



# ANNUAL REPORT 2022

NCAB produces PCBs for companies whose technology must never malfunction.





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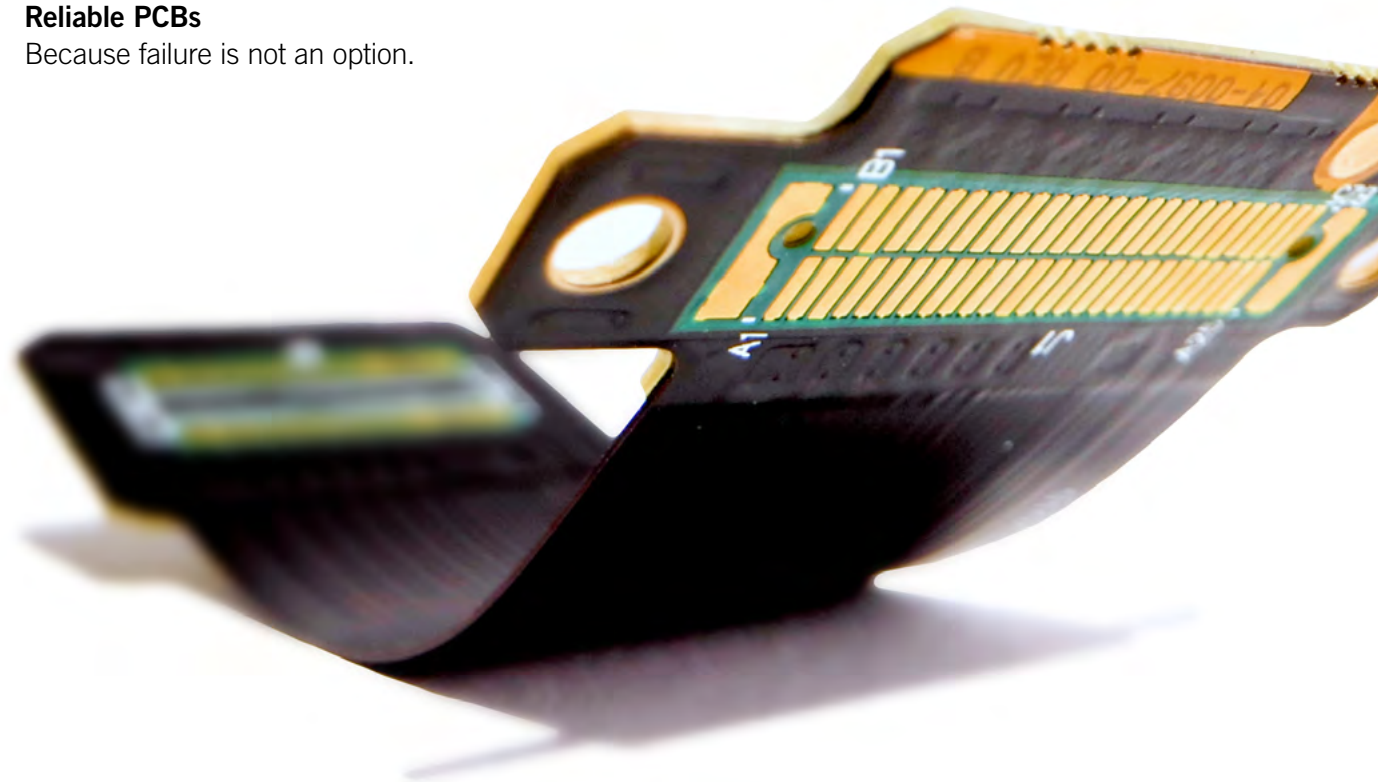
Our society is dependent on a multitude of electronic products. From industrial robots that assemble products in factories, to the trains we travel on and the cars we drive. We expect them to work – because they must.

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 factory 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 failure is not an option.



## 2022 in brief

### CONTINUED GROWTH

NCAB continued to grow in 2022, in SEK net sales grew by 38 per cent to SEK 4.5 billion. A large share of this is from acquisitions carried out in the autumn of 2021 and META Leiterplatten and Kestrel International Circuits, which were acquired in 2022. The strong USD also had an impact on net sales. Organic growth was 26 per cent in SEK and 6 per cent in USD if the discontinuation of operations in Russia in April is taken into account and excluding acquisitions. Following the very strong growth in 2021, the total market for PCBs grew by an estimated 3 per cent in 2022.\*

### FIRST-RATE ACQUISITIONS COMPLETED

In addition to strong organic growth, NCAB continued its focus on acquisitions in 2022. Three corporate acquisitions were announced during the year: META Leiterplatten in Germany, Kestrel

International Circuits in the UK and Bare Board Consultants in Italy.

### IMPROVED PROFITABILITY

NCAB's profitability continued to improve in 2022. EBITA was SEK 631 million (406) and EBITA margin grew to 14.2 per cent, compared with 12.6 per cent in 2021.

### FALL IN NCAB SHARE PRICE

As was the case for many other shares, the NCAB share noted a weak performance during the year, noting a decline of 31 per cent. In the same period, OMX Stockholm PI declined 25 per cent.

### ORGANISATION

The number of employees increased from 562 to 587 in 2022. The increase is primarily from the acquired companies while the number of employ-

ees decreased following the discontinuation of operations in Russia.

### SUSTAINABILITY

During 2022, the updated sustainability strategy was implemented in the company's processes. Focus remains strongly on social and environmental sustainability at NCAB's production partners, along with greater focus on climate impact in the value chain and in our own operations. During the year, improvements were made to working conditions, health and safety, and environmental responsibility at NCAB's main partner in China. NCAB's local sustainability team in China continued to conduct regular sustainability audits on-site at factories. A Technical Council was established to be at the forefront of new technologies and to focus on a more sustainable PCB. NCAB has set targets and activities to reduce greenhouse

gas (GHG) emissions in Scope 1 and Scope 2. More data was collected in Scope 3. Dialogue and activities were also started with suppliers and customers to jointly strive to reduce emissions in the value chain.

### SEGMENTS

NCAB has four segments: *Nordic, Europe, North America* and *East*. All segments, except *East*, reported strong growth in 2022 in terms of net sales and EBITA. *EAST* was affected by the discontinuation of Russian operations in April, through divestment, and by the weak performance of Chinese operations due to restrictions and lockdowns.

\* Source: Prismark

SALES, SEK million

4,458

EBITA, SEK million

631

SALES GROWTH

38%

EBITA MARGIN

14.2%

366

MILLION PCBs DELIVERED

3,350

CUSTOMERS

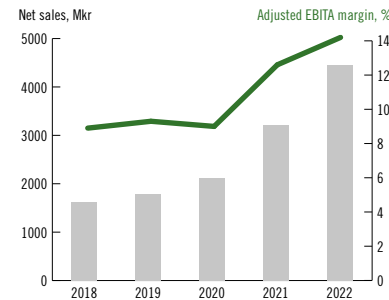
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EMPLOYEES

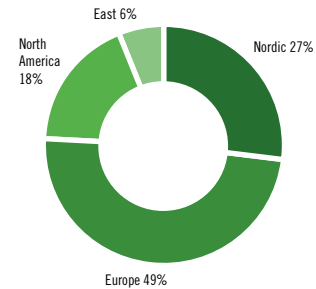
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MARKETS

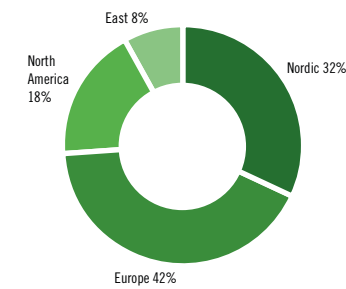
**Net sales and adjusted EBITA margin**



**Net sales, share by segment**



**EBITA, share by segment**



KEY PERFORMANCE INDICATORS	2022	2021	2020	2019	2018	2017
Order intake, SEK million	4,227.2	4,038.9	2,243.4	1,818.3	1,664.5	1,509.2
Order intake, USD million	417.5	470.6	243.8	192.2	191.1	176.8
Net sales, SEK million	4,457.7	3,219.5	2,115.2	1,781.2	1,617.0	1,400.1
Net sales, USD million	440.3	375.5	229.8	189.1	186.0	163.8
Gross margin, %	32.2	30.7	30.3	31.7	31.3	30.2
EBITA, SEK million	630.9	406.1	190.7	165.4	132.2	70.2
EBITA margin, %	14.2	12.6	9.0	9.3	8.2	5.0
Adjusted* EBITA, SEK million	630.9	406.1	190.7	165.4	143.8	113.7
Adjusted* EBITA margin, %	14.2	12.6	9.0	9.3	8.9	8.1
Operating profit, SEK million	546.4	387.2	182.3	161.7	127.6	65.6
Profit after tax, SEK million	417.1	285.3	127.5	128.4	104.6	40.4
Earnings per share before dilution**, SEK	2.23	1.52	0.70	0.76	0.64	0.24
Earnings per share after dilution**, SEK	2.23	1.52	0.70	0.76	0.62	0.24
Cash flow from operating activities, SEK million	568.1	48.3	194.3	153.0	69.9	37.4
Return on equity, %	42.4	38.7	24.3	39.8	51.9	30.3
Average exchange rate, SEK/USD	10.12	8.58	9.20	9.46	8.57	8.54
Average exchange rate, SEK/EUR	10.63	10.14	10.49	10.58	10.26	9.63
Dividend	1,10***	0,60**	1,50****	–	0,45**	–

\* 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 15 December 2021 resolved to approve a 10:1 stock split. Earnings per share and dividends 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.

\*\*\*\* Ordinary dividend of SEK 0.50 and extra dividend of SEK 1.00 calculated after the split.





# Strong year for NCAB in line with our growth ambitions

Despite an uncertain macro environment and a slowdown in the global economy at the end of the year, we are proud to report a strong 2022. We continued to deliver on our strategy to create growth both organically and through acquisitions.

During the year, we completed two acquisitions and announced another that was completed in early 2023, META in Germany, Kestrel in the UK and BBC in Italy. The acquisitions we carried out in 2021 also made a major contribution to our growth. Our organic growth also continued in all segments, except for *East*, which previously

included Russia.

When Russia began its war of aggression against Ukraine, we stopped PCB deliveries to Russia on 28 February. We also decided that it was difficult to see a future for NCAB in Russia even in the longer term and therefore resolved in April to divest our operations to the staff. The

divestment led to a reduction in net sales in the *East* segment by SEK 150 million compared with 2021 and we recognised an impairment and a loss\* of SEK 43 million, though without impacting cash flow.

Even China, which is our other major market in *East*, noted a weak performance in 2022. Restrictions linked to COVID made it difficult to visit customers and thus to do business. Several customer projects were delayed as they, in turn, found it difficult to interact with their customers due to the lockdowns.

For the full year, net sales increased 38 per cent to SEK 4,458 million. *Nordic, Europe and North America* all demonstrated strong growth, both including and excluding acquisitions, while net sales for the *East* segment decreased.

EBITA increased by a full 55 per cent to SEK 631 million, while EBITA margin increased 14.2 per cent (12.6) and our performance was therefore in the upper range of our financial targets. EBITA margin improved in all segments, including *East*, despite the fall in net sales. Increased economies of scale, earnings improvements in the acquired companies as well as the positive impact of the strong USD against the SEK and EUR contributed to the improvement in profitability.

We are also satisfied with the strong cash flow, which is a result of the reduction in working capital as lead times and the logistics situation have returned to normal, and the healthy return on equity of 42 per cent. Our liquidity is good and we have exciting opportunities to follow through with the acquisitions in our pipeline, in line with our strategy.

During the spring of 2022, we resolved on new financial targets. In 2026, we are aiming to achieve net sales of SEK 8 billion and EBITA exceeding SEK 1 billion. Our new financial targets clearly show our ambition to develop NCAB over the next few years. We are optimistic about market demand and the opportunities offered by our business model and the value we create for our customers. We are continuing to focus on profitable growth, both organically and through acquisitions.

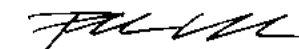
Despite the current turbulent times, there is

strong demand for NCAB's products and services. Our niche in the High-Mix-Low-Volume (HMLV) PCB market has experienced healthy growth and we are convinced that our steady increase in market share is the result of our focus on offering good service to customers with high standards. Our high quality and level of technology, delivery capacity and sustainability focus are all such factors, which are appreciated by our customers. This is possible due to our presence in Asia close to factories. Our most recent major acquisition in Europe also further strengthened our brand and supported our organic growth.

Our sustainability agenda also drew positive attention from our customers – a de facto aspect that impacts business today. This is an area where NCAB has taken a leading position in our industry and is continuing to invest in to help our customers make the best possible choice even from a sustainability perspective.

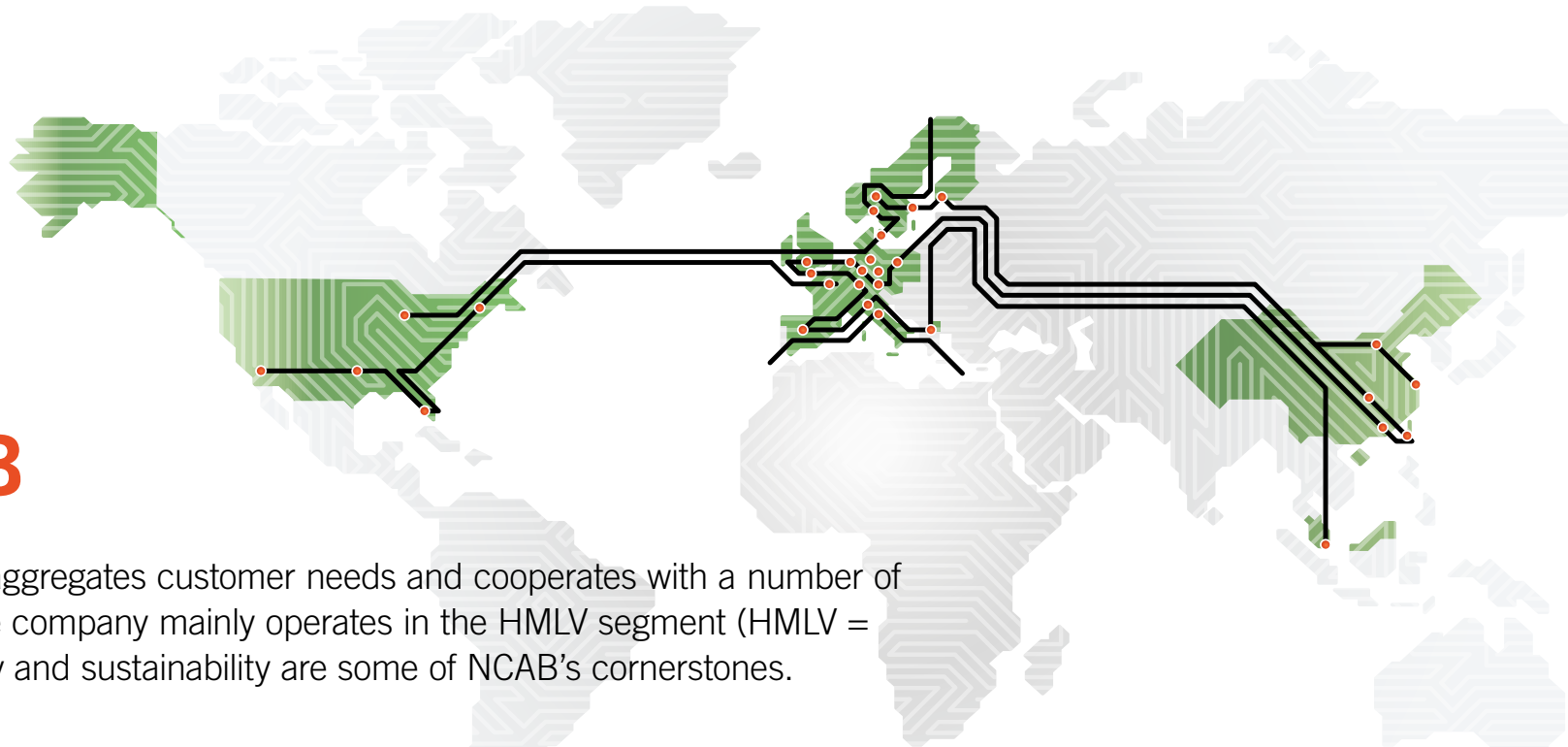
Overall, we are entering 2023 from a very strong position. Our value proposition was further strengthened in 2022 and we are in a sound financial position that will enable our continuing active acquisition agenda. It is difficult to predict how the global market climate will develop in 2023 but I remain very confident in NCAB's flexible business model and tremendous employees, and the robust demand for our products and services.

I would like to end by extending my deep gratitude to all customers, employees and partners who have enabled our excellent performance in 2022, which augurs well for our onward journey in 2023.



**Peter Kruk**

President and CEO, NCAB Group AB  
Sundbyberg, March 2023



# This is NCAB

NCAB is a PCB supplier that aggregates customer needs and cooperates with a number of different partner factories. The company mainly operates in the HMLV segment (HMLV = High-Mix Low-Volume). Quality and sustainability are some of NCAB's cornerstones.

## AN INTEGRATED FULL-SERVICE OFFERING

NCAB does not own any factories. Instead, the company purchases its products from a network of manufacturers. Currently, NCAB has 31 main factories in its network. NCAB aims to account for at least 15 per cent of each factory's sales to secure – thanks to its purchasing power – a close relationship and high priority at the 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. NCAB's "Integrated PCB production" concept offers added value to both customers and manufacturers as the company takes overall responsibility in relation to customers – from design support, prototyping, production, quality control and logistics to final delivery.

## LOCAL PRESENCE PROVIDES GREATER UNDERSTANDING AND IMPROVED QUALITY

NCAB has a local presence in 15 countries in the Nordic region, Europe, Asia and North America. The local companies have a close collaboration with customers in relation to both technical and commercial support. They review documentation that underlies new products before ordering, which results in proposals for improvements relating to quality, sustainability and performance.

## SUBSTANTIAL PURCHASING POWER AN ADVANTAGE

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.

## FACTORY MANAGEMENT TEAM CONDUCTS QUALITY ASSURANCE ON SITE

NCAB's Factory Management teams in Asia, Europe and the US work closely with partner manufacturers and play a key role in NCAB's quality and sustainability work. Preventive quality work with continuous monitoring and follow-up of factories is particularly important since errors that arise later in the process are more costly and time consuming.

### 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.

## WHAT IS A PRINTED CIRCUIT BOARD?

PCBs are at the heart of all electronic equipment and the platform on which electronic components are mounted to produce a PCB-A. Without the PCB, neither the PCB-A nor the end product can be manufactured. It represents 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.



# Specialists in a global market in growing segment

NCAB operates in the global PCB market and has sales in 45 markets around the world with a broad customer base in several different industries.

## 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 – typically in industries such as consumer electronics, passenger cars, etc. Due to these conditions, buying directly from manufacturers is the most common alternative in the 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 and primarily more demanding products, in the manufacturing industry, professional equipment, medtech and transport/logistics industry.

## MARKET-LEADING POSITION

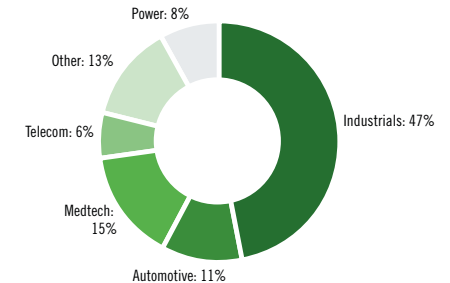
The PCB market in Europe and North America is a fragmented market with many local players. NCAB's primary competitors are, for example, Fineline in Germany, ICAPE in France and PalPilot in the USA. These operate in a

similar fashion to NCAB, with a local customer presence and organisations in Asia 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 Asia. However, local manufacturers in Europe have lost ground, and direct imports are increasingly difficult, which has benefited NCAB that has gained market shares.

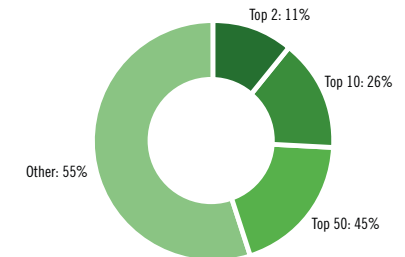
## CUSTOMER BASE WITH WIDE VARIATION

NCAB has about 3,350 customers located worldwide. The customer base is far-reaching – the 10 largest customers accounted for 26 per cent of sales in 2022. About half of NCAB's customers are active in the industrial sector, most of which manufacture electronic systems for advanced industrial products. NCAB also has customers in industries such as aeronautics, defence, the automotive industry, data communications, medical, energy, railways, safety-critical sectors and telecom.

SALES BY INDUSTRY



DIVERSIFIED CUSTOMER BASE



# Factory Management guarantees quality and sustainability

The Factory Management team plays a key role in NCAB's quality and sustainability work related to partner factories. The organisation currently consists of 109 employees, mainly in China, but a team was also set up in Taiwan in 2020. Factory Management also has representatives in Europe and the USA.

EMPLOYEES AT  
FACTORY MANAGEMENT

109

Factory Management works closely with our partner factories to ensure production quality through auditing and optimisation of production processes and sustainability practices. Every main factory is regularly assessed according to quality, delivery reliability, sustainability aspects\* and levels of service and commercial viability. NCAB has both its own staff and specially selected teams at the main factories in China. Each manufacturer in China 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 CHOOSE THE RIGHT MANUFACTURERS

Another key focus area for Factory Management is to assess and approve new factories. Finding PCB factories is relatively simple, but choosing a reliable factory that meets NCAB's rigorous demands is much more difficult. A broad range of expertise and effective methods are needed to choose and develop the best factories. NCAB's

QUALITY ASSURANCE

99.6%

extensive sourcing process includes the collection and analysis of performance data and manufacturing capacity, factory visits and the verification of PCB tests. This involves detailed quality and sustainability audits on-site, a review of pre-production technology and follow-up visits to ensure any changes have been correctly implemented.

Factories are only approved 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, it is only used 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

Quality audits are performed each year in all main factories. The focus is then on how well the manufacturing process and other related aspects work. In addition to these, NCAB carries out annual audits

DELIVERY RELIABILITY

94.6%

of pre-production processes, and 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.

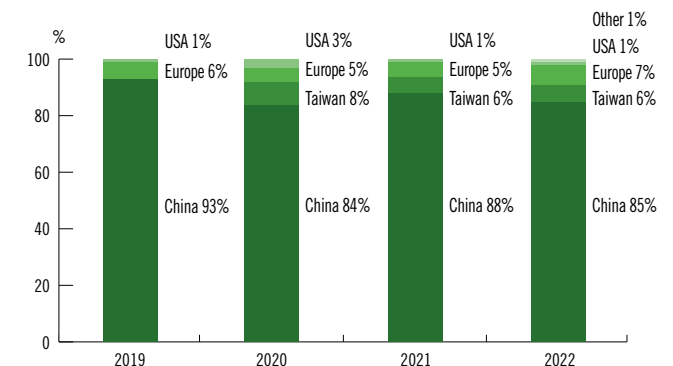
## WORK THAT PRODUCES RESULTS

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 NCAB launched Factory Management in 2006, quality has increased from 96.5 per cent to 99.6 per cent in 2022, which is high in the industry, and delivery reliability to the customer increased from 84.0 per cent to 94.6 per cent. NCAB is perceived as one of the leading players in the market in terms of quality control and quality assurance.

## COLLABORATION WITH THREE CATEGORIES OF FACTORIES

NCAB has strong and close relationships with the factories with which the company has chosen to cooperate. In 2022, NCAB cooperated with 31 main factories – 21 in China, five in Taiwan, four 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.

SHARE OF MANUFACTURING BY GEOGRAPHY



\*Manufacturers in Taiwan and Europe have not yet undergone sustainability audits.





John Francke and Anders Fält, both Account Managers at NCAB Group Sweden, talking at NCAB's head office in Sundbyberg.

# Employees – at the heart of NCAB

NCAB has a distinct corporate culture that pervades the whole of the company – a conviction that the best business decisions are made close to the customer and the market. Shared values link together employees and provide direction moving forward.

NCAB's values have been developed by all employees, and 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 values are to always put quality first, to build strong relationships with the people they work and interacts with and to always assume full responsibility for their obligations.

## LOCAL SUBSIDIARIES AND CENTRAL GROUP FUNCTIONS

Of NCAB's almost 600 employees, some 30 work with central functions, while the remainder work in 15 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 also handles

issues including global sales, marketing, People & Culture, system development, quality, sustainability, Factory Management, logistics and technology.

## EXPERTISE AND ENGAGEMENT BEHIND NCAB'S SUCCESS FACTORS

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 attract 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 work environment where every individual is respected and included, with the long-term aim of attracting, engaging and developing together.

## ORGANISATION

At 31 December 2022, the number of employees was 587 (562), of whom 261 (258) were women and 326 (304) were men. The average number of employees in the organisation during the year was 586 (518), of whom 253 (236) were women and 333 (282) were men.



Employees at NCAB in Sweden taking part in this year's NCAB Live.



Team building exercise at NCAB Group Finland.



Table tennis game at NCAB's office in Shenzhen, China.

## ACTIVITIES TO ENGAGE AND DEVELOP EMPLOYEES

### Well-structured onboarding

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.

### 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.

### The NCAB Academy – a digital platform for training and development

NCAB Academy offers all employees an opportunity for continuous development, regardless of where they are located.

### Global conference strengthens culture

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.

### NCAB Live – a virtual event

One recurring event to support values and develop the corporate culture is NCAB Live, a virtual event attended by the whole company. In 2022, the event was held on one occasion.

### Employee engagement surveys and winner of Brilliant Awards 2022

NCAB regularly conducts employee engagement surveys to ensure a high level of engagement, a high level of team efficiency, good leadership and that we live in accordance with our values. The results of the survey are followed up and discussed in local workshops.

NCAB's commitment to put its employees first was recognised during the year when it was named a winner of the Brilliant Awards 2022 in the "Employee Experience in the construction, manufacturing and industrial sector" category. The award is given by the market research company Brilliant Future to highlight employers that have reported the greatest positive change in their employee engagement over the past year, and is based on data from the company's approximately 290,000 employee surveys from 2021.





10-layer PCB

# Sustainable business – strong relationships and transparency are the way forward

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. At the end of 2021, the company updated its strategy to increase focus on energy and resource efficiency, and to reduce greenhouse gas emissions. Dialogue with the company's stakeholders together with the ISO 26000 standard form the foundation in identifying and specifying the business's long-term targets 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](https://ncabgroup.com/sustainability).*

## Artificial heart pump (LVAD)

The PCB is part of a mechanical heart pump, which helps the left ventricle pump blood around the body. The pump is used for patients awaiting a heart transplant. During the waiting time it can help improve quality of life since the person doesn't have to be kept in hospital.

## NCAB GROUP SUSTAINABILITY STRATEGY 2022–2026

Together with our suppliers and customers, we want to create a more sustainable industry with growth and profitability for everyone. We believe that strong relationships and transparency are key in achieving this.

### Suppliers

Take full responsibility throughout the supply chain

SOCIAL RESPONSIBILITY	FOCUS AREAS	LONG-TERM TARGETS
	<ul style="list-style-type: none"> <li>&gt; Human rights &amp; Labour rights</li> <li>&gt; Health &amp; Safety</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Zero human rights violations</li> <li>&gt; Full compliance with human rights legislation and NCAB's Code of Conduct</li> <li>&gt; Zero high-consequence work-related injuries</li> </ul>
ENVIRONMENT	<ul style="list-style-type: none"> <li>&gt; Energy efficiency &amp; renewable energy</li> <li>&gt; Resource efficiency</li> <li>&gt; Waste management</li> <li>&gt; Climate impact</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Increase energy efficiency in PCB production</li> <li>&gt; Renewable energy in PCB production</li> <li>&gt; Environmentally conscious material used in production and in products.</li> <li>&gt; Increased circularity</li> <li>&gt; Reduce total GHG emissions (Scope 1–3) in accordance with the 1.5 degree target of the Paris agreement.</li> </ul>



### NCAB

Attract, keep and develop the best employees

SOCIAL RESPONSIBILITY	FOCUS AREAS	LONG-TERM TARGETS
	<ul style="list-style-type: none"> <li>&gt; Wellbeing &amp; Work life balance</li> <li>&gt; Equal opportunities for everyone</li> <li>&gt; Employee satisfaction and engagement</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Top scores in employee satisfaction and engagement</li> <li>&gt; NCAB recognised as the most attractive employer within the electronics industry</li> </ul>
ENVIRONMENT	<ul style="list-style-type: none"> <li>&gt; Business travel</li> <li>&gt; Energy efficiency &amp; renewable energy</li> <li>&gt; Climate impact</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Reduce emissions from business trips and company cars</li> <li>&gt; Renewable energy in NCAB's offices and warehouse spaces</li> <li>&gt; Reduce total GHG emissions (Scope 1–3) in accordance with the 1.5 degree target of the Paris agreement.</li> </ul>
GOVERNANCE	<ul style="list-style-type: none"> <li>&gt; Ethics</li> <li>&gt; Transparency</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Continuing robust risk management and governance, including all relevant categories of risks.</li> </ul>



### Customers

Steer the sector in a green direction

ENVIRONMENT	<ul style="list-style-type: none"> <li>&gt; Sustainable product development</li> <li>&gt; Sustainable product offering</li> <li>&gt; Transportation</li> <li>&gt; Climate impact</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Leadership in sustainable PCBs</li> <li>&gt; Increased awareness of sustainable PCBs among customers</li> <li>&gt; Customers choose environmentally friendly transportation alternatives</li> <li>&gt; Reduce total GHG emissions (Scope 1–3) in accordance with the 1.5 degree target of the Paris agreement.</li> </ul>
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NCAB Group participated in Electronica 2022 in Munich – one of Europe's largest trade fairs for electronics. An excellent opportunity to meet customers and develop new relationships.

## Strategy for growth

NCAB is methodically developing the company according to a well-established strategy in order to continue to grow with good profitability – NCAB strengthened its position during the year in Europe and North America through acquisitions and strong organic growth. The company continues to see major opportunities to strengthen its market position in the years ahead.

### INCREASE MARKET SHARE

NCAB has a relatively small share of a fragmented market and therefore major growth opportunities.

- During the year, NCAB reported organic growth of approximately 6 per cent in USD, which is higher than growth for the PCB market as a whole.
- NCAB is also perceived to have strengthened its position in many European markets.

### GROWTH AMONG EXISTING CUSTOMERS

By deepening its relationships with existing customers, NCAB is able to win a larger share of their PCB purchases. Through its global customer accounts, NCAB can also grow with existing customers but in new markets.

- Greater focus on global customers and on strengthening NCAB's offering in distinct niches – such as EV charging, Fire and Security as well as Aerospace/Defence – have generated growth and the prospect of further growth.
- Further sales training and high-quality deliveries have reinforced NCAB's customer relationships.

### GEOGRAPHICAL EXPANSION

There are several large geographic markets where NCAB has yet to establish local presence, for example, large and growing markets in Asia.

- No new markets were entered during the year, though NCAB Russia was sold following the Russian invasion of Ukraine.

### MARKET CONSOLIDATION

The PCB market in North America and Europe comprises many small, local importers. Consolidation in the market is expected to continue and NCAB intends to play an active role in this process.

- Two companies were acquired, META Leiterplatten in Germany and Kestrel International Circuits in the UK.
- A contract was signed to acquire Bare Board Consulting in Italy, which was concluded in January.

## Acquisitions

Acquisitions are an important part of NCAB's growth plans. Eleven companies have been acquired since the IPO in 2018, of which three were completed/announced in 2022. 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. Acquisitions allow NCAB to quickly obtain a new customer base and skilled employees. Synergies from acquisitions are mainly gained in purchasing where NCAB often has better purchase prices and terms and conditions. NCAB's broad factory base and strong Factory Management in Asia mean NCAB can also sell a larger range of products to the acquired company's customers. All acquired companies are integrated into NCAB and within 12 to 18 months the companies are fully integrated via IT system, name and work approach.

SALES, SEK MILLION

85

EMPLOYEES

20

### JANUARY – META Leiterplatten, Germany

Through the acquisition of META, NCAB obtained an office in Villingen-Schwenningen in southern Germany and some 20 new employees. The acquisition included annual sales of about SEK 85 million in addition to improved warehouse and logistics solutions for NCAB in Germany. The company has been integrated and merged with NCAB Group Germany.

SALES, SEK MILLION

130

EMPLOYEES

25

### JUNE – Kestrel International Circuits, UK

Kestrel contributed some 20 employees in Lancing in southern England and five employees in Hong Kong/China. Its customer base is primarily in the UK and the acquisition resulted in a sharp rise in NCAB's presence in the UK. The acquisition contributed annual sales of approximately SEK 130 million.

SALES, SEK MILLION

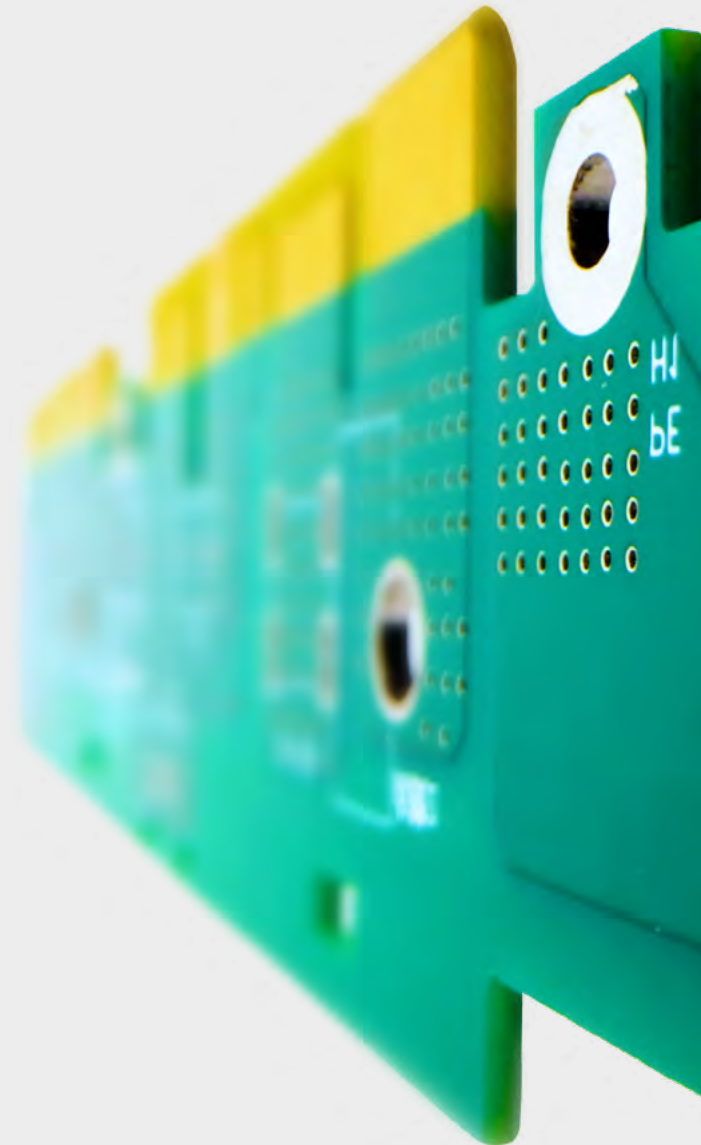
90

EMPLOYEES

4

### NOVEMBER – Bare Board Consultants, Italy

An agreement was signed in November to acquire 100 per cent of the shares in Bare Board Consultants. The company, with offices in Codogna south of Milan, adds four employees and annual sales of about SEK 90 million and will be integrated into NCAB Group Italy. The transaction was concluded at the beginning of January 2023.



# NCAB shares

At the end of 2022, NCAB had been listed on Nasdaq Stockholm for four and a half years. The listing was on Small Cap at a share price of SEK 75 (equivalent to SEK 7.50 following the split in 2021) and in January 2021 the share was transferred to Mid Cap. It was time for the move to Large Cap in January 2022. During this time, share ownership has remained stable and the share price has risen by more than 767 per cent, or eight times the original value, between the listing and 30 December 2022.

## SHARE PRICE DEVELOPMENT 2022

In 2022, the NCAB share declined 31 per cent, from SEK 94 to SEK 65. In the same period, OMX Stockholm PI declined 25 per cent. The highest price paid for the NCAB share during the year was on 3 January at SEK 94.40. The closing price at the end of the period was SEK 64.95, which means the total market value at the end of the year was SEK 12,143,782 million.

## SHARE CAPITAL AND ITS PERFORMANCE

On 31 December 2022, NCAB Group's share capital amounted to SEK 1.9 million distributed between 186,971,240 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 150,000,000 shares and a maximum of 600,000,000 shares.

## GENERAL MEETING ON 3 MAY 2022 RESOLVED ON DIVIDEND OF SEK 0.60

The Meeting resolved in accordance with the Board's proposal to pay a dividend to shareholders of SEK 0.60 per share, to be disbursed on two occasions of SEK 0.30 each. The dividend paid amounted to SEK 112.2 million and corresponded to 39 per cent of profit after tax. NCAB's dividend policy aims to distribute available cash flow, after taking into account the company's indebtedness as well as future growth opportunities, including acquisitions. The dividend is expected to correspond to at least 50 per cent of net profit. For the full-year 2022, the Board of Directors proposes a dividend of SEK 1.10 per share, corresponding to 49 per cent of profit after tax.

## LONG-TERM INCENTIVE PLAN

The Meeting resolved, in accordance with the Board's proposal,

to introduce a long-term incentive plan in line with previous years. Participation in the LTIP 2022/2025 requires participants to use their own funds to acquire shares in the company at market price. If the Investment Shares are retained until 31 May 2025, and the participant continues to be employed by the Group for the whole Savings Period, each Investment Share entitles the holder to acquire four shares in the company at a price corresponding to 70 per cent of the volume-weighted average price of transactions in the company's shares from 5 May 2022 until 17 May 2022 on Nasdaq Stockholm. To ensure the delivery of shares within the scope of the incentive plan, the Meeting also resolved on a directed share issue of 776,000 warrants, approval of the subsidiary's transfer of warrants to key persons, authorisation for the Board to decide on the purchase of own shares and on the transfer of own shares.

## WHY INVEST IN THE NCAB SHARE?

- NCAB has a strong position in a market with stable growth.
- NCAB is focused and has a unique proposition to customers and manufacturers.
- NCAB has many customers in many countries and in many product areas – good risk spread.
- NCAB has an asset-light business model with strong cash flows.
- NCAB has a long track record of profitable growth with resilience to macroeconomic shifts.
- NCAB has an experienced management team with an extensive background of managing a company with growth and good profitability.

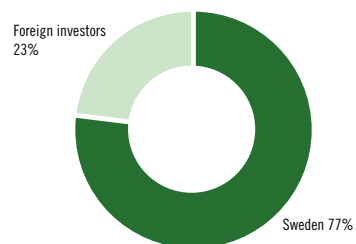
Date for registration	Event	Change in number of shares	Total number of shares	Change in share capital (SEK)	Total share capital (SEK)
27 April 2020	Directed share issue	1,850,000	18,697,124	185,000	1,869,712
29 December 2021	10:1 share split	168,274,116	186,971,240	0	1,869,712



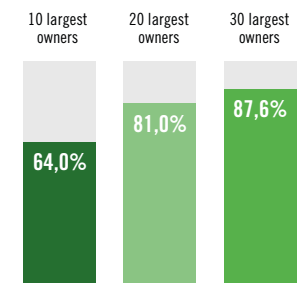
## OWNERSHIP STRUCTURE AT 31 DECEMBER 2022

The number of shareholders in NCAB amounted to 7,151 (6,300) according to Euroclear Sweden AB at 31 December 2022. NCAB's ten largest owners held shares corresponding to 64 per cent of both votes and capital in the company. Foreign owners amounted to about 23 per cent.

### OWNERSHIP DISTRIBUTION BY COUNTRY, % OF CAPITAL



### CONCENTRATION, OWNERSHIP



## SHARE PRICE DEVELOPMENT 1 JANUARY 2022 TO 31 DECEMBER 2022



## THE TEN LARGEST OWNERS

Owners	Number of shares	Capital	Votes
R12 Kapital	29,851,550	16.0%	16.0%
Swedbank Robur Fonder	16,505,910	8.8%	8.8%
SEB Fonder	14,131,885	7.5%	7.5%
Fourth Swedish National Pension Fund (AP4)	12,542,915	6.7%	6.7%
Third Swedish National Pension Fund (AP3)	8,603,220	4.6%	4.6%
Montanaro	8,551,281	4.6%	4.6%
AMF Pension & Fonder	8,417,830	4.5%	4.5%
C WorldWide Asset Management	7,188,340	3.8%	3.8%
Lannebo Fonder	7,094,798	3.7%	3.7%
Second Swedish National Pension Fund (AP2)	6,828,273	3.6%	3.6%
<b>Total</b>	<b>119,716,002</b>	<b>64.0%</b>	<b>64.0%</b>

The information above refers to 31 December 2022.

# Financial targets and dividend policy

NCAB presented new financial targets in conjunction with the publication of the first quarter report for 2022.

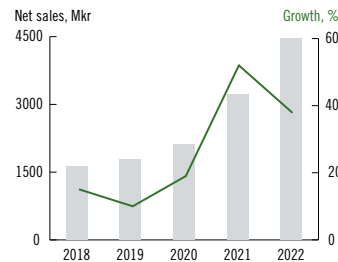
## GROWTH

### TARGET

SEK **8** billion

NCAB shall achieve net sales of SEK 8 billion in 2026, through approximately equal part organic and acquired growth.

### OUTCOME



## INDEBTEDNESS

### TARGET

**<2.0**

Net debt in relation to adjusted EBITDA (excl. effects of IFRS 16) shall be less than 2.0

### OUTCOME

**0.7**

Net debt (excl. IFRS 16)

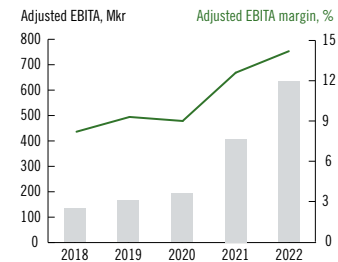
## PROFITABILITY

### TARGET

SEK **1** billion

NCAB shall achieve EBITA of SEK 1 billion in 2026.

### OUTCOME



## DIVIDEND

### DIVIDEND POLICY

**50%**

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

### PROPOSAL

**1.10** SEK per share

The motion to the 2023 Annual General Meeting is the payment of a dividend of SEK 205.7 million, corresponding to 49 per cent of net profit



# Risks

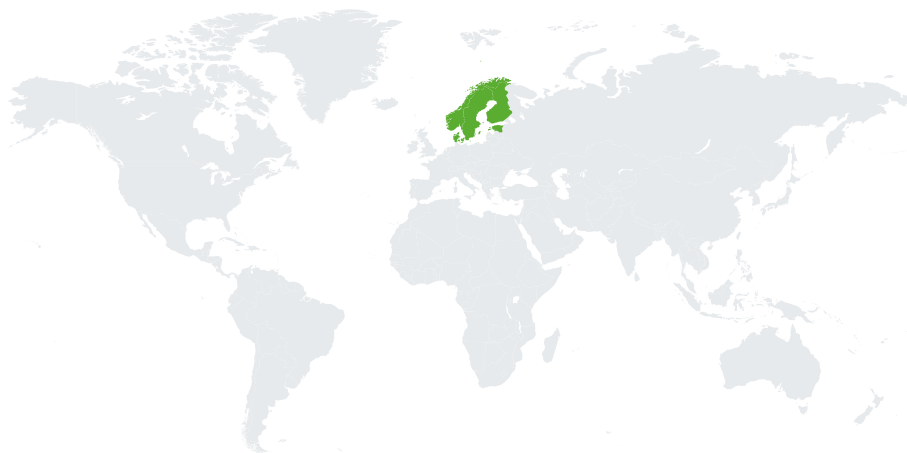
			Probability (P) Impact (I)	
Types of risk	Description	Management	P	I
MARKET AND EXTERNAL RISKS				
Demand	The demand for PCBs is dependent on general economic conditions and the activity within relevant markets and different end-industries. Demand for the PCBs sold by NCAB is ultimately dependent on the underlying demand for the end-products in which they are used.	NCAB's products are used in a wide variety of end-industries, such as industrial, telecom, medtech, aerospace and defence. NCAB's business model has historically also proven resilient against macroeconomic fluctuations.	●	●
Competition	NCAB operates in competitive markets and customers may choose to purchase PCBs from another supplier. NCAB faces competition both from trading companies and manufacturers, on a regional, national and multi-national level. Some of NCAB's suppliers compete with NCAB through direct sales to customers.	NCAB has a robust full-service offering to both customers and manufacturers. The principal competitive factors in NCAB's business include quality and quality control, price, design and technical support, purchasing power, the range of products on offer, ability to make on-time deliveries and access to volume capability.	●	●
Capacity	Both high and low utilisation levels at manufacturers may entail risks for NCAB, either in the form of inferior product quality or that prices increase and deliveries are delayed. If a factory files for bankruptcy or chooses another direction, then NCAB's future deliveries may be threatened.	NCAB cooperates with a range of manufacturers for different levels of technology and purposes and always has at least dual-sourcing, meaning there is little dependence on individual manufacturers and that NCAB has a high level of flexibility and capacity in its offering. NCAB's size in terms of its volume of purchases from suppliers has offered priority benefits compared with smaller competitors.	●	●
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. NCAB also has a factory base and a Factory Management team in Taiwan. NCAB is actively looking to build a competitive base of factories outside 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 31 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.	●	●
Political conflicts	Political conflicts between countries may, and has, led to trade barriers, such as tariffs from China to the USA that have been in place for several years. The Russian regime's invasion of Ukraine prompted the EU to impose sanctions on Russia.	For several years, NCAB has managed the trade barriers between China and the USA, partly by offering PCBs from Taiwan. Following the Russian invasion of Ukraine, NCAB decided to cease deliveries of PCBs to Russia, which in the past accounted for about 5 per cent of sales and EBITA.	●	●
OPERATIONAL RISK				
Customer dependence	NCAB has a diverse customer base consisting of about 3,350 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 2022, and the 10 largest for about 26 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.	●	●

Types of risk	Description	Management	Probability (P) Impact (I)	
			P	I
IT functionality	Disturbances in NCAB's IT systems functionality, such as disruption, or that the IT-system does not fulfil relevant integrations requirements from customers, can have a material negative impact on the operation.	To meet requirements of accessibility and functionality from customers as well as from the internal organisation, NCAB monitors and upgrades its IT systems continuously, both in-house and through specialised third parties.	●	●
IT security	Cyber threats, such as cyber-attacks, data theft and ransomware, are increasing globally.	NCAB is continuously striving to ensure best practises in terms of policies, plans, working methods and procedures for greater cybersecurity. A Chief Information Security Officer (CISO) was employed during the year.	●	●
<b>SUSTAINABILITY RISKS</b>				
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 largely 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. The share of ocean freight was increased in cooperation with customers.	●	●
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 and has, inter alia, a whistle-blower function. 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.	●	●
<b>FINANCIAL RISK</b>				
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 and asset value, 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 80 per cent of the Group's pricing is in USD and around 70 per cent of the Group's invoicing is in USD. Goods purchases and shipping are 95 per cent denominated in USD.	●	●
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 target concerning a maximum debt/equity ratio. Due to its asset-light business model, NCAB has strong cash flows.	●	●



## Nordic

DENMARK, FINLAND, NORWAY, SWEDEN AND ELMATICA



# Strong customer relationships yield good profitability

Net sales, SEK million

**1,216**

EBITA, SEK million

**204.8**

EBITA MARGIN

**16.8%**

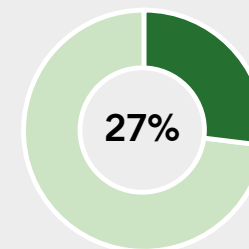
In the *Nordic* segment, NCAB has a long track record and strong market position. The strong position, combined with a relatively mature market, means focus is on profitability rather than growth and recruitment. Customers are mainly active in the industrial segment, and in medtech and electric car chargers. 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. The strategy is to further deepen these customer relationships over time.

The segment reported a positive performance during the year and all companies increased sales. Denmark and Norway are the companies that grew most. Elmatica was acquired in the fourth quarter of 2021 and has continued to increase both sales and earnings. Just over half of the former Elmatica's sales are from customers outside Nordic. These contracts will be

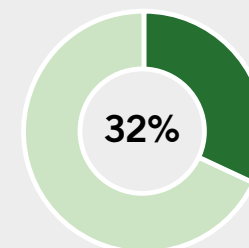
transferred and thus reported in the Europe segment in 2023. In 2022, the segment accounted for 27 per cent of the Group's total sales and 32 per cent of EBITA.

KEY PERFORMANCE INDICATORS	2022	2021
Net sales, SEK million	1,216.3	710.5
Sales growth, %	71.2	43.9
EBITA, SEK million	204.8	114.2
EBITA margin, %	16.8	16.1
Average number of employees	91	67

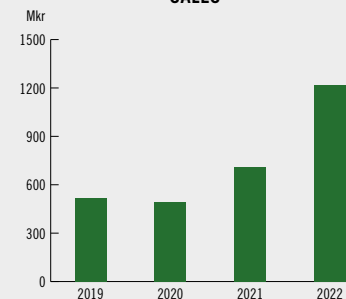
SEGMENT'S SHARE OF SALES



SEGMENT'S SHARE OF EBITA

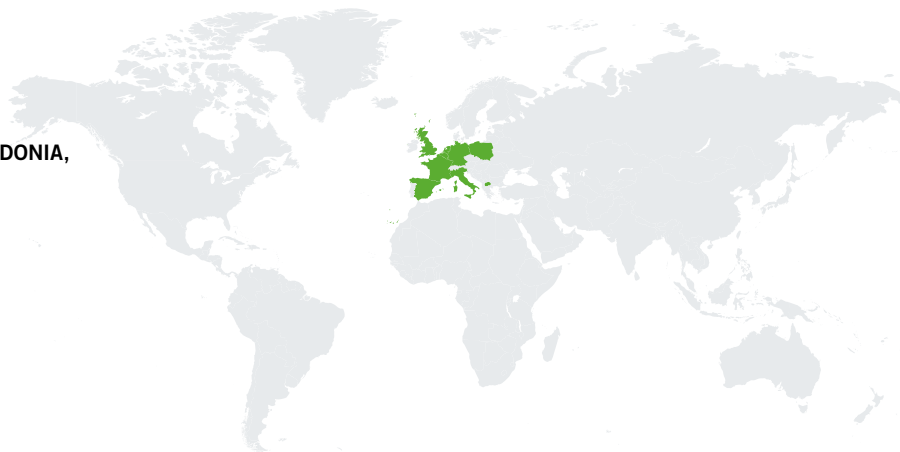


SALES



## Europe

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



# Strong growth and continued significant potential

Net sales, SEK million

**2,193**

EBITA, SEK million

**271.8**

EBITA MARGIN

**12.4%**

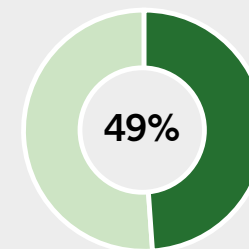
Europe is the Group's largest segment and reported a very strong performance in 2022, with both organic growth and several acquisitions. The growth potential remains significant for the segment. A key factor for achieving continued growth is the recruitment of new employees, which could put short-term pressure on profitability. In many of the segment's countries, 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, NCAB is aiming to gain market shares. The segment has many acquisition opportunities. META Leiterplatten in Germany was acquired in January followed by Kestrel International Circuits in the UK in June. An agreement was signed in November to acquire the Italian company Bare Board Consultants, which was concluded in January 2023.

The Netherlands, Germany and the UK reported strongest growth, though

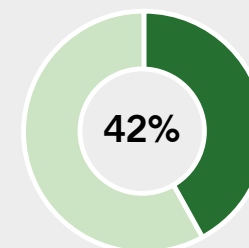
all companies grew. Growth and synergies from the acquisitions increased EBITA and EBITA margin. In 2022, the segment accounted for 49 per cent of the Group's total sales and 42 per cent of EBITA. Customers are primarily in the industrial segment.

KEY PERFORMANCE INDICATORS	2022	2021
Net sales, SEK million	2,192.6	1,476.0
Sales growth, %	48.6	71.7
EBITA, SEK million	271.8	156.1
EBITA margin, %	12.4	10.6
Average number of employees	220	169

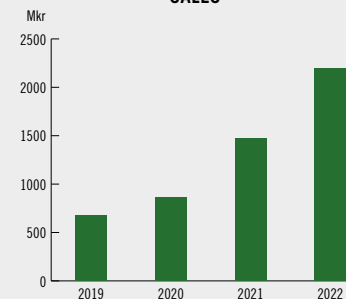
SEGMENT'S SHARE OF SALES



SEGMENT'S SHARE OF EBITA



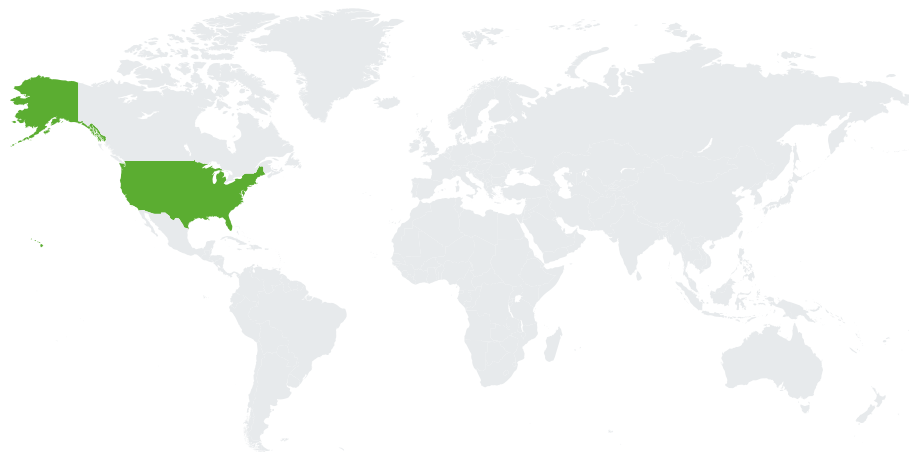
SALES





## North America

USA



# Profitability improvements and focus on continued growth

Net sales, SEK million

**779**

EBITA, SEK million

**118.0**

EBITA MARGIN

**15.1%**

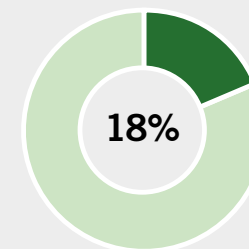
NCAB has a relatively small share of the USA market, so focus is on the establishment of new operations and activities targeting new customers. Customers are primarily active in the industrial segment and medtech. NCAB now has six regional offices in the USA as a means of working close to customers and thereby strengthening relationships with them. Like the *Europe* segment, NCAB has a relatively small market share in *North America* due to significant domestic production of PCBs. As domestic production decreases, NCAB is aiming to gain market shares. Tariffs on imports from China have now been in place for several years and no longer have a negative impact on the business. However, some scepticism remains as regards trading with China, and it is therefore important to have manufacturing alternatives outside China, such as Taiwan.

During the year, profitability also improved mainly due to the gross margin improvements in previously acquired companies. Earnings for 2021 were

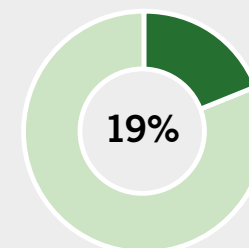
positively impacted by SEK 11.0 million in forgiven PPP loans, issued by American authorities in conjunction with the pandemic. In 2022, the segment accounted for 18 per cent of the Group's total sales and 19 per cent of EBITA.

KEY PERFORMANCE INDICATORS	2022	2021
Net sales, SEK million	778.8	594.0
Sales growth, %	31.1	38.7
EBITA, SEK million	118.0	74.0
EBITA margin, %	15.1	12.5
Average number of employees	81	79

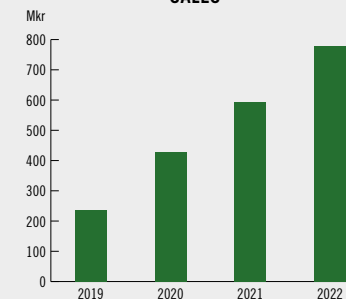
SEGMENT'S SHARE OF SALES



SEGMENT'S SHARE OF EBITA



SALES



## East

CHINA AND MALAYSIA



# Turbulent year and discontinuation of Russian operations

Net sales, SEK million

**270**

EBITA, SEK million

**47.1**

EBITA MARGIN

**17.5%**

The segment has experienced a turbulent year. In conjunction with Russia's invasion of Ukraine, NCAB chose to immediately halt all deliveries to customers in Russia. In April, NCAB discontinued its operations in Russia by selling the Russian subsidiary to the local management. This entailed a non-cash impairment of SEK 43.2 million that did not burden EBITA.

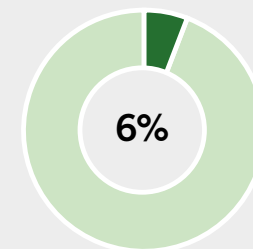
The Chinese business sells to Chinese customers and to European and American customers who are establishing a presence in China. However, growth is strongest to local Chinese companies. NCAB has four sales offices in the Chinese market that sell in CNY and a company in Hong Kong that sells in USD. Following many years of strong growth, China reported a weak year with many customer and customer's customers closed due to China's COVID policies, which led to a decrease in net sales in China.

Due to strict pandemic lockdowns in Malaysia, the company has devel-

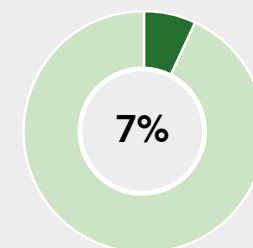
oped slower than expected, but there has been an increase in the number of interesting new customers with good potential. In 2022, the segment accounted for 6 per cent of the Group's total sales and 7 per cent of EBITA.

KEY PERFORMANCE INDICATORS	2022	2021
Net sales, SEK million	270.0	439.0
Sales growth, %	-38.5	31.6
EBITA, SEK million	47.1	64.5
EBITA margin, %	17.5	14.7
Average number of employees	46	88

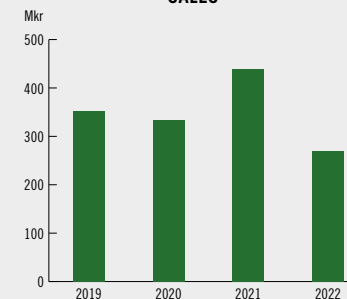
SEGMENT'S SHARE OF SALES



SEGMENT'S SHARE OF EBITA



SALES



# Board of Directors



1

## 1. CHRISTIAN SALAMON

Chairman since 2007.

**Born:** 1961.

**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 Industriefonden, and advisor to eEquity.

**Shareholding:** 4,616,100 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

Board member since 2007.

**Born:** 1942.

**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.



2



3

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

**Shareholding:** 206,300 shares.

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

## 3. PER HESSELMARK

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

**Born:** 1971.

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

**Other current assignments:** Chairman of Sailracing AB as well as Board member of Oriflame Holding AG, OSM Holding AB, Bendi Holding AB and Nimbus Group AB (publ).

**Shareholding:** No own shares but holds 10.1 per cent of shares and 35.7 per cent of votes in R12 Kapital, which owns 29,851,550 shares corresponding to 15.97 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

## 4. MAGDALENA PERSSON

Board member since 2017.

**Born:** 1971.

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

**Other current assignments:** Board member of Qarlbo AB, Recover Nordic, Bactiguard Holding AB (publ) and owner and Board member of Myrtel Management AB.

**Shareholding:** 20,000 shares.

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

## 5. HANS RAMEL

Board member since 2007.

**Born:** 1964.

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

**Other current assignments:** Board member of af Jochnick Foundation, Oriflame Partners Ltd, and OSM Holding AB.

**Shareholding:** Owns 435,000 shares through Hans Ramel AB and 10.7 per cent of shares and 36.0 per cent of votes in R12 Kapital, which owns 29,851,550 shares corresponding to 15.97 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

Board member since 2017.

**Born:** 1959.

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

**Other current assignments:** Board member of Ambea AB (publ), Scandic Hotels Group AB (publ), Skistar AB (publ) and Svenska Rymdaktiebolaget (SSC).

**Shareholding:** 66,660 shares.

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

## 7. HANS STÅHL

Board member since 2007.

**Born:** 1955.

**Education:** –

**Other current assignments:** Board member of Revolt Powercharge AB and IGF Biogas AB.

**Shareholding:** 3,938,600 shares.

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

## 8. PETER KRUK

Board member since 2021.

**Born:** 1968.

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

**Other current assignments:** –

**Shareholding:** 75,770 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 2022.



# Group management



**Standing:** Howard Goff, Eva Holm, Anders Forsén, Peter Kruk, Sanna Magnusson, Ann Juviken.  
**Sitting:** Robert Balson, Anna Lothsson, Chris Nuttall, Andy Liu, Benjamin Klingenberg.

## PETER KRUK

President and Chief Executive Officer since 2020.

**Born:** 1968.

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

**Shareholding:** 75,770 shares.

## ANDERS FORSÉN

Chief Financial Officer since 2008.

**Born:** 1962.

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

**Shareholding:** 2,460,000 shares.

## ANDY LIU

VP Asia since 2007.

**Born:** 1980.

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

**Shareholding:** 252,500 shares.

## ANNA LOTHSSON

Group Sustainability Director since 2013, employed since 2005

**Born:** 1977.

**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:** 476,500 shares.

## ANN JUVIKEN

Chief Digital and Information Officer since 2021.

**Born:** 1970.

**Education:** M.Sc. from the Gothenburg School of Business, Economics and Law.

**Shareholding:** 7,700 shares.

## BENJAMIN KLINGENBERG

VP Europe since 2022, employed since 2019

**Born:** 1982.

**Education:** Mechatronics engineering.

**Shareholding:** 5,700 shares.

## CHRIS NUTTALL

Chief Operating Officer since 2009.

**Born:** 1973.

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

**Shareholding:** 127,900 shares.

## EVA HOLM

VP People and Culture since 2015.

**Born:** 1962.

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

**Shareholding:** 19,000 shares.

## HOWARD GOFF

VP Sales since 2022, employed since 2010

**Born:** 1962.

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

**Shareholding:** 7,500 shares.

## ROBERT BALSON

VP North America since 2022.

**Born:** 1964.

**Education:** Master in Business Administration from California Coast University. Bachelor of Science in Business Management from California Coast University.

**Shareholding:** 1,500 shares.

## SANNA MAGNUSSON

Group Marketing Director since 2006.

**Born:** 1979.

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

**Shareholding:** 247,500 shares.

## MICHAEL LARSSON

VP Sales between 2017 and October 2022.

**Born:** 1968.

**Education:** –

**Shareholding:** 287,690 shares.

## RIKARD WALLIN

VP Nordic between 2018 and December 2022.

**Born:** 1972.

**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:** 200,000 shares.

The information pertaining to shareholdings refers to 31 December 2022.







# 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 2022 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 2022, NCAB had 7,151 shareholders according to the shareholders' register and the total number of shares was 186,971,240, all with one vote each. More about NCAB's shares and its shareholders can be found in the section on the NCAB share on pages 15–16.

## 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 3 May 2022, refer to the company's website [www.ncab-group.com](http://www.ncab-group.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 Gen-

eral 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 2022

The Annual General Meeting on 3 May 2022 adopted the income statement and balance sheet and approved the allocation of the company's earnings. A decision was made to distribute a dividend of SEK 0.60 per share, corresponding to SEK 112.2 million and that the dividend should be disbursed in two instalments, with SEK 0.30 per share paid in May and SEK 0.30 per share paid in October. 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. Furthermore, a decision was made on a long-term share-based incentive plan for executive management. 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 2023

NCAB's Annual General Meeting 2023 will be held on 9 May. For further information about the Annual General Meeting 2023, see page 75 and NCAB's website [www.ncabgroup.com](http://www.ncabgroup.com).



## NOMINATION COMMITTEE

The Annual General Meeting on 3 May 2022 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 2022. 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 member leaves the Nomination Committee or in case of an ownership change, meaning that a member appointed by 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 members 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 to the General Meeting pertaining to:

- 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, Jan Särilvik, AP4, Christoffer Geijer, SEB Investment Management, Jan Dworsky, Swedbank Robur and Christian Salamon, Chairman of

the Board. The composition of the Nomination Committee was announced in a press release on 25 October 2022. Per Hesselmark was appointed Chairman of the Nomination Committee.

The Nomination Committee has, prior to the 2023 Annual General Meeting, held four minuted meetings when all members participated, and also maintained informal contact. The Nomination Committee interviewed all Board members, including the CEO. 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. 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 2023 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 acquisitions 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 four meetings, and the company's auditor attended all of these meetings. The main focus for the Committee's work during the year has been on the financial reporting, financing issues, reporting acquisitions and the divestment of the Russian company, 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 two meetings during the 2022 financial year, and the Remuneration Committee also maintained informal contact. The main purpose of these meetings was to evaluate compensation for 2021, to prepare decisions and reports prior to the Annual General Meeting and to prepare the question of adjusting management's compensation for 2022.

## CEO AND EXECUTIVE MANAGEMENT

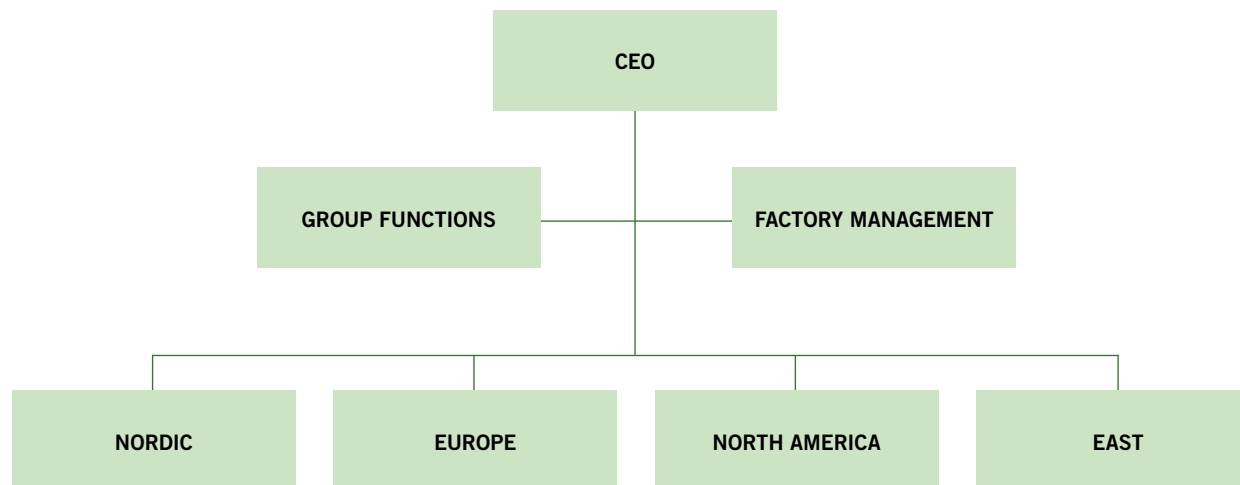
The CEO reports to the Board of Directors. The CEO's responsibility is governed by the Swedish Companies Act, the Swedish Annual Accounts Act, the company's Articles of Association, instructions given by shareholders at the General Meeting, the instruction for the CEO and other internal instructions 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 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.

More information about the CEO and executive management is presented in the Management section on page 25.

## WORK OF THE BOARD IN 2022

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



Member	Elected	Born	Attendance		Remuneration Committee	Independent of company	Independent of major shareholders	Total remuneration
			Board meetings	Audit Committee				
Christian Salamon (Chairman)	2007	1961	13 (13)	4 (4)	2 (2)	Yes	Yes	800,000
Jan-Olof Dahlén	2007	1942	13 (13)			Yes	Yes	525,000
Per Hesselmark <sup>1)</sup>	2016	1971	13 (13)		2 (2)	Yes	No	375,000
Magdalena Persson	2017	1971	12 (13)		2 (2)	Yes	Yes	550,000
Hans Ramel	2007	1964	13 (13)	4 (4)		Yes	No	425,000
Gunilla Rudebjer	2017	1959	13 (13)	4 (4)		Yes	Yes	700,000
Hans Ståhl	2007	1955	13 (13)			No	Yes	350,000
Peter Kruk	2021	1968	12 (13)			No	Yes	–

<sup>1)</sup> Per Hesselmark was also Board member in 2007–2010.

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, financing issues, general business issues, potential acquisitions, long and short-term targets, HR issues, IT 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 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

2022, NCAB's Board of Directors paid particular attention to issues related to the long-term business plan, acquisitions, IT investments, risk management, financing and capital structure as well as internal control. 13 Board meetings were held in 2022, of which seven were ordinary and six extra. The extra Board meetings primarily dealt with resolutions in conjunction with acquisitions and the discontinuation of Russian operations. 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-moni-

toring, 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 18–19.

### 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 3 May 2022. 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 46. In connection with the adoption by the Board of the year-end accounts for 2022, 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 in NCAB Group AB (publ), 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 2022 on pages 27–31 and 24–25, 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, 5 April 2023

Öhrlings PricewaterhouseCoopers AB

Johan Engstam  
Authorised Public Accountant

# Directors' Report

The Board of Directors and the CEO of NCAB Group AB (publ), with its head office in Sundbyberg, Sweden, hereby submits the Annual Report and consolidated financial statements for the 2022 financial year. The company's postal address is Löfströms Allé 5, SE-172 61 Sundbyberg, Corporate Registration Number 556733-0161. 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 AB (publ) ("NCAB", "the company" or "the Group") is a leading maker of printed circuit boards (PCBs) with a local presence in 15 countries and customers in 45 global markets. At year-end 2022, NCAB had approximately 3,350 customers and 587 employees. The Parent Company is based in Sweden.

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 just over USD\* 80 billion and growth of 4–5 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 while some PCB assembly is being moved back to Europe and North America, which is increasing demand for PCBs in NCAB's markets.

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 manufacturers, 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 in 15 countries through technicians and customer support staff to ensure that its customers receive support throughout the process.

## GROWTH

For full-year 2022, net sales increased 38 per cent to SEK 4,457.7 million (3,219.5). Underlying growth in USD was approximately 17 per cent. NCAB sets prices and invoices most customers in USD and growth in USD therefore offers a more accurate picture. Excluding acquisitions, net sales increased by 26 per cent. All segments, except East, reported healthy growth. Nordic reported growth of 71 per cent driven by the acquisition of Elmatica in October 2021. Excluding the acquisition, growth was 25 per cent, the majority of which derived from Norway and Denmark. Net sales in Europe grew 49 per cent, and by 33 per cent excluding acquisitions. The Netherlands, UK and Germany accounted for the strongest growth. In the North America segment, net sales increased by 31 per cent and excluding acquisitions, growth was 26 per cent. The East segment, however, reported negative growth. As a result of Russia's invasion of Ukraine, NCAB halted all deliveries to customers in Russia from 28 February 2022. In April, Russian operations were sold to the local management in Russia. Sales in China also declined as many customers were in lockdown. The segment's total net sales decreased 38 per cent and by 7 per cent in comparable units.

## OPERATING PROFIT

Operating profit increased to SEK 546.4 mil-

lion (387.2). In conjunction with the sale of the Russian operations, these assets were written down in an amount of SEK 43.2 million. Operating profit excl. the impairment loss recognised for the Russian operations was SEK 589.6 million. The improvement was due to strong growth in combination with rising profits in acquired companies. Many of the Group's companies have also reached a critical level of sales and thus clear economies of scale. Operating profit in 2021 was positively impacted by SEK 11 million in forgiven Paycheck Protection Program loans issued by American authorities in conjunction with the pandemic. During the year, the gross margin improved to 32.2 per cent (30.7). EBITA increased to SEK 630.9 million (406.1) and the EBITA margin improved to 14.2 per cent (12.6). EBITA in 2022 included SEK 1.6 million (-7.4), net, for reserved but not paid additional purchase considerations and transaction costs for the acquisitions performed. Excluding these items, EBITA amounted to SEK 629.3 million, corresponding to an EBITA margin of 14.1 per cent. Net financial items amounted to SEK 3.8 million (-23.1), of which SEK 31.9 million (-8.5) refers to foreign exchange differences. Tax amounted to SEK -133.0 million (-78.9). The average tax rate was 24.2 per cent (21.7). Profit after tax for the period totalled SEK 417.1 million (285.3).

## CASH FLOW AND INVESTMENTS

Cash flow from operating activities was SEK 568.1 million (48.3). Cash flow was positively impacted by the reduction in working capital as lead times fell and the freight situation improved, which reduced the need for inventory and goods in transit. NCAB has credit insurance that covers most of the trade receivables outstanding. Cash flow from investing activities, excluding acquisitions, was SEK -40.0 million (-8.0). The increase is mainly due to investments in new IT platforms. Three companies were acquired during the year: META Leiterplatten in Germany, Kestrel International

\*Source: Prismark Partners

Circuits in the UK and Bare Board Consultants in Italy, which was completed in 2023. The total purchase consideration impacting cash flow was SEK 178.3 million, which also includes additional purchase considerations paid in 2022.

## LIQUIDITY AND FINANCIAL POSITION

The Group's net debt including liabilities for right-of-use assets at the end of the year was SEK 565.6 million (734.5). At 31 December 2022, NCAB had loans including utilised overdraft facility totalling SEK 834.1 million. NCAB has a loan of SEK 550 million and two acquisition credits totalling SEK 750 million (of which SEK 290 million is drawn). In addition, there is an overdraft facility of SEK 215 million. The credit of SEK 550 million is free of instalments and expires in 2026. The other credits are free of instalments until the end of June 2024. At the balance sheet date of 31 December 2022, the company was in compliance with all covenants under the financing agreement. At 31 December, the equity/assets ratio was 39.3 per cent (29.1) and equity was SEK 1,195.8 million (773.8). The substantial exchange-rate changes during the year entailed translation differences on equity of SEK 110.9 million (69.5). At the end of the period, the Group had available liquidity, including undrawn overdraft facilities, of SEK 1,032.8 million (657.0).

## 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 outgoing deliveries in the second half of December.

## THE SHARE AND PERFORMANCE OF SHARE CAPITAL

NCAB Group is listed on Nasdaq Stockholm, Large Cap. Since its IPO in June 2018, total return until 31 December 2022 was 767 per cent. On 31 December 2022, NCAB Group's share capital amounted to SEK 1.9 million distributed between 186,971,240 shares with a quotient value of SEK

0.01 per share. In 2022, the NCAB share generated a return of -31 per cent. In the same period, OMX Stockholm PI declined -25 per cent. For more information, see pages 15–16.

## OWN SHARES

NCAB has had a long-term incentive plan for the past two years. During the year, 162,250 shares were acquired to be sold to participants in the plan. 35,900 share remain in the company's possession and can be used for future plans.

## 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 18–19.

## BOARD OF DIRECTORS

The company has chosen to introduce the Board of Directors on page 24.

## 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 targets 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](http://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 targets linked to the development of NCAB, such as, for example, sales, EBITDA and capital efficiency. Under special circumstances, non-financial targets may be included as a basis for the variable remuneration, however, not exceeding 25 per cent. Financial and non-financial targets 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 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.



### Long-term incentive plan

In 2021, NCAB initiated an annual long-term incentive plan for key persons in the company. Further decisions were taken concerning the plan in 2022. Participation in the incentive plan requires participants to use their own funds to acquire shares in NCAB at market price. If these investment shares are retained for three years, and the participant continues to be employed by the Group for the saving period, each investment share entitles the holder to acquire four performance shares in NCAB at a price equivalent to 70 per cent of the price when the investment shares were purchased. The number of performance shares is decided by the Board and is linked to a measure resolved by the Board for capital cost-adjusted earnings (EBITA adjusted for a calculated cost for capital employed). The performance measure is related to the company's financial targets. One condition for receiving performance shares is that participants do not seriously act in a manner inconsistent with the company's policies during the saving period.

### 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 of remuneration comprised part of the Remuneration Committee's and the Board of Directors basis of decision.

### 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.

In 2022, the company has complied with applicable remuneration guidelines as adopted by the general meeting 2020. In conjunction with acquisitions, temporary derogations may arise from the guidelines above due to conditions in the acquired companies.

### 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 2022. Refer

to the Corporate governance section, or NCAB's website [ncabgroup.com](http://ncabgroup.com), in the section Investors/Corporate governance where corporate governance is also available as a separate report.

### ORGANISATION

At 31 December 2022, the number of employees was 587 (562), of whom 261 (258) were women and 326 (304) were men. The average number of employees in the organisation during the period was 586 (537), of whom 253 (245) were women and 333 (292) 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](http://www.ncabgroup.com/sustainability).

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

#### Discontinuation of Russian operations

Following the Russian invasion of Ukraine on 28 February, NCAB decided to cease deliveries of PCBs to customers in Russia regardless of whether or not these were included in sanctions. On the basis of an analysis and careful consideration, NCAB decided to discontinue its operations in Russia by transferring the Russian company to the local management for RUB 1. The termination resulted in a non-cash impairment of SEK 43.2 million.

## Acquisitions

### **META Leiterplatten**

On 2 January 2022, 100 per cent of the shares were acquired in META Leiterplatten, based in Villingen-Schwenningen, southern Germany. Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. META's net sales for 2021 amounted to approximately SEK 85 million and EBITA to about SEK 4.5 million. The purchase consideration for the shares amounted to SEK 18.6 million. Goodwill of SEK 9.1 million arose in conjunction with the acquisition. META has 17 employees and its customer base in Germany. Transaction costs of SEK 0.8 million related to the acquisition of META were expensed as central costs.

### **Kestrel International Circuits**

On 24 June 2022, 100 per cent of the shares were acquired in Kestrel International Circuits in the UK. Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. Kestrel's net sales for 2021 amounted to approximately SEK 125 million and EBITA to about SEK 17 million. The purchase consideration for the shares amounted to SEK 104.1 million. Goodwill of SEK 44.5 million arose in conjunction with the acquisition. On the date of the acquisition, Kestrel had 20 employees in the UK and five in China. Acquisition costs related to the acquisition amounted to approximately SEK 4.1 million and were expensed as central costs.

### **Bare Board Consultants**

On 24 November 2022, an agreement was signed to acquire 100 per cent of the shares in Bare Board Consultants with offices in Codogna, south of Milan in Italy. In 2022, BBC reported sales of just over SEK 90 million and had three employees. Goodwill of SEK 18.9 million arose in conjunction

with the acquisition. The acquisition was completed in 2023. The company will be integrated into NCAB Group Italy.

### **Full-year impact of acquisitions**

If META Leiterplatten and Kestrel International Circuits had been consolidated on 1 January 2022, the Group's net sales for the January–December 2022 period would have increased by SEK 55 million to SEK 4,513 million and EBITA by SEK 7.8 million to SEK 638.7 million.

### **Loans**

During the year, NCAB raised a new credit line for acquisitions of SEK 300 million.

## **SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR**

### **Acquisitions**

The acquisition of Bare Board Consultants was concluded on 10 January.

## **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 133.7 million (97.8). Earnings before tax amounted to SEK 141.8 million (27.7). The improvement was mainly due to increased dividends from subsidiaries. Equity was SEK 276.9 million (238.7).

## **PROPOSED APPROPRIATION OF RETAINED EARNINGS**

The Board of Directors proposes the payment of a dividend of SEK 1.10 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	-353,422,338
Net profit for the year	150,322,657
	<b>SEK 275,009,890</b>

The Board of Directors proposes the following appropriation of retained earnings:  
a dividend payment to holders of ordinary shares of SEK 1.10 per share,

total	205,668,364
carried forward	69,341,526
	<b>SEK 275,009,890</b>

## Consolidated income statement

kSEK	Note	2022	2021
Net sales	5, 6	4,457,695	3,219,509
Other operating income	7	20,870	13,440
<b>Total operating revenue</b>		<b>4,478,565</b>	<b>3,232,949</b>
Raw materials and consumables		-3,043,270	-2,245,424
Other external expenses	8, 10	-218,567	-148,104
Staff costs	9	-542,322	-400,829
Depreciation of property, plant and equipment, and amortisation of intangible assets	18, 19	-76,763	-41,449
Divestment of NCAB Russia	11	-43,219	
Other operating expenses	12	-8,046	-9,974
<b>Total operating expenses</b>		<b>-3,932,187</b>	<b>-2,845,780</b>
<b>Operating profit</b>		<b>546,378</b>	<b>387,169</b>
Financial income	13, 15	34,464	3,136
Financial expense	13, 15	-30,659	-26,186
<b>Net financial items</b>		<b>-3,805</b>	<b>-23,050</b>
<b>Profit before tax</b>		<b>550,183</b>	<b>364,119</b>
Income tax	14	-133,039	-78,864
<b>Profit for the year</b>		<b>417,144</b>	<b>285,255</b>
<b>Profit attributable to:</b>			
Shareholders of the Parent Company		416,963	284,917
Non-controlling interests		181	338
Average number of shares after dilution		187,279,557	187,133,712
Average number of shares		186,928,204	186,944,900
Earnings per share before dilution	16	2.23	1.52
Earnings per share after dilution	16	2.23	1.52

## Consolidated statement of comprehensive income

kSEK	Note	2022	2021
<b>Profit for the year</b>		<b>417,144</b>	<b>285,255</b>
<b>Other comprehensive income,</b>			
<b>Items that can subsequently be reclassified to profit or loss:</b>			
Foreign exchange differences		119,170	69,490
Foreign exchange differences from the termination of operations, reclassified to profit or loss		-8,231	
Total other comprehensive income for the year		110,939	69,490
<b>Total comprehensive income for the year</b>		<b>528,083</b>	<b>354,745</b>
<b>Attributable to:</b>			
– Shareholders of the Parent Company		527,902	354,407
– Non-controlling interests		181	338
<b>Total comprehensive income for the year</b>		<b>528,083</b>	<b>354,745</b>

The Notes on pages 39–59 form an integral part of these consolidated financial statements.



# Consolidated balance sheet

kSEK	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	19	1,057,509	923,864
Other intangible assets	19	171,665	153,153
<b>Total intangible assets</b>		<b>1,229,174</b>	<b>1,077,017</b>
<b>Property, plant and equipment</b>			
Leasehold improvement costs	18	7,206	4,298
Plant and equipment	18	10,984	7,492
Right-of-use assets, offices and cars	18, 34	85,519	34,412
<b>Total property, plant and equipment</b>		<b>103,709</b>	<b>46,202</b>
<b>Financial assets</b>			
Financial assets	21	5,533	8,235
<b>Total financial assets</b>		<b>5,533</b>	<b>8,235</b>
Deferred tax assets	29	12,184	7,685
<b>Total non-current assets</b>		<b>1,350,600</b>	<b>1,139,139</b>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables	23	504,910	519,604
<b>Total inventories, etc.</b>		<b>504,910</b>	<b>519,604</b>
<b>Current receivables</b>			
Trade receivables	22	760,678	789,566
Other current receivables	24	39,234	51,024
Prepaid expenses and accrued income	25	27,842	24,954
Cash and cash equivalents	26	357,839	136,709
<b>Total current receivables</b>		<b>1,185,593</b>	<b>1,002,253</b>
<b>TOTAL CURRENT ASSETS</b>		<b>1,690,503</b>	<b>1,521,857</b>
<b>TOTAL ASSETS</b>		<b>3,041,103</b>	<b>2,660,996</b>

The Notes on pages 39–59 form an integral part of these consolidated financial statements.

kSEK	Note	31 Dec 2022	31 Dec 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the Parent Company</b>			
Share capital	27	1,870	1,870
Additional paid-in capital		478,143	478,143
Reserves		124,045	13,106
Retained earnings		591,493	280,307
Non-controlling interests		269	420
<b>Total equity</b>		<b>1,195,820</b>	<b>773,846</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	28	833,767	643,977
Right-of-use liabilities	34	57,610	24,524
Deferred tax	29	62,071	55,528
<b>Total non-current liabilities</b>		<b>953,448</b>	<b>724,029</b>
<b>Current liabilities</b>			
Current liabilities	28	319	190,257
Current right-of-use liabilities	34	31,791	12,418
Trade payables		518,456	618,716
Current tax liabilities		108,941	57,796
Other current liabilities		83,548	168,630
Accrued expenses and deferred income	30	148,780	115,304
<b>Total current liabilities</b>		<b>891,835</b>	<b>1,163,121</b>
<b>TOTAL NET DEBT</b>		<b>1,845,283</b>	<b>1,887,150</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,041,103</b>	<b>2,660,996</b>

The Notes on pages 39–59 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	Additional paid-in capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>Opening balance on 1 January 2021</b>	27	1,870	478,143	-56,384	276,078	699,707	228	699,935
Profit for the year					284,917	284,917	338	285,255
Other comprehensive income for the year				69,490		69,490		69,490
<b>Total comprehensive income</b>				69,490	284,917	354,407	338	354,745
Share dividend					-280,457	-280,457	-146	-280,603
Change in own shares					-2,417	-2,417		-2,417
Option programme					2,186	2,186		2,186
<b>Total contribution from value transfer to shareholders, recognised directly in equity</b>					-280,688	-280,688	-146	-280,834
<b>Closing balance on 31 December 2021</b>		1,870	478,143	13,106	280,307	773,426	420	773,846
<b>Opening balance on 1 January 2022</b>		1,870	478,143	13,106	280,307	773,426	420	773,846
Profit for the year					416,963	416,963	181	417,144
Other comprehensive income for the year				110,939		110,939		110,939
<b>Total comprehensive income</b>				124,045	416,963	527,902	181	528,083
Share dividend					-112,183	-112,183	-332	-112,515
Change in own shares					666	666		666
Option programme					5,740	5,740		5,740
<b>Total contribution from value transfer to shareholders, recognised directly in equity</b>					-105,777	-105,777	-332	-106,109
<b>Closing balance on 31 December 2022</b>		1,870	478,143	124,045	591,493	1,195,551	269	1,195,820

The Notes on pages 39–59 form an integral part of these consolidated financial statements.

## Consolidated statement of cash flows

kSEK	Note	31 Dec 2022	31 Dec 2021
<b>Cash flow from operating activities</b>			
Profit before net financial income/expense		546,378	387,169
Adjustment for non-cash items	31	59,524	71,753
Interest received		2,560	73
Interest paid		-26,929	-14,989
Income taxes paid		-91,229	-35,197
<b>Cash flow from operating activities before changes in working capital</b>		<b>490,304</b>	<b>408,809</b>
Change in inventories		44,294	-324,381
Change in current receivables		70,318	-324,580
Change in current operating liabilities		-36,831	288,432
<b>Total changes in working capital</b>		<b>77,781</b>	<b>-360,529</b>
<b>Cash flow from operating activities</b>		<b>568,085</b>	<b>48,281</b>
<b>Cash flow from investing activities</b>			
Investments in property, plant and equipment	18	-10,367	-3,308
Investments in intangible assets	19	-32,382	-1,444
Investments in subsidiaries	36	-178,326	-567,858
Investments in financial assets	21	2,702	-3,307
<b>Cash flow from investing activities</b>		<b>-218,373</b>	<b>-575,917</b>
<b>Cash flow from financing activities</b>			
Change in overdraft facility	28	-189,048	189,048
Borrowings	28	190,000	650,000
Transaction cost, loans			-6,165
Repayment of loans	28		-335,421
Repayment of right-of-use liabilities		-29,584	-16,251
Dividend		-112,182	-280,457
<b>Cash flow from financing activities</b>	32	<b>-140,814</b>	<b>200,754</b>
<b>Decrease/increase in cash and cash equivalents</b>			
Cash flow for the year		208,898	-326,883
Foreign exchange difference in cash and cash equivalents		12,232	14,558
Cash and cash equivalents at beginning of year		136,709	449,033
<b>Cash and cash equivalents at end of year</b>		<b>357,839</b>	<b>136,709</b>

The Notes on pages 39–59 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 2022, the Group comprises 22 operational companies in Europe, the USA and Asia. Two acquisitions were completed in 2022.

The Parent Company is a public limited liability company registered in Sweden with its head office in Sundbyberg. The address of the head office is Löfströms allé 5, SE-172 66 in Sundbyberg, Sweden.

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 2022 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.

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.

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 operating 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 operating expenses – net in profit or loss.

### 2.5 INTANGIBLE ASSETS

#### (a) Goodwill

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

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

## Note 2, cont.

### (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 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

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 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

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.

Property, plant and equipment is impaired for assets when the replacement value falls below the carrying amount. Right-of-use assets are only impaired for assets when the asset is not utilised but the contract continues.

## 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).

### 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 consideration 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.

### 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).



## Note 2, cont.

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.

### 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 and other short-term investments. 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.

Earnings per share were calculated based on the average number of shares for the period. When calculating earnings per share after dilution, the number of shares was adjusted for the options expected to be received as part of the option programmes outstanding, and the difference between the price at year-end and the exercise price.

The company only holds ordinary shares. The company also holds 35,900 own shares in treasury.

## 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.

## 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 regu-

larly 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 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. The company has ongoing long-term incentive plans (see Note 26). The cost of these plans is taken continuously during the plan based on the estimated outcome.

## Note 2, cont.

### 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.

More information about doubtful debts is provided in Note 22. 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

The Group leases various offices, warehouse space and vehicles. Rental contracts are typically made for fixed periods of one to five years, but in exceptional cases also up to ten years, 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.

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.

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:

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 USD had weakened/strengthened by 10 per cent against the other currencies, with all other variables held constant, the restated net profit at 31 December 2022 would have been kSEK 21,000 (30,000) lower/higher. Gross profit would have been kSEK 47,000 (60,000) lower/higher, while the gross margin was slightly lower.

EBITA would have been kSEK 32,000 (40,000) lower/higher. Restating trade receivables and trade payables would have had the opposite impact on earnings of kSEK 10,000 (9,000).

If the EUR had weakened/strengthened by 10 per cent against the other currencies, with all other variables held constant, the restated net profit at 31 December 2022 would have been kSEK 1,000 (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.

### Note 3, cont.

#### (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 2022, the Group's variable interest rate borrowings consisted mainly of loans in SEK, which was also the case in 2021. 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 but no hedging took place in 2022 and 2021. 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 8,800 (3,600) or a reduction of kSEK 8,800 (3,600) 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.

#### (d) 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 357,839 (136,709) and an undrawn overdraft facility of kSEK 675,000 (75,493) 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 2022.

31 December 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
Borrowings	6,623	19,870	67,517	846,529
Overdraft facility (payable on demand)				
Trade payables	492,235	26,221		
31 December 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
Borrowings	2,438	7,313	9,750	677,300
Overdraft facility (payable on demand)	190,257			
Trade payables	618,716			

### 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:

	2022	2021
Total borrowings (Note 27)	834,086	834,234
Less: cash and cash equivalents	-357,839	-136,709
Net debt excl. right-of-use liability	476,247	697,525
Right-of-use liability	89,402	36,942
Total liability	565,649	734,467
Total equity	1,195,820	773,846
Total capital	1,761,469	1,508,313
<b>Debt/equity ratio</b>	<b>47%</b>	<b>95%</b>
Adjusted EBITDA*, incl. IFRS 16	666,360	428,618
<b>Net debt / Adjusted EBITDA, incl. IFRS 16</b>	<b>0.8</b>	<b>1.7</b>
Adjusted EBITDA, excl. IFRS 16	636,776	412,389
<b>Net debt / Adjusted EBITDA, excl. IFRS 16</b>	<b>0.7</b>	<b>1.7</b>

\*No adjustment of EBITDA was carried out for 2022 and 2021.

## 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 1,057,509 (923,864). The change is due to additional goodwill for the acquisition of META Leiterplatten of kSEK 9,063 and Kestrel International Circuits of kSEK 44,542 as well as currency effects.

#### Valuation of business combinations

The assessment of the fair value of assets in business combinations is based on estimates and judgements of what has been acquired, its future cash flows, discount rates, amortisation/depreciation periods etc. The actual outcome is therefore influenced by a variety of factors, both within the operations and beyond its control, and may thus differ from what was initially reported.

#### Measurement of trade receivables

At the closing date, the Group had trade receivables of kSEK 760,678 (789,566). 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 22. 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.

	2022	2021
Germany	929,371	494,413
USA	772,310	603,157
Italy	299,065	231,136
Sweden	284,225	210,894
Norway	282,480	157,761
UK	247,403	143,938
China	189,028	246,791
Denmark	164,339	98,812
France	144,515	101,441
Romania	136,714	85,970
Poland	103,411	84,529
Netherlands	90,252	101,922
Switzerland	84,920	37,850
Canada	78,645	57,101
Spain	75,203	55,569
Finland	73,961	45,624
Estonia	68,066	63,804
Russia	27,442	173,357
Other markets	406,347	225,441
<b>Total</b>	<b>4,457,695</b>	<b>3,219,510</b>

#### Remaining performance obligation

The company has contract liabilities of kSEK 398 (8,129) attributable to advances from customers. Total liabilities at the beginning of the year were included in profit or loss for 2022.



## 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 NCAB Elmatica. 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 and Malaysia. 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

SEK million	Nordic		Europe		North America		East		Central functions		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net sales	1,216	711	2,193	1,476	779	594	270	439	0	0	4,458	3,220
EBITA	205	114	272	156	118	74	47	65	11	-3	631	406
EBITA margin, %	16.8	16.1	12.4	10.6	15.1	12.5	17.5	14.7			14.2	12.6
Amortisation of intangible assets											-41	-19
Impairment Russia											-43	
<b>Operating profit</b>											<b>546</b>	<b>387</b>
Operating margin, %											12.3	12.0
Net financial expense											4	-23
Profit before tax											550	364
Net working capital	118	80	324	307	14	44	62	75	-45	-81	473	425
<b>Non-current assets</b>												
Intangible assets*)	445	448	434	344	313	275	8	9	29	1	1,229	1,077
Property, plant and equipment	23	9	40	16	11	8	10	1	20	12	104	46

In Sweden, there are non-current assets valued at SEK 57.8 million (19.9), of which property, plant and equipment of SEK 13.8 million (4.0), and intangible assets of SEK 43.9 million (15.9).

\*) Intangible assets mainly pertain to Goodwill and are presented by country in Note 18.

## NOTE 7 OTHER OPERATING INCOME

	2022	2021
Operating foreign exchange gains	63,834	
Operating foreign exchange losses	-54,736	
Other income	11,772	2,440
Government support		11,000
<b>Total</b>	<b>20,870</b>	<b>13,440</b>

## NOTE 8 OTHER EXTERNAL EXPENSES

	2022	2021
Cost of premises	29,200	22,291
Travel expenses	19,340	7,691
External sales commission	23,264	15,286
Marketing	19,427	12,625
IT	32,720	22,875
Other	94,615	67,336
<b>Total</b>	<b>218,567</b>	<b>148,104</b>

## NOTE 9 EMPLOYEE BENEFITS, ETC.

	2022	2021
Salaries and benefits	423,628	313,190
Social security contributions	65,037	48,655
Retirement benefit costs – defined contribution plans	22,299	16,326
<b>Total employee benefits</b>	<b>510,964</b>	<b>378,590</b>

Salaries and other benefits:

	2022		2021	
	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	42,577 (14,108)	3,468	36,670 (13,859)	2,694
Other employees	381,051	18,831	276,939	13,632
<b>Total, Group</b>	<b>423,628</b>	<b>22,229</b>	<b>313,609</b>	<b>16,326</b>

### Remuneration to executive management in 2022

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 targets. The yearly variable salary to the CEO is not to 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. 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:

	2022		2021	
	Average number of employees	Of whom, women	Average number of employees	Of whom, women
Denmark	14	6	12	6
Finland	16	7	15	7
France	22	12	17	10
Hong Kong	3	1	3	1
Italy	29	15	15	8
China	118	60	119	67
Malaysia	1		2	
Netherlands	35	7	34	8
North Macedonia	2		2	
Norway	40	15	18	6
Poland	15	10	14	9
Russia	10	5	47	21
Spain	13	5	10	4
UK	53	20	30	14
Sweden	48	21	43	20
Germany	74	25	46	13
USA	80	36	76	39
Taiwan	13	8	11	5
<b>Total, Group</b>	<b>586</b>	<b>253</b>	<b>515</b>	<b>235</b>

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

	2022		2021	
	Number at balance sheet date	Of whom, women	Number at balance sheet date	Of whom, women
Board of Directors	7	2	7	2
CEOs and other executive management	12	4	12	4
<b>Total, Group</b>	<b>19</b>	<b>6</b>	<b>19</b>	<b>6</b>

## NOTE 10 AUDIT FEES

	2022	2021
PwC		
– Audit engagement	6,388	4,139
– Audit services in addition to audit engagement	0	206
– Tax advisory services	296	229
– Other services	731	523
<b>Total</b>	<b>7,415</b>	<b>5,097</b>
Other auditors		
– Audit engagement	1,202	840
– Audit services in addition to audit engagement	103	21
– Tax advisory services	591	909
– Other services		
<b>Total</b>	<b>1,896</b>	<b>1,770</b>
<b>Total, Group</b>	<b>9,311</b>	<b>6,867</b>

Fees to Öhrlings PricewaterhouseCoopers AB from companies in the NCAB Group amounted to SEK 3.8 million (2.8) during the year. Of this amount, SEK 2.8 million (2.3) was audit fees and SEK 0.7 million (0.1) was other fees that in 2022 mainly relate to due diligence services.

## NOTE 11 DIVESTMENT OF OPERATIONS

Carrying amounts of divested assets and liabilities	
Non-current assets	1,632
Other current assets	57,032
Other operating liabilities	-25,748
Deferred tax	415
<b>Total identifiable net assets</b>	<b>33,331</b>
<b>Selling price</b>	<b>0</b>
<b>Capital loss</b>	<b>-33,331</b>
<b>Impairment of receivables in NCAB Group AB pertaining to NCAB Russia</b>	<b>-9,888</b>
<b>Total</b>	<b>-43,219</b>

During the year, the subsidiary in Russia was divested for RUB 1. The company's total cash and cash equivalents amounted to kSEK 6,764.

## NOTE 12 OTHER OPERATING EXPENSES

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

	2022	2021
Operating foreign exchange gains		-13,006
Operating foreign exchange losses		15,600
Transaction costs for acquisitions	8,046	7,379
<b>Total</b>	<b>8,046</b>	<b>9,974</b>

## NOTE 13 FINANCIAL INCOME AND EXPENSE

	2022	2021
Financial expense:		
– interest expenses bank loans	-21,055	-9,094
– interest expenses right-of-use	-3,370	-1,778
Foreign exchange gains on financing activities		16,942
Foreign exchange losses on financing activities		-25,419
Other financial expense	-5,874	-6,838
<b>Total financial expense</b>	<b>-30,659</b>	<b>-26,186</b>
Financial income:		
– interest income from short-term bank deposits	2,180	40
Foreign exchange gains on financing activities	78,888	
Foreign exchange losses on financing activities	-46,984	
Other financial income	380	3,095
<b>Total financial income</b>	<b>34,464</b>	<b>3,136</b>
<b>Net financial expense</b>	<b>3,805</b>	<b>-23,050</b>

## NOTE 14 TAX

	2022	2021
Current tax:		
Current tax on profit for the year	-142,288	-78,569
<b>Total current tax</b>	<b>-142,288</b>	<b>-78,569</b>
Deferred tax (Note 29)	9,249	-295
<b>Total deferred tax</b>	<b>9,249</b>	<b>-295</b>
<b>Tax</b>	<b>-133,039</b>	<b>-78,864</b>

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:

	2022	2021
<b>Profit before tax</b>	<b>550,182</b>	<b>364,118</b>
Tax calculated at tax rate in Sweden (20.6%)	-113,337	-75,008
Effect of foreign tax rates	-13,136	-5,192
Tax effects of:		
Non-taxable income	9,486	3,011
Non-deductible expenses	-17,189	-3,343
Tax losses for which no deferred tax asset has been recognised	1,350	
Tax losses for which no deferred tax asset has been recognised		-40
Adjustment relating to prior years		1,709
Changed tax rates	-213	
<b>Tax expense</b>	<b>-133,039</b>	<b>-78,864</b>

The weighted average tax rate was 24.2 per cent (21.8).

## NOTE 15 NET FOREIGN EXCHANGE DIFFERENCES

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

	2022	2021
Net other operating income (Note 7)	9,098	
Net other operating expenses (Note 12)		-2,594
Net financial income/expense (Note 13)	31,904	-9,187
<b>Total</b>	<b>41,002</b>	<b>-11,781</b>

## NOTE 16 EARNINGS PER SHARE

The Parent Company now only holds ordinary shares.

	2022	2021
Profit for the period	416,963	284,917
Average number of shares before dilution	186,927,750	186,944,900
Average number of shares after dilution	187,279,103	187,133,712
Earnings per share before dilution, SEK	2.23	1.52
Earnings per share after dilution, SEK	2.23	1.52

The company holds 35,900 own shares in treasury.

Reconciliation number of shares:

	31 Dec 2022	31 Dec 2021
Number of shares before dilution	186,927,750	186,944,900
Expected dilution due to incentive plan	351,353	188,812
Number of shares after dilution	187,279,103	187,133,712



## NOTE 17 HOLDING AND INVESTMENTS IN SUBSIDIARIES

At 31 December 2022, 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 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.U	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 Kestrel	UK		100%
NCAB Group USA Inc.	USA	100%	
Bare Board Group	USA		100%
NCAB Group Benelux B.V	Netherlands	100%	
Flatfield Germany GmbH	Germany		100%
Elmatica AS	Norway	100%	
Elmatica AB	Sweden		100%
Elmatica ApS	Denmark		100%
Elmatica GmbH	Germany		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 18 PROPERTY, PLANT AND EQUIPMENT

Improvements to third party's property:

	2022	2021
<b>Opening balance</b>		
Cost	10,781	7,316
Accumulated depreciation	-6,482	-5,232
<b>Carrying amount</b>	<b>4,298</b>	<b>2,084</b>
<b>Period</b>		
Foreign exchange differences	276	-2,146
Purchases	963	804
Additions from acquisitions and reclassifications	3,585	
Amortisation	-1,245	-743
Depreciation from additions from acquisitions and reclassifications	-672	
<b>Closing balance</b>		
Cost	13,863	10,781
Accumulated depreciation	-6,657	-6,482
<b>Carrying amount</b>	<b>7,206</b>	<b>4,298</b>

Plant and equipment:

	2022	2021
<b>Opening balance</b>		
Cost	30,896	22,774
Accumulated depreciation	-23,404	-18,267
<b>Carrying amount</b>	<b>7,492</b>	<b>4,507</b>
<b>Period</b>		
Foreign exchange differences	4,090	991
Purchases	9,403	2,504
Sales and disposals	0	-410
Amortisation	-7,689	-2,761
From acquisitions	480	3,862
Additional amortisation from acquisitions and reclassification	-2,792	-1,201
<b>Closing balance</b>		
Cost	38,509	30,896
Accumulated depreciation	-27,525	-23,404
<b>Carrying amount</b>	<b>10,984</b>	<b>7,492</b>

Right-of-use assets:

	2022	2021
<b>Opening balance</b>		
Cost	61,432	47,933
Accumulated depreciation	-27,020	-17,896
<b>Carrying amount</b>	<b>34,412</b>	<b>30,038</b>
<b>Period</b>		
Additions	67,471	15,159
Amortisation	-26,537	-15,505
<b>Closing balance</b>		
Cost	128,791	61,432
Accumulated depreciation	-43,272	-27,020
<b>Carrying amount</b>	<b>85,519</b>	<b>34,412</b>

## NOTE 19 INTANGIBLE ASSETS

	Goodwill	Capitalised development costs	Other intangible assets	Total
<b>Financial year 2021</b>				
<b>Carrying amount at beginning of year</b>	<b>382,313</b>	<b>5,623</b>	<b>37,549</b>	<b>425,504</b>
Foreign exchange differences	37,283	158	4,102	41,541
Added	504,269	1,940	126,241	632,540
Amortisation		-3,457	-19,018	-22,477
<b>Carrying amount at end of year</b>	<b>923,864</b>	<b>4,283</b>	<b>148,870</b>	<b>1,077,018</b>
<b>Carrying amount</b>				
Cost	923,864	29,699	202,050	1,155,614
Accumulated amortisation and impairment		-25,416	-53,180	-78,596
<b>31 December 2021</b>	<b>923,864</b>	<b>4,283</b>	<b>148,870</b>	<b>1,077,018</b>
<b>Financial year 2022</b>				
<b>Carrying amount at beginning of year</b>	<b>923,864</b>	<b>4,283</b>	<b>148,870</b>	<b>1,077,018</b>
Foreign exchange differences	80,903	-1,544	10,270	89,629
Added	53,605	32,382	18,699	104,686
Terminated	-863			-863
Amortisation		-1,623	-39,672	-41,295
<b>Carrying amount at end of year</b>	<b>1,057,509</b>	<b>33,498</b>	<b>138,167</b>	<b>1,229,176</b>
<b>Carrying amount</b>				
Cost	1,057,509	60,537	237,999	1,356,045
Accumulated amortisation and impairment		-27,039	-99,832	-126,871
<b>31 December 2022</b>	<b>1,057,509</b>	<b>33,498</b>	<b>138,167</b>	<b>1,229,174</b>

## GOODWILL BY CASH-GENERATING UNIT

31 Dec 2021	Carrying amount at beginning of year	Added	Other adjustments (foreign exchange effect)	Carrying amount at end of year
Sweden	15,385			15,385
Denmark	27,577		532	28,109
Norway	3,639	301,067	7,643	312,349
Finland	9,580		180	9,760
USA	224,950	10,680	24,052	259,682
Netherlands	93,308		1,763	95,071
Germany	253	17,053	167	17,473
Italy		175,469	2,205	177,674
Other	7,620		741	8,361
<b>Total</b>	<b>382,313</b>	<b>504,269</b>	<b>37,283</b>	<b>923,864</b>
31 Dec 2022	Carrying amount at beginning of year	Added	Other adjustments (foreign exchange effect)	Carrying amount at end of year
Sweden	15,385			15,385
Denmark	28,109		2,478	30,587
Norway	312,349		9,678	322,027
Finland	9,760		861	10,621
USA	259,682		40,010	299,692
Netherlands	95,071		8,383	103,454
Germany	17,473	9,063	2,339	28,875
Italy	177,674		15,660	193,334
UK		44,542	727	45,269
Other	8,361	-863	767	8,265
<b>Total</b>	<b>923,864</b>	<b>52,742</b>	<b>80,903</b>	<b>1,057,509</b>

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 19, cont.

31 Dec 2021	Swe- den	Nor- way	Fin- land	Den- mark	USA	Nether- lands	Italy	Ger- many
Long-term growth rate, %	2	2	2	2	2	2	2	2
Pre-tax discount rate, %	10.7	10.6	10.7	9.4	11.7	9.3	10.7	10.7

31 Dec 2022	Swe- den	Nor- way	Fin- land	Den- mark	USA	Nether- lands	Italy	UK	Ger- many
Long-term growth rate, %	2	2	2	2	2	2	2	2	2
Pre-tax discount rate, %	12.4	12.5	11.9	12.0	14.6	13.2	12.3	13.0	13.8

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, Finland, Denmark, Germany, the USA, UK or Benelux would result in the carrying amount exceeding the recoverable amount. Norway can also cope with a long-term growth rate of -11 per cent or an increase in WACC by 8 percentage points for the carrying amount to exceed the recoverable amount. The same applies to Italy, which can cope with a long-term growth rate of -30 per cent or an increase in WACC by 11 percentage points for the carrying amount to exceed the recoverable amount.

## NOTE 20 FINANCIAL INSTRUMENTS BY CATEGORY

### 31 DEC 2022

	Assets recognised at amortised cost	Total
<b>Assets in balance sheet</b>		
Non-current financial assets	5,533	5,533
Trade receivables	760,678	760,678
Cash and cash equivalents	357,839	357,839
<b>Total</b>	<b>1,124,050</b>	<b>1,124,050</b>

	Liabilities recognised at fair value	Financial liabilities recognised at amortised cost	Total
<b>Liabilities in balance sheet</b>			
Borrowings		834,086	834,086
Trade payables		518,456	518,456
Other liabilities		9,159	9,159
<b>Total</b>		<b>1,361,701</b>	<b>1,361,701</b>

The company had no other liabilities recognised at fair value in 2022. For assumptions regarding 2021, see Note 35.

### 31 DEC 2021

	Assets recognised at amortised cost	Total
<b>Assets in balance sheet</b>		
Non-current financial assets	8,235	8,235
Trade receivables	789,566	789,566
Cash and cash equivalents	136,709	136,706
<b>Total</b>	<b>934,510</b>	<b>934,510</b>

	Liabilities recognised at fair value	Financial liabilities recognised at amortised cost	Total
<b>Liabilities in balance sheet</b>			
Borrowings		834,234	834,234
Trade payables		618,716	618,716
Other liabilities	94,259		94,259
<b>Total</b>	<b>94,259</b>	<b>1,452,950</b>	<b>1,547,209</b>

### 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.

Liabilities measured at fair value	31 Dec 2022	31 Dec 2021
<b>Opening value</b>	<b>94,259</b>	<b>0</b>
Additions	0	94,259
Final settlement	-84,629	0
Recognised through profit or loss	-9,630	0
Restated		
<b>Closing value</b>	<b>0</b>	<b>94,259</b>

Liabilities measured at fair value concern contingent considerations. The earnings impact on 2022 was recognised under Other operating income.

## NOTE 21 FINANCIAL ASSETS

	31 Dec 2022	31 Dec 2021
<b>Opening value</b>	<b>8,235</b>	<b>4,929</b>
Foreign exchange differences	129	139
Additions	2,468	8,832
Sales and disposals	-5,299	-5,665
<b>Closing value</b>	<b>5,533</b>	<b>8,235</b>

Financial assets refer to deposits for leases in Denmark, Finland, France, Italy, Sweden and the USA. Together with restricted funds for state customers in Russia for 2021.

## NOTE 22 TRADE RECEIVABLES

	31 Dec 2022	31 Dec 2021
Trade receivables	784,972	796,346
Provision for doubtful debts	-24,294	-6,780
<b>Net trade receivables</b>	<b>760,678</b>	<b>789,566</b>

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

At 31 December 2022, the Group had past due trade receivables of kSEK 145,630 (138,072). The age structure of these trade receivables is shown below:

	31 Dec 2022	31 Dec 2021
1–30 days	101,571	110,897
31–90	33,972	17,930
> 91 days	10,087	9,245
<b>Total trade receivables past due</b>	<b>145,630</b>	<b>138,072</b>

For 2022, the Group recognised costs for probable bad debt losses of kSEK 22,341 (1,065). The provision for probable bad debt losses is based on an age distribution pertaining to past due trade receivables that are not insured. The provision for bad debt losses is based on an assessment of outstanding receivables and insured value per customer.



## Note 22, cont.

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

	31 Dec 2022	31 Dec 2021
SEK	3,019	3,502
EUR	146,987	208,341
USD	497,746	413,619
GBP	61,610	21,595
Other	51,317	142,509
<b>Total</b>	<b>760,678</b>	<b>789,566</b>

Changes in the provision for doubtful debts are as follows:

	2022	2021
<b>Provisions for credit losses</b>		
Opening balance	6,780	4,828
Provision for the year	18,082	14,227
Reversal of unused provisions	-568	-12,275
<b>31 December</b>	<b>24,294</b>	<b>6,780</b>

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. The insurance covers losses on the condition that the terms of agreement are followed.

## NOTE 23 INVENTORIES

	31 Dec 2022	31 Dec 2021
Raw materials and consumables	504,910	519,604

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 2,872,973 (2,115,819).

The Group did not recognise any reversals of impairment losses on inventories in 2022 or 2021.

Inventories, which totalled kSEK 504,910 (519,604) at the closing date, consist exclusively of goods with fixed orders from customers.

## NOTE 24 OTHER CURRENT RECEIVABLES

	31 Dec 2022	31 Dec 2021
Tax assets	11,495	8,185
VAT receivables	11,933	16,420
Other receivables	15,806	26,419
<b>Total</b>	<b>39,234</b>	<b>51,024</b>

## NOTE 25 PREPAID EXPENSES AND ACCRUED INCOME

	31 Dec 2022	31 Dec 2021
Prepaid rents	1,275	1,015
Accrued supplier bonus	16,076	15,338
Prepaid service agreement	4,643	3,518
Other prepaid expenses	5,848	5,083
<b>Total</b>	<b>27,842</b>	<b>24,954</b>

## NOTE 26 CASH AND CASH EQUIVALENTS

	31 Dec 2022	31 Dec 2021
Bank deposits	357,839	136,709
<b>Total</b>	<b>357,839</b>	<b>136,709</b>

## NOTE 27 SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL

	Number of shares ('000)	Share capital	Other additional paid-in capital	Total
<b>31 December 2021</b>	<b>186,971</b>	<b>1,870</b>	<b>478,143</b>	<b>480,013</b>
<b>31 December 2022</b>	<b>186,971</b>	<b>1,870</b>	<b>478,143</b>	<b>480,013</b>

The share capital comprises 186,971,240 shares with a quotient value of SEK 0.01. Each share carries one vote. All shares issued by the Parent Company are fully paid up.

### Dividend

In 2022, the General Meeting resolved that an ordinary dividend should be divided between two payments, whereby SEK 0.30 was paid in May and SEK 0.30 in October. The 2023 General Meeting will propose a dividend of SEK 1.10 per share.

### Long-term incentive plan

Participation in the incentive plan requires participants to use their own funds to acquire shares in NCAB at market price. If these investment shares are retained for three years, and the participant continues to be employed by the Group for the saving period, each investment share entitles the holder to acquire four shares in NCAB at a price corresponding to 70 per cent of the volume-weighted average price for a period of approximately two weeks in May when the plan starts. The plan has continued in 2022 and is expected to continue on an annual basis in the future.

Programme:	2021-2024	2022-2025
<b>1 January 2022</b>	<b>559,000</b>	
Allocated		587,400
Forfeited	-40,000	-16,000
Exercised		
Expired		
<b>31 December 2022</b>	<b>519,000</b>	<b>571,400</b>

The fair value of the warrants was determined by using the Black-Scholes model. Key input data to the model included weighted average stock valuation on the start date, the above exercise price and volatility. Volatility measured as standard deviation for expected return on the share price based on a statistical analysis of daily share prices over the past three years.

Programme	Maximum number of instruments	Time to maturity (months)	Exercise price per share (SEK)	Volatility	Risk-free interest rate
2021-2024	519,000	18	30.20	47.45	-0.25
2022-2025	571,400	30	40.33	56.16	0.01

Date of allotment	Due date 31 May	Exercise price in SEK per share	Shares
2021-05	2024	30.20	519,000
2022-05	2025	40.33	571,400

Costs for long-term incentive plan	31 Dec 2022	31 Dec 2021
2021-2024 Salary	3,136	2,186
Social security contributions	1,175	1,698
2022-2025 Salary	2,604	
Social security contributions	703	

### Own shares

On 31 December 2022, the company held 35,900 own shares.

## NOTE 28 BORROWINGS

	31 Dec 2022	31 Dec 2021
<b>Liabilities to credit institutions</b>		
Non-current	833,767	643,977
Current	319	190,257
<b>Total borrowings</b>	<b>834,086</b>	<b>834,234</b>

### 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.

On 31 December 2022, NCAB had loans totalling kSEK 834,000, with one loan of SEK 550 million that is free of instalments. There are two acquisition credits totalling SEK 750 million, of which SEK 290 million is exercised and instalments will begin in the second quarter of 2024. At the balance sheet date of 31 December 2022, the company was in compliance with all covenants under the financing agreement. During the year, the average interest rate was 3.2 per cent (1.5).

The company has no pledged assets for the new loans. (Note 32).

### OVERDRAFT FACILITY

The Group has an agreed overdraft facility with a limit of kSEK 215,000 in the currencies SEK, EUR, USD, GBP, DKK and NOK. Of the agreed limit, kSEK 0 had been drawn at 31 December 2022 (189,507). The interest rate on the overdraft facility, if exercised, is STI-BOR +1.5 per cent 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 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Liabilities to credit institutions	834,086	834,234	834,086	834,234
<b>Total</b>	<b>834,086</b>	<b>834,234</b>	<b>834,086</b>	<b>834,234</b>

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 2022	31 Dec 2021
SEK	834,086	834,234
USD		
<b>Total</b>	<b>834,086</b>	<b>834,234</b>

The Group has the following undrawn credit facilities:

	31 Dec 2022	31 Dec 2021
Variable interest:		
– no maturity date	215,000	65,000
– acquisition credit	460,000	350,000
<b>Total</b>	<b>675,000</b>	<b>415,000</b>

In addition to the credit and borrowing referred to above, the Group has liabilities relating to right-of-use assets of kSEK 89,401 (36,942).

## NOTE 29 DEFERRED TAX

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

	31 Dec 2022	31 Dec 2021
<b>Deferred tax assets:</b>		
– deferred tax assets usable after more than 12 months	10,195	6,941
– deferred tax assets usable within 12 months	1,989	743
<b>Deferred tax liabilities:</b>		
– deferred tax liabilities payable after more than 12 months	47,578	55,528
– deferred tax liabilities payable within 12 months	14,493	
<b>Net deferred tax assets</b>	<b>-49,887</b>	<b>-47,843</b>

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

	2022	2021
<b>Opening balance</b>	<b>-47,843</b>	<b>-15,460</b>
Foreign exchange differences	-1,177	-947
Additions	-4,384	-31,140
Recognised in profit or loss (Note 14)	9,249	-295
Recognised through other comprehensive income	-5,732	
<b>Closing balance</b>	<b>-49,887</b>	<b>-47,843</b>

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 liability mainly pertains to deferred tax on acquired customer relationships and untaxed reserves.

Deferred tax liabilities	Other	Total
<b>1 January 2021</b>	<b>22,815</b>	<b>22,815</b>
Recognised in profit or loss	210	210
Currency adjustment	1,363	1,363
Additions	31,140	31,140
<b>31 December 2021</b>	<b>55,528</b>	<b>55,528</b>
Recognised in profit or loss	1,238	1,238
Currency adjustment	1,296	1,296
Additions	4,009	4,009
<b>31 December 2022</b>	<b>62,071</b>	<b>62,071</b>

Deferred tax assets	Other assets	Tax losses	IFRS 16	Total
<b>1 January 2021</b>	<b>717</b>	<b>6,222</b>		<b>415</b>
Recognised in profit or loss	-717	362	270	-85
Foreign exchange differences		357		59
<b>31 December 2021</b>		<b>6,941</b>	<b>744</b>	<b>7,685</b>
Recognised in profit or loss	10,570	-6,084	265	4,755
Foreign exchange differences			119	119
Termination of NCAB Russia	-375			-375
<b>31 December 2022</b>	<b>10,195</b>	<b>857</b>	<b>1,132</b>	<b>12,184</b>

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 407 (567) relating to losses of kSEK 2,395 (3,335).

### NOTE 30 ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec 2022	31 Dec 2021
Accrued holiday pay and bonuses	100,094	67,209
Accrued customer bonus	13,555	8,835
Accrued audit fees	5,324	3,792
Deferred income	443	587
Other items	29,364	34,881
<b>Total</b>	<b>148,780</b>	<b>115,304</b>

### NOTE 31 ADJUSTMENT FOR NON-CASH ITEMS

	2022	2021
Adjustments for:		
– depreciation of property, plant and equipment (Note 18)	35,471	18,974
– amortisation of intangible assets (Note 19)	41,295	22,475
– divestment of NCAB Russia	43,219	
– cost of option programme	5,740	
– minority share of profit for the year	181	339
– forgiven loans (PPP)		11,000
– foreign exchange difference	-66,198	18,965
<b>Total</b>	<b>59,524</b>	<b>71,753</b>

## NOTE 32 CASH FLOW FROM FINANCING ACTIVITIES

	1 January 2022	Cash flow	Non-cash change Unrealised foreign exchange difference	Other non-cash changes	31 December 2022
Overdraft facility	189,507	-189,048	-459		
Other loans	643,977	190,000	-210		833,767
Right-of-use liabilities	36,942	-29,584	3,827	78,217	89,401
	<b>870,426</b>	<b>-28,632</b>	<b>3,158</b>	<b>78,217</b>	<b>923,168</b>
Cash and cash equivalents	-136,709	-208,898	-12,232		-357,939

	1 January 2021	Cash flow	Non-cash change Unrealised foreign exchange difference	Other non-cash changes	31 December 2021
Overdraft facility		189,507			189,507
Other loans	332,650	308,414			643,977
Right-of-use liabilities	31,097	-16,521	10,676		36,942
	<b>363,747</b>	<b>481,400</b>	<b>10,676</b>		<b>870,426</b>
Cash and cash equivalents	-449,033	326,883	-14,558		-136,709

## NOTE 33 PLEDGED ASSETS

Pledged assets	2022	2021
Other pledged assets	1,089	0
<b>Total</b>	<b>1,089</b>	<b>0</b>

Pledged assets pertain to an endowment insurance for pensions.

## NOTE 34 RIGHT-OF-USE ASSETS

Right-of-use assets:

Right-of-use assets	31 Dec 2022	31 Dec 2021
Properties	75,269	27,475
Vehicles	10,250	6,935
<b>Total</b>	<b>85,519</b>	<b>34,410</b>
<b>Lease liability</b>		
Current	31,791	12,418
Non-current	57,610	24,524
<b>Total</b>	<b>89,402</b>	<b>36,942</b>

Additions to the right-of-use assets in 2022 were kSEK 68,099 (15,160).

Depreciation of right-of-use assets	31 Dec 2022	31 Dec 2021
Properties	20,883	11,404
Vehicles	5,627	4,101
Other	28	
<b>Total</b>	<b>26,537</b>	<b>15,505</b>

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

31 December 2022	Less than 1 year	Between 1 and 5 years	More than 5 years
	31,878	62,341	334

31 December 2021	Less than 1 year	Between 1 and 5 years	More than 5 years
	13,283	24,102	590

	2022	2021
Interest expense	-3,766	-1,773
Expense relating to short-term leases (included in other external expenses)	-1,664	-6,463
Expense relating to leases of low-value assets that are not short-term leases (included in other external expenses)		
Expense relating to variable lease payments not included in lease liabilities (included in other external expenses)		
Repayment of lease liability	-29,584	-16,521
<b>Total cash flow</b>	<b>-35,014</b>	<b>-24,757</b>



## NOTE 35 RELATED PARTIES

The following transactions have been made with related parties:

### (a) Sale of goods and services

	2022	2021
Sale of goods:		
– Ericon (33% owned by Vladimir Makarov, MD in NCAB Russia)		9,903
– Ericon Assembly (25% owned by Vladimir Makarov, MD in NCAB Russia)		1,505
<b>Total</b>		<b>11,409</b>

### (b) Purchases of goods and services

	2022	2021
Purchases of services:		
PreventLab (100% owned by Flavio Vergani, Board member of NCAB Group Prevent)		8,116
<b>Total</b>		<b>8,116</b>

### (c) Sale of shares in subsidiary

Following Russia's invasion of Ukraine, NCAB decided to sell the shares in its Russian subsidiary to local management for RUB 1. Based on the market situation and that the new owners took over existing obligations in the Russian subsidiary, a reasonable market value was set at RUB 1.

### LONG-TERM INCENTIVE PLAN

Participation in the incentive plan requires participants to use their own funds to acquire shares in NCAB at market price. If these investment shares are retained for three years until the end of the plan, and the participant continues to be employed by the Group for the saving period, each investment share entitles the holder to acquire four performance shares in NCAB at a price equivalent to 70 per cent of market price during an adoption period of approximately two weeks before the plan starts. The cost of these plans is taken continuously during the plan based on the estimated outcome. Share-based remuneration of executive management is recognised in the year it is assured that the options will be realised.

Programme	Exercise price	Total number of shares	Number that may go to executive management
2021-2024	30.20	519,000	357,000
2022-2025	40.33	571,400	314,000
<b>Total</b>		<b>1,090,400</b>	<b>671,000</b>

### (d) Remuneration of executive management

Executive management has received the following remuneration:

	2022	2021
Salaries and other short-term benefits	39,109	36,671
Share-based remuneration		
Other long-term benefits		
Post-employment benefits (pension contributions)	3,468	2,694
<b>Total</b>	<b>42,577</b>	<b>39,364</b>

### 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 2022

	Basic salary/fees	Variable remuneration	Retirement benefit costs	Share-based remuneration	Other remuneration	Total
Christian Salamon, Chairman of the Board	800					800
Jan-Olof Dahlén	525					525
Magdalena Persson	550					550
Gunilla Rudebjer	700					700
Hans Ramel	425					425
Per Hesselmark	375					375
Hans Ståhl	350					350
Peter Kruk, Chief Executive Officer	3,319	3,361	1,019		109	7,808
Other executive management (11 persons)	16,662	10,747	2,449		1,186	31,044
<b>Total</b>	<b>23,706</b>	<b>14,108</b>	<b>3,468</b>		<b>1,295</b>	<b>42,577</b>

### Note 35, cont.

Remuneration and other benefits 2021

	Basic salary/fees	Variable remuneration	Retirement benefit 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	350	-122*				227
Peter Kruk, Chief Executive Officer	3,153	3,352	892		105	7,502
Other executive management (11 persons)	14,099	10,630	1,802		2,131	28,860
<b>Total</b>	<b>20,575</b>	<b>13,859</b>	<b>2,694</b>		<b>2,235</b>	<b>39,364</b>

\*) Pertains to Hans' work as CEO.

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

	31 Dec 2022	31 Dec 2021
Receivables from related parties:		
– Trade receivables, Ericon		1,460
– Trade receivables, Ericon Assembly		97

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. From 8 April 2022, Ericon and Ericon Assembly are no longer related parties to NCAB Group.

#### (e) Loans to related parties

The Group has no loans to related parties.

#### (f) Pledged assets and contingent liabilities on behalf of related parties

Pledged assets to related parties amount to kSEK 1,089 (0)

## NOTE 36 ACQUISITIONS

### META Leiterplatten

On 2 January 2022, 100 per cent of the shares were acquired in META Leiterplatten in Germany.

Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. Goodwill of SEK 9.1 million arose in conjunction with the acquisition. META Leiterplatten contributed SEK 101 million in net sales and SEK 7.2 million in EBITA in the period between 2 January and 31 December 2022.

Acquisition costs related to the acquisition amounted to approximately SEK 0.8 million and were expensed as other external expenses in Central functions. The goodwill of SEK 9.1 million 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 META Leiterplatten's operations.

Purchase consideration	
Cash and cash equivalents	18.6
<b>Total consideration</b>	<b>18.6</b>

Carrying amounts of identifiable acquired assets and assumed liabilities	
Non-current assets	0.9
Customer relationships (included in intangible assets)	3.5
Other current assets	16.0
Other operating liabilities	-9.8
Deferred tax	-1.1
<b>Total identifiable net assets</b>	<b>9.5</b>
<b>Goodwill</b>	<b>9.1</b>

### Kestrel International Circuits

On 24 June 2022, 100 per cent of the shares were acquired in Kestrel International Circuits in the UK.

Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. Goodwill of SEK 44.5 million thereby arose. Kestrel International Circuits contributed SEK 66 million in net sales and SEK 2.5 million in EBITA in the period between 24 June and 31 December 2022.

Acquisition costs related to the acquisition amounted to approximately SEK 4.1 million and were expensed as other external expenses in Central functions. The goodwill of SEK 44.5 million 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 Kestrel International Circuits's operations.

Purchase consideration	
Cash and cash equivalents	104.1
<b>Total consideration</b>	<b>104.1</b>

Carrying amounts of identifiable acquired assets and assumed liabilities	
Non-current assets	0.6
Customer relationships (included in intangible assets)	15.2
Other current assets	63.1
Other operating liabilities	-16.4
Deferred tax	-2.9
<b>Total identifiable net assets</b>	<b>59.6</b>
<b>Goodwill</b>	<b>44.5</b>

If META Leiterplatten and Kestrel International Circuits had been consolidated on 1 January 2022, the Group's net sales for the January–December 2022 period would have increased by SEK 55 million to SEK 4,513 million and EBITA by SEK 7.8 million to SEK 638.7 million.

Cash flow pertaining to acquisitions	
Additional purchase consideration PreventPCB	24,812
Additional purchase consideration Elmatica	62,987
Purchase consideration META	3,329
Purchase consideration Kestrel	104,129
Of which cash received META	-2,237
Of which cash received Kestrel	-14,694
Impact on cash flow	178,326

## NOTE 37 EVENTS AFTER THE END OF THE REPORTING PERIOD

### Acquisitions

#### Bare Board Consultants

On 10 January 2023, 100 per cent of the shares were acquired in Bare Board Consultants in Italy.

Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. In 2022, the company reported net sales of just over SEK 90 million and EBITA of just over SEK 9 million. The purchase consideration for the shares amounted to SEK 71.7 million and goodwill of SEK 18.9 million arose.

The acquisition led to the addition of three new employees in Italy.

Purchase consideration		10 Jan 2023
Cash and cash equivalents		71.7
<b>Total consideration</b>		<b>71.7</b>

Carrying amounts of identifiable acquired assets and assumed liabilities	
Non-current assets	0.3
Customer relationships (included in intangible assets)	17.1
Other current assets	58.4
Other operating liabilities	-17.3
Deferred tax	-5.7
<b>Total identifiable net assets</b>	<b>52.8</b>
<b>Goodwill</b>	<b>18.9</b>

## 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
<b>Gross profit</b>	Net sales less raw materials and consumables with the addition of 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.
<b>Gross margin</b>	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.
<b>EBITDA</b>	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.
<b>Adjusted EBITDA</b>	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.
<b>EBITA</b>	Operating profit before amortisation and impairment of goodwill and acquisition-related intangible assets.	EBITDA provides an overall picture of operating earnings.
<b>Adjusted EBITA</b>	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.
<b>Adjusted EBITA margin</b>	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 non-recurring 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.
<b>Return on equity</b>	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.
<b>Equity/assets ratio</b>	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.
<b>Net debt</b>	Interest-bearing liabilities less cash and cash equivalents.	Net debt is a measure which shows the company's total indebtedness.
<b>Net working capital</b>	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.
<b>EBITDA excl. IFRS</b>	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.
<b>Net debt excl. IFRS 16</b>	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	2022	2021
Net sales	4,457.7	3,219.5
Other operating income	20.9	13.4
Raw materials and consumables	3,043.3	2,245.4
<b>Total gross profit</b>	<b>1,435.3</b>	<b>987.5</b>
Gross margin, %	32.2	30.7

#### EBITA

SEK million	2022	2021
Operating profit	546.4	387.2
Amortisation and impairment of intangible assets	41.3	18.9
<b>EBITA</b>	<b>630.9</b>	<b>406.1</b>
EBITA margin, %	14.2	12.6

#### EBITDA

SEK million	2022	2021
Operating profit	546.4	387.2
Depreciation, amortisation and impairment of property, plant and equipment, and intangible assets	76.8	41.4
Divestment Russia	43.2	
<b>EBITDA</b>	<b>666.4</b>	<b>428.6</b>
EBITDA margin, %	14.9	13.3

#### RETURN ON EQUITY

SEK million	2022	2021
Profit for the year	417.1	288.3
Equity (average)	984.8	736.9
<b>Return on equity, %</b>	<b>42.4</b>	<b>38.7</b>

#### EQUITY/ASSETS RATIO

SEK million	31 Dec 2022	31 Dec 2021
Equity	1,195.8	773.8
<b>Total</b>	<b>1,195.8</b>	<b>773.8</b>
Total assets	3,041.1	2,661.0
<b>Equity/assets ratio, %</b>	<b>39.3</b>	<b>29.1</b>

#### NET DEBT

SEK million	31 Dec 2022	31 Dec 2021
Interest-bearing liabilities	923.5	871.2
Cash and cash equivalents	-357.8	-136.7
<b>Total net debt</b>	<b>565.6</b>	<b>734.5</b>
Adjusted EBITDA	666.4	428.6
<b>Net debt/Adjusted EBITDA</b>	<b>0.8</b>	<b>1.7</b>

#### NET WORKING CAPITAL

SEK million	2022	2021
Inventories	504.9	519.6
Trade receivables	760.7	789.6
Other current receivables	39.2	51.0
Prepaid expenses and accrued income	27.8	25.0
Trade payables	-518.5	-618.7
Current tax liabilities	-108.9	-57.8
Other current liabilities	-83.5	-168.6
Accrued expenses and deferred income	-148.8	-115.3
<b>Net working capital</b>	<b>472.9</b>	<b>424.7</b>

# Parent Company income statement

kSEK	Note	2022	2021
<b>Operating revenue</b>			
Net sales	41	133,669	97,762
Other income		9,631	135
<b>Total</b>		<b>143,300</b>	<b>97,897</b>
Other external expenses	42, 44	-89,698	-57,398
Staff costs	43	-56,155	-46,897
Depreciation of property, plant and equipment, and amortisation of intangible assets	50, 51	-539	-540
Other operating expenses		-9,889	
<b>Total operating expenses</b>		<b>-156,281</b>	<b>-104,835</b>
<b>Operating profit</b>		<b>-12,981</b>	<b>-6,938</b>
Income from investments in Group companies	45	158,308	42,693
Other interest income and similar income	46	25,752	16,516
Interest expenses and similar charges	46, 49	-29,307	-24,523
<b>Net financial income</b>		<b>154,753</b>	<b>34,685</b>
<b>Profit before tax</b>		<b>141,772</b>	<b>27,747</b>
Appropriations	47	8,800	13,500
Tax on profit for the year	48	-249	-422
<b>Profit for the year</b>		<b>150,323</b>	<b>40,825</b>

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 63 to 68 form an integral part of this annual report.

## Parent Company balance sheet

kSEK	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Capitalised development expenditure	50	28,559	526
<b>Total intangible assets</b>		<b>28,559</b>	<b>526</b>
<b>Property, plant and equipment</b>			
Plant and equipment	51	136	6
<b>Total property, plant and equipment</b>		<b>136</b>	<b>6</b>
<b>Non-current financial assets</b>			
Investments in Group companies	52	908,665	847,204
Non-current receivables from Group companies	53	267,418	
Other non-current receivables		1,089	2,795
<b>Total non-current financial assets</b>		<b>1,177,172</b>	<b>849,999</b>
<b>Total non-current assets</b>		<b>1,205,867</b>	<b>850,531</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group companies	54	164,058	473,960
Tax assets			407
Other current receivables	55	3,171	2,542
Prepaid expenses and accrued income	56	4,009	3,028
<b>Total current receivables</b>		<b>171,238</b>	<b>479,935</b>
<b>Cash and bank balances</b>	57	<b>42,866</b>	<b>100</b>
<b>TOTAL ASSETS</b>		<b>1,419,971</b>	<b>1,330,568</b>

The Notes on pages 63 to 68 form an integral part of this annual report.

## Parent Company balance sheet, cont.

kSEK	Note	31 Dec 2022	31 Dec 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital (186,971,240 ordinary shares)		1,870	1,870
<b>Non-restricted equity</b>			
Share premium account		478,110	478,110
Retained earnings		-353,422	-282,065
Profit for the year		150,322	40,825
<b>Total equity</b>		<b>276,880</b>	<b>238,740</b>
Untaxed reserves	47	1,000	3,800
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions	58	833,767	643,977
<b>Total non-current liabilities</b>		<b>833,767</b>	<b>643,977</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	58	0	189,508
Trade payables		14,139	2,936
Liabilities to Group companies	54	273,302	225,285
Current tax liabilities		380	
Other current liabilities	61	2,038	4,034
Accrued expenses and deferred income	59	18,465	22,288
<b>Total current liabilities</b>		<b>308,324</b>	<b>444,051</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,419,971</b>	<b>1,330,568</b>

The Notes on pages 63 to 68 form an integral part of this annual report.

## Parent Company statement of changes in equity

	Note	Restricted equity	Non-restricted equity		Total equity
		Share capital	Share premium account	Retained earnings and net profit for the year	
Opening balance on 1 January 2021	27	1,870	478,110	-1,609	478,371
<b>Comprehensive income</b>					
Profit for the year				40,825	40,825
<b>Total comprehensive income</b>				<b>40,825</b>	<b>40,825</b>
Dividend	27			-280,457	-280,457
<b>Total transactions with shareholders, recognised directly in equity</b>				<b>-280,457</b>	<b>-280,457</b>
<b>Closing balance on 31 December 2021</b>		<b>1,870</b>	<b>478,110</b>	<b>-241,240</b>	<b>238,740</b>
Opening balance on 1 January 2022	27	1,870	478,110	-241,240	238,740
<b>Comprehensive income</b>					
Profit for the year				150,323	150,323
<b>Total comprehensive income</b>				<b>150,323</b>	<b>150,323</b>
Dividend	27			-112,183	-112,183
<b>Total transactions with shareholders, recognised directly in equity</b>				<b>-112,183</b>	<b>-112,183</b>
<b>Closing balance on 31 December 2022</b>		<b>1,870</b>	<b>478,110</b>	<b>-203,100</b>	<b>276,880</b>

The Notes on pages 63 to 68 form an integral part of this annual report.

## Parent Company statement of cash flows

kSEK	Note	31 Dec 2022	31 Dec 2021
<b>Cash flow from operating activities</b>			
Profit before net financial income/expense		-12,981	-6,939
Adjustment for non-cash items	60	14,418	-3,932
Interest received		13,498	16,516
Dividends received		169,630	42,693
Interest paid and other financial items		-29,308	-17,468
Arrangement fee for loans		-1,333	
Income taxes paid		538	-435
<b>Cash flow from operating activities before changes in working capital</b>		<b>154,462</b>	<b>27,853</b>
Change in current receivables		308,290	-111,021
Change in current operating liabilities		49,107	29,312
<b>Total changes in working capital</b>		<b>357,397</b>	<b>-81,709</b>
<b>Cash flow from operating activities</b>		<b>511,859</b>	<b>-53,856</b>
<b>Cash flow from investing activities</b>			
Investments in intangible assets	50	-28,554	
Investments in property, plant and equipment	51	-149	
Investments in financial assets		-265,712	96
Investments in subsidiaries	52	-62,987	-510,461
<b>Cash flow from investing activities</b>		<b>-357,402</b>	<b>-510,365</b>
<b>Cash flow from financing activities</b>			
Dividend	27	-112,183	-280,457
Borrowings		190,000	643,977
Repayment of loans			-283,625
Change in overdraft facility		-189,508	189,508
<b>Cash flow from financing activities</b>		<b>-111,691</b>	<b>269,403</b>
<b>Decrease/increase in cash and cash equivalents</b>			
Cash flow for the year		42,766	-294,818
Cash and cash equivalents at beginning of year		100	294,918
<b>Cash and cash equivalents at end of year</b>		<b>42,866</b>	<b>100</b>

The Notes on pages 63 to 68 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 Sundbyberg. The address of the head office is Löfströms allé 5, SE-172 66 Sundbyberg, Sweden. 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.

	2022	2021
Nordic region	33,425	20,569
Rest of Europe	74,713	50,797
North America	25,108	26,061
Asia	423	335
<b>Total</b>	<b>133,669</b>	<b>97,762</b>

## NOTE 42 OTHER EXTERNAL EXPENSES

	2022	2021
Cost of premises	1,492	746
Travel expenses	1,243	284
Marketing	8,434	5,437
IT	20,142	13,662
Other	58,387	37,269
<b>Total</b>	<b>89,698</b>	<b>57,398</b>

## NOTE 43 EMPLOYEE BENEFITS, ETC.

	2022	2021
Salaries and other benefits	35,209	30,917
Social security contributions	12,215	10,587
Retirement benefit costs – defined contribution plans	4,264	3,527
<b>Total employee benefits</b>	<b>51,688</b>	<b>45,031</b>

Salaries and other benefits:

	2022		2021	
	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	14,226 (5,265)	1,421	15,244 (5,859)	1,391
Other employees	20,983	2,843	15,673	2,136
<b>Total</b>	<b>35,209</b>	<b>4,264</b>	<b>30,917</b>	<b>3,527</b>

Average number of employees by country:

	2022		2021	
	Average number of employees	Of whom, women	Average number of employees	Of whom, women
Sweden	22	12	18	9
<b>Total</b>	<b>22</b>	<b>12</b>	<b>18</b>	<b>9</b>

#### Note 43, cont.

Gender distribution for Directors and other executive management:

	2022		2021	
	On balance sheet date	Of whom, women	On balance sheet date	Of whom, women
Board of Directors	7	2	7	2
CEO and other executive management	2		3	
<b>Total</b>	<b>9</b>	<b>2</b>	<b>10</b>	<b>2</b>

#### NOTE 44 AUDIT FEES

	2022	2021
PwC		
– Audit engagement	2,359	2,100
– Audit services in addition to audit engagement		
– Tax advisory services	283	229
– Other services	731	140
<b>Total</b>	<b>3,373</b>	<b>2,469</b>

#### NOTE 45 INCOME FROM INVESTMENTS IN GROUP COMPANIES

	2022	2021
Dividends	169,630	42,693
Divestment of NCAB Russia	-11,322	
<b>Total</b>	<b>158,308</b>	<b>42,693</b>

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

	2022	2021
Interest income on bank balances	943	
Interest income on receivables from Group companies	12,555	16,516
Exchange-rate change	12,254	
<b>Total interest income and similar income</b>	<b>25,752</b>	<b>16,516</b>

	2022	2021
Interest expenses on liabilities to credit institutions	22,157	8,213
Interest expenses on liabilities to Group companies	2,623	9,255
Foreign exchange losses		4,473
Other financial expense	4,527	2,582
<b>Total interest expenses and similar charges</b>	<b>29,307</b>	<b>24,523</b>
<b>Net financial income/expense</b>	<b>-3,555</b>	<b>-8,007</b>

#### NOTE 47 APPROPRIATIONS

	2022	2021
Group contributions from NCAB Group Sweden AB	6,000	8,500
Reversal of tax allocation reserve	2,800	5,000
<b>Total appropriations</b>	<b>8,800</b>	<b>13,500</b>

The total tax allocation reserve is kSEK 1,000 (3,800).

#### NOTE 48 TAX ON PROFIT FOR THE YEAR

Tax recognised in income statement	2022	2021
Current tax:	20.60%	20.60%
Current tax on profit for the year	33	
Tax from prior years	216	18
Foreign tax		404
<b>Total current tax</b>	<b>249</b>	<b>422</b>

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:

	2022	2021
<b>Profit before tax</b>	<b>150,572</b>	<b>41,247</b>
Income tax calculated at tax rate in Sweden (20.6%)	-31,018	-8,497
<b>Tax effects of:</b>		
Non-taxable income		
Non-taxable dividend	34,944	8,795
Non-deductible expenses	-4,588	-298
Deductible expenses not included in profit or loss	629	
Adjustments for previous year	-216	-18
Foreign tax		-404
<b>Total reported tax</b>	<b>-249</b>	<b>-422</b>

## NOTE 49 NET FOREIGN EXCHANGE DIFFERENCES

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

	2022	2021
Net financial income/expense (Note 46)	12,254	-4,473
	<b>12,254</b>	<b>-4,473</b>

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:

	2022	2021
<b>Cost</b>		
Opening balance	6,015	6,015
Purchases for the period	28,554	
<b>Closing balance</b>	<b>34,569</b>	<b>6,015</b>
<b>Accumulated amortisation and impairment</b>		
Opening balance	-5,489	-4,970
Amortisation	-521	-519
<b>Closing balance</b>	<b>-6,010</b>	<b>-5,489</b>
<b>Carrying amount</b>		
Cost	34,569	6,015
Accumulated amortisation and impairment	-6,010	-5,489
<b>Closing balance</b>	<b>28,559</b>	<b>526</b>

## NOTE 51 PROPERTY, PLANT AND EQUIPMENT

Plant and equipment:

	2022	2021
<b>Opening balance</b>		
Cost	1,375	1,375
Accumulated depreciation	-1,369	-1,348
<b>Carrying amount</b>	<b>6</b>	<b>27</b>
Purchases for the period	149	
Reduction in accumulated cost as a result of disposals	-65	
Depreciation for the period	-19	-21
Reduction in accumulated depreciation as a result of disposals	65	
<b>Closing balance</b>		
Cost	1,459	1,375
Accumulated depreciation	-1,323	-1,369
<b>Carrying amount</b>	<b>136</b>	<b>6</b>

## NOTE 52 PARTICIPATIONS IN GROUP COMPANIES

	31 Dec 2022	31 Dec 2021
Cost at beginning of year	847,204	336,743
Acquisition, subsidiaries	72,783	328,666
Capital contributions/adjustment		181,795
Divestment NCAB Russia	-11,322	
<b>Cost at end of year</b>	<b>908,665</b>	<b>847,204</b>
<b>Carrying amount at end of year</b>	<b>908,665</b>	<b>847,204</b>

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 Dec 2022	Carrying amount 31 Dec 2021
Elmatica AS	Norway	921513240	100%	100%	401,449	328,666
NCAB Group Benelux B.V	Netherlands	NL859059613B01	100%	100%	70,809	70,809
NCAB Group Asia Ltd.	Hong Kong	51293694-000-10-09-6	100%	100%	9	9
NCAB Group Denmark A/S	Denmark	25872231	100%	100%	56,499	56,499
NCAB Ericon Pte	Russia	7816197682	0%	0%		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.U	Spain	A83663161	100%	100%	2,976	2,976
NCAB Group Italy S.r.l.	Italy	9729860966	100%	100%	198,324	198,324
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
					<b>908,665</b>	<b>847,204</b>

### NOTE 53 NON-CURRENT RECEIVABLES, GROUP COMPANIES

	31 Dec 2022	31 Dec 2021
NCAB Group Benelux B.V	66,770	
NCAB Group Italy S.r.l.	54,529	
NCAB Group USA Inc.	146,119	
<b>Total</b>	<b>267,418</b>	

### NOTE 54 RECEIVABLES AND LIABILITIES, GROUP COMPANIES

Receivables	31 Dec 2022	31 Dec 2021
NCAB Group Kestrel Ltd	1,365	
NCAB Group Benelux B.V	31,495	152,801
NCAB Group France SAS	17,186	20,566
NCAB Group Germany GmbH	47,428	44,923
NCAB Group Italy S.r.l.	29,102	48,311
NCAB Group Southeast Asia	4,460	5,603
NCAB Group Iberia, S.A.U.	432	
NCAB Group UK Ltd	26,307	3,613
NCAB Group USA Inc.	6,283	198,143
<b>Total</b>	<b>164,058</b>	<b>473,960</b>

Liabilities	31 Dec 2022	31 Dec 2021
Elmatica AS	12,785	
NCAB Group Estonia OÜ	4,908	
NCAB Group Iberia, S.A.U.		651
NCAB Group Norway AS	60,263	59,628
NCAB Group Finland OY	36,242	26,903
NCAB Group Denmark A/S	32,824	19,620
NCAB Group Asia Ltd.	61,594	45,973
NCAB Group Polska Sp. Z.o.o	4,121	3,669
NCAB Group Sweden AB	60,565	68,841
<b>Total</b>	<b>273,302</b>	<b>225,285</b>

### NOTE 55 OTHER CURRENT RECEIVABLES

	31 Dec 2022	31 Dec 2021
Receivable, tax account	270	1,444
Other receivables	2,901	1,098
<b>Total</b>	<b>3,171</b>	<b>2,542</b>

### NOTE 56 PREPAID EXPENSES AND ACCRUED INCOME

	31 Dec 2022	31 Dec 2021
Service contracts	2,127	1,535
Other items	1,882	1,493
<b>Total</b>	<b>4,009</b>	<b>3,028</b>

### NOTE 57 CASH AND BANK BALANCES

	31 Dec 2022	31 Dec 2021
Bank deposits	42,866	100
<b>Total</b>	<b>42,866</b>	<b>100</b>

### NOTE 58 BORROWINGS

Long-term	31 Dec 2022	31 Dec 2021
Liabilities to credit institutions	833,767	643,977
<b>Total</b>	<b>833,767</b>	<b>643,977</b>

Short-term	31 Dec 2022	31 Dec 2021
Overdraft facilities		189,508
Liabilities to credit institutions		
<b>Total</b>		<b>189,508</b>

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.

During the year, NCAB increased the acquisition credit facility by SEK 300 million. On 31 December, NCAB had a loan of SEK 550 million and two acquisition credits totalling SEK 750 million (of which SEK 290 million was drawn). In addition, there was an overdraft facility of SEK 200 million. The credit of SEK 550 million is free of instalments and expires in 2026. The other credits are free of instalments until the end of June 2024. The interest rate on the loan is STIBOR +1.5 per cent. At the balance sheet date of 31 December 2022, the company was in compliance with all covenants under the financing agreement.

#### 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 2022 (189,508). The overdraft facility is subject to a variable interest rate defined as STIBOR +1.5 per cent, which is paid quarterly. 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 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Liabilities to credit institutions	833,767	643,977	833,767	643,977
<b>Total</b>	<b>833,767</b>	<b>643,977</b>	<b>833,767</b>	<b>643,977</b>

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 2022	31 Dec 2021
SEK	833,767	643,977
<b>Total</b>	<b>833,767</b>	<b>643,977</b>

The Parent Company has the following undrawn credit facilities:

	31 Dec 2022	31 Dec 2021
Variable interest:		
– no maturity date	200,000	50,492
– maturity date	460,000	
	<b>660,000</b>	<b>50,492</b>



### Note 58, 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 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
Borrowings	6,623	19,870	67,517	846,529
Trade payables	14,139			
Accrued expenses and deferred income	18,107	359		

31 December 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
Borrowings	2,438	196,821	9,750	677,300
Trade payables	2,936			
Accrued expenses and deferred income	19,380	2,908		

### NOTE 59 ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec 2022	31 Dec 2021
Accrued holiday pay and bonuses, and social security contributions	16,680	18,915
Accrued audit fees	1,235	860
Other items	550	2,513
<b>Total</b>	<b>18,465</b>	<b>22,288</b>

### NOTE 60 ADJUSTMENT FOR NON-CASH ITEMS

	2022	2021
Adjustment for:		
– other income	- 9,623	
– depreciation of property, plant and equipment (Note 51)	19	21
– amortisation of intangible assets (Note 50)	520	520
– foreign exchange difference	12,180	-4,473
– Divestment of NCAB Russia	11,322	
<b>Total</b>	<b>14,418</b>	<b>-3,932</b>

### NOTE 61 PLEDGED ASSETS

Pledged assets	2022	2021
Other pledged assets	1,089	
<b>Total</b>	<b>1,089</b>	

Pledged assets pertain to an endowment insurance for pensions.

The Group's income statements and balance sheets will be presented for approval to the Annual General Meeting on 9 May 2023.

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 directors' 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.

Sundbyberg, 5 April 2023

Christian Salamon  
*Chairman*

Jan-Olof Dahmén  
*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 5 April 2023  
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 2022. The annual accounts and consolidated accounts of the company are included on pages 32-68 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 and the group as of 31 December 2022 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 2022 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 opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's

audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### 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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within 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 based 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 accounting for acquisitions in our audit. Our audit covers the parent company and the larger subsidiaries in the group. As and when needed, we communicate with a selection of subsidiaries and their local auditors also outside of Sweden in order to build our understanding of the local business and their routines and controls in the financial reporting process.

### 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

## Overview



### Materiality

- Overall materiality level: MSEK 33 which corresponds to approximately 0,75% of the Group's net sales.

### Focus and scope

- We have executed an audit covering NCAB Group AB and 9 larger subsidiaries in 8 different countries.

### Key audit matters

- Valuation of goodwill
- Accounting for acquisitions

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.

<i>Group materiality level</i>	MSEK 33
<i>How we determined this level</i>	The materiality level is based on approximately 0,75 percent of the Group's net sales
<i>Motivation behind the determination of the materiality level</i>	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. <i>The level of 0,75 % is seen in auditing standards to comprise an acceptable quantitative materiality threshold.</i>

We agreed with Audit Committee that we would report identified errors in excess of MSEK 1,5, 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.

<i>Key audit matter</i>	<i>How our audit addressed the Key audit matter</i>
<p><b>Valuation of Goodwill</b>  <i>We refer to Notes 2 (Accounting principles), 4 (Estimates and assessments), and 18 (Impairment test).</i></p> <p>Goodwill in the amount of MSEK 1 058 comprise a significant portion of NCAB Group's balance sheet, approximately 35 % of total Group assets.</p> <p>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.</p> <p>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.</p> <p>The company's impairment testing has not resulted in a write-down.</p>	<p>We have put emphasis on management's test of potential impairment need in our audit.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• We have examined the manner in which the valuation model has been determined.</li> <li>• 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.</li> <li>• 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.</li> <li>• We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS.</li> </ul> <p>No significant observations were made from these audit procedures.</p>

## 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 1-31. Other information also consists of "NCAB Group remuneration report 2022" 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

Key audit matter	How our audit addressed the Key audit matter
<p><b>Accounting for significant acquisitions</b>  <i>We refer to the Notes 2(Accounting principles) and 35 (Acquisitions).</i>  During 2022 NCAB Group made two acquisitions, whereof one larger at a purchase price of MSEK 100 (Kestrel, UK).  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.</p>	<p>Management have shared their acquisition analysis and relevant documents such as the Share price agreement with us.</p> <ul style="list-style-type: none"> <li>• We have looked at management's purchase price allocation to identifiable assets and liabilities included.</li> <li>• Evaluated management's estimates and assessments made in relation to these valuations.</li> <li>• 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.</li> </ul> <p>The result of these procedures did not give rise to any significant observations as regards the audit.</p>

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](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

### The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

#### *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 2022 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](http://www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf). This description is part of the auditor's report.

### The auditor's examination of the ESEF report

#### *Opinion*

In addition to our audit of the annual accounts and consolidated accounts, We have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4a of the Swedish Securities Market Act (2007:528) for NCAB Group AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef has been prepared in a format that, in all material respects, enables uniform electronic reporting.

#### *Basis for Opinions*

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of NCAB Group AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due

to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed as NCAB Group AB's auditor on the Annual General Meeting on 3 May 2022 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, 5 April 2023

Öhrlings PricewaterhouseCoopers AB

Johan Engstam

Authorised Public Accountant

# Annual General Meeting

## ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of NCAB Group AB (publ.) will be held on Tuesday, 9 May 2023 at 10:00 a.m. in Sundbyberg, Sweden. The official notification will be distributed not later than 31 March 2023.

## PAYMENT OF DIVIDENDS

The Board of Directors proposes a dividend of SEK 1.10 per share, to be disbursed in May. The dividend is equivalent to a total of SEK 205.7 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 11 May 2023 as the record date. On the condition that the AGM resolves in accordance with this proposal, the dividend payment is expected to be distributed by Euroclear Sweden AB on 16 May 2023 to those who are registered in the shareholders' register on the record date.

# Financial calendar

Interim report January–March 2023	26 April 2023
2023 Annual General Meeting	9 May 2023
Interim report January–June 2023	21 July 2023
Interim report January–September 2023	7 November 2023





## Reliable PCBs

– because failure is not an option.

