as possible to receive advance payment from customers in connection with orders, primarily in terms of mask writers.

CASH FLOW

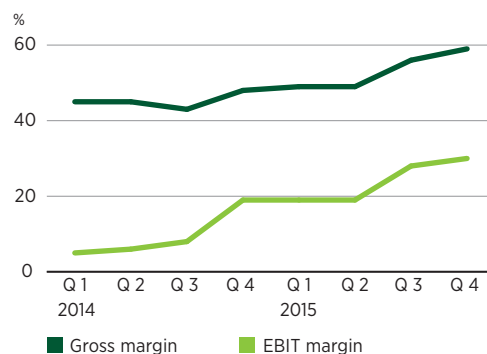
At year-end, cash and cash equivalents amounted to approximately SEK 898 (661) million. The cash flow in 2015 was SEK 233 (154) million.

Operating activities generated SEK 661 (418) million. Operating capital decreased with SEK 111 (82) million. Trade receivables decreased compared with the previous year, which had high sales in the fourth quarter. Inventory increased as a result of production in progress of the order backlog. As a result of a higher order intake, advances from customers have increased. Investing activities accounted for SEK 37 (18) million, of which investment in development accounted for SEK 8 (11) million. Financing activities accounted for SEK 392 (245) million. In the second quarter, a dividend of SEK 392 million was paid. The dividend consisted of an ordinary dividend of SEK 0.80 per share and an extra dividend of SEK 3.20 per share, totaling SEK 4 per share.

QUARTERLY SALES



MARGINS, 4 QUARTERS ROLLING



Proposal on disposition of accumulated results

At the AGM disposal are the following amounts in SEK:

Share premium reserve	201,915,502
Retained earnings	385,083,649
Profit for the year	366,771,603
Total	953,770,754

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

Dividend	146,874,764
Extraordinary dividend	244,791,273
Carried forward to new account	562,104,718

PROPOSAL ON DIVIDEND

The Board of Directors proposes to the AGM a dividend of SEK 1.50 per share, amounting to SEK 146.9 million. The dividend corresponds to approximately 33 percent of the year's net profit after tax.

PROPOSAL ON EXTRAORDINARY DIVIDEND

The Board of Directors also proposes to the AGM an extraordinary dividend of SEK 2.50 per share, amounting to SEK 244.8 million.

Total proposed dividends amount to SEK 391.7 million.

APPROVAL AND ADOPTION

As stated below, the annual report and consolidated annual report was approved on 9 March, 2016. The consolidated profit and loss accounts and statement of financial position as well as the profit and loss accounts and balance sheet of the Parent Company will be put before the Annual General Meeting for adoption on 3 May, 2016.

STATEMENT OF ASSURANCE

The Board of Directors and the CEO give their assurance that the annual report has been prepared in accordance with Generally Accepted Accounting Standards in Sweden and that consolidated financial statements have been prepared in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July, 2002, on the Application of International Accounting Standards.

The annual report and consolidated financial statements give a true and fair view of the financial position and performance of the Group and the Parent Company.

The report of the directors for the Parent Company and the Group gives a true and fair view of the business activities, financial position and results of the Parent Company and the Group, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Täby, 9 March, 2016

Patrik Tigerschiöld

Chairman of the Board

Katarina Bonde

Board member elected by AGM

Tobias Bök

Representing Akademikerna

Ulla-Britt Fräjdin-Hellqvist

Board member elected by AGM

Anders Jonsson

Board member elected by AGM

Magnus Lindquist

Board member elected by AGM

Eva Lindqvist

Board member elected by AGM

Peter Sundström

Representing Unionen

Lena Olving

President and CEO

Our audit report was submitted on 16 March, 2016.

Ernst & Young AB
Heléne Siberg Wendin
 Authorized Public Accountant

Group

PROFIT AND LOSS ACCOUNTS

SEK thousand	Notes	2015	2014
Net sales	12	1,814,960	1,475,004
Cost of goods sold	7,8	-739,384	-763,305
Gross profit		1,075,576	711,699
Other operating income	10	4,534	16,654
Research and development expenses	8,11	-266,723	-197,684
Selling expenses	8	-180,030	-163,953
Administrative expenses	8,9	-91,114	-89,956
Other operating expenses	8,10	-1,982	-256
Operating profit	7	540,261	276,505
Financial income		678	1,975
Financial expenses		-476	-420
Net financial items	15	202	1,555
Profit before tax		540,463	278,060
Tax	21	-97,988	-11,815
Profit for the year		442,475	266,245
Earnings per share, before and after dilution, SEK		4.52	2.72
Average number of shares, thousands		97,917	97,917

STATEMENTS OF COMPREHENSIVE INCOME

SEK thousand	2015	2014
Profit/loss for the year	442,475	266,245
Other comprehensive income		
Items not to be reclassified to profit and loss		
Actuarial loss from defined benefits to employees	-7,600	-
Tax relating to actuarial results	2,369	-
Items to be reclassified to profit and loss		
Translation differences at translating foreign entities	15,839	20,775
Tax relating to translation differences	-151	-206
The year's changes in fair value on cash flow hedges	-12,495	-10,198
Transferred to profit and loss	12,326	9,738
Tax relating to items recognized in hedge reserve	37	101
Other comprehensive income for the year	10,325	20,210
Total comprehensive income for the year	452,800	286,455

The entire results are attributable to owners of the Parent Company.

STATEMENTS OF CASH FLOW

SEK thousand	Notes	2015	2014
Operating activities			
Profit/loss before tax		540,463	278,060
<i>Adjustments for non-cash items and other</i>			
Depreciation/amortization and impairment of assets		25,228	24,383
Capital loss on the sale of non-current assets		56	3,912
Unrealized foreign exchange differences		-10,040	-11,644
Provisions for employee benefits		1,666	531
Other provisions		40	-2,772
Other non-cash items and other		18,817	58,468
Paid income tax		-25,746	-15,203
		550,484	355,735
<i>Cash flow from changes in working capital</i>			
Inventories		-53,541	29,201
Trade receivables		64,796	-51,188
Other receivables		25,638	-48,748
Trade payables		15,833	10,278
Other current liabilities		58,211	142,319
Cash flow from operating activities		661,421	417,597
Investing activities			
Investments in intangible assets	22	-8,037	-10,829
Investments in tangible assets	23	-17,700	-7,732
Sale of tangible assets		140	34
Increase in non-current receivables	19	-14,683	-2,518
Decrease in non-current receivables	19	3,128	2,664
Cash flow from investing activities		-37,151	-18,381
Financing activities			
Dividends paid to parent company shareholders		-391,666	-244,791
Cash flow from financing activities		-391,666	-244,791
The year's cash flow		232,604	154,424
Cash and cash equivalents at beginning of year		660,952	487,289
Exchange differences in cash and cash equivalents		4,176	19,239
Cash and cash equivalents at end of year		897,732	660,952
Interest received and paid			
Interest received		721	2,212
Interest paid		-459	-401
		262	1,811
Other non-cash items and other			
Write down of inventory and similar items		19,798	64,537
Changes in provisions for restructuring		-981	-6,069
		18,817	58,468

STATEMENTS OF FINANCIAL POSITION

SEK thousand	Notes	Dec 31, 2015	Dec 31, 2014
ASSETS			
Intangible assets	22	122,902	129,030
Tangible assets	23	38,078	28,117
Non-current receivables	19	40,068	28,081
Deferred tax assets	21	40,947	100,821
Total non-current assets		241,995	286,049
Inventories	20	275,944	232,725
Tax receivables		5,216	4,497
Trade receivables	29,33	271,123	341,020
Prepaid expenses and accrued income	26	25,669	43,977
Other receivables		24,543	30,536
Cash and cash equivalents	32,33	897,732	660,952
Total current assets		1,500,226	1,313,707
TOTAL ASSETS		1,742,221	1,599,756

SEK thousand	Notes	Dec 31, 2015	Dec 31, 2014
EQUITY AND LIABILITIES			
Equity			
Share capital		97,917	97,917
Other contributed capital		1,337,386	1,337,386
Reserves		-2,520	-18,076
Retained earnings including profit/loss for the year		-164,553	-210,130
Total equity		1,268,230	1,207,097
Liabilities			
Non-current provisions	25	21,029	11,032
Deferred tax liabilities	21	15,287	5,012
Total non-current liabilities		36,316	16,044
Advance payments from customers		174,774	95,936
Trade payables	33	90,887	75,662
Tax liabilities		9,793	6,873
Other liabilities		27,367	47,060
Accrued expenses and deferred income	27	112,929	129,125
Current provisions	28	21,925	21,958
Total current liabilities		437,676	376,615
Total liabilities		473,991	392,659
TOTAL EQUITY AND LIABILITIES		1,742,221	1,599,756

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

The share capital consists of 97,916,509 (97,916,509) shares. The shares are of the same class and each share carries one vote.

SEK thousand	Share capital	Other contributed capital	Hedge reserve	Translation reserve	Retained earnings	Total equity
Equity, 1 January 2014	97,917	1,337,386	107	-38,393	-231,585	1,165,432
Profit for the year					266,245	266,245
Other comprehensive income						
Items to be reclassified to profit and loss						
Translation differences at translating foreign entities				20,775		20,775
Tax relating to translation differences				-206		-206
Changes in fair value on cash flow hedges transferred to profit and loss			9,738			9,738
The year's changes in fair value on cash flow hedges			-10,198			-10,198
Tax attributable to cash flow hedges			101			101
The year's change in fair value of cash flow hedges			- 359	20,569		20,210
Total comprehensive income			- 359	20,569	266,245	286,455
Transactions with owners						
Dividends					-244,791	-244,791
Equity, 31 december 2014	97,917	1,337,386	-252	-17,824	- 210,130	1,207,097
Profit for the year					442,475	442,475
Other comprehensive income						
Items not to be reclassified to profit and loss						
Actuarial loss from defined benefits to employees					-7,600	-7,600
Tax relating to actuarial results					2,369	2,369
Items to be reclassified to profit and loss						
Translation differences at translating foreign entities				15,839		15,839
Tax relating to translation differences				-151		-151
Changes in fair value on cash flow hedges transferred to profit and loss			12,326			12,326
The year's changes in fair value on cash flow hedges			-12,495			-12,495
Tax attributable to cash flow hedges			37			37
The year's change in fair value of cash flow hedges			- 132	15,688	- 5,231	10,325
Total comprehensive income			- 132	15,688	437,244	452,800
Transactions with owners						
Dividends					-391,666	-391,666
Equity, 31 december 2015	97,917	1,337,386	-384	-2,136	-164,553	1,268,230

The translation reserve contains differences arising on translation of foreign operations after 1 January, 2004.

Parent Company

PROFIT AND LOSS ACCOUNTS

SEK thousand	Notes	2015	2014
Net sales	12	1,003,676	729,164
Cost of goods sold	7, 8	-339,796	-379,573
Gross profit		663,880	349,591
Research and development expenses	8,11	-40,991	-67,955
Selling expenses	8	-30,463	-30,466
Administrative expenses	8,9	-35,615	-34,776
Other operating income	10	1,062	20,910
Other operating expenses	8,10	-5,689	-975
Operating profit		552,184	236,329
<i>Result from financial investments</i>			
Interest income and similar items	15	333	1,886
Interest expenses and similar items	15	-123	-166
Profit after financial items		552,393	238,049
Appropriations	16	-114,000	-
Profit before tax		438,393	238,049
Tax	21	-71,622	336
Net profit		366,772	238,385

STATEMENTS OF COMPREHENSIVE INCOME

SEK thousand	2015	2014
Profit/loss for the year	366,772	238,385
Other comprehensive income		
Items to be reclassified to profit and loss		
Translation differences	685	937
Tax relating to translation differences	-151	-206
Other comprehensive income for the year	534	731
Total comprehensive income for the year	367,306	239,116

CASH FLOW STATEMENTS

SEK thousand	Notes	2015	2014
Operating activities			
Profit after financial items		552,393	238,049
<i>Adjustments for non-cash items and other</i>			
Depreciation/amortization and impairment of assets		8,329	6,533
Unrealized foreign exchange differences		4,167	-6,349
Capital loss on the sale of non-current assets		23	94
Provisions		-355	-2,282
Other non-cash items and other		-5,647	44,884
Paid income tax		-	-
Cash flow from operating activities before changes in working capital		558,909	280,929
<i>Changes in working capital</i>			
Inventories		-3,844	50,549
Trade receivables		49,777	-22,473
Other receivables		-26,501	64,657
Trade payables		10,287	-2,819
Other current liabilities		66,211	110,361
Cash flow from operating activities		654,839	481,204
Investing activities			
Acquisitions of subsidiaries		-	-100
Investments in tangible assets	23	-17,460	-5,800
Increase in non-current receivables	18,19	-10,980	-22
Decrease in non-current receivables	18,19	7,218	6,002
Cash flow from investing activities		-21,222	80
Financing activities			
Dividends paid to parent company shareholders		-391,666	-244,791
Cash flow from financing activities		-391,666	-244,791
The year's cash flow		241,951	236,493
Cash and cash equivalents at beginning of year		517,064	280,571
Cash and cash equivalents at end of year		759,015	517,064
Interest received and paid			
Interest received		352	2,073
Interest paid		-123	-118
		229	1,955
Other non-cash items and other			
Write down of inventories and similar items		-2,066	47,694
Changes in provisions for restructuring		-3,581	-2,810
		-5,647	44,884

BALANCE SHEETS

SEK thousand	Notes	Dec 31, 2015	Dec 31, 2014
ASSETS			
Non-current assets			
Tangible assets	23	30,473	21,905
<i>Financial assets</i>			
Participation in group companies	24	365,456	365,456
Receivables from group companies	18	-	4,296
Other non-current receivables	19	25,476	16,733
Deferred tax assets	21	1,769	63,531
Total financial assets		392,701	450,017
Total non-current assets		423,174	471,922
Current assets			
Inventories	20	13,153	6,702
<i>Current receivables</i>			
Trade receivables		43,779	95,835
Receivables from group companies		88,043	131,674
Other receivables		6,608	4,694
Tax receivables		-	3,383
Prepaid expenses and accrued income	26	16,496	36,003
Total current receivables		154,925	271,589
Cash and cash equivalents		759,015	517,064
Total current assets		927,093	795,354
TOTAL ASSETS		1,350,267	1,267,276

SEK thousand	Notes	Dec 31, 2015	Dec 31, 2014
EQUITY AND LIABILITIES			
<i>Restricted equity</i>			
Share capital		97,917	97,917
		97,917	97,917
<i>Non-restricted equity</i>			
Fair value reserve		-	-534
Share premium reserve		201,916	201,916
Retained earnings		385,083	538,364
Profit for the year		366,772	238,385
		953,771	978,131
Total equity		1,051,687	1,076,047
Untaxed reserves	16	25,000	-
<i>Non-current liabilities</i>			
Non-current provisions		194	115
Total non-current liabilities		194	115
<i>Current liabilities</i>			
Advance payments from customers		168,921	90,130
Trade payables		21,139	11,253
Liabilities to group companies		5,389	7,379
Current tax liabilities		10,011	-
Other liabilities		3,563	1,544
Accrued expenses and deferred income	27	55,060	71,070
Current provisions	28	9,303	9,737
Total current liabilities		273,387	191,114
Total liabilities		273,581	191,229
TOTAL EQUITY AND LIABILITIES		1,350,267	1,267,276
<i>Pledged assets and contingent liabilities</i>			
At December 31			
Pledged assets	30	89,000	89,000

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

The share capital consists of 97,916,509 (97,916,509) shares. The shares are of the same class and each share carries one vote. The nominal value is 1 SEK. To get a more efficient company structure Mycronic intends to merge Mycronic Technologies AB during 2016 into the Parent Company through absorption of wholly owned subsidiary.

SEK thousand	Share capital	Statutory reserve	Share premium reserve	Fair value reserve ¹⁾	Retained earnings	Total equity
Equity, 1 januari 2014	97,917	1,141,707	201,916	-1,265	-358,552	1,081,723
Profit for the year					238,385	238,385
Other comprehensive income						
Translation differences recognized in other comprehensive income				937		937
Tax relating to items recognized in other comprehensive income				-206		-206
Total other comprehensive income				731		731
Total comprehensive income for the year				731	238,385	239,116
Transactions with owners						
Reduction of statutory reserve		-1,141,707				-1,141,707
Transition to non-restricted reserves					1,141,707	1,141,707
Dividends					-244,791	-244,791
Equity, 31 december 2014	97,917	-	201,916	-534	776,749	1,076,047
Profit for the year					366,772	366,772
Other comprehensive income						
Translation differences recognized in other comprehensive income				685		685
Tax relating to items recognized in other comprehensive income				-151		-151
Total other comprehensive income				534		534
Total comprehensive income for the year				534	366,772	367,306
Transactions with owners						
Dividends					-391,666	-391,666
Equity, 31 december 2015	97,917	-	201,916	-	751,855	1,051,687

1) The fair value reserve in its entirety comprises the translation reserve.

Notes

Note 1 Accounting policies, general information

Compliance with norms and laws

Mycronic AB (publ) and its subsidiaries, together comprising the Group, are engaged in the development, manufacture and sales of advanced pattern generators for the production of photomasks and advanced equipment for surface mounting of electronic components. All development and manufacturing takes place in Sweden, while sales are generated almost exclusively outside Sweden.

The subsidiaries are based in France, Japan, China, the Netherlands, Singapore, the UK, South Korea, Taiwan, Germany and the U.S. In addition, there are a large number of distributors and agents around the world.

The Parent Company is listed on NASDAQ, Stockholm in the category Mid Cap.

The consolidated annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as endorsed by the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, has been applied.

None of the revisions and interpretations of existing standards that shall be applied as of the financial year beginning on January 1, 2015 have any material impact on the Group or Parent Company financial statements.

A number of new or revised IFRSs have not yet entered into effect and have not been applied early in the preparation of the Group and Parent Company financial statements. The IFRSs that may affect the Group or Parent Company financial statements are described below. None of the other new standards, revised standards or IFRIC interpretations published as of December 31, 2015 are expected to have any material impact on the financial reporting.

IFRS 9 Financial Instruments comprises the reporting of financial assets and liabilities and replaces IAS 39 Financial Instruments: Recognition and measurement. Like IAS 39, financial assets are classified in different categories. IFRS 9 introduces categories other than those found in IAS 39. IFRS 9 also introduces a new model for the impairment of financial assets. For financial liabilities, IFRS 9 largely agrees with IAS 39. Revised criteria for hedge accounting may lead to more financial hedging strategies meeting the requirements for hedge accounting according to IFRS 9 than according to IAS 39. IFRS 9 enters into effect on January 1, 2018. The EU has, however, not yet approved the standard and there is no decision as to when the standard will be applied. In the next few years, the Group will evaluate the effects of the standard.

IFRS 15 Revenue from Contracts with Customers replaces all previously issued standards and interpretations that handle revenues with a collective model for revenue recognition. The standard is based on the principle that revenue should be recognized when a promised good or service has been transferred to the customer, i.e. when the customer has received control over it. This can take place over time or at one point in time. IFRS 15 enters into effect on January 1, 2018. The EU has not yet approved the standard and there is no decision as to when or how the standard will be applied. During the year, the Group began the evaluation of the effects of this standard.

IFRS 16 Leases replaces IAS 17 as of January 1, 2019. As yet, there is no information on when the EU will approve the standard, which is why no decision has been made on when and how the standard will be applied. No evaluation of the effects of the standard has yet been begun.

Basis of valuation

The assets and liabilities are stated at cost, unless otherwise specified.

The functional currency of the Parent Company is Swedish kronor (SEK), which is also the reporting currency of the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts are stated in SEK thousand unless otherwise specified.

Accounting estimates and classifications

The preparation of financial reports in accordance with IFRS requires the company's management to make certain accounting judgments, estimates and assumptions that affect how accounting policies are applied and the reports of the amounts of assets, liabilities, revenues and expenses. The actual results may differ from these estimates and assessments.

The estimates and assumptions are reviewed regularly. Adjustments to estimates are reported for the period in which they occur if the change only affected this period or in the period that the change is made and future periods if the change affects both the current and future periods.

Assessments made by the company management in terms of applying IFRS that significantly impact financial reports and completed estimates and that can result in major adjustments to the financial reports for the subsequent year are described in more detail in Note 4.

Non-current assets and liabilities essentially consist of amounts that are expected to be recovered or settled later than twelve months from the closing date. Current assets and liabilities essentially consist of amounts that are expected to be recovered or settled within twelve months from the closing date.

Where applicable, any deviations from these principles for recovery or payment are specified in a note to the affected item in the statement of financial position.

Note 2 Accounting policies for the Group, general information

Consolidated reporting

Subsidiaries are companies where the Parent Company has a controlling influence. A controlling influence exists when the investor has an influence over the investment object, which in a substantial manner affects the possibility of returns, when the investor is exposed to, or has the right to, variable returns from the investment object and when the investor can use its influence to affect the size of the returns.

The consolidated financial statements are prepared in accordance with the purchase method of accounting, whereby the acquisition of a subsidiary is regarded as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The Group's cost of acquisition is determined through a purchase price analysis in connection with the purchase. The analysis determines the acquisition value of the shares or operations, as well as the fair value on the date of acquisition for acquired identifiable assets as well as assumed liabilities or contingent liabilities. The cost of acquisition for the subsidiary shares and operations is measured as the aggregate of the fair values on the date of acquisition of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control of the acquired net assets, plus any transaction costs directly attributable to the acquisition through 2009. Transaction costs after 2009 are charged directly to the year's profit and loss. In business combinations where the cost of acquisition exceeds the fair value of acquired assets, assumed liabilities and contingent liabilities that are reported separately, the difference is recognized as goodwill.

The financial statements of the subsidiaries are included in the consolidated financial statement from the date of acquisition and up to the date on which controlling influence ends.

Intra-Group receivables and liabilities, revenues or costs and unrealized profits or losses that arise from intra-Group transactions between Group companies are eliminated in full when the consolidated financial statements are prepared.

Foreign currency translation

Functional currency

Items included in the financial statements of the Group's subsidiaries are measured using the currency of the primary economic environments in which the subsidiary operates (functional currency). The functional currencies are CNY, EUR, GBP, JPY, KRW, SEK, SGD, TWD and USD.

Transactions

Transactions in foreign currency are translated to the functional currency at the rate of exchange in effect on the transaction date.

Sales transactions in foreign currency within the pattern generator segment are translated at the spot rate with the exception of sales of spare parts and service contracts for which an approximate exchange rate for the month is used. Sales transactions in foreign currency in the surface mount technology segment are reported at an approximate exchange rate for the month. When a contract sale is hedged, the cumulative gain or loss on the hedging instrument, normally a forward exchange contract, is recognized against net sales when the hedged sales transaction is recognized in the income statement.

Monetary assets and liabilities in foreign currency are translated to the functional currency at the closing day rate. Foreign exchange gains/losses arising on translation are recognized in the profit and loss account for the year. Non-monetary assets and liabilities carried at cost are translated at a rate of exchange that applied on the transaction date. Non-monetary assets and liabilities carried at fair value are translated to the functional currency at the rate of exchange prevailing on the date when the fair value was determined. Forward exchange contracts are used to protect assets and liabilities from foreign exchange risk. A financial hedge is reflected in the accounts, in that both the underlying asset/liability and the hedging instrument are translated at the closing day rate of exchange, while changes in the exchange rates are recognized through profit and loss. Value fluctuations concerning operating assets and liabilities are recognized in the income statement under other operating income/expense.

Financial statements of foreign operations

Assets and liabilities in foreign group companies are translated from that company's functional currency to SEK at the closing day rate of exchange. Revenue and expenses in the respective group company's profit and loss account are translated to SEK at the average rate of exchange that is a reasonable approximation of actual rates on the respective transaction dates. All exchange differences arising from the translation of foreign operations are recognized in other comprehensive income and are accumulated in a separate translation reserve within consolidated equity.

Net investments in foreign operations

Exchange differences arising with the translation of long-term loans that form part of the net investment in a foreign operation are deferred to a translation reserve in equity together with the related tax effects. Investments in foreign subsidiaries are not hedged.

Accumulated translation differences are reported as a separate shareholders' equity category and include exchange differences as of the switch to IFRS on 1 January 2004. When a foreign operation is disposed of, the cumulative exchange differences

relating to that foreign operation are realized through a reclassification from the translation reserve to the year's consolidated profit or loss.

Reporting of operating segments

A segment is an identified part of the Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. A segment's operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess performance. In the Group, this function has been identified as the CEO. The segments correspond to the Group's business areas.

Intangible assets

Capitalized costs for business systems

Capitalized costs for business systems are recognized as intangible assets at cost with a deduction for accumulated amortization. The investment in a business system refers to costs incurred for adaptation and implementation of a fully integrated business system and consists of both internally generated and externally acquired assets. Capitalized costs for business systems are amortized straight-line over the expected useful life of the asset, which is three years. Amortization is initiated when the business system is ready for use. Costs for maintenance of the business system are expensed as they are incurred.

Capitalized development costs

Mycronic develops extremely high technological products on the technical edge. Several development projects of different kinds need to be conducted in order to achieve a few commercial products in the end.

Costs related to research undertaken with the prospect of gaining new scientific or technical knowledge in the Group's operations are expensed as they are incurred. Development projects where knowledge and understanding gained from research results are used to develop new products, processes or systems, are recognized as intangible assets in the statement of financial position when they meet the criteria for capitalization. Development costs may be capitalized if the company can demonstrate the technical and commercial feasibility of completing the product or process, the intention and ability to complete the development and use or sell the asset. It must also be probable that future economic benefits related to the asset will flow to the company and the asset cost can be reliably measured. The reported value includes all directly attributable costs, such as those for materials and services as well as compensation to employees.

Other development costs are expensed in the profit and loss account for the period in which they arise.

Individual assessment is made of all ongoing research and development projects to determine which costs for the respective project are capitalizable and to look for any indications of impairment.

Amortization of capitalized development costs is started when the respective development project is completed, normally when it begins generating revenue and is carried out on a straight-line basis over a period of three years for pattern generators and five years for SMT equipment. Capitalized development costs include systems and modules that can be used in a number of current and future products, thus they can not be related to one single product. Amortization is therefore accounted for as Research and development costs in the profit and loss accounts.

Goodwill

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is annually tested for impairment. Goodwill is attributable to the acquisition of Mycronic Technologies AB (former MYDATA automation AB) and pertains to the surface mount segment.

Other intangible assets

Other intangible assets consist of brands and customer relationships, and are measured at cost less accumulated amortization and possible impairment losses. These assets are attributable to the acquisition of Mycronic Technologies AB.

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and possible write-downs. The acquisition costs include the acquisition price as well as charges for transportation to the site and preparation efforts in order to use the equipment according to the intended purpose of the acquisition.

The item Equipment includes self-produced equipment used primarily for research and development as well as test and training equipment. The acquisition cost of self-produced, non-current assets includes expenses for materials, employee benefits and salaries, other production costs that are considered to be directly attributable to the assets.

The reported value of a tangible asset is removed from the statement of financial position upon disposal or sale of the asset or when there are no future economic benefits anticipated from using or disposing/selling the asset. Gains/losses on the sale or disposal of tangible assets are calculated as the difference between the net realizable value and carrying amount of the item and are recognized in the profit and loss account among other operating income/expenses. Subsequent expenses are added to the acquisition cost if it is likely that the future economic benefits of the assets will be realized by the company and the acquisition cost can be estimated reliably. All other additional expenditures are accounted as costs when they arise.

A future expense is added to the acquisition cost if the expense involves the replacement of identified components or parts thereof. In the cases where a new component has been produced, the expense is added to the acquisition cost. Any

non-depreciated costs for replacement components or parts of such components are discarded and expensed as the replacement is made. Repairs are expensed on an ongoing basis. Tangible assets are depreciated on a straight-line basis over their expected useful life starting from when they are accessible for use as follows:

Land improvements	20 years
Clean room facilities	10 years
Other permanent equipment	5-40 years
Machinery and equipment	3-5 years
Computers	3 years

Costs related to PC computers are expensed as incurred.

Leases

All existing lease agreements, including property leases, are classified as operating leases. Assets that are leased according to operating leases are as a rule not reported as assets in the statement of financial position. Operating lease agreements do not give rise to liabilities. In these cases, the lease expense is reported within operating expenses, although not depreciation, in the profit and loss account. The property leasing charge, consisting of a fixed portion and an interest portion, is recognized as a lease expense in the profit and loss account. Variable charges are expensed in the period in which they incur.

Financial instruments

The financial assets recognized in the statement of financial position include cash and cash equivalents, trade receivables and derivatives. Financial liabilities include trade payables and derivatives.

Recognition and derecognition from the statement of financial position

A financial asset or liability is recognized in the statement of financial position when the company initially becomes party to the contractual provisions of the instrument. Financial assets are recognized when the company has performed and there is a contractual obligation for the counterparty to pay, even if no invoice has been sent.

Trade receivables are recorded in the statement of financial position when an invoice has been sent. Financial liabilities are recognized when the counterparty has performed and there is a contractual obligation to pay, even if no invoice has been received. Trade payables are recorded when an invoice has been received.

A financial asset is derecognized from the statement of financial position when the company's rights under the agreement are realized, expire or the company has relinquished control of the asset. The same applies for a part of a financial asset.

A financial liability is derecognized from the statement of financial position when the obligation specified in the agreement is fulfilled or otherwise extinguished. The same applies for a part of a financial liability.

A financial asset and a financial liability are set off and netted in the statement of financial position only when a legal right of setoff exists and there is an intent and ability to set off and net these items or to simultaneously realize the asset and settle the liability.

Acquisitions and sales of financial assets are recognized on the trade date. The trade date is the date on which the company commits to acquire or sell the asset.

Classification and valuation

On initial recognition, a financial instrument is classified based on the intent for acquisition of the financial instrument. Subsequent measurement depends on how the instruments have been classified upon initial recognition as described below.

Derivative instruments are initially recognized at the fair value, which means that the transaction costs affect the profit/loss for the period. After the initial recognition, the derivative instrument is recognized as below. If derivative instruments are effectively used for hedge accounting, the changes in the value of the derivative instrument are listed on the same row in the profit and loss as the hedged item. Even if hedge accounting is not used, increases or decreases in the value of the derivative are respectively recognized as revenues or expenses in the operating profits. With hedge accounting, ineffective portions are recognized in the same way as changes in the value of derivatives that are not used for hedge accounting.

Cash and cash equivalents comprise cash in hand at a bank.

Financial assets at fair value through profit and loss

This category consists of financial assets held for trading and derivatives not designated as hedging instruments. Assets in this category are subsequently measured at fair value with value fluctuations recognized in profit and loss. A financial asset is classified as held for trading if it is acquired for the purpose of selling in the short term. Derivatives are classified as held for trading except when being used for hedging. Derivatives are classified as held for trading when hedge accounting is discontinued.

Loans and trade receivables

Trade receivables are recognized in the amount in which they are expected to be received, i.e. after deduction of doubtful receivables. Provisions for doubtful trade receivables are made based on individual assessment.

Financial liabilities at fair value through profit and loss

This category consists of financial liabilities held for trading. Liabilities in this category are subsequently measured at fair value and changes in fair value are recognized in profit and loss. Derivatives with negative fair value are classified as held for trading except for derivatives that are identified as efficient hedging instruments. Derivatives are classified as held for trading when hedge accounting is discontinued.

Other financial liabilities

This category consists of financial liabilities not held for trading, mainly the Group's trade payables.

Reporting of derivatives and hedges

Derivatives consist of forward exchange contracts that are used to reduce transaction exposure in foreign currencies and are not used for speculative purposes. All derivatives are measured at fair value in the statement of financial position.

In the Group, derivatives that are used to hedge probable future commercial inflows in foreign currency, in other words, inflows from sales, and which meet the requirements for hedge accounting, are reported according to the rules for hedge accounting for cash flow hedges. This means that the effective portion of fair value changes on derivative instruments is recognized in the hedge reserve in other comprehensive income. The profit or loss attributable to the ineffective portion is recognized immediately in the income statement under other operating income/expense. The fair value of derivatives is measured as the quoted market prices of currency and interest rates on the closing date.

Amounts accumulated in equity are reversed to net sales in the income statement in the periods when the hedged item is reflected in profit and loss, i.e. upon revenue recognition. When a hedged instrument expires, is sold or no longer meets the hedge accounting criteria and the cumulative gains/losses are recognized in equity, these gains/losses are retained in equity and are recognized in profit and loss when the forecast transaction is ultimately recognized in the profit and loss account. The effective portion is recognized in net sales when the hedged item affects profit and loss, while the ineffective portion is recognized in other operating income/expense. When a forecast transaction is no longer expected to occur, the cumulative gains/losses recognized in equity are immediately released to the profit and loss account among other operating income/expense.

When a contract is entered into, the relationship between the hedge instrument and the hedged risk is formally documented, including the company's risk management objective and strategy for undertaking the hedge. The Group also documents its assessment, both at the inception of a hedge and at each reporting date, on the effectiveness of the derivatives used in the hedge transaction in offsetting changes in the fair value or cash flows of the hedged item. Changes in the hedge reserve in equity are recognized in other comprehensive income.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Inventories are carried out at cost calculated on a First-In, First-Out (FIFO) basis and include all costs arising from the purchase of the inventory assets and costs incurred in bringing the goods to their existing location and condition. For manufactured goods and work in progress, the cost includes a reasonable share of indirect costs based on normal capacity. Deductions are made for internal profit arising from intra-group sales.

Net realizable value is the estimated selling price less the estimated costs for completion and selling costs in operating activities.

Impairment

The carrying amounts of the Group's assets are reviewed at the end of each closing period to look for any indication that an asset may be impaired.

Impairment testing of tangible and intangible assets and participations in subsidiaries

If there is an indication of impairment, the asset's recoverable amount is calculated (see below). For goodwill and other intangible assets with indefinite useful lives and intangible assets that are not ready for use, the recoverable value is calculated annually. If it is not possible to establish an independent cash flow for an individual asset, and its fair value less the sales costs cannot be used, the assets are grouped during impairment testing at the lowest level at which the identifiable cash flow can be identified, a so called cash-generating unit.

An impairment is recognized when the recorded value of an asset or cash-generating unit (group of units) exceeds the recoverable value. An impairment is recognized as a cost in the profit and loss account for the year. When the need for impairment has been identified for a cash-generating unit (group of units) the impairment amount is firstly distributed to goodwill. Then the remaining assets in the unit (group of units) are impaired proportionally.

The recoverable value is the highest of fair value less selling costs and the value in use. In measuring the value in use, future cash flows are discounted using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment testing of financial assets

A review is carried out at the end of each reporting period to look for any indication that a financial asset may be impaired. Indications of impairment may arise from adverse changes in circumstances that affect the ability to recover an asset's carrying amount or parts thereof, such as assessment of trade receivables.

Impairment losses are recognized in the profit and loss account.

Taxation

Income tax consists of current tax and deferred tax. Income tax is reported in the profit/loss account for the year, except when underlying transactions were reported in other comprehensive income or in equity, whereby related tax effects are reported in other comprehensive income or in equity. Current tax is the tax payable or refundable for the current year, with the tax rates enacted or substantively enacted by the closing date. Current tax also includes adjustment of current tax from previous periods.

Deferred tax is calculated according to the balance sheet method on the basis of temporary differences between the carrying amount of an asset or liability and its tax base. Temporary differences are not taken into consideration in consolidated goodwill. Also not observed are temporary differences for participations in subsidiaries and associated companies that are not expected to be reclassified in the foreseeable future.

The valuation of deferred tax is based on how underlying assets or liabilities are expected to be recognized or paid. Deferred tax is calculated using the tax rates and tax regulations enacted or substantively enacted by the closing date.

Deferred tax assets for deductible temporary differences and tax loss carry-forwards are only recognized to the extent that they are expected to be used. The value of deferred tax assets is reduced when it is no longer expected to be used. Any additional income tax that arises in relation to dividend is recognized on the same date as the dividend is recognized as a liability.

Employee benefits**Pension commitments and other post-employment benefits**

Pension commitments are classified either as defined contribution or defined benefit pension plans. Pension commitments in the Group are mainly fulfilled through payment of premiums according to a defined contribution pension plan. A defined contribution pension plan is classified as the plans where a company's obligation is limited to the charges the company has undertaken to pay. In such cases, the size of the employee's pension is dependent on the charges paid by the company to the plan or to an insurance company and the capital return offered by the charges. Consequently, the employee carries the actuarial risk (that the compensation may be lower than expected) and the investment risk (that the invested assets will be insufficient to offer the expected compensation). The company's obligations regarding charges to defined contribution plans are charged to the profit and loss account for the period in which the employees render the related service to the company.

In the Japanese and Korean subsidiaries, there are defined benefit commitments to employees for benefits after the end of employment. When employment ceases, through termination or retirement, the accumulated amount of benefit is paid out immediately. The commitment is valued in the Group in accordance with IAS 19. Defined benefit pension plans set forth an amount for the pension benefit that an employee will receive at retirement depending on factors such as age, period of service and salary. The liability on the balance sheet for defined benefit pension plans is the present value of the defined benefit commitment at the end of the reporting period less the fair value of the plan assets. The defined benefit pension commitment is calculated annually by independent actuaries with the application of what is known as the projected unit credit method. Revaluation of defined benefit net liability is recognized in other comprehensive income. Other costs are recognized in operating profit.

Termination benefits

An expense is recognized on the termination of employees only when the company is demonstrably committed, without realistic possibility of withdrawal, by a detailed, formal plan to terminate an employee or group of employees before the normal retirement date. When termination benefits are provided as a result of an offer made to encourage voluntary redundancy, the expense is recognized if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Short-term employee benefits

For short-term employee benefits, the undiscounted amount of benefits expected to be paid in respect of service rendered in a period are recognized in that period. A provision for the expected cost of profit sharing and bonus payments is recognized when the Group has a legal or informal obligation to make such payments in respect of service rendered by employees and a reliable estimate of the expected cost can be made.

Provisions

A provision is different from other liabilities because the payment time or the size of the payment is not clear. A provision is recognized in the statement of financial position when there is a legal or informal obligation as a result of an event occurring, and it is likely that an outflow of financial resources will be needed to meet the obligation and that this amount can be reliably estimated.

Provisions are made using the best estimate of what will be required to fulfill the existing obligation on the closing date.

Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical data regarding warranties and an overall review of potential outcomes in relation to the probabilities of such outcomes.

Restructuring

A provision for restructuring is recognized when there is an established, detailed and formal restructuring plan, and the restructuring has either been started or has been made public. No provisions are made for future operating costs.

Revenue recognition

The Group's net sales consist of revenue arising from the sale of goods (systems and system upgrades, spare parts and accessories) and services. Sales are denominated mainly in USD, EUR and JPY.

Revenue is recognized when it is probable that the future economic benefits associated with a transaction will flow to the company and when the amount of revenue can be measured reliably. Revenue arising from the sale of goods to a customer is recognized upon delivery in accordance with the agreed conditions of sale and delivery,

i.e. when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is reported net of any discounts.

Revenue related to sale of services, primarily linked to service agreements, is recognized upon provision of the service. Service agreements that are invoiced in advance are progressively recognized over the term of the agreement. Service contracts that are invoiced in arrears are reported as income over the course of the agreement.

Expense recognition

Expense recognition of the delivered goods occurs in connection with the delivery of goods and recognition of income from a sale. Expense recognition implies that all expenses for the delivered goods are recognized in the profit and loss account. The expenses include all remaining expenses at the delivery date, including provisions for setup and warranty. These are reported under "Accrued expenses" and "Short-term provisions" in the statement of financial position.

The costs for setting up a system at a customer site is limited in relation to the value of the system as a whole. When setup is completed at the customer site, a warranty period begins and normally lasts for 12 months. Costs for the provision of service are expensed as incurred.

Financial income and expenses

Financial income consist of interest income on invested assets, and dividends. Dividend is reported when the right to receive dividends has been established.

Financial expenses consist mainly of interest expenses.

Operating expenses

The Group's expenses mainly refer to materials and supplies, personnel costs and other external expenses, primarily consisting of consulting fees. An assessment is made of costs incurred but not invoiced by suppliers for work performed during the financial year, and a corresponding provision is recognized in Accrued expenses in the statement of financial position. Costs related to research are expensed as incurred. Costs for development projects that meet the criteria for capitalization are reported as intangible assets. Amortization on previously capitalized development costs is accounted for as Research and development costs in the consolidated profit and loss accounts.

Earnings per share

Earnings per share are calculated on consolidated profit for the year attributable to shareholders in the Parent Company divided by the weighted average number of shares outstanding during the year.

Note 3 Accounting policies of the Parent Company

The annual financial statements of the Parent Company are presented in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities (January 2013). The Swedish Financial Reporting Board's statements for listed enterprises are also applied. RFR 2 means that in the report for the legal entity, the Parent Company shall apply all EU-approved IFRSs and statements as far as possible within the framework of the Annual Accounts Act, the law of safeguarding pension commitments and with respect to the connection between accounting and taxation. The recommendation indicates which exceptions and additions to IFRS that shall be made.

The differences between the Group's and the Parent Company's accounting policies are shown below. The accounting policies for the Parent Company shown below have been consistently applied to all periods presented in the Parent Company's financial statements.

Changes in accounting policies

Unless otherwise specified below, the Parent Company's accounting policies in 2015 have been modified in accordance with what is specified above for the Group.

Classification and disposition

A profit and loss account and a statement of comprehensive income are reported for the Parent Company and the Group. The Parent Company is using the titles of balance sheet and cash flow analysis for the statements that in the Group are titled as statement of financial position and statement of cash flows. Profit and loss account and balance sheet for the Parent Company are presented according to the Swedish Annual Accounts Act structure, while the statement of comprehensive income, report of changes in equity and cash flow analysis are based on IAS 1 Presentation of Financial Statements and IAS 7 Consolidated Cash Flow Statements.

Development expenses

All costs, for both research and development, are expensed as incurred.

Tax

In the Parent Company untaxed reserves are reported in the balance sheet with no split to equity and deferred tax liability, unlike the Group reporting. Correspondingly, no split is done between appropriations and deferred tax costs in the profit and loss accounts in the Parent Company.

Group contribution

Group contributions, received and submitted, are reported as appropriations in the Parent Company.

Subsidiaries

In the Parent Company, participation in group companies are accounted for according to the cost method. This means that transaction expenses are included in the reported value of holding in subsidiaries. Transaction expenses are recognized in the consolidated financial statements directly in the earnings when these arise.

The Parent Company recognizes the full amount of dividends received from subsidiaries as revenue in profit or loss for the year.

Intra-Group receivables that comprise net investments in foreign operations

The Parent Company's long-term loans to a foreign subsidiary that form part of the Parent Company's net investment in the foreign subsidiary are translated at the closing day rate of exchange. Foreign exchange differences arising on translation of such monetary items are recorded separately within a translation reserve in other comprehensive income.

Financial instruments and hedge accounting

In view of the connection between accounting and taxation, the rules on financial instruments and hedge accounting in IAS 39 are not applied by the Parent Company as a legal entity.

In the Parent Company, financial non-current assets are valued at cost, less any impairment and financial current assets at the lower of cost and net realizable value.

When hedging receivables and liabilities in foreign currency using forward contracts, the spot exchange rate is used on the day when the currency is hedged to value the hedged receivable or liability. The difference between the forward contract rate and the spot rate at the time of entering into the contract (forward premium) is allocated over the life of the forward contract. Allocated forward premiums are reported as other operating income and other operating expenses, respectively.

Note 4 Critical accounting estimates and assumptions

The company management and the audit committee discuss the development, selection and information regarding the Group's critical accounting policies and estimates, as well as the application of these policies and estimates.

Critical estimates when applying the Group's accounting policies

The preparing of financial statements to conform with IFRS requires the management to make certain assumptions that affect the application of the company's accounting policies. When preparing the financial statements, the company's management is also required to make certain estimates and assumptions about the future that affect the reported amounts of assets and liabilities on the closing date. Revenues and expenses are also affected by the estimates. The actual results may differ from these estimates. The key assumptions and estimates are specified below.

Capitalized development costs

Development projects where knowledge and understanding gained from research and practical experience are directed towards developing new products or processes, are recognized as intangible assets in the statement of financial position when they meet the criteria for capitalization. Development costs may be capitalized if the company can demonstrate the technical and commercial feasibility of completing the product or process, the intention and ability to complete the development and use or sell the asset. It must also be probable that future economic benefits related to the asset will flow to the company and the acquisition cost can be reliably measured. The reported value includes all directly attributable costs, such as those for materials and services as well as compensation to employees. Individual assessment is made of major ongoing research and development projects to determine whether these criteria have been met.

However, because it may be difficult to distinguish between research and development projects, this judgment can be affected by individual interpretations.

Evaluating useful life periods and impairment requirements for intangible assets

The company regularly reviews capitalized development costs to look for any indication of impairment. Each development project is individually tested for impairment at least yearly through an estimation of discounted future cash flows that includes intangible assets not yet completed.

This valuation is made and judged by the company management and is also reviewed by the audit committee.

Amortization of intangible assets is based on the estimated useful life of the asset. Depending on which useful life is determined for an asset, this can have a significant impact on the Group's reported profit. The expected residual value of an intangible asset at the end of its useful life is always set to zero.

Amortization of capitalized development costs is started when the respective development project is completed, and when it begins generating revenue. At that time, a straight-line amortization is started over a three to five year period.

The reported value of goodwill and brand with unidentified useful life is tested for impairment at least once a year. The impairment test is based on value in use, which in turn is normally based on cash flow estimates for five years for the cash-generating entity to which the values belong. These assessments can have a large impact on the Group's reported values of intangible assets.

Note 5 Capital management

The Board of Mycronic AB supervises the Group's capital structure and financial management, approves matters related to acquisitions, investments and financing and continuously monitors the Group's exposure to financial risks.

The financial objectives established by the Board in 2014 include growth, earnings and capital structure.

Mycronic defines capital as equity according to the statement of financial position sheet, SEK 1,268,230 (1,207,097) thousand, less unrealized gains/losses reported in other comprehensive income included in the hedge reserve. Capital amounts to SEK 1,268,614 (1,207,349) thousand.

Neither the Parent Company nor any of the subsidiaries is subject to any external capital requirements.

Note 6 Events after the end of the year

In January 2016, Mycronic received orders for two mask writers, that was published in press releases. On 7 January, the company received the first order for a Precision-MMS, for quality assurance of advanced photomasks. The system is scheduled to be delivered in mid 2017. On 19 January, an order was received for a down-scaled Precision-8, that allows a later upgrade to a full-scale P-8. The system is scheduled to be delivered during the first half of 2017.

On 11 February, Mycronic announced the acquisition of RoyoTech and Kognitec.

RoyoTech develops and manufactures the SMD Tower, an intelligent storage solution for electronic components. The SMD Tower is already integrated in Mycronic's solution for efficient material handling. The companies, with a total revenue in 2014 of approximately EUR 4 million, will be consolidated into the Mycronic Group from 1 January, 2016.

Note 7 Items affecting comparability

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Write-down of LDI assets	-	47,739	-	47,739
Operating profit/loss	-	47,739	-	47,739

Operating profit 2014 was affected by non-recurring items regarding write-down of remaining LDI inventory.

	GROUP	
	2015	2014
EBIT comparison		
Operating profit according to profit and loss account	540,261	276,505
Net capitalization/amortization of R&D	4,270	1,775
LDI development, excluding write-down	-	15,091
Write-down LDI assets	-	47,739
Amortization on acquired intangible assets	1,858	4,158
EBIT comparable	546,389	345,268

The table shows the effect of a number of items on operating profit in 2015 compared to 2014.

Note 8 Operating expenses

	GROUP	
	2015	2014
<i>Costs allocated by type of cost (excluding work performed by the company for its own use and capitalized)</i>		
Raw materials and consumables	426,434	345,329
Changes in finished goods and products in progress	-28,837	111,715
Personnel costs	471,687	450,496
Depreciation and write-down	25,229	24,383
Other external costs	441,678	315,156
	1,336,191	1,247,079

Intra-group transactions:

Of the Parent Company's purchases this year SEK 269 (219) million was attributable to group companies. Of the sales this year SEK 321 (247) million was attributable to group companies.

Note 9 Fees for auditing and non-auditing services

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
<i>Fees and compensation, auditing, etc</i>				
Auditing assignments, EY	1,868	1,869	479	483
Non-auditing assignments, EY	332	125	152	125
Tax counselling, EY	523	233	-	-
Other assignments, EY	215	515	215	343
	2,938	2,742	846	951

Auditing assignments refer to the auditing of the consolidated financial statements, the accounts and the administration of the Board of Director's and the CEO, other tasks that befall on the company's auditor and advice or other assistance prompted by observations from such audits or the performance of such tasks. All other work is classified as other assignments or counselling. The 2015 AGM re-elected EY as auditor.

Note 10 Other operating income/expenses

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Other operating income				
Foreign exchange gains	2,365	13,789	-	19,605
Other	2,169	2,865	1,062	1,305
	4,534	16,654	1,062	20,910
Other operating expenses				
Foreign exchange losses	-	-	-6,305	-
Other	-1,982	-256	616	-975
	-1,982	-256	-5,689	-975
of which, exchange rate differences on non-hedge accounting derivatives	-4,549	-10,174	-14,237	6,689

Note 11 Research and development expenses

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
<i>R&D expenditure</i>				
SMT equipment	220,540	127,303		
Pattern generators	41,912	68,605		
	262,453	195,908	40,991	67,955
<i>Capitalized development</i>				
SMT equipment	-8,037	-10,829		
	-8,037	-10,829	-	-
<i>Amortization on capitalized development</i>				
SMT equipment	12,307	10,304		
	12,307	10,304	-	-
R&D costs	266,723	195,383	40,991	67,955
Amortization on acquired technology	-	2,300	-	-
Reported cost	266,723	197,684	40,991	67,955

Note 12 Segment reporting

The company has two segments. One segment comprises operations in the SMT business area, consisting of development, manufacture and marketing of advanced surface mount equipment for flexible electronics production. The equipment is used for stencil-free jetting of solder paste on PCBs and surface mounting of electronic components on PCBs.

Net sales per geographical market	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Sweden	27,987	21,385	805	3,307
Europe outside Sweden	378,894	357,885	-	8
Americas	310,504	287,162	24,022	18,215
Asia	1,080,638	802,919	978,849	707,633
Other countries	16,937	5,653	-	-
Total	1,814,960	1,475,004	1,003,676	729,164
of which, system sales	1,153,115	885,429	621,514	403,878
of which, aftermarket sales	661,845	589,575	382,162	325,286
	1,814,960	1,475,004	1,003,676	729,164

The other segment comprises operations in the PG business area, consisting of development, manufacture and marketing of extremely accurate laser pattern generators for the production of photomasks. The systems are used by electronics companies in the manufacture of displays among other things. The systems that enable photomask production are produced in a similar way despite different application areas, are distributed in a similar manner and are largely sold to the same customers regardless of application area.

The accounting principles of the segments are the same as for the Group. Net sales per geographical market is established based on the domicile of the customer.

Consolidated net sales comprise revenue from sales of goods and services. Services mainly consist of service contracts, which normally include spare parts.

Non-current assets per geographical market	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Sweden	153,376	150,937	30,473	21,905
Europe outside Sweden	3,094	2,386	-	-
Americas	561	507	-	-
Asia	3,951	3,316	-	-
Total	160,981	157,147	30,473	21,905

Net sales and profit/loss before taxes	2015				2014			
	SMT equipment	Pattern generators	Group-wide	Group	SMT equipment	Pattern generators	Group-wide	Group
Income from external customers	843,590	971,370	-	1,814,960	741,857	733,147	-	1,475,004
Total income	843,590	971,370	-	1,814,960	741,857	733,147	-	1,475,004
<i>of which two (one) customers in Asia represents more than 10 percent of total sales</i>				600,517				254,956
Gross profit	383,655	691,920	-	1,075,576	330,603	381,096	-	711,699
Gross margin, %	45	71		59	45	52		48
Operating expenses and profit/loss before tax								
R&D expenditure	-220,540	-41,912	-	-262,453	-127,303	-68,605	-	-195,908
Capitalized development costs	8,037	-	-	8,037	10,829	-	-	10,829
Amortization of capitalized development costs	-12,307	-	-	-12,307	-10,304	-	-	-10,304
Amortization of acquired technology	-	-	-	-	-	-	-2,300	-2,300
Selling expenses	-128,062	-50,111	-1,858	-180,030	-111,695	-50,400	-1,858	-163,953
Administrative expenses	-50,278	-40,837	-	-91,114	-47,345	-42,611	-	-89,956
Other operating income and expenses	3,051	-498	-	2,552	9,676	6,722	-	16,398
Financial income and expenses	-	-	202	202	-	-	1,555	1,555
Profit/loss before tax	-16,444	558,562	-1,656	540,463	54,461	226,201	-2,603	278,060
Assets								
Capitalized development	37,633	-	-	37,633	41,903	-	-	41,903
Inventories	106,453	169,491	-	275,944	113,001	119,724	-	232,725
Trade receivables	163,409	107,713	-	271,123	178,648	162,373	-	341,020
Investments								
Capitalized development	8,037	-	-	8,037	10,829	-	-	10,829

Note 13 Depreciation/amortization by function

Group	2015				2014					
	Customer relations	Business system	Development expenses	Tangible fixed assets	Total	Customer relations	Business system	Development expenses	Tangible fixed assets	Total
Cost of goods sold				4,404	4,404				4,563	4,563
Research and development expenses				4,628	4,628			2,300	2,853	5,153
Research and development, capitalized development			12,307		12,307			10,304		10,304
Selling expenses	1,858			789	2,647	1,858			1,023	2,881
Administrative expenses				1,243	1,243		107		1,375	1,482
	1,858		12,307	11,064	25,229	1,858	107	12,604	9,814	24,383
Parent Company										
Cost of goods sold				2,925	2,925				2,702	2,702
Research and development expenses				4,628	4,628				2,853	2,853
Selling expenses				479	479				574	574
Administrative expenses				296	296		107		297	404
				8,328	8,328		107		6,426	6,533

Note 14 Employees, personnel costs and remuneration to senior executives

Remuneration to the Board and other senior executives

Principles applied in 2015

The Chairman and the members of the Board are remunerated according to AGM decision. Members of the Board that are appointed by unions do not receive remuneration. No fees are paid to the boards of the subsidiaries.

The total remuneration for the CEO and other senior executives consists of basic salary, short-term incentive STI, long-term incentive LTI, other benefits and pension benefits. STI is paid according to the fulfillment of Group financial targets with a maximum of 80 percent of an annual basic salary. LTI shall encourage acquisition of shares in Mycronic. If a senior executive buys shares in Mycronic the company matches the amount by cash payment of the same amount. The matching amount shall be used to acquire shares in the company. The share must be kept for four years. LTI is maximized to SEK 100 thousand after tax for the CEO and SEK 50 thousand after tax for each of the other senior executives. Other benefits consist of company car, housing, travels and free healthcare insurance.

Other senior executives refer to the seven individuals who, together with the CEO make up the executive management team. The executive management team is further presented on page 60-61.

The principles for remuneration to the CEO and other senior executives are approved by the AGM. The principles for remuneration are prepared by the Board's remuneration committee. The board passes a decision on the proposed principles, which is then put to the AGM for approval.

In handling matters related to remuneration, external advice is sought when necessary. The main principle is to offer senior executives market based remuneration and other terms of employment. Actual levels of remuneration are determined on the basis of factors such as competence, experience and performance.

Remuneration and benefits to the CEO

Lena Olving is the President and CEO. The basic monthly salary during 2015 amounted to SEK 335,000. Other benefits consist of housing, company car, free travels by train and free healthcare insurance. Pension and health insurance is in the form of defined contribution pension premiums. The cost for pension and health insurance benefits equals 35 percent of basic salary.

STI for 2015 has been accrued for at an amount of SEK 2,596 thousand. LTI in 2015 was paid in an amount equivalent to SEK 100 thousand net after taxes, to be used to purchase shares in Mycronic.

The employment contract with Lena Olving specifies a notice period of twelve months in the event of dismissal by the company. Lena Olving is entitled to basic salary and other benefits during the notice period, after which no benefits are payable. After the notice period she is entitled to termination benefits corresponding to 12 months' salary.

The employment contract with Lena Olving specifies a retirement age of 62 years.

Except for the defined contribution pension premiums, there are no other pension obligations.

Remuneration and benefits to other senior executives

The senior executive team consist of 8 (8) persons including the CEO, of which 3 (3) women.

Pension and health insurance is in the form of defined contribution pension premiums. The cost for pension benefits equals 30 percent of basic salary. Other benefits consist of company car benefits and free healthcare insurance.

STI for 2015 has been accrued for at an amount of SEK 3,120 thousand. LTI in 2015 was paid in an amount equivalent to SEK 50 thousand net after taxes per individual, to be used to purchase shares in Mycronic.

The retirement age for other senior executives is 65 years. Except for the defined contribution pension premiums, there are no other pension obligations.

For other senior executives there is a notice period of six months in the event of dismissal by the company, and after that period, termination benefits equal to six months' salary. The employment contract, with related benefits, is valid during the notice period. In cases where termination benefits are received, no other benefits are payable.

Total remuneration to employees

Salaries and remuneration	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
The Board, CEO and other executives	23,219	23,224	21,460	23,224
Managing directors in subsidiaries	17,291	13,406	-	-
Other employees	284,741	283,177	121,787	121,462
Total salaries and remuneration	325,251	319,807	143,247	144,686
Social security expenses	86,294	76,032	50,527	46,991
Pension costs	36,872	34,637	21,828	21,262
Total costs	448,417	430,476	215,602	212,939

The reported remuneration to employees include variable salary, STI, relating to financial goals at an amount of SEK 34 (31) million excluding social security expenses, of which SEK 14 (15) million refer to the Parent Company.

The STI program covers all employees.

Remuneration to the Board	2015			2014		
	Board fees	Comittee fees	Total	Board fees	Comittee fees	Total
Patrik Tigterschiöld, Board Chairman	500	-	500	500	-	500
Magnus Lindquist, chairman of the audit committee	200	50	250	200	50	250
Katarina Bonde	200	-	200	200	-	200
Anders Jonsson	200	-	200	200	-	200
Ulla-Britt Fräjdin-Hellqvist	200	-	200	200	-	200
Eva Lindqvist	200	-	200	200	-	200
Total remuneration to the Board	1,500	50	1,550	1,500	50	1,550

Remuneration to the CEO and other senior executives 2015	Basic salary	Other remuneration	STI	LTI	Other benefits	Pension costs	Total
Lena Olving, CEO	4,020	348	2,596	238	294	1,488	8,984
Other senior executives (7 persons)	10,201	533	3,120	613	1,488	3,068	19,023
Total remuneration to the CEO and other senior executives	14,221	881	5,716	851	1,782	4,556	28,007

Remuneration to the CEO and other senior executives 2014	Basic salary	Other remuneration	STI	LTI	Other benefits	Pension costs	Total
Lena Olving, CEO	3,898	314	2,654	232	289	1,581	8,968
Other senior executives (7 persons)	9,523	1,506	2,991	557	276	2,505	17,357
Total remuneration to the CEO and other senior executives	13,421	1,819	5,645	789	565	4,086	26,325

% of women	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
The Board	9	8	38	38
Other senior executives	18	17	38	38

Board and senior executives in the Parent Company consist of 16 (15) persons.

In the Group, this group has been extended to include managing directors in subsidiaries, which makes a total of 26 (25) persons.

Average number of employees	2015		2014	
	Total	of which women	Total	of which women
Parent Company				
Sweden	204	41	205	43
Total in Parent Company	204	41	205	43
Sweden	78	11	81	11
France	12	1	10	1
Japan	44	6	51	9
China	35	7	32	6
The Netherlands	10	1	9	1
Singapore	7	2	7	2
The UK	11	4	11	3
South Korea	32	4	27	3
Taiwan	-	-	3	1
Germany	21	2	21	3
The US	47	10	51	13
Total in subsidiaries	297	48	303	53
Total in Group	501	89	508	96

Note 15 Net financial items

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Interest income from group companies	-	-	24	53
Other interest income (loans and receivables)	678	1,975	309	1,833
Financial income/Interest income and similar items	678	1,975	333	1,886
Interest expenses group companies	-	-	-	- 45
Other interest expenses	- 476	- 420	- 123	- 121
Financial expenses/Interest expenses and similar items	- 476	- 420	- 123	- 166
Financial net/Result from financial investments	202	1,555	209	1,720

Note 16 Appropriations and untaxed reserves

Appropriations	PARENT COMPANY	
	2015	2014
Increase in tax allocation reserve	15,000	-
Increase in additional depreciation	10,000	-
Group contributions	89,000	-
	114,000	-
Untaxed reserves		
Allocation reserve	15,000	-
Accumulated additional depreciation	10,000	-
	25,000	-

Note 17 Leases

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Operating leases				
The years's expensed lease charges (operating leases)	27,819	28,650	4,148	5,135
of which, variable fees	3,139	5,009	1,162	1,853
<i>Future payments under operating leases and other lease agreements (nominal):</i>				
Within one year	28,082	23,591	11,650	12,030
Between one and five years	67,313	75,549	50,585	51,784
Later than five years	51,078	69,407	48,162	65,412
<i>Future payments under operating leases and other lease agreements (present value):</i>				
Within one year	27,711	23,212	9,954	10,473
Between one and five years	62,733	70,513	44,977	45,782
Later than five years	42,556	57,004	39,640	53,009

The major part of leasing contracts refers to premises.

Note 18 Non-current receivables from Group companies

	PARENT COMPANY	
	2015	2014
Opening balance, book value	4,296	7,159
Deductions	-4,296	-2,863
Closing balance, book value	-	4,296

Note 19 Other non-current receivables

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Opening balance, book value	28,081	27,115	16,733	18,914
Additions	14,801	3,417	10,980	22
Deductions	-2,814	-2,452	-2,237	-2,203
Closing balance, book value	40,068	28,081	25,476	16,733

Receivables mainly refer to deposits regarding lease of premises, long-term advance payments and pension insurance premiums for employees in Japan. Additions include advance payments to suppliers in Asia and lease deposits. Deductions primarily refer to the released portion of the deposit for future lease charges in the Parent Company.

Note 20 Inventories

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Components	112,982	98,600	-	-
Finished goods	87,974	107,314	6,827	6,702
Products in progress	74,988	26,811	6,326	-
	275,944	232,725	13,153	6,702

Inventory write-down and similar costs at a value of SEK 20 (65) million have been charged to consolidated operating profit. The write-downs 2014 refer to impairment of LDI-related components. The increase in inventories in 2015 is explained by production in progress as a result of mask writer orders.

Note 21 Taxes

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
<i>Current tax</i>				
The year's tax expense	-27,591	-19,959	-9,860	206
	-27,591	-19,959	-9,860	206
<i>Deferred tax</i>				
Deferred tax on temporary differences	1,267	8,144	1,639	130
Deferred tax on the year's used loss carryforwards	-99,094	-56,095	-86,354	-51,889
Deferred tax on capitalized loss carryforwards previously not accounted for	27,430	56,095	22,953	51,889
	-70,397	8,144	-61,762	130
Total reported tax	-97,988	-11,815	-71,622	336

Reconciliation of effective tax rate	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Profit/loss before tax	540,463	278,060	438,393	238,049
Tax according to tax rate in the Parent Company 22 (22)%	-118,902	-61,173	-96,446	-52,371
Effect of different tax rates in foreign subsidiaries	-3,617	-5,138	-	-
Non-deductible/ non-taxable items	-497	-1,143	322	818
Effect of loss carryforwards previously not capitalized	26,276	56,095	22,953	51,889
Increase in loss carryforwards without corresponding capitalization of deferred tax	-2,382	-676	-	-
Other	1,134	220	1,550	-
Reported effective tax	-97,988	-11,815	-71,622	336

Tax items recognized in other comprehensive income	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Actuarial results of benefits to employees	2,369	-	-	-
Value changes on derivatives used for hedging of foreign exchange risk in cash flow hedges	37	101	-	-
Exchange differences on foreign currency loans treated as net investments in subsidiaries	-151	-206	-151	-206
	2,255	-105	-151	-206

Recognized deferred tax assets and liabilities	2015		2014	
	Deferred tax asset	Deferred tax liabilities	Deferred tax asset	Deferred tax liabilities
Tangible assets	2,786	-	2,411	-
Intangible assets	-	-12,883	-	-14,231
Derivatives used as hedge instruments	-82	-	3,999	-
Trade receivables	1,149	-	-1,006	-
Inventories	25,277	-	20,113	-
Untaxed reserves	-	-5,500	-	-
Provisions	7,766	-	4,798	-
Accrued expenses	3,388	-	4,420	-
Other	2,586	-	2,504	-
Loss carryforwards	1,173	-	72,800	-
Deferred tax assets/liabilities	44,043	-18,383	110,040	-14,231
Setoff	-3,096	3,096	-9,219	9,219
Net deferred tax assets/liabilities	40,947	-15,287	100,821	-5,012

Setoff of tax assets and tax liabilities is carried out within the same tax entity. The Group's deferred tax assets net amounted to SEK 25,660 (95,809) thousand. Of the year's changes in deferred tax assets, in total SEK -70,149 (13,383) thousand, SEK -70,397 (8,144) thousand was recognized in the profit and loss and SEK 248 (5,238) thousand was recognized in other comprehensive income.

During 2015 capitalized loss carryforwards of SEK 331 million, which corresponds to deferred tax assets of SEK 73 million, were used. Also previously not capitalized loss carryforwards of SEK 119 million were used, with a positive impact on tax costs for the year in the amount of SEK 26 million. At year-end 2015 all loss carryforwards in Sweden had been utilized.

Recognized deferred tax assets and liabilities, Parent Company	2015		2014	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Tangible assets	1,550	-	-	-
Provisions	219	-	130	-
Loss carryforwards	-	-	63,401	-
Deferred tax assets/liabilities	1,769	-	63,531	-

All accumulated loss carryforwards in the Parent Company of SEK 393 million were used in 2015. At the end of 2014 SEK 288 million in loss carryforwards were capitalized, which corresponds to deferred tax assets of SEK 63 million. The utilization of previously not capitalized loss carryforwards had a positive impact on tax costs in the Parent Company in the amount of SEK 23 million.

Note 22 Intangible assets

Group	BUSINESS SYSTEM		DEVELOPMENT COSTS		TECHNOLOGY		LICENSE	
	2015	2014	2015	2014	2015	2014	2015	2014
<i>Accumulated cost</i>								
Opening balance at 1 January	29,754	29,754	774,599	763,770	23,000	23,000	17,084	17,084
Investments during the year	-	-	8,037	10,829	-	-	-	-
Closing balance, accumulated cost at 31 December	29,754	29,754	782,636	774,599	23,000	23,000	17,084	17,084
<i>Accumulated amortization</i>								
Opening balance at 1 January	-29,754	-29,648	-732,696	-722,392	-23,000	-20,700	-17,084	-17,084
The year's amortization	-	-107	-12,307	-10,304	-	-2,300	-	-
Closing balance, accumulated amortization at 31 December	-29,754	-29,754	-745,003	-732,696	-23,000	-23,000	-17,084	-17,084
Closing balance, residual value at 31 December	-	-	37,633	41,903	-	-	-	-

Group	CUSTOMER RELATIONSHIPS		BRAND		GOODWILL		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014
<i>Accumulated cost</i>								
Opening balance at 1 January	13,000	13,000	20,000	20,000	64,344	64,344	941,781	930,952
Investments during the year	-	-	-	-	-	-	8,037	10,829
Closing balance, accumulated cost at 31 December	13,000	13,000	20,000	20,000	64,344	64,344	949,818	941,781
<i>Accumulated amortization</i>								
Opening balance at 1 January	-10,218	-8,360	-	-	-	-	-812,752	-798,183
The year's amortization	-1,858	-1,858	-	-	-	-	-14,164	-14,569
Closing balance, accumulated amortization at 31 December	-12,075	-10,218	-	-	-	-	-826,916	-812,752
Closing balance, residual value at 31 December	925	2,782	20,000	20,000	64,344	64,344	122,902	129,030

Parent Company	BUSINESS SYSTEM		LICENSE		TOTAL	
	2015	2014	2015	2014	2015	2014
<i>Accumulated cost</i>						
Opening balance at 1 January	29,754	29,754	17,084	17,084	46,839	46,839
Closing balance, accumulated cost at 31 December	29,754	29,754	17,084	17,084	46,839	46,839
<i>Accumulated amortization</i>						
Opening balance at 1 January	-29,754	-29,646	-17,084	-17,084	-29,839	-46,731
The year's amortization	-	-107	-	-	-	-107
Closing balance, accumulated amortization at 31 December	-29,754	-29,754	-17,084	-17,084	-46,839	-46,839
Closing balance, residual value at 31 December	-	-	-	-	-	-

The investment in a business system refers to costs incurred for adaptation and implementation of a fully integrated business information system. Capitalized costs include both internally produced and externally acquired assets.

An individual assessment has been made of all ongoing research and development projects. Development costs that meet the criteria for capitalization are recognized in intangible assets. Capitalized costs consist of internally produced assets.

The externally acquired license refers to the right to exploit knowhow in direct writing, and relates to patent rights under the agreement with the Fraunhofer Institute for Microelectronic Circuits and System (IMS).

In 2009 the acquisition of Mycronic Technologies AB, led to the recognition of assets attributable to excess values.

Information about depreciation/amortization by function is provided in Note 13.

Impairment testing of intangible assets

In connection with the acquisition of Mycronic Technologies AB excess values were identified in the company's technology, brand, customer relations and goodwill.

The excess values in technology and customer relations have estimated useful lives of five and seven years, respectively. In 2014 the acquired technology was fully amortized

according to plan. Brand and goodwill with indefinite lives are evaluated through impairment testing of the cash-generating unit based on the unit's value in use. The cash-generating unit referred to is business area SMT. At least yearly Mycronic test the reported value of goodwill and brand with indefinite useful lives for impairment. This is done by assessing the value in use of business area SMT.

The value in use is based on cash flow forecasts, built on the management's business plan for the coming five years. After the business plan period, the expected growth rate is 2 (2) percent. The discount factor used to determine recoverable value is 14.8 (15.5) percent before tax and 12.2 (12.8) percent after tax. The most important assumptions in the five year business plan relate to sales volumes, margins, operating profit, capital expenditure and discount factors.

Because the recoverable value thus calculated exceeds the carrying amount, no indication of impairment has been reported. Impairment due to probable changes in important assumptions is not expected.

Note 23 Tangible assets

Group	IMPROVEMENTS TO LEASED PROPERTY		MACHINERY AND EQUIPMENT		CONSTRUCTION IN PROGRESS		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014
<i>Accumulated cost</i>								
Opening balance at 1 January	4,273	4,273	340,157	369,682	931	145	345,361	374,100
Investments during the year	-	-	13,115	5,839	4,585	1,893	17,700	7,732
Reclassifications to equipment	-	-	6,692	1,107	-2,642	-1,107	4,050	-
Reclassifications to inventory	-	-	-1,187	-1,106	-	-	-1,187	-1,106
Historical cost sold/scrapped equipment	-	-	-8,370	-36,177	-	-	-8,370	-36,177
The year's foreign exchange differences	-	-	10	812	-	-	10	812
Closing balance, accumulated cost at 31 December	4,273	4,273	350,416	340,157	2,875	931	357,563	345,361
<i>Accumulated depreciation and write-down</i>								
Opening balance at 1 January	-2,419	-1,626	-314,825	-338,963	-	-	-317,244	-340,589
Depreciation reclassifications to inventory	-	-	646	968	-	-	646	968
Depreciation sold/scrapped equipment	-	-	8,177	32,191	-	-	8,177	32,191
The year's amortization	-793	-793	-10,271	-9,021	-	-	-11,064	-9,814
Closing balance, accumulated depreciation at 31 December	-3,211	-2,419	-316,274	-314,825	-	-	-319,485	-317,244
Closing balance, residual value at 31 December	1,062	1,854	34,142	25,332	2,875	931	38,078	28,117

Parent Company	IMPROVEMENTS TO LEASED PROPERTY		MACHINERY AND EQUIPMENT		CONSTRUCTION IN PROGRESS		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014
<i>Accumulated cost</i>								
Opening balance at 1 January	4,273	4,273	226,394	239,623	932	145	231,599	244,041
Investments during the year	-	-	12,875	3,907	4,585	1,893	17,460	5,800
Reclassifications to equipment	-	-	3,573	1,107	-3,573	-1,107	-	-
Reclassifications to inventory	-	-	-1,187	-	-	-	-1,187	-
Historical cost sold/scrapped equipment	-	-	-6,836	-18,243	-	-	-6,836	-18,243
Closing balance, accumulated cost at 31 December	4,273	4,273	234,819	226,394	1,944	932	241,036	231,598
<i>Accumulated depreciation and write-down</i>								
Opening balance at 1 January	-2,419	-1,626	-207,275	-219,790	-	-	-209,694	-221,416
Depreciation reclassifications to inventory	-	-	646	-	-	-	646	-
Depreciation sold/scrapped equipment	-	-	6,813	18,149	-	-	6,813	18,149
The year's amortization	-792	-793	-7,536	-5,634	-	-	-8,328	-6,427
Closing balance, accumulated depreciation at 31 December	-3,211	-2,419	-207,352	-207,275	-	-	-210,563	-209,694
Closing balance, residual value at 31 December	1,062	1,854	27,467	19,119	1,944	932	30,473	21,905

Note 24 Participation in Group companies

	PARENT COMPANY	
	2015	2014
Opening balance, historical cost	367,863	367,763
Acquisitions	-	100
Closing balance, accumulated cost	367,863	367,863
Opening balance, impairment	-2,407	-2,407
Closing balance, accumulated impairment	-2,407	-2,407
Closing balance, book value	365,456	365,456

In the beginning of 2015 the US subsidiary Mycronic Technologies Inc. was merged into the indirectly owned subsidiary Mycronic Inc.

Directly owned subsidiaries	Corp.ID no.	Domicile	Number of shares	% of capital	Book value
Mycronic Technologies Corp.	607215	Tokyo	200	100	3,823
Mycronic Co., Ltd.	80271004	Taipei	1,600,000	100	4,332
Mycronic Co., Ltd.	134111-0136974	Anyang	810	100	12,832
Mycronic Technologies AB	556238-6739	Stockholm	6,149,261	100	338,512
Mycronic (Shanghai) Co., Ltd	310 000 400 631 000	Shanghai	-	100	5,857
Mycronic Mydata AB	556963-0360	Stockholm	50,000	100	50
MYDATA automation AB	556963-0329	Stockholm	50,000	100	50
					365,456
Indirectly owned subsidiaries		Country			
Mycronic S.A.S.		France	10,000	100	630
Mycronic Ltd.		The UK	24,000	100	278
Mycronic Inc.		The US	10,000	100	1,379
Mycronic Pte Ltd.		Singapore	1,000	100	477
Mycronic B.V.		The Netherlands	180	100	160
Mycronic GmbH		Germany	4	100	15,010

Note 25 Non-current provisions

	GROUP	
	2015	2014
Post employment benefits	19,902	10,053
Other non-current provisions	1,127	979
	21,029	11,032

Post employment benefits

In the Japanese and South Korean subsidiaries, provisions are made for long-term employee benefits. On certain conditions, a lump-sum payment is made to employees when their employment is terminated, either due to retirement or when the employee leaves the company for some other reason. The French subsidiary also has a smaller obligation regarding post employment benefits. In South Korea payments are made to plan assets after decision by the employer. Other pension obligations are unfunded. Defined benefit obligations expose the Group for risks related to for example discount rates and salary increases. Plan assets are affected by changes in market values.

	GROUP	
	2015	2014
Pension expenses		
Amounts recognized in income statement		
Current service cost	3,468	7,956
Net interest	321	230
Expenses, defined benefit plans	3,789	8,186
Amounts recognized in other comprehensive income		
Remeasurement of pension obligations	7,615	-
Remeasurement of plan assets	-15	-
Expenses, defined benefit plans	7,600	-
Total pension expenses, defined benefit plans	11,389	8,186

	GROUP	
	2015	2014
Amounts recognized in statement of financial position		
Present value of defined benefit obligation, funded plans	16,976	12,684
Fair value of plan assets	-9,809	-9,540
Net liability, funded plan	7,167	3,143
Present value of defined benefit obligation, unfunded plans	12,734	6,910
Net liability recognized in statement of financial position	19,902	10,053

	GROUP	
	2015	2014
Change in present value of defined benefit obligation		
Opening balance, defined benefit obligation	19,594	15,928
Service cost	3,468	7,956
Interest expenses	584	472
Remeasurement of pension obligations		
- demographic assumptions	23	-
- financial assumptions	-330	-
- experience adjustments	7,922	-
Pension payments	-2,157	-6,300
Effect of changes in foreign exchange rates	608	1,537
Closing balance, defined benefit obligation	29,711	19,594

	GROUP	
	2015	2014
Change in fair value of plan assets		
Opening balance, plan assets	9,540	7,183
Interest income	263	243
Return excluding interest income	15	-
Employer's contribution	-	1,064
Pension payments from plan assets	-	-78
Effect of changes in foreign exchange rates	-9	1,128
Closing balance, plan assets	9,809	9,540

Significant actuarial assumptions

	Japan	South Korea
Discount rate, %	0.9	2.4
Future salary increases, %	3.0	5.0

	Changed assumption	Change in value, TSEK
Discount rate, sensitivity		

Assumption

Discount rate, %	-0.50/+0.50	1,132/-1,017
------------------	-------------	--------------

Weighted duration for the defined benefit obligations are estimated to 8 years.

Forecasted pension payments to the plans next year are estimated SEK 0.3 million. Additional amounts can be paid to plan assets after decision of the employer.

Information on Alecta pension commitments

For some 40 employees in Sweden, the ITP 2 plan's defined-benefit pension commitments for retirement and family pension are secured through an insurance in Alecta.

According to a statement from the Swedish Financial Reporting Board, UFR 10 Reporting of the ITP 2 pension plan financed through insurance in Alecta, this is a defined-benefit plan that comprises several employers.

For the 2015 fiscal year, the company has not had access to information to be able to report its proportional share of the plan's obligations, plan assets and costs, making it impossible to report the plan as a defined-benefit plan. The ITP 2 pension plan secured through insurance in Alecta is therefore reported as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is individually calculated and depends on salary, previously vested pension and expected remaining period of service.

Anticipated fees in 2016 for ITP 2 insurance taken out with Alecta amount to SEK 2 million. In 2015 the costs for premium based pension amounted to SEK 33 million.

Note 26 Prepaid expenses and accrued income

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Sales revenues	3,422	31,924	2,783	31,554
Other	22,247	12,054	13,713	4,449
	25,669	43,977	16,496	36,003

Note 27 Accrued expenses and prepaid income

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Setup costs	767	7,328	767	7,328
Salaries and social expenses	57,635	64,477	33,801	39,090
Commissions	2,357	4,497	44	469
Deferred income	15,921	11,520	-	-
Other accrued expenses	36,248	41,302	20,448	24,183
	112,929	129,125	55,060	71,070

Accrued setup costs consist of the estimated remaining costs for setting up a system at a customer site. Costs for setup are easy to assess and are also small in relation to the value of the system as a whole. When setup is completed, a warranty period begins and normally lasts for twelve months.

Salaries and social expenses is primarily attributable to variable salaries based on financial goals for the Group.

Note 28 Current provisions

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
<i>Warranty provisions</i>				
Opening balance, book value	21,958	19,170	9,737	8,791
The year's provision	19,548	23,862	6,926	11,641
Utilized during the year	-19,539	-16,362	-7,360	-6,621
Unutilized during the year	-42	-4,712	-	-4,074
Total warranty provisions	21,925	21,958	9,303	9,737

Accrued warranty costs include the estimated remaining costs for warranty commitments. These costs are estimated on an individual basis for each system that is delivered. A provision for warranty commitments is made in connection with revenue recognition.

Note 29 Trade receivables, impairment, age analysis and other

Group	2015		2014	
	Gross	Impairment	Gross	Impairment
Trade receivables not due	197,582	528	283,020	161
Trade receivables, overdue 0-30 days	52,962	-	30,939	-
Trade receivables, overdue 30-90 days	7,939	-	14,857	-
Trade receivables, overdue 90-180 days	8,722	567	6,790	174
Trade receivables, overdue 180-360 days	3,102	754	5,684	274
Trade receivables, overdue >360 days	4,914	2,248	2,170	1,832
	275,221	4,098	343,461	2,441

Trade receivables overdue amount to 28 (18) percent of total gross trade receivables. The increase of trade receivables overdue 0-30 days, is mainly related to a late customer payment in business area PG. The payment was received in the beginning of 2016.

In business area SMT sales are conducted to a large number of customers in several countries where payment terms differ from those of the company. Part of the company's sales are also conducted via distributors, which can also contribute to longer payment processes. Historically, credit losses are very limited. The company judges that the risk of losses is very low except for impairment done.

Provisions for doubtful trade receivables have been accounted for based on amounts expected to flow in. Other trade receivables are considered to have high credit quality.

No collateral is furnished, other than documentary credits and credit insurance in certain cases. The maximum credit risk exposure refers to the reported value of trade receivables.

Five customers represent 27 (39) percent of total trade receivables. For further information on customer concentration and customer risk see note 32.

Provisions for doubtful trade receivables	GROUP	
	2015	2014
Opening balance, book value	2,441	2,453
Additions	1,784	1,119
Deductions	-76	-479
Unutilized	-51	-652
Closing balance, book value	4,098	2,441

Note 30 Pledged assets

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Collateral provided for liability items in the balance sheet				
<i>Credit institutions</i>				
Floating charges	121,700	121,700	89,000	89,000
	121,700	121,700	89,000	89,000

Note 31 Contingent liabilities

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Commitment for billing by credit insurance through EKN	2,201	2,212	-	-
Other	-	129	-	-
	2,201	2,341	-	-
of which, falling due:				
within one year	263	78	-	-
between one and five years	1,938	2,134	-	-
	2,201	2,341	-	-

Note 32 Financial risks

Financial risks arise due to negative fluctuations in Mycronic's earnings and cash flow as a consequence of changes in exchange rates and interest rates, credit risks and financing risks. The single largest financial risk is exchange rate fluctuations. Financial risks are managed in accordance with the finance policy established by the Board.

Foreign exchange risk - transaction exposure

Transaction exposure is the risk that changes in exchange rates for sales and sourcing in foreign currencies will affect consolidated earnings and the value of assets and liabilities.

Mycronic's sales are done almost exclusively in foreign currency. Most of the Group's expenses are incurred in Swedish kronor.

Sales of surface mount equipment occur primarily in US-dollars and Euros. All sales within business area PG are in foreign currency, primarily US-dollars, Japanese yen and Korean won.

Changes in exchange rates have a greater impact on income than on expenses. Mycronic's net currency exposure is significant (refer to the table below for revenue and expenses by currency). Currency hedging is undertaken in accordance with the established finance policy.

For sales of pattern generators the company uses forward exchange contracts to hedge contracted cash flows, which consist of orders received. As the delivery date approaches, the hedged portion of the respective contracted inflows increases. Forecasted inflows not covered by underlying orders are not hedged. Hedge accounting is used within business area PG.

For sales of surface mount equipment, forward exchange contracts, corresponding to at least 50 percent of the order backlog in Euros and US-dollars, are sold. Hedge accounting is not used within business area SMT.

Effects from transaction exposure

If sales for 2015 within business area PG were translated at the average exchange rates for 2014, without consideration of forward exchange contracts, revenues would have been SEK 105 million lower. The major part is attributable to the US-dollar. Turnover was negatively affected by forward exchange contracts in the amount of SEK 12 million. The EBIT for PG was negatively affected by SEK 16 million as a result of forward exchange contracts.

If sales for 2015 within business area SMT were translated at the average exchange rates for 2014, revenues would have been SEK 93 million lower. The major part is attributable to the US-dollar. The EBIT for SMT was affected negatively by forward exchange contracts at an amount of SEK 1 million.

Based on 2015 sales volumes and expenses, without consideration of forward exchange contracts, the effect on consolidated EBIT of a 10 percent change in the exchange rate of the most important currencies compared to the Swedish krona would be about SEK 127 (99) million. Equity would be affected in the same amount after tax.

Foreign exchange risk - translation exposure

Translation exposure is the risk Mycronic is exposed to when translating the financial statements of subsidiaries to Swedish kronor.

Effects from translation exposure

Mycronic's policy is to not hedge translation exposure in the financial statements. At the end of 2015, net investment in foreign subsidiaries was SEK 303 million. Translation of the balance sheets of foreign subsidiaries to Swedish krona generated a translation difference of SEK 16 (21) million after tax.

A change of 10 percent against those currencies where Mycronic has foreign net investments would affect the Group's equity by SEK 30 million after tax.

Interest risks

Interest risk refers to the risk for changes in interest rate levels affecting consolidated earnings.

Mycronic's interest risk is limited. Investments in interest-bearing financial instruments or bank accounts with fixed interest are done in accordance with liquidity plans, meaning that investments, which may not exceed six months, are held to maturity. During 2015, no investments were made in interest-bearing financial instruments. The Group held no interest-bearing liabilities at the end of 2015.

Note 33, cont'd.

Credit risks

Credit risk is partly tied to sales and partly to liquidity management. For sales, there is a risk that customers do not fulfill their payment obligations. For liquidity management, there is a risk that the counterparty will not be able to fulfill its obligations.

Exposure to credit risks

Mycronic sells only a few pattern generators to a limited number of customers, which concentrates the credit risk. Customers are, however, major manufacturers of photo-masks where the pattern generator comprise a small portion of the equipment in a production facility. Customers are well-known and have good credit worthiness historically. In order to reduce customer credit risk, Mycronic strives to obtain advances from customers to the highest degree possible. Especially in business transactions with new customers or within new geographic areas, the credit risk is managed through Mycronic requiring letters of credit or other collateral.

Sales of SMT equipment are spread over a large number of customers and the credit risk is therefore limited. Credit risk is managed through credit control. Credit limits are established and monitored.

Credit exposure in trade receivables at year-end was SEK 271 (341) million. The average credit period was 56 (62) days for business area SMT and 37 (16) days for business area PG. For information on the ageing structure of trade receivables and provisions for doubtful trade receivables, see note 29.

Financial investments are made in high quality financial instruments or in bank deposits. Mycronic's maximum financial credit exposure consists of the fair values

of financial assets, see note 33. At year-end 2015, the total financial credit exposure, excluding trade receivables, was SEK 899 (662) million, of which SEK 898 (661) million was liquid assets.

Liquidity risks

Liquidity risk refers to the risk that the company may not be able to meet its payment obligations on the settlement date.

Mycronic's net cash at the end of 2015 was SEK 899 million. Investments of excess liquidity are done in such a way that the Group assumes no significant liquidity risk. This means that excess liquidity is placed in bank deposits or in other interest-bearing instruments where it is possible to liquidate on short notice. Liquidity is monitored continuously. Liquidity forecasts are compiled quarterly in order to provide a basis for decisions on possible investments.

LIQUIDITY RESERVE

SEK million	2015	2014
Credit line	37	37
Cash and cash equivalents	898	661
Total	935	698

REVENUE AND EXPENSES BY CURRENCY

Currency	% of revenue	% of expenses	Average rate 2015	Average rate 2014	Closing rate 2015	Closing rate 2014
USD	44	14	8.4350	6.8577	8.3524	7.8117
EUR	17	13	9.3562	9.0968	9.1350	9.5155
JPY (100)	25	7	6.9678	6.4867	6.9346	6.5362
GBP	4	2	12.8962	11.2917	12.3785	12.1388
SEK	2	57	1.000	1.000	1.000	1.000
KRW (100)	6	3	0.7457	0.6518	0.7131	0.7129
CNY	2	3	1.3424	1.1135	1.2868	1.2595
SGD	0	1	6.1343	5.4125	5.9080	5.9066

Note 33 Financial assets and liabilities

The following table present the Group's financial assets and liabilities, stated at book and fair value and classified in the categories;
 Derivatives, hedge accounting
 Derivatives, non-hedge accounting, recognized in profit and loss at fair value
 Loans and trade receivables
 Other liabilities

Risk management

A description of the Group's financial risks and risk management is provided according to IFRS 7 in Note 32.

Fair value and carrying amount

IFRS 13 Fair Value Measurement include a valuation hierarchy regarding data to be used in the valuation. This valuation hierarchy is divided into three levels, in accordance with the levels introduced in IFRS 7 Financial Instruments: Information.

Mycronic use level 2 according to the valuation hierarchy when measuring forward exchange contracts at fair value through current market prices and current exchange rates on the closing day.

Outstanding forward exchange contracts at 31 December 2015

The Group's holdings of forward exchange contracts at 31 december 2015, can be broken down into the following underlying amounts and maturities. The forward exchange contracts fall due at a time when the secured flows are expected to affect earnings. The table shows the undiscounted value of the forward exchange contracts.

	Currency	Amount thousand	Value, TSEK	Maturity
EUR, sold	EUR	1,900	289	Q 1-16
JPY, sold	JPY	30,000	12	Q 1-16
JPY, sold	JPY	498,960	112	Q 2-16
JPY, sold	JPY	565,240	-491	Q 3-16
JPY, sold	JPY	244,000	40	Q 4-16
JPY, sold	JPY	41,000	8	Q 1-17
JPY, sold	JPY	24,000	18	Q 2-17
JPY, sold	JPY	4,000	3	Q 3-17
USD, sold	USD	16,795	63	Q 1-16
USD, sold	USD	700	-1	Q 3-16
USD, sold	USD	70	-107	Q 4-16
USD, sold	USD	5,250	-505	Q 1-17
USD, sold	USD	100	-22	Q 3-17
Total			-579	

Outstanding forward exchange contracts at 31 December 2014

	Currency	Amount thousand	Value, TSEK	Maturity
EUR, sold	EUR	3,050	- 838	Q 1-15
JPY, sold	JPY	224,800	455	Q 1-15
JPY, sold	JPY	1,008,000	600	Q 3-15
JPY, sold	JPY	84,000	151	Q 4-15
USD, sold	USD	19,238	- 16,382	Q 1-15
USD, sold	USD	2,750	-1,459	Q 2-15
USD, sold	USD	10,000	-1,253	Q 3-15
USD, sold	USD	890	- 224	Q 4-15
USD, sold	USD	700	- 89	Q 1-16
USD, sold	USD	70	- 65	Q 4-16
Total			-19,104	

	Derivatives, hedge accounting	Derivatives, non-hedge accounting	Loans and trade receivables	Other liabilities	Total carrying amount	Total fair value
Financial assets and liabilities, Group 2015						
<i>Trade receivables</i>			271,123		271,123	271,123
<i>Other receivables</i>						
<i>Currency</i>						
SEK			735,955		735,955	735,955
USD	210	743	44,324		45,277	45,277
JPY	240		41,560		41,800	41,800
EUR		295	29,288		29,583	29,583
GBP			15,171		15,171	15,171
TWD			1,384		1,384	1,384
KRW			20,271		20,271	20,271
SGD			407		407	407
CNY			9,371		9,371	9,371
Total assets	450	1,038	1,168,855		1,170,343	1,170,343
Of which, cash and cash equivalents			897,732			
<i>Financial liabilities</i>						
Trade payables				90,887	90,887	90,887
Forward exchange contracts	942	174			1,116	1,116
Total liabilities	942	174	-	90,887	92,003	92,003
Recognized loss (change in value)		-4,549				

Financial liabilities, maturity structure, Group 2015 (future non-discounted cash flows)

Currency	Nom. amount in original currency	Total SEK thousand	Within 1 month	1-3 months	3 months -1 year	1-5 years
<i>Trade payables</i>						
SEK	62,885	62,885	62,647	237		
EUR	1,279	11,682	11,395	287		
JPY	96,223	6,673	5,444	1,228		
USD	915	7,642	6,553	901	188	
GBP	131	1,622	1,474		148	
SGD	2	12	9		3	
CNY	155	199	15	121	63	
KRW	23,978	171		171		
<i>Other financial liabilities</i>						
Forward exchange contracts	1,228	1,228	91	492	623	22
Total		92,115	87,629	3,438	1,026	22

At year-end the balance sheet item Cash and cash equivalents consisted of bank balances. Granted unutilized bank overdraft facilities amount to SEK 37 (37) million.

Note 33, cont'd.

	Derivatives, hedge accounting	Derivatives, non-hedge accounting	Loans and trade receivables	Other liabilities	Total carrying amount	Total fair value
Financial assets and liabilities, Group 2014						
<i>Trade receivables</i>			341,020		341,020	341,020
<i>Other receivables</i>						
<i>Currency</i>						
SEK			497,525		497,525	497,525
USD			43,712		43,712	43,712
JPY	892	504	41,176		42,572	42,572
EUR			35,764		35,764	35,764
GBP			13,664		13,664	13,664
TWD			1,556		1,556	1,556
KRW			17,693		17,693	17,693
SGD			396		396	396
CNY			9,466		9,466	9,466
Total assets	892	504	1,001,972		1,003,368	1,003,368
Of which, cash and cash equivalents			660,952			
<i>Financial liabilities</i>						
Trade payables				75,662	75,662	75,662
Forward exchange contracts	1,215	18,360			19,575	19,575
Other financial liabilities				138	138	138
Total liabilities	1,215	18,360		75,800	95,375	95,375
Recognized loss (change in value)						-10,174

Financial liabilities, maturity structure, Group 2014 (future non-discounted cash flows)

Currency	Nom. amount in original currency	Total SEK thousand	Within 1 month	1-3 months	3 months -1 year	1-5 years
<i>Trade payables</i>						
SEK	47,125	47,125	33,626	13,499		
EUR	1,378	13,108	10,078	3,030		
JPY	120,371	7,868	3,828	4,040		
USD	819	6,396	4,711	1,117	568	
GBP	49	596	388		208	
SGD	9	52	52			
CNY	170	214	48	80	86	
KRW	42,632	304	17	287		
<i>Other financial liabilities</i>						
Forward exchange contracts	20,310	20,310	11,421	5,799	2,936	154
Other financial liabilities	2 117	138	138			
Total		96,111	64,307	27,852	3,798	154

Financial overview

SEK million	2015	2014	2013	2012	2011	2010
Order intake	2,179	2,028	1,053	1,280	1,214	1,388
Profit and loss accounts						
Net sales	1,815.0	1,475.0	997.0	1,353.9	1,197.6	1,287.8
Operating profit, EBIT	540.3	276.5	32.3	-21.4	-65.7	72.5
Net financial items	0.2	1.6	3.6	6.8	8.7	1.2
Profit/loss before tax	540.5	278.1	35.9	-14.6	-57.0	73.7
Tax	-98.0	-11.8	-22.1	-29.4	-31.8	-36.9
Profit/loss for the year	442.5	266.2	13.7	-44.0	-88.8	36.8
Financial position						
Non-current assets	242.0	286.0	281.8	283.9	409.3	402.9
Inventories	275.9	232.7	323.9	329.2	357.5	321.2
Other receivables	326.5	420.0	308.6	277.9	283.5	407.0
Cash and cash equivalents	897.7	661.0	487.3	581.1	536.4	582.6
Total assets	1,742.2	1,599.8	1,401.5	1,472.1	1,586.7	1,713.8
Equity	1,268.2	1,207.1	1,165.4	1,168.3	1,231.7	1,314.7
Interest-bearing liabilities	-	-	-	2.3	6.9	12.3
Other liabilities	474.0	392.7	236.0	301.5	348.1	386.8
Total equity and liabilities	1,742.2	1,599.8	1,401.5	1,472.1	1,586.7	1,713.8
Capital employed	1,268.2	1,207.1	1,165.4	1,170.6	1,238.6	1,327.0
Net interest-bearing debt	-897.7	-661.0	-487.3	-578.8	-529.4	-570.4
Cash flow						
Cash flow from operating activities	661.4	417.6	-47.2	69.9	-15.4	120.9
Cash flow from investing activities	-37.2	-18.4	-35.8	-5.3	-30.8	-36.2
Cash flow from financing activities	-391.7	-244.8	-2.0	-4.0	-5.7	223.7
The year's cash flow	232.6	154.4	-85.1	60.6	-51.9	308.4
Key ratios						
Gross margin, %	59.3	48.3	44.8	45.2	40.8	49.2
EBIT margin, %	29.8	18.7	3.2	-1.6	-5.5	5.6
Adjusted EBIT margin, %	29.8	18.7	3.2	7.9	-5.5	6.0
Profit margin, %	24.4	18.0	1.4	-3.2	-7.4	5.7
Equity/assets ration, %	72.8	75.5	83.2	79.4	77.6	76.7
Return on capital employed, %	43.7	23.5	3.1	-1.1	-4.4	6.3
Return on equity, %	35.8	22.4	1.2	-3.7	-7.0	3.1
Capital turnover, times	1.5	1.2	0.9	1.1	0.9	1.1
R&D						
R&D expenditure	262.5	195.9	202.7	269.4	251.4	247.0
R&D costs	266.7	197.7	183.4	290.0	289.0	318.1
R&D expenditure/net sales, %	14.5	13.3	20.3	19.9	21.0	19.2
R&D costs/net sales, %	14.7	13.4	18.4	21.4	24.1	24.7
Capitalized development costs	8.0	10.8	31.4	-	9.1	2.9
Amortization of capitalized development costs	12.3	10.3	7.5	16.0	42.1	69.5
Data per share						
Number of shares at year end, millions	97.9	97.9	97.9	97.9	97.9	97.9
Average number of shares, millions	97.9	97.9	97.9	97.9	97.9	82.5
Share price at 31 December, SEK	82.25	24.80	12.40	10.25	11.95	17.70
Ordinary dividend ¹⁾	1.50	0.80	-	-	-	-
Extraordinary dividend ²⁾	2.50	3.20	2.50	-	-	-
Earnings per share (average number)	4.52	2.72	0.14	-0.45	-0.91	0.45
Equity per share (average number)	12.95	12.33	11.90	11.93	12.58	15.93
Cash flow per share (average number)	2.38	1.58	-0.87	0.62	-0.53	3.74
P/E-ratio (number of shares at year end)	18	9	88	neg	neg	47
Price/equity ration (number of shares at year end)	6.35	2.01	1.04	0.86	0.95	1.32

1) Proposed ordinary dividend of 1.50 SEK per share to AGM 2016. 2) Proposed extraordinary dividend of 2.50 SEK per share to AGM 2016.

For definitions of key figures, see page 63.

Corporate governance

Corporate governance in Mycronic AB guides the business towards set targets. At the same time, it ensures openness to all of the company’s stakeholders. Good corporate governance is created through a clear division of roles and responsibilities between various company bodies.

THE ANNUAL GENERAL MEETING (AGM) is the company’s highest decision-making body. All shareholders have the right to participate and exercise their voting rights. Each share grants the holder one vote. The AGM elects the Board of Directors and auditor, adopts the income statement and balance sheet, and passes resolutions on the appropriation of profits and the discharge from liability for Board members and the CEO. The AGM also decides on the remuneration of the Board and auditor and establishes guidelines for the remuneration of senior executives.

THE NOMINATION COMMITTEE represents the company’s shareholders and prepares proposals for the election of the chairman of the AGM and the election and remuneration of the Board, Chairman of the Board and auditors. The AGM decides how the Nomination Committee shall be appointed. The composition of the Nomination Committee is announced no later than six months before the AGM.

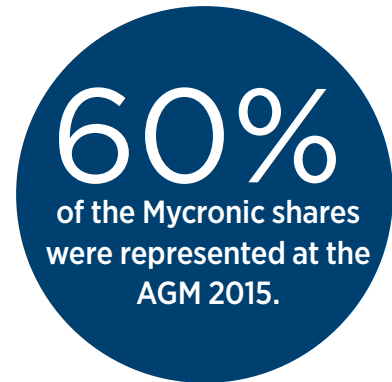
THE BOARD OF DIRECTORS has the overall responsibility for the company’s organization and management. The Board follows up on operations, ensures a suitable organization and establishes guidelines and internal control. The Board establishes strategies and targets and decides on major investments. The responsibilities of the Board are prescribed by the Swedish Companies Act and the Board’s formal work plan. The Board consists of six members elected by the AGM and two union

representatives. The AGM appoints the Chairman of the Board.

THE AUDIT COMMITTEE is appointed by the Board and consists of three Board members. The Audit Committee reports to the Board. Its task is to ensure the quality of the financial reporting. This comprises reviews of material accounting and valuation issues. The Committee is the main contact with the external auditor, evaluates the audit and assists the Nomination Committee with proposals for the election of the auditor. The Committee determines which non-audit services the company may procure from the elected auditors. Employees do not participate during part of certain meetings between the Audit Committee and the external auditors.

THE REMUNERATION COMMITTEE is appointed by the Board and consists of three Board members. The Remuneration Committee reports to the Board. Its task is to recommend salaries, other remuneration and terms of employment for the CEO. The Committee prepares proposals on principles for remuneration and terms of employment for other executives and subsidiary presidents as well as proposals on incentive programs. The Remuneration Committee shall ensure compliance with established guidelines for remuneration of senior executives.

MYCRONIC COMPLIES WITH THE Swedish Code of Corporate Governance (the Code). The Code is based on the “follow or explain” principle.



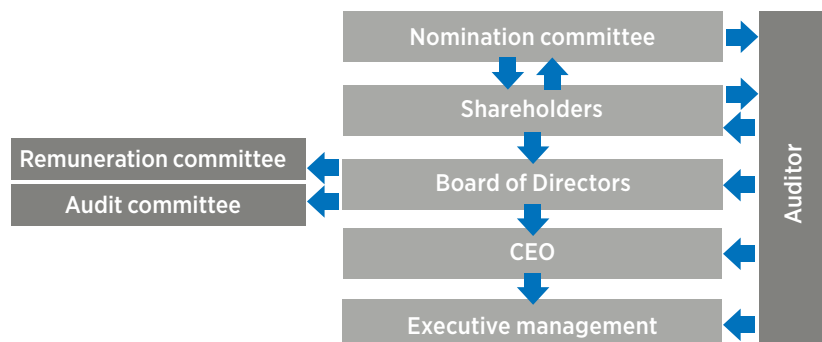
APPLICATION OF THE CODE
Mycronic complies with the Code without deviation.

EXTERNAL REGULATIONS
Corporate governance is based on the Swedish Companies Act and NASDAQ Stockholm’s Rule Book for Issuers, as well as Swedish and international accounting legislation and the Swedish Code of Corporate Governance.



ABOUT CORPORATE GOVERNANCE

Corporate governance defines the decision-making system through which the owners, directly or indirectly, control the company. Governance, management and control are divided between the shareholders, Board, CEO and executive management. Control is exercised by the external auditor and through internal control activities. More information about corporate governance and the Swedish Code of Corporate Governance is available at www.bolagsstyrning.se.



INTERNAL REGULATIONS

The basis of the internal systems of governance is comprised of the vision, mission, values and Code of Conduct.

Internal regulations include the Articles of Association, the Board's formal work plan, the terms of reference issued by the Board to the CEO and a number of policy documents that are updated annually. Examples of steering documents include the communication and diversity policy and the authorization policy.

CORPORATE GOVERNANCE IN 2015

ANNUAL GENERAL MEETING

At the AGM on May 5, 2015, 60 percent of the shares were represented. The AGM was held on the company's premises. Before the AGM, the shareholders were given the opportunity to see part of the operations during a tour.

The Board of Directors was present as well as the CEO, CFO and the company auditor.

The AGM addressed customary matters. All Board members were re-elected. Patrik Tigerschiöld was elected the Chairman of the Board. The public accounting firm EY was re-elected as the auditor with Heléne Siberg Wendin as the Auditor-in-Charge. The AGM resolved to approve an ordinary dividend of SEK 0.80 per share, as well as an extra dividend of SEK 3.20 per share. The AGM adopted the Board's proposal regarding guidelines for remuneration of senior executives. The AGM authorized the Board, until the next AGM, to decide on a new share issue and on the buy back of the company's own shares.

NOMINATION COMMITTEE

The composition of the Nomination Committee for the 2016 AGM was announced on 7 October, 2015. In December the Nomination Committee was expanded by one member as the ownership structure changed before the Nomination Committee had completed its task. The Nomination Committee's proposals to the Board is submitted in connection with the notice for the upcoming AGM.

BOARD OF DIRECTORS

The AGM elected six Board members for the period until the end of the next AGM. In addition, the unions Unionen and Akademikerna each appoint one representative and one deputy representative to the Board.

BOARD REMUNERATION

The 2015 AGM resolved on an unchanged Board fee of SEK 1,500,000 for the period until the end of the next AGM.

Of the fee, SEK 500,000 pertains to remuneration of the Chairman of the Board and SEK 200,000 pertains to remuneration of each of the other Board members elected by the AGM. In addition, a remuneration of SEK 50,000 was established for the chairman of the Audit Committee.

BOARD ACTIVITIES

It is the Board's responsibility to manage the Group's operations to best safeguard the interests of the owners. The work follows a written formal work plan that shall ensure that the Board is well informed and that all Board-related matters are brought up for discussion. The plan describes the division of responsibilities between the Board and its

committees and between the Board and the CEO. The Board decides on strategy and budget, approves external financial reports, key policies and authorization policy, appoints the CEO and evaluates the performance of the CEO, establishes rules for internal control and follows up on how internal control is working, decides on major investments and agreements, appoints an Audit Committee and Remuneration Committee, and evaluates the performance of the Board. The Board will ensure that the adopted guidelines on the remuneration of senior executives are complied with and proposes guidelines for remuneration to the AGM.

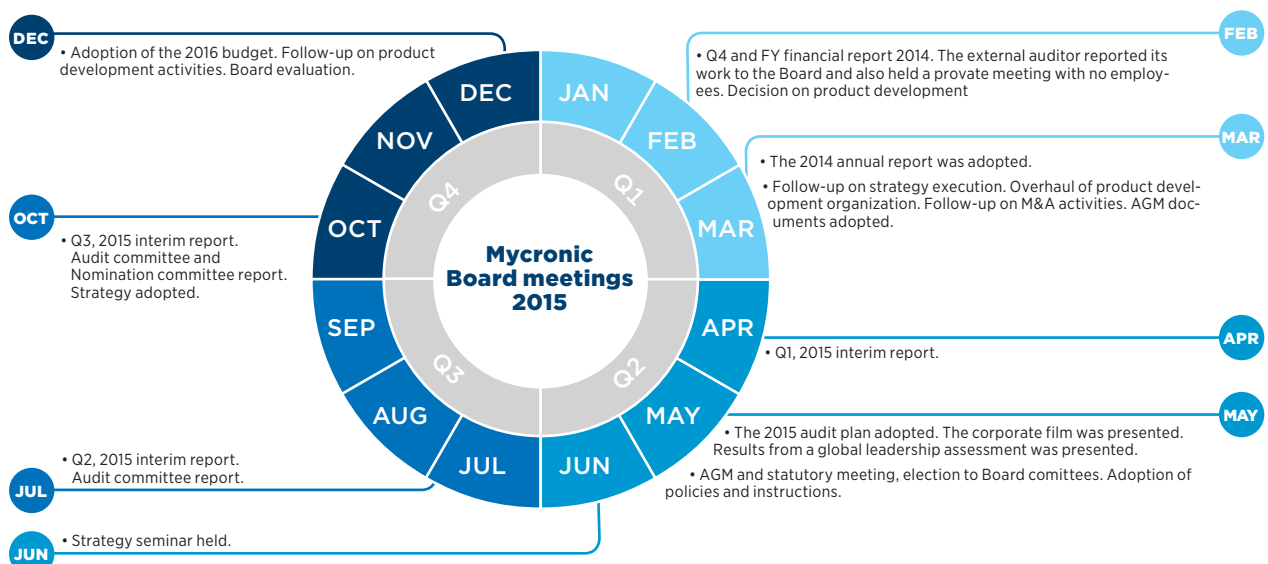
The Chairman leads the Board's work. The Chairman also represents the company in owner matters.

The Board meetings are prepared by the Chairman, together with the CEO. The minutes from these meetings are recorded by the company's CFO. Ahead of each Board meeting, Board members are provided with written material. Certain matters are prepared in the committees.

Recurring items at the meetings are a review of the business situation and financial reporting. The Board committees present reports and put forth issues for decision. Issues addressed in 2015, besides recurring items, include the review of and continuous follow-up of the strategy and business plan, follow-up of acquisition activities and decisions regarding product development efforts. In 2015, the Board held ten meetings and one strategy seminar. The Board's work year is illustrated below.

THE BOARD'S WORK 2015

During 2015 the Board held ten meetings, of which one was the statutory meeting and three were by circulation.



EVALUATION OF BOARD PERFORMANCE

The Board's work is evaluated annually. This evaluation takes place through a structured process, either external evaluation or self-assessment. The objective of the evaluation is to develop, set targets and measure the Board work, as well as to provide the Nomination Committee a basis for the task of preparing proposals on Board appointments to the upcoming AGM.

The Chairman of the Board is responsible for the evaluation. In 2015, the evaluation was done by an external party with the help of adapted survey documentation and interviews. After compiling the results, feedback was made to the Chairman, the Board and the Nomination Committee.

BOARD COMMITTEES

AUDIT COMMITTEE

The Audit Committee consists of Magnus Lindquist (Chair), Katarina Bonde and Eva Lindqvist. In 2015, the Audit Committee held four meetings. Part of some of the Audit Committee meetings take place without the presence of employees and without the external auditor.

REMUNERATION COMMITTEE

The Remuneration Committee consists of Patrik Tigerschiöld (Chair), Anders Jonsson and Ulla-Britt Fräjdin-Hellqvist. In 2015, the Remuneration Committee held three meetings. Part of some of the Committee meetings take place without the presence of employees.

EXTERNAL AUDIT

At the 2015 AGM, EY was elected as the auditor, with Authorized Public Accountant Heléne Siberg Wendin as the Auditor-in-Charge. Audit of the annual report and the consolidated financial statements as well as the Board's and the CEO's management is done in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden.

The auditor continuously meets the Audit Committee and meets the whole Board annually. In 2015, the auditors also conducted a review of one interim report.

CEO AND EXECUTIVE MANAGEMENT

Executive management comprises eight people, including the CEO. The work of the executive management is led by the CEO. The executive management makes joint

decisions. The CEO is responsible for keeping the Board informed of the company's development. Executive management holds meetings every two weeks. In 2015, Johan Franzén began as the Senior Vice President for Research and Development. A global management meeting is arranged three times a year to strengthen uniform communication and governance within the Group.

EXTERNAL FINANCIAL REPORTING

In accordance with the established communication policy, Mycronic continuously provides information on the company's development and financial position through interim reports, the annual report and press releases in connection with significant events.

In connection with interim reports, presentations are held for financial analysts, professional investors and the media. Company management also meets analysts and professional investors at other external and internal events. Representatives for Mycronic also participate in events arranged, for example, by the Swedish Shareholders' Association.

Financial statements, press releases and other relevant information are presented on the company's website.

Mycronic applies a silent period 30 days before the publication of financial statements during which the company does not communicate with investors, analysts or the media.

INSIDERS

Members of the Board, executive management, the company's auditor and employees who are considered to have access to unpublished information are registered with the Swedish Financial Supervisory Authority as insiders. These individuals are obliged to report changes in their holdings of securities in Mycronic.

The company is also obliged to maintain a logbook over individuals who have access to insider information during a limited period of time in connection with individual events. Besides insiders, this may be other individuals, employees or contractors, who have such information without being registered as insiders.

INTERNAL CONTROL OF FINANCIAL REPORTING

Internal control is comprised of processes and methods to limit risks for material mis-

statement in the financial statements and thereby provide a reasonable assurance of the reliability and accuracy of the financial reporting.

Internal control is maintained by the Board, management and employees. Mycronic's internal control is comprised of the control environment, risk assessment, control activities, information and communication as well as follow-up.

CONTROL ENVIRONMENT

A good control environment is made of a suitable organization, decision-making procedures, and powers and responsibilities, which are expressed in policies and guidelines. Common values provide a consensus with the intention of strengthening internal control. Relevant targets and their follow-up are significant to achieving good internal control. Mycronic's Code of Conduct describes the approach that the employees are expected to have in business ethics matters and social issues.

Steering documents include the formal work plan of the Board and its committees, as well as the Board's terms of reference to the CEO. The Board establishes certain policy documents, including authorization policy and communication policy.

The accounting and controller function supports the efficiency enhancements of the operations. Responsibility for creating processes with a high degree of internal control is assigned to each department manager.

RISK ASSESSMENT

A review of risk areas is done annually. Critical business processes are identified and assessed in terms of efficiency and risk. The most critical processes and the most significant values are found in the Swedish operations.

In an assessment of the risks that affect internal control regarding financial reporting, an evaluation is done based on probability and impact. This assessment is done at the Group and company level. Risks are linked to processes. Significant processes include product development, purchasing, production, sales, installation and supporting processes such as financial closing and IT. The processes for the administration of salaries and pensions are also deemed to be critical and subject to evaluation. The risk assessment also covers risks of impropriety and fraud.

CONTROL ACTIVITIES AND FOLLOW-UP

Control activities should prevent, discover and resolve deviations. Controls exist at all levels in the company and within all functions. Each identified risk shall be covered by controls.

Control activities may be automated by being built-in in IT systems, such as authorization structures. They may also be manual, such as double checks in disbursements and reconciliations in connection with account closing. Recurring analyses of results sup-

NOMINATION COMMITTEE

Name	Representing	Holdings at 31 August, 2015, %
Henrik Blomquist	Bure Equity ¹⁾	38,0
Katja Bergqvist	Handelsbanken Fonder	5,6
Thomas Ehlin	Fjärde AP-fonden ¹⁾	2,1
Ulf Strömsten	Catella Fonder	3,6
Patrik Tigerschiöld	Chairman of Mycronic AB	0,2

1) In november the Nomination Committee was extended when Fjärde AP-fonden increased its holdings to 5.4 percent. At the same time Bure sold part of its holdings to 29.9 percent.



The Board had ten meetings during 2015. Most of the meetings are held at the premises in Täby outside Stockholm. The picture shows Tobias Böök, Katarina Bonde, Patrik Tigerschiöld and Peter Sundström at one of these meetings.

PRESENCE AND REMUNERATION FOR BOARD MEMBERS ELECTED BY THE AGM

Name	Elected	Independent ¹⁾	Holdings	PRESENCE			REMUNERATION	
				Board	Audit committee	Remuneration committee	Board	Audit committee
Patrik Tigerschiöld, chairman ²⁾	2009	no	235,170	10/10		3/3	500,000	
Anders Jonsson	2011	yes	63,836	9/10		3/3	200,000	
Magnus Lindquist ³⁾	2007	yes	-	9/10	4/4		200,000	50,000
Katarina Bonde	2010	yes	2,000	10/10	4/4		200,000	
Ulla-Britt Fräjdin-Hellqvist	2012	yes	10,000	10/10		3/3	200,000	
Eva Lindqvist	2012	yes	1,500	10/10	4/4		200,000	

1) According to the Swedish Code of Corporate Governance.

2) Chairman of the remuneration committee

3) Chairman of the audit committee

plement daily controls. The controller function for the business areas and for product development and production constitutes a significant part of the control structure.

INFORMATION AND COMMUNICATION
The Board and the executive management have established communication channels to ensure complete and accurate financial reporting.

Internal communication channels comprise quality assurance systems and analysis tools, the intranet and regular meetings. A financial manual ensures uniformity with regard to financial reporting within the Group. Every month, financial information is compiled and distributed to the Board and executive management.

External communication takes place in accordance with the established communication policy.

MONITORING

Mycronic has no separate review function in the form of internal audit. The Board has determined that monitoring of internal control shall be conducted through self-assessment.

Self-assessment means that employees are involved, which increases the understanding of the significance of internal control. Processes are documented and assessed based on identified risks and controls. Responsibility for developing the processes lies within each unit.

The evaluation of internal control follows a plan approved by the Audit Committee. The risks of material misstatement or deficiencies in financial reporting are reported. Self-assessment of critical processes is supplemented by external evaluation or statements of opinion.

Personnel from the headquarters' accounting and controller function regularly visit the subsidiaries to monitor the earnings trend and evaluate the internal controls.

In 2015, Mycronic implemented a new methodology for the review and evaluation of the foreign subsidiaries' operations. Pilot studies have been done together with the external auditors. After evaluation, it was decided to use the methodology in all units. About once every two years, a controller conference is held in Sweden with representatives from the accounting functions of every company. In 2015, this experiential exchange was expanded to include HR managers in the Group.

To continuously develop awareness regarding IT-security issues, a seminar was held during the year for all line managers together with external parties. Mycronic has also had an external party conduct an audit focused on IT-security issues.

The Audit Committee monitors the internal control work and has continuous contact with the external auditor. This contributes to the Board's collective view of internal control of financial reporting.

Board of directors and auditor



	PATRIK TIGERSCHIÖLD	KATARINA BONDE	ULLA-BRITT FRÄJDIN-HELLQVIST	ANDERS JONSSON
	Chairman of the Board since 2012	Member of the Board	Member of the Board	Member of the Board
<i>Elected year</i>	2009	2010	2012	2011
<i>Born</i>	1964	1958	1954	1950
<i>Position</i>	Chairman of the Board	President Kubi LLC	Adviser, Fräjdin-Hellqvist AB	Industrial adviser, Triton Advisers Ltd
<i>Education</i>	M.Sc. in Business and Economics	Master of Engineering, engineering physics	Master of Engineering, engineering physics	Master of Engineering, and IFL Handelshögskolan in Stockholm
<i>Other Board assignments</i>	Chairman of Bure Equity AB, The Association for Generally Accepted Principles in the Securities Market and The Swedish Association of Listed Companies. Board member of Cavotec SA, Mercuri International AB, Stockholms University and Fondbolaget Fondita AB.	Chairman of Propellerhead Software AB. Board member of Aptilo Networks AB, Avega Group AB, Fingerprint Cards AB, Image Systems AB, Microsystemation AB, Nordax Bank and Sjätte AP-fonden.	Chairman of Karlstad Innovation Park, Kongsberg Automotive ASA and Vindora Holding. Board member of Anna+Cie, DataRespons ASA, e-man AB, HRM Affärsutveckling, Fräjdin&Hellqvist AB and UBFH Management AB.	Chairman of Talis Group GmbH. Board member of Alimak Hek Group AB and Rejler Group. Vice chairman of Swedish Swiss Chamber of Commerce in Zürich.
<i>Previous positions</i>	CEO Bure Equity AB 2010-2013, CEO Skanditek Industriförvaltning 1999-2010, CEO SEB Allemansfonder AB 1995-1999.	CEO UniSite Software Inc 2000-2003, CEO Captura International 1997-2000, Marketing director Dun&Bradstreet Software Inc 1996-1997, Vice President Timeline Inc 1994-1995, CEO Programator Industri AB 1989-1992.	Leading positions in Svenskt Näringsliv 2001-2006, leading positions in Volvo Personvagnar 1979-2001.	Member of ABBs executive management, Zürich and manager Robot Division 2006-2010, manager ABB Automation Segment in Chins 2004-2005, global management positions in ABB Zürich 1988-2004, various management positions in ABB Sweden 1979-1988
<i>Dependency</i>	Yes. According to the Swedish Code of Corporate Governance.	No	No	No
<i>Shareholding in Mycronic</i>	235,170	2,000	10,000	63,836



MAGNUS LINDQUIST



EVA LINDQVIST



TOBIAS BÖÖK



PETER SUNDSTRÖM

Member of the Board	Member of the Board	Representing Akademikerna	Representing Unionen
2007	2012	2014	2012
1963	1958	1966	1976
Co-managing partner, Cordet Capital		Controller	Specialist, software development
Economist	M.Sc. in Business and Economics and Master of Engineering	Economist	Master of Engineering, engineering physics
Member of Axcel Advisory Board.	Board member of Alimak Hek Group AB, Assa Abloy AB, Bodycote AB, Caverion Oy, Sweco AB and Tieto Oy.		
Investment adviser Triton Advisers AB 2008-2015, CFO Autoliv 2001-2008, CFO Perstorp 1996-2001, CFO Stora Cell Group 1993-1996.	CEO Xelerated Holding AB 2009-2011, CEO TeliaSonera International Carrier 2002-2007, Sr VP Telia Equity 2000-2002, leading positions Ericsson 1981-1999.		
No	No	Auditor Heléne Siberg Wendin , born 1965 Auditor in Mycronic since 2013. Authorized accountant, Ernst & Young AB. Other assignments: IKEA, Lantmännen, Husqvarna, Papyrus, Ovako.	
-	1,500		

Executive management



LENA OLVING



NIKLAS EDLING



PER EKSTEDT



SILKE ERNST

	LENA OLVING	NIKLAS EDLING	PER EKSTEDT	SILKE ERNST
	CEO and President	Sr Vice President, Strategy and Product Management, Head of sourcing and production	Sr Vice President, CFO	Sr Vice President, HR
<i>Employed since</i>	2013	2011	2012	2013
<i>Present position</i>	2013	2013	2012	2013
<i>Born</i>	1956	1963	1964	1967
<i>Education</i>	Master of Engineering, Mechanical engineering	Master of Engineering, Mechanical engineering and MBA	Bachelor of Business and administration	M.Sc linguistics and MBA
<i>Board assignments</i>	Board member of Novozymes A/S (Denmark)			
<i>Previous positions</i>	Vice President and COO of Saab AB (publ), leading positions and member of Executive Management Volvo Personvagnar AB, CEO of Samhall Högland AB.	VP Supply Chain & Manufacturing Laerdal Medical, VP Operations Hudson RCI.	CFO Selecta, CFO Group4 Securicor and CFO Siemens Business Services.	VP HR Business Division Asset Optimisation & Trading Vattenfall, Vice HR manager Vattenfall BG Nordic, HR manager BU Distribution Vattenfall.
<i>Shareholding in Mycronic</i>	104,700	70,000	9,650	450

REMUNERATION

Senior executives

The Mycronic Executive team include the CEO and seven other members of the executive team, a total of 8 (8) individuals, of which 3 (3) women.

Principles

The principles for remuneration of senior executives are approved by the AGM. The main principle is to offer market-based remuneration and terms of employment.

In handling matters related to remuneration external advice is sought when necessary to get or evaluate information on market-based levels. Total remuneration consist of:

- Basic salary
- Short-term incentive, STI
- Long-term incentive, LTI
- Pension benefits
- Other benefits
- Severance pay.

Levels of remuneration are based on position, competence, experience and performance.

Basic salary ¹⁾

The monthly basic salary to the CEO in 2015 amounted to SEK 335,000.

Short-term incentive, STI ²⁾

STI is paid according to the fulfillment of group financial targets at a maximum of 80 percent of the basic salary. STI for 2015 to the CEO amounts to SEK 2 596 thousand and to other senior executives to SEK 3 120 thousand. The 2015 STI equals 81 percent of the maximum outcome.

Long-term incentive, LTI ³⁾

LTI shall encourage the acquisition of shares in Mycronic. If a senior executive buys shares, the company will match this through cash payment of the same amount. The matching amount shall be used for the acquisition of shares in the company. The shares shall be held for a minimum of four years. The amount is maximized to SEK 100 thousand after tax for the CEO and SEK 50 thousand after tax for other senior executives.

Other benefits ⁴⁾

Other benefits comprise company car and free health insurance. For the CEO it also include the benefits of housing and travels by train.

Pension ⁵⁾

The pension is premium based. For the CEO the pension premiums equals 35 percent of the basic salary and for other senior executives it equals a maximum of 30 percent of basic salary. The employment contract with the CEO specifies a retirement age of 62 years, while the retirement age for other senior executives is 65 years. Except for the defined contribution pension premiums, there are no other pension obligations.

Employment terms and severance

The employment contract with the CEO specifies a notice period of twelve months in the event of dismissal by the company. During the notice period, the CEO is entitled to basic salary and other benefits, after which no benefits are payable. After the notice period she is entitled to termination benefits corresponding to 12 months' salary.

For other senior executives there is a notice period of six months in the event of dismissal by the company, and after that period termination benefits equal to six months' salary. During the notice period, the employment contract is valid with related benefits.



JOHAN FRANZÉN



ROBERT GÓTHNER



MAGNUS RÅBERG



CHARLOTT SAMUELSSON

Sr Vice President, Research&Development	Sr Vice President, General Manager business area SMT	Sr Vice President, General Manager business area PG	Sr Vice President, Operational excellence
2015	2007	1996	1996
2015	2009	2011	2014
1978	1959	1966	1963
Master of Engineering, electronic design	Master of Engineering, industrial economics	Master of Engineering, system engineering	Master of Engineering, system engineering, engineering physics
Manager SW Applications Volvo CE, Manager Global EL and Elektronikutveckling Volvo CE, Manager Global technical Support Volvo CE.	Vice President marketing within the Mycronic Group, Partner Nordic Venture Partners and Innovations-Kapital, executive positions IBM Corporation.	Manager global support, Manager system sales and other positions in the Mycronic Group.	Manager global aftermarket, Manager system and application development and business development in the Mycronic Group.
3,000	7,276	333	16,200

Remuneration 2015	Basic salary ¹⁾	Other remuneration	STI ²⁾	LTI ³⁾	Other benefits ⁴⁾	Pension costs ⁵⁾	Total
Lena Olving, CEO	4,020	348	2,596	238	294	1,488	8,984
Other senior executives (7 persons)	10,201	533	3,120	613	1,488	3,068	19,023
Total	14,221	881	5,716	851	1,782	4,556	28,007

Remuneration 2014	Basic salary ¹⁾	Other remuneration	STI ²⁾	LTI ³⁾	Other benefits ⁴⁾	Pension costs ⁵⁾	Total
Lena Olving, CEO	3,898	314	2,654	232	289	1,581	8,968
Other senior executives (7 persons)	9,523	1,506	2,991	557	276	2,505	17,357
Total	13,421	1,819	5,645	789	565	4,086	26,325

Auditor's report

To the annual meeting of the shareholders of Mycronic AB (publ), corporate identity number 556351-2374

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Mycronic AB for the year 2015, except for the corporate governance statement on pages 54-61. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 26-61.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do

not cover the corporate governance statement on pages 56-61. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Mycronic AB for the year 2015. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. The Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement on pages 54-61 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence which we have obtained is sufficient and appropriate in order to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have obtained a sufficient basis for our opinion. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Stockholm 16 March, 2016
Ernst & Young AB

Heléne Siberg Wendin
Authorized Public Accountant

Financial definitions

Adjusted operating margin

Operating profit adjusted for non-recurring costs as a percentage of net sales.

Capital employed

Total assets reduced by non-interest bearing liabilities and deferred tax.

Capital turnover rate

Net sales divided by average capital employed.

Cash flow after investing activities before financing

Cash flow from operations including changes in working capital less investments.

Cash flow from investing activities

Net capital investments in building, machinery and equipment, capitalized development and financial non-current assets.

Cash flow from operations

Profit after financial items adjusted for non-cash items, income tax paid and changes in working capital.

Cash flow per share

Cash flow for the year divided by the average number of shares.

Earnings per share

Net profit divided by the average number of shares.

Equity per share

Equity divided by the average number of shares.

Equity/total assets

Equity as a percentage of total assets.

Gross margin

Gross profit as a percentage of net sales.

Net debt

Interest-bearing liabilities less cash and cash equivalents.

Operating margin (EBIT margin)

Operating profit as a percentage of net sales.

P/E ratio per share

Share price at 31 December divided by earnings per share.

Profit margin

Net profit as a percentage of net sales.

R&D expenditure

Expenditure for R&D activities that has an effect on cash flow.

R&D costs

Costs attributable to R&D activities including costs of personnel engaged in R&D. Reduced by capitalized development costs. Including amortization of previously capitalized development costs.

Return on capital employed

Operating profit including financial income as a percentage of average capital employed.

Return on equity

Net profit as a percentage of average equity.

History – Business Area SMT

1973

TWO YOUNG INVENTORS and problem-solvers, Lennart Stridsberg and Gunnar Rodin, start a company called MYDATA AB, to build desktop computers for measuring and control purposes. They simultaneously develop a system for manual circuit board mounting, where a fast-moving light beam showed the operator where on the circuit board the components should be. The machine is called Logpoint.

1982 – 1983

THE COMPANY NOW consists of five engineers. At an electronics exhibition in Paris in 1983, they notice that most mounting machines for circuit boards are extremely inflexible. The emphasis is entirely on large volumes and long series. So they start looking at ways to make mounting of prototypes faster by making it easier to replace components and switch between jobs. Cooperation with Thomson CSF in France is initiated and MYDATA's engineers are given access to information which helps them to develop a completely automated, flexible mounting machine.

1984 – 1994

IN 1984 THE COMPANY is reorganized into MYDATA automation AB to create the economic conditions necessary to realize this wholly-automatic machine. The first prototype, TP9, is demonstrated in 1985 and becomes something of a success. The TP9 could handle all types of components and all circuit board sizes – all on a single platform. Even then, the machine had split axels, a camera for control of reference marks, program software for centering of electrical components, and a compact tape magazine. In other words, it fulfilled all requirements for flexibility within the high-mix segment. New owners, BBT and Tigerschiöld, come into the picture in 1985 and 1986 respectively enabling MYDATA to continue to grow.

PRODUCTION EXPANDS IN 1987. The company enters into a hectic period in order to get the machines functioning according to specifications. Mårten Lundberg takes over as CEO in 1988. By this time, the TP9 has matured as a product and 80 machines are installed during 1989. Working closely with customers and the customers' experience of the machines become important marketing tools. Worldwide agent and distributor networks start developing. Production area grows and allows for more structured work. The TP9 is launched in the USA in 1989 and in 1990 the seven first machines are sold there.

TWO NEW, HEAVY development projects are started: a new product portfolio, the TP18, and a new machine guidance system, TP Sys, with user friendliness in focus, are developed. Development on the TP18 is implemented on a new machine, the TP9-UFP. During 1993 – 1994, a record number of TP9-UFPs are sold.



1995 – 1998

IN 1995, THE TP11-UFP is launched and the same year pirate copies of the magazine are released onto the market. The HYDRA is introduced in 1996. In connection with the introduction of the HYDRA, development of a new machine that can match the HYDRA'S output begins. The MY series is launched. In 1997 the company moves to new premises in Bromma. It has now grown to a little over 200 employees. In 1998 the MY15 and MY19 are launched, and the installed base grows to 1,600 machines. The Jet-printing technology has developed and the first printed circuit board is manufactured.

1999 – 2008

IN 1999, THE MY19 is introduced based on a new modular approach. A sales record is achieved in 2000.

THE FIRST JET-PRINTING MACHINES are tested in field in 2001 and the revolutionary component feeder Agilis is launched. Now there are a total of 2,200 machines located at 1,200 customer sites. Agilis, the system with intelligent feeders, is introduced in 2002. The MY500 is displayed for the world at Productronica 2005 and in 2006 the first system is sold to Ericsson. The MY100 is developed during 2007. The TP9 epoch comes to a close and it is removed from the product portfolio. At the same time the innovative stich magazine Agilis SM is introduced. In 2008 the MY100DX and SMD Tower, an intelligent storage system for components, are launched.



2009 – 2014

MYDATA AUTOMATION AB is acquired by Micronic Laser Systems AB and changes name to Micronic Mydata AB. 2011 new, faster mounting machines, MY100e-series, are introduced. At the same time, a further developed Agilis adopted for wide tapes is launched. The components continue to become smaller and smaller. During autumn 2013 the new machine platform MY200 becomes available. The platform delivers a higher productivity with improved placement accuracy.

IN SPRING 2014 the new Jet Printer MY600 is introduced, which is a machine that is 50 percent faster than its precursor MY500. The jet printing technology has now made it possible to apply over 1 million dots solder paste per hour on printed circuit board in real production.

2014

The Group is renamed Micronic.

History – Business Area PG

1970

DURING THE 1970S, a group of researchers under the leadership of Gerhard Westerberg start research into microlithography at the Royal Institute of Technology in Stockholm. Their goal is to develop equipment that can write photomasks for the semiconductor industry.

1984 – 1988

GERHARD WESTERBERG, together with seven employees, starts a company to commercialize the results of the research. This results in the launch of a laser-based mask writer. Cooperation with Align-Rite in France begins.

1989 – 1999

AFTER GERHARD WESTERBERG'S death the staff, led by Nils Björk, take over the company with the support of the Småföretagsfonden. The company name is adapted for global operations, and Micronic Laser Systems is founded in 1991. Cooperation with Bosch in Germany begins.



A WEAK SEMICONDUCTOR market leads Micronic to seek other markets for its technology. A mask writer for shadow masks is developed, giving design engineers almost total freedom to shape the shadow masks for CRT (Cathod Ray Tubes) televisions. The mask writer LRS1100 becomes the industry standard during the 1990s. The first order for a mask writer for display manufacturing is received from LG in South Korea in 1992. The big breakthrough for mask writers for shadow masks comes during 1994-1995 with orders from China and Japan. Micronic is now growing quickly, from around 30 employees in 1995 to more than 150 persons in 1999. Service become increasingly important and subsidiaries are established on important markets in Japan and the US.

WHILE THE DISPLAY market is developing, Micronic continues to cooperate closely with customers to develop mask writers. Laptops start to appear on the market. The LRS11000 is introduced and used to produce photomasks for manufacturing of flat displays for laptops as well as stationery desktop computers. The development of mask writers for displays contributes to Micronic getting back into the semiconductor market. The Omega series is launched simultaneously with the introduction of the unique SLM technology. Application areas for mask writers expand, and the MP series for electronic packaging is developed.

2000

MICRONIC IS LISTED on the Stockholm stock exchange. The Sigma series is introduced on the semiconductor market.

2001 – 2008

THE LRS15000 FOR manufacturing of photomasks for displays is introduced and a record number of systems are sold during 2003-2004. The FPS series for manufacturing of photomasks for electronic packaging is introduced in 2006.

THE PRECISION SERIES for manufacturing of advanced photomasks for displays is introduced in 2007. The same year, Apple introduces the Iphone which marks the start for the explosive growth of smart telephones. Displays become more and more common in electronics products such as digital cameras, telephones, tablets, etc. Every display manufacturer in the world is now using Micronic's system for manufacturing displays. Development of a direct writer begins in 2008.



2009

MICRONIC LASER SYSTEMS acquires MYDATA automation AB and changes name to Micronic Mydata AB. The company conducts a comprehensive work to create a world class support organization to secure maintenance of the company's mask writers. A direct writer, LDI, is developed based on several innovative solutions and concepts 2010-2012. The system meets future technical requirements thanks to its advanced solutions. However, the slow development pace of market performance requirements makes customers hesitant to invest in the company's LDI technology. The company focuses on maintaining systems in field until the industry's performance requirements reach a point where investments in new technology are motivated.

A NEW GENERATION mask writers for display manufacturing, Precision-80 is launched during spring 2014. Industry requirements have constantly increased. A new generation of mask writers is required to enable an efficient production of future electronics products with advanced displays. An efficient and intensive development work makes it possible for the company to deliver the first system already at the end of 2014.

2014

The Group is renamed Mycronic.



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Shareholder information

FINANCIAL REPORTING 2016

Interim report January-March, 21 April

Interim report January-June, 13 July

Interim report January-September, 20 October

FINANCIAL INFORMATION

The 2015 annual report will be published on the web site and through a press release on 6 April, 2016 at the latest.

Financial reports and press releases are available on the web site www.mycronic.com.

It is also possible to subscribe for press releases and financial reports through a subscription service on the web site.

DISTRIBUTION OF THE ANNUAL REPORT 2015

Due to environmental and cost reasons, a printed version of the annual report is only distributed to those who request it. On the web site Mycronic publish both a pdf version and an online version of the annual report.

ANNUAL GENERAL MEETING (AGM)

The AGM will be held on Tuesday 3 May, 2016 at 5 p.m.

It will be held in "Stora Aulan" at Norra Latin/Stockholms City Conference Centre, Drottninggatan 71 B in Stockholm.

Refreshments will be served before the AGM, at 4 p.m.

RIGHT TO PARTICIPATE AT THE AGM

Shareholders who wish to participate at the AGM must be registered in the share register held by Euroclear Sweden AB as of 27 April, and advise the company of their intention to participate at the AGM latest on 27 April, 2016.

REGISTRATION

Registration can be done on the web site, under Investor/Corporate governance or via e-mail: bolagsstamma@mycronic.com, or by telephone +46 8 638 52 23.

The registration should include name, address, telephone number, personal or corporate identification number and registered shareholding.

Power of attorney, when needed, should be sent to Mycronic in connection with the registration by e-mail or by mail to the following address:

Bolagsstämman 2016, Mycronic AB (publ), Box 3141, S-183 03 Täby, Sweden.

NOMINEE SHARES

To be entitled to participate in the AGM shareholders whose shares are held in the name of a nominee, must request that the shares are temporarily re-registered in their own name with Euroclear Sweden AB.

This must be done well in advance of 27 April, 2016, which is the date when the registration must be finalized.

Glossary

AMOLED

Active-Matrix Organic Light-Emitting Diode. In an AMOLED display each pixel is its own light source. This enables production of thinner and more power effective displays.

Component feeder - Agilis

The feeder is a vital part in the mounting machine, which feeds the component to an exact position where it is picked up to be mounted on the PCB.

Dispensing

Dispensing technology is used in the manufacturing of electronics to apply dots of solder paste or adhesives on circuit boards.

Electronic packaging

The manufacturing step that packages a semiconductor chip so that it is protected and can be connected to other electronics components in electronic products.

EMEA

A geographical term that comprise Europe, the Middle East and Africa.

Fluids

In electronics manufacturing many different types of fluids are used in the mounting process. A few examples are adhesives and conductive adhesives.

Internet of Things

A term for when machines, vehicles, goods, household appliances, clothing and other things are equipped with small built-in sensors that enable communication with other items.

Jet dispensing

A technology for non-contact application of a broad spectrum of fluids on circuit boards.

Jet printing

A technology for non-contact application of solder paste on circuit boards.

LCD

LCD (Liquid Crystal Display), is the dominating technology for the manufacturing of displays. LCD is based on liquid crystal material. There are two main LCD technologies: active (TFT-LCD) and passive (PM-LCD or TN/STN LCD).

LED

Light Emitting Diodes, so called LEDs are used as light source in the thinnest TFT-LCD panels.

Litography

A technique to transfer a design (pattern) from a template to a solid material.

Mask writer

Exposure equipment used for the manufacture of photomasks.

Multi purpose

A broad market segment for many different application areas. Some of them are electronic packaging and touch screen applications.

Pattern generator

Pattern generator (PG) is a collective name for mask writers and direct writers.

Nanometer, nm

One billionth of a meter, or one millionth of a millimeter.

Pick and Place

A term for robots that pick and place electronic components on a PCB (printed circuit board).

PPI

Pixels per inch. A unit for pixel density per inch in a display, in for example computers, tablets and smart phones.

Photomask

A photomask can be described as a photo negative. The image (pattern) is written with a mask writer from Mycronic and transferred to the end product by a lithographic process. The photomask consists of a transparent substrate of glass or quartz that is covered with a thin layer of chrome and a layer of photoresist. Photoresist is a light sensitive material that can be developed and washed away once it has been exposed. After writing, the photoresist is developed and the pattern is transferred to the chrome layer by etching.

Semiconductor

An electronic component containing more than one circuit element on the same silicon chip, such as memories, processors and amplifiers.

SMT (Surface Mount Technology)

The dominating technology for electronics production. The components are mounted directly on the PCB surface.

Solder paste

Material that create electrical and mechanical connection between the PCB and its electronic components.

TFT-LCD

TFT-LCD, an active LCD display, providing better image quality and faster response than a passive. It is the standard technology in computers and TV. TFT-LCD is also common in mobile phones. The active LCD displays have a Thin Film Transistor (TFT) in each pixel.

UHD

Ultra High Definition. UHD is a standard for TV resolution with significantly higher resolution than earlier.

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