

# Interim Report January–September 2023

## JULY–SEPTEMBER 2023

- > Net sales decreased 14% to SEK 1,005.4 million (1,168.3). Both net sales and order intake were negatively impacted by lower prices and customers' inventory adjustments. In USD, net sales decreased 16%. For comparable units, the decrease for net sales was 27% in SEK, and 28% in USD.
- > Order intake decreased 9% to SEK 924 million (1,011). The decrease in USD was 9%. Order intake levelled off and was in line with the second quarter. Order intake for comparable units decreased 15% in both SEK and USD.
- > EBITA decreased 4% to SEK 176.0 million (183.5), representing an EBITA margin of 17.5% (15.7). EBITA was positively affected by SEK 21.0 million resulting from dissolved additional purchase consideration. Adjusted EBITA amounted to SEK 155.0 million (183.5), corresponding to an EBITA margin of 15.4% (15.7).
- > Cash flow from operating activities was SEK 260.4 million (212.2), with a contribution from continued improvements in working capital.
- > Operating profit was SEK 160.5 million (172.3).
- > Profit after tax was SEK 110.4 million (138.5).
- > Earnings per share before and after dilution was SEK 0.59 (0.74).

## JANUARY–SEPTEMBER 2023

- > Net sales decreased 6% to SEK 3,209.3 million (3,431.6). In USD, net sales decreased 12%. For comparable units, net sales decreased 12% in SEK, and 18% in USD.
- > Order intake decreased 11% to SEK 2,878 million (3,218). In USD, order intake decreased 16%. For comparable units, the decrease in order intake was 17% in SEK, and 22% in USD.
- > EBITA increased to SEK 527.9 million (489.9), representing an EBITA margin of 16.4% (14.3). EBITA was positively impacted, net, by dissolved additional purchase consideration and acquisition costs totalling SEK 11.6 million. Excluding these items, EBITA amounted to SEK 516.3 million (498.0), representing an EBITA margin of 16.1% (14.5). Earnings also included SEK 26 million in development costs for new IT systems.
- > Cash flow from operating activities was SEK 615.0 million (384.7).
- > Operating profit was SEK 487.6 million (417.1).
- > Return on equity was 32.4% (42.4).
- > Profit after tax was SEK 336.6 million (345.8).
- > Earnings per share before dilution was SEK 1.80 (1.85). After dilution SEK 1.79 (1.85)

## SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- > NCAB hosted its first capital markets day on 4 September.
- > On 13 September, Per Hesselmark left his seat on the company's Board of Directors.
- > On 31 October, it was announced that an agreement was signed to acquire 100 per cent of the shares in Electronic Advanced Circuits S.L in Spain and that a company was established in Portugal.

## Key performance indicators

	Jul-Sep			Jan-Sep			Full-year	
	2023	2022	%	2023	2022	%	LTM	2022
Order intake, SEK million	924.2	1,011.0	-9	2,878.2	3,218.0	-11	3,699.2	4,227.2
Order intake, USD million	85.2	94.1	-9	271.8	324.4	-16	418.1	417.5
Net sales, SEK million	1,005.4	1,168.3	-14	3,209.3	3,431.6	-6	4,235.4	4,457.7
Net sales, USD million	92.6	109.8	-16	303.1	345.9	-12	332.7	440.3
Gross margin, %	36.2	32.2		35.4	31.6		35.1	32.2
EBITA, SEK million	176.0	183.5	-4	527.9	489.9	8	668.9	630.9
EBITA margin, %	17.5	15.7		16.4	14.3		15.8	14.2
Operating profit, SEK million	160.5	172.3	-7	487.6	417.1	17	616.9	546.4
Operating margin, %	16.0	14.8		15.2	12.2		14.6	12.3
Profit after tax, SEK million	110.4	138.5	-20	336.6	345.8	-3	408.0	417.1
Earnings per share before dilution, SEK	0.59	0.74	-20	1.80	1.85	-3	2.18	2.23
Earnings per share after dilution, SEK	0.59	0.74	-20	1.79	1.85	-3	2.18	2.23
Cash flow from operating activities, SEK million	260.4	212.2	23	615.0	384.7	60	798.4	568.1
Return on capital employed, %							27.3	29.0
Return on equity, %							32.4	42.4
USD/SEK - average	10.81	10.55		10.59	9.92		10.62	10.12
EUR/SEK - average	11.76	10.63		11.48	10.53		11.33	10.63

## MESSAGE FROM THE CEO

### Strong finances despite a weaker market

Despite the weak market, we are satisfied that we continued to deliver strong financial figures and cash flow. We also successfully offset the falling prices and lower prices to customers through a higher gross margin. Our strong cash flow and solid balance sheet enable sustained investments in long-term growth. With our flexible business model, we can quickly capitalise on growth opportunities when the market recovers.

Since mid-2022, we have witnessed a slowdown in the global market for PCBs. Initially, a slowdown was noted in order intake, as the earlier exceptionally long lead times began to normalise. In a second step, the stable global supply chains enabled customers to begin reducing the extra inventory that they had accumulated during the pandemic. In parallel, the strong demand began to fall as central banks launched activities to curb inflation. In recent years, PCB factories in Asia have invested in increased capacity and with the lower order intake utilisation levels fell in 2023 to record-low levels. This in turn has led to falling prices as factories compete for the available volumes, which has had a direct adverse impact on market prices and sales figures. Taken together, this resulted in a global sales decline for the PCB industry of approximately 20 per cent during the first half of the year. NCAB also experienced the market decline, though we saw less organic decline than the market as a whole and have therefore grown our market share even without the effects of our acquisitions.

However, the long-term outlook remains positive. Drivers such as the Internet of Things (IoT) and demand for greater energy efficiency are pushing developments towards smart and connected products, which is also fueling demand for advanced PCBs. It is positive that order intake has levelled off. Seasonally, the third quarter is usually weaker than the first and second quarters due to holidays in Europe, but we can see that our order intake in the third quarter was at the same level as the second quarter. However, we are not expecting a rapid rebound as demand remains at a low level, even if the effects of inventory adjustments by customers is gradually beginning to slow down.

All our segments noted a distinct decrease in demand, and the *North America* segment continues to be more affected than other segments. During the third quarter, demand in the *Europe* segment slowed while in *East* the market decline is showing signs of bottoming out with opportunities for renewed growth as we move forward. We continue to have a healthy inflow of new projects and customers, which bodes well for growth in market share in the medium term. In *Nordic*, we noted continued positive demand for EV charging and also in Aerospace & Defence. We can also see growing interest among customers outside the Nordic region and are expanding sales activities to additional markets. This is another example of how we can reap the benefits of the global expertise present in the Group and we are constantly developing our global offerings for specific industrial sectors.

Acquisitions have continued to make good progress. Following the acquisition of Phase 3 Technologies and db electronic in the second quarter, we announced in October an acquisition in Spain that will help to strengthen our position in the Spanish market. Together with the establishment in Portugal, this offers us a good platform for continued growth on the Iberian peninsula. We are conducting a number of active discussions with potential acquisition targets. These concern both Europe and North America.



**With our flexible business model, we can quickly capitalise on growth opportunities when the market recovers.**

**Peter Kruk**  
President and CEO, NCAB Group AB



## Q3 2023

**-14%**

Sales growth

**1,005.4**

Net sales, SEK  
million

**176.0**

EBITA, SEK  
million

**17.5%**

EBITA margin

## JULY–SEPTEMBER 2023

### ORDER INTAKE

Destocking by many customers, shorter lead times and lower prices have impacted order intake, though this has levelled out and ended in line with the preceding quarter. The Chinese manufacturing industry is yet to rebound after the lifting of Covid restrictions at the beginning of the year. This led to a continued low level of capacity utilisation in the Chinese printed circuit board factories, and therefore downward price pressure.

Order intake for the quarter amounted to SEK 924 million (1,011). Order intake for comparable units decreased 15 per cent in both SEK and USD. Book to bill was 92 per cent. The trend was relatively stable in *Nordic* and *Europe*, while *North America* and *East* were weaker. Seasonally, order intake is normally weaker in the third quarter compared with the second quarter, and the fact that order intake was unchanged compared with the previous quarter is therefore positive.

### NET SALES

Net sales decreased 14 per cent during the quarter to SEK 1,005.4 million (1,168.3). In USD, net sales decreased 16 per cent. The decrease occurred in all segments, with the largest reduction in *North America*. Net sales in comparable units decreased 27 per cent and net sales in USD decreased 28 per cent. However, the comparison was challenging as the third quarter of 2022 was NCAB's strongest to date.

### GROSS PROFIT

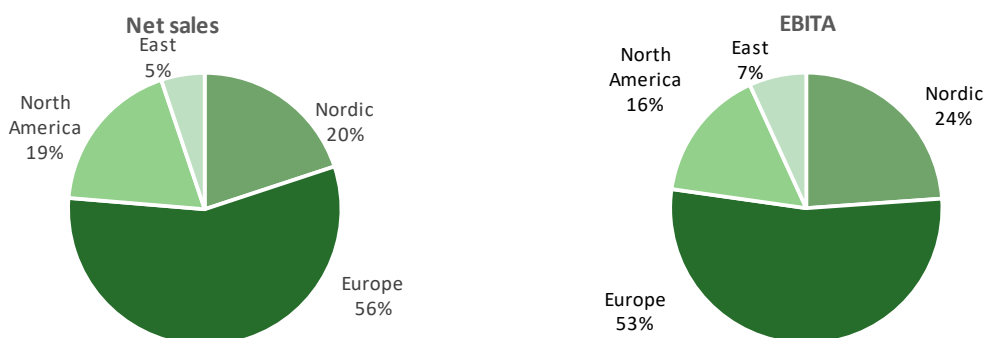
NCAB has continued to offset lower market prices with increased gross margin, which during the quarter amounted to 36.2 per cent (32.2), despite lower prices to customers. This meant gross profit only declined 3.0 per cent.

### EARNINGS

Effective cost control and adjustments to prevailing market conditions produced another strong EBITA of SEK 176.0 million (183.5). EBITA adjusted for dissolved additional purchase consideration was SEK 155.0 million, EBITA margin of 15.4 per cent (15.7). Compared with the strong third quarter in 2022, EBITA margin improved in all segments apart from *North America*. Development costs for the Group's new IT platform impacted earnings by approximately SEK 6 million during the quarter and the first company has launched. Thereafter in 2024 and 2025 it will gradually be rolled out to all other companies within the Group. This will enable further enhanced customer service and increase the Group's efficiency and support the continued growth and integration of new companies. Operating profit for the quarter decreased 7 per cent to SEK 160.5 million (172.3).

Net financial items amounted to -23.2 million (10.0), interest expenses increased to SEK -22.0 million (-6.5) while foreign currency conversion rates generated foreign exchange gains of SEK 1.0 million (17.7). Tax amounted to -26.9 (-43.8). The average tax rate was 19.6 per cent (24.0). Profit after tax for the period totalled SEK 110.4 million (138.5). Earnings per share was SEK 0.59 (0.74) both before as well as after dilution. NCAB continued to reduce inventory and working capital, which led to another quarter with strong cash flow of SEK 260.4 million (212.2).

### BREAKDOWN BY SEGMENT, JULY–SEPTEMBER 2023



## JANUARY–SEPTEMBER 2023

### ORDER INTAKE

Order intake for the period amounted to SEK 2,878 million (3,218), a decline of 11 per cent. Order intake for comparable units decreased 17 per cent. The decrease in USD was 16 per cent. Book to bill was 90 per cent. The decrease occurred in all segments and was due to shorter lead times, lower prices and inventory adjustments by many customers, which taken together weakened demand. *North America* was the segment with the largest negative deviation.

### NET SALES

Net sales declined during the period to SEK 3,209.3 million (3,431.6). In USD, net sales decreased 12 per cent. Compared with the year-earlier period, net sales decreased in all segments, with the largest decline in *North America* while the segment with the lowest decrease was *Nordic*. In comparable units, net sales decreased 12 per cent and in USD the decrease was 18 per cent.

### GROSS PROFIT

The low utilisation levels for factories in China, and the sharp drop in freight costs, has created good opportunities for NCAB to secure both lower prices to customers and higher gross earnings. Despite the reduction in net sales, gross profit increased for the first three quarters by 5 per cent and the gross margin to 35.4 per cent (31.6).

### EARNINGS

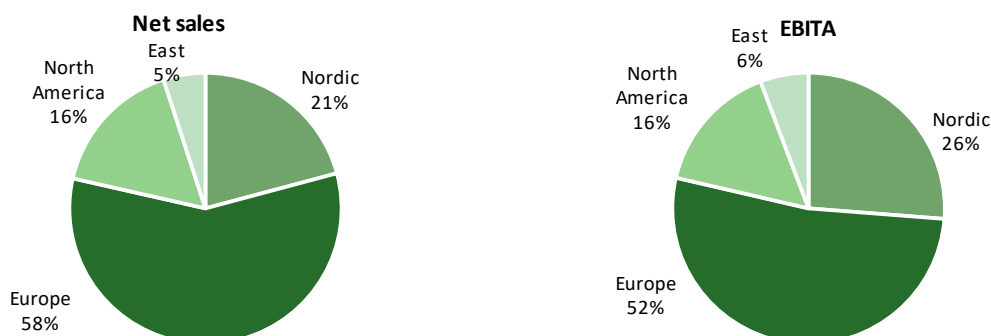
Earnings remained strong because of NCAB's flexible business model and adaptability. During the first three quarters, EBITA was impacted by transaction costs of SEK -9,5 million (-8.1) for the acquisitions conducted, dissolved additional purchase consideration of SEK 21.0 million, and development costs of SEK -26.0 million for the Group's IT platforms. Despite this, EBITA increased 8 per cent to SEK 527.9 million (489.9), corresponding to an EBITA margin of 16.4 per cent (14.3). The EBITA margin improved in all segments. Improved gross margins from lower purchase prices, lower freight costs and economies of scale in the Group contributed to the improvement in earnings. Operating profit for the period increased 17 per cent to 487.6 million (417.1). Operating profit for 2022 was charged with SEK 43.2 million in impairment losses for the Russian operations, which were sold in 2022.

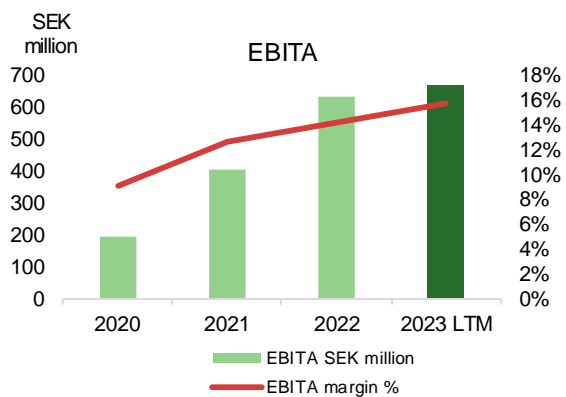
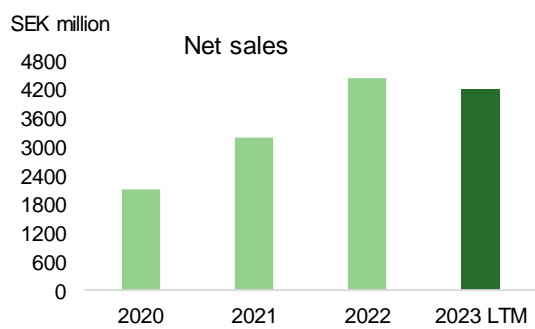
The development of the new IT platform is now entering a new phase, from development to implementation. The implementation costs will fully be accounted for in the Profit and loss statement. These costs which for 2024 are expected to land at the same level as the recognized development costs in 2023.

Net financial items amounted to -54.5 million (26.0), interest expenses increased to SEK -45.4 million (-16.5) while foreign currency conversion rates generated foreign exchange losses of SEK -6.0 million (45.1). Tax amounted to SEK -96.5 million (-97.3). The average tax rate was 22.3 per cent (22.0). Profit after tax for the period totalled SEK 336.6 million (345.8). Earnings per share was SEK 1.80 (1.85) before dilution and SEK 1.79 (1.85) after dilution.

Active work to optimise the balance sheet and focus on working capital at all stages have together with strong earnings led to a cash flow from operating activities of SEK 615.0 million (384.7).

### BREAKDOWN BY SEGMENT, JANUARY–SEPTEMBER 2023





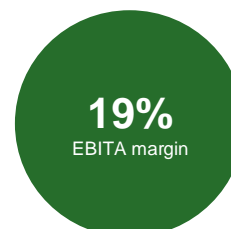
## PERFORMANCE BY SEGMENT

### NORDIC

Denmark, Finland, Norway, Sweden. The margin in this segment is high due to a high technology content and generally lower volumes per order. Sales in the acquired company Elmatica were integrated into each country's operations, meaning net sales from customers outside *Nordic* are now reported in the *Europe* segment.

#### Third quarter 2023

Order intake decreased compared with the year-earlier period and amounted to SEK 195 million (282). Adjusted for the transfer of customers to the *Europe* segment, order intake for the second quarter of 2022 was SEK 244 million, which meant a decrease of 20 per cent and in USD a decrease of 21 per cent. Order intake was lower in all companies but declined least in Norway and Sweden.



Net sales amounted to SEK 200.3 million (313.1). Adjusted for the transfer of customers to the *Europe* segment, the decrease in net sales for the quarter was 18 per cent, and in USD the decrease was 20 per cent. Net sales were lower for all companies year-on-year, but were on par with the second quarter of 2023 despite the impact on the third quarter of the holiday period. For customer segments, sales of PCBs for electric car chargers and the defence industry were positive, while PCBs to the construction sector weakened further.

The segment reported sustained high profitability and the EBITA margin improved year-on-year. However, EBITA decreased to SEK 38.3 million (56.7) due to lower net sales and the transfer of customers to the *Europe* segment. The EBITA margin amounted to 19.1 per cent (18.1).

#### January to September 2023

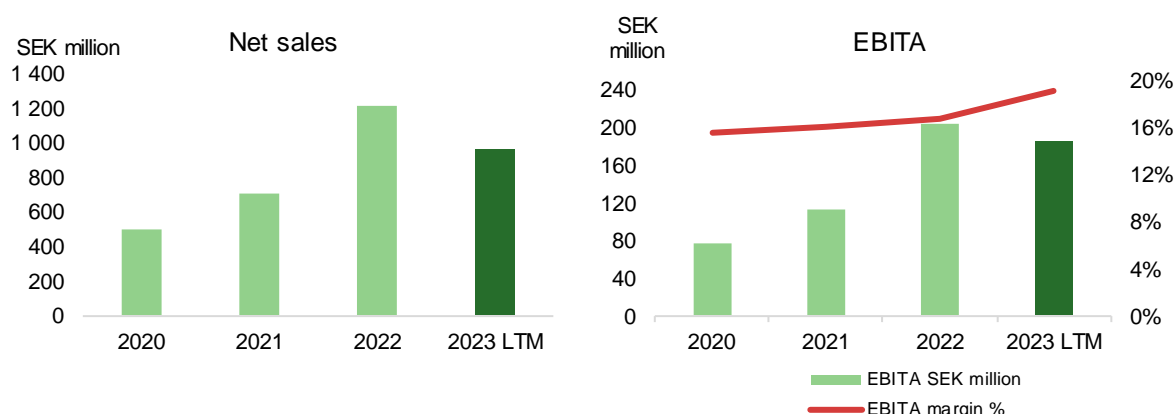
Adjusted for the transfer of customers to the *Europe* segment, order intake decreased 14 per cent to SEK 638 million during the period. Adjustments to customer inventory volumes, shorter lead times and lower market prices impacted order intake.

Net sales, adjusted for the transfer of customers, decreased 8 per cent during the period to SEK 668.5 million (722.9). EBITA was slightly below the level reported in the year-earlier period at SEK 140.0 million (159.5). The decrease was due in its entirety to the transfer of net sales to the *Europe* segment. EBITA margin rose to 20.9 per cent (17.3).

### NORDIC

	Jul-Sep			Jan-Sep			Full-year	
SEK million	2023	2022	%	2023	2022	%	LTM	2022
Net sales	200.3	313.1	-36.0	668.5	920.7	-27.4	964.1	1,216.3
Adjusted Net sales*	200.3	244.6	-18.1	668.5	722.9	-7.5	921.6	976.0
EBITA	38.3	56.7	-32.4	140.0	159.5	-12.3	185.2	204.8
EBITA margin, %	19.1	18.1		20.9	17.3		19.2	16.8

\*) Net sales for 2022 has been adjusted for Sales that was moved to segment Europe in 2023

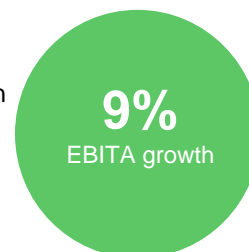


## EUROPE

France, Germany, Italy, the Netherlands, North Macedonia, Poland, Switzerland, Spain and the United Kingdom. All companies in the Europe segment have a strategic focus on continued growth. The *Europe* segment has been strengthened through a number of acquisitions in recent years. META Leiterplatten in Germany and Kestrel International Circuits in the UK were acquired in 2022. In January 2023, the acquisition of Bare Board Consultants (BBC) in Italy was completed and in May, db electronic with companies in Germany, Switzerland and France was acquired. As of 2023, Elmatica's customers from outside the Nordic region are reported in the *Europe* segment.

### Third quarter 2023

Order intake for the quarter amounted to SEK 506 million (500). However, order intake in comparable units and adjusted for the transfer of customers to the *Europe segment* from *Nordic* decreased 13 per cent and by 14 per cent in USD. The decrease was mainly seen in the Netherlands, where customers to a great extent had placed large orders with long lead times in 2021/2022. The United Kingdom, which has a large share of OEM customers, showed strong growth during the quarter.



Net sales in the third quarter decreased 4 per cent to SEK 567.0 million (590.8). In comparable units and adjusted for customers transferred to the segment, net sales decreased by 20 per cent and in USD by 22 per cent.

Despite the decrease in net sales, earnings continued to improve and EBITA amounted to SEK 85.7 million (78.3), corresponding to an EBITA margin of 15.1 per cent (13.2). Increased gross margin as well as synergies from acquired companies contributed to increased profitability.

The acquisition of Electronic Advanced Circuits in Spain will together with the establishment in Portugal strengthen NCAB's position on the Iberian peninsula.

### January to September 2023

Order intake during the period increased to SEK 1,578 million (1,546) but adjusted for acquisitions and the transfer of customers from the *Nordic* segment, order intake decreased 16 per cent and by 21 per cent measured in USD.

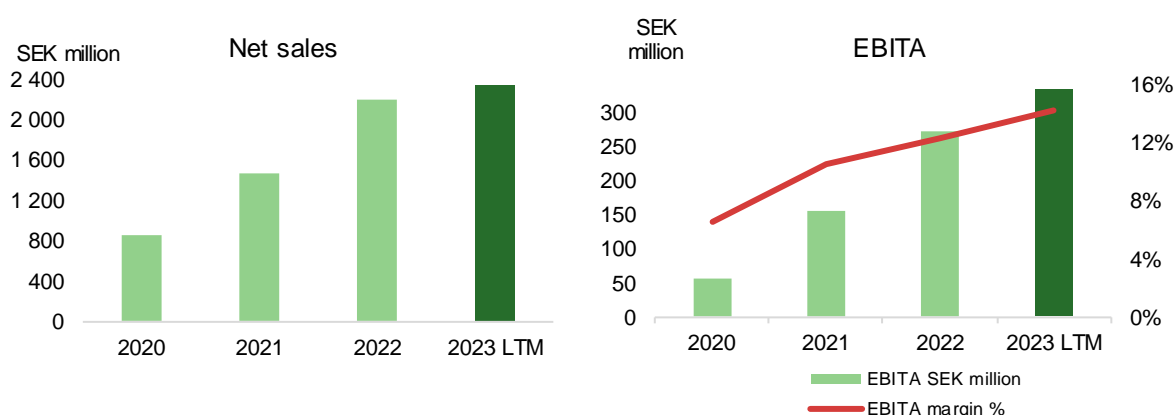
Net sales increased to SEK 1,852.5 million (1,708.8), but adjusted for acquisitions and the transfer of customers, net sales decreased 11 per cent and by 16 per cent measured in USD.

Earnings continued to strengthen, through increased gross margin resulting from factory procurement processes in Asia, lower freight costs and economies of scale. EBITA for the period increased to SEK 279.5 million (218.5) and an EBITA margin of 15.1 per cent (12.8).

## EUROPE

SEK million	Jul-Sep			Jan-Sep			Full-year	
	2023	2022	%	2023	2022	%	LTM	2022
Net sales	567.0	590.8	-4.0	1,852.5	1,708.8	8.4	2,336.3	2,192.6
Adjusted Net sales*	567.0	659.3	-14.0	1,852.5	1,906.6	-2.8	2,378.9	2,432.9
EBITA	85.7	78.3	9.5	279.5	218.5	27.9	332.8	271.8
EBITA margin, %	15.1	13.2		15.1	12.8		14.2	12.4

\*) Net sales for 2022 has been adjusted for Sales that was moved from segment Nordic in 2023



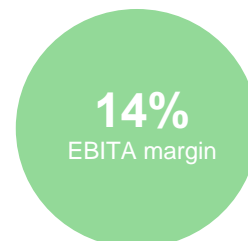


## NORTH AMERICA

NCAB already had five offices in the USA that cover the country from east to west. In May 2023, Phase 3 Technologies in San Jose was acquired, further strengthening NCAB's presence on the west coast.

### Third quarter 2023

The third quarter was again weak in *North America*. Many EMS customers were more severely affected than the market in general, by fluctuations in inventory adjustments at several levels. NCAB has a larger share of EMS customers in the segment compared with the rest of the Group. Order intake was unchanged year-on-year at SEK 176 million (176). Adjusted for the acquisition of Phase 3, the decrease in order intake was 27 per cent and in USD was 28 per cent. The integration of Phase 3 Technologies has started, and synergies are identified. The acquisition strengthens NCAB's position in Silicon Valley and the important West Coast, which will create improved prospects for future growth.



Net sales for the segment decreased 6 per cent to SEK 186.2 million (198.5) due to the weaker order intake in recent quarters. Adjusted for the acquisition of Phase 3 Technologies, net sales decreased 30 per cent and net sales in USD decreased 32 per cent.

The reduced net sales had a negative impact on earnings and EBITA margin. However, *North America* has similar to other segments improved its gross margins and as a result delivered a historically high margin, though this did not reach last year's record levels. EBITA decreased to SEK 25.6 million (34.0) and the EBITA margin declined to 13.7 per cent (17.1).

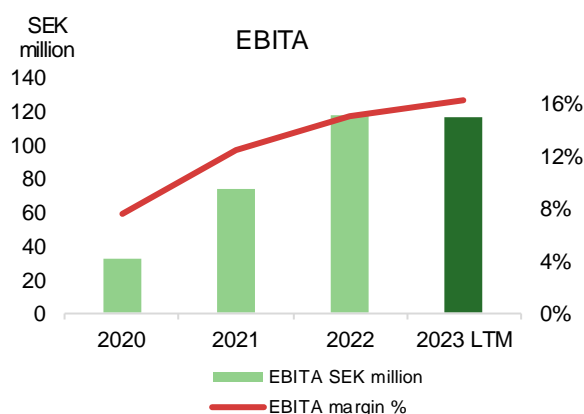
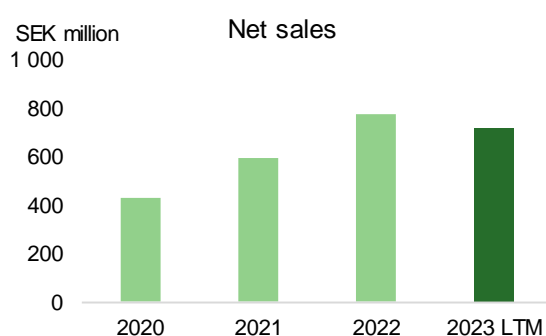
### January to September 2023

During the past three quarters, order intake decreased 10 per cent to SEK 509 million and adjusted for the acquisition of Phase 3 Technologies, the decrease was 24 per cent and 28 per cent in USD. During the period, net sales decreased 10 per cent and adjusted for the acquisition by 23 per cent and by 28 per cent in USD.

Despite lower net sales, EBITA for the period was essentially unchanged at SEK 83.4 million (84.1), entailing an increase in the EBITA margin to 15.8 per cent from 14.3 per cent.

## NORTH AMERICA

SEK million	Jul-Sep			Jan-Sep			Full-year	
	2023	2022	%	2023	2022	%	LTM	2022
Net sales	186.2	198.5	-6.2	527.8	587.3	-10.1	719.3	778.8
EBITA	25.6	34.0	-24.7	83.4	84.1	-0.8	117.2	118.0
EBITA margin, %	13.7	17.1		15.8	14.3		16.3	15.1



## EAST

China and Malaysia. In China, NCAB has sales offices in Shenzhen, Beijing, Suzhou and Wuhan. Operations in Malaysia started in 2019. The *East* segment had long-standing operations in Russia that were discontinued in 2022.

### Third quarter 2023

The Chinese market remained weak with lower domestic demand than expected. Even though customer activity has increased, this is yet to be properly seen in order intake. Order intake decreased during the quarter to SEK 48 million (53).

21%  
EBITA  
margin

Net sales for the quarter amounted to SEK 51.9 million (65.9), entailing a decrease of 21 per cent and 22 per cent measured in USD.

NCAB has consistently focused on demanding customers with a significant need for service and high complexity. This meant that profitability could be kept at a high level. EBITA for the quarter amounted to SEK 10.9 million (13.5), corresponding to an EBITA margin of 21.1 per cent (20.5).

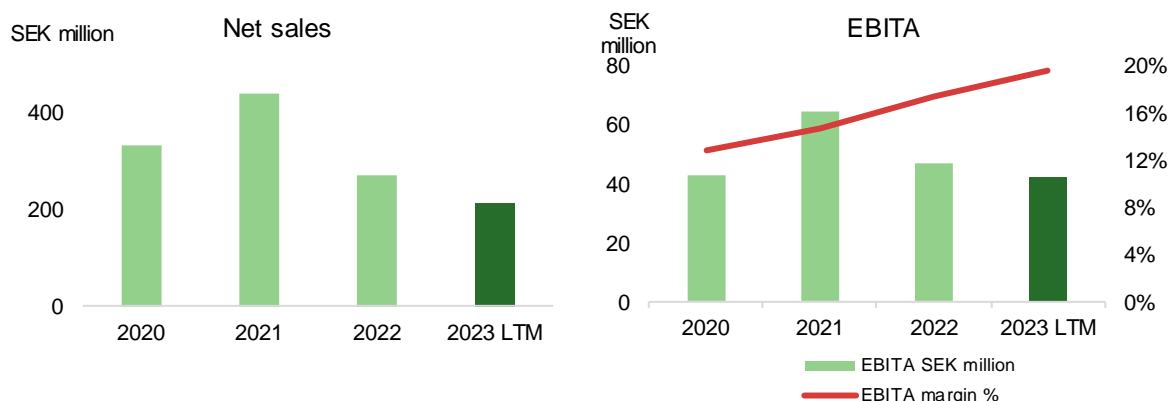
### January to September 2023

Order intake during the period amounted to SEK 153 million (198.0). Adjusted for the Russian operations, which was divested in the spring of 2022, order intake decreased by 10 per cent and by 15 per cent in USD. Net sales decreased 25 per cent till SEK 160.4 million (214.8). Adjusted for the Russian operations, the decrease was 13 per cent and 18 per cent in USD.

EBITA margin continued to increase to 19.1 per cent from 16.5 per cent and EBITA for the period amounted to SEK 30.6 million (35.6).

## EAST

SEK million	Jul-Sep			Jan-Sep			Full-year	
	2023	2022	%	2023	2022	%	LTM	2022
Net sales	51.9	65.9	-21.3	160.4	214.8	-25.3	215.6	270.0
EBITA	10.9	13.5	-19.1	30.6	35.6	-13.8	42.2	47.1
EBITA margin, %	21.1	20.5		19.1	16.5		19.6	17.5



## FINANCIAL POSITION

### CASH FLOW AND INVESTMENTS

NCAB has had particular focus on working capital and is actively endeavouring to reduce inventory as well as reviewing payment terms to customers and suppliers. Even though a larger share of deliveries is now taking place by ocean freight and transit traffic has increased, inventories have decreased sharply. Healthy earnings and a reduction in working capital mean cash flow from operating activities in the quarter was SEK 260.4 million (212.2). For the January to September period, cash flow from operating activities amounted to SEK 615.0 million (384.7). Working capital for the Group on 30 September 2023, corresponded to 5.3 per cent (10.6) of net sales over the past 12 months. NCAB has credit insurance for most of the trade receivables outstanding.

Cash flow from investing activities was SEK -461.3 million (-201.6) during the January to September period. Non-acquisition-related investments amounted to SEK -9.6 million (-8.3) for the quarter. For the year, non-acquisition-related investments totalled SEK -44.2 million (-23.4). The increase is due to investments in a new IT platform the roll-out of which is begun in the fourth quarter. In total the sum of activated IT investments amounts to SEK 68 million, which will start to be depreciated in 2024. The roll-out has just started and will continue in all companies in 2024 and be completed early in 2025. This will enable further enhanced customer service and increase the Group's efficiency and support the continued growth and integration of new companies.

In conjunction with the acquisition of Phase 3 Technologies, an amount of SEK 23.2 million was set aside as an additional purchase consideration based on gross profit performance in 2023. The additional purchase consideration is not expected to be paid in full which is why SEK 21.0 million was dissolved and was recognised centrally. This impacted other operating income during the quarter.

### LIQUIDITY AND FINANCIAL POSITION

Net debt at the end of the quarter was SEK 630.9 million (638.4). The equity/assets ratio was 40.5 per cent (35.5) and equity was SEK 1,381.4 million (1,135.6). At the end of the period, the Group had available liquidity, including undrawn acquisition credits and overdraft facilities, of SEK 962 million (950).

On 30 September 2023, NCAB had loans including utilised overdraft facilities totalling SEK 994 million. NCAB had a loan of SEK 550 million and two acquisition credits totalling SEK 750 million (of which SEK 450 million was drawn). In addition, there was a utilised 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 30 September 2023, the company complied with all covenants under the financing agreement.

## Other

### SIGNIFICANT RISKS AND UNCERTAINTIES

Through its operations, the Group is exposed to risks of both a financial and an operational nature, which the Group can influence to a greater or lesser extent. Continuous processes are in place in the Group to identify any risks and assess how they should be managed.

Operational risks include commercial risks arising from changes in economic activity and demand as well as customer preferences and relationships to the company. Other risks are related to the production capabilities, capacity and order books of the company's manufacturers, and to the availability and prices of raw materials. The company is also dependent on the continued trust of its employees and its ability to recruit skilled employees.

Regarding financial risks, the Group is exposed to currency risk, primarily the exchange rates between USD, EUR and SEK, through the translation exposure of sales and purchase ledgers, and reported assets, liabilities and net investments in the operations. The Group is also exposed to other risks, such as interest rate risk, credit risk and liquidity risk.

There are also geopolitical risks, for example as a result of the large share of factories used by NCAB being located in China. See NCAB's 2022 Annual Report for a more detailed description of the Group's risk exposure and risk management.

## EFFECTS OF CONFLICT BETWEEN RUSSIA AND UKRAINE

Following Russia's invasion of Ukraine, NCAB chose to halt all deliveries to customers in Russia from 28 February 2022. After considering future opportunities and risks, NCAB decided to discontinue its operations in the country and therefore sold the company on 8 April 2022.

## SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- > NCAB hosted its first capital markets day on 4 September.
- > On 13 September, Per Hesselmark left his seat on the company's Board of Directors.
- > On 31 October, it was announced that an agreement was signed to acquire 100 per cent of the shares in Electronic Advanced Circuits S.L in Spain and that a company was opened in Portugal.

## RELATED-PARTY TRANSACTIONS

No material related-party transactions took place during the period.

## ORGANISATION

On 30 September 2023, the number of employees was 613 (578), of whom 272 (260) were women and 341 (318) were men. The average number of employees in the organisation during the quarter was 614 (576), of whom 275 (256) were women and 339 (320) were men.

## PARENT COMPANY

The Parent Company's net sales for the third quarter were SEK 43.5 million (23.6). Sales consist exclusively of internal billing. Loss after financial items was SEK -21.5 million (-7.1) for the quarter. Net sales for the year amounted to SEK 130.7 million (74.4) and profit after financial items was SEK 239.5 million (68.2). The earnings improvement was mainly due to increased dividends from subsidiaries. The preceding year's earnings were also charged with costs for the impairment of assets in subsidiaries of SEK 9.9 million in conjunction with the sale of the Russian subsidiary.

## DECLARATION OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

The Board of Directors and Chief Executive Officer provide their assurance that the interim report gives a true and fair view of the Group's and the Parent Company's operations, position and results and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Sundbyberg, 6 November 2023

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**Christian Salamon**  
Chairman of the Board

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**Hans Ramel**  
Director

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**Magdalena Persson**  
Director

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**Gunilla Rudebjer**  
Director

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**Hans Ståhl**  
Director

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**Peter Kruk**  
President and CEO



## Auditor's report

NCAB Group AB (publ) corp. reg. no. 556733-0161

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### Introduction

We have reviewed the condensed interim financial information (interim report) of NCAB Group AB (publ) as of 30 September 2023 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 6 November 2023

Öhrlings PricewaterhouseCoopers AB

Johan Engstam  
Authorized Public Accountant

## CONTACT

For further information, please contact:  
Anders Forsén, CFO +46 (0)8 4030 0051  
Gunilla Öhman, IR Manager, +46 (0)70 763 81 25

*This interim report has been reviewed by the company's auditor.*

*This is information that NCAB Group AB is obligated to disclose pursuant to the EU Market Abuse Regulation. The information was issued for publication through the agency of the contact persons set out above on 7 November 2023 at 07:30 a.m.*

## NCAB Group AB (publ)

Tel: +46 (0)8 4030 0000  
Löfströms Allé 5, SE-172 66 Sundbyberg, Sweden  
www.ncabgroup.com

NCAB Group is publishing the interim report for January–September, on Tuesday 7 November at 7:30 a.m CET. A web-cast telephone conference will be held at 10:00 a.m. CET on the same date, where President and CEO Peter Kruk and CFO Anders Forsén will present the report. The presentation will be followed by a Q&A session. The presentation will be held in English. For those who wish to participate via webcast, please use the link below: <https://ir.financialhearings.com/ncab-group-q3-2023>

For those who wish to participate via teleconference, please register on the link below. After registration, you will be provided with phone numbers and a conference ID to access the conference. You can ask questions verbally via the teleconference.

<https://conference.financialhearings.com/teleconference/?id=5008291>

## FINANCIAL CALENDAR

Year-end report	15 February 2024
Annual Report	10 April 2024
Interim report first quarter	25 April 2024
Annual General Meeting	8 May 2024
Interim report second quarter	23 July 2024
Interim report third quarter	5 November 2024

## About NCAB Group

NCAB is a worldwide leading supplier of printed circuit boards (PCBs), listed on NASDAQ Stockholm. NCAB offers PCBs for demanding customers, on time with zero defects, produced sustainably at the lowest total cost. NCAB was founded in 1993. Since its foundation, the operations have been characterised by an entrepreneurial and cost-efficient culture and have showed strong growth and good profitability over time. Today, NCAB has a local presence in 16 countries in Europe, Asia and North America. Net sales in 2022 amounted to SEK 4,458 million. Organic growth and acquisitions are part of NCAB's strategy. For more information about NCAB Group, please visit us at [www.ncabgroup.com](http://www.ncabgroup.com).

# Group

## CONSOLIDATED INCOME STATEMENT

SEK million	Jul-Sep		Jan-Sep		LTM	Jan-Dec 2022
	2023	2022	2023	2022		
<b>Operating revenue</b>						
Net sales	1,005.4	1,168.3	3,209.3	3,431.6	4,235.4	4,457.7
Other operating income	24.7	-3.2	34.2	11.3	43.8	20.9
<b>Total</b>	<b>1,030.1</b>	<b>1,165.2</b>	<b>3,243.4</b>	<b>3,442.8</b>	<b>4,279.2</b>	<b>4,478.6</b>
Raw materials and consumables	-644.2	-789.5	-2,086.4	-2,357.1	-2,772.5	-3,043.3
Other external expenses	-49.2	-50.2	-174.6	-160.3	-232.9	-218.6
Staff costs	-148.3	-131.1	-412.4	-401.4	-553.4	-542.3
Dep. and amort of fixed assets	-26.7	-22.2	-71.9	-56.0	-92.7	-76.8
Divestment of NCAB Russia	-	-	-	-43.2	-	-43.2
Other operating expenses	-1.2	0.2	-10.5	-7.9	-10.7	-8.0
<b>Total operating expenses</b>	<b>-869.6</b>	<b>-992.8</b>	<b>-2,755.8</b>	<b>-3,025.8</b>	<b>-3,662.2</b>	<b>-3,932.2</b>
<b>Operating profit</b>	<b>160.5</b>	<b>172.3</b>	<b>487.6</b>	<b>417.1</b>	<b>616.9</b>	<b>546.4</b>
Net financial income/expense	-23.2	10.0	-54.5	26.0	-76.7	3.8
<b>Profit before tax</b>	<b>137.4</b>	<b>182.3</b>	<b>433.1</b>	<b>443.1</b>	<b>540.2</b>	<b>550.2</b>
Income tax	-26.9	-43.8	-96.5	-97.3	-132.3	-133.0
<b>Profit for the period</b>	<b>110.4</b>	<b>138.5</b>	<b>336.6</b>	<b>345.8</b>	<b>408.0</b>	<b>417.1</b>
<b>Profit attributable to:</b>						
Shareholders of the Parent Company	110.4	138.5	336.5	345.7	407.8	417.0
Non-controlling interests	0.0	0.0	0.1	0.2	0.2	0.2
Average number of shares before dilution	186,958,090	186,971,240	186,945,923	186,938,504	186,943,256	186,928,204
Average number of shares after dilution	187,351,411	187,216,795	187,484,981	187,241,697	187,471,022	187,279,557
Earnings per share before dilution	0.59	0.74	1.80	1.85	2.18	2.23
Earnings per share after dilution	0.59	0.74	1.79	1.85	2.18	2.23

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Jul-Sep		Jan-Sep		LTM	Jan-Dec 2022
	2023	2022	2023	2022		
<b>Profit for the period</b>	<b>110.4</b>	<b>138.5</b>	<b>336.6</b>	<b>345.8</b>	<b>408.0</b>	<b>417.1</b>
<b>Other comprehensive income, items that can subsequently be reclassified to profit or loss:</b>						
Foreign exchange differences	45.2	67.6	45.2	132.7	31.7	119.2
	-	-	-	-8.2	-	-8.2
<b>Total comprehensive income</b>	<b>155.6</b>	<b>206.1</b>	<b>381.9</b>	<b>470.3</b>	<b>439.7</b>	<b>528.1</b>
<b>Profit attributable to:</b>						
Shareholders of the Parent Company	155.6	206.1	381.7	470.1	439.5	527.9
Non-controlling interests	0.0	0.0	0.1	0.2	0.2	0.2

## CONSOLIDATED BALANCE SHEET

SEK million

ASSETS	30 Sep 2023	30 Sep 2022	31 Dec 2022
<b>Non-current assets</b>			
Goodwill	1,403.5	1,065.8	1,057.5
Other intangible assets	261.6	164.2	171.7
Leasehold improvement costs	7.5	4.3	7.2
Right-of-use Office and Cars	79.1	76.5	85.5
Plant and equipment	14.0	12.2	11.0
Financial assets	5.7	6.1	5.5
Deferred tax assets	16.6	20.7	12.2
<b>Total non-current assets</b>	<b>1,788.0</b>	<b>1,349.8</b>	<b>1,350.6</b>
<b>Current assets</b>			
Inventories	331.7	510.7	504.9
Trade receivables	794.6	990.7	760.7
Other current receivables	25.1	24.8	39.2
Prepaid expenses and accrued income	28.2	28.2	27.8
Cash and cash equivalents	447.2	290.5	357.8
<b>Total current assets</b>	<b>1,626.8</b>	<b>1,844.9</b>	<b>1,690.5</b>
<b>TOTAL ASSETS</b>	<b>3,414.8</b>	<b>3,194.6</b>	<b>3,041.1</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the Parent Company</b>			
Share capital	1.9	1.9	1.9
Additional paid-in capital	478.1	478.1	478.1
Reserves	169.3	137.5	124.0
Retained earnings	731.9	517.8	591.5
Non-controlling interests	0.2	0.2	0.3
<b>Total equity</b>	<b>1,381.4</b>	<b>1,135.6</b>	<b>1,195.8</b>
<b>Non-current liabilities</b>			
Borrowings	949.4	833.4	833.8
Leased liabilities	50.0	52.7	57.6
Deferred tax	83.5	63.0	62.1
<b>Total non-current liabilities</b>	<b>1,082.9</b>	<b>949.1</b>	<b>953.4</b>
<b>Current liabilities</b>			
Current liabilities	45.0	15.2	0.3
Current right-of-use liabilities	33.7	27.7	31.8
Trade payables	507.0	609.5	518.5
Current tax liabilities	109.9	129.8	108.9
Other current liabilities	103.9	164.6	83.5
Accrued expenses and deferred income	151.1	163.2	148.8
<b>Total current liabilities</b>	<b>950.6</b>	<b>1,109.9</b>	<b>891.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,414.8</b>	<b>3,194.6</b>	<b>3,041.1</b>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of the Parent Company							
SEK million	Share capital	Additional paid-in capital	Reserves	Retained earning	Total	Non-controlling interests	Total equity
1 Jan 2022	1.9	478.1	13.1	280.3	773.4	0.4	773.8
Profit for the period				345.7	345.7	0.2	345.8
Other comprehensive income for the period	-	-	124.4	-	124.4	-	124.4
<b>Total comprehensive income</b>	-	-	<b>124.4</b>	<b>345.7</b>	<b>470.1</b>	<b>0.2</b>	<b>470.3</b>
Dividend	-	-	-	-112.2	-112.2	-0.3	-112.5
Own shares	-	-	-	0.7	0.7	-	0.7
Cost for Warrants	-	-	-	3.3	3.3	-	3.3
<b>Total transactions with shareholders, recognised directly in equity</b>	-	-	-	<b>-108.2</b>	<b>-108.2</b>	<b>-0.3</b>	<b>-108.5</b>
<b>30 Sep 2022</b>	<b>1.9</b>	<b>478.1</b>	<b>137.5</b>	<b>517.8</b>	<b>1,135.4</b>	<b>0.2</b>	<b>1,135.6</b>

Attributable to shareholders of the Parent Company							
SEK million	Share capital	Additional paid-in capital	Reserves	Retained earning	Total	Non-controlling interests	Total equity
1 Jan 2023	1.9	478.1	124.0	591.5	1,195.6	0.3	1,195.8
Profit for the period				336.5	336.5	0.1	336.6
Other comprehensive income for the period	-	-	45.2	-	45.2	-	45.2
<b>income</b>	-	-	<b>45.2</b>	<b>336.5</b>	<b>381.7</b>	<b>0.1</b>	<b>381.9</b>
Dividend	-	-	-	-205.7	-205.7	-0.2	-205.8
Own shares	-	-	-	3.0	3.0	-	3.0
Cost for Warrants	-	-	-	6.5	6.5	-	6.5
<b>Total transactions with shareholders, recognised directly in equity</b>	-	-	-	<b>-196.1</b>	<b>-196.1</b>	<b>-0.2</b>	<b>-196.3</b>
<b>30 Sep 2023</b>	<b>1.9</b>	<b>478.1</b>	<b>169.3</b>	<b>731.9</b>	<b>1,381.1</b>	<b>0.2</b>	<b>1,381.4</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Jul-Sep		Jan-Sep		Jan-Dec	
	2023	2022	2023	2022	LTM	2022
<b>Cash flow from operating activities</b>						
Profit before net financial income/expense	160.5	172.3	487.6	417.1	616.9	546.4
Adjustment for non-cash items	22.1	-11.5	57.2	35.6	81.1	59.5
Interest received	-1.1	0.1	0.3	0.3	2.6	2.6
Interest paid	-22.0	-5.8	-45.4	-16.5	-55.8	-26.9
Income taxes paid	-25.2	-2.4	-98.5	-35.0	-154.8	-91.2
<b>Cash flow from operating activities before changes in working capital</b>	<b>134.4</b>	<b>152.8</b>	<b>401.2</b>	<b>401.4</b>	<b>490.1</b>	<b>490.3</b>
Change in inventories	43.3	12.4	175.6	38.5	181.4	44.3
Change in current receivables	88.2	-13.8	89.3	-145.6	305.2	70.3
Change in current operating liabilities	-5.6	60.9	-51.1	90.3	-178.3	-36.8
<b>Total changes in working capital</b>	<b>126.0</b>	<b>59.5</b>	<b>213.8</b>	<b>-16.7</b>	<b>308.3</b>	<b>77.8</b>
<b>Cash flow from operating activities</b>	<b>260.4</b>	<b>212.2</b>	<b>615.0</b>	<b>384.7</b>	<b>798.4</b>	<b>568.1</b>
<b>Cash flow from investing activities</b>						
Investments in property, plant and equipment	-0.4	-4.0	-4.2	-10.0	-4.6	-10.4
Investments in intangible assets	-9.2	-4.4	-40.0	-13.4	-58.9	-32.4
Investments in subsidiaries	-27.6	-	-417.1	-180.4	-415.0	-178.3
Investments in financial assets	-	4.6	-	2.2	0.5	2.7
<b>Cash flow from investing activities</b>	<b>-37.2</b>	<b>-3.8</b>	<b>-461.3</b>	<b>-201.6</b>	<b>-478.0</b>	<b>-218.4</b>
<b>Cash flow from financing activities</b>						
Change in overdraft facility	-60.8	-112.7	-	-173.6	-15.5	-189.0
Borrowings	-	-	160.0	190.0	160.0	190.0
Transaction cost, loans	-	-	-	-	-	-
Repayment of loans	-	-	-	-	-	-
Repayment of leased liabilities	-10.1	-10.9	-27.9	-21.1	-36.3	-29.6
Dividend	-	-	-205.7	-56.1	-261.8	-112.2
<b>Cash flow from financing activities</b>	<b>-70.9</b>	<b>-123.6</b>	<b>-73.5</b>	<b>-60.8</b>	<b>-153.5</b>	<b>-140.8</b>
<b>Decrease/increase in cash and cash equivalents</b>						
Cash flow for the period	152.3	84.9	80.1	122.2	166.8	208.9
Foreign exchange difference in cash and cash equivalents	6.0	16.9	9.2	31.6	-10.1	12.2
Cash and cash equivalents at beginning of period	288.9	188.7	357.8	136.7	290.5	136.7
<b>Cash and cash equivalents at end of period</b>	<b>447.2</b>	<b>290.5</b>	<b>447.2</b>	<b>290.5</b>	<b>447.2</b>	<b>357.8</b>

# Parent Company

## PARENT COMPANY INCOME STATEMENT

SEK million	Jul-Sep		Jan-Sep		Jan-Dec
	2023	2022	2023	2022	2022
<b>Operating revenue</b>					
Net sales	43.5	23.6	130.7	74.4	143.3
<b>Total</b>	<b>43.5</b>	<b>23.6</b>	<b>130.7</b>	<b>74.4</b>	<b>143.3</b>
Other external expenses	-31.5	-10.8	-90.9	-41.6	-89.7
Staff costs	-16.0	-14.2	-41.4	-42.6	-56.2
Depreciation of property, plant and equipment, and amortisation of intangible assets	-0.0	-0.1	-0.0	-0.4	-0.5
Write down	-	-	-	-9.9	-9.9
<b>Total operating expenses</b>	<b>-47.6</b>	<b>-25.1</b>	<b>-132.3</b>	<b>-94.5</b>	<b>-156.3</b>
<b>Operating loss</b>	<b>-4.0</b>	<b>-1.4</b>	<b>-1.6</b>	<b>-20.1</b>	<b>-13.0</b>
Income from investments in Group companies	-	-	259.3	90.4	158.3
Net financial income/expense	-17.4	-5.6	-18.1	-2.1	-3.6
<b>Net financial income/expense</b>	<b>-17.4</b>	<b>-5.6</b>	<b>241.2</b>	<b>88.3</b>	<b>154.8</b>
<b>Profit before tax</b>	<b>-21.5</b>	<b>-7.1</b>	<b>239.5</b>	<b>68.2</b>	<b>141.8</b>
Appropriations	0	-	-	-	8.8
Tax on profit for the period	-	-0.3	-2.7	-0.4	-0.2
<b>Profit for the period</b>	<b>-21.5</b>	<b>-7.4</b>	<b>236.9</b>	<b>67.8</b>	<b>150.3</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 period.

## PARENT COMPANY BALANCE SHEET

SEK million

ASSETS	30 Sep 2023	30 Sep 2022	31 Dec 2022
<b>Non-current assets</b>			
Capitalised development costs	68.1	10.8	28.6
Plant and equipment	0.1	0.1	0.1
Non-current financial assets	910.1	911.8	909.8
Non-current financial assets from Group companies	553.8	318.4	267.4
<b>Total non-current assets</b>	<b>1,532.1</b>	<b>1,241.0</b>	<b>1,205.9</b>
<b>Current assets</b>			
Receivables from Group companies	86.9	178.0	164.1
Other current receivables	5.6	3.2	3.2
Prepaid expenses and accrued income	5.5	4.4	4.0
Cash and cash equivalents	26.5	0.1	42.9
<b>Total current assets</b>	<b>124.5</b>	<b>185.7</b>	<b>214.1</b>
<b>TOTAL ASSETS</b>	<b>1,656.7</b>	<b>1,426.7</b>	<b>1,420.0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital (186,971,240 shares)	1.9	1.9	1.9
<b>Non-restricted equity</b>			
Share premium account	478.1	478.1	478.1
Retained earnings	-408.8	-353.4	-353.5
Profit/ loss for the period	236.9	67.8	150.3
<b>Total equity</b>	<b>308.1</b>	<b>194.4</b>	<b>276.9</b>
Untaxed reserves	1.0	3.8	1.0
<b>Non-current liabilities</b>			
Liabilities to credit institutions	949.4	833.4	833.8
<b>Total non-current liabilities</b>	<b>949.4</b>	<b>833.4</b>	<b>833.8</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	45.0	14.7	-
Trade payables	12.7	4.8	14.1
Liabilities to Group companies	313.6	284.8	273.3
Current tax liabilities	3.1	-	0.4
Other current liabilities	2.6	72.3	2.0
Accrued expenses and deferred income	21.1	18.4	18.5
<b>Total current liabilities</b>	<b>398.1</b>	<b>395.1</b>	<b>308.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,656.7</b>	<b>1,426.7</b>	<b>1,420.0</b>

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK million	Restricted equity	Non-restricted equity		Total
	Share capital	Share premium account	Retained earnings	
1 January 2022	1.9	478.1	-241.3	238.7
Loss for the year	-	-	67.8	67.8
<b>Total comprehensive income</b>	-	-	<b>67.8</b>	<b>67.8</b>
Dividend, shares			-112.2	-112.2
<b>Total transactions with shareholders, recognised directly in equity</b>	-	-	<b>-112.2</b>	<b>-112.2</b>
<b>30 Sep 2022</b>	<b>1.9</b>	<b>478.1</b>	<b>-285.6</b>	<b>194.4</b>

SEK million	Restricted equity	Non-restricted equity		Total
	Share capital	Share premium account	Retained earnings	
1 January 2023	1.9	478.1	-203.1	276.9
Loss for the year	-	-	236.9	236.9
<b>Total comprehensive income</b>	-	-	<b>236.9</b>	<b>236.9</b>
Dividend, shares			-205.7	-205.7
<b>Total transactions with shareholders, recognised directly in equity</b>	-	-	<b>-205.7</b>	<b>-205.7</b>
<b>30 Sep 2023</b>	<b>1.9</b>	<b>478.1</b>	<b>-171.9</b>	<b>308.1</b>

# Notes

## Note 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The financial statements of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board.

The applied accounting policies are consistent with the policies described in the annual report for the financial year ended 31 December 2022 and should be read in conjunction with these. With the exception of the accounting policies described below, the applied accounting policies are consistent with those described in the NCAB Group's annual report for 2022, which is available on NCAB Group's website.

None of the new IFRS standards, amended standards and interpretations that are applicable as of 1 January 2023 have had any material impact on the financial statements of the Group or the Parent Company. No new or amended standards have been applied prospectively.

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*.

The interim financial information on pages 1–29 is an integral part of this financial report.

### Significant estimates and judgements

For information on significant estimates and judgements made by management in preparing the consolidated financial statements, see Note 4 of the 2022 Annual Report.

## Note 2 Information on financial assets and liabilities

For more information on financial assets and liabilities, see the 2022 Annual Report, Note 2. The Group's financial assets and liabilities are measured at amortised cost. There are temporary financial liabilities that are measured at fair value. For acquisitions, the purchase consideration may be determined based on future outcomes in the acquired company. The part of the consideration that is dependent on the future outcome of the acquired company is determined by earnings forecasts and is recognised at fair value. No change in the value took place in the period. The carrying amounts of the Group's financial assets and liabilities are deemed to approximate their fair values. All financial assets are recognised in the category "Financial assets measured at amortised cost". Most of the company's financial liabilities are recognised in the category "Other financial liabilities", and any additional purchase considerations are recognised at fair value.

## Note 3 Pledged assets and contingent liabilities

As of December 2022, the Group no longer has any material pledged assets or contingent liabilities.

## Note 4 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 Group's companies in Denmark, Finland, Norway and Sweden. 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 Group 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 Group's companies in France, Italy, the Netherlands, North Macedonia, Poland, Switzerland, Spain, UK and Germany. 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 Group 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 Group'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 Group 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 Group'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 Group 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. However, minor amounts may be invoiced between the segments for freight and services, which are provided on market terms.

### Sales and earnings of segments, July–September 2023

Quarter	Nordic		Europe		North America		East		Central functions		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
SEK million												
Net sales	200	313	567	591	186	198	52	66	-0	-	1,005	1,168
<b>EBITA</b>	<b>38</b>	<b>57</b>	<b>86</b>	<b>78</b>	<b>26</b>	<b>34</b>	<b>11</b>	<b>14</b>	<b>15</b>	<b>1</b>	<b>176</b>	<b>183</b>
EBITA margin, %	19.1	18.1	15.1	13.2	13.7	17.1	21.1	20.5			17.5	15.7
Amortis. intangible assets											-15	-11
<b>Operating profit</b>											<b>161</b>	<b>172</b>
Operating margin, %											16.0	14.8
Net financial expense											-23	10
Profit before tax											137	182
Net working capital	63	124	223	399	47	20	23	37	-48	-91	308	487

## Sales and earnings of segments, January–September 2023

SEK million	Nordic		Europe		North America		East		Central functions		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	668	921	1,853	1,709	528	587	160	215	-0	-	3,209	3,432
<b>EBITA</b>	<b>140</b>	<b>160</b>	<b>280</b>	<b>219</b>	<b>83</b>	<b>84</b>	<b>31</b>	<b>36</b>	<b>-6</b>	<b>-8</b>	<b>528</b>	<b>490</b>
EBITA margin, %	20.9	17.3	15.1	12.8	15.8	14.3	19.1	16.5			16.4	14.3
Amortis. intangible assets											-40	-30
Write down Russia											-	-43
<b>Operating profit</b>											<b>488</b>	<b>417</b>
Operating margin, %											15.2	12.2
Net financial expense											-54	26
Profit before tax											433	443
Fixed assets	21	25	38	38	17	7	9	2	15	21	101	93
Intangible assets	420	444	584	431	585	335	9	9	68	11	1,665	1,230

## Sales and earnings of segments, LTM

LTM	Nordic		Europe		North America		East		Central functions		Group	
	2023 LTM	2022	2023 LTM	2022	2023 LTM	2022	2023 LTM	2022	2023 LTM	2022	2023 LTM	2022
Net sales	964	1,216	2,336	2,193	719	779	216	270	0	-	4,235	4,458
<b>EBITA</b>	<b>185</b>	<b>205</b>	<b>333</b>	<b>272</b>	<b>117</b>	<b>118</b>	<b>42</b>	<b>47</b>	<b>-9</b>	<b>-11</b>	<b>669</b>	<b>631</b>
EBITA margin, %	19.2	16.8	14.2	12.4	16.3	15.1	19.6	17.5			15.8	14.2
Amortis. intangible assets											-52	-41
Write down Russia											-	-43
<b>Operating profit</b>											<b>617</b>	<b>546</b>
Operating margin, %											14.6	12.3
Net financial expense											-77	4
Profit before tax											540	550
Net working capital	<b>63</b>	<b>118</b>	<b>223</b>	<b>324</b>	<b>47</b>	<b>14</b>	<b>23</b>	<b>62</b>	<b>-48</b>	<b>-45</b>	<b>308</b>	<b>473</b>
Fixed assets	21	23	38	40	17	11	9	10	15	20	101	104
Intangible assets	420	445	584	434	585	313	9	8	68	29	1,665	1,229



## Note 5

### Quarterly summary

	Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	Q2 22	Q1 22	Q4 21	Q3 21
Order intake, SEK million	924	924	1,030	1,009	1,011	1,036	1,171	1,067	935
Order intake, USD million	85.2	87.9	98.7	93.2	94.1	104.9	125.3	120.6	107.3
Net sales, SEK million	1,005	1,057	1,146	1,026	1,168	1,122	1,141	977	864
SEK annual growth, %	-13.9	-5.7	0.4	5.1	35.3	47.2	84.9	89.7	60.9
Net sales, USD million	92.6	100.5	109.9	94.4	109.8	114.0	122.1	111.3	99.8
USD annual growth, %	-15.6	-11.8	-10.0	-15.2	10.0	25.4	66.2	87.1	65.5
Gross margin, %	36.2	36.4	33.6	34.1	32.2	31.3	30.2	30.6	30.8
EBITA, SEK million	176.0	168.2	183.7	141.0	183.5	160.2	146.3	121.0	123.2
EBITA margin, %	17.5	15.9	16.0	13.7	15.7	14.3	12.8	12.4	14.3
Operating profit/loss, SEK million	160.5	154.5	172.6	129.3	172.3	150.9	93.8	113.7	118.6
Total assets, SEK million	3,415	3,408	3,176	3,041	3,195	3,034	2,733	2,661	1,982
Cash flow from operating activities, SEK million	260.4	152.7	201.9	189.4	212.2	148.2	24.2	19.8	0.2
Equity/assets ratio, %	40.5	37.8	40.9	39.3	35.5	30.6	32.0	29.1	43.1
Number of employees	613	614	587	587	578	574	603	562	512
Average exchange rate, SEK/USD	10.81	10.51	10.42	10.73	10.55	9.83	9.33	8.86	8.65
Average exchange rate, SEK/EUR	11.76	11.43	11.20	10.94	10.63	10.47	10.48	10.13	10.19

## Note 6 Acquisitions

### Bare Board Consultants (BBC)

On 24 November 2022, an agreement was signed to acquire 100 per cent of the shares in Bare Board Consultants in Italy. The transaction was completed on 10 January 2023. Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. The company reported net sales of just over SEK 90 million and EBITA of slightly more than SEK 9 million in 2022. The purchase consideration for the shares amounted to SEK 71.7 million and goodwill of SEK 18.9 million arose. As a result of the acquisition, three new employees joined us in Italy.

### db electronic

On 2 May 2023, 100 per cent of the shares was acquired in db electronic, with companies in Germany, Switzerland and France. Operating profit together with assets and liabilities associated with the acquired companies were consolidated from the transaction date. The companies reported net sales of SEK 125 million and EBITA of slightly more than SEK 19 million in 2022. The purchase consideration for the shares amounted to SEK 124.7 million and goodwill of SEK 101.2 million arose. Through the acquisition, some 20 new employees were added.

### Phase 3 Technologies

On 4 May 2023, 100 per cent of the shares was acquired in Phase 3 Technologies in San Jose, USA. Operating profit together with assets and liabilities associated with the acquired companies were consolidated from the transaction date. The companies reported net sales of SEK 247 million and EBITA of slightly more than SEK 37 million in 2022. The purchase consideration for the shares is estimated at SEK 291.3 million and goodwill of SEK 196.3 million arose. The purchase consideration comprised SEK 268 million paid on transfer and a potential additional purchase consideration estimated at SEK 23 million. The additional purchase consideration is based on the development of gross profit in 2023 compared with the gross profit in 2022. Through the acquisition, 17 employees were added. The additional purchase consideration is now expected to be lower, and SEK 21 million of the provision for the additional purchase consideration was dissolved.

### Electronic Advanced Circuits

On 31 October, an agreement was signed to acquire 100 per cent of the shares in Electronic Advanced Circuits, with offices in Madrid, Spain. The transaction is estimated to close in November. The company is expected to reach net sales of approximately SEK 19 million in 2023 with an EBITA margin of about 15 per cent. The company has two employees who will immediately join other NCAB employees in Spain.

### Contribution in 2023

During the year, BBC, db electronic and Phase 3 Technologies made a combined contribution of SEK 164 million in net sales and SEK 27.1 million in EBITA. If all of the companies had been consolidated on 1 January 2023, the Group's net sales for the January–September period 2023 would have increased by SEK 120 million to SEK 3,329 million and EBITA by SEK 18.9 million to SEK 546.8 million.

Total transaction costs of SEK 9.4 million were paid in conjunction with these three acquisitions, all of which were booked as central costs.

Acquisitions	BBC 10 January 2023	db electronic 2 May 2023	Phase 3 4 May 2023
<b>Total purchase consideration</b>	<b>71.7</b>	<b>124.7</b>	<b>291.3</b>
<b>Acquired assets and assumed liabilities</b>			
Non-current assets	0.3	2.7	1.8
Customer relationships	17.1	12.2	58.2
Other current assets	42.9	20.5	52.0
Cash and cash equivalents	15.5	7.5	25.6
Other operating liabilities	-17.3	-15.9	-28.1
Deferred tax	-5.7	-3.5	-14.6
<b>Total net assets</b>	<b>52.8</b>	<b>23.5</b>	<b>95.0</b>
Goodwill	18.9	101.2	196.3

Amounts reported in the table above are preliminary values.

### Note 7 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.

## Gross profit

SEK million	Jul-Sep		Jan-Sep		Jan-Dec	
	2023	2022	2023	2022	LTM	2022
Net sales	1,005.4	1,168.3	3,209.3	3,431.6	4,235.4	4,457.7
Other operating income	21.5	0.4	22.5	0.9	42.9	21.4
Cost of goods sold	-644.2	-789.5	-2,086.4	-2,357.1	-2,772.5	-3,043.3
Translation differences	2.5	-3.6	11.0	10.3	9.7	9.1
Revaluation of purchase price	-21.0	-	-21.0	-	-30.6	-9.6
<b>Total gross profit</b>	<b>364.2</b>	<b>375.6</b>	<b>1,135.3</b>	<b>1,085.8</b>	<b>1,484.9</b>	<b>1,435.3</b>
Gross margin, %	36.2	32.2	35.4	31.6	35.1	32.2

## EBITA

SEK million	Jul-Sep		Jan-Sep		Jan-Dec	
	2023	2022	2023	2022	LTM	2022
Operating profit	160.5	172.3	487.6	417.1	616.9	546.4
Amortisation and impairment of intangible assets	15.5	11.1	40.3	29.6	52.0	41.3
Divestment Russia	-	-	-	43.2	-	43.2
<b>EBITA</b>	<b>176.0</b>	<b>183.5</b>	<b>527.9</b>	<b>489.9</b>	<b>668.9</b>	<b>630.9</b>
EBITA margin, %	17.5	15.7	16.4	14.3	15.8	14.2

## EBITDA

SEK million	Jul-Sep		Jan-Sep		Jan-Dec	
	2023	2022	2023	2022	LTM	2022
Operating profit	160.5	172.3	487.6	417.1	616.9	546.4
Depreciation, amortisation and impairment of property, plant and equipment, and intangible assets	26.7	22.2	71.9	56.0	92.7	76.8
Divestment Russia	-	-	-	43.2	-	43.2
<b>EBITDA</b>	<b>187.3</b>	<b>194.5</b>	<b>559.6</b>	<b>516.2</b>	<b>709.7</b>	<b>666.4</b>
EBITDA margin, %	18.6	16.6	17.4	15.0	16.8	14.9

## Return on equity

SEK million	Sep 2023	Sep 2022	Dec 2022
Profit for the period — LTM	408.0	421.5	417.1
Equity (average)	1,258.5	995.0	984.8
<b>Return on equity, %</b>	<b>32.4</b>	<b>42.4</b>	<b>42.4</b>

## Net working capital and capital employed

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Inventories	331.7	510.7	504.9
Trade receivables	794.6	990.7	760.7
Other current receivables	25.1	24.8	39.2
Prepaid expenses and accrued income	28.2	28.2	27.8
Trade payables	-507.0	-609.5	-518.5
Current tax liabilities	-109.9	-129.8	-108.9
Other current liabilities	-103.9	-164.6	-83.5
Accrued expenses and deferred income	-151.1	-163.2	-148.8
<b>Net working capital</b>	<b>307.8</b>	<b>487.2</b>	<b>472.9</b>
Non-current assets	1,788.0	1,349.8	1,350.6
Cash and cash equivalents	447.2	290.5	357.8
Deferred tax	-83.5	-63.0	-62.1
<b>Capital employed</b>	<b>2,459.5</b>	<b>2,064.5</b>	<b>2,119.3</b>

## Return on capital employed

SEK million	Sep 2023	Sep 2022	Dec 2022
Operating profit/loss — LTM	616.9	530.8	546.4
Capital employed (average)	2,262.0	1,628.6	1,882.2
<b>Return on capital employed, %</b>	<b>27.3</b>	<b>32.6</b>	<b>29.0</b>

## Equity/assets ratio

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Equity	1,381.4	1,135.6	1,195.8
Untaxed reserves	-	-	-
<b>Total</b>	<b>1,381.4</b>	<b>1,135.6</b>	<b>1,195.8</b>
Total assets	3,414.8	3,194.6	3,041.1
<b>Equity/assets ratio, %</b>	<b>40.5</b>	<b>35.5</b>	<b>39.3</b>

## Net debt

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Interest-bearing liabilities	1,078.1	928.9	923.5
Cash and cash equivalents	-447.2	-290.5	-357.8
<b>Total net debt</b>	<b>630.9</b>	<b>638.4</b>	<b>565.6</b>
EBITDA LTM	709.7	644.8	666.4
<b>Net debt / EBITDA</b>	<b>0.9</b>	<b>1.0</b>	<b>0.8</b>

## Net debt excl. IFRS 16 adjustment

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Interest-bearing liabilities excl IFRS 16	994.4	848.5	834.1
Cash and cash equivalents	-447.2	-290.5	-357.8
<b>Total net debt excl IFRS16</b>	<b>547.2</b>	<b>558.0</b>	<b>476.2</b>
EBITDA LTM excl IFRS 16	673.4	618.1	636.8
<b>Net debt excl IFRS 16/ EBITDA excl IFRS 16</b>	<b>0.8</b>	<b>0.9</b>	<b>0.7</b>

<b>Alternative performance measure</b>	<b>Definition</b>	<b>Purpose</b>
Gross profit	Net sales less raw materials and consumables and with the addition of other operating income, which includes translation differences on trade receivables and trade payables, but does not include other operating income pertaining to the remeasurement of acquisition price at fair value	Gross profit provides an indication of the surplus that is needed to cover fixed and semi-fixed costs in the NCAB Group
Gross margin	Gross profit divided by net sales	The gross margin provides an indication of the surplus as a percentage of net sales that is needed to cover fixed and semi-fixed costs in the NCAB Group
EBITDA	Operating profit before depreciation, amortisation and impairment of property, plant and equipment, and intangible assets	EBITDA along with EBITA provide an overall picture of operating earnings
Adjusted EBITDA	Operating profit before depreciation, amortisation and impairment of property, plant and equipment, and intangible assets adjusted for non-recurring items	Adjusted EBITDA is adjusted for extraordinary items. NCAB Group therefore considers that it is a useful performance measure for showing the company's operating earnings
EBITA	Operating profit before amortisation and impairment of goodwill and acquisition-related intangible assets	EBITA provides an overall picture of operating earnings
Adjusted EBITA	Operating profit before amortisation and impairment of goodwill and acquisition-related intangible assets adjusted for non-recurring items	Adjusted EBITA is adjusted for non-recurring items. NCAB Group therefore considers that it is a useful performance measure for showing the company's operating earnings
Adjusted EBITA margin	Operating profit before amortisation and impairment of goodwill and acquisition-related intangible assets adjusted for non-recurring items, divided by net sales	Adjusted EBITA margin is adjusted for 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
Return on equity	Profit/loss for the past 12 months divided by average equity	Return on equity is used to analyse the company's profitability, based on how much equity is used
Net working capital	Current assets excluding cash and cash equivalents less non-interest-bearing current liabilities	This measure shows how much working capital is tied up in the business
Capital employed	Equity and interest-bearing liabilities	Capital from external parties
Return on capital employed	Profit/loss for the past 12 months divided by average capital employed	Return on capital employed is used to analyse the company's profitability, based on how much equity is used
Equity/assets ratio	Equity and untaxed reserves net of deferred tax, divided by total assets	NCAB Group considers that this is a useful measure for showing what portion of total assets is financed by equity. It is used by management to monitor the Group's long-term financial position
Net debt	Interest-bearing liabilities less cash and cash equivalents	Net debt is a measure which shows the company's total indebtedness
Net debt excl. IFRS 16 adjustment	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.
EBITDA excl. IFRS	EBITDA adjusted for lease expenses pertaining to assets classified as right-of-use assets	EBITDA along with EBITA provide an overall picture of operating earnings Used in covenant calculations to the bank.
Book to bill	Order intake for the period divided by net sales for the period	This provides a picture of how the order backlog changes over the period regardless of the effects of acquisitions or currency

## ABOUT NCAB

# A leading supplier of PCBs

NCAB is one of the world's leading suppliers of printed circuit boards (PCBs) with some 3,350 customers worldwide. It is important to achieve scale benefits, which is why NCAB has a strong focus on growth. NCAB is the leader in terms of expertise, service, sustainability and technology. Being the leading player also gives the strength to attract customers through important projects, skilled employees and the best factories.



NCAB works in deep relationships with its customers, where NCAB takes responsibility for the entire delivery so customers can focus on their manufacturing operations. NCAB does not own any factories, but because of its Factory Management team NCAB does "own" the most important element – the relationship with the factories and the entire manufacturing process, which provides access to state-of-the-art technology and limitless capacity without the need for investments.

### BUSINESS CONCEPT

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

### VISION

*The Number 1 PCB producer – wherever we are.*

### FINANCIAL TARGETS

On 27 April 2022, NCAB set new financial objectives in the medium term.

- > Net sales of SEK 8 billion in 2026, achieved by approximately equal part organic and acquired growth.
- > EBITA of SEK 1 billion in 2026.
- > Net debt less than 2x EBITDA (unchanged from before).
- > Dividend based on available cash flow amounting to approximately 50 per cent of net profit (unchanged from before).

**3,350**  
CUSTOMERS



**16**  
COUNTRIES WITH  
LOCAL PRESENCE



**31**  
MANUFACTURERS



**613**  
SPECIALISTS



**336**  
MILLION PCBs  
MANUFACTURED PER YEAR

