ANNUAL REPORT 2019

You depend on a multitude of products in your everyday life. The car you drive, the aircraft you travel in or the ECG system that monitors your heart. You expect them to work – because they must.

All electronic products contain a printed circuit board (PCB). At first glance, they may all look the same. But there can be a world of difference between a common PCB and a reliable PCB. It's in the detail and the precision.

It all starts with the design, the right specifications and in choosing the right manufacturing partner. It also includes efficient logistics, on-time deliveries and that the entire manufacturing process is conducted in a manner that is as sustainable as possible.

Reliable PCBs
Because it simply has to work.

VISION

The number 1 PCB producer – wherever we are.

MISSION

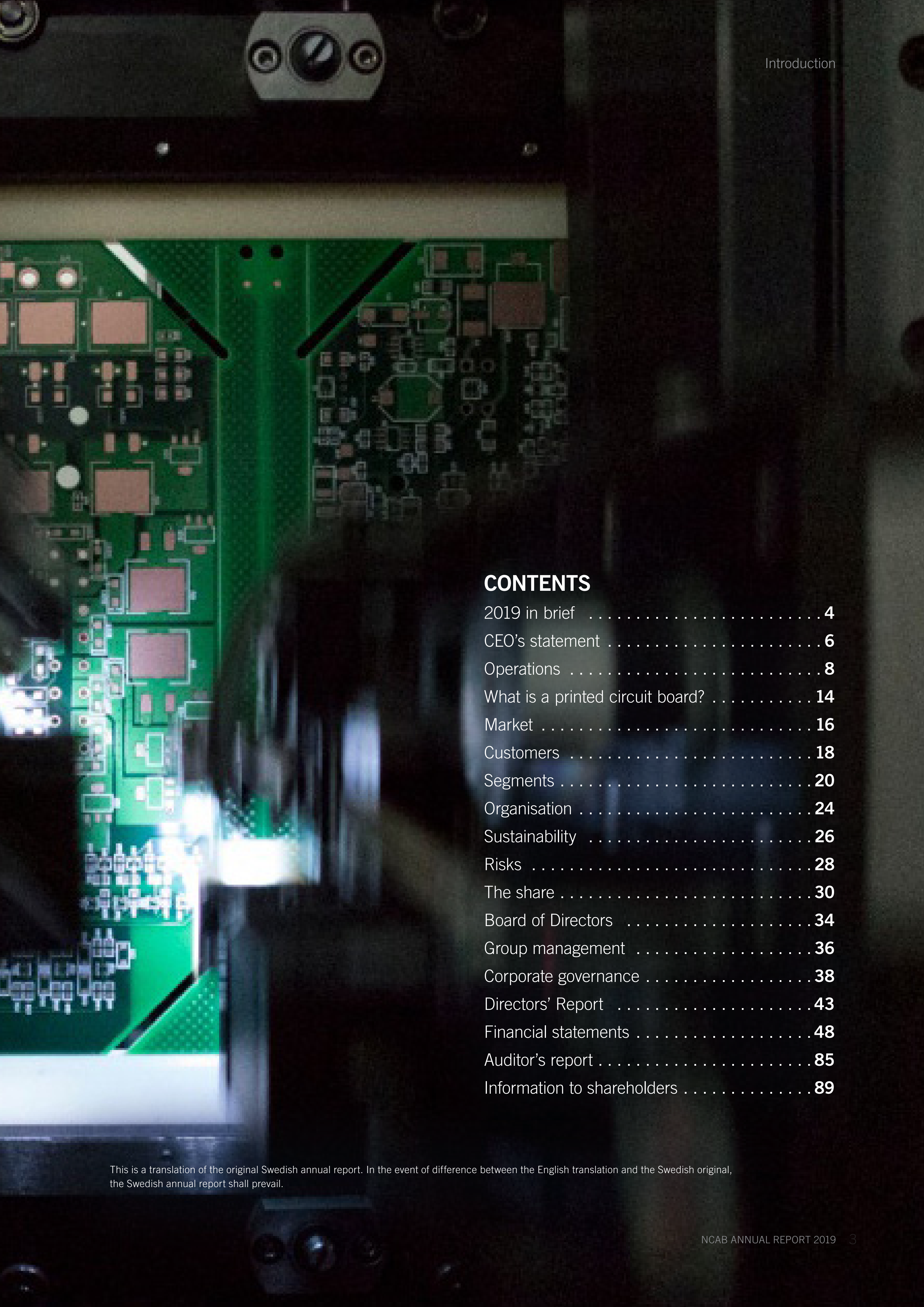
PCBs for demanding customers, on time with zero defects, produced sustainably at the lowest total cost.

VALUES

Quality first.
Strong relationships.
Full responsibility.

NCAB purchases PCBs from a network of manufacturers, primarily in China. Using the "Integrated PCB production" concept, NCAB assumes overall responsibility in relation to its customers – from design support, prototyping, production and quality control to final delivery.

The business model, where NCAB is a full-service supplier, has several advantages: no inventory and limited investments, resulting in low capital tied-up and strong cash flows.



CONTENTS

This is a translation of the original Swedish annual report. In the event of difference between the English translation and the Swedish original, the Swedish annual report shall prevail.

2019 – growth and improved earnings but also trade barriers.

2019 was an exciting year for NCAB. Growth during the first half of the year was in double-digits in SEK, even though it slowed slightly in the second quarter. A clear decline, primarily in the USA, was noted following the country's decision to increase import tariffs on 10 May. But growth also fell in Europe in the second half of the year in the wake of a market downturn in Germany and concerns about Brexit. Growth in the Nordic region and East was favourable during the full year, even though trade tariffs to the USA also had some impact on NCAB's customers in China.

SALES, SEK billion	SALES GROWTH	ADJUSTED EBITA, SEK million	ADJUSTED EBITA MARGIN
1.8	10%	165.4	9.3%

In addition to organic growth, NCAB also completed two exciting acquisitions during the year, acquiring Multiprint in Denmark in March and Altus PCB in the USA in November.

It was also a successful first year as a listed company for NCAB with many interested new shareholders and a healthy share performance. During the year, NCAB was also awarded several prizes, including a sustainability award from Carnegie for best newcomer on the stock market, Best Annual Report in the Small Cap category from FAR and one of the top three sustainability reports on Small cap from Stockholm Kommunikation.

Anna Lothsson, Sustainability Manager at NCAB Group, accepting Carnegie's new Sustainability Award 2019.

MARKET

NCAB experienced a more mixed economic climate in 2019 than the year earlier. At the beginning of the year, growth remained strong. In May, the USA raised its import tariffs from China from 10 to 25 per cent. This was quickly reflected in a drop in order intake and sales in the USA while the economies in several European countries also slowed.

EXPANSION

During the year, new operations were started in Malaysia and the Netherlands. Two acquisitions were also completed, Multiprint AS in Denmark and Altus PCB in the USA.

ORGANISATION

The number of employees continued to rise as a result of investments, primarily in Europe and Asia, where the main focus is on expansion and consolidating the position in several prioritised markets. NCAB gained 17 new employees during the year and had a total of 395 employees at year end.

SUSTAINABILITY

In 2019, NCAB further strengthened its sustainability work, which is being increasingly appreciated by external stakeholders. In addition, NCAB's sustainability team in China was expanded, at the same time as several training sessions and seminars were held in sustainability, both internally and with customers.

NCAB'S FIRST FULL YEAR AS A LISTED COMPANY

NCAB was listed on Nasdaq Stockholm on 5 June 2018. The listing price was SEK 75 and market capitalisation amounted to SEK 1.3 billion. At the end of 2019, the share price was SEK 156, more than double the listing price. During the same period, the OMXSPI index rose by about 20 per cent.

OPERATIONS

NCAB continued to note a positive performance in 2019, even though the growth rate slowed during the second half of the year. However, profit was strong and exceeded the financial target. In 2019, NCAB increased sales by 10 per cent, mainly due to strong expansion in the Nordic region and Asia. Profitability improved year-on-year.

Total net sales amounted to SEK 1,781 million compared with SEK 1,617 million in 2018. Gross margin strengthened to 31.7 per cent (31.3). EBITA improved from SEK 132.2 million to SEK 165.4 million and the EBITA margin was 9.3 per cent (8.2). Adjusted EBITA was SEK 165.4 million (143.8), representing an adjusted EBITA margin of 9.3 per cent (8.9). Profit after tax amounted to SEK 128.4 million (104.6) and earnings per share was SEK 7.61 (6.37) before dilution and SEK 7.61 (6.24) after dilution.

SEGMENTS

NCAB has four segments, Nordic, Europe, North America and East, and all except North America reported growth during the year. Growth was particularly strong in the Nordic and East segments, where sales grew 26 per cent and 11 per cent, respectively. NCAB gained market shares in these segments through many new customers.

In the Nordic segment, the strategy is to focus on existing customers rather than activities targeting new customers, which yielded sustained high profitability. In North America, which has been in a transitional phase from low-tech to more advanced products, the increase in import tariffs created market uncertainty and sales declined. However, NCAB noted a positive trend for the number of new customers during the year.

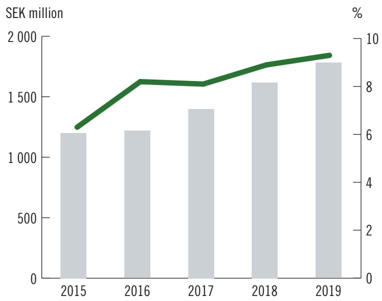
137 MILLION PCBS DELIVERED

395 EMPLOYEES

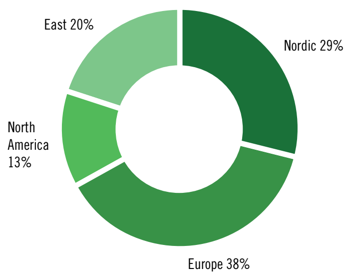
1,810 CUSTOMERS

45 MARKETS

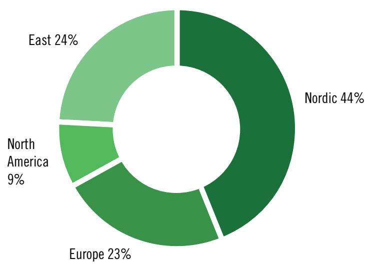
Net sales and adjusted EBITA margin



Net sales, share by segment



EBITA, share by segment



KEY PERFORMANCE INDICATORS	2019	2018	2017	2016	2015
Order intake, SEK million	1,818.3	1,664.5	1,509.2	1,280.8	1,229.3
Order intake, USD million	192.2	191.1	176.8	149.6	145.7
Net sales, SEK million	1,781.2	1,617.0	1,400.1	1,218.7	1,200.3
Net sales, USD million	189.1	186.0	163.8	142.3	142.3
Gross margin, %	31.7	31.3	30.2	30.4	27.5
EBITA, SEK million	165.4	132.2	70.2	100.3	76.0
EBITA margin, %	9.3	8.2	5.0	8.2	6.3
Adjusted* EBITA, SEK million	165.4	143.8	113.7	100.3	76.0
Adjusted* EBITA margin, %	9.3	8.9	8.1	8.2	6.3
Operating profit, SEK million	161.7	127.6	65.6	95.8	72.0
Profit after tax, SEK million	128.4	104.6	40.4	65.06	54.80
Earnings per share before dilution**, SEK	7.61	6.37	2.42	4.09	3.44
Earnings per share after dilution**, SEK	7.61	6.24	2.38	4.0	3.36
Cash flow from operating activities, SEK million	153.0	69.9	37.4	81.5	39.4
Return on equity, %	39.8	51.9	30.3	54	51.7
Average exchange rate, SEK/USD	9.46	8.57	8.54	8.56	8.44
Average exchange rate, SEK/EUR	10.58	10.26	9.63	9.47	9.36
Dividend	-***	4.50	–	–	–

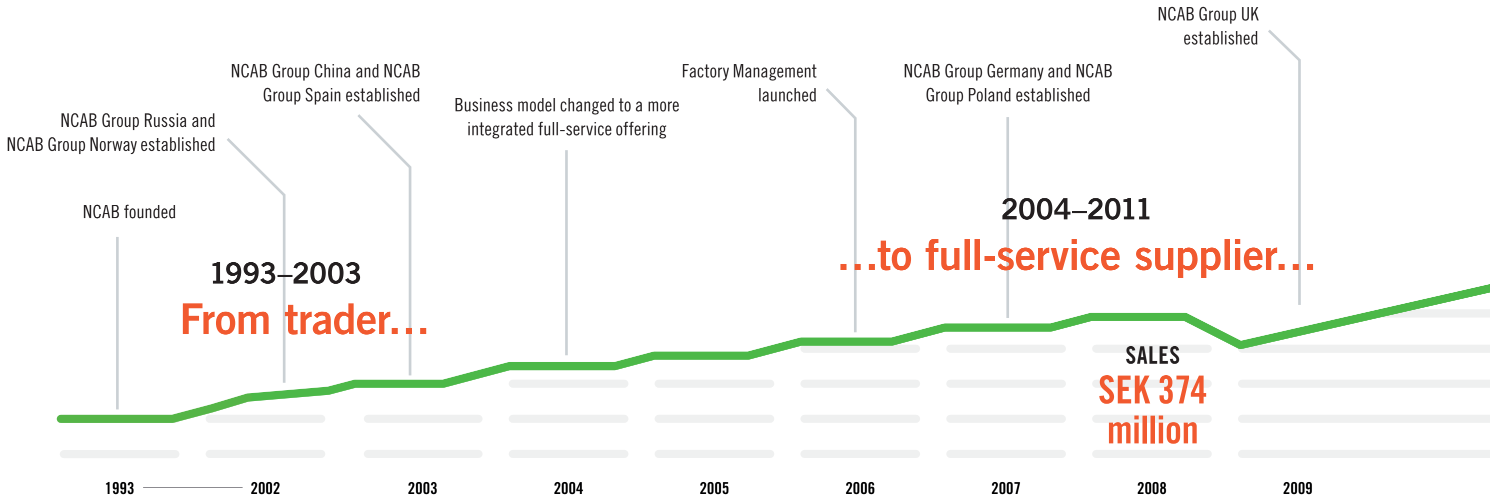
* Adjusted for non-recurring items of SEK 11.6 million for the full-year 2018 and SEK 43.5 million for the full-year 2017. The adjustments refer to costs for the IPO and final settlement costs related to the agreement with the Russian tax authority.

** The Annual General Meeting on 14 March 2018 resolved to approve a 10:1 stock split. Earnings per share have been calculated retrospectively based on the total number of shares after the stock split for each period.

*** Dividend proposed by the Board of Directors.

2019 was an exciting and good year for NCAB

2019 started out very strong, but growth slowed during the year. The introduction of raised tariffs in the USA in May signalled the start of the economic slowdown. Despite this, we are satisfied with our reported growth of 10 per cent, even though it weakened during the autumn in most segments.



Total growth still exceeded our goal of 8 per cent, even though this was largely due to the weaker SEK and, to a lesser extent, acquisitions. Excluding acquisitions, growth was 7 per cent. I am particularly proud of our reported EBITA margin of 9.3 per cent. As we do not own any factories, we are able to quickly adjust expenses and this has resulted in an earnings improvement despite lower growth. We postponed certain projects and adapted recruitments to the lower growth rate.

We have also commenced the acquisition journey we described during the IPO process. In 2019, we acquired and incorporated two first-rate small companies – Multiprint in Denmark and Altus PCB in the USA – into the NCAB family. It is pleasing that we could quickly realise synergies, and this augurs well for the future acquisitions we are analysing and discussing.

In terms of our segments, Nordic continued to report the strongest growth, with the largest increase in Norway and Denmark while Sweden remains at a stable high level. Net sales increased by a full 26 per cent, mainly driven by strong growth in Norway and the acquisition of Multiprint in Denmark. Excluding Multiprint, growth was 13 per cent. EBITA margin fell slightly to 15.1 per cent (16.2) due to the slightly lower gross margin in the companies that reported the highest growth.

In the Europe segment, where we are investing in growth, net sales only rose by 7 per cent. Growth derived primarily from Germany and the UK, though growth in these markets slowed in the latter half of the year. EBITA increased to SEK 41.2 million (40.5), while the EBITA margin fell to 6.1 per cent (6.4). Recruitment is continuing in the segment, but at a slower rate due to the weaker economic situation. Benelux, where we established operations during the year, and Italy are still reporting negative earnings. However, an EBITA margin above 6 per cent is still acceptable considering our recent establishment in many countries.

The difficult conditions in the North America segment continued in 2019. Our own transition from low-tech to high-tech customers had started to yield results when tariffs were raised from 10 to 25 per cent on imports from China in May. This resulted in a very cautious approach in the market until the fourth quarter, when the situation improved slightly. We approved a new supplier from Taiwan for the USA market, to offer an alternative, though the difference in terms of price is not so great for customers. We acquired Altus PCB in November, a profitable company and a positive addition to our North America operations.

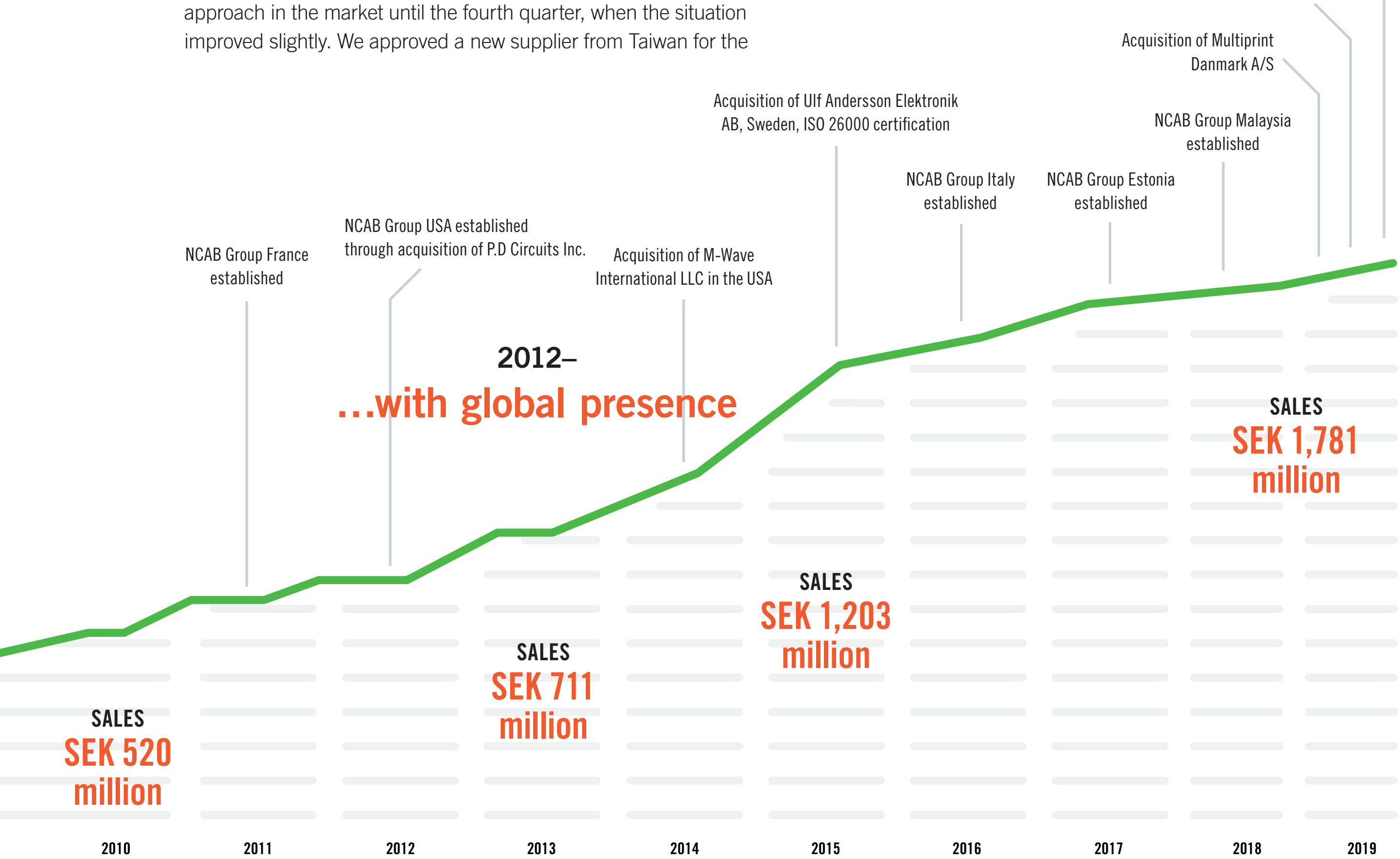
The East segment reported favourable growth of 11 per cent for the year with solid contributions from both China and Russia. EBITA margin also rose to 12.3 per cent, despite costs for the establishment in Malaysia and a new office in China. A slight slowdown was discernible in the final quarter.

The outbreak of the coronavirus in China and the following global pandemic has shaken the world in early 2020. This is a very serious situation and the healthcare system is under enormous pressure. The impact and the economic consequences are difficult to envisage. It will have a negative impact on NCAB's sales and earnings in 2020. Initially, production in China was affected and once that resumed, many industries in other parts of the world have closed down. We are working closely with our customers and factories to find solutions and our employees are in many cases working from home.

2019 was our first full year as a listed company. We have gained many new shareholders in Sweden, France and the UK. It has been exciting to meet investors and we have received many positive comments about our business – thank you!

I would naturally also like to take this opportunity to thank all of our employees around the world for their untiring commitment to our eminent company.

Hans Ståhl
CEO and President, NCAB Group AB
Bromma, April 2020



This is NCAB

Quality is one of NCAB's most important cornerstones and strongest values – and it pervades all parts from design support to delivery in the company's integrated full-service offering.

AN INTEGRATED FULL-SERVICE OFFERING

NCAB does not own any factories. Instead, the company purchases its products from a network of manufacturers. It currently has 23 manufacturers in its network, 18 of which are in China. NCAB's five other manufacturers are located in Europe and the USA and are used primarily for prototyping and for orders with very short lead times. NCAB aims to account for at least 15 per cent of each manufacturers' sales to secure a close relationship, improve purchasing power and to gain priority at each manufacturer. Through the contracted manufacturers, NCAB can offer its customers nearly all types of PCBs while reducing dependency on a single manufacturer.

NCAB's preferred factories have differing technical capability and capacity, and in order to ensure high flexibility, capacity and strong purchasing power in its customer offering, NCAB strives to multi-source all PCB technologies, which offers an opportunity to switch between manufacturers in the same category. Manufacturers are typically more or less specialised within a few technologies – which makes multi-sourcing crucial to ensure high capacity regardless of utilisation levels among individual factories.

Using the "Integrated PCB production" concept, NCAB offers added value to both customers and manufacturers by taking overall responsibility in relation to customers – from design support, prototyping, production and quality control to final delivery. Quality is an important watchword for NCAB. Preventive quality work is particularly important since errors that arise later in the process are more costly and time consuming. This also benefits factories as NCAB's rigorous demands on quality also means they review and improve their own processes and procedures in conjunction with the regular audits and checks carried out by NCAB.

Flash from Profoto

CLEAR POSITION IN THE VALUE CHAIN

NCAB offers design support to all orders and ensures that the PCBs are optimally designed for production and in accordance with specifications. NCAB's technicians often cooperate directly with customers' designers.

NCAB offers prototyping services through special factories in Europe, the USA and China.

TECHNICAL AND DESIGN SUPPORT

PROTOTYPING

About 30 per cent of all design files that customers send to NCAB, before they are sent to production, contain errors or are incomplete – which demonstrates the importance of NCAB's design support and proactive quality work.

The prototypes are manufactured as a means of verifying that the PCB design will operate in practice, which guarantees shorter lead times and an efficient manufacturing process.

QUALITY ASSURANCE

The aim of NCAB's quality assurance work is the on-time delivery of a zero-defect product. To ensure this, work is carried out proactively and reactively through the chain – from design support to delivery. If a problem arises, NCAB takes full responsibility and allows a rapid analysis of any errors and rectification of the problem. NCAB's Factory Management team conducts quality assurance on site at, and together with, the factories.

MANUFACTURING PCBS

Asia, and particularly China, accounts for just over 80 per cent of total PCB manufacturing. In China alone, there are more than 1,300 factories with export permits to the USA. Success factors for these manufacturers of High-Mix-Low-Volume (HMLV) PCBs, which is NCAB's main focus segment, include flexibility to rapidly meet customers' demands and, in order to do this, manufacturers must have a production system adapted to low volumes. PCB production is very capital-intensive with large-scale plants and factories often specialising in specific areas to become more competitive. This means a supplier that collaborates with one or a few manufacturers will not be able to meet the wider needs of customers at attractive terms. A supplier such as NCAB, which cooperates with a broad network of manufacturers, can use the cutting-edge expertise offered in all factories and thereby provide a broad range of products to its customers.

Quality is a top purchasing criteria in relation to PCBs, due to the fact that PCBs often represent a relatively small share of the value of the end-products, but are critical to the function of the end-product, where a faulty PCB can cause significant costs.

SALES AND DISTRIBUTION OF PCBS

The sales and distribution of PCBs is normally conducted using two channels: directly from factories or through a supplier, such as NCAB. Purchasing PCBs directly from factories is more common in the high-volume segment (high volumes, low prices and small margins) than in the HMLV segment.

SUBSTANTIAL PURCHASING POWER

Aggregating demand and supply for PCBs creates value, particularly in the HMLV segment, partly for customers who can benefit from NCAB's purchasing power, partly for manufacturers that can benefit from a highly specialised counterparty. Furthermore, manufacturers can benefit from the fact that NCAB provides them with large volumes of PCBs through its substantial customer base. NCAB's established Factory Management team also helps the factories to improve processes, quality and technological know-how, enabling further advancements in their product offering.

Through multi-sourcing, NCAB can offer high capacity and short lead times in almost any PCB technology. Meanwhile, NCAB's purchasing power ensures competitive prices in volume production.

Factory presence, thorough processes and frequent follow-ups with manufacturers reduce lead times and ensure high delivery reliability.

NCAB also has logistics functions in every country where it has a local presence. Delivery reliability is a key factor given that PCBs are often the final components to arrive at an assembly line.

Strategy

NCAB is methodically developing the company according to a well-established strategy in order to continue to grow with good profitability – and sees major opportunities to strengthen its market position in the years ahead.

1 INCREASE MARKET SHARE

The aim is to increase market share in countries such as France, Italy, Germany, China and the USA, where NCAB still has a small share of the market, by employing new staff and gaining new customers. In the larger countries, Germany, China and USA, the ambition is to open additional offices to move closer to customers. Europe and the USA still have a high level of domestic PCB production and NCAB is aiming to gain market share as domestic production decreases.

2 GROWTH AMONG EXISTING CUSTOMERS

In markets where NCAB has a strong position, for example in the Nordic region, the aim is to deepen relationships with existing customers to improve profitability. The value of the customer offering can be improved by: focusing on the largest customers, creating global customer accounts and by generally increasing the share of wallet of PCBs. By creating global customer accounts, NCAB can have a broad geographical reach and serve and receive orders from the same customer in several markets. Furthermore, NCAB will be less dependent on finding new customers when entering a new market.

3 GEOGRAPHICAL EXPANSION

There are several large markets where NCAB has yet to establish local presence, including well-developed markets with many similarities to NCAB's current main markets, for example, large and growing markets in Asia.

4 MARKET CONSOLIDATION

NCAB holds a strong position to drive market consolidation and has completed successful acquisitions in recent years, for example, in connection with its expansion in the USA. Acquisitions may be of interest both in NCAB's existing markets and in market where it is yet to establish a local presence. Potential synergies from acquisitions are mainly derived from economics of scale and increased purchasing power towards manufacturers.

DEVELOPMENT AND INITIATIVES DURING THE YEAR

1 INCREASE MARKET SHARE

NCAB grew in total by about 10 per cent in 2019, 7 per cent before acquisitions. In our growth regions – Europe and East – NCAB grew 7 and 11 per cent, respectively.

2 GROWTH AMONG EXISTING CUSTOMERS

In 2019, NCAB experienced robust growth in Nordic, predominantly through increased sales to existing customers in Norway and Sweden, at the same time as its gross margin improved.

3 GEOGRAPHICAL EXPANSION

Operations were established in Malaysia and the Netherlands in 2019. The Netherlands is to cover the entire Benelux region, where we see significant potential for higher growth. Malaysia is a growth market with a high level of electronics production.

4 MARKET CONSOLIDATION

Multiprint from Denmark was acquired in March and Altus PCB in the USA was acquired in November.

Acquisitions

The PCB market in Europe and the USA is relatively fragmented with many small and medium-sized enterprises with only a few major players, such as NCAB. Company size will become increasingly important in the future, both in attracting larger customers and in gaining access to the best factories in China.

NCAB can therefore see major opportunities in future acquisitions, given that consolidation will be seen in the market. A growth strategy based on acquisitions will generate new customers faster and contribute additional expertise in the form of employees. Synergies from acquisitions will mainly arise through better terms from suppliers in China. In 2019, NCAB concluded two acquisitions and in March 2020 one more company was acquired.

SALES, SEK million
65

EMPLOYEES
4

Multiprint Denmark

NCAB's main competitor in Denmark, Multiprint, was acquired in March 2019. Multiprint has contributed annual sales of approximately SEK 65 million, four new employees and profitability comparable with NCAB. Multprint and NCAB had relatively few common customers and following the acquisition NCAB has become the clear market leader in Denmark. The introduction of NCAB's purchasing prices and terms and conditions has had a positive impact on Multiprint's gross margin and has reduced its capital employed. The companies are now integrated and Multiprint's former MD is now MD for NCAB's entire Danish operation.

SALES, SEK million
40

EMPLOYEES
6

Altus PCB USA

Altus PCB, with offices in New Jersey, was acquired in mid-November. Altus PCB has contributed annual sales of just over SEK 40 million to NCAB and six new employees. Altus PCB's profitability in the USA exceeds that of NCAB and margins are expected to improve when NCAB's purchasing prices are utilised. Altus PCB will make a positive contribution to NCAB's operations in the USA through its technology and OEM focus.

2020

SALES, SEK million
300

EMPLOYEES
50

Flatfield Netherlands

NCAB's Europe segment will be substantially strengthen following the acquisition of Flatfield in March 2020. The company has offices in Tiel, Netherlands, and reported sales of just over SEK 300 million in 2019, almost half of which from Benelux and the remainder from Germany. Flatfield's business model is identical to NCAB's and the acquisition will strengthen NCAB's operations in both Benelux and Germany. The company has 50 employees, of which 15 in China.

Factory Management at the very heart of NCAB

PRESENCE IN FACTORIES ENSURES QUALITY

The Factory Management team plays a key role in NCAB's quality and sustainability work related to the factories with which it cooperates. The Factory Management organisation currently consists of 64 employees, mainly in China. The team works closely with the factories to ensure production quality through auditing and optimisation of production processes and sustainability practices. Every manufacturer is assessed according to quality, delivery reliability, sustainability aspects and levels of service and price. NCAB has both its own personnel and dedicated factory staff in the factories. Because the Factory Management team builds strong relationships with the factories, NCAB's orders are given top priority and the best possible support.

THOROUGH PROCESS TO FIND THE RIGHT PARTNERS

Another key focus area for Factory Management is to assess and approve suitable new factories as partners. It is an extensive process and includes research, analysing data and information, factory visits, verification of PCB tests, quality and sustainability audits, follow-up visits and training of the manufacturer's personnel. When a manufacturer is approved, it is integrated into NCAB's development programme. This means that NCAB's Factory Management team works together with the manufacturers to improve efficiency, quality and sustainability performance.

WORK THAT PRODUCES RESULTS

NCAB measures quality performance as the number of deliveries without customer complaints in relation to the total number of deliveries. Delivery performance is measured as the number of order lines delivered within the confirmed delivery time, in relation to the total number of delivered order lines. Since Factory Management was launched in 2006, quality has increased from 96.5 per cent to 99.2 per cent, which is high in the industry, and delivery reliability to the customer from 84.0 per cent to 96.5 per cent. NCAB is perceived as one of the leading players in the market in terms of quality control and quality assurance.

COLLABORATION WITH THREE CATEGORIES OF FACTORIES

NCAB has strong and close relationships with the factories with which the company cooperates. In 2019, NCAB cooperated with 23 factories, mainly in China, which offers a good risk spread while allowing NCAB to provide a broad range of PCBs to its customers. In addition, NCAB engages other manufacturers for different needs. The three factory categories are main factories, spot factories and special project factories. These are described in more detail below.

EMPLOYEES AT FACTORY MANAGEMENT

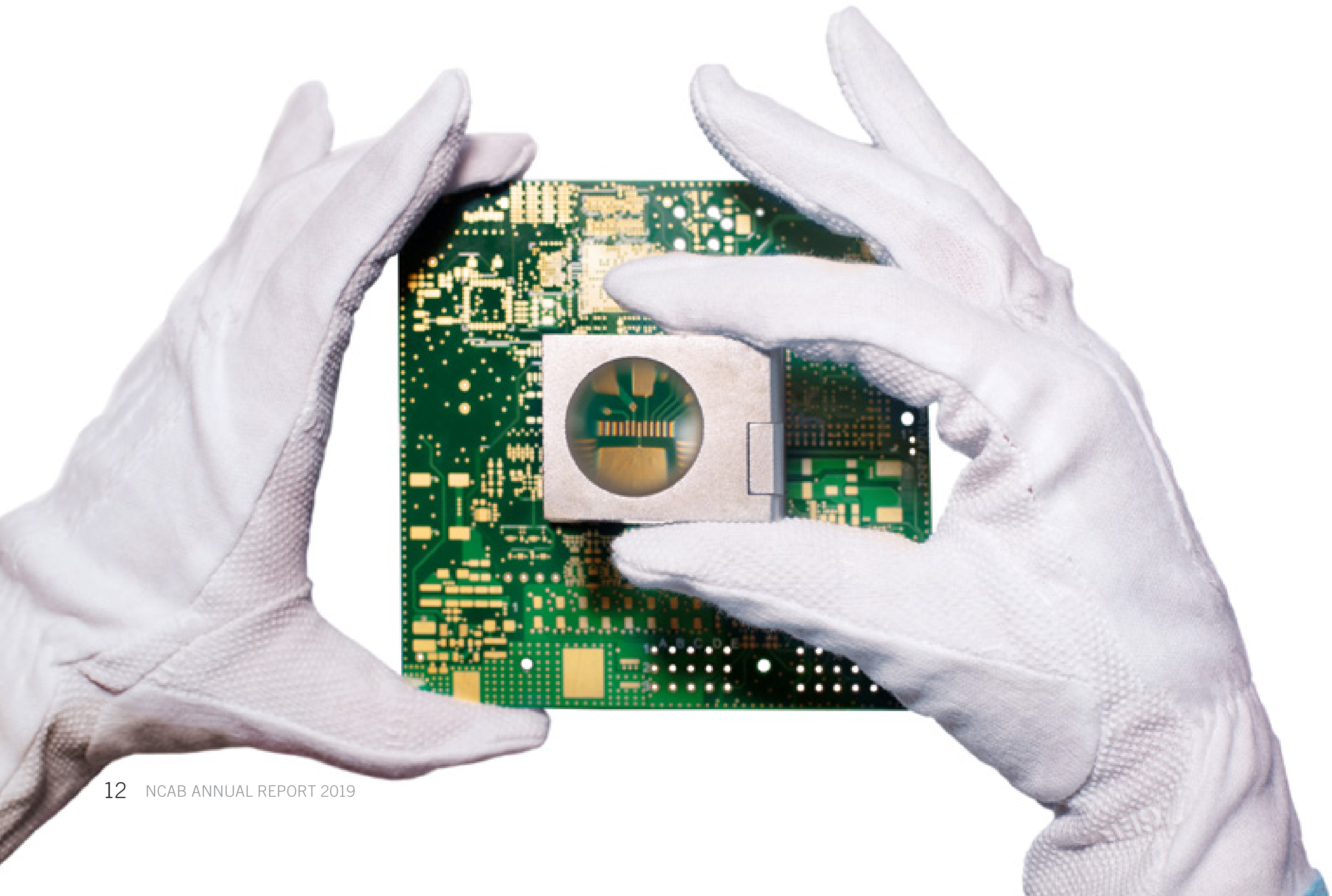
64

QUALITY PERFORMANCE

99.2%

DELIVERY PERFORMANCE

96.5%



Sustainability audit taking place at a water treatment plant in one of the factories with which NCAB cooperates.

FACTORY CATEGORIES

Main factories

- The 17 main factories in China undergo NCAB's annual quality audit and continuous assessment of processes, together with a sustainability audit every second year.
- European and US factories are mainly used for manufacturing prototypes and orders with very short lead times.

Spot factories

- NCAB uses the 11 spot factories when the main factories lack capacity or technical capability.
- NCAB does not carry out an annual audit of these manufacturers, but assesses them on a continuous basis with regard to performance.

Special project factories

- Special project factories are used in individual projects when both the main factories and spot factories lack the ability to carry out the project.
- These factories are used for individual customer projects and are assessed and approved for each project.

Small but very important

PCBs constitute the foundation of PCB-As (i.e. printed circuit board assemblies), which are found in almost all types of electronic equipment. Superficially, PCBs look very similar, regardless of their actual quality. Under the surface, there are substantial differences that influence durability and functionality throughout its life cycle.

PCBs represent a small share, between 1 per cent and 3 per cent, of the value of the end product. Often, PCBs have a greater share of the value in basic end products, for example an electric toothbrush, and a smaller share in more complex end products, such as an industrial robot. Regardless of the complexity, PCBs are critical for the end product – a defective PCB is often very expensive to rectify. This makes quality one of the most important purchasing criteria for NCAB's customers.

PCBS FORM THE BASIS OF ALL PCB-AS

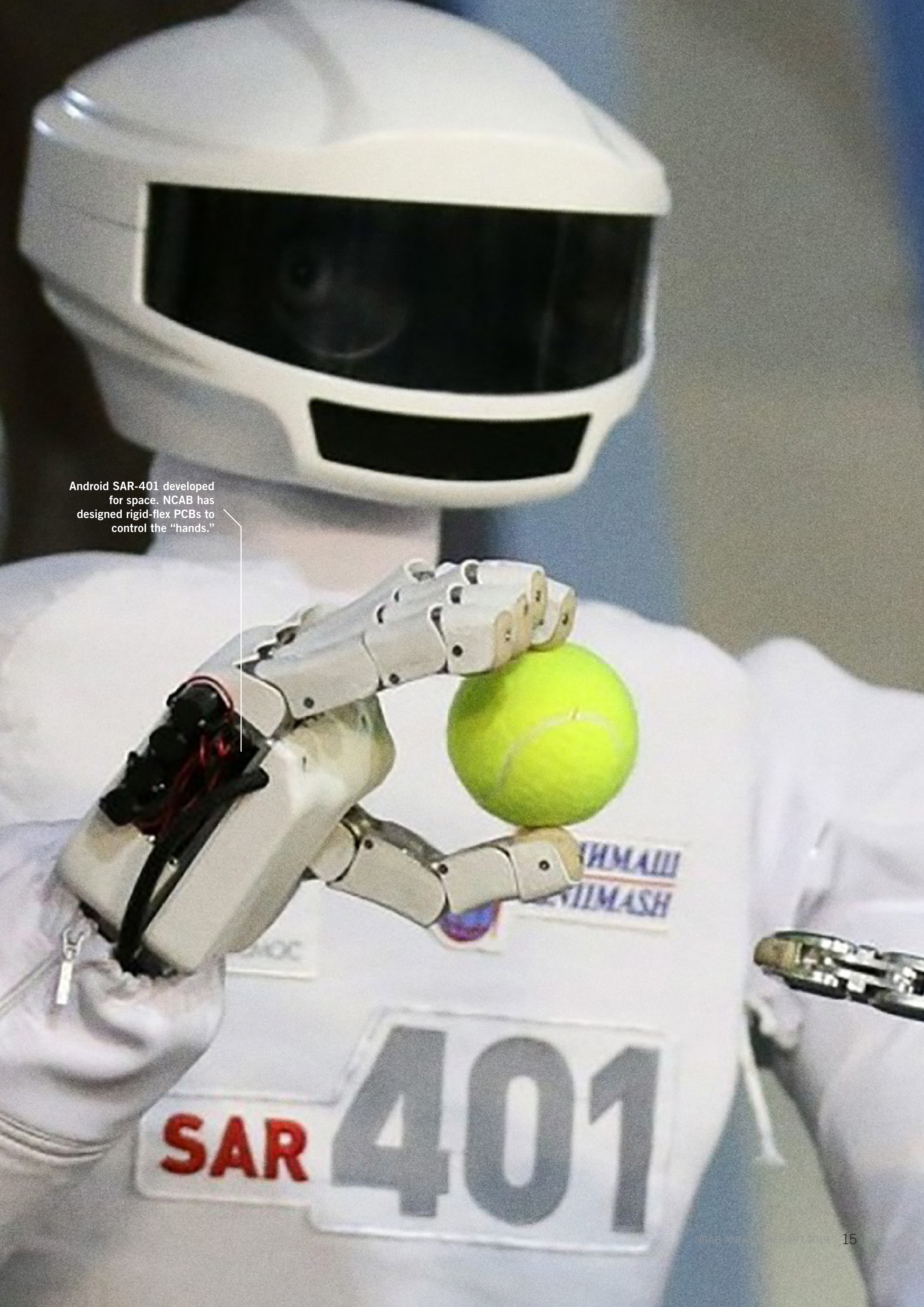
The demand for PCBs is driven by PCB-A production, since PCBs are the platform on which electronic components are mounted to produce a PCB-A.

PCBs can vary in terms of the number of layers, technology, functionality and material, with multi-layer PCBs generally being more expensive. Special functions, such as resilience to microwaves or the degree of flexibility, represent factors that can influence cost.

BREADTH AND DEPTH FOR DEMANDING CUSTOMERS

NCAB's PCB portfolio includes a wide range of products: from basic 2-layer PCBs to advanced HDI-PCBs and flexible PCBs. Even if the PCBs delivered by NCAB vary greatly in terms of functionality and application, they share one characteristic: all PCBs have been examined by NCAB's PCB experts.

Glasses with sensors for medical use.
If the wearer falls, a signal is sent to a remote monitoring platform that alerts family members or medical care.



Android SAR-401 developed for space. NCAB has designed rigid-flex PCBs to control the "hands."

Specialists in a global market in growing niche

NCAB operates in the global PCB market and has sales in 45 markets around the world. The company focuses on the HMLV segment that has a higher level of technology, lower volumes – and stronger margins.

FOCUS ON HIGH-MIX-LOW-VOLUME (HMLV)

The market for PCBs can be divided into two main segments that cover different customer needs: High-volume and High-Mix-Low-Volume (HMLV). The high-volume segment is characterised by strong competition: high volumes, low prices and small margins – in industries manufacturing cars or consumer goods, such as mobile phones. The large volumes often mean customers prioritise price. Due to these conditions, buying directly from manufacturers is the most common alternative in the high-volume segment.

The HMLV segment is for orders that encompass many different types of PCBs manufactured at lower volumes. These types of PCB are often used in more technically advanced products, in the engineering industry, medtech and automotive industry.

MARKET-LEADING POSITION

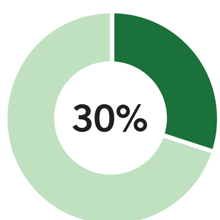
The PCB market in Europe and North America is a fragmented market with many local players. NCAB's primary competitors are, for example, Fineline in Germany, ICAPE in France and PalPilot in the USA. These operate in a similar fashion to NCAB, with a local customer presence and organisations in China to ensure quality and capacity. Other types of competitors include Asian manufacturers that sell directly to customers in Europe and North America, mainly active in the high-volume segment, and domestic manufacturers and small trading companies without their own presence in China.

In its niche, NCAB is one of the largest suppliers in the European and North American markets. In Sweden and Denmark, NCAB is the largest player in the market, and one of the largest suppliers in Norway, Finland and the UK.

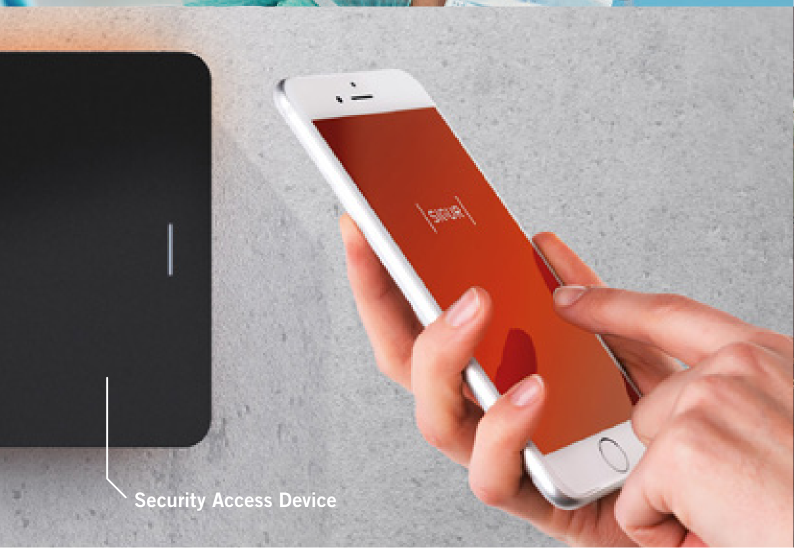
TOTAL PCB MARKET, USD BILLION

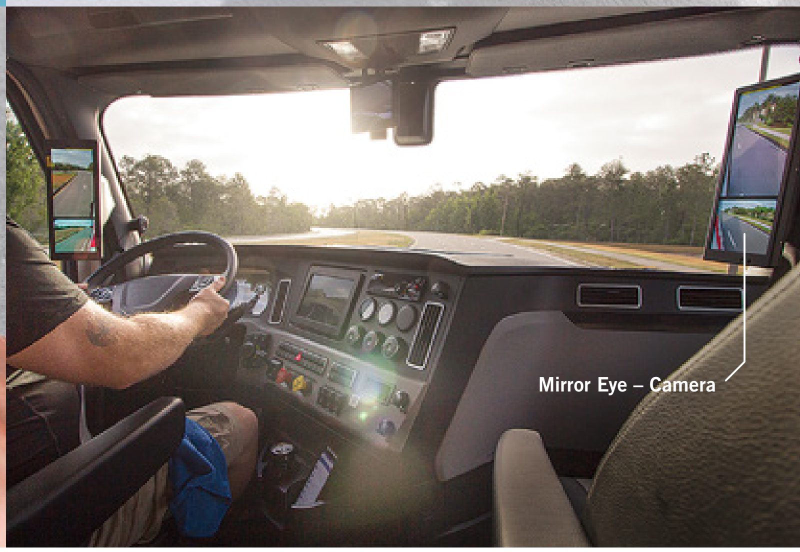
63

HMLV SEGMENT'S SHARE OF PCB MARKET



Qianying Ding,
QC Inspector, NCAB Group China,
checks a PCB.





Stable base of customers

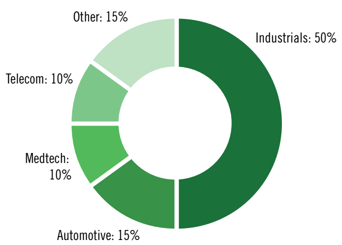
NCAB has about 1,810 customers located in 45 countries worldwide. The customer base is far-reaching – the 10 largest customers accounted for 29 per cent of sales in 2019. The distribution across different countries, industries and types of companies increases diversification and reduces risk.

About half of NCAB's customers are active in the industrial sector. Typical industrial customers manufacture electronic systems for advanced industrial products. NCAB also has customers in sectors such as medtech, telecom and heavy vehicles.

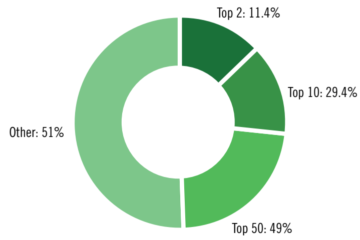
There are two main types of PCB purchasers: Original Equipment Manufacturers (OEM) and Electronics Manufacturing Services (EMS) companies. Normally, an EMS customer demands a wider product mix of PCBs than an OEM customer, as its range of

Sales by customer type

Sales by industry



Diversified customer base



products is wider. EMS customers have greater focus on price than OEM customers, which is explained by, inter alia, that PCBs account for a much larger share of the value of an EMS customer's product, approximately 8–12 per cent for PCB-As, but also by the lower margins EMS customers typically have. PCBs constitute about 1–3 per cent of the value of an OEM customer's end product.

EMS CUSTOMERS DEMAND BROAD RANGE OF PCBS

EMS companies offer assembly and purchasing services to OEM customers and Original Design Manufacturer (ODM) customers. An EMS company buys components that it assembles for an OEM or ODM customer. The assembly can be, for example, a PCB-A comprising the PCB and electronic components, but it can also be a complete end-product, such as a thermal camera.

The typical EMS customer needs to source numerous different types of PCBs due to its wide range of products, while the typical OEM or ODM customer generally has fewer products and therefore requires fewer types of PCBs. An EMS company generally has several preferred suppliers from which it purchases PCBs in the HMLV segment. Due to the breadth of EMS customers' product lines, they often engage a supplier such as NCAB in order to benefit from their expertise when purchasing PCBs. EMS customers accounted for about 60 per cent of NCAB's sales in 2019.

OEM CUSTOMERS ASSEMBLE PCBS IN-HOUSE

OEM customers are manufacturers of their own products, and operate in their own end-industry. They purchase both components and PCBs, and assemble the components themselves into a PCB-A. Typically, they source PCBs for HMLV orders from suppliers, such as NCAB, while high-volume orders are purchased directly from Asian manufacturers. Direct sales to OEM customers accounted for about 40 per cent of NCAB's sales in 2019.

ODM CUSTOMERS HAVE NO IN-HOUSE PRODUCTION

ODM companies have no in-house production and normally work only with design, marketing and sales distribution of a product. Instead, they use EMS companies to assemble the complete product, and are therefore only indirect customers to NCAB and are reported as sales to EMS customers. In approximately one quarter of NCAB's orders from an ODM customer, the ODM customer decides which PCB supplier the EMS company with which they placed the order must use. This occurs more frequently for high-tech applications, and the PCB supplier has a strong bargaining position.

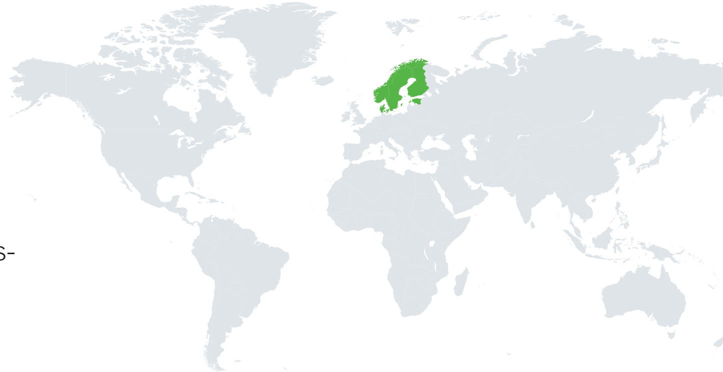
NCAB'S CUSTOMER TYPES

	OEM		EMS (ODM)
SHARE	ABOUT 40 PER CENT		ABOUT 60 PER CENT
KNOWLEDGE OF PCBS	LOW/MEDIUM		HIGH
PURCHASING PATTERNS	**Small and medium-sized** › Few products › Less structured › Less price sensitive	**Large** › Slightly wider product offering › Structured purchasing – High volume directly from Asian factories and HMLV from suppliers › Low to medium in terms of price sensitivity	› Much wider product offering › Structured purchasing process › European and US EMS companies typically purchase via suppliers for the broader product portfolio and better factory control › Greater focus on KPIs, such as quality and price
PURCHASING STRATEGY	**Small and medium-sized** › One or a small number of preferred suppliers and/or domestic factories	**Large** › Has a "Preferred Supplier List" › Chooses suppliers based on qualitative metrics, such as quality, delivery reliability and customer service › Typically purchases from a small number of PCB suppliers	› Has a "Preferred Supplier List" › Typically purchases from a small number of PCB suppliers

Nordic

DENMARK, ESTONIA, FINLAND, NORWAY AND SWEDEN

In the Nordic segment, NCAB has a strong market position and focus is on profitability. Customers are mainly active in the industrial segment and in medtech and telecommunications.



NET SALES, SEK million
517

EBITA, SEK million
77.9

EBITA MARGIN
15.1%

In the Nordic segment, NCAB has a long track record and strong market position. The strong position, combined with a relatively mature market, means NCAB's focus is on enhancing profitability rather than growth and recruitment. Customers are mainly active in the industrial segment, and in medtech and telecommunications. The segment's favourable profitability is mainly due to strong customer relationships, as a result of long-term work focusing primarily on quality and reliability, and the strategy is to further deepen these customer relationships over time. In 2019, the segment accounted for 29 per cent of the Group's total sales and 44 per cent of adjusted EBITA.

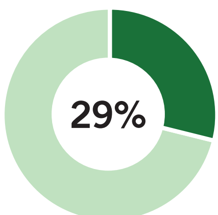
PERFORMANCE IN 2019

In March, NCAB's position in Denmark was reinforced with the acquisition of Multiprint. NCAB thereby became market leader in Denmark. The integration has proceeded well and the implementation of NCAB's better purchasing conditions has led to synergies and improved profitability. Performance in Norway was also highly robust during the year and sales rose 53 per cent generated from essentially all major customers. On the other hand, Finland and Estonia experienced a tougher year with declining sales. Profitability for the segment was retained at a high level.

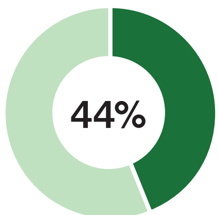
Sales for the year amounted to SEK 516.6 million, corresponding to growth of 26 per cent in SEK and 14 per cent in USD. Excluding the acquisition of Multiprint, sales increased in SEK by 13 per cent. EBITA increased to SEK 77.9 million (66.4), corresponding to a margin of 15.1 per cent (16.2). The lower margin was due to companies with a slightly lower gross margin reporting the highest growth during the year.

KEY PERFORMANCE INDICATORS	2019	2018
Net sales, SEK million	516.6	409.4
Sales growth, %	26.2	11.2
EBITA, SEK million	77.9	66.4
EBITA margin, %	15.1	16.2
Average number of employees	55	49

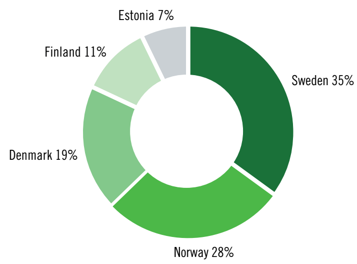
SEGMENT'S SHARE OF SALES

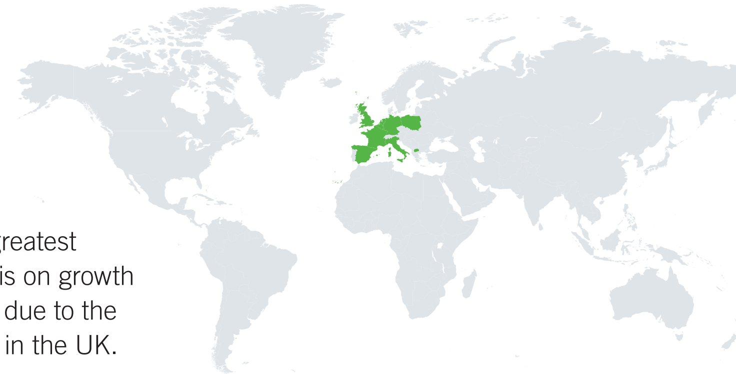


SEGMENT'S SHARE OF EBITA



SALES BY COMPANY





Europe

BENELUX, FRANCE, GERMANY, ITALY, NORTH MACEDONIA, POLAND, SPAIN, AND THE UNITED KINGDOM

Europe is the segment with the highest sales and with the greatest growth potential of NCAB's four segments. The main focus is on growth rather than profitability. However, growth was weak in 2019 due to the economic downturn in Germany and concerns about Brexit in the UK. Customers are primarily in the industrial segment.

NET SALES, SEK million
675

EBITA, SEK million
41.2

EBITA MARGIN
6.1%

Europe is NCAB's largest segment in terms of sales. In 2019, the segment accounted for 38 per cent of the Group's total sales. In the Europe segment, the main focus is on growth. A new company was established during the year in the Netherlands, which will serve markets in the Benelux region. All companies have a relatively low market share and several companies were established relatively recently. A key factor for achieving continued growth is recruitment, which is putting short-term pressure on profitability.

In France, Italy and Germany, NCAB still has a relatively small market share, partly as these countries and markets still have significant domestic production of PCBs. As domestic production decreases in these countries, NCAB is aiming to gain market shares.

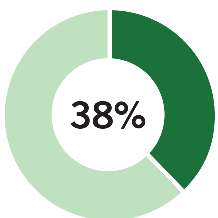
PERFORMANCE IN 2019

The weaker economic situation entailed a lower growth rate compared with prior years. Even if NCAB's focus is not on the automotive industry, the decline in car sales in Germany also had a major impact on the industrial segment. In the UK, several customers, particularly in medtech, reduced their orders as a result of uncertainty surrounding Brexit. Despite the weaker performance in 2019, NCAB continued to recruit employees to strengthen organic growth in the future.

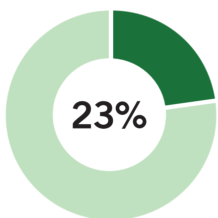
Sales for the year amounted to SEK 675.0 million, corresponding to growth of 7 per cent in SEK and negative growth of 3 per cent in USD. At the same time, EBITA increased to SEK 41.2 million (40.5), corresponding to a margin of 6.1 per cent (6.4). During the year, EBITA was adversely affected by the establishment of new operations in the Netherlands, and the fact that operations in Italy remain in the early growth phase. The number of employees in the Europe segment increased during the year by 3 to 114.

KEY PERFORMANCE INDICATORS	2019	2018
Net sales, SEK million	675.0	631.5
Sales growth, %	6.9	24.4
EBITA, SEK million	41.2	40.5
EBITA margin, %	6.1	6.4
Average number of employees	114	111

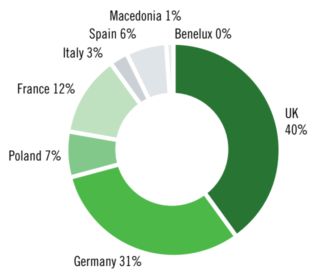
SEGMENT'S SHARE OF SALES



SEGMENT'S SHARE OF EBITA



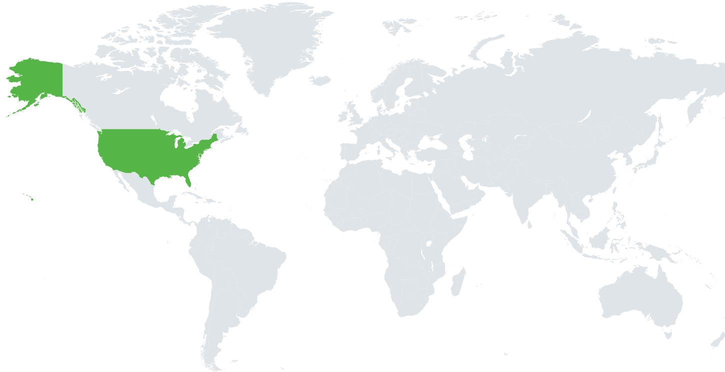
SALES BY COMPANY



North America

USA

NCAB has a relatively small share of the USA market, where focus is on the establishment of new operations and activities targeting new customers. Customers are primarily active in the industrial segment and medtech. Altus PCB was acquired in November.



NET SALES, SEK million
237

EBITA, SEK million
15.3

EBITA MARGIN
6.5%

NCAB established a presence in the USA through two acquisitions in 2012 and 2014. Since then, three additional regional offices were opened to strengthen the relationship to the company's customers. The focus is on recruitments, new customers and growth in new industries, which is putting pressure on profitability.

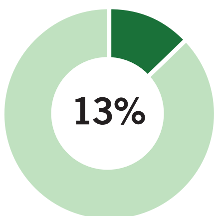
Like the Europe segment, NCAB has a small market share in the USA due to significant domestic production of PCBs. As domestic production decreases, NCAB is aiming to gain market shares. NCAB in the USA is in a transitional phase, both organisationally and in terms of technology, as sales of low-tech products have declined in favour of more high-tech products. The organisational transition is now completed, though the trade war between the USA and China caused new uncertainty in the market.

PERFORMANCE IN 2019

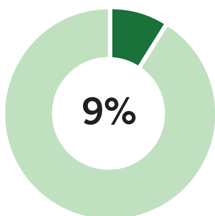
During the year, the trade had a negative impact on sales. Order intake and sales were immediately impacted by the increase in import tariffs on 10 May from 10 to 25 percent. The higher import tariffs have created deep concern and uncertainty, which led to a drop in demand. The market stabilised at the end of the year and demand is again rising. The import tariff has been invoiced in full to customers, but was not part of net sales reported in 2019. Altus PCB was acquired in November. As a result of the acquisition, NCAB has a new office in New Jersey together with new customers and skilled employees. Altus PCB has a strong OEM and technology focus, which is an ideal fit for NCAB's future development. Sales for the segment amounted to SEK 236.9 million (258.1), corresponding to negative growth of 8 per cent in SEK and a negative 16 per cent in USD. Despite a decrease in sales, many efficiency enhancements were implemented and together with the effects of the Altus acquisition, EBITA increased to SEK 15.3 million (12.0), corresponding to a margin of 6.5 per cent (4.6).

KEY PERFORMANCE INDICATORS	2019	2018
Net sales, SEK million	236.9	258.1
Sales growth, %	–8.2	–1.1
EBITA, SEK million	15.3	12.0
EBITA margin, %	6.5	4.6
Average number of employees	53	55

SEGMENT'S SHARE OF SALES



SEGMENT'S SHARE OF EBITA



East

CHINA, MALAYSIA AND RUSSIA

NCAB's market position varies in the different countries of the East segment. In China, NCAB has a small market share while its position is relatively strong in Russia. Continued growth is expected in the segment, with particularly strong growth in China. Customers are largely in the industrial segment and the automotive industry in Russia.

NET SALES, SEK million
353

EBITA, SEK million
43.5

EBITA MARGIN
12.3%

The East segment has an established and expanding business in Russia and strong growth in China. The Chinese business sells to Chinese customers and to European and American customers who are establishing a presence in China. About 35 per cent of customers in China are local, while the remaining 65 per cent are Western companies with local production.

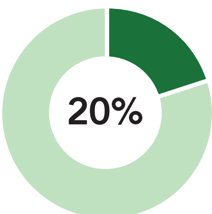
NCAB still has a small share of the Chinese market, but sees exciting growth opportunities with Chinese EMS customers who appreciate NCAB's level of service and the offer of easier access to the highly-regarded PCB factories that NCAB works with. NCAB expects to open more local sales offices in China to further increase its level of service and local presence among customers. Malaysia remains in an early development phase.

PERFORMANCE IN 2019

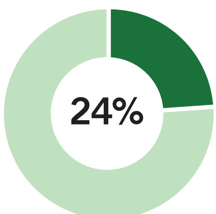
The market in the East segment was favourable throughout the year, and NCAB reported solid growth deriving from both new and existing customers. In the Chinese market, NCAB has two sales companies, one in China that sells in CNY and one in Hong Kong that sells in USD. Growth was primarily among customers whose end products are aimed at the Chinese market, with sales in CNY. However, a negative trend was noted in the second half of the year for Chinese customers with a high proportion of exports to the USA. Sales for the year in the segment amounted to SEK 352.6 million (318.4), corresponding to growth of 11 per cent in SEK and 4 per cent in USD. Adjusted EBITA increased to SEK 43.5 million (36.3), corresponding to an adjusted EBITA margin of 12.3 per cent (11.4).

KEY PERFORMANCE INDICATORS	2019	2018
Net sales, SEK million	352.6	318.4
Sales growth, %	10.7	21.2
EBITA, SEK million	43.5	35.4
Adjusted EBITA, SEK million	43.5	36.3
EBITA margin, %	12.3	11.1
Adjusted EBITA margin, %	12.3	11.4
Average number of employees	81	80

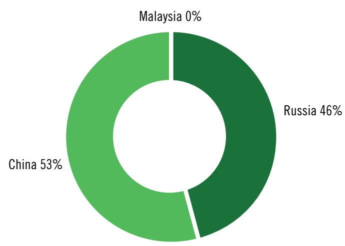
SEGMENT'S SHARE OF SALES



SEGMENT'S SHARE OF EBITA



SALES BY COMPANY



Team building during our global introduction at the head office in Sweden. Over two days, new colleagues from around the world are introduced to NCAB and given an opportunity to meet and exchange experiences.

A decentralised organisation with clear values and freedom with responsibility

NCAB has a decentralised organisation with decision-making at the local subsidiary level, which is supported by central group functions. A distinctive corporate culture pervades the whole of NCAB – a conviction that the best business decisions are made close to the customer and the market.

Of NCAB's approximately 395 employees, some 20 work with central functions, while the remainder work in 17 local companies, or in the Factory Management team. NCAB does not control every aspect of the local companies: the aim is that they are to work close to the market and be sensitive to the needs of customers, receiving support as needed from the central organisation. The local companies are headed by a Managing Director and are accountable for their own performance. They are responsible for customer relationships and handling of orders and deliveries.

The central organisation is to support the business strategy and has overriding responsibility to develop systems, processes and markets. It handles issues including global sales, marketing, People & Culture (HR), system development, quality, sustainability, Factory Management and technology. The central support functions offer the local companies an opportunity to focus on customers, products and their own operations.

CORPORATE CULTURE AND VALUES SHOW THE WAY

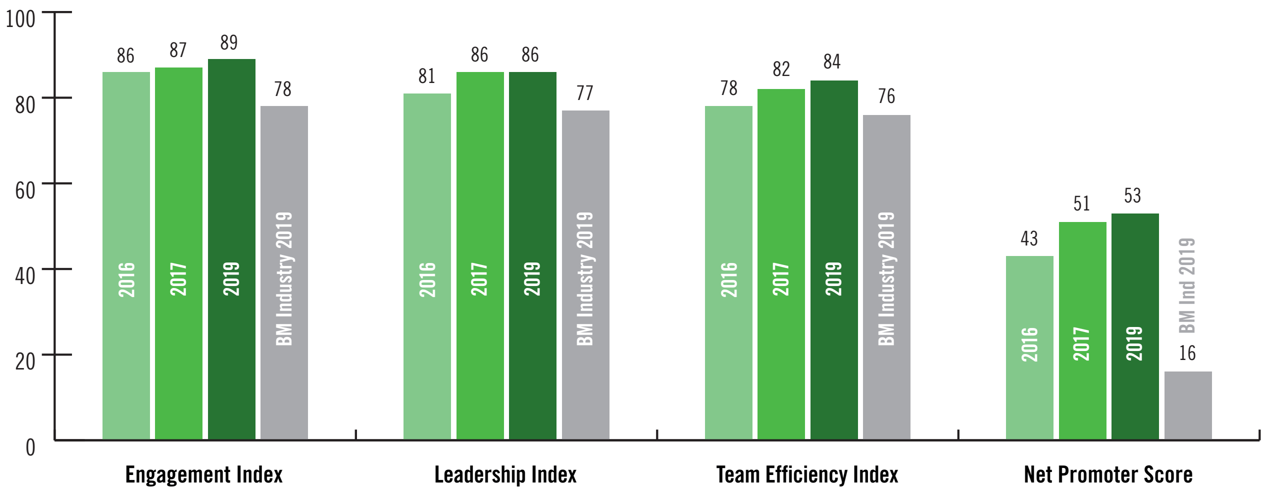
Despite the fact that NCAB operates through 17 companies with sales in 45 markets, spread across four continents, there is an established and clear corporate culture and shared values that link together employees and provide direction moving forward. NCAB's values have been developed by all employees. They are based on the premise that all employees, regardless of position, should be able to make their own decisions in line with the company's strategy. The three values that characterise NCAB are that the company always puts quality first, builds strong relationships with the people the company works and interacts with – such as customers, colleagues and factories – and that the company always assumes full responsibility for its obligations.

EXPERTISE AND ENGAGEMENT BEHIND NCAB'S SUCCESS

The expertise and engagement of employees forms the basis for NCAB's development. NCAB calls their employees specialists – and to remain a leading company in its industry it is important to engage and constantly develop its employees. To this end, NCAB strives to provide a stimulating and challenging work environment where every individual is respected and included, with the long-term aim of attracting, engaging and developing the best people.

ORGANISATION

At 31 December 2019, the number of employees was 395 (378), of whom 181 (177) were women and 214 (201) were men. The average number of employees in the organisation during the period was 387 (372), of whom 179 (174) were women and 208 (196) were men.



Results of our employee engagement survey. The next survey will be conducted in 2021.

ACTIVITIES TO ENGAGE AND DEVELOP EMPLOYEES

Onboarding programme
All employees take part in the same programme during their first three months, as a means of firmly establishing the company's processes and corporate culture. The onboarding programme clarifies what the values mean in practice for the employees' specific roles.

Leadership training
NCAB offers leadership training to all employees in senior positions. All managers must be able to engage their employees and act as good role models.

Individual development plans
Every employee draws up, together with their manager, an individual development plan that meets both NCAB's needs for expertise and the individual employee's needs and wishes. Follow-up takes place once or twice per year.

NCAB Academy
In 2019, the NCAB Academy was launched, a digital platform for training and development.

Employee satisfaction survey
NCAB performs regular employee engagement surveys focusing on engagement, team efficiency and leadership.

Annual global conference
Every year, NCAB brings together all of its employees for a global conference to exchange knowledge and experience, strengthen ties between the offices, and ensure NCAB's shared direction moving forward.

Wendy Liu, Quality Manager, NCAB Group China, inspects the materials warehouse in one of the factories with which NCAB cooperates.

A sustainable business

Acting in a sustainable way while assuming great responsibility is an integrated part of NCAB's business model and long-term strategy. A clear sustainability strategy guides NCAB in the right direction, with the aim of realising sustainable growth and the positive changes the company wants to see in the industry.

NCAB's sustainability strategy was launched in 2014. Dialogue with the company's stakeholders together with the ISO 26000 standard form the foundation in identifying and specifying the business's long-term goals and focus areas. These include ethical, social and environmental dimensions.

In 2019, the links were clarified to the Agenda 2030 Sustainable Development Goals (SDGs) that include interim targets that are considered the most significant for operations and where NCAB has the greatest opportunity to contribute.

NCAB's focus on taking full responsibility is important when the company develops and pursues its operations.

The company creates value for its stakeholders by conducting operations in a responsible manner in the value chain, by identifying opportunities to effect positive change and by minimising risks for adverse effects within and outside the company's areas of operation.

NCAB has divided its sustainability strategy into three focus areas in relation to its stakeholder groups; customers, employees and supply chain.

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, NCAB has decided to prepare a statutory Sustainability Report as a separate report to its Annual Report that is available to read at ncabgroup.com/sustainability/

SELECTION OF GOALS ACHIEVED AND ACTIVITIES CARRIED OUT DURING THE YEAR

Supply chain

- 100 per cent of main factories underwent a sustainability audit.
- Continued work with our sustainability audit programme.
- Improved conditions in factories for health and safety, working conditions and environmental impact.
- High level of quality – 99.2 per cent – and continuing development of our quality assurance process and factory performance to retain high product quality and reduce waste.

Employees

- Conducted our third employee satisfaction survey – that measures engagement, leadership and team efficiency – and noted very high scores.
- Continued focus on skills development of our employees, particularly in sales and leadership and the introduction of new employees.
- Launch of NCAB Academy – a digital platform for training and development.
- 150 employees worldwide contributed to society through our Give Back Day.

Customers

- High level of customer satisfaction according to the annual customer satisfaction survey, particularly high rating for "easy to do business with" and for our technical expertise.
- Continued to communicate our sustainability efforts to increase awareness and collaboration, conducted nine sustainability seminars and 152 technical seminars for customers to support sustainable product development.
- Increased share of PCB deliveries by rail.

Supply chain

LONG-TERM GOAL

Take full responsibility throughout the supply chain

FOCUS AREAS
- Human rights and social conditions
- Environmental conditions, focus chemicals
- Conflict minerals

MEASURABLE GOALS
- 100% audited and approved factories
- Continuously improve sustainability performance throughout the supply chain

OUR STRENGTHS
Clear demands, strong relationships, close dialogue and cooperation, detailed sustainability audits.

GREATEST RISKS
Toxic chemicals, health and safety risks and overtime work.

GOING FORWARD
Continue our sustainability audit programme, focus on the environment, working conditions, and health and safety.

Employees

LONG-TERM GOAL

Attract, keep and develop the best people

FOCUS AREAS
- Well-being and balance between work/personal life
- Equal opportunities
- Anti-corruption
- Internal environmental work

MEASURABLE GOALS
- Top scores in employee satisfaction and engagement, leadership and team efficiency.

OUR STRENGTHS
Our culture, employee engagement, continuous learning and development, global working environment.

GREATEST RISKS
Failure to attract and recruit the right people and technical competence in a competitive market. Uphold the corporate culture during growth.

GOING FORWARD
Strengthen the company's brand and attractiveness as an employer, in addition to empowering every individual and maintaining a continuous learning culture.

Customers

LONG-TERM GOAL

Steer the sector in a green direction

FOCUS AREAS
- Sustainable product development
- Sustainable transportation/logistics
- Communicate our sustainability agenda

MEASURABLE GOALS
- Top scores in customer satisfaction, including sustainability
- Continuously reduce our environmental footprint

OUR STRENGTHS
Systematic work with sustainability and quality issues, close relationships with customers and factories, PCB technology and manufacturing know-how and experience.

GREATEST RISKS
Environmental impact through transportation.

GOING FORWARD
Continued quality work in the factory, and cooperation with customers for optimised design of the PCB to reduce the environmental impact through reduced waste in production. Examine and assess transport flows and more actively offer different transportation alternatives for reduced environmental impact.

Risks

Probability (P) Impact (I)
🟢 🟡 🔴

Types of risk	Description	Management	P	I
MARKET AND EXTERNAL RISKS				
Demand	The demand for PCBs is dependent on general economic conditions and the activity within relevant markets and different end-industries. Demand for the PCBs sold by NCAB is ultimately dependent on the underlying demand for the end-products in which they are used.	NCAB's products are used in a wide variety of end-industries, such as industrial, telecom, medtech, aerospace and defence. NCAB's business model has historically also proven resilient against macroeconomic fluctuations.	🟡	🟡
Competition	NCAB operates in competitive markets and customers may choose to purchase PCBs from another supplier. NCAB faces competition both from trading companies and manufacturers, on a regional, national and multi-national level. Some of NCAB's suppliers compete with NCAB through direct sales to customers.	NCAB has a robust full-service offering to both customers and manufacturers. The principal competitive factors in NCAB's business include quality and quality control, price, design and technical support, purchasing power, the range of products on offer, ability to make on-time deliveries and access to volume capability.	🟡	🔴
Capacity	Both high and low utilisation levels at manufacturers may entail risks for NCAB, either in the form of inferior product quality or that prices increase and deliveries are delayed. If a factory files for bankruptcy or chooses another direction, then NCAB's future deliveries may be threatened.	NCAB cooperates with a range of manufacturers for different levels of technology and purposes and always has at least dual-sourcing, meaning there is little dependence on individual manufacturers and that NCAB has a high level of flexibility and capacity in its offering.	🟢	🟢
Dependence on China	NCAB purchases most, about 90 per cent, of its PCBs in China. Political unrest, natural disasters or other export restrictions from China may have a negative impact on sales.	Although NCAB has alternative factories outside China, it remains dependent on the country. Due to its size, NCAB has greater opportunities to find alternatives than many minor players. NCAB is often prioritised by suppliers during temporary problems.	🟡	🟡
OPERATIONAL RISK				
Brand and reputation	NCAB may be adversely impacted if the company's reputation among its suppliers or customers deteriorates. Failure by NCAB or its suppliers to comply with ethical, social, product, labour, health and safety, environmental and other standards could damage NCAB's reputation and could lead to loss of customers or to adverse actions by NCAB's customers.	NCAB reviews its manufacturers' compliance with applicable employment, environmental and other laws, regulations and standards. NCAB can discontinue an existing collaboration, or refrain from beginning a new one, if the manufacturer does not comply with the demands made by NCAB.	🟢	🟡
Customer dependence	NCAB has a diverse customer base consisting of about 1,810 customers, spread across 45 countries and in many different industries. Despite good risk spread, NCAB is dependent on the success of, and orders from, individual customers.	NCAB is constantly striving to develop a customer base with more customers and closer collaboration. The 50 largest customers accounted for approximately 50 per cent of the company's revenues in 2019, and the 10 largest for about 29 per cent, which means a good risk spread.	🟢	🟢
Organisation	Being able to attract and retain qualified staff and executive management is important to NCAB's future strategy and operations. Employees with a high level of technical competence are important, at the same time as PCB expertise is on the decline as more production is transferred to Asia.	NCAB has applied a decentralised organisation where every subsidiary and employee is offered significant autonomous responsibility. On account of its global presence, NCAB offers substantial development opportunities for employees. NCAB has particular focus on education and training in all positions. Furthermore, corporate culture is an important cornerstone of NCAB's strategy, which is also reflected in the excellent results of the employee satisfaction surveys carried out.	🟡	🟡
Acquisitions	NCAB may experience difficulties completing acquisitions, integrating acquired businesses and achieving anticipated synergies. Furthermore, acquisitions could expose NCAB to other unknown liabilities.	NCAB has extensive experience of company acquisitions. All acquisition candidates are carefully assessed over long periods in order to ensure that the price is correct, and that the conditions are right for a successful integration – particularly that the corporate culture, key customers and employees can be retained.	🟡	🟡
Laws and regulations	NCAB is subject to numerous international, EU, national and local laws, regulations, rules, decisions and other actions, such as trade restrictions, implemented by the authorities in the countries where NCAB operates and must observe a large number of different regulatory systems which are continuously evolving and may require additional investments by NCAB.	NCAB's local companies work closely to their respective markets and may therefore follow the developments in terms of public decisions, changes in legislation, regulations and other provisions.	🟢	🟡
IT functionality	Disruptions in the functions of NCAB's IT systems, such as outages, cyber attacks or the IT systems not meeting relevant integration requirements from customers, could have a material adverse effect on the business. Since NCAB stores customer data, it is also highly important to follow GDPR legislation.	The management of NCAB's computer hardware is outsourced to a third party, whereas software and IT system management is handled in-house. To meet its customers' expectations, NCAB continuously monitors and upgrades its IT systems.	🟢	🔴
Decentralisation	NCAB's decentralised structure and geographic breadth expose the Group to local problems that it may fail to identify and address in a timely manner. NCAB's decentralised structure places high demands on financial reporting and internal control. Deficiencies in this regard could result in errors in the reports.	NCAB has a well defined system for the control of compliance to ensure correct financial reporting, together with the employees complying with NCAB's agreements, internal guidelines and policies, as well as internal credit limits.	🟡	🟢

Probability (P) Impact (I)
🟢 🟡 🔴

Types of risk	Description	Management	P	I
SUSTAINABILITY RISKS				
Environment	NCAB's main environmental risks arise from the PCB manufacturers' resource use, chemicals and waste management, emissions to water and air, and contamination of soil. Another main area is transportation; most of NCAB's carbon emissions are caused by transportation from manufacturer to customer. NCAB primarily uses air transportation as customers place high demands on quick deliveries.	NCAB has clear policies governing environmental work and assessing the risks and impact. NCAB imposes demands on, and monitors, that PCB manufacturers have identified and comply with local environmental demands and the RoHS and REACH directives. NCAB maintains close dialogue with customers and manufacturers about how the supply chain can reduce its environmental impact in the design and production phases. NCAB offers various transport alternatives (air, sea, rail, road), all with a different impact on the environment.	🟡	🟡
Human rights	In its business, NCAB can be exposed to challenges involving human rights. NCAB operates in a global environment where certain markets limit insights into human rights.	The company applies a Code of Conduct that encompass suppliers and employees, that include support and respect for human rights. NCAB has zero tolerance towards discrimination and harassment. NCAB employs working methods that provide systematic prevention and follow up, both internally and externally.	🟡	🟡
Social conditions	Shortcoming in efforts by NCAB and PCB manufacturers in work environment, health and safety, labour and work conditions may have adverse implications at an individual and company level.	NCAB imposes demands on, and monitors, that PCB manufacturers, and their own operations, have identified and comply with local demands. The company applies Codes of Conduct that encompass suppliers and employees. NCAB employs working methods that provide systematic prevention and follow up, both internally and externally. A whistleblower function is available on NCAB's website, where any misconduct can be reported.	🟡	🟡
Corruption	Corruption is present in all countries and industries to varying degrees. NCAB and NCAB's suppliers are exposed to various ethical risks in their operations, including corruption, business ethics and bribery.	NCAB has procedures and processes in place to avoid and counteract bribery and corruption. In addition, NCAB employees and suppliers are trained using the Code of Conduct and through courses.	🟡	🟡
FINANCIAL RISK				
Currency	Exchange rate fluctuations may affect NCAB's cash flow, income statement and balance sheet and the sale prices for PCBs. The main part of NCAB's purchases and sales are made in USD. Consequently, NCAB's profits and its assets are affected by fluctuations in the price of USD compared to SEK. NCAB is also exposed to fluctuations in EUR and CNY compared to SEK.	Instead of hedging the currency exposure of cash flows, the Group's risk management policy is, as far as possible, to price and invoice goods in USD, which is also the currency used for most purchases. Approximately 85 per cent of the Group's pricing is in USD and around 75 per cent of the Group's invoicing is in USD. Goods purchases and shipping are 95 per cent denominated in USD.	🟡	🟡
Tax	The businesses in NCAB's subsidiaries are run according to NCAB's understanding or interpretation of current tax laws, tax treaties, other tax laws stipulations and the requirements of the tax authorities concerned. There is a risk that NCAB's tax position could change as a result of the decisions of the tax authorities concerned or as a result of changed laws, treaties and other regulations.	NCAB's local companies work close to their respective markets and may therefore closely monitor developments in terms of public decisions, changes in legislation, regulations and other provisions.	🟢	🔴
Goodwill	NCAB's consolidated balance sheet includes significant goodwill. Changed market conditions or other factors that have an adverse impact on the acquired companies' operations may entail a risk of future impairment losses on goodwill.	For acquisitions, NCAB is careful that the acquisition price properly reflects the acquired company's future prospects. There are well-established procedures, processes and quality demands used by NCAB to minimise the risk of being overcharged for an acquisition. Impairment testing of goodwill takes place on an annual basis and if there is an indication of impairment.	🟢	🟡
Interest	NCAB is exposed to interest rate risks that could cause fair values, financial income and expenditure, cash flow and/or results to vary as a result of changes in market interest rates.	The Group's borrowing mainly uses variable interest rates. Interest-rate exposure can be reduced through the use of derivatives that convert variable interest to fixed interest.	🟢	🟢
Credit	NCAB is exposed to credit and counterparty risk. Subsidiaries within NCAB sell PCBs through contracts that are not secured by collateral or other security. In addition, the company is exposed to credit risks in relation to the financial institutions in which NCAB has deposited funds.	Each Group company is responsible for monitoring and assessing the credit risk for each new customer before offering standard terms of payment and delivery. The Group insures credit risk in subsidiaries through a credit insurance company. The use of credit limits is monitored regularly. Counterparty risk for financial assets is managed at Group level and only a small number of approved banks may be used.	🟢	🟡
Financing	NCAB may have a shortage of liquidity and may not be able to obtain loans at favourable terms, or obtain loans at all. Should NCAB fail to meet its obligations under the credit facility or breach any covenant, it could have a negative impact on NCAB.	NCAB's has a financial goal concerning a maximum debt/equity ratio. Due to its asset-light business model, NCAB has strong cash flows.	🟢	🟡

NCAB shares

At the end of 2019, NCAB had been listen on Nasdaq Small Cap Stockholm for one and a half years. During this time, share ownership has remained very stable and the share price has performed positively, though with low liquidity.

SHARE PRICE DEVELOPMENT

In 2019, the NCAB share generated returns of 83.5 per cent. In the same period, OMX Stockholm PI rose by 29.5 per cent. The highest price paid during the period was SEK 156 on 30 December. The lowest price paid was SEK 83.50 and was noted on 7 January. The closing price at the end of the period was SEK 156, which means the total market value at the end of the year of SEK 2,628 million.

SHARE CAPITAL AND ITS PERFORMANCE

On 31 December 2019, NCAB Group's share capital amounted to SEK 1.7 million distributed between 16,847,124 shares with a quotient value of SEK 0.01 per share. According to the Articles of Association, share capital is to be a minimum of SEK 1,500,000 and a maximum of SEK 6,000,000 distributed between a minimum of 15,000,000 shares and a maximum of 60,000,000 shares. The table below sets forth the changes in the share capital of NCAB for the period covered by the historical financial information and up to the first day of trading in the company's shares.

WARRANTS, CONVERTIBLES AND SO FORTH

At the time of the IPO in June 2018, NCAB had an option programme for executive management and other employees. All warrants were exercised to subscribe for 102,000 new ordinary shares in conjunction with the IPO. NCAB currently has no option programmes outstanding.

DIVIDEND POLICY AND PROPOSED DIVIDEND

NCAB's dividend policy aims to distribute available cash flow, after taking into account the company's indebtedness as well as future growth opportunities, including acquisitions. The dividend is expected to correspond to at least 50 per cent of net profit. For the full-year 2019, the Board of Directors proposes no dividend to be paid.

NCAB AS INVESTMENT

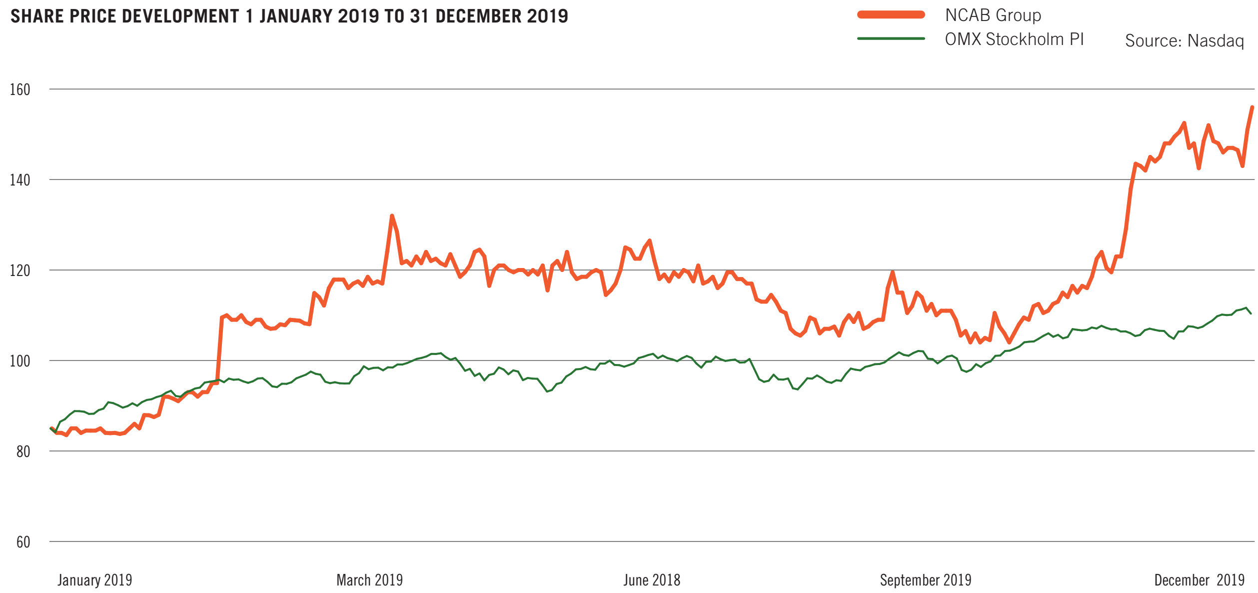
- Strong position in a market with stable growth and fundamental trends benefiting PCB suppliers
- Unique proposition to customers and manufacturers
- Long track record of profitable growth with resilience to macro-economic shifts
- Asset-light business model with strong cash flows
- Experienced management team with an extensive background of managing a company with growth and good profitability

OWNERSHIP STRUCTURE AT 31 DECEMBER 2019

The number of shareholders in NCAB amounted to 1,463 (1,103) according to Euroclear Sweden AB at 31 December 2019. NCAB's ten largest owners held shares corresponding to 65.4 per cent of both votes and capital in the company. Foreign owners amounted to about 22.1 per cent at 31 December 2019.

Date for registration	Event	Change in number of shares	Total number of shares	Change in share capital (SEK)	Total share capital (SEK)
13 April 2018	10:1 share split	13,614,111	15,126,790	–	1,512,679
24 April 2018	Exercise of options	285,000	15,411,790	28,500	1,541,179
8 June 2018	Conversion of preference shares to ordinary shares	–	15,411,790	–	1,541,179
8 June 2018	Exercise of options	102,000	15,513,790	10,200	1,551,379
8 June 2018	Issue of new shares	1,333,334	16,847,124	133,333	1,684,712

SHARE PRICE DEVELOPMENT 1 JANUARY 2019 TO 31 DECEMBER 2019



THE TEN LARGEST OWNERS

Owners	Number of shares	Capital	Votes
R12 Kapital	3,885,155	23.1%	23.1%
Fourth Swedish National Pension Fund (AP4)	1,016,097	6.0%	6.0%
Montanaro	975,000	5.8%	5.8%
SEB Fonder	949,122	5.6%	5.6%
Hans Ståhl	873,860	5.2%	5.2%
C WorldWide Asset Management	756,834	4.5%	4.5%
Third Swedish National Pension Fund (AP3)	666,667	4.0%	4.0%
Länsförsäkringar Fonder	655,528	3.9%	3.9%
AMF Försäkring & Fonder	633,714	3.8%	3.8%
Swedbank Robur Fonder	603,764	3.6%	3.6%
Total	**11,015,741**	**65.4%**	**65.4%**

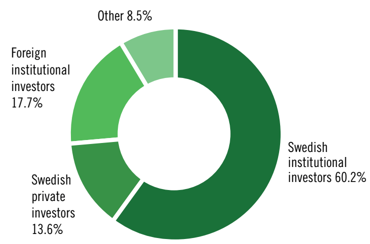
The information above refers to 31 December 2019.

OWNERSHIP DISTRIBUTION BY HOLDING

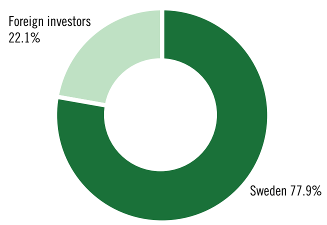
Size of shareholding	Number of shares	Capital	Votes	Number of known owners	Share of known owners
1–1 000	210,349	1.2%	1.2%	1,324	90.5%
1,001–10,000	290,159	1.7%	1.7%	80	5.5%
10,001–50,000	690,189	4.1%	4.1%	26	1.8%
50,001–100,000	546,406	3.2%	3.2%	8	0.5%
100,001–500,000	3,337,519	19.8%	19.8%	14	1.0%
500,001–1,000,000	6,663,804	39.6%	39.6%	9	0.6%
1,000,001 –	4,901,252	29.1%	29.1%	2	0.1%
Anonymous ownership	207,446	1.2%	1.2%		
Total	**16,847,124**	**100.0%**	**100.0%**	**1,463**	**100.0%**

The information above refers to 31 December 2019. Source: Modular Finance.

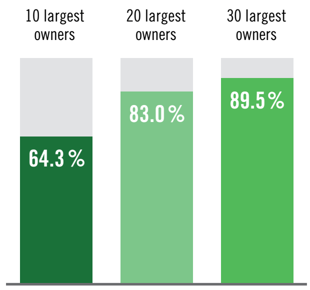
OWNERSHIP TYPE, % OF CAPITAL



OWNERSHIP DISTRIBUTION BY COUNTRY, % OF CAPITAL



CONCENTRATION, OWNERSHIP



Outline of objectives and dividend policy

GROWTH

GOAL

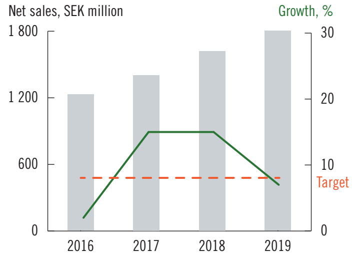
8%

To achieve an average growth before acquisitions in the medium-term of about 8 per cent per year

OUTCOME

7%

Sales grew 10 per cent in 2019, growth before acquisitions was 7 per cent. In USD, sales grew 1 per cent.



PROFITABILITY

GOAL

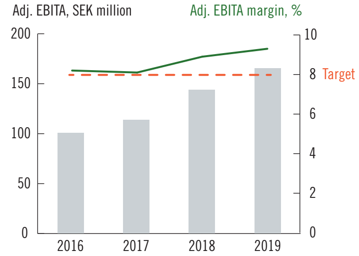
8%

In the medium term, to reach an average adjusted EBITA margin of about 8 per cent

OUTCOME

9.3%

In 2019, adjusted EBITA margin reached 9.3 per cent



INDEBTEDNESS

GOAL

<2.0

Net debt in relation to adjusted EBITDA (excluding effect of IFRS 16) shall be less than 2.0

OUTCOME

0.1

Net debt in relation to adjusted EBITDA (excluding adjustments for IFRS 16) was 0.1 at 31 December 2019

NET DEBT 2019 (INCL. IFRS 16)

44.8 SEK million

NET DEBT 2019 (EXCL. IFRS 16)

10.8 SEK million

DIVIDEND

DIVIDEND POLICY

50%

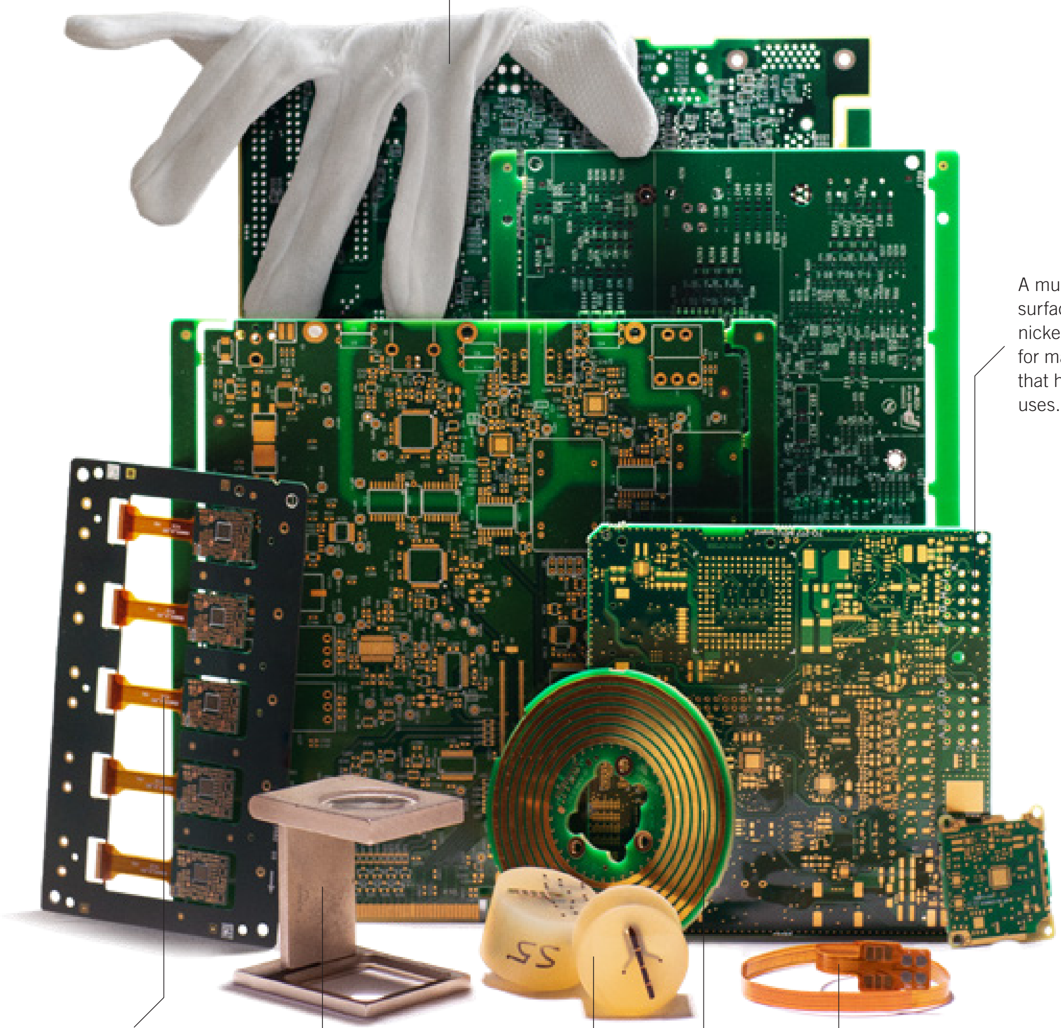
To distribute available cash flow, which is expected to correspond to at least 50 per cent of net profit

PROPOSAL

–

The motion to the 2020 Annual General Meeting is that no dividend will be paid for 2019.

Surfaces used to attach the PCB components must not become contaminated with skin fat as this could have an adverse impact on solderability. That is why it is important to wear gloves when handling PCBs.



A multi-layer board with a surface finish of chemical nickel-gold. A typical board for many of our customers that has a wide range of uses.

A rigid-flex PCB.
The technique is often used to keep boards small. Rigid-flex PCBs are used, for example, in digital cameras and in compact medical devices.

A flexible PCB used for installations in cramped spaces and in movable applications.

A magnifier is used for closer inspection of surfaces and holes, etc.

A slip ring board with a thick gold layer to withstand wear over several years of continuous operation.

The encapsulation of part of a PCB is carried out so the copper thickness, hole quality, conductor width, etc. can be analysed.

Board of Directors


1


2


3


4


5


6


7

1. CHRISTIAN SALAMON

Born 1961. Chairman since 2007.

Education: M.Sc. in Engineering Physics from the KTH Royal Institute of Technology, Stockholm and an MBA from Harvard Business School, Boston, USA.

Other current assignments: Chairman of OSM Holding AB and the Sweden-America Foundation, Board member of Altor Fund Manager AB, and advisor to eEquity.

Shareholding: 549,315 shares via the 100 per cent owned Gogoy AB.

Independent: Independent in relation to the company and its executive management and independent of the company's main owners.

2. JAN-OLOF DAHLÉN

Born 1942. Board member since 2007.

Education: M.Sc. in Engineering from the Chalmers University of Technology in Gothenburg and a M.Sc. in Business and Economics from the Gothenburg School of Business, Economics and Law and has studied at the Carnegie Mellon University in the USA

Other current assignments: Chairman of Millistream Market Data AB and Magic Formula Sweden AB.

Shareholding: 60,000 shares.

Independent: Independent in relation to the company and its executive management and independent of the company's main owners.

3. PER HESSELMARK

Born 1971. Board member between 2007 and 2010, and returned to the Board in 2016.

Education: M.Sc. in Business and Economics from the Stockholm School of Economics.

Other current assignments: Chairman of MEW-AB Holding AB and Nimbus Boats Sweden AB, as well as Board member of Aditro Group AB, Oriflame Holding AG and OSM Holding AB.

Shareholding: No own shares but holds 10.1 per cent of shares and 35.7 per cent of votes in R12, which owns 3,899,970 shares corresponding to 23.15 per cent of the capital in NCAB.

Independent: Independent in relation to the company and its executive management and dependent of the company's main owners.

4. MAGDALENA PERSSON

Born 1971. Board member since 2017.

Education: M.Sc. in Business Administration and a Licentiate of Economics and Management from Linköping University.

Other current assignments: Chairman of Iver AB and of Nexon Asia Pacific, owner and Board member of Myrtel Management AB as well as Board member of Intrum (publ).

Shareholding: 2,000 shares.

Independent: Independent in relation to the company and its executive management and independent of the company's main owners.

5. HANS RAMEL

Born 1964. Board member since 2007.

Education: M.Sc. in Business and Economics from the Stockholm School of Economics.

Other current assignments: Chairman of Twilfit AB, Board member of af Jochnick Foundation, Aditro Group AB and OSM Holding AB.

Shareholding: No own shares but holds 10.7 per cent of shares and 36.0 per cent of votes in R12, which owns 3,899,970 shares corresponding to 23.15 per cent of the capital in NCAB.

Independent: Independent in relation to the company and its executive management and dependent of the company's main owners.

6. GUNILLA RUDEBJER

Born 1959. Board member since 2017.

Education: M.Sc. in Business and Economics from the Stockholm School of Economics.

Other current assignments: Board member of Ambea AB (publ), Oriflame Holding AG, OptiGroup AB and Skistar AB (publ).

Shareholding: 6,666 shares.

Independent: Independent in relation to the company and its executive management and independent of the company's main owners.

7. HANS STÅHL

Born 1955. Board member and CEO since 2007.

Education: –

Other current assignments: –

Shareholding: 873,860 shares.

Independent: Dependent in relation to the company and its executive management and independent of the company's main owners.

The information pertaining to shareholdings refers to 31 December 2019.

Group management

HANS STÅHL

Born 1955. CEO since 2004, Board member since 2007.

Education: –

Other current assignments: –

Shareholding: 873,860 shares.

ANDERS FORSÉN

Born 1962. CFO since 2008.

Education: B.Sc. in Business Administration and Finance from Linköping University.

Other current assignments: –

Shareholding: 340,000 shares.

ANNA LOTHSSON

Born 1977. Sustainability Manager since 2013.

Education: B.Sc. in Electrical Engineering and Economics from the KTH Royal Institute of Technology, Stockholm and a Graduate Certificate in Marketing from the University of Wollongong, Australia.

Other current assignments: Deputy Board member of Leafnode AB.

Shareholding: 46,900 shares.

CHRIS NUTTALL

Born 1973. COO since 2009.

Education: M.Sc. in Quality Management and a B.Sc. in Technology & Management from Paisley University, United Kingdom.

Other current assignments: –

Shareholding: 18,290 shares.

EVA HOLM

Born 1962. VP People and Culture since 2015.

Education: M.Sc. in Business and Economics from Stockholm University.

Other current assignments: Owner of Sparkle More AB.

Shareholding: 400 shares.

HOWARD GOFF

Born 1962. VP Europe since 2018, MD NCAB Group UK since 2010.

Education: HND in Aerospace Engineering from the University of West England, United Kingdom.

Other current assignments: –

Shareholding: 24,000 shares.

MAGNUS JACOBSSON

Born 1975. CIO since 2005.

Education: –

Other current assignments: –

Shareholding: 53,000 shares.

MARTIN MAGNUSSON

Born 1976. MD of NCAB Group USA Inc. since 2017.

Education: MBA from Växjö University.

Other current assignments: –

Shareholding: 135,000 shares.

MICHAEL LARSSON

Born 1968. VP Sales since 2017.

Education: –

Other current assignments: Deputy Board member of Coaching & Motivation Scandinavia AB.

Shareholding: 41,410 shares.

RIKARD WALLIN

Born 1972. VP Nordic since 2018 and MD NCAB Group Sweden AB since 2011.

Education: Corporate Management Program at the Swedish Institute for Management (IFL) at the Stockholm School of Economics, and studied Strategic Management & Leadership at the Chartered Management Institute, United Kingdom.

Other current assignments: Owner of Rikard Wallin Enterprises (sole proprietorship).

Shareholding: 25,500 shares.

SANNA MAGNUSSON

Born 1979. Marketing Manager since 2006.

Education: B.Sc in Marketing and Human Resources Management from Unitec Institute of Technology, Auckland, New Zealand.

Other current assignments: –

Shareholding: 24,000 shares.

The information pertaining to shareholdings refers to 31 December 2019.

Corporate governance

NCAB views sound corporate governance as an important foundation on which to build a trusting relationship with shareholders and other important parties. The Swedish Corporate Governance Code, which is applied by NCAB, aims to create a good balance between shareholders, the Board of Directors and senior management. Reasonable corporate governance, with a high standard in respect of transparency, reliability and ethical values, is a guiding principle for NCAB.

NCAB's shares are traded on Nasdaq Stockholm and therefore apply, in addition to the rules of the Swedish Companies Act (2005:551) and the Swedish Annual Accounts Act (1995:1554), the Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code (the "Code") as well as other Swedish and foreign laws and regulations, where relevant. The Code defines a norm for corporate governance on a higher level of ambition than the Swedish Companies Act and other regulations' minimum requirements. The Code is based on the principle of "comply or explain." It means that the company must not, at every occasion comply with every rule of the Code, but may choose other solutions that are deemed to better respond to the circumstances in the individual case. Provided that the company openly reports every such non-compliance, describes the alternative solution chosen and states the reasons for this.

COMPLIANCE WITH THE SWEDISH CORPORATE GOVERNANCE CODE

No violations of applicable rules and regulations occurred in 2019 and NCAB's operations were conducted in accordance with good practice in the equities market. The company has not deviated from the Code.

SHARES AND SHAREHOLDERS

NCAB's shareholders' register is maintained by Euroclear Sweden AB. On 31 December 2019, NCAB had 1,463 shareholders according to the shareholders' register and the total number of shares was 16,847,124, all with one vote each. More about NCAB's shares and its shareholders can be found in the section of the NCAB share on pages 30–31.

ARTICLES OF ASSOCIATION

According to the Articles of Association, the registered name of the company is NCAB Group AB (publ) and the financial year is the calendar year, 1 January to 31 December. To view the Articles of Association in its entirety, which in its current form was approved at the General Meeting on 13 May 2019, refer to the company's website www.ncabgroup.com, under the section Investors/Corporate Governance/Articles of Association.

GENERAL MEETING

The General Meeting is NCAB's highest decision-making body and can resolve upon every issue for the company, which is not specifically reserved for another company body's exclusive competence. At the Annual General Meeting, which shall be held within six months from the end of the financial year, shareholders exercise their voting rights on issues, such as the adoption of income statement and balance sheet, allocation of company's profit or loss, resolutions to discharge the members of the Board of Directors and the CEO from liability for the financial year, the appointment of members of the Board of Directors and auditor as well as remuneration for the Board of Directors and the auditor. At Annual General Meetings, at least one member of the Nomination Committee, the company's auditor and, to the extent possible, all other members of the Board of Directors, shall participate.

In accordance with the Articles of Association, notice to convene the General Meeting shall be published in Post- och Inrikes Tidningar (the Swedish Official Gazette) and be kept available at the company's website. An announcement shall be placed in Svenska Dagbladet with information that the Meeting has been convened. In addition to the Annual General Meeting, Extraordinary General Meetings can be convened. The Chairman of the Board of Directors, as many other members of the Board of Directors as possible and the CEO shall be present at Extraordinary General Meetings of the company.

RIGHT TO ATTEND GENERAL MEETINGS

All shareholders who are registered directly in the share register kept by Euroclear Sweden AB ("Euroclear"), five weekdays prior to the General Meeting and who has notified the company of their intention to attend the General Meeting at the latest by the date specified in the notice convening the Meeting shall be entitled to attend the General Meeting and vote according to the number of shares they hold. Shareholders may attend General Meetings in person or through a proxy, and may also be accompanied by not more than two assistants.

SHAREHOLDER INITIATIVES

Shareholders who wish a matter to be discussed at the General Meeting must submit a written request to the Board of Directors. Requests must normally be received by the Board of Directors seven weeks prior to the General Meeting.

ANNUAL GENERAL MEETING 2019

The Annual General Meeting on 13 May 2019 adopted the income statement and balance sheet and approved the allocation of the company's earnings. A decision was made to distribute SEK 4.50 per share, corresponding to SEK 75.8 million. Decisions were also taken to grant discharge from liability for the Board of Directors and CEO, to elect Board members, auditors and on the remuneration of the Board of Directors. In addition, the Board of Directors was authorised to resolve on an increase in the company's share capital through new share issues.

ANNUAL GENERAL MEETING 2020
NCAB's Annual General Meeting 2020 will be held on Friday, 5 June, at NCAB's offices in Bromma. For further information about the Annual General Meeting 2020, see page 89 and NCAB's website www.ncabgroup.com.

NOMINATION COMMITTEE
The Annual General Meeting on 13 May 2019 resolved to appoint a Nomination Committee. The Nomination Committee shall comprise representatives of the four largest shareholders according to Euroclear's register on the final banking day in August 2019. The Chairman of the Board of Directors shall be a member of the Nomination Committee. The Nomination Committee appoints the Chairman of the Committee. If a representative leaves the Nomination Committee or in case of an ownership change, meaning that a represented shareholder no longer belongs to the largest shareholders, the composition should be changed according to the Nomination Committee's resolution if the Nomination Committee finds it appropriate. The composition of the Nomination Committee should be published as soon as the representatives and the Chairman of the Nomination Committee have been appointed. No remuneration should be paid for work in the Nomination Committee.

The Nomination Committee is tasked with presented proposals for:

- Chairman of the Annual General Meeting;
- Members of the Board of Directors, Chairman of the Board of Directors and auditor;
- Director's fee divided between the Chairman and other members of the Board of Directors;
- Fees for work on the Board of Directors' committees;
- Fees to be paid to the auditors; and
- Nomination Committee for the next General Meeting

In accordance with the General Meeting's decision, the following individuals were appointed to the Nomination Committee: Per Hesselmark, R12 Kapital, Jannis Kitsakis, Fourth Swedish National Pension Fund, Henrik Schmidt, Montanaro Asset Management, Kristoffer Flack, SEB Investment Management, Henrik Söderberg, C Worldwide Asset Management and Christian Salamon, Chairman of the Board. The composition of the Nomination Committee was announced in a press release on 8 November 2019. Jannis Kitsakis was appointed Chairman of the Nomination Committee

The Nomination Committee has, prior to the 2020 Annual General Meeting, held four minuted meetings, where all members were present, and also maintained informal contact. The Nomination Committee has interviewed a selection of the independent and dependent Board members. The Nomination Committee also received a presentation of the Board's own evaluation of its work. Particular attention has been devoted to the Board of Directors' composition and how the Board of Directors performed as a group and the Nomination Committee has discussed the evaluation of the Board of Directors' work. The Nomination Committee has also discussed and assessed remuneration of the Board of Directors and compared this to remuneration in comparable companies.

Information has been available on NCAB's website about how shareholders have been able to submit proposals to the Nomination Committee. The Nomination Committee has not received any proposals from shareholders.

On the issue of the composition of the Board of Directors, the stipulations in Item 4.1 of the Code were applied as the diversity policy.

The Nomination Committee's proposal to the 2020 Annual General Meeting will be presented in connection with the official notification and made available on NCAB's website.

BOARD OF DIRECTORS
The Board of Directors is the highest decision-making body after the General Meeting and also the highest executive body. The responsibilities of the Board of Directors are primarily set forth in the Swedish Companies Act, the Swedish Annual Accounts Act, the company's Articles of Association, instructions given by the shareholders at the General Meeting and the rules of procedure for the Board of Directors. In addition thereto, the Board of Directors shall comply with the Code and Nasdaq Stockholm's Rule Book for Issuers, as well as other Swedish and foreign laws and regulations, as applicable.

The Board of Directors is responsible for the organisation of the company and management of the company's business operations in accordance with the Swedish Companies Act. The rules of procedure for the Board of Directors, which have been adopted by the Board of Directors and are reviewed annually, govern the division of work and responsibilities among the Board of Directors, its Chairman and the CEO. The Board of Directors also adopts instructions for the committees of the Board of Directors and an instruction for the CEO, as well as an instruction for financial reporting.

The Board of Directors' tasks include adopting strategies, business plans and budgets, interim reports, year-end financial statements and annual reports and setting instructions, policies and guidelines. The Board of Directors is also required to follow economic developments and ensure the quality of financial reporting and internal controls and evaluate operations on the basis of the objectives and guidelines set by the Board of Directors. Finally, the Board of Directors decides on the company's major investments and changes in the organisation and activities.

The Chairman of the Board of Directors is in charge of the work of the Board of Directors and is responsible for ensuring that the Board fulfils its obligations in accordance with applicable laws and regulations and that the work is carried out efficiently and according to the Board's rules of procedure. The Chairman is to ensure that the Board of Directors' resolutions are implemented, that the Board of Directors receives necessary information punctually to perform its assignment and that the Board of Directors continuously deepens its knowledge about the company and its operations. The Chairman is also responsible for ensuring that the work of the Board is assessed every year. The Chairman represents the Board of Directors in relation to the shareholders of the company.

Members of the Board of Directors are appointed annually by the General Meeting for the period until the end of the next Annual General Meeting. According to the company's Articles of Association, the Board of Directors shall consist of a minimum of three members and a maximum of ten members appointed by the General Meeting, without deputy members.

AUDIT COMMITTEE
The Board of Directors has appointed an Audit Committee in accordance with the Swedish Companies Act. According to the

Swedish Companies Act, members of the Audit Committee may not be employed by the company and at least one member of the Audit Committee shall hold accounting or audit competence. The Audit Committee consists of three members, Gunilla Rudebjer (Chairman), Hans Ramel and Christian Salamon, all of whom are independent to the company and its executive management. Gunilla Rudebjer and Christian Salamon are also independent of the company's major shareholders.

The Audit Committee is responsible for monitoring the company's financial reporting, risk management and internal control, as well as accounting and auditing. The Audit Committee also reviews and monitors the auditors' impartiality and independence, other services provided by the company's auditors and assists the company's Nomination Committee with the preparation of proposals for election of auditors. The members of the Audit Committee possess competence and experience within accounting, auditing and/or risk management allowing them to fulfil the obligations of the Committee. During the year, the Audit Committee held five meetings, of which four with the participation of the company's auditor. The main focus for the Committee's work during the year has been on the financial reporting, new accounting standards, risk monitoring and internal controls as well as audit issues.

REMUNERATION COMMITTEE

The Board of Directors has appointed a Remuneration Committee. According to the rules of procedure for the Board of Directors, a member serving on the Remuneration Committee may not be employed by the company or any other company within the Group. The members shall be independent of the company and its executive management. At least one of the members of the Remuneration Committee is also to be independent of the company's major shareholders. The Chairman of the Board of Directors shall chair the Committee. The Remuneration Committee consists of three members: Christian Salamon (Chairman), Magdalena Persson and Per Hesselmark. All members are independent of the company and its executive management, Christian Salamon and Magdalena Persson are also independent of the company's major shareholders.

The Remuneration Committee's main tasks are to prepare the Board of Directors' decisions on issues concerning, among other things, terms of employment and compensation to the executive management. The Remuneration Committee shall produce a compensation policy to be presented to the Board of Directors. Furthermore, the Remuneration Committee shall prepare documentation in certain remuneration matters of principal nature or otherwise of significant importance. For example, stock option programmes, profit sharing systems, monitoring and evaluation of the application of the guidelines for remuneration that the Annual General Meeting is legally obliged to adopt, as well as the current remuneration structures and levels in the company. On 5 November, Hans Ståhl announced his wish to retire and to step down as CEO in 2020. The Board has, on the recommendation of the Remuneration Committee, appointed an external advisor in work recruiting a new CEO.

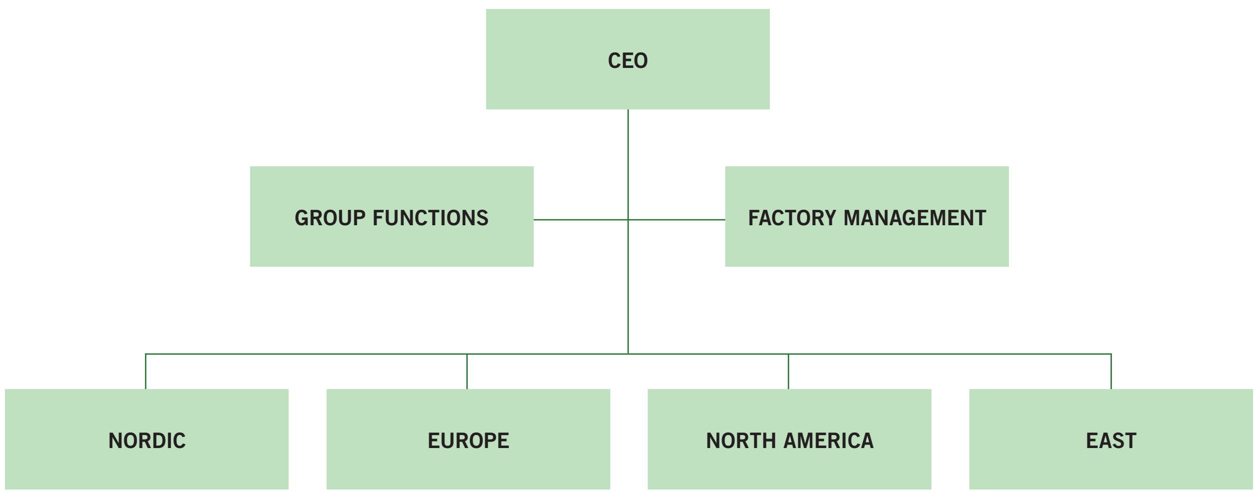
The Remuneration Committee held two meetings during the 2019 financial year. The main purpose of these meetings was to discuss the issue of a new CEO and to prepare the question of adjusting management's salaries for 2019.

CEO AND EXECUTIVE MANAGEMENT

The CEO reports to the Board of Directors. The CEO's responsibility is governed by the Swedish Companies Act, the Swedish Annual Accounts Act, the company's Articles of Association, instructions given by shareholders at the General Meeting, the instruction for the CEO and other internal instructions and guiding principles adopted by the Board of Directors, as well as other Swedish and foreign laws and regulations, as applicable. In addition thereto, the CEO must comply with the Code and Nasdaq Stockholm's Rule Book for Issuers.

According to the Swedish Companies Act, the CEO shall handle the day-to-day management pursuant to the Board of Directors' guidelines and instructions. In addition, the CEO shall take any measures necessary in order for the company's accounts to be maintained pursuant to law and that the management of funds is conducted in an appropriate manner. The division of work between the Board of Directors and the CEO is described in the instruction for the CEO.

The CEO shall administrate the operative management and execute the resolutions passed by the Board of Directors. The CEO is responsible to present the matters to be dealt with by the Board of Directors according to applicable legislation, the Articles of



Member	Elected	Born	Attendance: Board meetings	Attendance: Audit Committee	Attendance: Remuneration Committee	Independent of company	Independent of major shareholders	Total remuneration
Christian Salamon (Chairman)	2007	1961	11 (11)	5 (5)	2 (2)	Yes	Yes	775,000
Jan-Olof Dahlén	2007	1942	10 (11)			Yes	Yes	350,000
Per Hesselmark [1]	2016	1971	10 (11)		2 (2)	Yes	No	375,000
Magdalena Persson	2017	1971	11 (11)		2 (2)	Yes	Yes	375,000
Hans Ramel	2007	1964	11 (11)	5 (5)		Yes	No	400,000
Gunilla Rudebjer	2017	1959	11 (11)	5 (5)		Yes	Yes	500,000
Hans Ståhl [2]	2007	1955	11 (11)			No	Yes	–

1) Per Hesselmark was also Board member in 2007–2010.
2) Remuneration is not paid to members who are employed by NCAB.

Association and internal instructions The Chairman of the Board of Directors is also to be kept informed about the company's operations, its earnings and financial position, as well as any other events, circumstances or conditions that cannot be assumed to be irrelevant to the Board of Directors or the shareholders. The operating activities are controlled in four segments, Nordic, Europe, North America and East together with Factory Management, staff functions for economy/finance, sales/market, sustainability, IT and HR. The CEO and executive management are presented in greater detail in the Management section on pages 36–37.

WORK OF THE BOARD IN 2019

According to the rules of procedure for the Board of Directors, the Board shall, in addition to one statutory meeting, meet six times per year and also when the situation requires. At one of the meetings, the Board of Directors shall address the Group's strategic direction, risks and business plan. In accordance with the rules of procedure, the Board of Directors is to meet the company's auditor at least once per year without the presence of company management, to assess the work of the Board of Directors and evaluate the CEO.

Board meetings usually begin with a discussion about the business and the company's financial performance. Financial statements and the Annual Report are reviewed and approved prior to publication. Other issues discussed at Board meetings include; general strategy issues, general business issues, potential acquisitions, long and short-term targets, HR issues, compliance with policies and laws as well as remuneration models. At what is normally the last meeting of the year, the CEO and CFO present the budget for the forthcoming year. The budget is discussed and, following any adjustments, approved. In connection with this meeting, presidents from several of the company's subsidiaries/segments are invited to present developments in their respective markets. The company's CFO is normally always invited to attend the Board meetings and is responsible for keeping minutes. Other members of the company's management are invited to present issues concerning their areas of responsibility. In 2019, NCAB's Board of Directors paid particular attention to issues related to the long-term business plan, acquisitions and follow-up of entries into new markets, new accounting standards, risk management and internal control.

11 Board meetings were held in 2019, of which seven were ordinary and four extra. The extra Board meetings primarily dealt with resolutions in conjunction with acquisitions.

Board members' attendance and remuneration are presented in the table above. A self-assessment of the work of the Board was carried out on the same basis as the assessment in 2018.

RISK MANAGEMENT

The Group's finance department works with the Group's operating units to identify and evaluate financial and operational risks In business operations, the main risks relate to quality issues. These are continuously monitored within the scope of the operational controls, and through internal and external ISO audits. Risk management is handled by the Group's quality department and in accordance with policies approved by the Board of Directors. A risk evaluation in accordance with the COSO model is conducted on an annual basis where risks are identified and controls evaluated. Both operational and financial risks are tested internally through self-monitoring and these are followed up by the Audit Committee. Some of the self-monitoring, which is carried out by subsidiaries, is also followed up by the company's external auditors.

The Group's financial policy for financial risk management has been formulated by the Board of Directors and provides a framework of guidelines and rules in the form of a risk mandate for financial activities. The overall aim of the finance function is to ensure that the financial risks are optimised to a risk level that gives the shareholders a good return, within the framework of the risk mandate provided by the Board of Directors. Risk management is handled by the Group's finance department and in accordance with policies approved by the Board of Directors.

NCAB's risk management process also includes drawing up of the annual business plan, which contains an analysis of trends, business opportunities and risks at local office and Group level and that enables an assessment and swift reaction to changes in social, environmental and legal requirements. Each process owner is responsible for the ongoing evaluation, development and implementation of risk control methods and processes.

For more about risks and risk management, see pages 28–29.

INTERNAL CONTROL

The Board of Directors and the CEO are ultimately responsible for ensuring that internal controls are developed, communicated to and understood by the employees of the company. Managers at all levels are responsible for ensuring that internal controls are established within their own area and that these controls have the desired effect. The procedures for internal control, risk assessment, control activities and monitoring for financial reporting have been designed to ensure reliable financial reporting in accordance with IFRS, applicable laws and regulations as well as other Stock Exchange requirements. This work involves the Board of Directors, the executive management and other personnel.

The way in which the Board of Directors monitors and ensures quality in the internal control is documented in the adopted rules of procedures of the Board of Directors and the instructions for the Audit Committee.

NCAB uses an internal control model based on the three lines of defence model.

- The first line of defence consists of the company's operational activities. The existing operational and business activities within management and support functions across all business units are carried out in accordance with procedures designed to fulfil the company's requirements on internal control. Process owners, along with other employees within NCAB, have roles which are clearly defined and also have clear responsibilities and direction in terms of policies, procedures, and strategies, which are necessary to achieve business goals. Self-assessments are carried out to determine the status and functionality of the associated risks and controls. This work is controlled within the scope of the company's ISO system.
- The second line of defence consists of the company's internal monitoring of controls. Monitoring, coordination and consolidation of reported results are compiled within a risk and control matrix. In addition, there is a coordination of activities to improve risk management and to ensure that the company complies with risk management, governance policies, laws and regulations.
- The third line of defence consists of NCAB's Audit Committee. Internal self-assessments, together with the company's external ISO evaluations, are used so that an overall picture is obtained in connection with evaluation and improvement of the risk management system. The self-assessments are reviewed and assessed by the accounting function, the auditors and the Audit Committee in order to ensure correct risk management and accounting. The compliance reports from the external ISO evaluations are presented for the Audit Committee, the Board of Directors and the CEO.

The CEO and the executive management are responsible for the first line of defence. The responsibility for the second line of defence is shared between the CEO, the executive management, the Board of Directors and the Audit Committee. The third line of defence falls within the CEO's and the Board of Directors' responsibility. In addition, NCAB's external auditors review the Group's internal controls as part of their annual audit.

INTERNAL AUDIT

The Board of Directors has resolved not to establish any separate function for the internal audit as the company believes the business systems, in terms of risk and quality, as well as financial function and monitoring by the Audit Committee, with regard to financial internal control, satisfy the requisite control and follow-up.

POLICIES

The company has established a number of policies and control documents that are approved annually by the Board of Directors. Both policies and control documents are managed in the company's ISO system to ensure uniform and simple handling. The following policies and governing documents are approved by the Board of Directors:

- Rules of Procedure for the Board of Directors
- Instructions to the CEO
- Instruction for financial reporting
- Instructions for the Audit Committee
- Accounting and Finance policy
- Information policy
- Insider policy
- Risk management procedures
- Code of Conduct
- Suppliers' Code of Conduct

AUDIT

Öhrlings PriceWaterhouseCoopers, with Johan Engstam as Auditor-in-Charge, was elected at the Annual General Meeting on 13 May 2019. The auditor shall audit the company's annual report and accounts, the consolidated annual report and the consolidated companies' interrelations, as well as the management by the Board of Directors and the CEO. Following each financial year, the auditor shall submit an audit report to the Annual General Meeting. Pursuant to the company's Articles of Association, the company shall have one auditor, and not more than one deputy auditor. For remuneration of auditors, see Note 10 on page 60. In connection with the adoption by the Board of the year-end accounts for 2019, the Board of Directors has conducted an examination and received reports from the company's external auditors. On this occasion, the Board also held a meeting with the auditors without the presence of the CEO or others from company management.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders inNCAB Grooup AB, corporate identity number 556733-0161

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2019 on pages 38–42 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our 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. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 8 April 2020

Öhrlings PricewaterhouseCoopers AB

Johan Engstam
Authorized Public Accountant

Directors' Report

The Board of Directors and the CEO of NCAB Group AB (publ), with the postal address Mariehällsvägen 37A, SE-168 65, Bromma, Corporate Registration Number 556733-0161, hereby submit the Annual Report and consolidated financial statements for the 2019 financial year. Comparative figures in parentheses pertain to the preceding year. The financial statements are presented, in SEK thousands (kSEK), which means rounding differences may arise.

OPERATIONS

NCAB Group ("NCAB", "the company" or "the Group") is a leading maker of printed circuit boards (PCBs) with a local presence in 17 countries and customers in 45 global markets. At year-end 2019, NCAB had approximately 1,810 customers and 395 employees.

NCAB's vision is to be the leading PCB supplier wherever the company operates. Growth is important for NCAB – the company wants to grow with its customers in existing and new markets.

PCBs are an important and complex component of electronic products. The company's business concept is to provide defect-free printed circuit boards for demanding customers, at the right time and at the lowest overall cost. The goal is to help our customers become as competitive as possible and minimise their time to market by providing PCBs in a sustainable manner with the help of the company's expertise, product quality and delivery precision. To ensure compliance with its high standards in these areas, the company has established an organisation which regularly monitors and quality-assures all selected manufacturers.

MARKET

NCAB is one of the world's leading suppliers of printed circuit boards. The global market for PCBs has annual sales of about USD 63 billion and growth of approximately 3–4 per cent per year. NCAB focuses on PCBs for the High-Mix Low-Volume segment (HMLV), which represents approximately 30 per cent of the global market. NCAB's growth is also driven by the continuing transfer of PCB production from Europe and North America to Asia.

NCAB takes overall responsibility for supplying its customers with high-quality PCBs at the right price. NCAB does not own any factories, but thanks to local sales companies and Factory Management teams, it "owns" the most important elements: the entire supply chain as well as the relationships with the customer and the factory. This gives NCAB access to the best technology without being dependent on factory investments.

OPERATING SEGMENTS

NCAB's operations are conducted on the basis of four operating segments; Nordic, Europe, North America and East. Each segment provides a broad range of PCBs to the geographical markets in which it operates. The PCBs are purchased from external suppliers, mainly in China. Most of the PCBs are of the HMLV type, i.e. specialised products that are produced in small quantities. NCAB has a local presence through technicians and customer support staff to ensure that its customers receive support throughout the process.

GROWTH

For full-year 2019, net sales increased 10 per cent to SEK 1,781.2 million (1,617.0). Underlying growth in USD was approximately 2 per cent. The USD exchange rate had a positive impact on growth throughout 2019. Excluding acquisitions, net sales increased by 7 per cent. Growth was favourable in the Nordic and East segments. Nordic was boosted by the acquisition of the Danish company Multiprint. The Europe segment had slightly positive growth in SEK, but negative growth in USD. Net sales were impacted by the economic slowdown in Europe and concern about Brexit. Sales also declined in North America, largely caused by the higher import tariffs from China to the USA. Import tariffs introduced in September 2018 were raised from 10 to 25 per cent on 10 May 2019. Order intake grew during the year by 9 per cent, while growth in USD was 1 per cent.

OPERATING PROFIT

Operating profit increased to SEK 161.7 million (127.6). The improvement was due to increased sales combined with an improvement in gross margin to 31.7 per cent (31.3).

Adjusted EBITA increased 15 per cent to SEK 165.4 million (143.8) and the adjusted EBITA margin increased to 9.3 per cent (8.9). EBITA for 2019 was positively impacted by synergies from the acquisition of Multiprint and Altus PCB but also adversely impacted by transaction costs of SEK 2.8 million relating to the acquisitions. The effects of IFRS 16 were limited for the company. The total net debt increased by SEK 34.0 million as of 31 December 2019, and operating profit improved by SEK 1.0 million.

Net financial items amounted to SEK –0.9 million (–10.6), of which SEK 3.4 million (–4.7) refers to foreign exchange differences, and interest expenses have risen by SEK 1.5 million following the introduction of IFRS 16. Income tax amounted to SEK –32.4 million (–12.4). The increase in tax expenses is partly due to earnings improvements and also because more companies in the Group were in a position to pay tax. The average tax rate was 20.2 per cent (10.6). Profit after tax for the period totalled SEK 128.4 million (104.6).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities amounted to SEK 153.0 million (69.9). 2018 was adversely impacted by non-recurring costs of SEK 28.0 million, primarily in conjunction with the IPO. Cash flow from investing activities, excluding acquisitions, was SEK –7.4 million (–5.3). Two companies were acquired during the year, Multiprint in Denmark and Altus PCB in the USA, and the total purchase consideration impacting cash flow was SEK –86.7 million.

LIQUIDITY AND FINANCIAL POSITION

The Group's net debt at the end of the year was SEK 44.8 million, compared with positive net cash of SEK 10.8 million at the end of 2018. SEK 34.0 million of the increase was due to changes to the accounting policy for lease assets. At 31 December, the equity/assets ratio was 39.9 per cent (41.1) and equity was SEK 348.1 million (296.6). At the end of the period, the Group had available liquidity, including undrawn overdraft facilities, of SEK 188.1 million (219.1).

In connection with the IPO in June 2018, NCAB renegotiated its loans. Existing SEK and USD loans were redeemed and replaced by two new SEK loans of SEK 50 million each, both with maturity in 2023. One is free of instalments while the other is being repaid in quarterly instalments of SEK 2.5 million for five years. In addition to these two loans, there is an overdraft facility of SEK 115 million. At the balance sheet date of 31 December 2019, the company was in compliance with all covenants under the financing agreement.

SEASONAL VARIATIONS

The Group has relatively small seasonal variations over the year. However, the fourth quarter is often weakest in terms of sales and EBITA, due to few deliveries in the second half of December in combination with the fact that the Group has most employees in the final quarter as recruitment is carried out continuously during the year.

THE SHARE AND PERFORMANCE OF SHARE CAPITAL

NCAB Group was listed on Nasdaq Stockholm, Small Cap, on 5 June 2018. The price in the Offer was SEK 75 per share, which corresponded to a market capitalisation for the total number of shares in the company of SEK 1,264 million. Since its IPO in June 2018, total return until 31 December 2019 was 108 per cent.

On 31 December 2019, NCAB Group's share capital amounted to SEK 1.7 million distributed between 16,847,124 shares with a quotient value of SEK 0.01 per share. In 2019, the NCAB share generated a return of 83.5 per cent. In the same period, OMX Stockholm PI rose by 29.5 per cent. For more information, see pages 30–31.

RISKS AND UNCERTAINTIES

NCAB is exposed to a range of risks and great emphasis is placed on continuously following up, analysing and acting to mitigate potential risks.

The most material risks are described on pages 28–29.

BOARD OF DIRECTORS

The company has chosen to introduce the Board of Directors on pages 34–35.

THE BOARD OF DIRECTORS' OF NCAB GROUP AB (PUBL) PROPOSAL FOR GUIDELINES REGARDING REMUNERATION TO EXECUTIVE MANAGEMENT

The Board of Directors proposes that the annual general meeting to be held in 2020 resolves to adopt the following guidelines for determining salary and other remunerations to the executive management. Executive management refers to the Chief Executive Officer (CEO) and other members of the group management. The guidelines shall apply to remuneration agreed and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting 2020. These guidelines do not apply to any remuneration decided or approved by the general meeting, including long-term share-based incentive plans.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability agenda, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the executive management a competitive total remuneration.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability agenda. This is implemented by way of a clear link between the financial and non-financial objectives that determine the variable cash remuneration outcome and the business strategy and the company's sustainability agenda. The variable cash remuneration is further described under "Fixed and variable remuneration" below.

The company's objective for having a program relating to variable cash remuneration and share-based incentive plans is to (i) encourage behaviours supporting long-term and short-term business results and to generate value for the shareholders, (ii) make the company an attractive employer for top talents, (iii) retain key persons within the company and (iv) increase the personnel's interest and engagement in the business and development of the company.

For information regarding the company's business strategy, please see the company's website www.ncabgroup.com

Types of remuneration, etc.

The Group applies market-based salaries and remuneration based on a fixed and a variable portion. The total remuneration shall reflect market practice and be competitive, but not necessarily market-leading, and reflect the individual's performance and responsibilities. Remuneration consists of a basic salary, variable salary, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-based or share price-based remuneration. Fixed and variable remuneration shall be related to the executive's responsibilities and authority.

Fixed and variable remuneration

The allocation between basic salary and variable remuneration shall be proportionate to the executive's responsibilities and authorities. The variable remuneration shall be based on financial objectives linked to the development of NCAB, such as, for example, sales, EBITDA and capital efficiency. Under special circumstances, non-financial objectives may be included as a basis for the variable remuneration, however, not exceeding 25 per cent. Financial and non-financial objectives shall contribute to the company's business strategy and long-term interests, including its sustainability agenda, by having a clear link to the company's business strategy and sustainability agenda. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year.

The yearly variable salary to the CEO shall not exceed 100 per cent of the fixed yearly salary. Other members of executive management may receive yearly variable salary in an amount not exceeding the equivalent of 40–100 per cent of the yearly fixed salary. Variable cash remuneration shall not qualify for pension benefits.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The Remuneration Committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation and shall consult the Remuneration Committee. With regards to financial targets, the evaluation shall be based on the latest internal or external financial reporting.

Pension benefits

Members of executive management shall be entitled to pension benefits according to a defined contribution plan with premiums of up to 30 per cent of the executive's annual salary, or according to applicable occupational pension scheme.

Other benefits

Other benefits may include, for example medical insurance, company health services and company cars. Such benefits may amount to not more than 15 per cent of the fixed annual cash salary.

For employment contracts governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Members of executive management who are expatriates in a country other than their country of residence may receive additional remuneration and other benefits to the extent reasonable in light of the special circumstances associated with the expat arrangement, taking into account, to the extent possible, the overall purpose of these guidelines. Such benefits may not in total exceed 50 per cent of the fixed annual cash salary.

Period of notice and severance pay

The CEO shall have a notice period of no more than 12 months if termination is made by the company and six months if termination is made by the CEO. No severance pay shall be made. Other members of executive management shall have a notice period of no more than nine months if termination is made by the company and six months if the termination is made by the senior executive. No severance pay shall be made.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment, in the absence of any mandatory collective agreement provisions, and be paid during the time the non-compete undertaking applies, however not for more than 12 months following termination of employment.

Salary and employment conditions for employees

In the preparation of the Board of Directors’ proposal for these remuneration guidelines, salary and employment conditions for employees of the Group have been taken into account by including information on the employees’ total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee’s and the Board of Directors’ basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a Remuneration Committee. The Committee’s tasks include preparing the Board of Directors’ decision to propose guidelines for remuneration of executive management. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and remuneration levels in the company. The members of the Remuneration Committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the Board of Directors’ processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines
The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability agenda, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Information on remuneration resolved but not yet due
There are no remunerations resolved but not yet due.

Information on derogations from the remuneration guidelines resolved by the Annual General Meeting 2019
There have been no derogations from the remuneration guidelines resolved by the Annual General Meeting held in 2019. The guidelines applied in 2019 are presented in Note 9.

CORPORATE GOVERNANCE

Corporate governance is included as a separate section of these annual accounts and is not part of NCAB's formal Annual Report for 2019. Refer to the Corporate governance section, or NCAB's website ncabgroup.com, where corporate governance is also available as a separate report.

ORGANISATION

At 31 December 2019, the number of employees was 395 (378), of whom 181 (177) were women and 214 (201) were men. The average number of employees in the organisation during the period was 387 (372), of whom 179 (174) were women and 208 (198) were men.

SUSTAINABILITY

Sustainability has been a prioritised area for NCAB for many years and acting in a sustainable way and assuming great responsibility is an integrated part of the company's business model and long-term strategy. Sustainability work is divided into three focus areas in relation to the company's stakeholder groups; customers, employees and factories. This illustrates how sustainability work reinforces and creates value in these relationships. NCAB Group has also been verified against ISO 26000 in respect of its sustainability strategy. In accordance with Chapter 6, Section 11 of the Annual Accounts Act, NCAB has decided to prepare a statutory Sustainability Report as a separate report to its Annual Report that is available to read at www.ncabgroup.com/sustainability.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Acquisitions
The Danish company Multiprint was acquired on 3 March 2019. Together with NCAB's company in Denmark, NCAB is now market leader in Denmark. The acquisition contributed annual net sales of approximately SEK 65 million, profitability comparable with NCAB's and four new employees.

Altus PCB, with offices in New Jersey, USA, was acquired on 14 November 2019. Altus-PCB is expected to contribute annual sales of about SEK 40 million and profitability higher than NCAB's in the USA. Six new employees were included in the acquisition.

New markets
A new company was established in the Netherlands, which will market products throughout the Benelux region. The company now has four employees.

Other
On 5 November, Hans Ståhl announced to the Board his wish to retire in 2020. A recruitment process has started to find a new CEO.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

New CEO appointed
On April 3, Peter Kruk was appointed new President and CEO of NCAB. Peter has vast international experience as a leader in industrial companies, most recently with Dometic. Peter succeeds Hans Ståhl, who in November 2019 announced that he planned to retire in 2020. Peter Kruk will take up his position at the latest in the beginning of October. Hans Ståhl will remain a board member and will continue to be an engaged major owner of NCAB.

Acquisitions
On 12 March 2020, 100 per cent of the shares were acquired in Flatfield Multiprint International B.V. Flatfield has annual sales of just over SEK 300 million and the acquisition will strengthen NCAB's position in the Benelux region and Germany.

Effects of COVID-19
NCAB's suppliers closed for two weeks after the Chinese New Year, which resulted in substantial supply disruptions. Production was subsequently resumed and capacity was between 80 and 85 per cent at the end of March. Due to NCAB's good supply planning ahead of the Chinese New Year and the priority given to NCAB by its suppliers, the impact on sales by the end of March was only slightly negative.

As the outbreak of COVID-19 shifted to Europe and the USA, NCAB has transitioned from problems with supply to problems with demand. As and when NCAB's customers close down operations, this will have a negative impact on sales and earnings in 2020, though it is very difficult to assess the extent of this impact. NCAB is following instructions from local authorities, which means a large share of work is being conducted by employees from home.

PARENT COMPANY EARNINGS AND FINANCIAL POSITION

NCAB Group AB (publ) is the Parent Company in the NCAB Group. The company's operations comprise management services to subsidiaries and the management of shares in subsidiaries.

The Parent Company's net sales for the year amounted to SEK 55.9 million (57.4). Earnings before tax amounted to SEK 8.8 million (–18.2). The improvement is largely because the company had no IPO costs during the year and due to positive foreign exchange differences on internal and external loans. Equity was SEK 161.1 million (214.4).

PROPOSED APPROPRIATION OF RETAINED EARNINGS

The Board of Directors proposes that no divident is paid for 2019. For more information, see NCAB’s dividend policy.

The Annual General Meeting is asked to decide on the appropriation of the following earnings:

Share premium account	201,581,621
Retained earnings	–64,763,416
Net profit for the year	22,573,518
	SEK 159,391,723

The Board of Directors proposes the following appropriation of retained earnings:
a dividend payment to holders of ordinary shares of SEK 0.00 per share,

Total	0
carried forward	159,391,723
	SEK 159,391,723

Consolidated income statement

kSEK	Note	2019	2018
Net sales	5, 6	1,781,194	1,616,973
Other operating income	7	9,155	6,327
Total operating revenue		**1,790,349**	**1,623,300**
Raw materials and consumables		–1,225,428	–1,117,165
Other external expenses	8, 10	–107,531	–117,771
Staff costs	9	–274,703	–240,234
Depreciation of property, plant and equipment, and amortisation of intangible assets	17, 18	–18,183	–8,949
Other operating expenses	11	–2,779	–11,566
Total operating expenses		**–1,628,624**	**–1,495,685**
Operating profit		**161,725**	**127,616**
Financial income	12, 14	4,538	1,019
Financial expense	12, 14	–5,400	–11,626
Net financial items		**–862**	**–10,608**
Profit before tax		**160,863**	**117,008**
Income tax	13	–32,460	–12,431
Profit for the year		**128,403**	**104,577**
Profit attributable to:			
Shareholders of the Parent Company		128,276	104,461
Non-controlling interests		127	116
Average number of ordinary shares		16,847,124	14,882,810
Average number of preference shares			1,268,785
Average total number of shares		16,847,124	16,151,595
Earnings per share before dilution	15	7.61	6.37
Earnings per share after dilution	15	7.61	6.24

The Annual General Meeting (AGM) on 14 March 2018 resolved to approve a 10:1 stock split. Earnings per share have been calculated retrospectively based on the total number of shares after the stock split for each period. During the second quarter 2018, the preference shares were converted into ordinary shares following a resolution of the 2018 AGM. As the company's preference shares, in addition to interest payments, entitle the holder to dividends on the same terms as for ordinary shares, the total number of shares (i.e. ordinary shares and preference shares) is used in calculating earnings per share. In connection with the IPO, all outstanding options were exercised to acquire new shares.

Consolidated statement of comprehensive income

kSEK	Note	2019	2018
Profit for the year		**128,403**	**104,577**
Other comprehensive income,			
Items that can subsequently be reclassified to profit or loss:			
Foreign exchange differences		–955	4,187
Total other comprehensive income for the year		–955	4,187
Total comprehensive income for the year		**127,448**	**108,764**
Attributable to:			
– Shareholders of the Parent Company		127,321	108,648
– Non-controlling interests		127	116
Total comprehensive income for the year		**127,448**	**108,764**

The Notes on pages 53 to 72 form an integral part of these consolidated financial statements.

Consolidated balance sheet

kSEK	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	18	206,252	132,755
Other intangible assets	18	16,753	3,251
Total intangible assets		**223,005**	**137,470**
Property, plant and equipment			
Leasehold improvement costs	17	2,844	1,521
Plant and equipment	17	4,077	4,185
Right-of-use assets, offices and cars	17	33,535	
Total property, plant and equipment		**40,456**	**5,706**
Financial assets			
Financial assets	20	4,018	3,938
Total financial assets		**4,018**	**3,938**
Deferred tax assets	28	7,671	7,761
Total non-current assets		**275,150**	**153,411**
Current assets			
Inventories			
Raw materials and consumables	22	148,832	110,897
Total inventories, etc.		**148,832**	**110,897**
Current receivables			
Trade receivables	21	320,014	314,005
Other current receivables	23	17,893	13,359
Prepaid expenses and accrued income	24	29,031	16,889
Cash and cash equivalents	25	82,210	113,917
Total current receivables		**449,148**	**458,170**
TOTAL CURRENT ASSETS		**597,980**	**569,067**
TOTAL ASSETS		**873,130**	**722,478**

Consolidated balance sheet, cont.

kSEK	Note	31 Dec 2019	31 Dec 2018
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Parent Company	26, 39		
Share capital		1,685	1,685
Additional paid-in capital		201,616	201,616
Reserves		–4,111	–3,156
Retained earnings		148,710	96,246
Non-controlling interests		222	202
Total equity		**348,122**	**296,592**
LIABILITIES			
Non-current liabilities			
Borrowings	27	75,000	85,000
Right-of-use liabilities		22,662	
Deferred tax	28	8,113	2,860
Total non-current liabilities		**105,775**	**87,860**
Current liabilities			
Current liabilities	27	17,939	18,162
Current right-of-use liabilities		11,372	
Trade payables		252,506	231,472
Current tax liabilities		29,382	9,833
Other current liabilities	30	26,850	21,160
Accrued expenses and deferred income	30	81,184	57,398
Total current liabilities		**419,233**	**338,025**
TOTAL NET DEBT		**525,008**	**425,886**
TOTAL EQUITY AND LIABILITIES		**873,130**	**722,478**

The Notes on pages 53 to 72 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Note	Attributable to shareholders of the Parent Company						
	Note	Share capital	Other additional paid-in capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance on 1 January 2018		**1,513**	**117,589**	**–7,343**	**–5,512**	**106,245**	**137**	**106,383**
Profit for the year					104,461	104,461	116	104,557
Other comprehensive income for the year				4,187		4,187		4,187
Total comprehensive income				**4,187**	**104,461**	**108,648**	**116**	**108,764**
Issue of new ordinary shares	26	172	104,031			104,203		104,203
Issue expenses			–20,004			–20,004		–20,004
Dividend, ordinary shares							–51	–51
Dividend, preference shares	26				–2,703	–2,703		–2,703
Total contribution from value transfer to shareholders, recognised directly in equity		**172**	**84,027**		**–2,703**	**81,496**	**–51**	**81,445**
Closing balance on 31 December 2018		**1,685**	**201,616**	**–3,156**	**96,246**	**296,389**	**202**	**296,592**
Opening balance on 1 January 2019		**1,685**	**201,616**	**–3,156**	**96,246**	**296,389**	**202**	**296,592**
Profit for the year					128,276	128,276	127	128,403
Other comprehensive income for the year				–955		–955		–955
Total comprehensive income				**–955**	**128,276**	**127,321**	**127**	**127,448**
Share dividend					–75,812	–75,812	–107	–75,919
Total contribution from value transfer to shareholders, recognised directly in equity					**–75,812**	**–75,812**	**–107**	**–75,919**
Closing balance on 31 December 2019		**1,685**	**201,616**	**–4,111**	**148,710**	**347,899**	**222**	**348,122**

The Notes on pages 53 to 72 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

kSEK	Note	31 Dec 2019	31 Dec 2018
Cash flow from operating activities			
Profit before net financial income/expense		161,725	127,616
Adjustment for non-cash items	30	13,917	6,668
Provisions			–17,595
Interest received		1,156	1,019
Interest paid		–5,400	–6,907
Income taxes paid		–17,235	–21,865
Cash flow from operating activities before changes in working capital		**154,020**	**88,936**
Change in inventories		–25,646	–13,442
Change in current receivables		8,050	–60,305
Change in current operating liabilities		16,454	54,763
Total changes in working capital		**–1,143**	**–18,984**
Cash flow from operating activities		**153,020**	**69,952**
Cash flow from investing activities			
Investments in property, plant and equipment	17	–4,335	–1,624
Investments in intangible assets	18	–2,476	–762
Investments in subsidiaries		–86,671	
Investments in financial assets	20	–562	–2,922
Cash flow from investing activities		**–94,044**	**–5,308**
Cash flow from financing activities			
Issue of new shares	26		104,171
Issue expenses			–20,004
Change in overdraft facility	27	353	–31,479
Borrowings	27		100,000
Repayment of loans	27	–10,000	–132,907
Repayment of right-of-use liabilities		–11,338	
Dividend		–75,812	–2,703
Cash flow from financing activities	31	**–96,797**	**17,078**
Decrease/increase in cash and cash equivalents			
Cash flow for the year		–37,821	81,722
Foreign exchange difference in cash and cash equivalents		6,115	988
Cash and cash equivalents at beginning of year		113,916	31,206
Cash and cash equivalents at end of year		**82,210**	**113,917**

The Notes on pages 53 to 72 form an integral part of these consolidated financial statements.

Group Notes

NOTE 1 GENERAL INFORMATION

NCAB Group AB (Parent Company) and its subsidiaries (the Group) form a global company active in printed circuit board (PCB) manufacturing. At 31 December 2019, the Group comprises 20 operational companies in Europe, the USA and Asia. Two acquisitions took place in 2019 and a new company was formed.

The Parent Company is a public limited liability company registered in Sweden with its head office in Stockholm. The address of the head office is Mariehällsvägen 37 A, SE-168 65 Bromma.

These consolidated financial statements were approved for publication by the Board of Directors on 8 April 2020.

Unless otherwise specifically indicated, all amounts refer to thousands of Swedish kronor (kSEK). Figures in parentheses pertain to the preceding year.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in preparing these consolidated financial statements are described below. Unless otherwise stated, these policies have been applied consistently for all the years presented.

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements for NCAB Group have been prepared in accordance with the Swedish Annual Accounts Act, Recommendation RFR 1 Supplementary Financial Reporting Rules for Corporate Groups of the Swedish Financial Reporting Board, the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC), as adopted by the EU. The financial statements have been prepared using the cost method, except with regard to financial assets and liabilities (including derivatives and contingent considerations), which have been measured at fair value through profit or loss.

The preparation of financial statements in compliance with IFRS requires the use of critical accounting estimates. Management is also required to make certain judgements in applying the Group's accounting policies. Areas which involve a high degree of judgement, are complex or where assumptions and estimates have a material impact on the consolidated financial statements are described in Note 4.

Changes to accounting policies and disclosures

A new standard became effective for financial years beginning after 1 January 2019 and has been applied in preparing these financial statements.

IFRS 16 Leases is effective for the 2019 financial year. The standard replaced IAS 17 Leases and the related interpretations. The standard requires that assets and liabilities attributable to all leases, with a few exceptions, be recognised in the balance sheet. This accounting treatment is based on the view that the lessee has a right to use an asset during a specific period of time as well as an obligation to pay for this right.

The Group applies the modified retrospective approach during the transition. Leases were restated as of 1 January 2019, without restating comparative figures. Leases of 12 months or less were not included in accordance with the simplified rules applied when using the method.

Nor were leases of low value taken into account. Non-lease elements were consolidated in the lease asset. The Group has no leases of intangible assets. The company has no leased assets that are difficult to replace with other assets, which is why the lease term stated in the contract is the lease term included in the lease asset and liability. The discount rate applied was assessed by country taking into account the length of the lease, country-specific currency risk and risk premium. In 2019, the interest rate used when calculating implementation and for new contracts was 3.5 per cent for Europe, 5 per cent for the USA and 7 per cent for China and Malaysia. The Group has two primary types of operating leases that are managed as financial leases: office premises and leased cars, where the highest value is for office premises.

2.2 CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries are all companies over which the Group has a controlling influence. Control exists when the Group is exposed to or is entitled to a variable return from its holding in the company and is able to affect the return through its influence in the company. Subsidiaries are included in the consolidated financial statements as of the date on which control is transferred to the Group. They are excluded from the consolidated financial statements as of the date when the Group loses control.

The purchase method is applied in accounting for the Group's business combinations. The consideration paid for the acquisition of a subsidiary comprises the fair value of the transferred assets and liabilities incurred by the Group to previous owners of the acquired entity. The consideration also includes the fair value of all assets or liabilities that are a consequence of a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at fair value at the acquisition date.

Acquisition-related costs are expensed as incurred.

Each contingent consideration payable by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of a contingent consideration that has been classified as a financial liability is accounted for in profit or loss in accordance with IFRS 9.

Intercompany transactions and balances, and unrealised gains and losses on transactions between Group companies are eliminated. Where applicable, the accounting policies for subsidiaries have been amended to guarantee a consistent application of the Group's policies.

2.3 TRANSLATION OF FOREIGN CURRENCIES

(a) Functional currency and reporting currency

Items included in the financial statements for the various units of the Group are valued in the currency used in the economic environment in which each company primarily operates (functional currency). Swedish kronor (SEK), the Group's reporting currency, are used in the consolidated financial statements.

(b) Transactions and balance-sheet items

Transactions in foreign currency are translated to the functional currency at the exchange rates applying at the transaction date or the date when the items were restated. Foreign exchange gains and losses arising from such transactions and upon translation of monetary assets and liabilities in foreign currency at closing rates are recognised in profit or loss.

Foreign exchange gains and losses attributable to loans and cash and cash equivalents are accounted for in profit or loss as financial income or expense. All other foreign exchange gains and losses are recognised in the items Other operating income/Other external expenses in profit or loss.

(c) Group companies

Results and financial position for all Group companies which have a different functional currency than the reporting currency are translated to the Group's reporting currency as follows:

(a) assets and liabilities for each of the balance sheets are translated at the closing rates;
(b) income and expenses for each of the income statements are translated at the average exchange rate (provided that this rate is a reasonable approximation of the cumulative effect of the exchange rates applying at the transaction date; otherwise, income and expenses are translated at the transaction date exchange rate),
(c) all resulting foreign exchange differences in equity are recognised in other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of a foreign business are treated as assets and liabilities in this business and translated at the closing rate. Foreign exchange differences are recognised in profit or loss.

2.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment mainly comprise improvements to third party's property, and plant and equipment. All property, plant and equipment are stated at cost less depreciation. Cost includes expenditure directly attributable to the acquisition of the asset.

Any additional expenditure is added to the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will accrue to the Group and the cost can be reliably measured. The carrying amount of the replaced component is removed from the balance sheet.

All other forms of repairs and maintenance are expensed in profit or loss in the periods in which they are incurred.

Other assets are depreciated so as to allocate the cost down to the estimated residual value over the assets' estimated useful lives. Assets are depreciated on a straight-line basis as follows:

- improvements to third party's property ....5 years
- plant ....5 years
- computers ....3 years
- office equipment ....5 years
- right-of-use assets ....3–7 years

Note 2, cont.

Residual values and useful lives of assets are tested at the end of each reporting period and adjusted where necessary.

An asset's carrying amount is written down to the recoverable amount immediately if the carrying amount exceeds the estimated recoverable amount (Note 2.6).

Gains and losses from the sale of assets are determined by comparing the sale proceeds and carrying amount. The difference is recognised under Other operating income/Other external expenses – net in profit or loss.

2.5 INTANGIBLE ASSETS

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and refers to the amount by which the consideration, any non-controlling interest in the acquired entity and the fair value of the previous equity interest in the acquired entity at the acquisition date exceeds the fair value of identifiable acquired net assets.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill has been allocated represents the lowest level in the Group at which the goodwill is monitored for internal management purposes. Goodwill is monitored at company level.

Goodwill is tested for impairment annually, or more frequently if there are events or changes in circumstances which indicate potential impairment. The carrying amount of the cash-generating unit to which goodwill is allocated is compared with the recoverable amount, which is defined as the higher of value in use and fair value less selling expenses. Any impairment loss is expensed immediately and cannot be reversed.

(b) Customer relationships and other intangible assets

Other intangible assets that have been acquired separately are recognised at cost. Customer relationships and other intangible assets (such as trademarks and licences) that have been acquired through a business combination are recognised at fair value at the acquisition date. Customer relationships and other intangible assets have a definite useful life and are recognised at cost less accumulated amortisation. Trademarks and licences are amortised on a straight-line basis so that the cost is distributed over their estimated useful life of five years.

(c) Capitalised development costs for IT systems

Costs for maintenance of IT systems are expensed as incurred. Development costs directly attributable to the development and testing of identifiable and unique IT systems which are controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the IT system so that it will be available for use
- the company intends to complete the IT systems for use or sale
- there is reason to expect that the company will be able to use or sell the IT system
- it can be shown that the IT system will generate probable future economic benefits
- adequate technical, economic and other resources are available to complete the development of and use or sell the IT system
- the costs attributable to the IT system during its development can be reliably measured

Directly attributable expenditure that are capitalised as part of IT systems include costs for employees plus a reasonable portion of indirect costs.

Other development expenditure which does not meet these criteria is expensed as incurred. Previously expensed development costs are not capitalised in later periods.

IT systems development costs recognised as assets are amortised over the estimated useful life, which does not exceed three years.

2.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets with indefinite useful lives or intangible assets which are not yet available for use, are not amortised but tested annually for impairment. Assets which are depreciated or amortised are tested for impairment when an event or change of circumstance indicates that the carrying amount may not be recoverable. The difference between the carrying amount and recoverable amount is recognised as an impairment loss. The recoverable amount is the higher of the fair value of the asset less costs to sell and value in use. In testing for impairment, assets are grouped to the lowest levels at which there are essentially independent identifiable cash flows (cash-generating units). For assets (other than goodwill) which have previously been written down, an impairment test is made at each balance sheet date to determine if a reversal is required.

2.7 FINANCIAL ASSETS

Calculation of fair value

The levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly in the form of quoted prices or indirectly, i.e. derived from quoted prices (Level 2)
- Inputs for the asset or liability which are not based on observable market data (non-observable inputs) (Level 3). The Group holds no financial instruments measured at fair value in the balance sheet, only such measured at fair value for disclosure purposes.

IFRS 9

General principles

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the instrument's contractual conditions. A financial asset is derecognised from the balance sheet when the contractual right to cash flow from the asset ceases, is settled or when the Group loses control over it. A financial liability, or part of a financial liability, is derecognised from the balance sheet when the contractual obligation has been fulfilled or in some other manner ceases.

Classification and measurement

Financial assets are classified according to the business model used to manage the asset and the nature of the asset's cash flow. If the financial asset is held within the framework of a business model whose objective is to collecting contractual cash flows (hold to collect) and the contractual conditions for the financial asset at specified times give rise to cash flows that solely consist of the principal amount and interest on the principal amount outstanding, the asset is recognised at amortised cost.

If the business model's objective can instead be met by both collecting contractual cash flows and selling financial assets (hold to collect and sell) and the contractual conditions for the financial asset at specified times give rise to cash flows that solely consist of the principal amount and interest on the principal amount outstanding, the asset is recognised at fair value through other comprehensive income.

All other business models (other) for the purpose of speculation, held for trading or where the nature of the cash flows excludes other business models, entail recognition at fair value through profit or loss.

The Group applies the hold to collect business model for other non-current receivables, trade receivables, cash and cash equivalents and for financial assets recognised as other receivables. The Group's financial assets are initially measured at fair value and, subsequently, at amortised cost by applying the effective interest method, less provisions for impairment.

Financial liabilities are measured at fair value through profit or loss if these are a contingent earn-out to which IFRS 3 is to apply, held for trading or if they are initially identified as liabilities at fair value through profit or loss. Other financial liabilities are measured at amortised cost.

Trade payables pertain to obligations to pay for products and services purchased from suppliers in operating activities. Trade payables classified as financial liabilities are measured at amortised cost. Trade payables are initially stated at fair value and subsequently at amortised cost (applying the effective interest method for durations longer than three months). The carrying amount of trade payables is assumed to correspond to their fair value, given that this item is current by its very nature.

Liabilities to credit institutions are classified as financial liabilities measured at amortised cost. Borrowings are initially recognised at fair value, net, after transaction costs and, subsequently, at amortised cost. Any difference between the amount received (net after transaction costs) and the amount to be repaid is recognised in the statement of comprehensive income over the loan period by applying the effective interest method. Borrowing is included in current liabilities unless the Group has an unconditional right to defer payment of the liability by at least 12 months after the balance-sheet date. The carrying amount of the Group's borrowing is assumed to correspond to its fair value given that the loan has no transaction costs and carries a market interest rate.

Note 2, cont.

Fair value of financial instruments
The fair value of financial assets and financial liabilities is determined as follows:
- The fair value of financial assets and liabilities traded in an active market is determined with reference to the listed market price.
- The fair value of other financial assets and liabilities is determined according to generally accepted pricing models, such as a discount of future cash flows and by using information obtained from prevailing market transactions.
- The recognised carrying amount of all financial assets and liabilities is considered a good approximation of its fair value, unless otherwise specified.

Amortised cost and effective interest method
The amortised cost of a financial asset is the amount at which the financial asset is valued on initial recognition less the principal amount, plus the accumulated amortisation with the effective interest method of any difference between the principal amount and the principal amount outstanding, adjusted for any impairment. The recognised gross value of a financial asset is the amortised cost of a financial asset before adjustments for any loss allowance. Financial liabilities are recognised at amortised cost using the effective interest method or at fair value in profit or loss.

Effective interest is the interest upon discounting all the anticipated future cash flows during the expected lifetime that results in the initial carrying amount of the financial asset or financial liability.

Offsetting of financial assets and liabilities
Financial assets and liabilities are offset and recognised at the net amount in the balance sheet when a legal right exists to offset and when there is an intention to settle the items net, or simultaneously realise the asset and settle the liability.
The Group does not offset any financial assets and liabilities.

Impairment
The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. On every balance-sheet date, the Group reports the change in expected credit losses since the initial recognition in profit or loss.

For all financial assets, the Group is to measure the loss allowance at an amount that corresponds to 12 months of expected credit losses. For financial instruments where a significant increase in credit risk has occurred since the initial recognition, a provision is reported based on loan losses for the asset's entire lifetime (the general model).

The purpose of the impairment requirements is to recognise expected credit losses for the remaining time to maturity for all financial instruments where a significant increase in credit risk has occurred since the initial recognition, either assessed individually or collectively, given all reasonable and verifiable information, including forward-looking information. The Group measures expected credit losses from a financial instrument using a method that reflects an objective and probability-weighted amount determined by assessing an interval of possible outcomes, monetary values over time and reasonable verifiable information, current circumstances and forecasts of future economic circumstances.

For trade receivables, simplification exit that mean the Group can directly report expected credit losses for asset's remaining time to maturity.

The Group's trade receivables are subject to the modified retrospective model for impairment. Trade receivables were assessed individually when calculating expected credit losses. Expected credit losses for trade receivables are calculated based on previous events, current circumstances and forecasts of future economic circumstances and monetary values over time, if applicable.

The Group defines default when it is deemed improbable that the counterparty will meet its obligations due to indicators such as financial difficulties and missed payments. The Group writes off a receivable when no further opportunities for additional cash flow are deemed to exist.

2.8 OFFSET OF FINANCIAL INSTRUMENTS
Financial assets and liabilities are offset and the net amount presented in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and an intention to settle them on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not depend on future events, and must be legally binding for the company and the counterparty both in case of normal business activities and in case of default, insolvency or bankruptcy.

2.9 IMPAIRMENT OF FINANCIAL ASSETS
Assets at amortised cost
At the end of each reporting period, the Group assesses whether there is objective evidence of impairment of a financial asset or group of financial assets. A financial asset or group of financial assets is impaired and is written down only if there is objective evidence of impairment as a consequence of one or several events occurring after the initial recognition of the asset ("loss event") and this event, or these events, has an impact on the estimated future cash flows for the financial asset or group of financial assets that can be reliably measured.

Objective evidence of impairment includes, for example, indications of significant financial difficulties of a debtor or group of debtors, non-payment of or arrears on the payment of interest or principal, a growing likelihood that the borrower will enter bankruptcy or reorganise, or observable information pointing to a measurable decrease in estimated future cash flows, such as changes in arrears or other financial circumstances correlated with credit losses.

For the category of accounts receivable, impairment is calculated as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future loan losses that have not occurred), discounted to the original effective interest of the financial asset. The asset's carrying amount is written down and the impairment loss is recognised in the consolidated income statement.

If the impairment is reduced in a subsequent period and this can objectively be attributed to an event occurring after recognition of the impairment loss (such as an improvement in a debtor's creditworthiness), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.10 INVENTORIES
Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first in, first out method (FIFO). Net realisable value is the estimated selling price in the company's operating activities less any applicable variable selling expenses.

2.11 TRADE RECEIVABLES
Trade receivables are amounts due from customers for goods sold or services rendered in operating activities. Trade receivables are initially stated at cost and subsequently at amortised cost using the effective interest method, less any provisions for impairment.

2.12 CASH AND CASH EQUIVALENTS
Cash and cash equivalents in the balance sheet and in the statement of cash flows includes cash, bank deposits, other short-term investments and utilised overdraft facilities. Other short-term investments are classified as cash and cash equivalents if they expire within three months from the time of acquisition, can easily be converted into cash for a known amount and are exposed to an insignificant risk for fluctuations in value.

Overdraft facilities are recognised in the balance sheet as loans in current liabilities.

2.13 SHARE CAPITAL AND EARNINGS PER SHARE
Ordinary shares are classified as equity. Issued preference shares are also classified as equity unless they are mandatorily redeemable. Transaction costs which are directly attributable to the issue of new ordinary shares or warrants are recognised, net of tax, in equity as a deduction from the proceeds of the issue.

Earnings per share before dilution are calculated by dividing earnings attributable to shareholders of the parent by a weighted average number of outstanding ordinary shares and preference shares during the period.

Earnings per share after dilution are calculated by adjusting the weighted average number of outstanding ordinary shares and preference shares for the dilutive effect of all potential ordinary shares and preference shares. The Parent Company has had one category of potential ordinary shares with a dilutive effect: warrants. For warrants, a calculation is made of the number of shares that could have been purchased at fair value (defined as the average annual market price of the Parent Company's shares) for an amount equal to the monetary value of the subscription rights attaching to the outstanding warrants. The number of shares calculated in this manner is compared with the number of shares that would have been issued on the assumption that the warrants are exercised. All preference shares were converted into ordinary shares following a resolution of the Annual General Meeting on 14 March 2018. In addition, all subscription warrants were converted into ordinary shares in conjunction with the IPO. The company thereafter only holds ordinary shares.

Note 2, cont.

2.14 TRADE PAYABLES

Trade payables are obligations to pay for goods or services purchased from suppliers in operating activities. Trade payables are initially stated at fair value and subsequently at amortised cost by applying the effective interest method.

2.15 BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.16 PROVISIONS

Provisions for legal claims, warranties and measures of reinstatement are recognised when the Group has a legal or constructive obligation arising from past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably measured. No provisions are made for future operating losses. If a number of similar obligations exist, the probability that an outflow of resources will be required is determined for the settlement of the group of obligations as a whole. A provision is recognised also when there is a low probability of an outflow of resources in respect of a particular item in this group of obligations.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks associated with the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.17 CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except when the tax refers to items which are recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or equity.

The current tax expense is calculated based on the tax rules that have been enacted or substantively enacted at the balance sheet date in those countries where the Parent Company and its subsidiaries operate and generate taxable revenue. Management regularly evaluates claims made in tax returns which relate to situations where the applicable tax rules are subject to interpretation. When appropriate, management makes provisions for amounts which will probably be payable to the tax authority.

Deferred tax is recognised for all temporary differences between the carrying amounts and tax bases of assets and liabilities in the consolidated financial statements. A deferred tax liability is not recognised if it is incurred as a result of initial recognition of goodwill. Deferred tax is also not recognised if it is incurred as a result of a transaction which constitutes the initial recognition of an asset or liability that is not a business combination and which at the time of the transaction affects neither the accounting profit nor the tax profit. Deferred income tax is calculated by applying tax rates (and tax laws) that have been adopted or announced at the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be wholly or partially offset.

Deferred tax liability is calculated for taxable temporary differences on investments in subsidiaries, except for deferred tax liabilities when the time at which the temporary difference is reversed can be decided by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred tax assets related to deductible temporary differences arising from investments in subsidiaries are recognised only to the extent that it is probable that the temporary difference will be reversed in future and that there will be taxable profits against which the deduction can be offset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right of set-off for the tax assets and liabilities concerned, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and refer to either the same taxable entity or different taxable entities, and there is an intention to settle the balances on a net basis.

2.18 EMPLOYEE BENEFITS

The Group companies have defined contribution pension plans. Defined contribution pension plans are post-employment benefit plans under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

2.19 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and comprises the amounts received for sold goods less discounts, returns and value-added tax.

The Group recognises a revenue when control of goods is transferred, which occurs when the goods are delivered to the customer or to the location designated by the customer and when there are no unmet obligations that may impact the customer's approval of the goods. The Group solely has contracts with terms up to six months. Consequently, exemption rules for recognition of contracted but not completed performance obligations are applied.

A receivable is recognised when the goods are delivered, which is the date when remuneration becomes unconditional. The company has also analysed whether there are any contract assets. Contract liabilities exist to a very limited degree in cases where advance payment has been received from customers.

The Group applies the modified retrospective approach for calculating expected credit losses. The method means expected losses over the entire lifetime of the receivable are used as a basis for trade receivables. More information about doubtful debts is provided in Note 21. The majority of the Group's trade receivables are covered by insurance.

Sale of goods

The Group sells printed circuit boards (PCBs). The sale of PCBs is recognised as income when control of the goods is transferred, which takes place when the goods are delivered to the designated place. Customers do not have the right to return goods but have the right to replacement deliveries for any defective products.

PCBs are sold to certain customers with volume discounts based on accumulated sales over a 12-month period. Revenue from the sale of cards is recognised based on the price in the agreement, less estimated volume discounts. Accumulated experience is used to assess and make provisions for discounts.

Third-party currencies

IFRS 9 provides specific guidance for an embedded currency derivative in a host contract that is not a financial instrument (such as a contract for the purchase or sale of a non-financial item where the price is denominated in a foreign currency). The embedded currency derivative should not be separated from the host contract if it is closely related to its host. A currency derivative is considered closely related to its host if payments are denominated in the functional currency of the buyer or seller, acquired or delivered goods or services are routinely denominated in the currency in commercial transactions around the world or the currency is commonly used in contracts to buy or sell non-financial items in the economic environment in which the transaction takes place. The Group has embedded derivatives in the form of third-party currencies in sales contracts, as pricing and invoicing is largely in USD. The effects of third-party currencies are considered to have only a marginal impact on the income statement and balance sheet, and have therefore not been taken into account. The effects of third-party currencies are assessed on a quarterly basis.

2.20 INTEREST INCOME

Interest income is recognised using the effective interest method.

2.21 DIVIDEND INCOME

Dividend income is recognised when the right to receive payment has been established.

2.22 LEASES

The Group leases certain assets for which a significant portion of the risks and benefits of ownership are retained by the lessor. These contracts were classified as operating leases until 31 December 2018 and subsequently as right-of-use assets in accordance with IFRS 16, which entered into force on 1 January 2019.

Payments made during the lease term (after deducting for any incentives from the lessor) of an operating lease were recognised as an expense in profit or loss on a straight-line basis over the lease term.

2.23 DIVIDENDS

Dividend payments to shareholders of the Parent Company are recognised as a liability in the consolidated financial statements in the period in which the payment is approved by the shareholders of the Parent Company.

2.24 SEGMENT REPORTING

Segments are accounted for in a way that is consistent with the internal reports submitted to the chief operating decision maker. The chief operating decision maker is the function that is responsible for allocating resources and assessing the results of segments. In the Group, this function has been identified as the Chief Executive Officer, who makes strategic decisions. The Group's operations are evaluated based on geography. The following four segments have been identified: Nordic, Europe, North America and East.

NOTE 3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

Through its activities, the Group is exposed to a wide range of financial risks: market risk (currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk and financing risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and strives to minimise potential adverse effects on the Group's financial results. The Group does not, however, apply hedge accounting.

Risk management is handled by a central finance department in accordance with the financial policy adopted by the Board of Directors. The finance department identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units. The financial policy encompasses general risk management as well as for specific areas, such as currency risk, interest rate risk, credit risk, the use of derivatives and non-derivative financial instruments, and the investment of excess liquidity.

(a) Market risk

(i) Currency risk

The Group operates internationally and is exposed to currency risks arising from various currency exposures, mainly from USD and EUR. Currency risk arises through future business transactions, recognised assets and liabilities, and net investments in foreign operations.

Currency risks also arise when future business transactions are expressed in a currency that is not the functional currency of the unit. Approximately 85 per cent of the Group's pricing is in USD and around 75 per cent of the Group's invoicing is in USD. Goods purchases and shipping are 95 per cent denominated in USD, which means that a strengthening of the USD leads to an improved gross profit while a weakening of the USD leads to a reduced gross profit, but unchanged gross margin.

The Group has a number of investments in foreign businesses whose net assets are exposed to currency risks. These are not hedged.

If the Swedish krona had weakened/strengthened by 10 per cent against the USD, with all other variables held constant, the restated net profit at 31 December 2019 would have been kSEK 13,000 (15,300) lower/higher. Gross profit would have been kSEK 30,000 (40,000) lower/higher, while the gross margin was slightly lower.

EBITA would have been kSEK 16,000 (20,000) lower/higher. Restating trade receivables and trade payables would have had the opposite impact on earnings of kSEK 5,000 (4,700).

If the Swedish krona had weakened/strengthened by 10 per cent against the EUR, with all other variables held constant, the restated net profit at 31 December 2019 would have been kSEK 9,000 (4,200) lower/higher. Foreign exchange differences in current assets are recognised as other operating income or other operating expenses. Exchange rate difference in cash, external and internal loans are recognised in net financial items.

(ii) Cash flow interest rate risk and fair value interest rate risk

The Group's interest rate risk arises from short-term and long-term borrowing. Variable interest rate borrowings expose the Group to cash flow interest rate risk, which is partly neutralised by cash assets bearing variable interest rates. Fixed interest rate borrowings expose the Group to fair value interest rate risk. The Group's policy is to have variable interest rate borrowings. In 2019, the Group's variable interest rate borrowings consisted mainly of loans in SEK while in 2018 there were also borrowings in USD. Lending in other currencies may temporarily occur in the Group's cash pool.

The Group has an opportunity to secure the interest rate if exposure is considered too great. An analysis is always conducted in conjunction with refinancing or when rolling-over existing loans. The analysis shows that the effect of a +/–1.0 per cent change in interest level would entail a maximum increase of kSEK 500 (1,000) or a reduction of kSEK 500 (1,000) in interest expense.

The Group normally takes out long-term loans at variable interest rates.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers. Credit risk is managed at Group level, with the exception of credit risk related to outstanding trade receivables. Each Group company is responsible for monitoring and assessing the credit risk for each new customer before offering standard terms of payment and delivery.

The Group's subsidiaries insure credit risk through a credit insurance company.

The use of a credit insurance company enables NCAB to make a better proactive selection of new customers and to monitor our existing customers effectively. The use of credit limits is monitored regularly. Only banks and financial institutions that have received a credit rating of "BBB+" or higher from an independent rating agency are accepted. Individual risk limits are defined based on internal or external credit assessments in accordance with the limits set by the Board.

No credit limits were exceeded during the reporting period and management does not expect any losses due to non-payments from these counterparties.

(c) Financing risk

The Group's loan financing takes place centrally and consists of both fixed loans and an intra-Group cash pool with an associated overdraft facility. The loan conditions include covenants stating that the net debt excluding IFRS16 must not exceed 2.5 times adjusted EBITDA and that cash flow before financing costs must exceed financing costs. Management regularly measures and monitors covenant calculations and cash flow forecasts from a covenant perspective.

(c) Liquidity risks

Cash flow forecasts are prepared by the Group's operating companies and aggregated at Group level. Rolling forecasts for the Group's liquidity are monitored continually to ensure that the Group has sufficient cash to meet its day-to-day operational needs while maintaining sufficient unused credit facilities to ensure that it does not breach borrowing limits or loan covenants (where applicable) on any of its loan facilities.

Excess liquidity in the Group's operating companies exceeding that portion which is required to manage working capital requirements is transferred to the Parent Company, which invests the excess liquidity in interest-bearing current accounts, term deposits, money market instruments and marketable securities, depending on what type of instrument has an appropriate maturity or is sufficiently liquid to meet the requirements determined by the aforementioned forecasts. At the balance sheet date, the company had liquid assets of kSEK 82,210 (113,916) and an undrawn overdraft facility of kSEK 106,026 (104,913) that can quickly be converted into cash in order to manage the liquidity risk.

The following table shows an analysis of the Group's non-derivative financial liabilities by remaining maturity from the balance sheet date.

Derivatives that are financial liabilities are included in the analysis if their contractual maturities are essential for understanding the timing of future cash flows. The amounts indicated in the table are the contractual, discounted cash flows.

31 December 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
Borrowings	2,511	7,598	10,284	70,130
Overdraft facility (payable on demand)	7,939			
Trade payables	252,508			
31 December 2018				
Borrowings	2,513	7,613	10,325	81,188
Overdraft facility (payable on demand)	8,087			
Trade payables	231,471			

3.2 MANAGEMENT OF CAPITAL

The Group's goal in respect of capital structure is to secure its ability to continue its operations with a view to continuing to generate a return for the shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to keep the costs of capital down.

To maintain, or adjust, its capital structure, the Group may change the dividend that is paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce its liabilities.

Note 3, cont.

Like other companies in the industry, the Group assesses its capital based on the debt/equity ratio. This key ratio is calculated as net debt divided by equity. Net debt is calculated as total borrowings (comprising the items Short-term borrowings and Long-term borrowings in the consolidated balance sheet) less cash and cash equivalents.

The Group's target is that net debt will not exceed twice adjusted EBITDA (excluding the effect of IFRS 16) and have a credit rating of not less than BB. The Group's BB credit rating was maintained throughout the year. For the reported periods, the debt/equity ratio has been as follows:

	2019	2018
Total borrowings (Note 27)	92,939	103,162
Less: cash and cash equivalents	–82,210	–113,916
Net debt excl. right-of-use liability	10,763	–10,754
Right-of-use liability	34,000	–
Total liability	44,763	–10,754
Total equity	348,122	296,573
Total capital	392,885	285,819
Debt/equity ratio	**13%**	**–4%**
Adjusted EBITDA, incl. IFRS 16	179,908	148,125
Net debt / Adjusted EBITDA, incl. IFRS 16	**0.2**	**–0.1**
Adjusted EBITDA, excl. IFRS 16	168,570	148,125
Net debt / Adjusted EBITDA, excl. IFRS 16	**0.1**	**–0.1**

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are reviewed on an ongoing basis, and are based on historical experiences and other factors, including expectations of future events that are deemed reasonable under existing circumstances.

4.1 Critical accounting estimates and judgements

The Group makes estimates and assumptions about the future. The resulting accounting estimates will by definition seldom equal the related actual results. Estimates and assumptions which
involve a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are addressed below.

Goodwill impairment testing

Each year, the Group tests goodwill for impairment in accordance with the accounting policy described in Note 2. Recoverable amounts for cash-generating units have been determined by calculating value in use. For these calculations, certain estimates need to be made (Note 18).

The carrying amount of goodwill is kSEK 206,252 (132,755). The change is due to currency effects and additional goodwill for the acquisition of Multiprint amounting to kSEK 26,334 and kSEK 46,902 for Altus PCB.

Valuation of tax loss carry-forwards

At 31 December 2019, the Group has recognised deferred tax assets of kSEK 7,671 (7,761) arising from unused tax losses for the year and previous years. These tax losses have no final expiration date. A deferred tax asset is recognised for tax losses only to the extent that it is probable that these can be used to offset future taxable profits and taxable temporary differences.

Each year, the Group also assesses whether there is reason to recognise new deferred tax assets in respect of tax losses for the year or previous years.

At 31 December 2019, the Group had unused tax losses from the Group's newly started companies in Malaysia and the Netherlands of kSEK 4,498 (0), which represent unrecognised tax assets of kSEK 950 (0) with no final expiration date.

Further information on unused tax losses and deferred tax assets is provided in Note 28.

Measurement of trade receivables

At the closing date, the Group had trade receivables of kSEK 320,014 (314,005). Trade receivables are amounts attributable to customers for sold goods in the ordinary course of business. Trade receivables generally fall due for payment within 30–90 days and all trade receivables are therefore classified as current assets. Trade receivables are initially recognised at transaction price. Trade receivables with a material financing component are measured, on the other hand, at fair value. The Group holds trade receivables for the purpose of collecting contractual cash flow and measures these therefore on subsequent accounting dates at amortised cost.

The Group applies the modified retrospective approach for calculating expected credit losses. The method means expected losses over the entire lifetime of the receivable are used as a basis for trade receivables.

More information about doubtful debts is provided in Note 21. The majority of the Group's trade receivables are covered by insurance.

NOTE 5 REVENUES FROM CUSTOMERS

Breakdown of net sales by geographic location of customers.

	2019	2018
USA	270,257	290,330
Sweden	194,658	199,200
Russia	159,054	143,697
China	178,901	125,691
Germany	168,575	161,665
UK	110,660	123,946
France	83,597	74,590
Estonia	52,519	54,016
Poland	55,859	55,197
Finland	47,998	48,150
Norway	85,025	60,410
Canada	40,175	40,728
Denmark	98,358	31,992
Spain	41,506	36,513
Romania	30,616	29,616
Other markets	162,807	141,231
Total	**1,781,194**	**1,616,973**

Remaining performance obligation

The company has remaining performance obligations and contract liabilities of kSEK 3,712 (3,404) attributable to advances from customers, primarily in Russia.

NOTE 6 SEGMENTS

DESCRIPTION OF SEGMENTS AND PRINCIPAL ACTIVITIES
In NCAB Group, the CEO is the Group's chief operating decision maker. The segments are based on the information that is handled by the CEO and used as a basis for decisions on the allocation of resources and evaluation of results. NCAB Group has identified four segments, which also constitute reportable segments in the Group's operations:

Nordic
Provides a broad range of PCBs from NCAB's companies in Sweden, Norway, Denmark, Finland and Estonia. The PCBs are purchased from external suppliers, mainly in China. Most of the PCBs are of the high-mix-low-volume (HMLV) type, i.e. specialised products that are produced in small quantities. NCAB has a local presence through technicians and customer support staff to ensure that its customers receive support throughout the process.

Europe
Provides a broad range of PCBs from NCAB's companies in the UK, Poland, France, Italy, Germany, Spain, the Netherlands and North Macedonia. The PCBs are purchased from external suppliers, mainly in China. Most of the PCBs are of the high-mix-low-volume (HMLV) type, i.e. specialised products that are produced in small quantities. NCAB has a local presence through technicians and customer support staff to ensure that its customers receive support throughout the process.

North America
Provides a broad range of PCBs from NCAB's companies in the USA. The PCBs are purchased from external suppliers, mainly in China. Most of the PCBs are of the high-mix-low-volume (HMLV) type, i.e. specialised products that are produced in small quantities. NCAB has a local presence through technicians and customer support staff to ensure that its customers receive support throughout the process.

East
Provides a broad range of PCBs from NCAB's companies in China, Malaysia and Russia. The PCBs are purchased from external suppliers, mainly in China. Most of the PCBs are of the high-mix-low-volume (HMLV) type, i.e. specialised products that are produced in small quantities. NCAB has a local presence through technicians and customer support staff to ensure that its customers receive support throughout the process.

Revenue
Revenue is generated from a large number of customers across all segments. There are no sales of goods between segments. Minor amounts may be invoiced for freight and services, which are provided on market terms. The revenue from external parties reported to the CEO is measured in the same way as in profit or loss.

NET SALES AND EARNINGS OF SEGMENTS

	Nordic		Europe		North America		East		Central functions		Group	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Net sales	516.6	409.4	675.0	631.5	236.9	258.1	352.6	318.4	0.1	–0.4	1,781.2	1,617.0
Adjusted EBITA	**77.9**	**66.4**	**41.2**	**40.5**	**15.3**	**12.0**	**43.5**	**36.3**	**–12.6**	**–11.4**	**165.3**	**143.8**
Adj. EBITA margin, %	15.1	16.2	6.1	6.4	6.5	4.6	12.3	11.4			9.3	8.9
Non-recurring items								–0.9		–10.7		–11.6
EBITA	77.9	66.4	41.2	40.5	15.3	12.0	43.5	35.4	–12.6	–22.4	165.3	132.2
EBITA margin, %	15.1	16.2	6.1	6.4	6.5	4.6	12.3	11.1			9.3	8.2
Depreciation of intangible assets											–3.6	–4.6
Operating profit											**161.7**	**127.6**
Operating margin, %											9.1	7.9
Net financial expense											–0.9	–10.6
Profit before tax											160.9	117.0
Net working capital	30.4	38.1	66.2	81.5	2.6	17.1	30.7	17.8	–5.6	–19.1	124.3	135.3
Non-current assets												
Intangible assets	74.7	42.4	0.1	0.0	135.9	81.0	0.5	0.5	11.8	12.1	223.0	136.0
Property, plant and equipment	5.6	0.7	13.1	1.5	8.9	1.9	1.1	1.5	11.7	0.1	40.5	5.7

In Sweden, there are non-current assets valued at SEK 28.0 million (21.6), of which property, plant and equipment of SEK 2.5 million (0.4), and intangible assets of SEK 25.5 million (21.2).

NOTE 7 OTHER OPERATING INCOME

	2019	**2018**
Operating foreign exchange gains	11,241	13,233
Operating foreign exchange losses	–6,972	–8,578
Other income	4,886	1,672
Total	**9,155**	**6,327**

NOTE 8 OTHER EXTERNAL EXPENSES

	2019	**2018**
Cost of premises	19,296	23,808
Travel expenses	21,027	18,369
External sales commission	7,082	7,895
Marketing	11,874	16,171
IT	16,940	10,566
Other	31,323	40,961
Total	**107,542**	**117,771**

NOTE 9 EMPLOYEE BENEFITS, ETC.

	2019	2018
Salaries and benefits	212,892	184,005
Social security contributions	31,894	27,649
Retirement benefit costs – defined contribution plans	11,726	10,167
Total employee benefits	**256,512**	**221,821**

Salaries and other benefits:

	2019		2018	
	Salaries and other benefits (of which bonuses)	Retirement benefit costs	Salaries and other benefits (of which bonuses)	Retirement benefit costs
Directors, CEOs and other senior executives	27,429 (4,222)	1,915	23,060 (3,408)	1,436
Other employees	185,463	9,812	160,945	8,731
Total, Group	**212,892**	**11,726**	**184,005**	**10,167**

Remuneration to executive management in 2019
The Group applies market-based salaries and remuneration based on a fixed and a variable portion. Remuneration of the CEO and other executive management consists of a basic salary, variable salary and pension. Executive management refers to the individuals who comprise Group management together with the CEO.

Fixed and variable remuneration
The allocation between basic salary and variable remuneration is in proportion to the executive's responsibility and authority. The variable remuneration is based on financial objectives. The yearly variable salary to the CEO is not to exceed 100 per cent of the fixed yearly salary. Other management executives may receive yearly variable salary in an amount not exceeding the equivalent of 40–100 per cent of the yearly fixed salary. Executive management otherwise receives customary benefits, such as a company car, occupational health care, etc.

Pension commitments
Management executives shall be entitled to pension benefits according to defined contribution pension plans with premiums of up to 20 per cent of the executive's annual salary, or according to applicable occupational pension scheme.

Period of notice and severance pay
The CEO has a notice period of 12 months if termination is made by the company and 6 months if termination is made by the CEO. There is no agreement on severance pay.

Average number of employees:

	2019		2018	
	Average number of employees	Of whom, women	Average number of employees	Of whom, women
Sweden	36	17	33	15
Denmark	10	4	6	3
Norway	8	2	8	2
Finland	16	6	16	7
Germany	30	9	32	8
UK	34	13	27	14
Poland	12	9	12	9
France	18	11	15	7
Spain	9	3	8	3
Italy	10	4	9	3
Malaysia	2	1		
Netherlands	1	1		
North Macedonia	1		1	
Russia	42	18	40	18
USA	52	20	54	24
China	102	55	102	56
Hong Kong	3	1	3	1
Total, Group	**387**	**179**	**364**	**165**

Gender distribution in the Group (incl. subsidiaries) for Directors and other executive management:

	2019		2018	
	Number at balance sheet date	Of whom, women	Number at balance sheet date	Of whom, women
Board of Directors	6	2	6	2
CEOs and other executive management	11	3	11	3
Total, Group	**17**	**5**	**17**	**5**

NOTE 10 AUDIT FEES

	2019	2018
PwC		
– Audit engagement	1,901	2,545
– Audit services in addition to audit engagement	320	1,080
– Tax advisory services	28	15
– Other services		1,943
Total	**2,249**	**5,583**
Other auditors		
– Audit engagement	1,058	550
– Audit services in addition to audit engagement	46	191
– Tax advisory services	29	483
– Other services	83	95
Total	**1,216**	**1,319**
Total, Group	**3,465**	**6,902**

Fees to Öhrlings PricewaterhouseCoopers AB from companies in the NCAB Group amounted to SEK 1.8 million (4.0) during the year. Of this amount, SEK 1.4 million (0.9) was audit fees and SEK 0.4 million (3.1) was primarily other audit services established in regulations and according to the Group's wishes conducted in 2019.

NOTE 11 OTHER OPERATING EXPENSES

Other operating expenses than non-recurring items, and net operating foreign exchange losses The balance of operating foreign exchange gains/losses is positive and is recognised as other operating income, see Note 7.

	2019	2018
Settlement with Russian tax authority, incl. advisory costs		911
IPO preparation costs		10,655
Transaction costs for acquisitions	2,779	
Total	**2,779**	**11,566**

NOTE 12 FINANCIAL INCOME AND EXPENSE

	2019	2018
Financial expense:		
– interest expenses bank loans	–4,137	–4,258
Foreign exchange gains on financing activities		78,468
Foreign exchange losses on financing activities		–83,187
Other financial expense	–1,263	–2,649
Total financial expense	**–5,400**	**–11,626**
Financial income:		
– interest income from short-term bank deposits	1,036	693
Foreign exchange gains on financing activities	55,333	
Foreign exchange losses on financing activities	–51,950	
Other financial income	120	326
Total financial income	**4,539**	**1,019**
Net financial expense	**–862**	**–10,608**

NOTE 13 TAX

	2019	2018
Current tax:		
Current tax on profit for the year	–30,705	–20,059
Total current tax	**–30,705**	**–20,059**
Deferred tax (Note 28)	–1,755	7,498
Total deferred tax	**–3,115**	**7,498**
Tax	**–32,460**	**–12,431**

The tax on the consolidated profit before tax differs from the theoretical amount that would have resulted from the use of the Swedish tax rate for the results of the consolidated companies as follows:

	2019	2018
Profit before tax	**160,863**	**117,008**
Tax calculated at tax rate in Sweden (21.4% (22%))	–34,425	–25,742
Effect of foreign tax rates	4,605	3,080
Tax effects of:		
Non-taxable income	292	4,550
Non-deductible expenses	–3,011	–2,929
Use of previously unrecognised tax losses		3,136
Effect of changed tax rates	–635	
Tax losses for which no deferred tax asset has been recognised	950	5,504
Adjustment relating to prior years	–252	–30
Change in deferred tax on loss carryforwards	16	
Tax expense	**–32,460**	**–12,431**

The weighted average tax rate was 20.2 per cent (10.6).

NOTE 14 NET FOREIGN EXCHANGE DIFFERENCE

Foreign exchange differences have been recognised in profit or loss as follows:

	2019	2018
Net other operating income (Note 7)	4,886	4,655
Net financial income/expense (Note 12)	3,383	–4,719
Total	**8,269**	**–64**

NOTE 15 EARNINGS PER SHARE

The Parent Company now only holds ordinary shares. The warrants and preference shares which used to exist were converted into ordinary shares in conjunction with the IPO.

Earnings per share before dilution were previously calculated by dividing earnings attributable to shareholders of the Parent by a weighted average number of outstanding ordinary shares and preference shares during the period.

Earnings per share after dilution were calculated by adjusting the weighted average number of outstanding ordinary shares and preference shares for the dilutive effect of all potential ordinary shares and preference shares. The Parent Company has had one category of potential ordinary shares with a dilutive effect: warrants. For warrants, a calculation is made of the number of shares that could have been purchased at fair value (defined as the average annual market price of the Parent Company's shares) for an amount equal to the monetary value of the subscription rights attaching to the outstanding warrants. The number of shares calculated in this manner is compared with the number of shares that would have been issued on the assumption that the warrants are exercised.

As the company's preference shares, in addition to interest payments, have entitled the holder to dividends on the same terms as for ordinary shares, the total number of shares (i.e. ordinary shares and preference shares) is used in calculating earnings per share.

The preference shares have entitled the holder to annual interest of 13 per cent of the original value. The 2018 AGM resolved to approve a 10:1 stock split.

	2019	2018
Profit for the period	128,276	104,461
Interest on preference shares		–1,698
Average total number of shares before dilution	16,847,124	16,151,595
Earnings per share before dilution, SEK	7.61	6.37
Average total number of shares after dilution	16,847,124	16,498,547
Earnings per share after dilution, SEK	7.61	6.24

NOTE 16 HOLDING AND INVESTMENTS IN SUBSIDIARIES

At 31 December 2019, the Group had the following subsidiaries:

Name	Country of registration and operation	Percentage of ordinary shares owned directly by the Parent Company (%)	Percentage of ordinary shares owned by the Group (%)
NCAB Group Asia Ltd.	Hong Kong	100%	
NCAB Group ShenZhen Electronics Co Ltd.	China		100%
NCAB Group ShenZhen Co Ltd.	China		100%
NCAB Group Benelux B.V	Netherlands	100%	
NCAB Group Denmark A/S	Denmark	100%	
NCAB Ericon Pte	Russia	100%	
NCAB Group Estonia Oü	Estonia	100%	
NCAB Group Finland OY	Finland	100%	
NCAB Group France SAS	France	100%	
NCAB Group Germany GMBH	Germany	100%	
NCAB Group Iberia S.A.	Spain	100%	
NCAB Group Italy S.r.l.	Italy	100%	
NCAB Group Norway AS	Norway	70%	
NCAB Macedonia A.D.	North Macedonia	100%	
NCAB Multiprint A/S	Denmark	100%	
NCAB Group Polska Sp. Z.o.o	Poland	100%	
NCAB Group South East Asia SDN BHD	Malaysia	100%	
NCAB Group Sweden AB	Sweden	100%	
NCAB Group UK Ltd	UK	100%	
NCAB Group USA Inc.	USA	100%	
Altus PCB	USA		100%

All subsidiaries are consolidated in the Group. The voting interest in subsidiaries which are owned directly by the Parent Company does not differ from the owned share of ordinary shares.

NOTE 17 PROPERTY, PLANT AND EQUIPMENT

Improvements to third party's property:

	2019	2018
Opening balance		
Cost	5,347	5,146
Accumulated depreciation	–3,826	–3,291
Carrying amount	**1,521**	**1,855**
Period		
Foreign exchange differences	43	142
Purchases	1,821	59
Depreciation	–541	–523
Closing balance		
Cost	7,199	5,347
Accumulated depreciation	–4,355	–3,826
Carrying amount	**2,844**	**1,521**

Plant and equipment:

	2019	2018
Opening balance		
Cost	19,589	17,893
Accumulated depreciation	–15,404	–13,063
Carrying amount	**4,185**	**4,920**
Period		
Foreign exchange differences	29	216
Purchases	2,514	1,652
Sales and disposals	–300	
Depreciation	–2,351	–2,505
Closing balance		
Cost	21,832	19,589
Accumulated depreciation	–17,755	–15,404
Carrying amount	**4,077**	**4,185**

Right-of-use assets:

	2019	2018
Opening balance		
Cost		
Accumulated depreciation		
Carrying amount		
Period		
Foreign exchange differences		
Additions	43,870	
Sales and disposals		
Amortisation	–10,335	
Closing balance		
Cost	43,870	
Accumulated depreciation	–10,335	
Carrying amount	**33,535**	

NOTE 18 INTANGIBLE ASSETS

	Goodwill	Capitalised development costs	Other intangible assets	Total
Financial year 2018				
Carrying amount at beginning of year	**129,385**	**1,308**	**6,777**	**137,470**
Foreign exchange differences	3,370	92	859	4,318
Added		671		617
Amortisation		–1,374	–5,082	–6,456
Carrying amount at end of year	132,755	697	2,554	136,006
Carrying amount				
Cost	132,755	15,560	25,057	173,369
Accumulated amortisation and impairment		–14,863	–22,503	–37,366
31 December 2018	**132,755**	**697**	**2,554**	**136,006**
Financial year 2019				
Carrying amount at beginning of year	**132,755**	**697**	**2,554**	**136,006**
Foreign exchange differences	262	46	–399	269
Added	73,236	2,550	17,719	93,505
Sales and disposals		–1,642		–1,515
Amortisation		–1,631	–3,629	–5,260
Carrying amount at end of year	**206,253**	**147**	**16,605**	**223,005**
Carrying amount				
Cost	206,253	18,156	42,737	267,146
Accumulated amortisation and impairment		–18,009	–26,132	–44,141
31 December 2019	**206,253**	**147**	**16,605**	**223,005**

GOODWILL BY CASH-GENERATING UNIT

31 Dec 2018	Carrying amount at beginning of year	Added	Other adjustments (foreign exchange effect)	Carrying amount at end of year
Sweden	15,385			15,385
Norway	4,575			4,575
Finland	9,041			9,041
USA	89,247		3,370	92,617
Other	11,137			11,137
Total	**129,385**		**3,370**	**132,755**

31 Dec 2019	Carrying amount at beginning of year	Added	Other adjustments (foreign exchange effect)	Carrying amount at end of year
Sweden	15,385			15,385
Denmark	2,318	26,334		28,652
Norway	4,575			4,575
Finland	9,041			9,041
USA	92,617	46,902	261	139,780
Other	8,819			8,819
Total	**132,755**	**73,236**	**261**	**206,252**

The recoverable amount for a cash-generating unit (CGU, for the Group, country) is determined based on calculations of value in use. These calculations are made on the basis of estimated future cash flows before tax based on five-year financial budgets that have been approved by management. Cash flows beyond the five-year period are extrapolated using an estimated growth rate, as shown below. The growth rate does not exceed the long-term growth rate for the market in which the CGU operates.

For each CGU to which a significant amount of goodwill has been allocated, the material assumptions, long-term growth rates and discount rates used in calculating value in use are indicated below.

Note 18, cont.

31 Dec 2018	Sweden	Norway	Finland	Denmark	USA
Long-term growth rate, %	2	2	2	2	2
Pre-tax discount rate, %	9.0	9.3	9.0	8.0	10.7

31 Dec 2019	Sweden	Norway	Finland	Denmark	USA
Long-term growth rate, %	2	2	2	2	2
Pre-tax discount rate, %	8.6	8.3	8.6	7.4	9.6

The five-year forecasting period is based on the budget and unchanged sales margins and sales composition. The five-year period is also based on previous earnings and management's expectations of market development as well as external information sources.

No reasonable change in critical assumptions for Sweden, Norway, Finland and Denmark would result in the carrying amount exceeding the recoverable amount. USA can cope with a long-term growth rate of –4 per cent or an increase in WACC by 3 percentage points for the carrying amount to exceed the recoverable amount.

NOTE 19 FINANCIAL INSTRUMENTS BY CATEGORY

31 DEC 2019

	Assets at amortised cost	Total
Assets in balance sheet		
Non-current financial assets	4,018	4,018
Trade receivables	320,014	320,014
Cash and cash equivalents	82,209	82,209
Total	**406,241**	**406,241**

	Other financial liabilities	Total
Liabilities in balance sheet		
Borrowings	92,939	92,939
Trade payables	252,505	252,505
Total	**345,444**	**345,444**

31 DEC 2018

	Loans and receivables	Total
Assets in balance sheet		
Non-current financial assets	3,938	3,938
Trade receivables	314,005	314,005
Cash and cash equivalents	113,917	113,917
Total	**431,860**	**431,860**

	Other financial liabilities	Total
Liabilities in balance sheet		
Borrowings	103,162	103,162
Trade payables	231,472	231,472
Total	**334,634**	**334,634**

Fair value:
For most of the Group's borrowing, the carrying amount on borrowing corresponds to its fair value given that the interest on this borrowing is in parity with prevailing market rates or because the borrowing is short-term.

NOTE 20 FINANCIAL ASSETS

	31 Dec 2019	31 Dec 2018
Opening value	**3,938**	**1,003**
Foreign exchange differences	189	39
Additions	594	2,907
Sales and disposals	–703	–11
Closing value	**4,018**	**3,938**

Financial assets refer to deposits for leases in Denmark, Finland, France, Italy and the USA. Together with restricted funds for state customers in Russia.

NOTE 21 TRADE RECEIVABLES

	31 Dec 2019	31 Dec 2018
Trade receivables	323,672	317,726
Provision for doubtful debts	–3,658	–3,721
Net trade receivables	**320,014**	**314,005**

The fair value of trade receivables is equal to the carrying amount, as the discount effect is insignificant.

At 31 December 2019, the Group had past due trade receivables of kSEK 68,850 (65,041). The age structure of these trade receivables is shown below:

	31 Dec 2019	31 Dec 2018
1–30 days	44,592	47,150
31–90	19,063	10,574
> 91 days	5,195	7,316
Total trade receivables past due	**68,850**	**65,041**

At 31 December 2019, the Group had recognised impairment of trade receivables of kSEK 3,658 (3,721).

The carrying amounts, for each currency, of the Group's trade and other receivables are as follows:

	31 Dec 2019	31 Dec 2018
SEK	2,243	3,311
EUR	35,465	28,721
USD	205,598	212,384
GBP	17,565	41,386
Other	59,144	28,199
Total	**320,014**	**314,005**

Changes in the provision for doubtful debts are as follows:

	2019	2018
1 January	**3,721**	**3,952**
Provisions for credit losses	764	483
Impairment for the year	–346	–112
Reversal of unused provisions	–482	–543
Foreign exchange differences		–59
31 December	**3,658**	**3,721**

Provisions and reversals of provisions for doubtful debts are included in the item Other external expenses in profit or loss (Note 8).

Other categories in trade and other receivables do not include any impaired assets. The maximum exposure to credit risk at the balance sheet date is the carrying amount, as shown above.

The Group has not received any pledge as security for trade receivables but the majority of the Group's trade receivables are insured with a credit insurance company.

NOTE 22 INVENTORIES

	31 Dec 2019	31 Dec 2018
Raw materials and consumables	148,832	110,897

The cost for inventories that has been expensed is included in the item Raw materials and consumables in profit or loss, and amounts to kSEK 1,193,524 (1,079,295).

The Group did not recognise any reversals of impairment losses on inventories in 2019 or 2018.

Inventories, which totalled kSEK 148,832 (110,897) at the closing date, consist exclusively of goods with fixed orders from customers.

NOTE 23 OTHER CURRENT RECEIVABLES

	31 Dec 2019	31 Dec 2018
Tax assets	12,479	4,568
VAT receivables	1,135	434
Other receivables	4,280	8,357
Total	**17,893**	**13,359**

NOTE 24 PREPAID EXPENSES AND ACCRUED INCOME

	31 Dec 2019	31 Dec 2018
Prepaid rents	1,178	747
Accrued commission	9,359	7,794
Service contracts	4,764	1,618
Other items	13,730	6,730
Total	**29,031**	**16,889**

NOTE 25 CASH AND CASH EQUIVALENTS

	31 Dec 2019	31 Dec 2018
Bank deposits	82,210	113,917
Total	**82,210**	**113,917**

NOTE 26 SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL

	Number of shares ('000)	Share capital	Other additional paid-in capital	Total
31 December 2018	**16,847**	**1,685**	**201,616**	**203,301**
31 December 2019	**16,847**	**1,685**	**201,616**	**203,301**

The share capital comprises 16,847,124 shares with a quotient value of SEK 0.10. Each share carries one vote. All shares issued by the Parent Company are fully paid up.

Preference shares

During the second quarter 2018, the preference shares were converted into ordinary shares following a resolution of the Annual General Meeting on 14 March 2018. As the company's preference shares, in addition to interest payments, entitle the holder to dividends on the same terms as for ordinary shares, the total number of shares (i.e. ordinary shares and preference shares) is used in calculating earnings per share. In connection with the IPO, all outstanding options were exercised to acquire new shares. The following applies to the company's previous preference shares. In May 2011, NCAB issued preference shares. Preference shares have preferential rights to dividends over ordinary shares, earning annual interest at a rate calculated from 1 May 2011. In case of liquidation, preference shares have preferential rights over ordinary shares in respect of dividends on the above terms, less what has previously accrued to holders of preference shares in the form of dividends with preferential rights. Preference shares carry one vote each in the same way as ordinary shares and there are no repayment terms in respect of the preference shares.

Split

The Annual General Meeting on 14 March 2018 resolved to approve a 10:1 stock split. Earnings per share have been calculated retrospectively based on the total number of shares after the stock split for each period.

Dividend

In 2019, a dividend was paid of SEK 75 million, SEK 4.50 per ordinary share. At the General Meeting on 5 June 2020, it will be proposed that no dividend will be paid.

Employee warrants

The company previously had warrants for employees. These were redeemed in connection with the IPO. Currently, there are no warrants.

Changes in the number of outstanding warrants and their weighted average exercise prices are as follows:

	2019 Warrants	2018 Warrants
1 January		38,700
Allocated		
Exercised		–38,700
31 December		

The fair value of allocated warrants is determined using the Black-Scholes option pricing model. Key inputs in the model were the weighted average share value on the allocation date, the above exercise price and volatility. Volatility is measured as the standard deviation of the expected return on the share price based on a statistical analysis of daily share prices over the last three years.

	2017	2014	2013
Average purchase price	7.93	2.77	2.79
Average share price on allocation date	350.84	103.00	103.00
Volatility, %	20	20	20
Risk-free rate, %	0.224	1.480	1.502

During 2018, warrants were converted into ordinary shares, resulting in an impact on equity in 2018 totalling kSEK 4,203 and cash flow of kSEK 4,171. This had no effect on recognised profit.

NOTE 27 BORROWINGS

	31 Dec 2019	31 Dec 2018
Liabilities to credit institutions		
Long-term	75,000	85,000
Short-term	17,939	18,162
Total borrowings	**92,939**	**103,162**

BANK LOANS

The Group's borrowing was primarily conducted in USD and SEK, but borrowing was solely in SEK as of 31 December 2019.

Under the covenants associated with liabilities to credit institutions, net debt must not exceed 2.5 times EBITDA, cash flow/financing costs (interest and repayments of principal) must exceed 1.0.

The company renegotiated its loans in 2018. The old loans in USD and SEK were repaid and replaced with two new loans of SEK 50 million each. One of the loans has quarterly repayments and one is free of instalments. The last instalment date is in June 2023. The interest rate is Stibor +2.5 per cent. During the year, the average interest rate was 2.375 per cent (2.125).

The collateral for the loans consists of shares in subsidiaries valued at kSEK 372,826 (Note 32).

OVERDRAFT FACILITY

The Group has an agreed overdraft facility with a limit of kSEK 113,965 in the currencies SEK, EUR, USD, GBP, DKK and NOK. Of the agreed limit, kSEK 7,939 had been drawn at 31 December 2019 (8,087). The overdraft facility is subject to an interest rate defined as STIBOR +1.5 per cent. The interest is paid on a quarterly basis. The terms of the overdraft facility are linked to the covenants for the bank loans, see above.

The carrying amounts and fair values for borrowings are as follows:

	Carrying amount		Fair value	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Liabilities to credit institutions	92,939	103,162	92,939	103,162
Total	**92,939**	**103,162**	**92,939**	**103,162**

The fair value of short-term borrowings is equal to the carrying amount, as the discount effect is insignificant. Liabilities to credit institutions are classified in Level 2 of the fair value hierarchy.

The carrying amounts, by currency, for the Group's borrowings are as follows:

	31 Dec 2019	31 Dec 2018
SEK	85,000	95,000
USD	7,939	8,087
Other currencies		
Total	**92,939**	**103,162**

The Group has the following undrawn credit facilities:

	31 Dec 2019	31 Dec 2018
Variable interest:		
– no maturity date	106,026	104,913
Total	**106,026**	**104,913**

In addition to the credit and borrowing referred to above, the Group has liabilities relating to right-of-use assets of kSEK 33,996.

NOTE 28 DEFERRED TAX

The breakdown of deferred tax assets and liabilities is as follows:

	31 Dec 2019	31 Dec 2018
Deferred tax assets:		
– deferred tax assets usable after more than 12 months	6,263	4,315
– deferred tax assets usable within 12 months	1,408	3,446
Deferred tax liabilities:		
– deferred tax liabilities payable after more than 12 months	6,844	2,860
– deferred tax liabilities payable within 12 months	1,269	
Net deferred tax assets	**–441**	**4,901**

The gross change in respect of deferred taxes is as follows:

	2019	2018
Opening balance	**4,901**	**750**
Foreign exchange differences	–499	–193
Additions	–3,089	–3,154
Recognised in profit or loss (Note 13)	–1,755	7,498
Closing balance	**–411**	**4,901**

The change in deferred tax assets and liabilities during the year, without taking account of netting in the same tax jurisdiction, is shown below:

Deferred tax liabilities	Other	Total
1 January 2018	**3,454**	**3,454**
Recognised in profit or loss		–594
31 December 2018	**2,860**	**2,860**
Recognised in profit or loss	1,647	1,647
Adjustment from previous year	3,089	3,089
Currency adjustment	517	517
31 December 2019	**8,113**	**8,113**

Deferred tax assets	Intangible assets	Tax losses	Total
1 January 2018	**750**		**750**
Recognised in profit or loss	–113	7,017	6,904
Foreign exchange differences	107	–1	106
31 December 2018	**744**	**7,014**	**7,761**
Recognised in profit or loss	–744	636	–108
Foreign exchange differences		18	18
31 December 2019		**7,671**	**7,671**

Deferred tax assets are recognised for tax losses to the extent that it is probable that these can be used to offset future taxable profits. The Group has not recognised deferred tax assets of kSEK 950 (0) relating to losses of kSEK 4,498 (0).

NOTE 29 ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec 2019	31 Dec 2018
Accrued holiday pay and bonuses	28,438	37,070
Accrued customer bonus	4,943	5,177
Accrued audit fees	2,403	2,312
Deferred income	3,519	
Additional purchase consideration Altus PCB	19,697	
Other items	22,185	12,839
Total	**81,184**	**57,398**

NOTE 30 ADJUSTMENT FOR NON-CASH ITEMS

	2019	2018
Adjustments for:		
– depreciation of property, plant and equipment (Note 17)	13,050	3,028
– amortisation of intangible assets (Note 18)	5,133	6,456
– minority share of profit for the year	127	116
– foreign exchange difference	–4,393	–2,932
Total	**13,917**	**6,668**

NOTE 31 CASH FLOW FROM FINANCING ACTIVITIES

	1 January 2019	Cash flow	Non-cash change Unrealised foreign exchange difference	31 December 2019
Overdraft facility	8,162	353	–576	7,939
Other loans	95,000	–10,000		85,000
Right-of-use liabilities	45,372	–11,338		34,034
	148,534	**–20,985**	**–576**	**126,973**
Cash and cash equivalents	–113,916	37,821	–6,115	–82,210

	1 January 2018	Cash flow	Non-cash change Unrealised foreign exchange difference	31 December 2018
Overdraft facility	41,901	–31,479	–2,260	8,162
Other loans	123,163	–32,907	4,744	95,000
	165,064	**–64,386**	**2,484**	**103,162**
Cash and cash equivalents	–31,206	–81,722	–988	–113,916

NOTE 32 PLEDGED ASSETS

For liabilities to credit institutions:

	31 Dec 2019	31 Dec 2018
Shares in subsidiaries (see below)	372,826	268,559
Total	**372,826**	**268,559**
Pledged assets – 100% of the shares of:		
NCAB Group Sweden AB	64,981	43,578
NCAB Group Finland OY	39,976	38,150
NCAB Group Denmark ApS	11,899	8,541
NCAB Group Norway AS	51,448	35,723
NCAB Group Germany GmbH	802	
NCAB Group USA Inc.	154,083	113,904
NCAB Group UK Ltd	49,637	28,663

In addition to the above, there are also chattel mortgages issued by NCAB Group Sweden of SEK 55.0 million (55.0).

NOTE 33 OPERATING LEASES

OPERATING LEASE OBLIGATIONS

The Group leases equipment and photocopiers under non-cancellable operating leases. The lease terms vary from one to three years and most leases can be extended at the end of the lease term for a fee that is in line with market rates. The Group also leases various premises under cancellable operating leases. The period of notice for the Group under these contracts ranges from six to 72 months. From 2019, operating leases will be recognised in accordance with IFRS 16. Comparative figures are not changed, rather all leases are included from 2018 that are reported according to IAS 17. Lease payments of kSEK 0 (10,179).

Future total minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
Within 1 year		14,264
Between 1 and 5 years		18,147
More than 5 years		6,696
Total		**39,107**

NOTE 34 RIGHT-OF-USE ASSETS

LEASES

The Group leases various offices, warehouse space and vehicles. Rental contracts are typically made for fixed periods of one to ten years but with the option to extend or shorten. Contracts may include both lease and non-lease elements. The Group allocates the consideration in the contract to lease and non-lease components based on the relative stand-alone selling prices. Lease payments for property, where the Group is a tenant, are not separated into lease and non-lease components and instead these are recognised as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased plant and equipment is classified as either finance or operating leases until the end of the 2018 financial year. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments.

- Fixed payments made at or before the commencement date less any lease incentives received.
- Amounts expected to be paid by the lessee according to residual value guarantees.

Right-of-use assets are normally depreciated over the shorter of the useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use is amortised over the useful life of the underlying asset.

Payments associated with short-term leases relating to equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets include items of office furniture.

Critical judgements in determining the lease term. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended. Extension options related to leases for office premises and vehicles are not included in lease liability as the Group can replace the assets without material costs or disruption to operations.

For more information, see Note 2.1.

Right-of-use assets:

Right-of-use assets	31 Dec 2019	1 Jan 2019
Properties	28,716	22,486
Vehicles	4,819	6,968
Other		
Total	**33,535**	**29,454**
Lease liability		
Current	11,372	14,469
Non-current	22,662	14,985
Total	**34,034**	**29,454**

In the previous year, all leases were recognised as operating leases in accordance with IAS 17.

Additions to the right-of-use assets in 2019 were kSEK 11,801.

Depreciation of right-of-use assets	31 Dec 2019	31 Dec 2018
Properties	6,717	
Vehicles	3,616	
Other		
Total	**10,333**	

Cash flow pertaining to right-of-use assets:

31 December 2019	Less than 1 year	Between 1 and 5 years	More than 5 years
	11,732	19,962	2,306

Interest expense	–1,466
Expense relating to short-term leases (included in other external expenses)	–5,386
Expense relating to leases of low-value assets that are not short-term leases (included in other external expenses)	0
Expense relating to variable lease payments not included in lease liabilities (included in other external expenses)	0

The total cash outflow for leases in 2019 was kSEK 16,724.

Future operating leases in accordance with IAS 17, 31 Dec 2018	39,107
Right-of-use assets, 1 Jan 2019	29,454
Short-term equipment	5,386
Discount rate	4,267
	39,107

NOTE 35 RELATED PARTIES

The following transactions have been made with related parties:

(a) Sale of goods and services

	2019	2018
Sale of goods:		
– Ericon (33% owned by Vladimir Makarov, MD in NCAB Russia)	8,229	9,589
– Ericon Assembly (25% owned by Vladimir Makarov, MD in NCAB Russia)	709	1,558
Total	**8,938**	**11,147**

(b) Remuneration of executive management
Executive management has received the following remuneration:

	2019	2018
Salaries and other short-term benefits	25,515	23,060
Share-based remuneration		
Other long-term benefits		
Post-employment benefits (pension contributions)	1,914	1,436
Total	**27,429**	**24,497**

The Group only has defined contribution pension plans. Retirement benefit cost refers to the cost which affects profit for the year. For more information about pensions, see below.

DEFINED CONTRIBUTION PENSION
The retirement age for the Chief Executive Officer is 65 years. The pension premium is 20 per cent of the pensionable pay. Pensionable pay refers to the basic salary plus average variable pay for the last three years.

For other executive management, the retirement age is 65 years. The pension agreement states that the pension premium is 4–20 per cent of the pensionable pay.

PERIOD OF NOTICE AND SEVERANCE PAY
The CEO has a notice period of 12 months if termination is made by the company and 6 months if termination is made by the CEO. There is no agreement on severance pay.

The contracts between the company and executive management are subject to one–nine months' notice by either party.

Remuneration and other benefits 2019

	Basic salary/ fees	Variable remuneration	Pension costs	Share-based remuneration	Other remuneration	Total
Christian Salamon, Chairman of the Board	775					775
Jan-Olof Dahlén	350					350
Magdalena Persson	375					375
Gunilla Rudebjer	500					500
Hans Ramel	400					400
Per Hesselmark	375					375
Hans Ståhl, Chief Executive Officer	2,612	1,167	400		104	4,284
Other executive management (ten persons)	14,406	3,055	1,514		1,396	20,370
Total	**19,793**	**4,222**	**1,914**		**1,500**	**27,429**

Remuneration and other benefits 2018

	Basic salary/ fees	Variable remuneration	Pension costs	Share-based remuneration	Other remuneration	Total
Christian Salamon, Chairman of the Board	762					762
Jan-Olof Dahlén	350					350
Magdalena Persson	425					425
Gunilla Rudebjer	600					600
Hans Ramel	400					400
Per Hesselmark	375					375
Hans Ståhl, Chief Executive Officer	1,958	1,046	376		101	3,482
Other executive management (ten persons)	13,281	2,361	1,060		1,398	18,101
Total	**18,152**	**3,407**	**1,436**		**1,499**	**24,497**

Note 35, cont.

(c) Receivables and liabilities at year-end due to sales and purchases of goods and services

	31 Dec 2019	31 Dec 2018
Receivables from related parties:		
– Trade receivables, Ericon	1,036	1,706
– Trade receivables, Ericon Assembly	17	400

Receivables from related parties mainly relate to sales transactions and fall due two months after the sale date. The Group holds no collateral for these receivables. No interest is paid. The Group has not made any provisions for doubtful debts for receivables from related parties.

(d) Loans to related parties
The Group has no loans to related parties.

(e) Pledged assets and contingent liabilities on behalf of related parties
The Group has no pledged assets or contingent liabilities on behalf of related parties.

NOTE 36 ACQUISITIONS

Multiprint A/S, Denmark
On 4 March 2019, 100 per cent of the shares were acquired in Multiprint A/S. Operating profit together with assets and liabilities associated with the acquired company were consolidated from 4 March 2019. Goodwill of SEK 26.3 million arose in conjunction with the acquisition. Multiprint contributed SEK 54.7 million in net sales and SEK 9.2 million in EBITA in the period between 4 March and 31 December 2019. Transaction costs of SEK 0.6 million
relate to Multiprint, which were expensed in the first quarter.

The goodwill of kSEK 26,334 which arose from the acquisition is attributable to an increased market presence (which is not separable) and expected synergies from the merger of the Group's and Multiprint's operations.

Purchase consideration	
Cash and cash equivalents	50,252
Total consideration	**50,252**

Carrying amounts of identifiable acquired assets and assumed liabilities	
Cash and cash equivalents	470
Property, plant and equipment	334
Customer relationships (included in intangible assets)	7,000
Inventories	11,354
Trade receivables	13,875
Prepaid expenses	80
Accrued expenses	–1,163
VAT	–4,541
Trade payables	–1,992
Deferred tax	–1,498
Total identifiable net assets	**23,918**
Goodwill	**26,334**

Altus PCB
On 14 November 2019, 100 per cent of shares were acquired in Altus PCB, New Jersey, USA. Payment for the shares was divided between cash and cash equivalents on 14 November plus an earn-out based on earnings until June 2020. Operating profit together with assets and liabilities associated with the acquired company were consolidated from 14 November 2019. Goodwill of SEK 46.9 million arose in conjunction with the acquisition. Altus PCB contributed SEK 5.5 million in net sales and SEK 1.3 million in EBITA in the period between 14 November and 31 December 2019. Transaction costs related to the acquisition of Altus PCB amounted to SEK 2.2 million, which were expensed in the fourth quarter.

The goodwill of kSEK 46,902 which arose from the acquisition is attributable to an increased market presence (which is not separable) and expected synergies from the merger of the Group's and Altus-PCB's operations.

Purchase consideration	
Cash and cash equivalents	37,878
Calculated purchase consideration	19,697
Total consideration	**57,575**

Carrying amounts (preliminary fair value) of identifiable acquired assets and assumed liabilities in Altus PCB on acquisition date:

Carrying amounts of identifiable acquired assets and assumed liabilities	
Cash and cash equivalents	990
Property, plant and equipment	43
Customer relationships (included in intangible assets)	9,072
Inventories	935
Trade receivables	9,112
Prepaid expenses	22
Accrued expenses	–1,470
Trade payables	–5,490
Deferred tax	–2,540
Total identifiable net assets	**10,673**
Goodwill	**46,902**

Added:

Cash flow pertaining to acquisitions	
Purchase consideration Multiprint	–50,252
Purchase consideration Altus PCB	–37,878
Of which cash received Multiprint	470
Of which cash received Altus PCB	990
Impact on cash flow	–86,670

NOTE 37 EVENTS AFTER THE END OF THE REPORTING PERIOD

Acquisition of Flatfield
On 12 March 2020, an agreement was signed to acquire 100 per cent of the shares in IPCS B.V., the Parent Company of the Flatfield Group. Flatfield sales in 2019 amounted to approximately SEK 300 million, of which almost half in the Benelux region and most of the remaining sales in Germany. Flatfield has some 50 employees, of whom 15 in China. NCAB paid an enterprise value of SEK 182 million, corresponding to an EBITA multiple of about 7. Financing was with new loans totalling SEK 175 million. Flatfield will be consolidated from 1 March 2020.

Effects of COVID-19
NCAB's suppliers closed for two weeks after the Chinese New Year, which resulted in substantial supply disruptions. Production was subsequently resumed and capacity was between 80 and 85 per cent at the end of March. Due to NCAB's good supply planning ahead of the Chinese New Year and the priority given to NCAB by its suppliers, the impact on sales by the end of March was only slightly negative. As the outbreak of COVID-19 shifted to Europe and the USA, NCAB has transitioned from problems with supply to problems with demand. As and when NCAB's customer close down operations, this will have a negative impact on sales and earnings in 2020, though it is very difficult to assess the extent of this impact. NCAB is following instructions from local authorities, which means a large share of work is being conducted by employees from home.

New CEO appointed
On April 3, Peter Kruk was appointed new President and CEO of NCAB. Peter has vast international experience as a leader in industrial companies, most recently with Dometic. Peter succeeds Hans Ståhl, who in November 2019 announced that he planned to retire in 2020. Peter Kruk will take up his position at the latest in the beginning of October. Hans Ståhl will remain a board member and will continue to be an engaged major owner of NCAB.

NOTE 38 DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

Some of the information contained in this report that is used by management and analysts to assess the Group's performance has not been prepared in accordance with IFRS. Management believes that this information helps investors to analyse the Group's financial performance and financial position. Investors should regard this information as complementary rather than as replacing financial reporting in accordance with IFRS.

Alternative performance measure	Definition	Purpose
Gross profit	Net sales less raw materials and consumables and for other operating income, which includes translation differences on trade receivables and trade payables	Gross profit provides an indication of the surplus that is needed to cover fixed and semi-fixed costs in the NCAB Group.
Gross margin	Gross profit divided by net sales.	The gross margin provides an indication of the surplus as a percentage of net sales that is needed to cover fixed and semi-fixed costs in the NCAB Group.
EBITDA	Operating profit before depreciation, amortisation and impairment of property, plant and equipment, and intangible assets.	EBITDA along with EBITA provide an overall picture of operating earnings.
Adjusted EBITDA	Operating profit before depreciation, amortisation and impairment of property, plant and equipment, and intangible assets adjusted for non-recurring items.	Adjusted EBITDA is adjusted for extraordinary items. NCAB therefore considers that it is a useful performance measure for showing the company's operating earnings.
EBITA	Operating profit before amortisation and impairment of goodwill and acquisition-related intangible assets.	EBITDA provides an overall picture of operating earnings.
Adjusted EBITA	Operating profit before amortisation and impairment of goodwill and acquisition-related intangible assets adjusted for non-recurring items.	Adjusted EBITA is adjusted for extraordinary items. NCAB therefore considers that it is a useful performance measure for showing the company's operating earnings.
Adjusted EBITA margin	Operating profit before amortisation and impairment of goodwill and acquisition-related intangible assets adjusted for non-recurring items, divided by net sales.	Adjusted EBITA margin is adjusted for nonrecurring items. NCAB Group therefore considers that it is a useful performance measure for comparing the company's margin with other companies regardless of whether the business is driven by acquisitions or organic growth.
Return on equity	Net profit/loss for the year divided by average equity.	Return on equity is used to analyse the company's profitability, based on how much equity is used.
Equity/assets ratio	Equity and untaxed reserves net of deferred tax, divided by total assets.	NCAB considers that this is a useful measure for showing what portion of total assets is financed by equity. It is used by management to monitor the Group's long-term financial position.
Net debt	Interest-bearing liabilities less cash and cash equivalents.	Net debt is a measure which shows the company's total indebtedness.
Net working capital	Current assets excluding cash and cash equivalents less non-interest-bearing current liabilities.	This measure shows how much working capital that is tied up in the business

Note 38, cont.

GROSS PROFIT

SEK million	2019	2018
Net sales	1,781.2	1,617.0
Other operating income	4.9	1.7
Raw materials and consumables	–1,225.4	–1,117.2
Translation differences	4.3	4.7
Total gross profit	**564.9**	**506.1**
Gross margin, %	31.7	31.3

EBITA AND ADJUSTED EBITA

SEK million	2019	2018
Operating profit	161.7	127.6
Amortisation and impairment of intangible assets	3.6	4.6
EBITA	**165.4**	**132.2**
EBITA margin, %	9.3	8.2
Non-recurring items		11.6
Adjusted EBITA	**165.4**	**143.8**
Adjusted EBITA margin, %	9.3	8.9

EBITDA AND ADJUSTED EBITDA

SEK million	2019	2018
Operating profit	161.7	127.6
Depreciation, amortisation and impairment of property, plant and equipment, and intangible assets	18.2	8.9
EBITDA	**179.9**	**136.6**
EBITDA margin, %	10.1	8.4
Non-recurring items		11.6
Adjusted EBITDA	**179.9**	**148.1**
Adjusted EBITDA margin, %	10.1	9.2

RETURN ON EQUITY

SEK million	2019	2018
Profit for the year	128.4	104.6
Equity (average)	322.4	201.5
Return on equity, %	**39.8**	**51.9**

EQUITY/ASSETS RATIO

SEK million	31 Dec 2019	31 Dec 2018
Equity	348.1	296.6
Total	**348.1**	**296.6**
Total assets	873.1	722.5
Equity/assets ratio, %	**39.9**	**41.0**

NET DEBT

SEK million	31 Dec 2019	31 Dec 2018
Interest-bearing liabilities	127.0	103.2
Cash and cash equivalents	–82.2	–113.9
Total net debt	**44.8**	**–10.8**
Adjusted EBITDA	179.9	148.1
Net debt/Adjusted EBITDA	**0.2**	**–0.1**

NET WORKING CAPITAL

SEK million	2019	2018
Inventories	148.8	110.9
Trade receivables	320.0	314.0
Other current receivables	17.9	13.4
Prepaid expenses and accrued income	29.0	16.9
Trade payables	–252.5	–231.4
Current tax liabilities	–29.4	–9.8
Other current liabilities	–26.9	–21.2
Accrued expenses and deferred income	–81.2	–57.4
Net working capital	**125.8**	**135.3**

NOTE 39 PROPOSED APPROPRIATION OF RETAINED EARNINGS

The Annual General Meeting is asked to decide on the appropriation of the following earnings:

Share premium account		201,581,621
Retained earnings		–64,763,416
Net profit for the year		22,573,518
	SEK	**159,391,723**

The Board of Directors proposes the following appropriation of retained earnings:

A dividend payment to shareholders of SEK 0 per share, totalling		0
Carried forward		159,391,723
	SEK	**159,391,723**

Parent Company income statement

kSEK	Note	2019	2018
Operating revenue			
Net sales	42	55,903	57,355
Total			
Other external expenses	43, 45	–34,265	–42,450
Staff costs	44	–27,640	–23,314
Depreciation of property, plant and equipment, and amortisation of intangible assets	52, 53	–429	–855
Other operating expenses	46		–10,601
Total operating expenses		**–62,334**	**–77,220**
Operating loss		**–6,431**	**–19,865**
Income from investments in Group companies	47	22,460	22,865
Other interest income and similar income	48	20,460	14,764
Interest expense and similar charges	48, 51	–27,677	–35,948
Net financial income		**15,243**	**1,682**
Profit before tax		**8,812**	**–18,183**
Appropriations	49	14,000	61,000
Tax on profit for the year	50	–239	–248
Profit for the year		**22,573**	**42,569**

The Parent Company has no items which are accounted for as other comprehensive income. Total comprehensive income is therefore the same as profit for the year.

The Notes on pages 78 to 84 form an integral part of this annual report.

Parent Company balance sheet

kSEK	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development expenditure	52	1,337	203
Total intangible assets		**1,337**	**203**
Property, plant and equipment			
Plant and equipment	53	61	130
Total property, plant and equipment		**61**	**130**
Non-current financial assets			
Investments in Group companies	54	265,710	215,002
Other non-current receivables		1,427	897
Total non-current financial assets		**267,137**	**215,899**
Total non-current assets		**268,535**	**216,232**
Current assets			
Current receivables			
Trade receivables		2,218	1,331
Receivables from Group companies	55	131,138	115,779
Tax assets		179	
Other current receivables	56	175	2,052
Prepaid expenses and accrued income	57	4,130	3,370
Total current receivables		**137,840**	**122,532**
Cash and bank balances	58	**6,804**	**69,298**
TOTAL ASSETS		**413,179**	**408,062**

The Notes on pages 78 to 84 form an integral part of this annual report.

Parent Company balance sheet, cont.

kSEK	Note	31 Dec 2019	31 Dec 2018
EQUITY AND LIABILITIES			
Equity	26, 58		
Restricted equity			
Share capital (16,847,124 ordinary shares)		1,685	1,685
Non-restricted equity			
Share premium account		201,582	201,582
Retained earnings		–64,764	–31,521
Profit for the year		22,573	42,569
Total equity		**161,076**	**214,315**
Untaxed reserves	50	8,800	8,800
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	60, 63	75,000	85,000
Total non-current liabilities		**75,000**	**85,000**
Current liabilities			
Liabilities to credit institutions	60, 63	10,000	10,000
Trade payables		3,165	2,932
Liabilities to Group companies	55	145,644	75,545
Current tax liabilities			173
Other current liabilities		2,106	1,380
Accrued expenses and deferred income	61	7,388	9,917
Total current liabilities		**168,303**	**99,947**
TOTAL EQUITY AND LIABILITIES		**413,179**	**408,062**

The Notes on pages 78 to 84 form an integral part of this annual report.

Parent Company statement of changes in equity

		Restricted equity	Non-restricted equity		
	Note	Share capital	Share premium account	Retained earnings and net profit for the year	Total equity
Opening balance on 1 January 2018	26, 59	**1,513**	**117,588**	**–28,819**	**90,282**
Comprehensive income					
Profit for the year				42,569	42,569
Total comprehensive income				**42,569**	**42,569**
Issue of new shares	26, 59	133	99,867		100,000
Proceeds from sale of warrants	26, 59	39	4,131		4,170
Dividend, preference shares				–2,702	–2,702
Issue expenses			–20,004		–20,004
Total transactions with shareholders, recognised directly in equity		**172**	**83,994**	**–2,702**	**81,464**
Closing balance on 31 December 2018		**1,685**	**201,582**	**11,048**	**214,315**
Opening balance on 1 January 2019	26, 59	**1,685**	**201,582**	**11,048**	**214,315**
Comprehensive income					
Profit for the year				22,573	22,573
Total comprehensive income				**22,573**	**22,573**
Dividend				–75,812	–75,812
Total transactions with shareholders, recognised directly in equity				**–75,812**	**–75,812**
Closing balance on 31 December 2019		**1,685**	**201,582**	**–42,190**	**161,076**

The Notes on pages 78 to 84 form an integral part of this annual report.

Parent Company statement of cash flows

kSEK	Note	31 Dec 2019	31 Dec 2018
Cash flow from operating activities			
Profit before net financial income/expense		–6,430	–19,865
Adjustment for non-cash items	62	–5,946	4,979
Interest received		20,460	63,660
Dividends received		22,460	22,865
Interest paid		–21,303	–84,843
Income taxes paid		–234	–1,604
Cash flow from operating activities before changes in working capital		**9,007**	**–14,808**
Change in current receivables		–15,128	11,774
Change in current operating liabilities		82,170	29,377
Total changes in working capital		**67,042**	**41,151**
Cash flow from operating activities		**76,049**	**26,343**
Cash flow from investing activities			
Investments in property, plant and equipment	53	–1,494	–86
Investments in financial assets		–529	–489
Investments in subsidiaries	54	–50,708	–9,248
Cash flow from investing activities		**–52,731**	**–9,822**
Cash flow from financing activities			
Issue of new shares	26, 59		104,170
Dividend	26, 59	–75,812	–2,702
Borrowings			100,000
Repayment of loans		–10,000	–128,787
Issue expenses			–20,004
Cash flow from financing activities		**–85,812**	**52,677**
Decrease/increase in cash and cash equivalents			
Cash flow for the year		–62,494	69,198
Cash and cash equivalents at beginning of year		69,298	100
Cash and cash equivalents at end of year		**6,804**	**69,298**

The Notes on pages 78 to 84 form an integral part of this annual report.

Parent Company notes

NOTE 40 GENERAL INFORMATION

NCAB Group AB (publ) is the Parent Company of NCAB Group, which is a global company engaged in the production of printed circuit boards (PCBs). The Parent Company is a public limited liability company registered in Sweden with its head office in Stockholm. The address of the head office is Mariehällsvägen 37 A, SE-168 65 Bromma. Since June 2018, the Parent Company is listed on Nasdaq Stockholm.

Unless otherwise specifically indicated, all amounts refer to thousands of Swedish kronor (kSEK). Figures in parentheses pertain to the comparative year.

NOTE 41 SUMMARY OF SIGNIFICANT PARENT COMPANY ACCOUNTING POLICIES

Significant accounting policies applied in preparing these annual accounts are described in the following. Unless otherwise stated, these policies have been applied consistently for all the years presented.

The annual accounts of NCAB Group AB (the Parent Company) have been prepared in accordance with RFR 2 Financial Reporting for Legal Entities and the Swedish Annual Accounts Act. In cases where the Parent Company applies other accounting policies than the Group's accounting policies, as described in Note 2 to the consolidated financial statements, this is indicated in the following.

The annual accounts have been prepared in accordance with the cost method.

Preparing financial statements in compliance with RFR 2 requires the use of critical accounting estimates. Management is also required to make certain judgements in applying the Parent Company's accounting policies. Areas which involve a high degree of judgement, are complex or where assumptions and estimates have a material impact on the annual accounts are described in Note 4 to the consolidated financial statements.

Through its activities, the Parent Company is exposed to a wide range of financial risks: market risk (comprising currency risk, fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk. The Parent Company's overall risk management policy focuses on the unpredictability of financial markets and strives to minimise potential adverse effects on the Group's financial results. For more information on financial risks, see Note 3 to the consolidated financial statements.

The Parent Company applies other accounting policies than the Group in the cases indicated below.

Formats

The format prescribed in the Swedish Annual Accounts Act is used for the income statement and balance sheet. The statement of changes in equity follows the format used in the Group but is required to contain the components specified in the Annual Accounts Act. This also means that different names are used than in the consolidated financial statements, primarily with regard to financial income and expense, and equity.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any impairment. Cost includes acquisition-related costs. When there is an indication that investments in subsidiaries are impaired, an estimate is made of the recoverable amount. If the recoverable amount is less than the carrying amount, an impairment loss is recognised. Impairment losses are recognised in the item Income from investments in Group companies.

Financial instruments

IFRS 9 is not applied in the Parent Company, and financial instruments are measured at cost. In subsequent periods, financial assets which have been acquired with the intention of being held for the short term are recognised at the lower of cost or market value in accordance with the lower of cost or market method.

At each balance sheet date, the Parent Company assesses whether there are any indicators that financial assets may be impaired. An impairment loss is recognised if the decline in value is deemed to be permanent. Impairment losses on interest-bearing financial assets at amortised cost are defined as the difference between the carrying amount of the asset and the present value of management's best estimate of future cash flows discounted at the asset's original effective interest rate. The impairment loss for other non-current financial assets is defined as the difference between the carrying amount and the higher of fair value less selling expenses and the present value of future cash flows (based on management's best estimate).

NOTE 42 BREAKDOWN OF NET SALES

Net sales by geographic location of customers. The Parent Company's revenue comes exclusively from services to Group companies.

	2019	2018
Nordic region	18,073	15,857
Rest of Europe	25,589	25,100
North America	7,517	12,054
Asia	4,725	4,344
Total	**55,904**	**57,355**

NOTE 43 OTHER EXTERNAL EXPENSES

	2019	2018
Cost of premises	833	1,728
Travel expenses	2,133	3,038
Marketing	6,579	12,326
IT	10,732	9,875
Other	13,988	15,483
Total	**34,265**	**42,450**

NOTE 44 EMPLOYEE BENEFITS, ETC.

	2019	2018
Salaries and other benefits	18,006	15,735
Social security contributions	6,230	5,252
Retirement benefit costs – defined contribution plans	2,142	1,691
Total employee benefits	**26,378**	**22,678**

Salaries and other benefits:

	2019		2018	
	Salaries and other benefits (of which bonuses)	Retirement benefit costs	Salaries and other benefits (of which bonuses)	Retirement benefit costs
Directors, CEOs and other executive management	10,207 (2,073)	845	9,065 (1,779)	711
Other employees	7,798	1,297	6,669	980
Total	**18,005**	**2,142**	**15,735**	**1,691**

Average number of employees by country:

	2019		2018	
	Average number of employees	Of whom, women	Average number of employees	Of whom, women
Sweden	15	8	13	6
Total	**15**	**8**	**13**	**6**

Note 44, cont.

Gender distribution for Directors and other executive management:

	2019		2018	
	On balance sheet date	Of whom, women	On balance sheet date	Of whom, women
Board of Directors	6	2	6	2
CEO and other executive management	3		3	
Total	**9**	**2**	**9**	**2**

NOTE 45 AUDIT FEES

	2019	2018
PwC		
– Audit engagement	1,058	740
– Audit services in addition to audit engagement	320	1,012
– Tax advisory services	28	11
– Other services		1,943
Total	**1,406**	**3,706**

NOTE 46 OTHER OPERATING EXPENSES

	2019	2018
IPO preparation costs		10,601
Total		**10,601**

NOTE 47 INCOME FROM INVESTMENTS IN GROUP COMPANIES

	2019	2018
Dividends	22,460	22,865
Total	**22,460**	**22,865**

NOTE 48 INTEREST INCOME AND SIMILAR INCOME, AND INTEREST EXPENSES AND SIMILAR CHARGES

	2019	2018
Interest income on bank balances	758	536
Interest income on receivables from Group companies	19,702	14,229
Total interest income and similar income	**20,460**	**14,765**

	2019	2018
Interest expenses on liabilities to credit institutions	2,479	6,985
Interest expenses on liabilities to Group companies	18,182	8,671
Foreign exchange gains	–39,471	–48,895
Foreign exchange losses	45,846	68,595
Other financial expense	641	592
Total interest expenses and similar charges	**27,677**	**35,948**
Net financial income/expense	**–7,217**	**–21,183**

NOTE 49 APPROPRIATIONS

	2019	2018
Group contributions from NCAB Group Sweden AB	14,000	61,000
Total appropriations	**14,000**	**61,000**

The total tax allocation reserve is kSEK 8,800 (8,800).

NOTE 50 TAX ON PROFIT FOR THE YEAR

Tax recognised in income statement	2019	2018
Current tax:		
Current tax on profit for the year	–239	–156
Adjustments relating to prior years		–92
Total current tax	**–239**	**–248**

The income tax on profit before tax differs from the theoretical amount that would have resulted from the use of the tax rate for the earnings of the Parent Company as follows:

	2019	2018
Profit before tax	**22,813**	**42,817**
Income tax calculated at tax rate in Sweden (21.4% (22.0%))	–4,882	–9,419
Tax effects of:		
Non-taxable income		–7
Non-taxable dividend	4,806	5,030
Non-deductible expenses	–163	–160
Deductible expenses not included in profit or loss		4,400
Adjustments for previous year		–92
Total reported tax	**–239**	**–248**

NOTE 51 NET FOREIGN EXCHANGE DIFFERENCE

Foreign exchange differences have been recognised in profit or loss as follows:

	2019	2018
Net financial income/expense (Note 48)	–6,375	–19,700
	–6,375	**–19,700**

As of 2018, the company recognises foreign exchange differences on a net basis in
Other interest income and similar income and Interest expenses and similar charges.

NOTE 52 INTANGIBLE ASSETS

Capitalised development costs:

	2019	2018
Cost		
Opening balance	4,338	4,331
Purchases for the period	1,455	7
Reclassification		2,100
Closing balance	**5,793**	**4,338**
Accumulated amortisation and impairment		
Opening balance	–4,135	–3,428
Amortisation	–321	–707
Reclassification		–497
Closing balance	**–4,456**	**–4,135**
Carrying amount		
Cost	5,793	4,338
Accumulated amortisation and impairment	–4,456	–4,135
Closing balance	**1,337**	**203**

NOTE 53 PROPERTY, PLANT AND EQUIPMENT

Plant and equipment:

	2019	2018
Opening balance		
Cost	1,337	1,251
Accumulated depreciation	–1,207	–1,060
Carrying amount	**130**	**192**
Purchases for the period	38	86
Depreciation for the period	–107	–147
Closing balance		
Cost	1,375	1,337
Accumulated depreciation	–1,314	–1,207
Carrying amount	**61**	**130**

NOTE 54 PARTICIPATIONS IN GROUP COMPANIES

	31 Dec 2019	31 Dec 2018
Cost at beginning of year	215,005	205,754
Acquisition, subsidiaries	51,554	
Capital contributions/adjustment	–846	9,248
Cost at end of year	**265,710**	**215,002**
Carrying amount at end of year	**265,710**	**215,002**

Name	Country of registration and operation	Corp. ID no.	Percentage of ordinary shares owned directly by the Parent Company	Percentage of ordinary shares owned by the Group	Carrying amount 31 December 2019	Carrying amount 31 December 2018
NCAB Group Asia Ltd.	Hong Kong	51293694-000-10-09-6	100%	100%	9	9
NCAB Group Benelux B.V	Netherlands	860209222B01	100%	100%	1,081	
NCAB Group Denmark A/S	Denmark	25872231	100%	100%	6,247	6,247
NCAB Group Multiprint	Denmark	15094893	100%	100%	50,252	
NCAB Ericon Pte	Russia	7816197682	100%	100%	11,322	11,322
NCAB Group Estonia Oü	Estonia	14267913	100%	100%	25	25
NCAB Group Finland OY	Finland	FI1098064-7	100%	100%	38,388	38,388
NCAB Group France SAS	France	RCS Orleans 530 469 634	100%	100%	88	88
NCAB Group Germany GMBH	Germany	HRB166986	100%	100%	1,791	8,518
NCAB Group Iberia S.A.	Spain	A83663161	100%	100%	2,976	2,976
NCAB Group Italy S.r.l.	Italy	9729860966	100%	100%	15,224	9,343
NCAB Macedonia A.D.	North Macedonia	01012278-3-03-000	70%	70%	82	82
NCAB Group Norway AS	Norway	980025985	100%	100%	19,723	19,723
NCAB Group Sweden AB	Sweden	556622-9364	100%	100%	57,081	57,081
NCAB Group Polska Sp. Z.o.o	Poland	KRS0000281188 REGON 140982368	100%	100%	122	122
NCAB Group South East Asia SDN BHD	Malaysia	1305701-D	100%	100%	221	
NCAB Group UK Ltd	UK	7071477	100%	100%	1	1
NCAB Group USA Inc.	USA	n/a	100%	100%	61,077	61,077
					265,710	**215,002**

NOTE 55 RECEIVABLES AND LIABILITIES, GROUP COMPANIES

Receivables	31 Dec 2019	31 Dec 2018
NCAB Group Germany GMBH	2,864	5,862
NCAB Ericon Pte		7,412
NCAB Group Polska Sp. Z.o.o	439	442
NCAB Group UK Ltd	6,316	25,143
NCAB Group France SAS	20,858	18,990
NCAB Group USA Inc.	80,180	42,056
NCAB Group Italy S.r.l.	9,813	8,477
NCAB Group Estonia Oü	6,496	6,679
NCAB Group Southeast Asia	4,065	
NCAB Group Benelux B.V	107	
Total	**131,138**	**115,779**

Liabilities	31 Dec 2019	31 Dec 2018
NCAB Group Sweden AB	48,468	12,177
NCAB Group Norway AS	38,251	26,813
NCAB Group Finland OY	25,637	24,002
NCAB Group Denmark A/S	7,966	5,940
NCAB Group Asia Ltd.	23,759	6,613
NCAB Group Iberia S.A.	1,563	–718
Total	**145,644**	**75,545**

NOTE 56 OTHER CURRENT RECEIVABLES

	31 Dec 2019	31 Dec 2018
Other receivables	175	2,052
Total	**175**	**2,052**

NOTE 57 PREPAID EXPENSES AND ACCRUED INCOME

	31 Dec 2019	31 Dec 2018
Service contracts	899	1,031
Other items	3,231	2,339
Total	**4,130**	**3,370**

NOTE 58 CASH AND BANK BALANCES

	31 Dec 2019	31 Dec 2018
Bank deposits	6,804	69,298
Total	**6,804**	**69,298**

NOTE 59 EQUITY

For share capital information, see Note 26 to the consolidated financial statements.

NOTE 60 BORROWINGS

Long-term	31 Dec 2019	31 Dec 2018
Liabilities to credit institutions	75,000	85,000
Total	**75,000**	**85,000**

Short-term	31 Dec 2019	31 Dec 2018
Overdraft facilities		
Liabilities to credit institutions	10,000	10,000
Total	**10,000**	**10,000**

The Parent Company's borrowing is in SEK. The Parent Company's borrowings consist of loans from Nordea.

Under the covenants associated with liabilities to credit institutions, net debt must not exceed 2.5 times EBITDA, cash flow/financing costs (interest and repayments of principal) must exceed 1.0.

The two bank loans, one of which is free of instalments, both mature in June 2023 and have an average annual interest rate of 2.375 per cent (2.125). Total borrowings include bank loans secured by shares in subsidiaries (Note 32).

OVERDRAFT FACILITY

The Parent Company has an agreed overdraft facility in the currencies SEK, USD, EUR, GBP, NOK and DKK, and is part of a European cash pool for NCAB's companies in Sweden, Finland, Norway, Denmark, Germany and the UK. Of the available overdraft facility of kSEK 100,000, kSEK 0 had been drawn at 31 December 2019 (0). The overdraft facility is subject to a variable interest rate defined as STIBOR +1.5 per cent. The interest is paid on a quarterly basis. The terms of the overdraft facility are covered by the terms applying for other bank loans from Nordea.

The carrying amounts and fair values for long-term borrowings are as follows:

	Carrying amount		Fair value	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Liabilities to credit institutions	85,000	95,000	85,000	95,000
Total	**85,000**	**95,000**	**85,000**	**95,000**

The fair value of short-term borrowings is equal to the carrying amount, as the discount effect is insignificant.

The carrying amounts, by currency, for the Parent Company's borrowings are as follows:

	31 Dec 2019	31 Dec 2018
SEK	85,000	95,000
Total	**85,000**	**95,000**

The Parent Company has the following undrawn credit facilities:

	31 Dec 2019	31 Dec 2018
Variable interest:		
– no maturity date	100,000	100,000
	100,000	**100,000**

Note 60, cont.

The following table shows an analysis of the Parent Company's non-derivative financial liabilities that are financial liabilities by remaining maturity from the balance sheet date. The amounts indicated in the table are the contractual, undiscounted cash flows.

31 December 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
Borrowings	2,511	7,598	10,284	70,130
Trade payables	3,165			
Accrued expenses and deferred income	1,371			

31 December 2018	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
Borrowings	2,513	7,613	10,325	81,188
Trade payables	2,932			
Accrued expenses and deferred income	1,419			

NOTE 61 ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec 2019	31 Dec 2018
Accrued holiday pay and bonuses, and social security contributions	5,639	6,515
Accrued audit fees	680	1,118
Other items	1,069	2,284
Total	**7,388**	**9,917**

NOTE 62 ADJUSTMENT FOR NON-CASH ITEMS

	2019	2018
Adjustment for:		
– depreciation of property, plant and equipment (Note 53)	107	147
– depreciation of intangible assets (Note 52)	321	708
– foreign exchange difference	–6,374	4,124
Total	**–5,946**	**4,979**

NOTE 63 PLEDGED ASSETS

Pledged assets – 100% of the shares of:	2018	2017
NCAB Group Sweden AB	57,081	57,081
NCAB Group Finland OY	38,388	38,388
NCAB Group Denmark A/S	6,247	6,247
NCAB Group Norway AS	19,723	19,723
NCAB Group Germany GmbH	1,791	8,518
NCAB Group USA Inc.	61,075	61,075
NCAB UK	0	0

The Group's income statements and balance sheets will be presented for approval to the Annual General Meeting on 5 June 2020.

The Board of Directors and Chief Executive Officer affirm that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS),
as adopted by the EU, and provide a true and fair view of the Group's financial position and results. The annual accounts have been prepared in accordance with generally accepted accounting standards and provide a true and fair view of the Parent Company's financial position and results.

The audit report for the Group and Parent Company provides a true and fair overview of the development of the Group's and Parent Company's business, financial position and results, and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Bromma, 8 April 2020

Christian Salamon
Chairman

Jan-Olof Dahlén
Board member

Per Hesselmark
Board member

Magdalena Persson
Board member

Hans Ramel
Board member

Gunilla Rudebjer
Board member

Hans Ståhl
Chief Executive Officer

We submitted our audit report on 8 April 2020
Öhrlings PricewaterhouseCoopers AB

Johan Engstam
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of NCAB Group AB (publ), Corporate Identity Number 556733-0161

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of NCAB Group AB (publ) for 2019. The annual accounts and consolidated accounts of the company are included on pages 43-84 in this document.

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 parent company as of 31 December 2019 and its financial performance and cash flow 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 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinion in this report on the annual accounts and consolidated accounts is consistent with the content of the supplementary report that has been submitted to the parent company's and the group's audit committee in accordance with Article 11 of the Auditors regulation (537/2014).

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. It means that, based on our best knowledge and belief, no prohibited services referred to in Article 5.1 of the Auditors Regulation (537/2014) have been provided to the audited company or, as the case may be, its parent company or its controlled company in the EU.

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

Our audit approaches

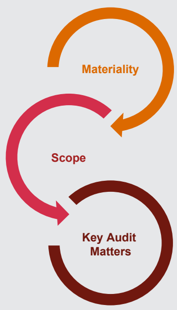
The focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

NCAB Group is a multinational PCB supplier. The group does not own any plants and thus does not have any own production but instead works with a selection of contracted suppliers, mainly in China. NCAB Group has a clear goal to grow and are continuously growing both organic and through acquisitions. Due to this, we put extra focus on valuation of goodwill and revenue recognition in our audit. Our audit covers the parent company and the larger subsidiaries in the group. We visit a selection of subsidiaries also outside of Sweden in order to build our understanding of the local business and their routines and controls in the financial reporting process.

Översikt



Materiality
- Overall materiality level: MSEK 13.5 which corresponds to approximately 0,75% of the Group's net sales.

Focus and scope
- We have executed an audit covering NCAB Group AB and 9 larger subsidiaries in 9 different countries.

Key audit matters
- Valuation of goodwill
- Revenue cut-off and existence

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole (see table below). These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Group materiality level	MSEK 13,5 (12,0)
How we determined this level	The materiality level is based on approximately 0,75 percent of the Group's net sales
Motivation behind the determination of the materiality level	We have chosen this method to determine the materiality level as it is, according to our opinion, the most relevant measure by which the group's development is usually assessed., especially since the group continues to grow. The level of 0,75 % is seen in auditing standards to comprise an acceptable quantitative materiality threshold.

We agreed with Audit Committee that we would report identified errors in excess of KSEK 650, as well as errors less than this amount but which we deemed should be reported for qualitative reasons.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were most significant in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the Key audit matter*
Valuation of Goodwill *We refer to Notes 2 (Accounting principles), 4 (Estimates and assessments), and 18 (Impairment test).* Goodwill in the amount of MSEK 206 comprise a significant portion of NCAB Group's balance sheet, approximately 23 % of total Group assets. Goodwill is not amortized but is subject to an annual impairment test. The valuation of goodwill is based on company management's subjective assessments regarding future cash flows and on assumptions regarding the yield requirement, etc. which implies that the valuation is in its nature characterized by uncertainty, since it might be affected by unexpected future events. There is a risk that the impairment tests prepared are based on inaccurate or unreasonable estimations and assumptions and that this could result in an undetected need for impairment. The company's impairment testing has not resulted in a write-down.	We have put emphasis on management's test of potential impairment need in our audit. In evaluating the assumptions, as reported in Note 18, we have undertaken the following audit measures to assess the valuation of such assumptions and model: • We have examined the manner in which the valuation model has been determined. • We have tested and evaluated management's assumptions regarding the discount rate, growth and margins. We test the assumptions based on what is included in the budgets and business plans, the results of the units and our knowledge of the NCAB Group group's development as well as other verifiable information. This includes the follow-up of the accuracy of the forecasts for historical periods and provides us with a basis for testing the assumptions regarding future development. In terms of discount rate, this is based on our review of the company's calculation of WACC and the assessment of the inherent risk of operating in current markets. • We have also, in conjunction with the testing of possible impairment requirements, checked the sensitivity of the valuations through sensitivity analyses, to determine if there are negative changes in significant parameters which individually, or on a collective basis, could imply the existence of an impairment requirement. • We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS. No significant observations were made from these audit procedures.

Cut-off and existence of revenue	
We refer to the Notes 2 (Accounting principles, 4 (Estimates and assessments) 6 (Segments) and 21 (Account receivables) for further details. The Group's revenue amounts to MSEK 1 781 in 2019. At year- end, accounts receivables amount to MSEK 320. The majority of NCAB Group Group's revenue consists of sale of goods, to a large extent designed to the specific needs of each customer. The sale of goods is recognized when control has been transferred to the purchaser according to the contract terms. The risk is that there can exist a difference between the point in time when NCAB Group provides goods and when the control is transferred to clients. When the goods or services are seen to have been provided to the clients, and when revenues can, then, be reported, is based on the contractual stipulations found in the established agreements. The risk is that recorded revenue is recorded at different amounts or in different periods as compared to established agreements.	In our audit, we have analyzed NCAB Group's processes and controls regarding revenue recognition in order to obtain an understanding of how they operate and where potential errors could occur. This analysis has been performed to enable us to focus our substantive procedures on the right areas. Our audit procedures included the following: • Analysis of revenues as compared with the prior period and the expectation. • We have tested, on a random basis, the reported revenue against agreements to determine if these items have been reported in the correct amounts in the correct periods. • On a sample basis, we have confirmed outstanding receivables directly with customers. We have also tested a sample of receivables against payments received after the year end. • We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS. The results of these activities have produced no significant observations as regards the audit.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-37. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Board of Directors shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website:

http://www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of NCAB Group AB for 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general 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.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

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. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed as NCAB Group AB's auditor on the Annual General Meeting on 13 May 2019 and has been the company's auditor since 2 July 2007. NCAB Group (publ) AB has been a company of public interest since 5 June 2018.

Stockholm, 8 April 2020
PricewaterhouseCoopers AB

Johan Engstam
Authorized Public Accountant

Annual General Meeting

WELCOME TO THE ANNUAL GENERAL MEETING
The Annual General Meeting (AGM) of NCAB Group AB (publ.) will be held on Friday, 5 June 2020 2020 at 1:00 p.m. in Stockholm. Notice of the AGM will be published not later than 8 May.

PAYMENT OF DIVIDENDS
The Board of Directors proposes that no dividend is paid.

Financial calendar

Interim report January–March 2020	8 May 2020
2020 Annual General Meeting	5 June 2020
Interim report January–June 2020	24 July 2020
Interim report January–September 2020	10 November 2020
Year-end report 2020	23 February 2021

NCAB GROUP
Mariehällsvägen 37 A, SE-168 65 Bromma, Sweden
www.ncabgroup.com

BENELUX CHINA DENMARK ESTONIA FINLAND FRANCE GERMANY ITALY MALAYSIA
NORTH MACEDONIA NORWAY POLAND RUSSIA SPAIN SWEDEN UK USA