ANNUAL REPORT
2020

NCAB manufactures PCBs for industries whose technology must never malfunction.
Reliable PCBs – Because it simply has to work.

You depend on a multitude of products in your everyday life. The car you drive, the train 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 fulfils our customers' and, not least, NCAB's sustainability requirements.

Reliable PCBs
Because it simply has to work.

VISION

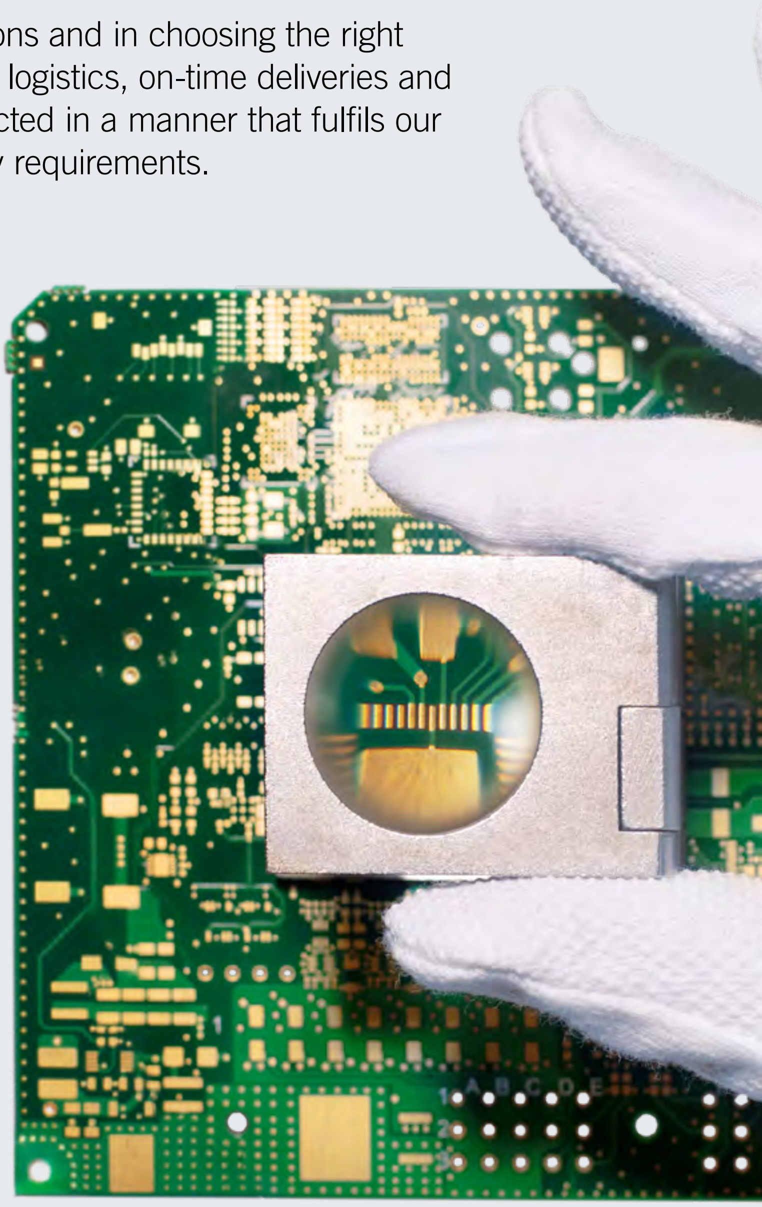
The number 1 PCB producer – wherever we are.

MISSION

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

VALUES

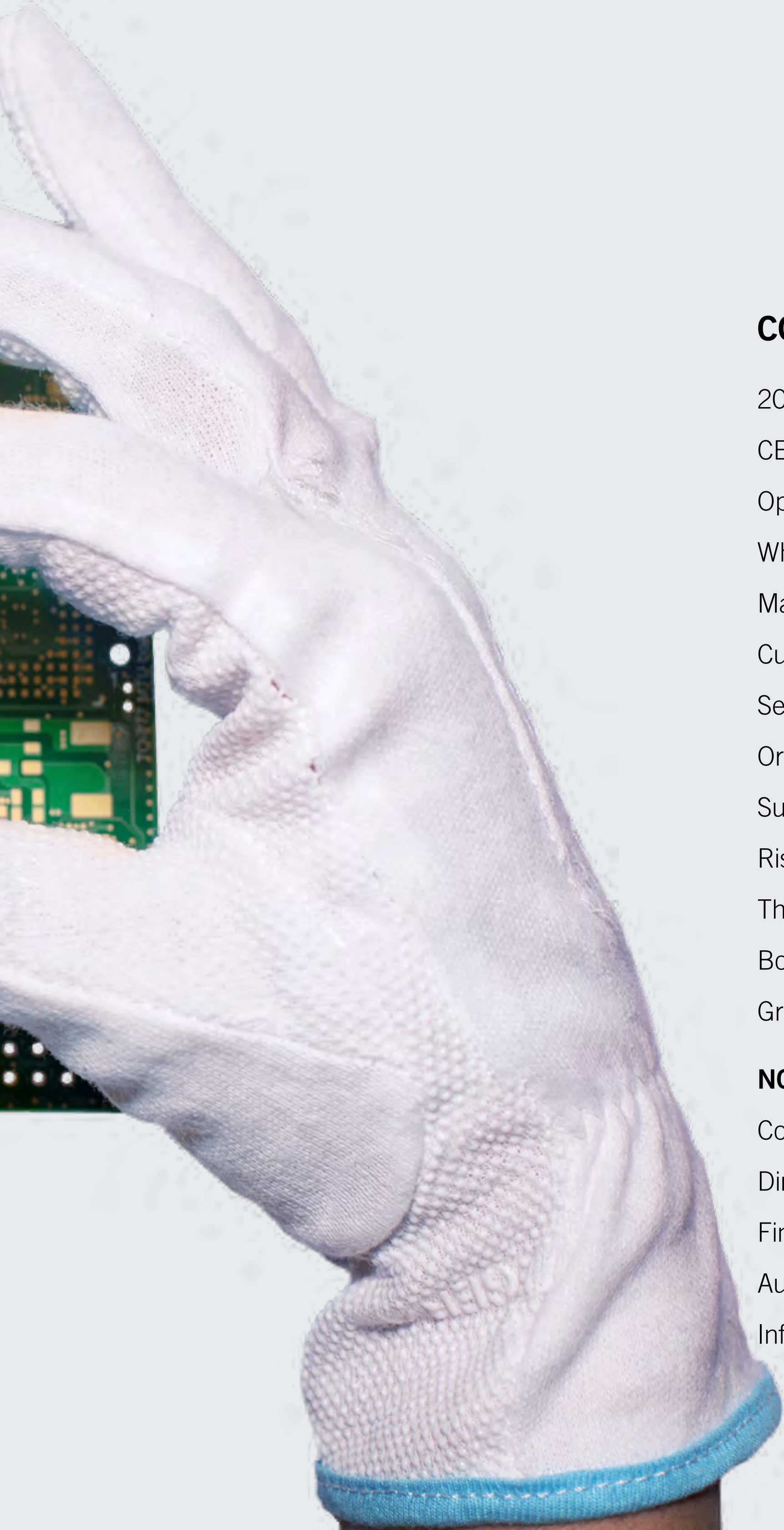
Quality first.
Strong relationships.
Full responsibility.



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: minimal stocks and limited investments, resulting in low capital tied-up and strong cash flows.

› 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.



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2020 demonstrated that NCAB could remain successful despite difficult circumstances

For most countries, businesses and communities, 2020 was a challenging year. Relative to other industries, however, the electronics sector performed well.

SALES, SEK billion	SALES GROWTH	EBITA, SEK million	EBITA MARGIN
2.1	19%	190.7	9.0%

NCAB also performed relatively well during this special year. One reason for this could be that NCAB is highly diversified. The Group has many customers and these are spread across the globe, in 45 countries. Each order is small and customers are active in many different sectors. When the transport sector experienced problems in the spring and summer, order bookings increased in the medtech sector. And NCAB does not own its factories.

The coronavirus pandemic struck in China during the first quarter, which closed factories for three weeks and resulted in substantial delivery problems. Thanks to NCAB's size and the long and strong relationships NCAB has with the factories, NCAB coped better than many others and NCAB's orders were often prioritised when production resumed. NCAB also reported an unusually large order intake during the first quarter due to customers wishing to secure deliveries when production restarted after the shutdown. Chinese factories resumed operations during the second quarter, while many countries in which customers are operational experienced various forms of lockdowns or restrictions that resulted in reduced order intake for NCAB. During the first part of the third quarter, order intake remained low. In the fourth quarter, the relationship between order intake and sales normalised despite the economic impact in many countries of the second wave of the coronavirus pandemic and new restrictions. Despite new restrictions, the year finished on a positive note and order intake accelerated in the fourth quarter and is the highest in the history of the company. This is in part due to the announced price increases from China.

The year's acquisitions of Flatfield in the Netherlands and Bare Board Group in the USA have given NCAB a strong customer base and improved market position in both Europe and the USA together with about eighty new skilled employees. NCAB's philosophy when it comes to integration is to incorporate the business into the NCAB family as quickly as possible. Creating new and improved opportunities for the acquired business through NCAB's systems and culture, while allowing NCAB to learn from the new operations, provides a good start. NCAB can often offer the new acquisitions several benefits. Normally this includes better payment conditions from factories and often better prices. Something customers appreciate.

Overall, despite the coronavirus pandemic, the *Nordic* segment reported a stable year, notwithstanding a 4.4 per cent decrease in net sales. The *Europe* segment was weaker, particularly in southern Europe, which was adversely impacted by lockdowns and restrictions. Sales in Germany remained strong throughout the year, but the UK, which has considerable sales to the transport sector, had a weak spring and summer but has since recovered. Flatfield, which was acquired in March, has been integrated into NCAB – a feat that was achieved almost entirely through virtual meetings. During the year, NCAB's customers in the USA have been operating at a healthy pace, particularly in the first half of the year. NCAB's operations in *North America* have more than doubled following the acquisitions of Altus PCB in 2019 and Bare Board Group in April 2020. During the spring, sales in the *East* segment were relatively severely affected in China and Russia, though a recovery has since been noted. Many of NCAB's customers in China were also negatively impacted by the trade war with the USA.

NCAB has failed to reach its growth target of 8 per cent, excluding acquisitions, this year, though profitability in terms of EBITA margin has exceeded the target of 8 per cent.

NCAB ON THE STOCK MARKET

The NCAB share price performed well during the year, with an increase in share price of 68 per cent, compared with an index that rose 11 per cent. The final share price in 2020 was SEK 262, compared with SEK 156 one year earlier.

In April, a directed share issue was completed yielding SEK 287 million at the daily rate and in June the general meeting voted not to pay any dividend to shareholders. This was decided in order to offer NCAB flexibility to act swiftly if and when suitable acquisitions arise and to manage any potential negative effects of the pandemic. NCAB has thus strengthened its financial position.

ORGANISATION

The number of employees increased from 395 to 474 in 2020. The increase is a result of the acquisitions of Flatfield and Bare Board Group. In April, it was announced that Peter Kruk had been recruited as new CEO and was replacing NCAB's former CEO Hans Ståhl, who has retired. Peter Kruk assumed his new role on 1 October.

SUSTAINABILITY

In 2020, NCAB further strengthened its sustainability work, which is of increasing interest to external stakeholders.

During the year, improvements were made to working conditions, health and safety, and environmental responsibility at NCAB's main factories in China. Thanks to NCAB's local sustainability teams, work with ongoing sustainability audits could restart on-site at factories at the end of May, despite the coronavirus pandemic. During the year, the share of PCB deliveries by rail increased, which has a lower environmental impact compared with air freight. NCAB offered webinars during the year and launched additional design guidelines to support customers in the construction stage. NCAB continued to focus on training and developing employees. One key success factor for NCAB is to retain a high level of engagement among employees.

OPERATIONS

Despite the coronavirus pandemic, NCAB performed well in 2020, though growth was from acquisitions rather than organic. Earnings were strong and profitability exceeded the financial target. This was in part due to lower costs for travel, trade fairs and other marketing. Planned new recruitments were also postponed. In 2020, NCAB's sales grew by 19 per cent, driven by the acquisitions of Flatfield and Bare Board Group. Profitability also improved year-on-year.

Total net sales amounted to SEK 2,115 million compared with SEK 1,718 million in 2019. Gross margin fell slightly to 30.3 per cent (31.7). EBITA improved from SEK 165.4 million to SEK 190.7 million and the EBITA margin was 9.0 per cent (9.3). Profit after tax amounted to SEK 127.5 million (128.4) and earnings per share was SEK 7.03 (7.61).

SEGMENTS

NCAB has four segments, *Nordic, Europe, North America* and *East,* and of these *North America* and *Europe* reported growth during the year due to the acquisitions. In *Europe,* Germany was strong throughout the year, while the UK noted a poorer performance in the second and third quarters due to the weaker transport sector.

North America benefited from improvements in its own business, which has now completed its transitional phase, and from the acquisitions of Bare Board Group and the earlier acquisition of Altus PCB.

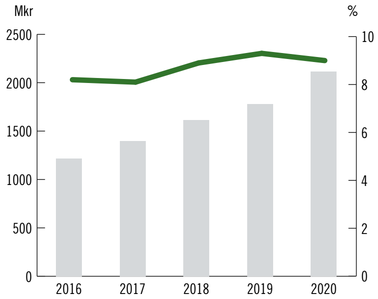
178 MILLION PCBS DELIVERED

474 EMPLOYEES

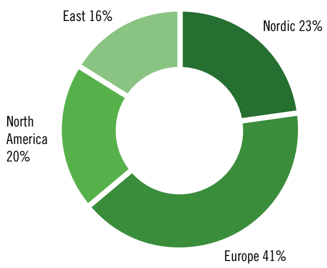
2,600 CUSTOMERS

45 MARKETS

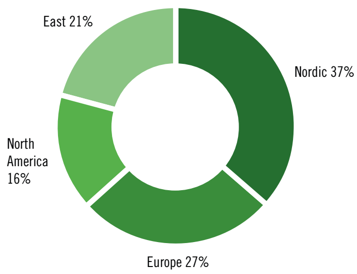
Net sales and adjusted EBITA margin



Net sales, share by segment



EBITA, share by segment



KEY PERFORMANCE INDICATORS	2020	2019	2018	2017	2016
Order intake, SEK million	2,243.4	1,818.3	1,664.5	1,509.2	1,280.8
Order intake, USD million	243.8	192.2	191.1	176.8	149.6
Net sales, SEK million	2,115.2	1,781.2	1,617.0	1,400.1	1,218.7
Net sales, USD million	229.8	189.1	186.0	163.8	142.3
Gross margin, %	30.3	31.7	31.3	30.2	30.4
EBITA, SEK million	190.7	165.4	132.2	70.2	100.3
EBITA margin, %	9.0	9.3	8.2	5.0	8.2
Adjusted* EBITA, SEK million	190.7	165.4	143.8	113.7	100.3
Adjusted* EBITA margin, %	9.0	9.3	8.9	8.1	8.2
Operating profit, SEK million	182.3	161.7	127.6	65.6	95.8
Profit after tax, SEK million	127.5	128.4	104.6	40.4	65.1
Earnings per share before dilution**, SEK	7.03	7.61	6.37	2.42	4.09
Earnings per share after dilution**, SEK	7.03	7.61	6.24	2.38	4.00
Cash flow from operating activities, SEK million	194.3	153.0	69.9	37.4	81.5
Return on equity, %	24.3	39.8	51.9	30.3	54.0
Average exchange rate, SEK/USD	9.20	9.46	8.57	8.54	8.56
Average exchange rate, SEK/EUR	10.49	10.58	10.26	9.63	9.47
Dividend	5.00***	–	4.50	–	–

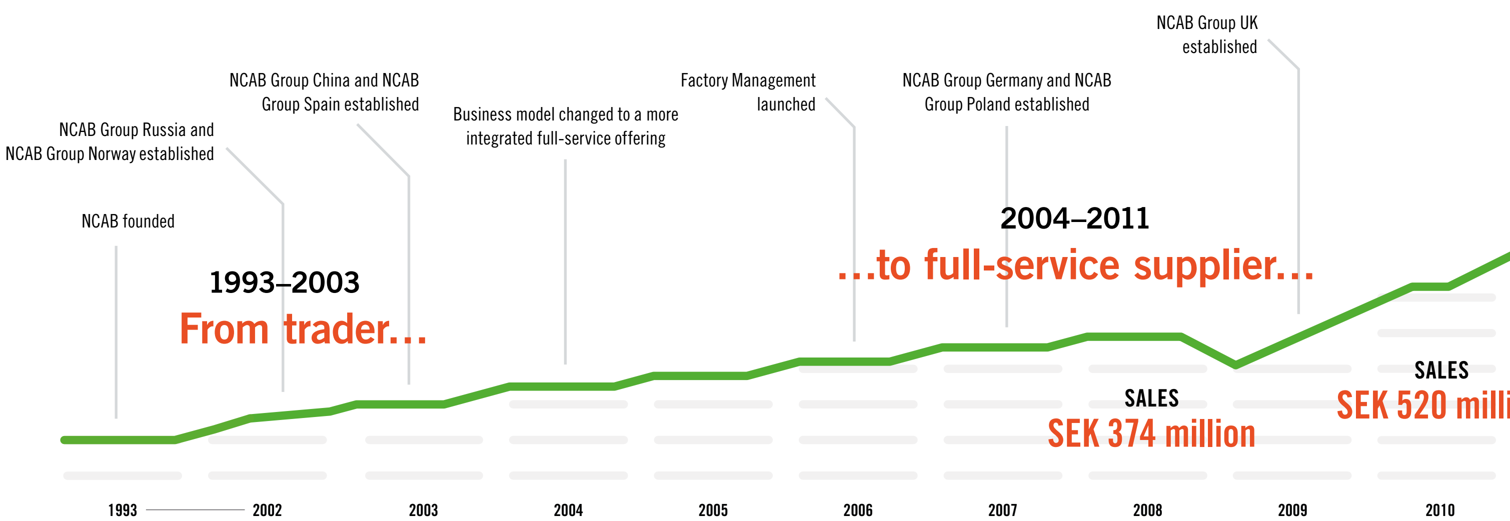
* Adjusted for non-recurring items of SEK 11.6 million for the full-year 2018 and SEK 43.5 million for the full-year 2017. The adjustments refer to costs for the IPO and final settlement costs related to the agreement with the Russian tax authority.

** 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.

2020 a different year for NCAB in many ways

For NCAB, 2020 was not only a year in which the business and the wider world were dominated by the coronavirus pandemic, but also the year the company gained a new CEO. In October, Peter Kruk joined NCAB following the retirement of the former CEO Hans Ståhl.



Hi Peter, you have now worked as CEO of NCAB for the past four months, how have you been settling in and how has this initial period been?
"I am really enjoying the work. This is a first-rate company with talented employees and interesting projects in the pipeline. The pandemic has meant I have been unable to travel and hold physical meetings with customers and employees, which has been a challenge, but thanks to digital solutions it's still been a productive time."

What attracted you to NCAB?
"Several things. Partly it was the entrepreneurial culture and values, the clear added value NCAB creates for its customers. And finally the growth potential that exists in NCAB's fragmented market, which is a very exciting prospect."

Have your expectations been fulfilled so far?
"Yes, I can honestly say they have. The company has a very deeply rooted culture where employees truly adhere to the values and have significant autonomous responsibility. A decentralised culture only works with clear, shared values and a simple and distinct strategy that everyone agrees with and follows, which is the case at NCAB. Our market has demanding customers and the products are technically complex, so we can make a clear difference every day."

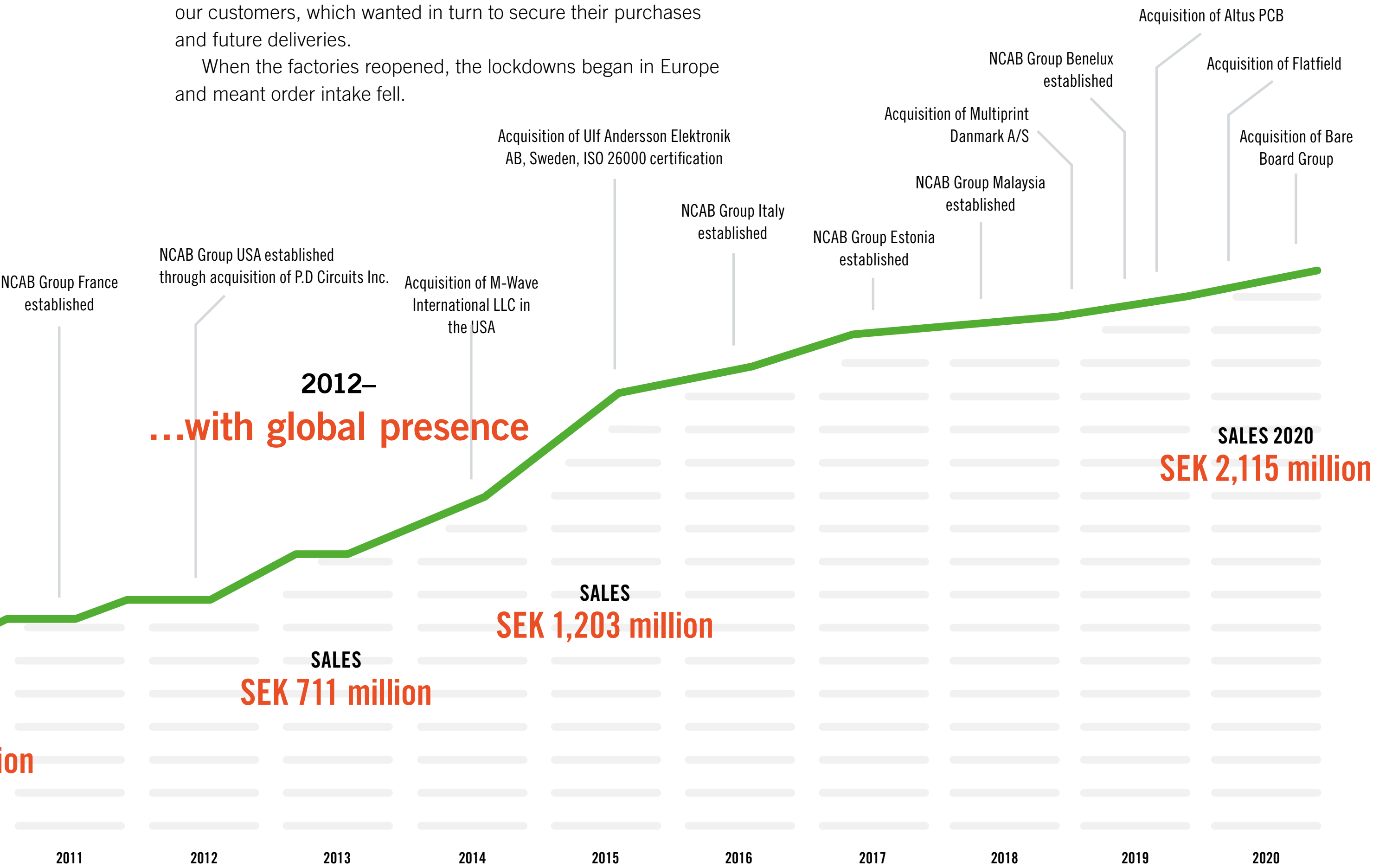
How was 2020 for NCAB – could you summarise the year?
"The start of the problems linked to the coronavirus pandemic coincided with the Chinese New Year in February and meant the risk of delivery problems from China were imminent. NCAB's primary focus was then to secure deliveries from our suppliers at the same time as we handled a sharp increase in order intake from our customers, which wanted in turn to secure their purchases and future deliveries.

When the factories reopened, the lockdowns began in Europe and meant order intake fell. During the third quarter, order intake began to recover to normal levels in Europe, Asia and the USA. The year ended with a very strong order intake, as industry picked up pace and optimism grew about the impending vaccinations. The order intake was reinforced due to anticipated price increases, which convinced many customers to bring forward parts of their orders.

We acquired two companies during the year, Flatfield in the Netherlands and Bare Board Group in the USA. Almost all of the integration work with both companies was conducted remotely, which still worked well. Flatfield's organisation to support factories was also integrated into our Factory Management team. The acquisition of Bare Board Group also gave us access to new factories in Taiwan."

How has the pandemic affected the industry in general, and NCAB in particular?
"We can see signs that the pandemic may have further accelerated the process whereby PCB manufacturing in Western Europe and the USA is being outcompeted and transferred to Asia. PCB manufacturers have been weighed down by their significant fixed costs as volumes have fallen during the pandemic and we have witnessed a number of factory closures in Europe.

Similarly, we can see that customers who source directly from factories in China, or via traders, have had the problem that they were unable to visit or audit any factories. NCAB had the advantage of its local presence near customers, and our Factory Management has maintained continuity in our audit and development work at factories. This has enabled our offering to grow distinctly stronger; we are present both locally close to the customer and onsite at the factories at the same time as our size was an advantage when factories were perhaps forced to prioritise deliveries.



We believe this will favour us as we move forward and provide better growth. We also have low financial exposure to volume fluctuations and a good distribution of customers in different sectors, making us less vulnerable."

What are your thoughts about 2021?
"We are basically optimistic about opportunities in 2021. Some uncertainty remains about the development of the pandemic and we cannot rule out future setbacks. However, we leave 2020 with excellent momentum in order intake and a strong offering and we believe this will help us to continue to gain market shares in the future."

Where do you want NCAB to grow?
"Our focus remains on demanding customers in the High-Mix-Low-Volume (HMLV) segment. We can see tremendous global growth opportunities, particularly in markets where we already operate, such as the USA and Europe. We have expertise in many sectors, which allows us to balance developments in different markets. This became clear during the pandemic when the automotive industry was adversely affected while medtech grew sharply.

At present, we can see strong growth in green technology, such as equipment for charging electric vehicles, a segment where we have a strong position. We can become even better at learning lessons from successes in one market and transferring this knowledge to other markets, to further improve our success rate."

Are there industries that you currently do not reach or new customers that can be found?
"There are very few limits. Certain projects may have a military connection that we reject because of specific requirements for local production in the country.

NCAB's business model is based on improving the competitiveness of our customers by offering them the lowest overall cost. We achieve this by helping them to find the right solution and by supplying a better quality with a high level of delivery reliability. Developing new business may therefore take slightly longer than selling at the lowest price, but we normally have very satisfied customers and tend to build long business relationships with them."

How will NCAB grow in the future? Will you continue to follow the financial targets or has anything changed?
"The financial targets stand firm. Our ambition remains high, and we are striving for annual sales growth of 8 per cent while retaining favourable profitability. Additionally, we have a strong ambition to make an active contribution to market consolidation. In the past, our combined average sales growth was in excess of 15 per cent."

In mid-December, is was announced that NCAB is to transfer from Nasdaq Small Cap to Mid Cap in 2021. What opportunities can you see from this?
"It is confirmation of the company's excellent performance in recent years and the trust shown by our customers. Hopefully, it will also mean that more potential investors will discover us."

What changes can we expect to see at NCAB moving forward?
"NCAB has a good, solid business model that we will not change. The company's performance in recent years and our growth ambitions in the future, will however entail new opportunities to leverage synergies and further strengthen our service to the market."

Hans Ståhl,
CEO of NCAB 2007–2020,
Board member since 2007

Hans, you were CEO for the first nine months of 2020. How do you think NCAB coped with the challenges posed by this past year?
"Well, there were different challenges in the different phases. Initially, when the pandemic first hit, our Factory Management in China conducted intensive work together with our companies and factories to ensure we could continue with our deliveries. Everyone did an outstanding job and I believe the energy and commitment we demonstrated to our customers meant we have now gained many new, satisfied customers.

In the second phase, many countries in the west went into lockdown and the challenge was then to reach out to our customers in new ways. And to cut costs. We talked a lot about seeing opportunities in the new situation, and I believe that everyone played a part in creating these too. Our organisation has a wonderful attitude that I am very proud of!"

You stepped down from your operating role as President and CEO of NCAB in October. Your platform is now via work on the Board. How does that feel?
"It feels great. Peter is a perfect fit as new CEO and I have a new perspective, though my focus remains very much on NCAB!"

And from a Board perspective?
"At the moment, I feel like creating a strong perspective for the future in the Board's agenda, to see things from a customer viewpoint and to draw up new KPIs that can drive opportunities moving forward.

Finally – what is you favourite product containing a PCB?
"I recently bought a mobile cool box that I am very pleased with. You can control the temperature using Bluetooth and it is perfect to have with you when travelling to our summer cottage on the west coast or in the boat on a hot, summer day."

Peter Kruk
President and CEO, NCAB Group AB
Bromma, January 2021

Carolina Hållenius, Junior Product Specialist, NCAB Group Sweden, checks PCBs at NCAB's lab in Sweden.

This is NCAB

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, quality control and logistics to final delivery. Quality is one of NCAB's most important cornerstones and strongest values.

AN INTEGRATED FULL-SERVICE OFFERING

NCAB does not own any factories. Instead, the company purchases its products from a network of quality and capacity assured manufacturers. Currently, NCAB has 27 main factories in its network, of which 17 in China, four in Taiwan, five in Europe and one in the USA. The factories in Europe and the USA are used primarily for prototyping or for orders with very short lead times.

NCAB aims to account for at least 15 per cent of each manufacturers' sales to secure – thanks to its purchasing power – a close relationship and high priority at the manufacturer. Through the contracted manufacturers, NCAB can offer its customers a wide range of PCBs while reducing dependency on a single manufacturer.

The factories that NCAB has chosen to collaborate with combine to cover the existing capacity needs and are approved by NCAB to manufacture a controlled range of PCB technology. To guarantee high flexibility and capacity in its customer offering, NCAB has several manufacturers in each technology and thereby reduces the risk that it will be affected by utilisation levels among individual manufacturers.

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, quality control and logistics 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

Total station used for positioning in agriculture.

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, Taiwan and China.

TECHNICAL AND DESIGN SUPPORT

PROTOTYPING

About 30 per cent of all design files that customers send to NCAB contain errors or are incomplete – which NCAB's design support and proactive quality work helps to rectify.

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 throughout 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.

their own processes and procedures in conjunction with the regular audits, checks and training courses carried out by NCAB.

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 that can serve international customers. 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 PCB supplier that collaborates with one or a few manufacturers cannot meet the wider needs of customers at attractive terms.

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 crucial 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 are 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 and expertise, 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 and suitable level of technology. 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.

NCAB's multi-sourcing leads to secure production capacity and flexibility during the product life cycle of almost all PCB technologies. At the same time, NCAB's aggregated purchasing power ensures a competitive offering.

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

PRODUCTION

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.

SUSTAINABILITY

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.

Factory Management ensures quality

NCAB's Factory Management team works closely to the manufacturers with which the company cooperates. This proximity to the factories, both geographically and personally, is crucial in creating long-term relationships with the factories.

EMPLOYEES AT FACTORY MANAGEMENT
85

QUALITY ASSURANCE
99.3%

DELIVERY RELIABILITY
92.4%

The Factory Management team plays a key role in NCAB's quality and sustainability work related to the factories with which NCAB cooperates. The organisation currently consists of 85 employees, mainly in China, but following the acquisition of Bare Board Group in 2020, a Factory Management team has also been set up in Taiwan. The Factory Management team works closely with the factories to ensure production quality through auditing and optimisation of production processes and sustainability practices. Every manufacturer is regularly assessed according to quality, delivery reliability, sustainability aspects and levels of service and price. In addition to its own personnel, NCAB has special teams at the main factories, all selected by NCAB, that consist of employees at the factory and include production control, customer support, pre-production and inspection teams. Each team member receives an extra 40 hours of training each year, related to NCAB's quality and service requirements. 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 MANUFACTURERS

Another key focus area for Factory Management is to assess and approve new factories that are up to standard as partners to NCAB. Finding PCB factories is relatively simple, but identifying a reliable factory that meets NCAB's rigorous demands is much more difficult. A broad range of expertise and effective methods are needed to find and develop the best factories. NCAB's extensive sourcing process includes the collection and analysis of performance data and manufacturing capacity, factory visits and the verification of PCB tests. The sourcing process also involves detailed quality and sustainability audits on-site and follow-up visits to ensure any changes have been implemented.

NCAB only approves factories for the technology and volumes that they can reliably supply – so that the anticipated performance is attained – meaning that even if the factory can manufacture everything from simple 2-layer PCBs to advanced HDI cards, NCAB will only use the factory for technologies that meet NCAB's rigorous quality standards. When a manufacturer is approved, it is integrated into NCAB's continuous development programme.

AUDITS TO MAINTAIN QUALITY

Every year, NCAB conducts quality audits at all main factories. The focus is then on the manufacturing process and other related aspects. In addition to these, NCAB carries out annual audits of pre-production processes. These look closer at initial processes and checks. The annual audits are supplemented with monthly process audits focusing on details in specific areas to guarantee continuous improvement. All main factories also undergo a sustainability audit aimed at improving working conditions and environmental work.

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 99.3 per cent in 2020, which is high in the industry, and delivery reliability to the customer from 84.0 per cent to 92.4 per cent. NCAB is perceived as one of the leading players in the market in terms of quality control and quality assurance.

Delivery reliability for 2020 was negatively impacted by the coronavirus pandemic, which started in China. For the second half of the year, reliability was 95.1 per cent, which is close to NCAB's target. Thanks to NCAB's size and strong relationships, NCAB's orders were prioritised to a large extent when production restarted following the shutdown in February. During 2020, transportation from Hong Kong to Europe and the USA was also a challenge as many passenger flights were cancelled, and here NCAB was again able to benefit from its size to obtain better conditions.

COLLABORATION WITH THREE CATEGORIES OF FACTORIES

NCAB has strong and close relationships with the factories with which the company cooperates. In 2020, NCAB cooperated with 27 main factories – 17 in China, four in Taiwan, five in Europe and one in the USA – 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 two other factory categories are spot factories and special project factories. All three factory categories are described in more detail to the right.

FACTORY CATEGORIES

Main factories
NCAB conducts proactive quality work, including regular follow-ups on-site, at the main factories and the dedicated teams are also stationed here. Additionally, they are subjected to NCAB's annual quality audit and continuous assessment of processes. A sustainability audit is also carried out at the main factories in China every second year. European and US factories are mainly used for manufacturing prototypes and orders with very short lead times.

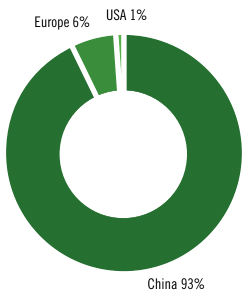
Spot factories
NCAB uses spot factories when the main factories lack either technical capacity or commercial flexibility. NCAB does not carry out an annual audit of these manufacturers, but assesses them on a continuous basis with regard to performance.

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.

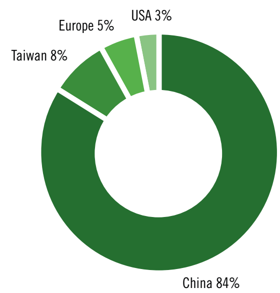
Tina Han, Production Quality Engineer at NCAB Group Factory Management in China, audits one of NCAB's partner factories.

WHERE ARE NCAB's PCBS MANUFACTURED?
Most of the PCBs NCAB sells are manufactured in China. However, our ambition is to spread out production to more countries and thus reduce dependence on China. In 2020, a Factory Management team was established in Taiwan and greater emphasis was placed on following up NCAB's suppliers in Europe and the USA.

Share of manufacturing by geography 2019



Share of manufacturing by geography 2020



Strategy for growth

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

Outside the Nordic region, NCAB has a relatively small market share and thus strong growth potential. The aim is to increase market share in countries such as France, Italy, Germany, China and the USA by investing in sales and marketing. In Germany, China and USA, the ambition is also 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.

DEVELOPMENT AND INITIATIVES DURING THE YEAR

The pandemic had a negative impact on demand during the year, but despite this NCAB has initiated cooperation with many new customers, mainly in the company's growth markets. NCAB's companies in Germany, Italy and the USA reported organic growth, despite the pandemic. Growth in Germany exceeded 10 per cent.

2 GROWTH AMONG EXISTING CUSTOMERS

In markets where NCAB has a strong position, for example in the Nordic region, the aim is to further deepen relationships with existing customers. 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, and will furthermore be less dependent on finding new customers when entering a new market.

DEVELOPMENT AND INITIATIVES DURING THE YEAR

Work was strengthened with global accounts during the year, which generated growth from most of NCAB's global customers. Strong relationships with customers in more mature markets has led to a smaller loss of sales than the overall market downturn caused by the pandemic.

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.

DEVELOPMENT AND INITIATIVES DURING THE YEAR

No new markets were entered or local offices opened during the year. In 2019, the new company in Benelux developed favourably and indirectly resulted in the acquisition of Flatfield.

4 MARKET CONSOLIDATION

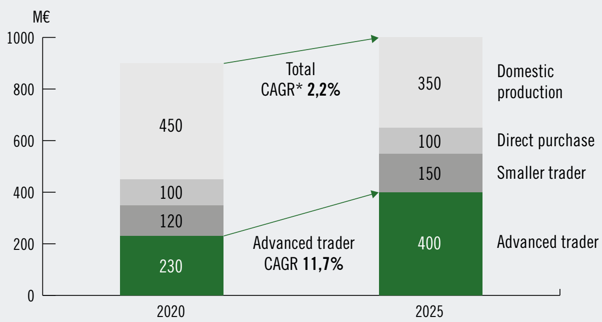
NCAB holds a strong position to drive market consolidation and has completed successful acquisitions in recent years. Acquisitions may be of interest both in NCAB's existing markets and in market where NCAB is yet to establish a local presence. Potential synergies from acquisitions are mainly derived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

DEVELOPMENT AND INITIATIVES DURING THE YEAR

Two companies were acquired during the year: Flatfield in the Netherlands and Bare Board Group in the USA.

NCAB is an advanced trader and is able to expand faster than the market.

NCAB has strong potential for growth as factories in Europe become less competitive or close down. Customers instead choose to buy from advanced traders.



* Compounded Annual Growth Rate

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.

ANDERS FORSÉN, CHIEF FINANCIAL OFFICER AT NCAB GROUP EXPLAINS NCAB'S ACQUISITION STRATEGY.

What are your general thoughts on acquisitions?
"Acquisitions are, and will continue to be, an important part of NCAB's growth. Acquisitions allow us to quickly expand our customer base and gain more talented employees. Factories in China are expanding rapidly and if we are to retain our strong purchasing power we must continue to grow. Acquisitions are also a good way to establish NCAB in a new market.

How do things look moving forward?
"There are many small trading companies in both Europe and the USA. Often, these have started when a factory is closed and the sales department with many customer relationships has continued as a trading company. These have reached a certain size, but have found it more difficult to grow further in recent years. By working within NCAB, we can together offer their customers better factories and more service. So, this type of company is interesting to us and we are actively looking to build a pipeline of potential acquisitions. However, as these are often small, family-owned companies it can sometimes take a long time between the first meeting until a finalised deal."

What are the main synergies for NCAB from acquisitions?
"First and foremost, we achieve good growth, which is important in retaining our strong purchasing power. Higher volumes will generally offer better terms and conditions from our factories and our logistics partners. As a general rule, NCAB has better agreements with factories than the acquired companies, which could relate to anything from pricing and payment conditions to quality assurance. We have successfully reduce capital employed in most of the acquisitions. NCAB often collaborates with more advanced factories that are not available to smaller trading companies, which means we can offer the acquired company's customers a broader product portfolio and thereby increase sales. The company's customers will retain their contacts, but through NCAB gain access to better factories, logistics and our large Factory Management team in China and Taiwan.

ACQUISITIONS 2020

SALES, SEK million	EMPLOYEES
285	50

Flatfield, Netherlands

The Dutch company Flatfield was acquired in March 2020. This has greatly strengthened NCAB's European segment. Flatfield sales in 2020 amounted to approximately SEK 285 million, of which approximately half to customers in Germany and the remainder in Benelux.

SALES, SEK million	EMPLOYEES
220	30

Bare Board Group, USA

Bare Board Group in the USA was acquired in April. The acquisition has in principle doubled NCAB's sales in the USA. Bare Board Group also provided several factories and a Factory Management team in Taiwan. The new factories are particularly attractive to the USA market as no import tariffs are charged on PCBs from Taiwan to the USA. In 2020, Bare Board Group reported sales of approximately SEK 220 million.

ACQUISITIONS 2021

SALES, SEK million	EMPLOYEES
210	22

PreventPCB, Italy

PreventPCB in Italy was acquired in February. Together with NCAB's company in Italy, NCAB will become the leading PCB supplier in Italy. PreventPCB has customers in Italy and Switzerland and reported sales of approximately SEK 210 million in 2020 with good profitability. The acquisition includes 12 employees in Italy and 10 in China.

Small but very important

PCBs are at the heart of all electronic equipment. Superficially, they can look very similar, regardless of their actual quality. But under the surface, there are substantial differences that influence durability and functionality throughout the PCBs 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.

The PCB is the first unit needed in the assembly process, and without the PCB neither the PCB-A nor the end product can be manufactured. The PCB is the only component that the customer adds value to. This makes it particularly important that the PCB is of high quality, as it is expensive to discard a PCB-A with expensive components due to a malfunctioning PCB.

BREADTH AND DEPTH FOR CUSTOMERS WITH HIGH STANDARDS

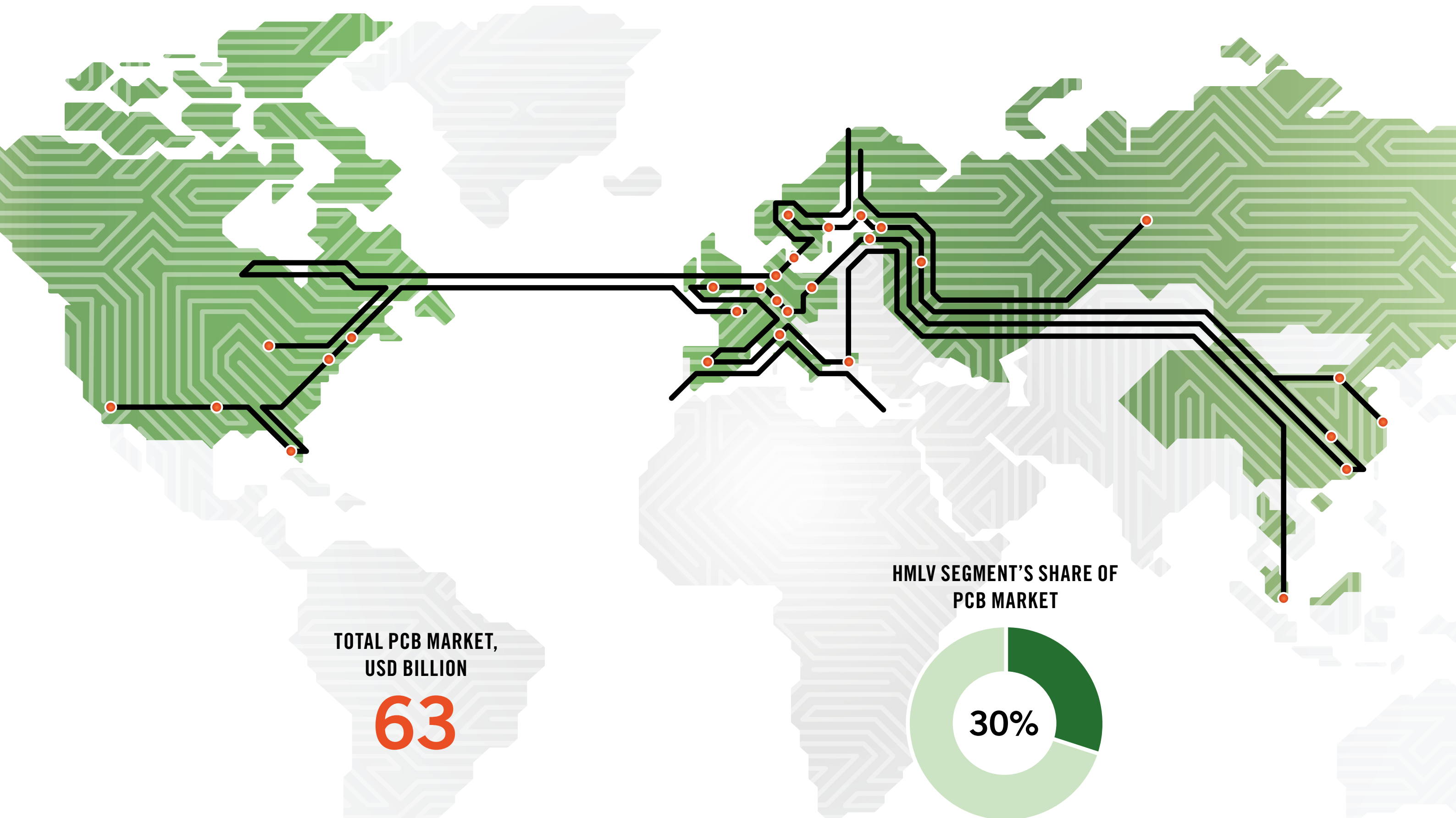
NCAB's PCB portfolio includes a wide range of products: everything from basic 2-layer PCBs to advanced HDI PCBs and flexible PCBs. Even if the PCBs delivered by NCAB vary greatly in terms of functionality and application, they share one characteristic: all PCBs have been examined by NCAB's PCB experts.

Neuromonitoring – Neural Informatix System for spine surgery. Provides surgeons with real-time information about the status of nerves during spine surgery.

Mirror Eye Camera – digital camera with displays that replace traditional rear view mirrors. NCAB has designed 12–16 different PCBs from metal core PCBs to multilayer PCBs.

Specialists in a global market in growing segment

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 HMLV, respectively. The high-volume segment is characterised by strong competition 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 transport/logistics 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 the HMLV segment, 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, the UK and Russia.

However, there is significant potential to increase market shares in the segment, for example in Germany and the USA, as some local production that previously operated in these countries is now slowly but steadily closing down.

Nico Liu, QC Technician at NCAB Factory Management in China, checks PCBs at one of the factories.

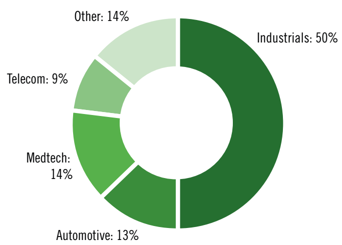
Customer base with wide variation

NCAB has about 2,600 customers located in 45 countries worldwide. The customer base is far-reaching – the 10 largest customers accounted for 23 per cent of sales in 2020. The distribution across different countries, industries and types of companies increases diversification and reduces risk, which became clear during the coronavirus pandemic in 2020 when the broad customer base provided security for NCAB.

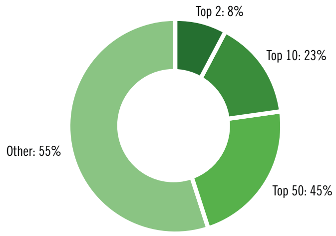
About half of NCAB's customers are active in the industrial sector. Typical industrial customers manufacture electronic systems for advanced industrial products. NCAB also has customers in sectors such as medtech, rail, telecom and heavy vehicles. There are two main types of PCB purchasers: EMS and OEM companies*. Normally, an EMS customer demands a wider

Sales by customer type

Sales by industry



Diversified customer base



product mix of PCBs than a single OEM customer, as its range of 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 of a completed PCB-A, 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 primarily ODM* and to some extent OEM customers. Assembly can extend from PCB-A assembly to a completed end product.

The typical EMS customer needs to source numerous different types of PCBs due to its wide range of customers and products. EMS companies generally have several preferred suppliers of PCBs in the HMLV segment. They mainly engage a supplier such as NCAB in order to benefit from their expertise and breadth when purchasing PCBs. EMS customers accounted for about 60 per cent of NCAB's sales in 2020.

OEM CUSTOMERS ASSEMBLE PCB-AS 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 2020.

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 indirect customers to NCAB and are reported as sales to EMS customers.

In approximately one quarter of NCAB's orders from an EMS customer, the ODM customer decides which PCB supplier the EMS company with which they placed the order must use. This often concerns high-tech and demanding applications, and the PCB supplier has a strong bargaining position.

ODM customers consider, for example, design support as a value-creating factor.

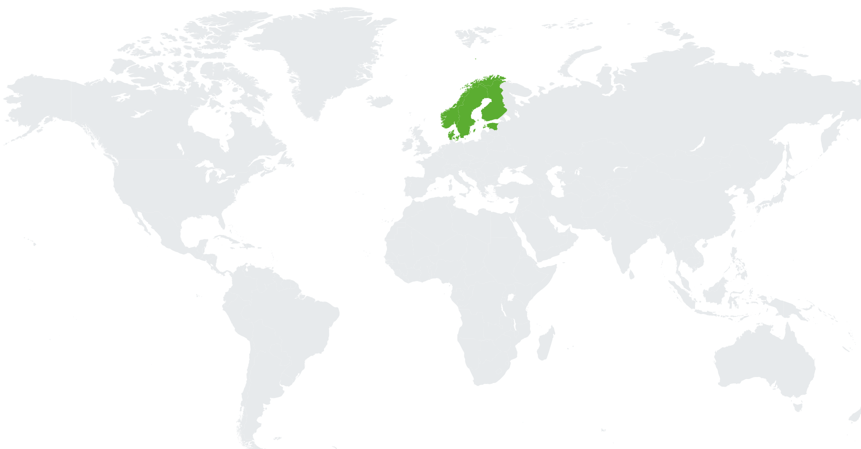
NCAB'S CUSTOMER TYPES

	EMS (ODM)	OEM	
SHARE	ABOUT 60 PER CENT	ABOUT 40 PER CENT	
KNOWLEDGE OF PCBS	HIGH	LOW/MEDIUM	
		Small and medium-sized	**Large**
PURCHASING PATTERNS	› 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	› Few products › Less structured › Less price sensitive	› Slightly wider product offering › Structured purchasing – High volume directly from Asian factories and HMLV from suppliers › Low to medium in terms of price sensitivity
		Small and medium-sized	**Large**
PURCHASING STRATEGY	› Has a "Preferred Supplier List" › Typically purchases from a small number of PCB suppliers	› One or a small number of preferred suppliers and/or domestic factories	› 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

*NCAB's different customer types: EMS – Electronics Manufacturing Services OEM – Original Equipment Manufacturer ODM – Original Design Manufacturer

Nordic

DENMARK, ESTONIA, FINLAND, NORWAY AND SWEDEN



Strong customer relationships yield good profitability

NET SALES, SEK million	EBITA, SEK million	EBITA MARGIN
493.8	77.0	15.6%

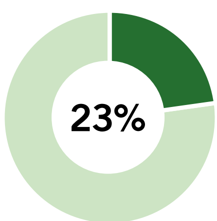
In the *Nordic* segment, NCAB has a long track record and strong market position. The strong position, combined with a relatively mature market, means NCAB's focus is on enhancing profitability rather than growth and recruitment. Customers are mainly active in the industrial segment, and in medtech and 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 2020, the segment accounted for 23 per cent of the Group's total sales and 37 per cent of EBITA.

PERFORMANCE IN 2020

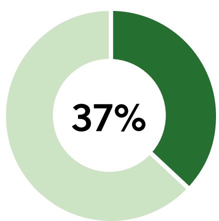
The year had a positive start and, despite the impact of the coronavirus pandemic, net sales were relatively stable in the initial months, positively affected by the high volume of orders in medtech. However, during the summer and early autumn activity was lower for many customers, which had an adverse impact on net sales for the second half of the year. Nevertheless, there was a highly positive end to the year with rising order intake, where strong growth was noted primarily in the market for electric car chargers. During the year, Denmark reported growth, while other companies in the segment had slightly lower net sales year-on-year. Profitability for the segment was retained at a high level. Sales for the year amounted to SEK 493.8 million, corresponding to lower net sales of 4 per cent in SEK and 2 per cent in USD year-on-year. EBITA decreased to SEK 77.0 million (77.9), while the EBITA margin rose to 15.6 per cent (15.1).

KEY PERFORMANCE INDICATORS	2020	2019
Net sales, SEK million	493.8	516.6
Sales growth, %	–4.4	26.2
EBITA, SEK million	77.0	77.9
EBITA margin, %	15.6	15.1
Average number of employees	55	55

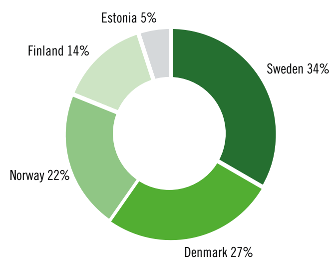
SEGMENT'S SHARE OF SALES

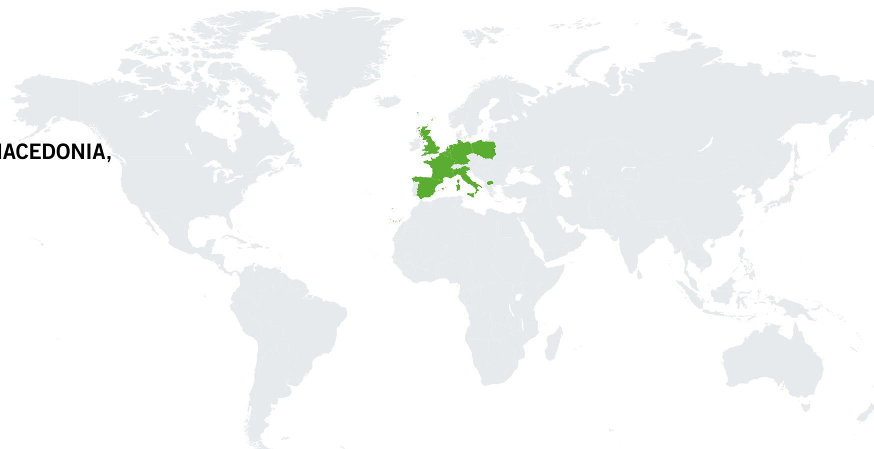


SEGMENT'S SHARE OF EBITA



SALES BY COMPANY





Europe

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

Segment with greatest growth potential

NET SALES, SEK million	EBITA, SEK million	EBITA MARGIN
859.5	56.3	6.6%

Europe is the Group's largest segment and also has the greatest growth potential. The main focus is on growth. 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. In March, the Dutch company Flatfield was acquired, through which NCAB strengthened its position in both Benelux and Germany. Integration was conducted remotely, but nevertheless with highly positive results and stronger customer relationships. In 2020, the segment accounted for 41 per cent of the Group's total sales and 27 per cent of EBITA. Customers are primarily in the industrial segment. In February 2021, NCAB strengthened its position in Italy with the acquisition of PreventPCB.

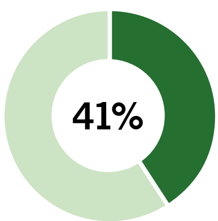
PERFORMANCE IN 2020

2020 was marked by substantial fluctuations in the segment. Southern Europe (Italy, France and Spain) was severely affected by the coronavirus pandemic with a large initial drop in sales during the spring and summer. The transport sector was also severely affected in the spring, mainly impacting NCAB's company in the UK. Germany, on the other hand, reported a positive performance throughout the year.

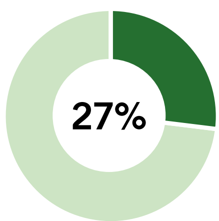
Net sales for the year amounted to SEK 859.5 million, corresponding to growth of 27 per cent in SEK and 31 per cent in USD. Net sales for comparable companies decreased, however, by 8 per cent year-on-year and in USD by –6 per cent. EBITA increased to SEK 56.3 million (41.2), corresponding to a margin of 6.6 per cent (6.1).

KEY PERFORMANCE INDICATORS	2020	2019
Net sales, SEK million	859.5	675.0
Sales growth, %	27.3	6.9
EBITA, SEK million	56.3	41.2
EBITA margin, %	6.6	6.1
Average number of employees	146	114

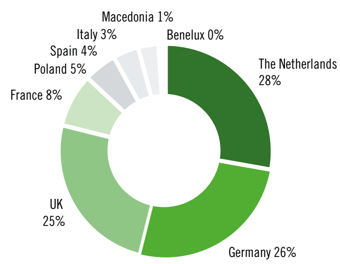
SEGMENT'S SHARE OF SALES



SEGMENT'S SHARE OF EBITA

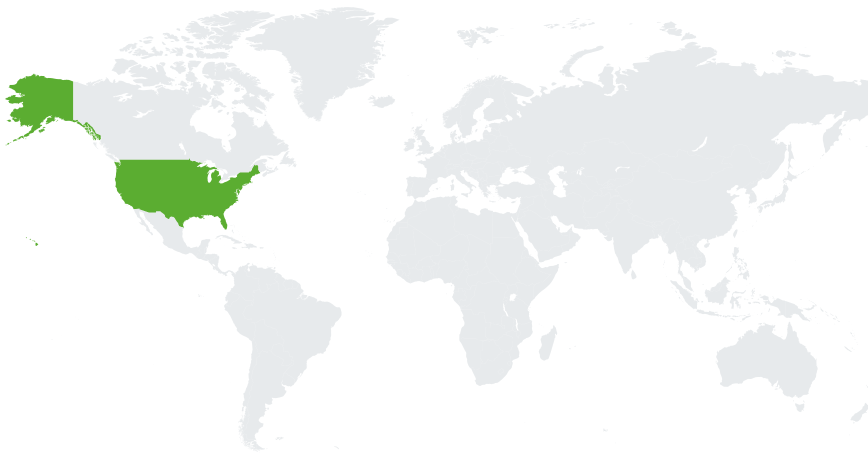


SALES BY COMPANY



North America

USA



Focus on recruitment, new customers and growth

NET SALES, SEK million	EBITA, SEK million	EBITA MARGIN
428.2	32.5	7.6%

NCAB has a relatively small share of the USA market, so focus is on the establishment of new operations and activities targeting new customers. Customers are primarily active in the industrial segment and medtech. In November 2019, Altus PCB was acquired and Bare Board Group in Florida was acquired in April 2020. These acquisitions have doubled NCAB's presence and sales.

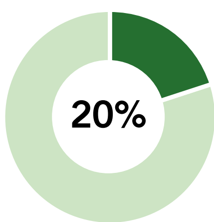
NCAB now has five regional offices in the USA as a means of working close to customers and thereby strengthening relationships with them. Focus is on recruitment, new customers and growth. Like the *Europe* segment, NCAB has a small market share in *North America* due to significant domestic production of PCBs. As domestic production decreases, NCAB is aiming to gain market shares. The trade war between the USA and China together with the introduction of import tariffs has created some market uncertainty. The acquisition of Bare Board Group also added a number of factories and a Factory Management team in Taiwan, which was positive for NCAB in the USA.

PERFORMANCE IN 2020

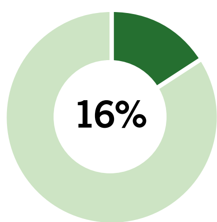
Political unrest, the trade war and the effects of the coronavirus pandemic have had some impact on performance, but NCAB has nonetheless succeeded is reporting unchanged comparable net sales year-on-year. The import tariff has been invoiced in full to customers and is included in reported net sales as of 2020. The segment's sales amounted to SEK 428.2 million (236.9), corresponding to growth of 81 per cent in SEK and 82 per cent in USD. During the year, profitability also improved significantly despite the fact that EBITA margin in Bare Board Group was some 3 percentage points lower than the rest of NCAB USA. EBITA increased to SEK 32.5 million (15.3), corresponding to a margin of 7.6 per cent (6.5).

KEY PERFORMANCE INDICATORS	2020	2019
Net sales, SEK million	428.2	236.9
Sales growth, %	80.8	–8.2
EBITA, SEK million	32.5	15.3
EBITA margin, %	7.6	6.5
Average number of employees	74	53

SEGMENT'S SHARE OF SALES



SEGMENT'S SHARE OF EBITA



East

CHINA, MALAYSIA AND RUSSIA

Large share of customers in industrial segment and new energy

NET SALES, SEK million
333.6

EBITA, SEK million
43.1

EBITA MARGIN
12.9%

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, even if the coronavirus pandemic had a negative impact on growth in 2020. Great potential remains for growth in China. Customers are largely in the industrial segment, new energy and the automotive industry in Russia.

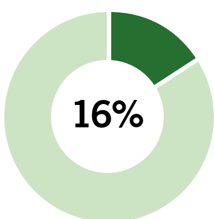
The Chinese business sells to Chinese customers and to European and American customers who are establishing a presence in China. However, growth is strongest to local EMS companies in China. NCAB still has a small share of the Chinese market, but sees exciting growth opportunities with Chinese EMS customers 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. In the Chinese market, NCAB has four sales companies that sell in CNY and one company in Hong Kong that sells in USD. The company in Malaysia remains in an early development phase.

PERFORMANCE IN 2020

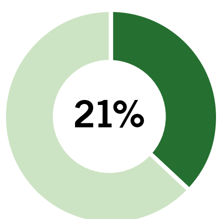
The market in the *East* segment was initially affected by the shutdown in China in February, and Russia was then adversely impacted by the coronavirus pandemic in April. The trade war between the USA and China also affected NCAB's operations in China, partly as many of NCAB's customers in China that sell to the USA noted falling orders and that import restrictions on American components to China had a negative impact on a number of NCAB's customers. There was, however, a gradual recovery in the autumn and a positive trend in order intake in the final quarter. Sales for the year in the segment amounted to SEK 333.6 million (352.6), corresponding to decline of 5 per cent in SEK and 3 per cent in USD. EBITA decreased to SEK 43.1 million (43.5), corresponding to an EBITA margin of 12.9 per cent (12.3) despite the negative impact in Russia of substantial one-off effects of the weak RUB.

KEY PERFORMANCE INDICATORS	2020	2019
Net sales, SEK million	333.6	352.6
Sales growth, %	–5.4	10.7
EBITA, SEK million	43.1	43.5
EBITA margin, %	12.9	12.3
Average number of employees	75	81

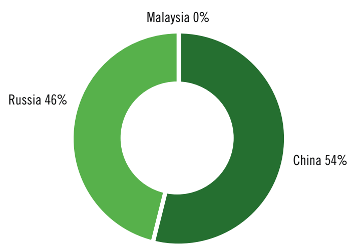
SEGMENT'S SHARE OF SALES



SEGMENT'S SHARE OF EBITA



SALES BY COMPANY



Stretch break during our virtual 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.

Employees – NCAB's most important asset

NCAB has a decentralised organisation with local subsidiaries that are supported by central group functions. A distinctive corporate culture pervades the whole of the company – a conviction that the best business decisions are made close to the customer and the market.

Of NCAB's approximately 474 employees, some 20 work with central functions, while the remainder work in 16 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 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, system development, quality, sustainability, Factory Management, logistics and technology.

CORPORATE CULTURE AND VALUES SHOW THE WAY

Despite the fact that NCAB's companies are spread across three 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, quickly and easily and in line with the company's strategy. The three values that characterise NCAB are to always put quality first, to build strong relationships with the people it works and interacts with – such as customers, colleagues and factories – and to always assume 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. To remain a leading company in its industry, it is important to retain and constantly develop the expertise and specialist know-how of the company, through different types of learning and by regularly meeting colleagues from the whole organisation to exchange experiences. 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 together.

ORGANISATION

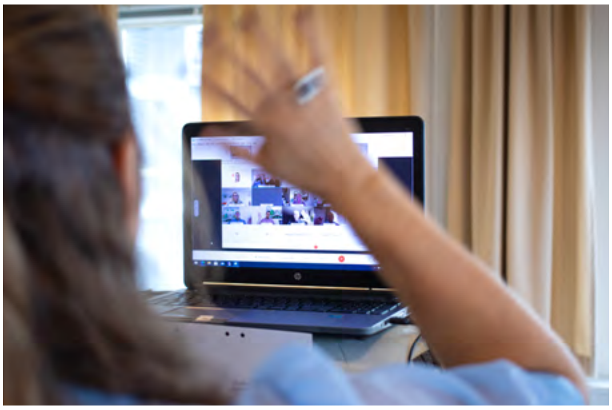
At 31 December 2020, the number of employees was 474 (395), of whom 214 (181) were women and 260 (214) were men. The average number of employees in the organisation during the period was 452 (387), of whom 202 (179) were women and 250 (208) were men.

INTERVIEW WITH EVA HOLM, VP PEOPLE & CULTURE

2020 was a very special year on account of the coronavirus pandemic. What are your views on the challenges you faced as an employer?
"An important aspect of NCAB's business and culture is our engaged and skilled employees, and it has been of the utmost importance to ensure their engagement, development and well-being throughout this special situation."

What have you changed and learnt during the year?
"We were forced to rethink and find new solutions. Activities such as global onboarding meetings and training sessions where participants from different companies normally meet physically were now held online. Instead of the annual global conference, we held NCAB Live – a virtual event where employees from across NCAB met and interacted with each other. It became clear how important it is for our employees to meet – even if this was in a virtual setting. As part of our endeavour to maintain our corporate culture, we also worked with online workshops and recorded video messages from our CEO and Chairman that were sent to all employees. We were lucky to have launched the digital training platform, NCAB Academy, in 2019. It has been an excellent tool to safely continue various internal training courses during the year."

"One lesson we have learnt is that in certain situations an well-functioning digital tool can be a effective replacement for, or complement to, a physical meeting, while in other situations it is unbeatable to meet in person.



Eva Holm, VP People & Culture, and Michael Larsson, VP Sales, talk about their individual business areas during a global onboarding meeting.

ACTIVITIES TO ENGAGE AND DEVELOP EMPLOYEES

Onboarding programme
All employees take part in a structured onboarding programme during their first three months, as a means of firmly establishing the company's processes and corporate culture. The onboarding program goes through NCAB's global business targets and plans, KPIs, working methods, processes and systems. All new employees are also given a mentor as part of the onboarding program.

Leadership training and upskilling
NCAB offers leadership training to all employees in senior positions. Managers must be able to engage their employees and act as good role models. Internal training courses are also held for internal and external sales personnel, and technicians to develop them in their roles.

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
The NCAB Academy is a digital platform for training and development that is available for everyone, wherever the employee works. This offers all employees an opportunity for continuous development.

Employee engagement surveys
NCAB regularly conducts employee engagement surveys to ensure a high level of engagement, a high level of team efficiency and good leadership. The results of the survey are followed up and discussed in local workshops.

Global conference
NCAB regularly 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. In 2020, the conference was replaced with NCAB Live, a virtual event attended by the whole company.

Sustainable business – a survival strategy

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 has divided its sustainability strategy into three focus areas in relation to its stakeholder groups; customers, employees and supply chain. 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. This is achieved in close collaboration with suppliers and customers, and through a high level of engagement from the company's employees.

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

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 and offering every individual an opportunity to make decisions that are aligned with our values.

Customers

LONG-TERM GOAL

Steer the sector in a green direction

FOCUS AREAS

- Sustainable product development
- Sustainable transportation/logistics
- Effective communication of 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.

"We are all responsible for contributing towards global sustainable development"

For many years, NCAB Group has been active in improving sustainability in its operations. One important key to achieve this is a close collaboration with customers and factories, and a strong focus on employees.

ANNA LOTHSSON, SUSTAINABILITY MANAGER AT NCAB GROUP EXPLAINS MORE ABOUT NCAB'S PRACTICAL SUSTAINABILITY WORK.

What does sustainable business mean for NCAB?
"Essentially, sustainable business is a survival strategy that will enable us to continue conducting business in the future. We are to carry out operations that are sustainable in the long-term and create growth and profitability for NCAB, our customers, suppliers and investors. This includes a responsibility for contributing towards global sustainable development. Important enablers for this are that we are a reliable and responsible partner and attractive employer."

How is sustainability work carried out at NCAB?
"We conduct structured work to move operations in a sustainable direction and have therefore chosen the ISO 26000 Guidance Standard as our framework. It covers environmental, social and ethical aspects and, in combination with stakeholder dialogues, has helped us to identify issues to focus on. We have drawn up a strategy that highlights a number of focus areas and targets for sustainability work in the supply chain and in relation to employees and customers. At the same time, sustainability is not something separate, but is integrated into operations and processes in the same way as other prioritised issues."

NCAB says it uses a value chain perspective in this area, what does that mean?
"When we develop and conduct operations, our focus in on creating value for our stakeholders and taking full responsibility for this. It is important that we can define the value chain, define the physical flow and the activities that we conduct and contribute value to the company's offerings and thus value to our stakeholders, such as customers and employees. This approach helps us to identify opportunities to effect positive change and to minimise risks for adverse effects within and outside our areas of operation."

What does this involve in practical terms?
"In the design phase, we support our customers when it comes to optimising PCB construction for product reliability and for manufacturing. Our technicians offer design support through individual talks with the customer, through seminars and in customer meetings, or from our website where our design guidelines are available. Optimised PCB construction leads to less waste and less use of materials, water, electricity and chemicals in production. In the factories, our work related to social responsibility, environment and quality contributes to the customer's own sustainability agenda and minimises risk in the supply chain."

"Together with our production partners, we focus on quality, social responsibility and environmental responsibility in the supply chain. Recurring audits on-site at the factories examine areas such as working conditions, human rights, health and safety, materials (chemical content and conflict minerals), chemicals management, waste handling and recycling, business ethics and quality. Employees in our Factory Management team conduct these audits and follow up deviations and improvement activities to ensure that these are carried out."

"As a knowledge-based company, our success is due to our employees and their high level of engagement. We offer both individuals and teams considerable scope for development, for example through internal training courses. We also have a strong focus on leadership, team building, ethics and equal opportunities. Follow-up and activities take place through individual talks and through the employee satisfaction survey where indexes for engagement, leadership, and ability to cooperate are key performance indicators in our operational controls.

How does NCAB contribute to achieving the UN Sustainable Development Goals (SDGs)?
"When the 2030 Agenda was launched, we had already initiated a structured sustainability agenda with a strategy and defined targets. Using the SDGs we can, however, clarify the strategic objectives and the understanding that we are all responsible for contributing towards global sustainable development. These goals can help guide us when we further develop our sustainability strategy and our operations to contribute to a better future for everyone. In 2019, we therefore conducted a review to define the goals and targets that are relevant to us from the palette presented in the 2030 Agenda. We mainly contribute to nine of the goals."

What are main challenges for NCAB moving forward?
"The main issue for the future is clearly to obtain a better grasp of our climate impact and to take action to reduce this impact. We know that the main sources of our greenhouse gases are manufacturing and transportation, but we need to analyse in detail where these arise in our processes, how large they are and how we can reduce them. For this, we want to use the Greenhouse Gas Protocol to identify emissions in our value chain. Obtaining all data may be challenging, but we will do this where it is possible to take measurements and where we can make a difference."

Safety shower check during sustainability audit.

SELECTION OF GOALS ACHIEVED AND ACTIVITIES CARRIED OUT DURING THE YEAR

Supply chain

- 100 per cent of main factories underwent at least one sustainability audit.
- Continued work with our sustainability audit programme, despite the pandemic. On-site audits could be resumed at factories in China at the end of May.
- Improved conditions in factories for health and safety, working conditions and environmental impact.
- High level of quality – 99.3 per cent – and continuing focus on quality assurance and factory performance to retain high product quality and reduce spoilage and resource use.

Employees

- Continued focus on skills development of our employees, particularly in sales, negotiations and leadership and the introduction of new employees, this year online through webinars and the NCAB Academy.
- Launch of six additional courses on the NCAB Academy – NCAB's digital platform for training and development.
- Two NCAB Live events: "Together in Isolation" and "Sharing is Caring". All employees worldwide held a virtual meeting to continue to strengthen our culture, uphold our high level of employee engagement and to show that we care about each other.
- Global Introduction – this year online – positive that more employees could take part.
- 146 employees worldwide contributed to society through our Give Back Day.

Customers

- Continued focus on assisting our customers already at the design phase to support sustainable product development.
- 78 webinars held with more than 2,100 participants around the world. Topics included: Design for Manufacturing, cost drivers, PCB technologies, material choices and quality assurance in PCB manufacturing.
- Created tool that identifies 13 of the most common design mistakes, their consequences for the final PCB-A and how to avoid these. Available for download from the NCAB website.
- Increased share of PCB deliveries by rail, leading to lower carbon emissions compared with air freight.

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. 2020 showed how a substantial drop in demand from the transport sector was offset by increased demand in medtech.		
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 85 per cent, of its PCBs in China. Political unrest, natural disasters or other export restrictions from China may have a negative impact on sales. There is also increasing political reluctance to buy products from China, which may impact NCAB's 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. Following the acquisition of Bare Board Group, NCAB now also has a factory base and a Factory Management team in Taiwan. NCAB has initiated a process to find competitive factories outside of China.		
Pandemic	NCAB may be adversely impacted by a pandemic. The impact may be from supplier closures, disruptions in deliveries of materials to NCAB's suppliers, a drop in demand from NCAB's customers and disruptions to supply chains from Asia to Europe and the USA.	NCAB works with more than 27 preferred supply partners and also has suppliers outside of China. NCAB sells to many different customers in a variety of customer sectors, which reduces risk. NCAB has low fixed costs and with relative ease can adapt costs in the event of major changes in demand.		
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 through regular audits. NCAB has two individuals in China who work solely with sustainability audits. 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 2,600 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 45 per cent of the company's revenues in 2020, and the 10 largest for about 23 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 with internal and external resources to ensure the price is correct and no unforeseen risks are acquired. Furthermore, an assessment is made that the conditions are right for a successful integration – particularly that the corporate culture is appropriate, and that 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.		

Probability (P) Impact (I)

● ● ●

Types of risk	Description	Management	P	I
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.	●	●

SUSTAINABILITY RISKS

Types of risk	Description	Management	P	I
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

Types of risk	Description	Management	P	I
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 if agreed by the Board 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 2020, NCAB had been listed on Nasdaq Small Cap Stockholm for two and a half years. In January, the share was transferred to Mid Cap. During the spring of 2020, a share issue was conducted to increase stability and flexibility. The company gained a number of new shareholders and share liquidity increased. Since its listing in June 2018 until December 2020, NCAB's share price rose from SEK 75 to SEK 262 – an increase of 250 per cent.

SHARE PRICE DEVELOPMENT

In 2020, the NCAB share generated returns of 59 per cent (from SEK 165 to SEK 262). In the same period, OMX Stockholm PI rose by 11 per cent. The highest price paid during the period was SEK 286 on 12 October and 18 November. The lowest price paid was SEK 101 and was noted on 23 March. The closing price at the end of the period was SEK 262, which means the total market value at the end of the year was SEK 4,899 million. In January 2021, NCAB was transferred up to Mid Cap.

SHARE CAPITAL AND ITS PERFORMANCE

Pursuant to the authorisation granted to the Board by the Annual General Meeting on 13 May 2019, the Board of NCAB resolved in April 2020 on a directed share issue of 1,850,000 new shares at a subscription price of SEK 155 per share. The new share issue contributed approximately SEK 287 million to NCAB before issuance costs. The subscription price in the new share issue was established through an accelerated book building process. The new share issue was fully subscribed by a number of Swedish and international institutional investors at the daily value.

On 31 December 2020, NCAB Group's share capital amounted to SEK 1.9 million distributed between 18,697,124 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 and including 2020.

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. No dividend was paid for the full-year 2019. For the full-year 2020, the Board has proposed a dividend of SEK 5.00 per share, totalling SEK 93.5 million.

NCAB AS INVESTMENT

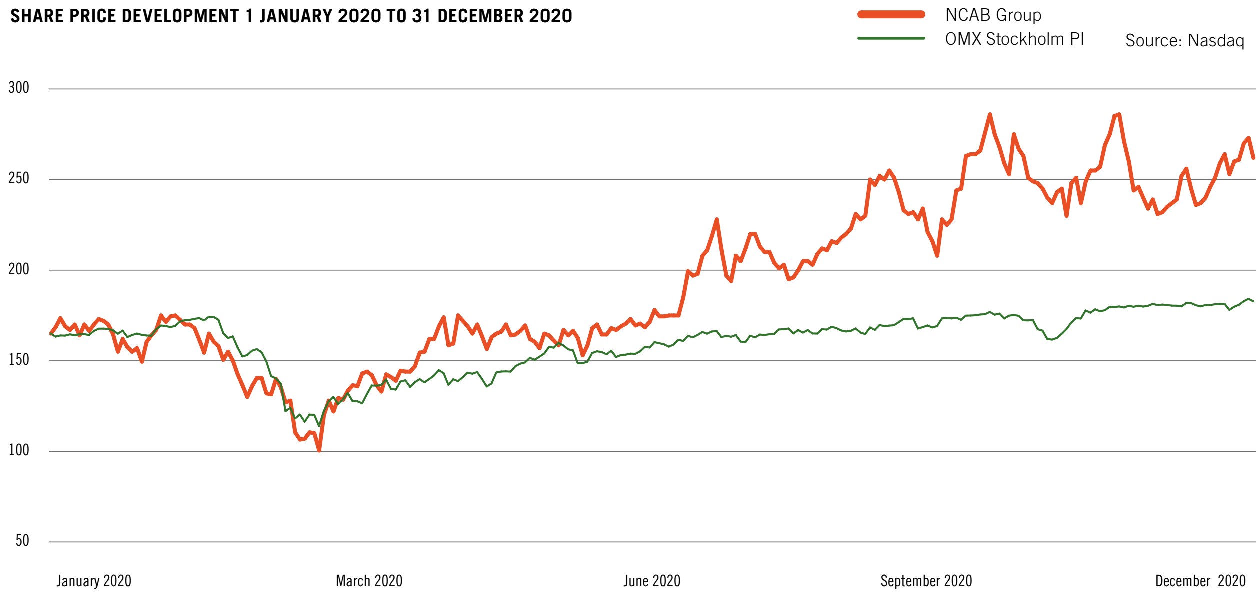
- Strong position in a market with stable growth and fundamental trends benefiting PCB suppliers
- Unique proposition to customers and manufacturers
- Long track record of profitable growth with resilience to macro-economic shifts
- Asset-light business model with strong cash flows
- Experienced management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

OWNERSHIP STRUCTURE AT 31 DECEMBER 2020

The number of shareholders in NCAB amounted to 1,708 (1,463) according to Euroclear Sweden AB at 31 December 2020. NCAB's ten largest owners held shares corresponding to 65.1 per cent of both votes and capital in the company. Foreign owners amounted to about 22.3 per cent at 31 December 2020.

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
24 April 2020	Issue of new shares	1,850,000	18,697,124	185,000	1,869,712

SHARE PRICE DEVELOPMENT 1 JANUARY 2020 TO 31 DECEMBER 2020



THE TEN LARGEST OWNERS

Owners	Number of shares	Capital	Votes
R12 Kapital	3,385,155	18.1%	18.1%
Swedbank Robur Fonder	1,723,516	9.2%	9.2%
SEB Fonder	1,187,758	6.4%	6.4%
Fourth Swedish National Pension Fund (AP4)	1,121,015	6.0%	6.0%
Montanaro	1,109,150	5.9%	5.9%
C WorldWide Asset Management	878,834	4.7%	4.7%
AMF Pension & Fonder	753,740	4.0%	4.0%
Second Swedish National Pension Fund (AP2)	710,757	3.8%	3.8%
Hans Ståhl	673,860	3.6%	3.6%
Third Swedish National Pension Fund (AP3)	633,333	3.4%	3.4%
Total	**12,177,118**	**65.1%**	**65.1%**

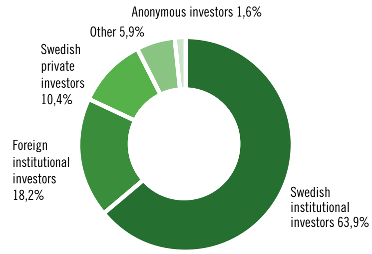
The information above refers to 31 December 2020.

OWNERSHIP DISTRIBUTION BY HOLDING

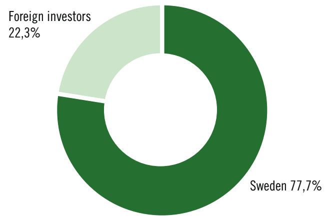
Size of shareholding	Number of shares	Capital	Votes	Number of known owners	Share of known owners
1–1 000	202,011	1.1%	1.1%	1,565	91.6%
1,001–10,000	249,159	1.3%	1.3%	81	4.7%
10,001–50,000	782,630	4.2%	4.2%	32	1.9%
50,001–100,000	241,820	1.3%	1.3%	4	0.2%
100,001–500,000	3,636,149	19.4%	19.4%	14	0.8%
500,001–1,000,000	4,762,118	25.5%	25.5%	7	0.4%
1,000,001 –	8,526,594	45.6%	45.6%	5	0.3%
Anonymous ownership	296,643	1.6%	1.6%		
Total	**18,697,124**	**100.0%**	**100.0%**	**1,708**	**100.0%**

The information above refers to 31 December 2020. Source: Modular Finance.

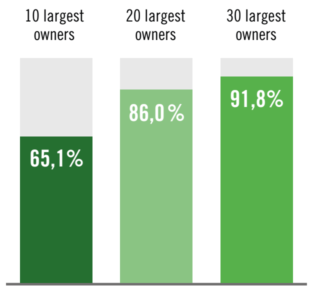
OWNERSHIP TYPE, % OF CAPITAL



OWNERSHIP DISTRIBUTION BY COUNTRY, % OF CAPITAL



CONCENTRATION, OWNERSHIP



Outline of objectives and dividend policy

GROWTH

GOAL

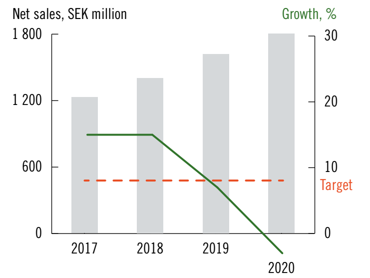
8%

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

OUTCOME

–3%

Sales grew 19 per cent in 2020, growth before acquisitions was –3 per cent. In USD, sales grew 22 per cent.



PROFITABILITY

GOAL

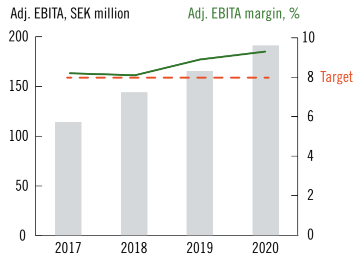
8%

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

OUTCOME

9.0%

In 2020, adjusted EBITA margin reached 9.0 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

–0.6

Net debt in relation to adjusted EBITDA (excluding adjustments for IFRS 16) was –0.6 at 31 December 2020

NET DEBT 2020 (INCL. IFRS 16)

–85.3 SEK million

NET DEBT 2020 (EXCL. IFRS 16)

–116.3 SEK million

DIVIDEND

DIVIDEND POLICY

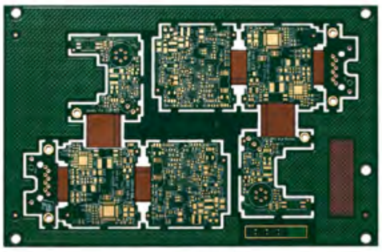
50%

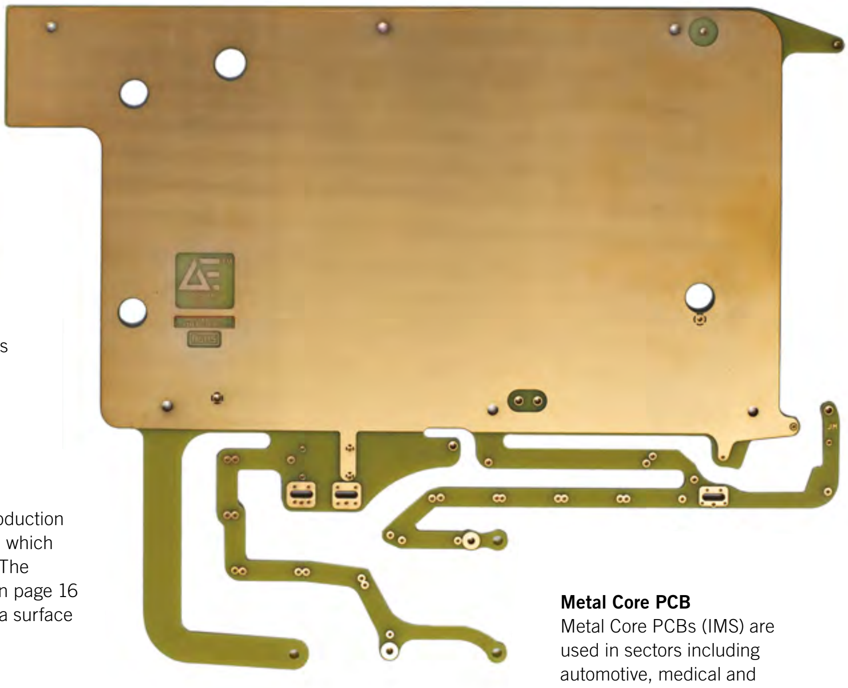
To distribute available cash flow, which is expected to correspond to at least 50 per cent of net profit

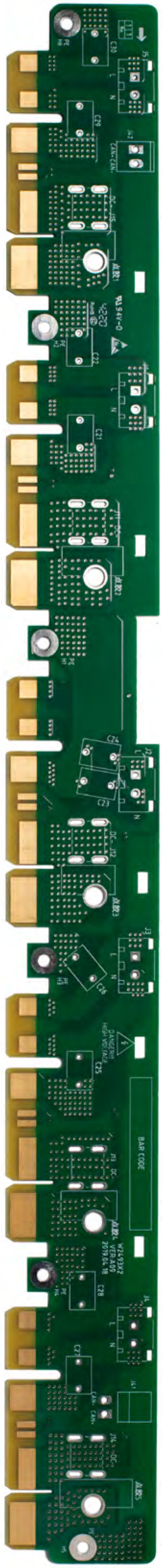
PROPOSAL

SEK 5.00 per share

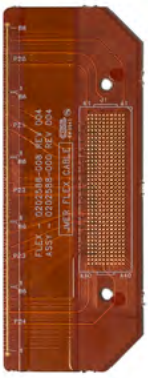
The motion to the 2021 Annual General Meeting is the payment of a dividend of SEK 93.5 million, corresponding to 69 per cent of net profit





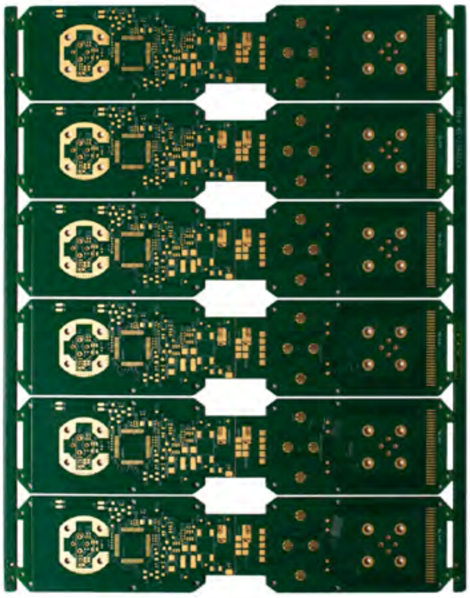


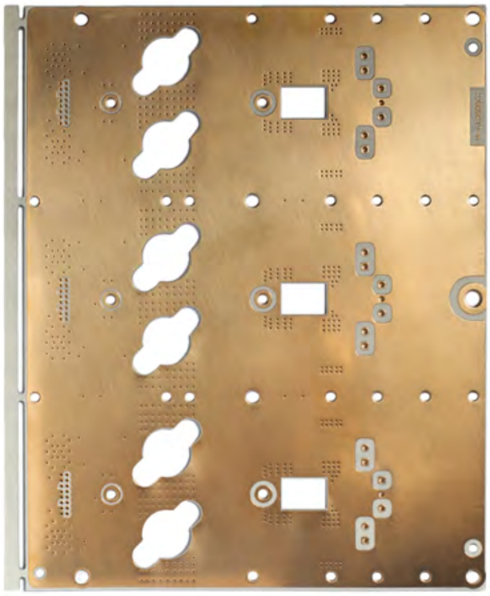
Flexible PCB
Flexible, semi-flexible and rigid-flex PCBs are PCBs that are partially or entirely flexible. The flexible PCBs are used in installations in cramped spaces and in movable applications, such as digital cameras and in compact medical devices.

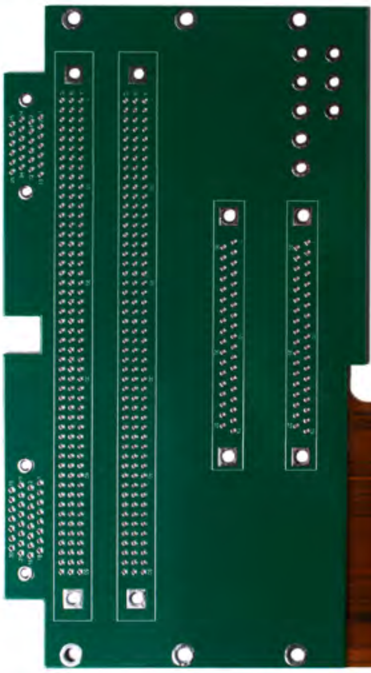


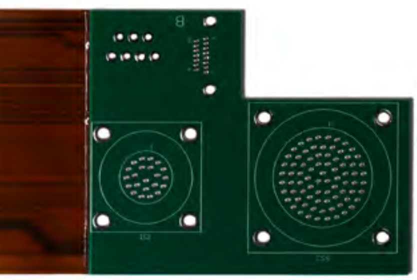
Multilayer PCB
A large share of NCAB's production comprises multilayer PCBs, which have a wide range of uses. The Neuromonitoring product on page 16 uses an 8-layer board with a surface finish of immersion gold.

Metal Core PCB
Metal Core PCBs (IMS) are used in sectors including automotive, medical and aerospace as well as in lightning applications and industrial controls. The digital camera with displays – Mirror Eye Camera – on page 17 uses metal core PCBs.

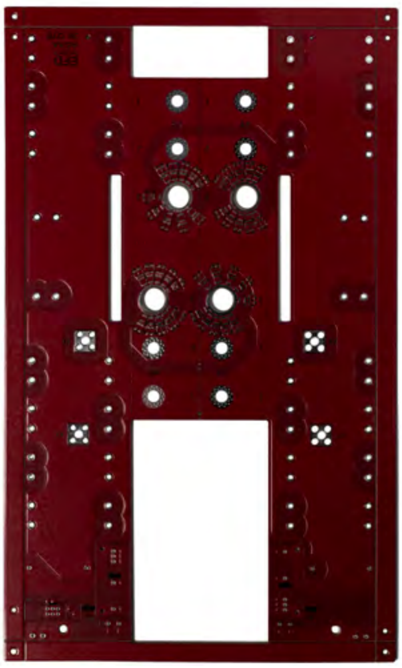




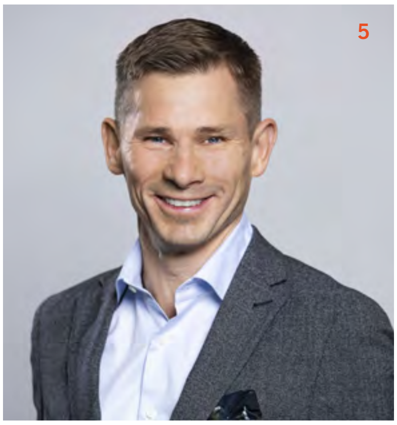




HDI
An HDI PCB has several copper layers, finer lines and via holes where many of the holes do not penetrate the entire board as with traditional PCBs. The technology is used in products where there is very little space, and when many functions are grouped together.



Board of Directors



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 Industrifonden, and advisor to eEquity.

Shareholding: 501,610 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: 20,000 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 MEWAB Holding AB as well as Board member of Aditro Group AB, Oriflame Holding AG, OSM Holding AB and Nimbus Boats Sweden AB.

Shareholding: No own shares but holds 10.1 per cent of shares and 35.7 per cent of votes in R12, which owns 3,385,155 shares corresponding to 18.1 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: 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 3,385,155 shares corresponding to 18.1 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 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 since 2007.

Education: –

Other current assignments: –

Shareholding: 673,860 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 2020.

Group management

PETER KRUK

Born 1968. President and Chief Executive Officer since 2020.

Education: M.Sc. in Engineering Physics from Chalmers University of Technology in Gothenburg with studies at Ecole Polytechnique Federale de Lausanne.

Shareholding: 2,852 shares.

ANDERS FORSÉN

Born 1962. Chief Financial Officer since 2008.

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

Shareholding: 330,000 shares.

ANDY LIU

Born 1980. VP Asia and MD China Sales since 2007.

Education: Industrial System Engineering, University of Regina, Canada.

Shareholding: 32,000 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.

Shareholding: 46,900 shares.

CHRIS NUTTALL

Born 1973. Chief Operating Officer since 2009.

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

Shareholding: 18,290 shares.

EVA HOLM

Born 1962. VP People and Culture since 2015.

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

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.

Shareholding: –

MAGNUS JACOBSSON

Born 1975. Chief Information Officer since 2005.

Education: –

Shareholding: 53,000 shares.

MARTIN MAGNUSSON

Born 1976. VP NCAB Group North America since 2017.

Education: MBA from Växjö University.

Shareholding: 135,000 shares.

MICHAEL LARSSON

Born 1968. VP Sales since 2017.

Education: –

Shareholding: 41,410 shares.

RIKARD WALLIN

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

Shareholding: 25,500 shares.

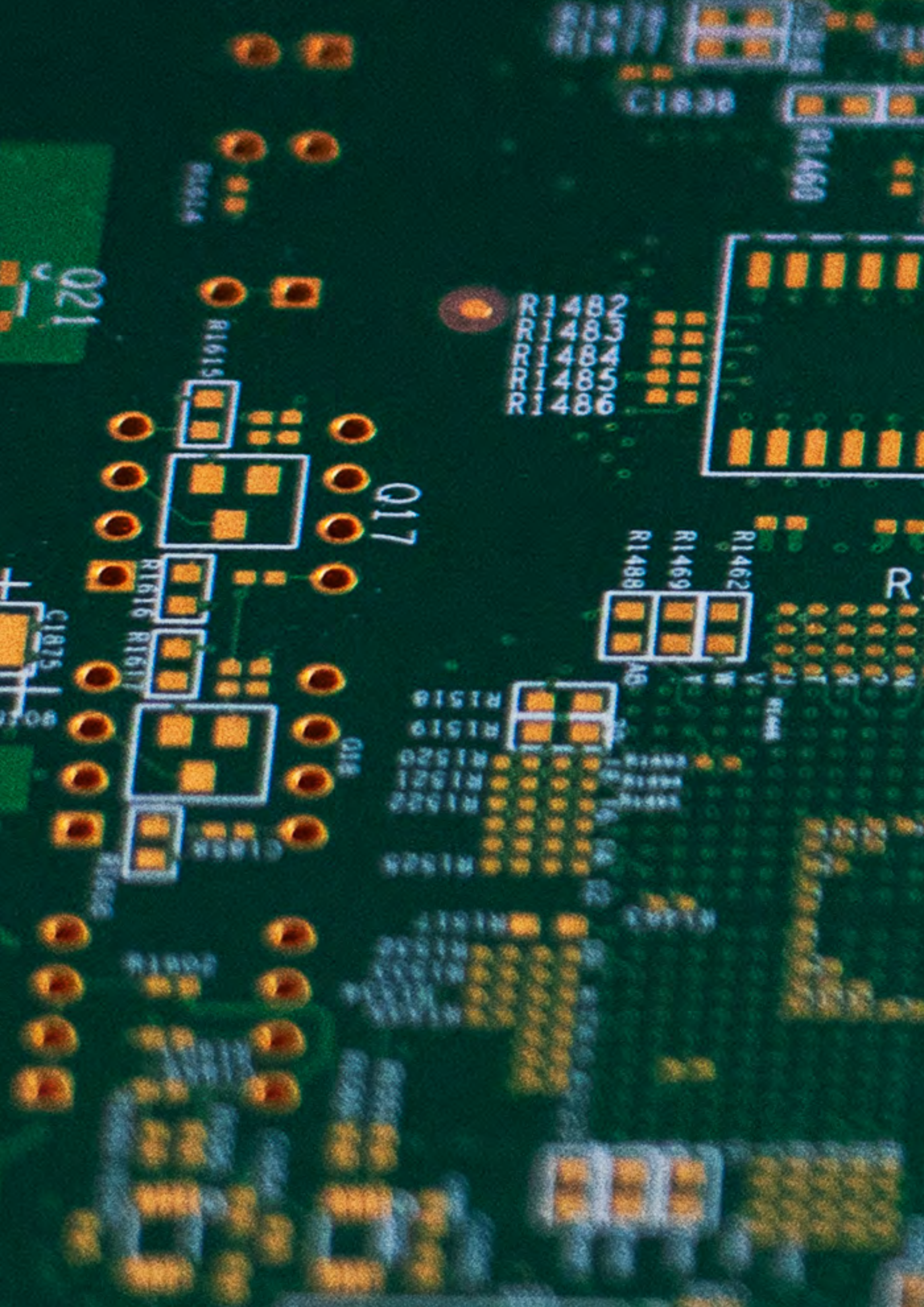
SANNA MAGNUSSON

Born 1979. Global Marketing Manager since 2006.

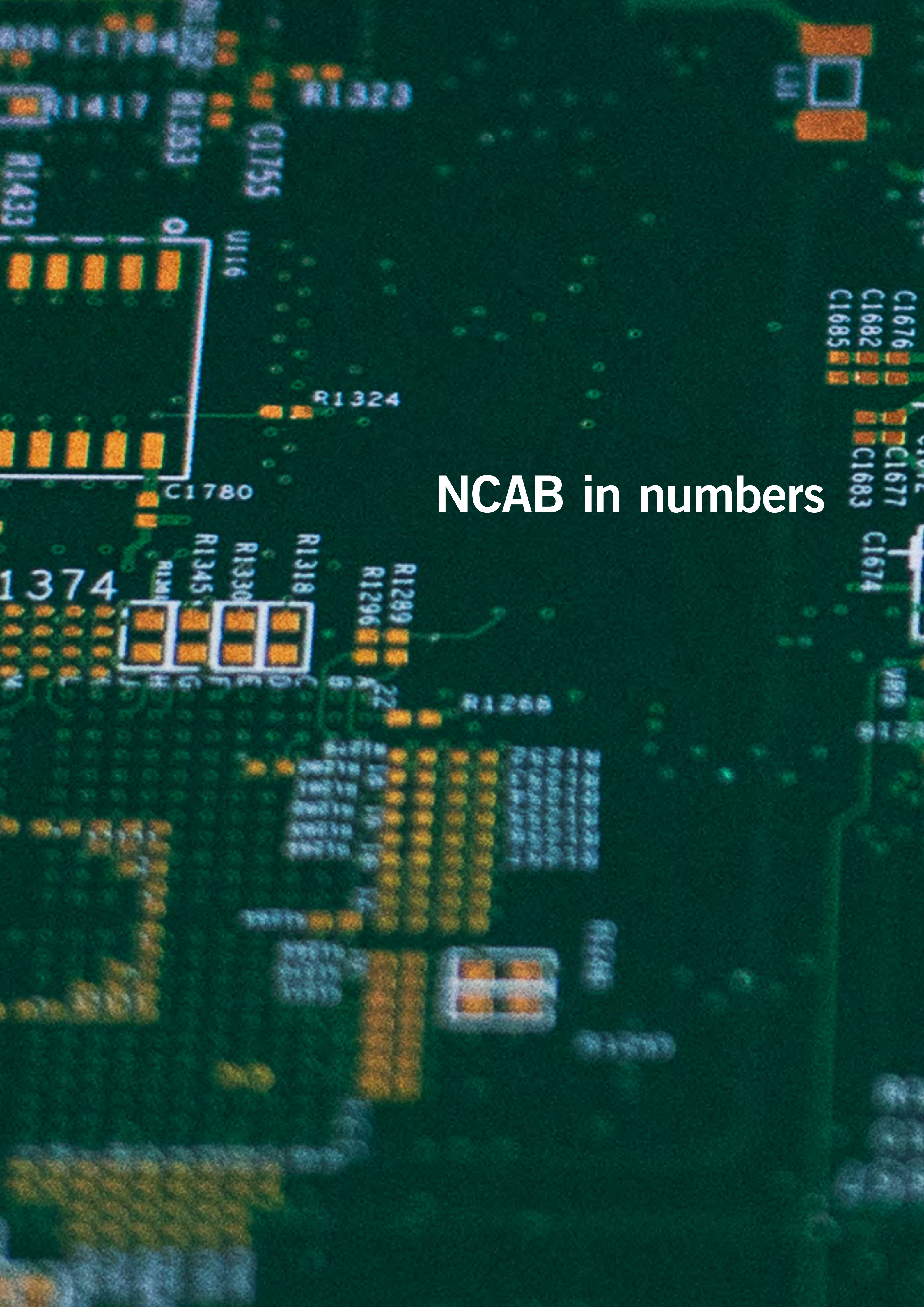
Education: B.Sc in Marketing and Human Resources Management from Unitec Institute of Technology, Auckland, New Zealand.

Shareholding: 24,000 shares.

The information pertaining to shareholdings refers to 31 December 2020.


R1482
R1483
R1484
R1485
R1486
Q17

NCAB in numbers



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 2020 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 2020, NCAB had 1,708 shareholders according to the shareholders' register and the total number of shares was 18,697,124, 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 34–35.

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 5 June 2020, 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 2020

The Annual General Meeting on 5 June 2020 adopted the income statement and balance sheet and approved the allocation of the company's earnings. A decision was made not to distribute a dividend. 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. Lastly, a decision was taken to adopt new Articles of Association.

ANNUAL GENERAL MEETING 2021

NCAB's Annual General Meeting 2021 will be held on 10 May. For further information about the Annual General Meeting 2021, see page 95 and NCAB's website www.ncabgroup.com.

NOMINATION COMMITTEE

The Annual General Meeting on 5 June 2020 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 2020. 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 presenting 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, Christoffer Geijer, SEB Investment Management, Ulrik Grönvall, Swedbank Robur and Christian Salamon, Chairman of the Board. The composition of the Nomination Committee was announced in a press release on 14 October 2020. Ulrik Grönvall was appointed Chairman of the Nomination Committee

The Nomination Committee has, prior to the 2021 Annual General Meeting, held three minuted meetings, where all members were present, and also maintained informal contact. The Nomination Committee has interviewed a selection of 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. 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 2021 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 also determines the sustainability strategy and establishes sustainability targets. 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 six 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, reporting acquisitions, the financial impact of the coronavirus pandemic, risk monitoring and internal controls as well as audit issues.

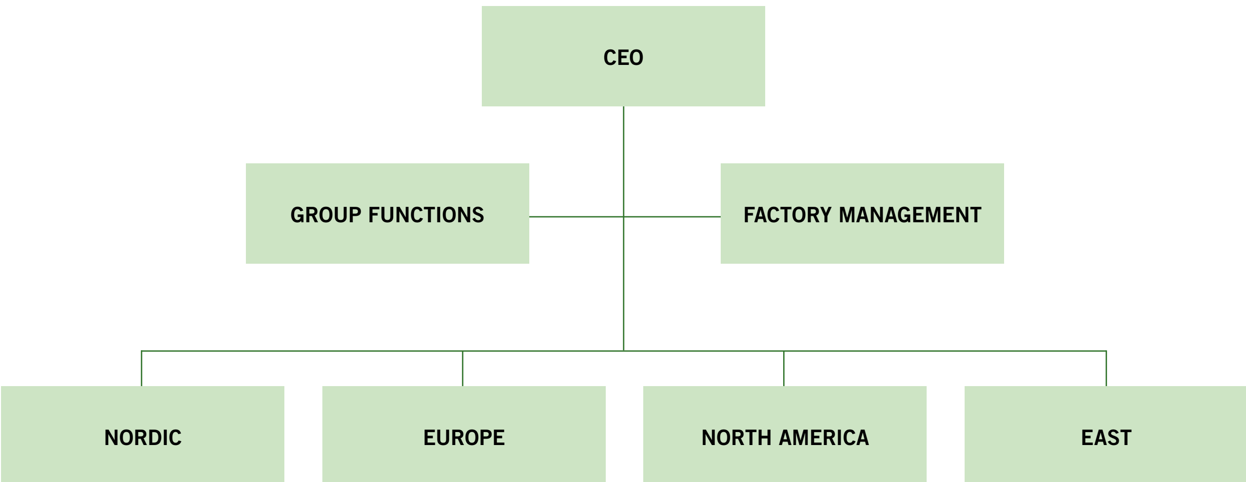
REMUNERATION COMMITTEE

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 prepares the guidelines for remuneration principles presented by the Board of Directors for resolution by the Annual General Meeting and the Remuneration Report that the Board of Directors presents to the Annual General Meeting. 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.

The Remuneration Committee held four meetings during the 2020 financial year. The main purpose of these meetings was to discuss the issue of a new CEO, to evaluate compensation for 2020, to prepare decisions and reports prior to the Annual General Meeting and to prepare the question of adjusting management's compensation for 2021.

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 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



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	15 (15)	5 (6)	4 (4)	Yes	Yes	775,000
Jan-Olof Dahlén	2007	1942	15 (15)			Yes	Yes	350,000
Per Hesselmark [1]	2016	1971	14 (15)		4 (4)	Yes	No	375,000
Magdalena Persson	2017	1971	15 (15)		4 (4)	Yes	Yes	375,000
Hans Ramel	2007	1964	14 (15)	6 (6)		Yes	No	400,000
Gunilla Rudebjer	2017	1959	15 (15)	6 (6)		Yes	Yes	500,000
Hans Ståhl [2]	2007	1955	15 (15)			No	Yes	–

1) Per Hesselmark was also Board member in 2007–2010.

2) Remuneration is not paid to members who are employed by NCAB. Hans Ståhl stepped down as CEO on 1 October and has since been independent of the company.

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.

Peter Kruk, who assumed the role of CEO on 1 October 2020, most recently held the position of President of EMEA and member of the group management at Dometic Group. Prior to this, he spent nine years in various senior positions at the US supplier to the automotive industry Stoneridge Inc. For most of this period, Peter was a member of group management in the role of Global Division President for Stoneridge Electronics, headquartered in Stockholm. Previously, Peter had a lengthy career that included employment at ABB, both in Switzerland and in Sweden. He was born in 1968 and holds an M.Sc. in Engineering Physics from Chalmers University of Technology in Gothenburg with studies at Ecole Polytechnique Federale de Lausanne. Peter has no other commitments. More information about the CEO and executive management is presented in the Management section on pages 40–41.

WORK OF THE BOARD IN 2020

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 2020, 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, risk management and internal control. 15 Board meetings were held in 2020, of which eight were ordinary and seven extra. The extra Board meetings primarily dealt with resolutions in conjunction with acquisitions, impact of the coronavirus pandemic and the new share issue in April. Board members' attendance and remuneration are presented in the table above. A self-assessment of the work of the Board was carried out.

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 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 32–33.

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 that are conducted according to 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. Compliance with internal procedures and processes is examined using self-assessment annually, when the company's external auditors review compliance as part of the 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 5 June 2020. 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 66. In connection with the adoption by the Board of the year-end accounts for 2020, 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 2020 on pages 38–41 and 44-48, 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 RevR 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 30 March 2021

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 2020 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 2020, NCAB had approximately 2,600 customers and 474 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, produced in a sustainable manner 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.

*Source: Prismark Partners

GROWTH

For full-year 2020, net sales increased 19 per cent to SEK 2,115.2 million (1,781.2). Underlying growth in USD was approximately 22 per cent. In 2020, the USD exchange rate fluctuated considerably and had a positive impact on growth during the first half of the year and a negative impact in the second half of the year. For the year as a whole, the USD exchange rate had a negative impact on growth. Excluding acquisitions, net sales decreased 3 per cent. The North America and Europe segments reported strong growth due to acquisitions. Net sales, excluding acquisition in North America, were in line with the preceding year while comparable net sales were slightly weaker in other segments. The negative growth was a result of the impact of the coronavirus pandemic, which affected different markets and customer segments in different ways. In Nordic, net sales were mainly affected in the second half of the year, while markets in East and southern Europe were severely affected in the second quarter. NCAB’s end customers operate in many different segments. Sales to the transport sector were substantially negatively affected during the second and third quarters, while sales to medtech rose very sharply. A significant increase took place at the end of 2020 in products such as charging stations for electric vehicles and new energy.

OPERATING PROFIT

Operating profit increased to SEK 182.3 million (161.7). The improvement was due to a positive contribution from the acquired companies and a general reduction in costs. The coronavirus pandemic has entailed lower costs for travel, trade fairs and that recruitment has, to some extent, been postponed. NCAB also received government grants of SEK 5.0 million in 2020. In conjunction with the outbreak of the coronavirus pandemic, authorities in the USA provided support in the form of Paycheck Protection Program loans, which were to be remitted if used correctly. NCAB applied for and received loans totalling USD 1.2 million. An application to have these loans remitted has been filed and the response will likely be received during the first half of 2021. These loans have not affected earnings for 2020. The government grants were received by companies in southern Europe and China. The gross margin was 30.3 per cent (31.7). The reduction is due to lower gross margins in the acquired companies. For comparable companies, gross margin was unchanged at 31.7 per cent. EBITA increased 15 per cent to SEK 190.7 million (165.4), while the EBITA margin fell to 9.0 per cent (9.3). EBITA for 2020 was positively impacted by synergies from the acquisition of Flatfield and Bare Board Group but also adversely impacted by transaction costs of SEK 14.9 million relating to the acquisitions. Excluding transaction costs, EBITA amounted to SEK 205.6 million, corresponding to an EBITA margin of 9.7 per cent. Net financial items amounted to SEK –19.4 million (–0.9), of which SEK –5.6 million (3.4) refers to foreign exchange differences. Net financial items also increased due to new loans to finance the year's acquisitions. Income tax amounted to SEK –35.4 million (–32.5). The average tax rate was 21.8 per cent (20.2). Profit after tax for the period totalled SEK 127.5 million (128.4).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities was SEK 194.3 million (153.0). The increase is due to earnings improvements and rationalisation of working capital requirements in the acquired companies, mainly from the acquisition in the Netherlands. During the year, there was a strong focus on monitoring customer payments on a continuous basis, which resulted in fewer past due trade receivables and lower bad debt losses. NCAB has credit insurance that covers most of the trade receivables outstanding. Cash flow from investing activities, excluding acquisitions, was SEK –3.7 million (–7.4). Two companies were acquired during the year, Flatfield in the Netherlands and Bare Board Group in the USA, and the total purchase consideration impacting cash flow was SEK –164.1 million.

LIQUIDITY AND FINANCIAL POSITION

The Group's net cash at the end of the year was SEK 85.3 million, compared with net debt of SEK 44.8 million at the end of 2019. In conjunction with the acquisition of Bare Board Group in April, a directed share issue was completed of 1,850,000 shares at SEK 155/share, raising proceeds for the company of SEK 287 million before issuance costs. In addition to the new share issue, two new loans were also raised totalling SEK 265 million, and the company's overdraft facility was extended by SEK 100 million. At 31 December, the equity/assets ratio was 47.2 per cent (39.9) and equity was SEK 699.9 million (348.1). The substantial exchange-rate changes at the end of 2020 entailed translation differences on equity of SEK –52.3 million (–1.0). At the end of the period, the Group had available liquidity, including undrawn overdraft facilities, of SEK 661.3 million (196.2). At 31 December, NCAB had loans totalling SEK 332.7 million, split between four loans. Two of the loans are being repaid in quarterly instalments of SEK 9.1 million and mature in 2023 and 2025 respectively. The two remaining loans – SEK 50.0 million and SEK 132.5 million – are free of instalments, and mature in 2023 and 2025 respectively. In addition to the loans, there is an overdraft facility of SEK 212 million. At the balance sheet date of 31 December 2020, 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 2020 was 250 per cent. On 31 December 2020, NCAB Group's share capital amounted to SEK 1.9 million distributed between 18,697,124 shares with a quotient value of SEK 0.01 per share. In 2020, the NCAB share generated a return of 59 per cent. In the same period, OMX Stockholm PI rose by 11 per cent. For more information, see pages 34–35.

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 32–33.

BOARD OF DIRECTORS

The company has chosen to introduce the Board of Directors on pages 38–39.

GUIDELINES FOR REMUNERATION OF EXECUTIVE MANAGEMENT

The 2020 Annual General Meeting adopted 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 2020 Annual General Meeting. 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 no more than 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 2020
In 2020, the company has complied with applicable remuneration guidelines as adopted by the general meeting, with the following derogation: The ceiling for potential variable remuneration has been raised for 2020 to up to 120 per cent of basic salary for three members of Group management. The derogation was prepared by the Remuneration Committee and adopted by the Board in accordance with the guidelines for remuneration of executive management. No other derogation was made from the decision-making process stipulated in the guidelines for determining remuneration.

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 2020. Refer to the Corporate governance section, or NCAB's website ncabgroup.com, in the section Investors/Corporate governance where corporate governance is also available as a separate report.

ORGANISATION
At 31 December 2020, the number of employees was 474 (395), of whom 214 (181) were women and 260 (214) were men. The average number of employees in the organisation during the period was 435 (387), of whom 197 (179) were women and 237 (208) 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 Dutch company Flatfield was acquired on 12 March 2020. The acquisition of Flatfield has strengthened NCAB's position in both Benelux and Germany. The acquisition contributed annual net sales of almost SEK 300 million, with profitability comparable with NCAB's. Flatfield had some 50 employees, of whom 15 in China. During the year, Flatfield was integrated with NCAB's existing operations in Benelux and Germany, and Flatfield's employees in China were integrated and co-located with NCAB's Factory Management team in China.

On 24 April 2020, Bare Board Group in Florida, USA, was acquired. Bare Board Group contributed almost SEK 250 million to NCAB's net sales and essentially doubled NCAB's presence in the USA. The acquisition included some 30 employees, of which 10 in Taiwan, and supplier base in Taiwan, which is particularly important for NCAB's customers in the USA, as no import tariffs are paid on PCBs imported from Taiwan.

Issue of new shares
On 24 April, the company completed a directed share issue of 1,850,000 shares at SEK 155/share, which raised approximately SEK 287 million before issuance costs. The issue was fully subscribed by a number of Swedish and international institutional investors.

Loans
In conjunction with the acquisitions, two new bank loans of SEK 132.5 million each were raised and the overdraft facility was extended by SEK 100 million.

New President and CEO
On 1 October, Peter Kruk assumed the role of new President and CEO of NCAB. Peter has extensive experience as a leader of industrial companies and joined NCAB from Dometic. Peter has succeeded Hans Ståhl, who announced in November 2019 that he planned to retire in 2020. Hans Ståhl will remain as a Board member and is a major shareholder in NCAB.

Effects of COVID-19
With the outbreak of the coronavirus pandemic, NCAB's suppliers closed for two extra weeks after the Chinese New Year, which resulted in substantial supply disruptions. However, production restarted after the closure. As the outbreak of COVID-19 shifted to Europe and the USA, NCAB transitioned from problems with supply to problems with demand. NCAB is carefully monitoring developments to be able to quickly adapt activities and costs. Thanks to NCAB's many customers in a range of different segments and markets, the total impact of the coronavirus pandemic was limited.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Acquisitions

PreventPCB in Italy was acquired in February 2021. PreventPCB will contribute just over SEK 200 million in increased sales with a higher EBITA margin than NCAB as a whole and 22 new employees in Italy and China. The consideration paid amounted to SEK 185 million corresponding to a multiple of approximately six times EBITA. The preliminary acquisition analysis will be presented in the interim report for the first quarter.

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 amounted to SEK 60.0 million (55.9). Earnings before tax amounted to SEK 9.7 million (8.8). The improvement was due to both lower overheads and increased dividends from subsidiaries, despite a negative impact on the Parent Company resulting from an increase in foreign exchange losses. Equity was SEK 478.4 million (161.1).

PROPOSED APPROPRIATION OF RETAINED EARNINGS

The Board of Directors proposes the payment of a dividend of SEK 5.00 per share to those shareholders who are registered on the record date and that the remaining non-restricted equity be retained in the Parent Company. 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	478,109,571
Retained earnings	–42,189,898
Net profit for the year	40,581,875
	SEK 476,501,548

The Board of Directors proposes the following appropriation of retained earnings:
a dividend payment to holders of ordinary shares of SEK 5.00 per share,

Total	93,485,620
carried forward	383,015,928
	SEK 476,501,548

Consolidated income statement

kSEK	Note	2020	2019
Net sales	5, 6	2,115,212	1,781,194
Other operating income	7	6,317	9,155
Total operating revenue		**2,121,529**	**1,790,349**
Raw materials and consumables		–1,481,298	–1,225,428
Other external expenses	8, 10	–106,566	–107,531
Staff costs	9	–301,018	–274,703
Depreciation of property, plant and equipment, and amortisation of intangible assets	17, 18	–27,544	–18,183
Other operating expenses	11	–22,756	–2,779
Total operating expenses		**–1,939,182**	**–1,628,624**
Operating profit		**182,347**	**161,725**
Financial income	12, 14	199	4,538
Financial expense	12, 14	–19,591	–5,400
Net financial items		**–19,392**	**–862**
Profit before tax		**162,955**	**160,863**
Income tax	13	–35,444	–32,460
Profit for the year		**127,511**	**128,403**
Profit attributable to:			
Shareholders of the Parent Company		127,368	128,276
Non-controlling interests		143	127
Average number of shares		18,115,840	16,847,124
Earnings per share, before and after dilution	15	7.03	7.61

Consolidated statement of comprehensive income

kSEK	Note	2020	2019
Profit for the year		**127,511**	**128,403**
Other comprehensive income,			
Items that can subsequently be reclassified to profit or loss:			
Foreign exchange differences		–52,273	–955
Total other comprehensive income for the year		–52,273	–955
Total comprehensive income for the year		**75,238**	**127,448**
Attributable to:			
– Shareholders of the Parent Company		75,095	127,321
– Non-controlling interests		143	127
Total comprehensive income for the year		**75,238**	**127,448**

The Notes on pages 59–78 form an integral part of these consolidated financial statements.

Consolidated balance sheet

kSEK	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	18	382,313	206,252
Other intangible assets	18	43,191	16,753
Total intangible assets		**425,504**	**223,005**
Property, plant and equipment			
Leasehold improvement costs	17	2,084	2,844
Plant and equipment	17	4,507	4,077
Right-of-use assets, offices and cars	17	30,038	33,535
Total property, plant and equipment		**36,629**	**40,456**
Financial assets			
Financial assets	20	4,929	4,018
Total financial assets		**4,929**	**4018**
Deferred tax assets	28	7,355	7,671
Total non-current assets		**474,416**	**275,150**
Current assets			
Inventories			
Raw materials and consumables	22	183,135	148,832
Total inventories, etc.		**183,135**	**148,832**
Current receivables			
Trade receivables	21	342,878	320,014
Other current receivables	23	14,468	17,893
Prepaid expenses and accrued income	24	19,078	29,031
Cash and cash equivalents	25	449,033	82,210
Total current receivables		**825,457**	**449,148**
TOTAL CURRENT ASSETS		**1,008,592**	**597,980**
TOTAL ASSETS		**1,483,008**	**873,130**

kSEK

The Notes on pages 59–78 form an integral part of these consolidated financial statements.

Consolidated balance sheet, cont.

kSEK	Note	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Parent Company	26, 39		
Share capital		1,870	1,685
Additional paid-in capital		478,143	201,616
Reserves		–56,384	–4,111
Retained earnings		276,078	148,710
Non-controlling interests		228	222
Total equity		**699,935**	**348,122**
LIABILITIES			
Non-current liabilities			
Borrowings	27	294,491	75,000
Right-of-use liabilities		21,097	22,662
Deferred tax	28	22,815	8,113
Total non-current liabilities		**338,403**	**105,775**
Current liabilities			
Current liabilities	27	38,159	17,939
Current right-of-use liabilities		9,994	11,372
Trade payables		270,312	252,506
Current tax liabilities		16,334	29,382
Other current liabilities		44,592	26,850
Accrued expenses and deferred income	29	65,279	81,184
Total current liabilities		**444,670**	**419,233**
TOTAL NET DEBT		**783,073**	**525,008**
TOTAL EQUITY AND LIABILITIES		**1,483,008**	**873,130**

The Notes on pages 59–78 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

		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 2019	26	**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**
Opening balance on 1 January 2020	26	**1,685**	**201,616**	**–4,111**	**148,710**	**347,899**	**222**	**348,122**
Profit for the year					127,368	127,368	143	127,511
Other comprehensive income for the year				–52,273		–52,273		–52,273
Total comprehensive income				**–52,273**	**127,368**	**75,095**	**143**	**75,238**
Share issue		185	286,565			286,750		286,750
Costs for issue of shares			–10,037			–10,037		–10,037
Share dividend							–137	–137
Total contribution from value transfer to shareholders, recognised directly in equity		**185**	**276,528**			**–276,713**	**–137**	**276,576**
Closing balance on 31 December 2020		**1,870**	**478,143**	**–56,384**	**276,078**	**699,707**	**228**	**699,935**

The Notes on pages 59–78 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

kSEK	Note	31 Dec 2020	31 Dec 2019
Cash flow from operating activities			
Profit before net financial income/expense		182,347	161,725
Adjustment for non-cash items	30	25,010	13,917
Interest received		119	1,156
Interest paid		–12,328	–5,400
Income taxes paid		–44,042	–17,235
Cash flow from operating activities before changes in working capital		**151,106**	**154,163**
Change in inventories		12,191	–25,646
Change in current receivables		80,065	8,050
Change in current operating liabilities		–49,028	16,454
Total changes in working capital		**43,228**	**–1,143**
Cash flow from operating activities		**194,334**	**153,020**
Cash flow from investing activities			
Investments in property, plant and equipment	17	–801	–4,335
Investments in intangible assets	18	–1,258	–2,476
Investments in subsidiaries		–164,079	–86,671
Investments in financial assets	20	–1,652	–562
Cash flow from investing activities		**–167,790**	**–94,044**
Cash flow from financing activities			
Issue of new shares	26	286,750	
Issue expenses		–10,030	
Change in overdraft facility	27	–7,939	353
Borrowings	27	265,000	
Transaction cost, loans		–1500	
Repayment of loans	27	–172,749	–10,000
Repayment of right-of-use liabilities		–13,965	–11,338
Dividend		0	–75,812
Cash flow from financing activities	31	**345,560**	**–96,797**
Decrease/increase in cash and cash equivalents			
Cash flow for the year		372,104	–37,821
Foreign exchange difference in cash and cash equivalents		–5,280	6,115
Cash and cash equivalents at beginning of year		82,210	113,916
Cash and cash equivalents at end of year		**449,033**	**82,210**

The Notes on pages 59–78 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 2020, the Group comprises 21 operational companies in Europe, the USA and Asia. Two acquisitions took place in 2020.

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.

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

The new standards that became effective in 2020 are not considered material for the Group.

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.

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

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.

Note 2, cont.

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.

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.

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.

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.

Note 2, cont.

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.

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.

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.

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.

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.

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.

2.8 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.

2.9 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.

2.10 SHARE CAPITAL AND EARNINGS PER SHARE
Ordinary shares are classified as equity. 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.

The company only holds ordinary shares.

2.11 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.

Note 2, cont.

2.12 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.

2.13 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.

2.14 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.

2.15 INTEREST INCOME
Interest income is recognised using the effective interest method.

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

2.17 LEASES – RIGHT-OF-USE ASSETS
IFRS 16 Leases is effective as of 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 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.

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. 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.

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 shorter. 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.

2.19 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.

2.20 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 2020 would have been kSEK 18,000 (13,000) lower/higher. Gross profit would have been kSEK 40,000 (40,000) lower/higher, while the gross margin was slightly lower.

EBITA would have been kSEK 26,000 (16,000) lower/higher. Restating trade receivables and trade payables would have had the opposite impact on earnings of kSEK 5,000 (5,000).

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 2020 would have been kSEK 4,000 (9,000) higher/lower. 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 2020, the Group's variable interest rate borrowings consisted mainly of loans in SEK, which was also the case in 2019. There was also some borrowing in USD in the form of Paycheck Protection Program loans in the USA. These are interest-free in 2020. 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 2,700 (500) or a reduction of kSEK 2,700 (500) 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 IFRS 16 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 449,033 (82,210) and an undrawn overdraft facility of kSEK 212,286 (106,026) 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 cash flows calculated using the average interest rate for 2020.

31 December 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2years	Between 2 and 5years
Borrowings	10,927	45,311	43,729	278,835
Overdraft facility (payable on demand)				
Trade payables	270,312			
31 December 2019				
Borrowings	2,511	7,598	10,284	70,130
Overdraft facility (payable on demand)	7,939			
Trade payables	252,508			

Note 3, cont.

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.

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:

	2020	2019
Total borrowings (Note 27)	332,650	92,939
Less: cash and cash equivalents	–449,033	–82,210
Net debt excl. right-of-use liability	–116,043	10,763
Right-of-use liability	31,097	34,000
Total liability	–84,946	44,763
Total equity	699,935	348,122
Total capital	614,989	392,885
Debt/equity ratio	**–12%**	**13%**
Adjusted EBITDA*, incl. IFRS 16	209,891	179,908
Net debt / Adjusted EBITDA, incl. IFRS 16	**–0.4**	**0.2**
Adjusted EBITDA, excl. IFRS 16	196,138	168,570
Net debt / Adjusted EBITDA, excl. IFRS 16	**–0.6**	**0.1**

*No adjustment of EBITDA was carried out for 2020 and 2019.

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 382,313 (206,252). The change is due to currency effects and additional goodwill for the acquisition of Flatfield amounting to kSEK 100,117 and kSEK 116,115 for Bare Board Group.

Valuation of tax loss carry-forwards

At 31 December 2020, the Group has recognised deferred tax assets of kSEK 7,355 (7,671) 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 2020, the Group had unused tax losses from the Group's newly started companies in Malaysia and the Netherlands of kSEK 10,118 (4,498), which represent unrecognised tax assets of kSEK 2,470 (950) 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 342,878 (320,014). 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.

	2020	2019
USA	408,643	270,257
Germany	348,695	168,575
Sweden	169,091	194,658
China	166,230	178,901
Russia	153,457	159,054
UK	110,900	110,660
Norway	94,647	85,025
France	72,454	83,597
Denmark	72,509	98,358
Netherlands	67,374	–
Poland	62,806	55,859
Romania	57,564	30,616
Estonia	53,803	52,519
Canada	44,727	40,175
Finland	41,424	47,998
Spain	31,452	41,506
Other markets	159,435	162,807
Total	**2,115,212**	**1,781,194**

Remaining performance obligation

The company has remaining performance obligations and contract liabilities of kSEK 5,726 (3,712) 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	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Net sales	493.8	516.6	859.5	675.0	428.2	236.9	333.6	352.6	0	0.1	2,115.2	1,781.2
EBITA	77.0	77.9	56.3	41.2	32.5	15.3	43.1	43.5	–18.1	–12.6	190.7	165.3
EBITA margin, %	15.6	15.1	6.6	6.1	7.6	6.5	12.9	12.3			9.0	9.3
Amortisation of intangible assets											–8.4	–3.6
Operating profit											**182.3**	**161.7**
Operating margin, %											8.6	9.1
Net financial expense											–19.4	–0.9
Profit before tax											163.0	160.9
Net working capital	32.9	30.4	101.2	66.2	3.2	2.6	35.6	30.7	–9.9	–4.1	163.0	125.8
Non-current assets												
Intangible assets	61.4	74.7	118.7	0.1	236.2	135.9	8.1	0.5	1.1	11.8	425.5	223.0
Property, plant and equipment	4.9	5.6	13.1	13.1	8.3	8.9	0.8	1.1	9.7	11.7	36.6	40.5

In Sweden, there are non-current assets valued at SEK 18.9 million (28.0), of which property, plant and equipment of SEK 2.5 million (2.5), and intangible assets of SEK 16.4 million (25.5).

NOTE 7 OTHER OPERATING INCOME

	2020	2019
Operating foreign exchange gains	–	11,241
Operating foreign exchange losses	–	–6,972
Other income	6,317	4,886
Total	**6,317**	**9,155**

NOTE 8 OTHER EXTERNAL EXPENSES

	2020	2019
Cost of premises	22,963	19,296
Travel expenses	5,227	21,027
External sales commission	12,477	7,082
Marketing	6,455	11,874
IT	16,091	16,940
Other	43,353	31,323
Total	**106,566**	**107,531**

NOTE 9 EMPLOYEE BENEFITS, ETC.

	2020	2019
Salaries and benefits	240,774	212,892
Social security contributions	30,605	31,894
Retirement benefit costs – defined contribution plans	13,059	11,726
Total employee benefits	**284,437**	**256,512**

Salaries and other benefits:

	2020		2019	
	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	26,959 (5,766)	2,339	27,429 (4,222)	1,915
Other employees	213,815	10,720	185,463	9,812
Total, Group	**240,774**	**13,059**	**212,892**	**11,726**

Remuneration to executive management in 2020
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 30 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:

	2020		2019	
	Average number of employees	**Of whom, women**	**Average number of employees**	**Of whom, women**
Sweden	35	17	36	17
Denmark	11	5	10	4
Norway	9	1	8	2
Finland	12	6	16	6
Germany	33	10	30	9
UK	34	14	34	13
Poland	12	9	12	9
France	15	9	18	11
Spain	9	3	9	3
Italy	9	4	10	4
Malaysia	2		2	
Netherlands	34	8	1	1
North Macedonia	2		1	
Russia	45	21	42	18
USA	76	34	52	20
China	104	56	102	55
Hong Kong	3	1	3	1
Taiwan	7	4		
Total, Group	**452**	**202**	**387**	**179**

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

	2020		2019	
	Number at balance sheet date	**Of whom, women**	**Number at balance sheet date**	**Of whom, women**
Board of Directors	7	2	6	2
CEOs and other executive management	12	3	11	3
Total, Group	**19**	**5**	**17**	**5**

NOTE 10 AUDIT FEES

	2020	2019
PwC		
– Audit engagement	3,799	1,901
– Audit services in addition to audit engagement	143	320
– Tax advisory services	62	28
– Other services	477	0
Total	**4,481**	**2,249**
Other auditors		
– Audit engagement	2,060	1,058
– Audit services in addition to audit engagement	63	46
– Tax advisory services	280	29
– Other services		83
Total	**2,403**	**1,216**
Total, Group	**6,973**	**3,465**

Fees to Öhrlings PricewaterhouseCoopers AB from companies in the NCAB Group amounted to SEK 2.7 million (1.8) during the year. Of this amount, SEK 2.5 million (1.4) was audit fees and SEK 0.1 million (0.4) was primarily other audit services established in regulations and according to the Group's wishes.

NOTE 11 OTHER OPERATING EXPENSES

Other operating expenses than non-recurring items, and net operating foreign exchange losses

	2020	2019
Operating foreign exchange gains	–7,847	0
Operating foreign exchange losses	15,317	
Transaction costs for acquisitions	14,949	2,779
Other	336	
Total	**22,756**	**2,779**

NOTE 12 FINANCIAL INCOME AND EXPENSE

	2020	2019
Financial expense:		
– interest expenses bank loans	–8,549	–4,137
Foreign exchange gains on financing activities	90,860	
Foreign exchange losses on financing activities	–98,019	
Other financial expense	–3,883	–1,263
Total financial expense	**–19,591**	**–5,400**
Financial income:		
– interest income from short-term bank deposits	197	1,036
Foreign exchange gains on financing activities		55,333
Foreign exchange losses on financing activities		–51,950
Other financial income	1	120
Total financial income	**199**	**4,539**
Net financial expense	**–19,392**	**–862**

NOTE 13 TAX

	2020	2019
Current tax:		
Current tax on profit for the year	–26,066	–30,705
Total current tax	**–26,006**	**–30,705**
Deferred tax (Note 28)	–9,438	–1,755
Total deferred tax	**–9,438**	**–1,755**
Tax	**–35,444**	**–32,460**

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:

	2020	2019
Profit before tax	**162,955**	**160,863**
Tax calculated at tax rate in Sweden (21.4% (21.4%))	–34,872	–34,425
Effect of foreign tax rates	–2,762	4,605
Tax effects of:		
Non-taxable income	2,029	292
Non-deductible expenses	–3,701	–3,011
Use of previously unrecognised tax losses	–465	
Effect of changed tax rates		–635
Tax losses for which no deferred tax asset has been recognised	1,728	950
Adjustment relating to prior years	452	–252
Change in deferred tax on loss carryforwards	0	16
Transactions posted against equity	2,146	0
Tax expense	**–35,444**	**–32,460**

The weighted average tax rate was 21.8 per cent (20.2).

NOTE 14 NET FOREIGN EXCHANGE DIFFERENCE

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

	2020	2019
Net other operating income (Note 7)		4,886
Net other operating expenses (Note 11)	–7,470	
Net financial income/expense (Note 12)	–7,159	3,383
Total	**14,629**	**8,269**

NOTE 15 EARNINGS PER SHARE

The Parent Company now only holds ordinary shares.

	2020	2019
Profit for the period	127,368	128,276
Average total number of shares	18,115,840	16,847,124
Earnings per share before dilution, SEK	7.03	7.61

NOTE 16 HOLDING AND INVESTMENTS IN SUBSIDIARIES

At 31 December 2020, 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 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	100%	
NCAB Macedonia A.D.	North Macedonia	70%	
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%
Bare Board Group	USA		100%
IPCS B.V.	Netherlands	100%	
Flatfield Holding B.V.	Netherlands		100%
Flatfield Group B.V.	Netherlands		100%
NCAB Group Flatfield B.V.	Netherlands		100%
Flatfield Germany GmbH	Germany		100%
NCAB Group Benelux B.V	Netherlands		100%
Flatfield Hong Kong Ltd	Hong Kong		100%
Flatfield UK Holding B.V.	Netherlands		100%
Flatfield Multiprint UK Ltd	UK		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:

	2020	2019
Opening balance		
Cost	7,199	5,347
Accumulated depreciation	–4,355	–3,826
Carrying amount	**2,844**	**1,521**
Period		
Foreign exchange differences	235	43
Purchases	298	1,821
Depreciation	–835	–541
Sales	–25	
Closing balance		
Cost	7,316	7,199
Accumulated depreciation	–5,232	–4,355
Carrying amount	**2,084**	**2,844**

Plant and equipment:

	2020	2019
Opening balance		
Cost	21,832	19,589
Accumulated depreciation	–17,755	–15,404
Carrying amount	**4,077**	**4,185**
Period		
Foreign exchange differences	133	29
Purchases	3,023	2,514
Sales and disposals	–174	–300
Depreciation	–2,987	–2,351
Closing balance		
Cost	22,774	21,832
Accumulated depreciation	–18,267	–17,755
Carrying amount	**4,507**	**4,077**

Right-of-use assets:

	2020	2019
Opening balance		
Cost	43,870	
Accumulated depreciation	–10,335	
Carrying amount	**33,536**	
Period		
Foreign exchange differences	91	
Additions	9,466	43,870
Depreciation	–12,681	–10,335
Closing balance		
Cost	47,933	43,870
Accumulated depreciation	–17,896	–10,335
Carrying amount	**30,038**	**33,535**

NOTE 18 INTANGIBLE ASSETS

	Goodwill	Capitalised development costs	Other intangible assets	Total
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**
Financial year 2020				
Carrying amount at beginning of year	**206,253**	**147**	**16,605**	**223,005**
Foreign exchange differences	–40,172	11	–4,968	–45,590
Added	216,232	8,155	34,282	259,130
Amortisation		–2,671	–8,370	–11,041
Carrying amount at end of year	**382,313**	**5,623**	**37,549**	**425,504**
Carrying amount				
Cost	382,313	26,519	45,919	454,751
Accumulated amortisation and impairment		–20,876	–13,338	–34,214
31 December 2020	**382,313**	**5,623**	**37,549**	**425,504**

GOODWILL BY CASH-GENERATING UNIT

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**

31 Dec 2020	Carrying amount at beginning of year	Added	Other adjustments (foreign exchange effect)	Carrying amount at end of year
Sweden	15,385			15,385
Denmark	28,652		–1,075	27,577
Norway	4,575			–936
Finland	9,041		539	9,580
USA	139,780	116,115	–14,947	224,950
Netherlands	0	100,117	–22,807	93,308
Other	8,819		–946	7,873
Total	**206,252**	**216,232**	**–40,172**	**382,313**

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 2019	Sweden	Norway	Finland	Denmark	USA
Long-term growth rate, %	2	2	2	2	2
Pre-tax discount rate, %	10.4	10.2	10.3	10.5	12.7

31 Dec 2020	Sweden	Norway	Finland	Denmark	USA	Netherlands
Long-term growth rate, %	2	2	2	2	2	2
Pre-tax discount rate, %	10.0	9.2	10.0	7.8	9.2	7.9

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 –7 per cent or an increase in WACC by 8 percentage points for the carrying amount to exceed the recoverable amount. The Netherlands can cope with a long-term growth rate of –8 per cent or an increase in WACC by 8 percentage points for the carrying amount to exceed the recoverable amount.

NOTE 19 FINANCIAL INSTRUMENTS BY CATEGORY

31 DEC 2020

	Assets at amortised cost	Total
Assets in balance sheet		
Non-current financial assets	4,928	4,928
Trade receivables	342,878	342,878
Cash and cash equivalents	449,033	449,033
Total	**796,839**	**796,839**

	Other financial liabilities	Total
Liabilities in balance sheet		
Borrowings	332,650	332,650
Trade payables	270,312	270,312
Total	**602,962**	**602,962**

31 DEC 2019

	Loans and receivables	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**

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 2020	31 Dec 2019
Opening value	**4,018**	**3,938**
Foreign exchange differences	–742	189
Additions	4,584	594
Sales and disposals	–2,931	–703
Closing value	**4,929**	**4,018**

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 2020	31 Dec 2019
Trade receivables	347,706	323,672
Provision for doubtful debts	–4,828	–3,658
Net trade receivables	**342,878**	**320,014**

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

At 31 December 2020, the Group had past due trade receivables of kSEK 52,896 (68,850). The age structure of these trade receivables is shown below:

	31 Dec 2020	31 Dec 2019
1–30 days	41,540	44,592
31–90	8,948	19,063
> 91 days	2,408	5,195
Total trade receivables past due	**52,896**	**68,850**

At 31 December 2020, the Group had recognised impairment of trade receivables of kSEK 4,828 (3,658).

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

	31 Dec 2020	31 Dec 2019
SEK	1,342	2,243
EUR	36,652	35,465
USD	213,755	205,598
GBP	17,125	17,565
Other	74,004	59,144
Total	**342,878**	**320,014**

Changes in the provision for doubtful debts are as follows:

	2020	2019
1 January	**3,658**	**3,721**
Provisions for credit losses	5,833	764
Impairment for the year	–82	–346
Reversal of unused provisions	–4,581	–482
31 December	**4,828**	**3,658**

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 2020	31 Dec 2019
Raw materials and consumables	183,135	148,832

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 1,438,573 (1,193,524).

The Group did not recognise any reversals of impairment losses on inventories in 2020 or 2019.

Inventories, which totalled kSEK 183,135 (148,832) at the closing date, consist exclusively of goods with fixed orders from customers.

NOTE 23 OTHER CURRENT RECEIVABLES

	31 Dec 2020	31 Dec 2019
Tax assets	5,407	12,479
VAT receivables	5,002	1,135
Other receivables	4,059	4,280
Total	**14,468**	**17,893**

NOTE 24 PREPAID EXPENSES AND ACCRUED INCOME

	31 Dec 2020	31 Dec 2019
Prepaid rents	1,036	1,178
Accrued commission	9,670	9,359
Service contracts	3,365	4,764
Other items	5,007	13,730
Total	**19,078**	**29,031**

NOTE 25 CASH AND CASH EQUIVALENTS

	31 Dec 2020	31 Dec 2019
Bank deposits	449,033	82,210
Total	**449,033**	**82,210**

NOTE 26 SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL

	Number of shares ('000)	Share capital	Other additional paid-in capital	Total
31 December 2019	**16,847**	**1,685**	**201,616**	**203,301**
31 December 2020	**18,697**	**1,870**	**478,143**	**480,013**

The share capital comprises 18,697,124 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.

Dividend

No dividend was paid in 2020. At the General Meeting on 10 May 2021, it will be proposed that a dividend of SEK 5.00 per share be paid.

NOTE 27 BORROWINGS

	31 Dec 2020	31 Dec 2019
Liabilities to credit institutions		
Non-current	294,491	75,000
Current	38,159	17,939
Total borrowings	**332,650**	**92,939**

BANK LOANS

The Group's borrowing was primarily conducted in SEK and USD.

Under the covenants associated with liabilities to credit institutions, net debt must not exceed 2.5 times EBITDA adjusted for IFRS 16, cash flow/financing costs (interest and repayments of principal) must exceed 1.0.

At 31 December 2020, NCAB had loans totalling SEK 322.6 million, split between four loans. Two of the loans are being repaid in quarterly instalments of SEK 9.1 million and mature in 2023 and 2025 respectively. The two remaining loans – SEK 50.0 million and SEK 132.5 million – are free of instalments, and mature in 2023 and 2025 respectively. In addition to the loans, there is an overdraft facility of SEK 212 million. At the balance sheet date of 31 December 2020, the company was in compliance with all covenants under the financing agreement. During the year, the average interest rate was 2.125 per cent (2.375). In the USA, there is borrowing in the form of Paycheck Protection Program loans, which are interest-free in 2020 and a loan waiver request has been submitted for 2020.

The collateral for the loans consists of shares in subsidiaries valued at kSEK 587,328 (Note 32).

OVERDRAFT FACILITY

The Group has an agreed overdraft facility with a limit of kSEK 212,283 in the currencies SEK, EUR, USD, GBP, DKK and NOK. Of the agreed limit, kSEK 0 had been drawn at 31 December 2020 (0). The interest rate on the overdraft facility, if exercised, is STIBOR/LIBOR +1.5% and interest is paid quarterly. 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 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Liabilities to credit institutions	332,650	92,939	332,650	92,939
Total	**332,650**	**92,939**	**332,650**	**92,939**

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 2020	31 Dec 2019
SEK	321,784	85,000
USD	10,866	7,939
Total	**332,650**	**92,939**

The Group has the following undrawn credit facilities:

	31 Dec 2020	31 Dec 2019
Variable interest:		
– no maturity date	212,283	106,026
Total	**212,283**	**106,026**

In addition to the credit and borrowing referred to above, the Group has liabilities relating to right-of-use assets of kSEK 31,091 (34,034).

NOTE 28 DEFERRED TAX

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

	31 Dec 2020	31 Dec 2019
Deferred tax assets:		
– deferred tax assets usable after more than 12 months	5,099	6,263
– deferred tax assets usable within 12 months	2,255	1,408
Deferred tax liabilities:		
– deferred tax liabilities payable after more than 12 months	22,808	6,844
– deferred tax liabilities payable within 12 months	7	1,269
Net deferred tax assets	**–15,460**	**–441**

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

	2020	2019
Opening balance	**–441**	**4,901**
Foreign exchange differences	4,912	–499
Additions	–10,909	–3,089
Recognised in profit or loss (Note 13)	–9,438	–1,755
Closing balance	**–15,460**	**–411**

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 2019	**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**
Recognised in profit or loss	8,814	8,814
Currency adjustment	795	795
Additions	5,093	5,093
31 December 2020	**22,815**	**22,815**

Deferred tax assets	Intangible assets	Tax losses	IFRS 16	Total
1 January 2019	**744**	7,014		**7,761**
Recognised in profit or loss	–744	636		–108
Foreign exchange differences	0	18		18
31 December 2019	**0**	**7,671**		**7,671**
Recognised in profit or loss	717	–1,756	415	–624
Foreign exchange differences		307		307
31 December 2020	717	**6,222**	**415**	**7,355**

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 2,470 (950) relating to losses of kSEK 10,118 (4,498).

NOTE 29 ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec 2020	31 Dec 2019
Accrued holiday pay and bonuses	29,630	28,438
Accrued customer bonus	6,789	4,943
Accrued audit fees	3,210	2,403
Deferred income		3,519
Additional purchase consideration Altus PCB		19,697
Other items	25,651	22,185
Total	**65,279**	**81,184**

NOTE 30 ADJUSTMENT FOR NON-CASH ITEMS

	2020	2019
Adjustments for:		
– depreciation of property, plant and equipment (Note 17)	16,503	13,050
– amortisation of intangible assets (Note 18)	11,041	5,133
– minority share of profit for the year	143	127
– foreign exchange difference	–2,677	–4,393
Total	**25,010**	**13,917**

NOTE 31 CASH FLOW FROM FINANCING ACTIVITIES

	1 January 2020	Cash flow	Non-cash change Unrealised foreign exchange difference	31 December 2020
Overdraft facility	7,939	–7,939		–
Other loans	85,000	247,650		332,650
Right-of-use liabilities	34,034	–2,937	11,028	31,097
	126,973	**236,774**	**–**	**363,747**
Cash and cash equivalents	–82,210	372,104	5,280	–449,033

	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

NOTE 32 PLEDGED ASSETS

For liabilities to credit institutions:

	31 Dec 2020	31 Dec 2019
Shares in subsidiaries (see below)	547,328	372,826
Total	**547,328**	**372,826**
Pledged assets – 100% of the shares of:		
NCAB Group Sweden AB	69,134	64,981
NCAB Group Finland OY	41,162	39,976
NCAB Group Denmark ApS	76,025	11,899
NCAB Group Norway AS	55,734	51,448
NCAB Group Germany GmbH	9,702	802
NCAB Group USA Inc.	240,528	154,083
NCAB Group UK Ltd	55,043	49,637

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

NOTE 34 RIGHT-OF-USE ASSETS

Right-of-use assets:

Right-of-use assets	31 Dec 2020	1 Jan 2019
Properties	26,145	28,716
Vehicles	3,891	4,819
Other		
Total	**30,037**	**33,535**
Lease liability		
Current	9,994	11,372
Non-current	21,098	22,662
Total	**31,091**	**34,034**

Additions to the right-of-use assets in 2020 were kSEK 9,466.

Depreciation of right-of-use assets	31 Dec 2020	31 Dec 2019
Properties	8,957	6,717
Vehicles	3,725	3,616
Other		
Total	**12,681**	**10,333**

Future cash flows pertaining to right-of-use assets:

31 December 2020	Less than 1 year	Between 1 and 5 years	More than 5 years
	12,346	20,704	2,287

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

	2020	2019
Interest expense	–1,629	–1,466
Expense relating to short-term leases (included in other external expenses)	–6,146	–5,386
Expense relating to leases of low-value assets that are not short-term leases (included in other external expenses)	0	0
Expense relating to variable lease payments not included in lease liabilities (included in other external expenses)	0	0
Repayment of lease liability	–13,964	–11,338
Total cash flow	**–20,668**	**–18,190**

NOTE 35 RELATED PARTIES

The following transactions have been made with related parties:

(a) Sale of goods and services

	2020	2019
Sale of goods:		
– Ericon (33% owned by Vladimir Makarov, MD in NCAB Russia)	7,853	8,229
– Ericon Assembly (25% owned by Vladimir Makarov, MD in NCAB Russia)	1,169	709
Total	**9,022**	**8,938**

(b) Remuneration of executive management

Executive management has received the following remuneration:

	2020	2019
Salaries and other short-term benefits	26,271	25,515
Share-based remuneration		
Other long-term benefits		
Post-employment benefits (pension contributions)	1,850	1,914
Total	**28,121**	**27,429**

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 30 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 maximum pension premium is 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.

Other members of executive management have a notice period of no more than nine months if termination is made by the company and no more than six months if the termination is made by the senior executive.

Remuneration and other benefits 2020

	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, Jan–Sep	1,753	1,511	333		78	3,475
Peter Kruk, Chief Executive Officer, Oct–Dec	831	432	225		24	1,512
Other executive management (11 persons)	13,808	3,823	1,781		1,923	21,335
Total	**19,167**	**5,766**	**2,339**		**2,026**	**29,298**

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**

Note 35, cont.

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

	31 Dec 2020	31 Dec 2019
Receivables from related parties:		
– Trade receivables, Ericon	1,956	1,036
– Trade receivables, Ericon Assembly	48	17

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

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 Flatfield Group, based in Tiel, the Netherlands.

Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. Goodwill of SEK 100.1 million arose in conjunction with the acquisition, of which SEK 42.1 million in Flatfield. Flatfield contributed SEK 239.6 million in net sales and SEK 11.7 million in EBITA in the period between 12 March and 31 December 2020. Transaction costs of SEK 5.8 million related to the acquisition of Flatfield were expensed in the first quarter as central costs. The goodwill of kSEK 110,117 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 Flatfield's operations.

Purchase consideration	
Cash and cash equivalents	64,752
Total consideration	**64,752**

Carrying amounts of identifiable acquired assets and assumed liabilities	
Cash and cash equivalents	7,818
Non-current assets	9,295
Customer relationships (included in intangible assets)	26,711
Other current assets	86,829
Loans	–126,552
Other operating liabilities	–33,750
Deferred tax	–5,716
Total identifiable net assets	**–35,365**
Goodwill	**100,117**

Bare Board Group
On 24 April, 100 per cent of the shares in Bare Board Group, based in Largo, USA, were acquired. Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. Goodwill of SEK 116.1 million arose in conjunction with the acquisition. Bare Board Group contributed SEK 155.1 million in net sales and SEK 8.6 million in EBITA in the period between 24 April and 31 December 2020. Transaction costs of SEK 9.1 million related to the acquisition of Bare Board Group were expensed in the second quarter as central costs.

The goodwill of kSEK 116,115 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 Bare Board Group's operations.

Purchase consideration	
Cash and cash equivalents	109,082
Total consideration	**109,082**

Carrying amounts of identifiable acquired assets and assumed liabilities in Bare Board Group on acquisition date:

Carrying amounts of identifiable acquired assets and assumed liabilities	
Cash and cash equivalents	4,088
Non-current assets	0
Customer relationships (included in intangible assets)	7,571
Other current assets	42,439
Loans	–16,940
Other operating liabilities	–42,071
Deferred tax	–2,120
Total identifiable net assets	**–7,033**
Goodwill	**116,115**

If Flatfield and Bare Board Group had been consolidated on 1 January 2020, net sales for the period between January and December of 2020 would have increased by SEK 119.5 million to SEK 2,234.7 million and EBITA by SEK 8.0 million to SEK 196.8 million.

Cash flow pertaining to acquisitions	
Purchase consideration IPCS	–64,752
Purchase consideration Bare Board Group	–111,233
Of which cash received IPCS	7,818
Of which cash received Bare Board Group	4,087
Impact on cash flow	–164,079

NOTE 37 EVENTS AFTER THE END OF THE REPORTING PERIOD

Acquisition of PreventPCB
On 22 February 2021, an agreement was signed to acquire 100 per cent of the shares in PreventPCB, Italy. PreventPCB reported sales of approximately SEK 210 million in 2020 and EBITA exceeding SEK 30 million. PreventPCB and NCAB's current operations in Italy will be a market leader in the Italian market. PreventPCB has 12 employees in Italy and 10 in China.

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
EBITDA excl. IFRS	EBITDA adjusted for lease expenses pertaining to assets classified as right-of-use assets.	EBITDA along with EBITA provide an overall picture of operating earnings. Used in covenant calculations to the bank.
Net debt excl. IFRS 16	Interest-bearing liabilities excluding liabilities for right-of-use assets less cash and cash equivalents.	Net debt is a measure which shows the company's total indebtedness and has been adjusted for IFRS 16. Used in covenant calculations to the bank.

Note 38, cont.

GROSS PROFIT

SEK million	2020	2019
Net sales	2,115.2	1,781.2
Other operating income	6.3	4.9
Raw materials and consumables	–1,481.3	–1,225.4
Translation differences	–	4.3
Total gross profit	**640.2**	**564.9**
Gross margin, %	30.3	31.7

EBITA

SEK million	2020	2019
Operating profit	182.3	161.7
Amortisation and impairment of intangible assets	8.4	3.6
EBITA	**190.7**	**165.4**
EBITA margin, %	9.0	9.3

EBITDA

SEK million	2020	2019
Operating profit	182.3	161.7
Depreciation, amortisation and impairment of property, plant and equipment, and intangible assets	27.5	18.2
EBITDA	**209.9**	**179.9**
EBITDA margin, %	9.9	10.1

RETURN ON EQUITY

SEK million	2020	2019
Profit for the year	127.5	128.4
Equity (average)	524.0	322.4
Return on equity, %	**24.3**	**39.8**

EQUITY/ASSETS RATIO

SEK million	31 Dec 2020	31 Dec 2019
Equity	699.9	348.1
Total	**699.9**	**348.1**
Total assets	1,483.0	873.1
Equity/assets ratio, %	**47.2**	**39.9**

NET DEBT

SEK million	31 Dec 2020	31 Dec 2019
Interest-bearing liabilities	363.7	127.0
Cash and cash equivalents	–449.0	–82.2
Total net debt	**–85.3**	**44.8**
Adjusted EBITDA	209.9	179.9
Net debt/Adjusted EBITDA	**–0.4**	**0.2**

NET WORKING CAPITAL

SEK million	2020	2019
Inventories	183.1	148.8
Trade receivables	342.9	320.0
Other current receivables	14.5	17.9
Prepaid expenses and accrued income	19.1	29.0
Trade payables	–270.3	–252.5
Current tax liabilities	–16.3	–29.4
Other current liabilities	–44.6	–26.9
Accrued expenses and deferred income	–65.3	–81.2
Net working capital	**163.0**	**125.8**

Parent Company income statement

kSEK	Note	2020	2019
Operating revenue			
Net sales	41	58,187	55,903
Other income		1,767	
Total		**59,954**	**55,903**
Other external expenses	42, 44	–30,632	–34,265
Staff costs	43	–29,638	–27,640
Depreciation of property, plant and equipment, and amortisation of intangible assets	50, 51	–548	–429
Other operating expenses			
Total operating expenses		**–60,818**	**–62,334**
Operating profit		**–864**	**–6,431**
Income from investments in Group companies	45	31,320	22,460
Other interest income and similar income	46	15,649	20,460
Interest expense and similar charges	46, 49	–36,415	–27,677
Net financial income		**10,554**	**15,243**
Profit before tax		**9,690**	**8,812**
Appropriations	47	31,000	14,000
Tax on profit for the year	48	–108	–239
Profit for the year		**40,582**	**22,573**

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 84 to 90 form an integral part of this annual report.

Parent Company balance sheet

kSEK	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development expenditure	50	1,046	1,337
Total intangible assets		**1,046**	**1,337**
Property, plant and equipment			
Plant and equipment	51	27	61
Total property, plant and equipment		**27**	**61**
Non-current financial assets			
Investments in Group companies	52	336,743	265,710
Other non-current receivables		2,890	1,427
Total non-current financial assets		**339,633**	**267,137**
Total non-current assets		**340,706**	**268,535**
Current assets			
Current receivables			
Trade receivables			2,218
Receivables from Group companies	53	354,317	131,138
Tax assets		394	179
Other current receivables	54	969	175
Prepaid expenses and accrued income	55	4,723	4,130
Total current receivables		**360,403**	**137,840**
Cash and bank balances	56	**294,918**	**6,804**
TOTAL ASSETS		**996,027**	**413,179**

The Notes on pages 84 to 90 form an integral part of this annual report.

Parent Company balance sheet, cont.

kSEK	Note	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES			
Equity	26		
Restricted equity			
Share capital (18,697,124 ordinary shares)		1,870	1,685
Non-restricted equity			
Share premium account		478,110	201,582
Retained earnings		–42,191	–64,764
Profit for the year		40,582	22,573
Total equity		**478,371**	**161,076**
Untaxed reserves	47	8,800	8,800
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	57, 60	283,625	75,000
Total non-current liabilities		**283,625**	**75,000**
Current liabilities			
Liabilities to credit institutions	57, 60	36,500	10,000
Trade payables		3,114	3,165
Liabilities to Group companies	53	173,554	145,644
Current tax liabilities			
Other current liabilities		2,711	2,106
Accrued expenses and deferred income	58	9,352	7,388
Total current liabilities		**225,231**	**168,303**
TOTAL EQUITY AND LIABILITIES		**996,027**	**413,179**

The Notes on pages 84 to 90 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 2019	26	**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**
Opening balance on 1 January 2020	26	**1,685**	**201,582**	**–42,190**	**161,076**
Comprehensive income					
Profit for the year				40,582	40,582
Total comprehensive income				**40,582**	**40,582**
Issue of new shares	26	185	286,565		286,750
Issue expenses			–10,037		–10,037
Total transactions with shareholders, recognised directly in equity		**185**	**276,528**		**276,713**
Closing balance on 31 December 2020		**1,870**	**478,110**	**–1,609**	**478,371**

The Notes on pages 84 to 90 form an integral part of this annual report.

Parent Company statement of cash flows

kSEK	Note	31 Dec 2020	31 Dec 2019
Cash flow from operating activities			
Profit before net financial income/expense		–864	–6,430
Adjustment for non-cash items	59	–17,676	–5,946
Interest received		15,649	20,460
Dividends received		32,400	22,460
Interest paid		–19,418	–21,303
Income taxes paid		–324	–234
Cash flow from operating activities before changes in working capital		**9,767**	**9,007**
Change in current receivables		–191,239	–15,128
Change in current operating liabilities		30,428	82,170
Total changes in working capital		**–160,811**	**67,042**
Cash flow from operating activities		**–151,044**	**76,049**
Cash flow from investing activities			
Investments in property, plant and equipment	51	–222	–1,494
Investments in financial assets		–1,464	–529
Investments in subsidiaries	52	–70,809	–50,708
Cash flow from investing activities		**–72,495**	**–52,731**
Cash flow from financing activities			
Issue of new shares	26	276,528	0
Dividend	26		–75,812
Borrowings		265,000	
Repayment of loans		–29,875	–10,000
Cash flow from financing activities		**511,653**	**–85,812**
Decrease/increase in cash and cash equivalents			
Cash flow for the year		288,114	–62,494
Cash and cash equivalents at beginning of year		6,804	69,298
Cash and cash equivalents at end of year		**294,918**	**6,804**

The Notes on pages 84 to 90 form an integral part of this annual report.

Parent Company notes

NOTE 39 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 40 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 41 BREAKDOWN OF NET SALES

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

	2020	2019
Nordic region	16,698	18,073
Rest of Europe	29,602	25,589
North America	11,591	7,517
Asia	296	4,725
Total	**58,187**	**55,904**

NOTE 42 OTHER EXTERNAL EXPENSES

	2020	2019
Cost of premises	775	833
Travel expenses	320	2,133
Marketing	3,488	6,579
IT	9,545	10,732
Other	16,503	13,988
Total	**30,632**	**34,265**

NOTE 43 EMPLOYEE BENEFITS, ETC.

	2020	2019
Salaries and other benefits	19,864	18,006
Social security contributions	6,560	6,230
Retirement benefit costs – defined contribution plans	2,582	2,142
Total employee benefits	**29,006**	**26,378**

Salaries and other benefits:

	2020		2019	
	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	10,940 2,968	1,023	10,207 (2,073)	845
Other employees	8,924	1,559	7,798	1,297
Total	**19,864**	**2,582**	**18,005**	**2,142**

Average number of employees by country:

	2020		2019	
	Average number of employees	Of whom, women	Average number of employees	Of whom, women
Sweden	16	9	15	8
Total	**16**	**9**	**15**	**8**

Note 43, cont.

Gender distribution for Directors and other executive management:

	2020		2019	
	On balance sheet date	Of whom, women	On balance sheet date	Of whom, women
Board of Directors	7	2	6	2
CEO and other executive management	3		3	
Total	**10**	**2**	**9**	**2**

NOTE 44 AUDIT FEES

	2020	2019
PwC		
– Audit engagement	2,524	1,058
– Audit services in addition to audit engagement	30	320
– Tax advisory services	52	28
– Other services		
Total	**2,606**	**1,406**

NOTE 45 INCOME FROM INVESTMENTS IN GROUP COMPANIES

	2020	2019
Dividends	32,400	22,460
Income from divestment of subsidiaries	–1,080	
Total	**31,320**	**22,460**

NOTE 46 INTEREST INCOME AND SIMILAR INCOME, AND INTEREST EXPENSES AND SIMILAR CHARGES

	2020	2019
Interest income on bank balances	81	758
Interest income on receivables from Group companies	15,569	19,702
Total interest income and similar income	**15,649**	**20,460**

	2020	2019
Interest expenses on liabilities to credit institutions	7,163	2,479
Interest expenses on liabilities to Group companies	9,864	18,182
Foreign exchange gains	–87,196	–39,471
Foreign exchange losses	105,319	45,846
Other financial expense	1,265	641
Total interest expenses and similar charges	**36,415**	**27,677**
Net financial income/expense	**–20,766**	**–7,217**

NOTE 47 APPROPRIATIONS

	2020	2019
Group contributions from NCAB Group Sweden AB	31,000	14,000
Total appropriations	**31,000**	**14,000**

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

NOTE 48 TAX ON PROFIT FOR THE YEAR

Tax recognised in income statement	2020	2019
Current tax:		
Current tax on profit for the year	–108	–239
Total current tax	**–108**	**–239**

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:

	2020	2019
Profit before tax	**40,690**	**22,813**
Income tax calculated at tax rate in Sweden (21.4%)	–8,708	–4,882
Tax effects of:		
Non-taxable income		
Non-taxable dividend	6,934	4,806
Non-deductible expenses	–482	–163
Deductible expenses not included in profit or loss	2,148	
Adjustments for previous year		
Total reported tax	**–108**	**–239**

NOTE 49 NET FOREIGN EXCHANGE DIFFERENCE

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

	2020	2019
Net financial income/expense (Note 47)	–18,123	–6,375
	–18,123	**–6,375**

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 50 INTANGIBLE ASSETS

Capitalised development costs:

	2020	2019
Cost		
Opening balance	5,793	4,338
Purchases for the period	222	1,455
Closing balance	**6,015**	**5,793**
Accumulated amortisation and impairment		
Opening balance	–4,456	–4,135
Amortisation	–516	–321
Closing balance	**–4,970**	**–4,456**
Carrying amount		
Cost	6,015	5,793
Accumulated amortisation and impairment	–4,970	–4,456
Closing balance	**1,046**	**1,337**

NOTE 51 PROPERTY, PLANT AND EQUIPMENT

Plant and equipment:

	2020	2019
Opening balance		
Cost	1,375	1,337
Accumulated depreciation	–1,314	–1,207
Carrying amount	**61**	**130**
Purchases for the period	0	38
Depreciation for the period	–34	–107
Closing balance		
Cost	1,375	1,375
Accumulated depreciation	–1,348	–1,314
Carrying amount	**27**	**61**

NOTE 52 PARTICIPATIONS IN GROUP COMPANIES

	31 Dec 2020	31 Dec 2019
Cost at beginning of year	265,710	215,005
Acquisition, subsidiaries	70,809	51,554
Capital contributions/adjustment	1,305	–846
Divestment, subsidiaries	–1,081	
Cost at end of year	**336,743**	**265,710**
Carrying amount at end of year	**336,743**	**265,710**

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 2020	Carrying amount 31 December 2019
IPCS B.V.	Netherlands	NL859059613B01	100%	100%	70,809	0
NCAB Group Asia Ltd.	Hong Kong	51293694-000-10-09-6	100%	100%	9	9
NCAB Group Benelux B.V	Netherlands	860209222B01	0%	100%	0	1,081
NCAB Group Denmark A/S	Denmark	25872231	100%	100%	56,499	6,247
NCAB Group Multiprint	Denmark	15094893	0%	0%	0	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	1,791
NCAB Group Iberia S.A.	Spain	A83663161	100%	100%	2,976	2,976
NCAB Group Italy S.r.l.	Italy	9729860966	100%	100%	16,529	15,224
NCAB Macedonia A.D.	North Macedonia	01012278-3-o3-ooo	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	221
NCAB Group UK Ltd	UK	7071477	100%	100%	1	1
NCAB Group USA Inc.	USA	n/a	100%	100%	61,077	61,077
					336,743	**265,710**

NOTE 53 RECEIVABLES AND LIABILITIES, GROUP COMPANIES

Receivables	31 Dec 2020	31 Dec 2019
NCAB Group Germany GMBH	11,398	2,864
NCAB Group Polska Sp. Z.o.o	315	439
NCAB Group UK Ltd		6,316
NCAB Group France SAS	22,117	20,858
NCAB Group USA Inc.	174,772	80,180
NCAB Group Italy S.r.l.	9,667	9,813
NCAB Group Estonia Oü		6,496
NCAB Group Southeast Asia	3,689	4,065
NCAB Group Benelux B.V	5,924	107
IPCS B.V.	126,435	
Total	**354,317**	**131,138**

Liabilities	31 Dec 2020	31 Dec 2019
NCAB Group Sweden AB	46,782	48,468
NCAB Group Norway AS	51,775	38,251
NCAB Group Finland OY	23,662	25,637
NCAB Group Denmark A/S	10,014	7,966
NCAB Group Asia Ltd.	27,723	23,759
NCAB Group Iberia S.A.	1,347	1,563
NCAB Group UK Ltd	12,099	
NCAB Group Flatfield B.V.	152	
Total	**173,554**	**145,644**

NOTE 54 OTHER CURRENT RECEIVABLES

	31 Dec 2020	31 Dec 2019
Tax assets	447	0
Other receivables	522	175
Total	**969**	**175**

NOTE 55 PREPAID EXPENSES AND ACCRUED INCOME

	31 Dec 2020	31 Dec 2019
Service contracts	1,588	899
Other items	3,135	3,231
Total	**4,723**	**4,130**

NOTE 56 CASH AND BANK BALANCES

	31 Dec 2020	31 Dec 2019
Bank deposits	294,918	6,804
Total	**294,918**	**6,804**

NOTE 57 BORROWINGS

Long-term	31 Dec 2020	31 Dec 2019
Liabilities to credit institutions	283,625	75,000
Total	**283,625**	**75,000**

Short-term	31 Dec 2020	31 Dec 2019
Overdraft facilities		
Liabilities to credit institutions	36,500	10,000
Total	**36,500**	**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.

Two bank loans, one of which is free of instalments, mature in June 2023 and have an average annual interest rate of STIBOR 2.245 per cent (2.375). Two new loans were raised in 2020, one of which is free of instalments, that mature in 2025 and have an average annual interest rate of STIBOR +2.125 per cent. 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 and the UK. Of the available overdraft facility of kSEK 200,000, kSEK 0 had been drawn at 31 December 2020 (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 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Liabilities to credit institutions	320,125	85,000	320,125	85,000
Total	**320,125**	**85,000**	**320,125**	**85,000**

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 2020	31 Dec 2019
SEK	320,125	85,000
Total	**320,125**	**85,000**

The Parent Company has the following undrawn credit facilities:

	31 Dec 2020	31 Dec 2019
Variable interest:		
– no maturity date	200,000	100,000
	200,000	**100,000**

Note 57, 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 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
Borrowings	9,125	27,375	36,500	247,125
Trade payables	3,114			
Accrued expenses and deferred income	1,595			

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			

NOTE 58 ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec 2020	31 Dec 2019
Accrued holiday pay and bonuses, and social security contributions	6,695	5,639
Accrued audit fees	1,182	680
Other items	1,475	1,069
Total	**9,352**	**7,388**

NOTE 59 ADJUSTMENT FOR NON-CASH ITEMS

	2020	2019
Adjustment for:		
– depreciation of property, plant and equipment (Note 51)	34	107
– amortisation of intangible assets (Note 50)	514	321
– foreign exchange difference	–18,224	–6,374
Total	**–17,676**	**–5,946**

NOTE 60 PLEDGED ASSETS

Pledged assets – 100% of the shares of:	2020	2019
NCAB Group Sweden AB	57,081	57,081
NCAB Group Finland OY	38,388	38,388
NCAB Group Denmark A/S	56,499	6,247
NCAB Group Norway AS	19,723	19,723
NCAB Group Germany GmbH	1,791	1,791
NCAB Group USA Inc.	61,077	61,077

The Group's income statements and balance sheets will be presented for approval to the Annual General Meeting on 10 May 2021.

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, 30 March 2021

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
Board member

Peter Kruk
Chief Executive Officer

We submitted our audit report on 30 March 2021
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 2020. The annual accounts and consolidated accounts of the company are included on pages 49-90 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 2020 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 2020 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

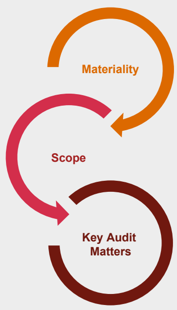
The focus and scope of the audit

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 has grown gradually 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 15,75 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 10 larger subsidiaries in 10 different countries.

Key audit matters

- Valuation of goodwill
- Revenue cut-off and existence
- Accounting for acquisitions

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 15,75
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 to determine the materiality level calculated from group sales, as that 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 MSEK 0,8, 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 382 comprise a significant portion of NCAB Group's balance sheet, approximately 26 % 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 2 115 in 2020. At year- end, accounts receivables amount to MSEK 343. 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 customer orders 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 not led to significant observations as regards the audit.
Accounting for significant acquisitions *We refer to the Notes 2(Accounting principles) and 36 (Acquisitions).* During 2020 NCAB Group made two larger acquisitions at a purchase price of MSEK 65 (Flatfield, The Netherlands) and MSEK 110 (Bare Board Group, US) respectively. In connection with acquisitions a Purchase Price Allocation analysis is prepared, in which all acquired assets and liabilities are accounted for at fair value. The difference between the purchase price and the fair value of acquired assets and liabilities consists of goodwill. The value of identified assets and liabilities depends on estimates and assessments made by management. There is a risk that management valuations are based on inaccurate or unreasonable estimates and assumptions and that this could result in undetected value misstatements of acquired assets, liabilities or goodwill were not detected.	Management have shared their acquisition analysis and relevant documents such as the Share price agreement with us. • We have assessed management's purchase price allocation to identifiable assets and liabilities included. • Evaluated management's estimates and assessments made in relation to these valuations. • Finally, we checked the completeness and accuracy of the information provided in the annual report and they give a true and fair view in accordance with IFRS. The result of these procedures did not give rise to any 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 1-48. Other information also consists of "NCAB Group remuneration report 2020" to be published on the company web page at the same time as this report. 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 2020 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.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed as NCAB Group AB's auditor on the Annual General Meeting on 5 June 2020 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 30 March 2021
Öhrlings PricewaterhouseCoopers AB

Johan Engstam
Authorized Public Accountant

Annual General Meeting

THE ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of NCAB Group AB (publ.) will be held on Monday, 10 May 2021 at 1:00 p.m. in Stockholm. The official notification will be distributed not later than 9 April 2021.

Due to the ongoing pandemic, the board of directors has decided that the annual general meeting shall be held without physical presence of shareholders, representatives and external participants, and that voting may only be done by post prior to the annual general meeting.

PAYMENT OF DIVIDENDS

The Board of Directors proposes a dividend of SEK 5.00 per share. The dividend is equivalent to a total of SEK 93.5 million. The AGM's decision on dividends will include the day when shareholders must be registered in the shareholders' register maintained by Euroclear Sweden AB in order to be entitled to dividends. The Board has proposed 12 May 2021 as the record date for dividends. On the condition that the AGM resolves in accordance with this proposal, dividends are expected to be distributed by Euroclear Sweden AB's on 18 May 2021 to those who are registered in the shareholders' register on the record date.

Financial calendar

Interim report January–March 2021	7 May 2021
2021 Annual General Meeting	10 May 2021
Interim report January–June 2021	22 July 2021
Interim report January–September 2021	12 November 2021

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

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