NCAB GROUP

ANNUAL REPORT 2021

NCAB manufactures PCBs for industries whose technology must never malfunction.
Reliable PCBs – Because failure is not an option.

You depend on a multitude of products in your everyday life. The car you drive, the train you travel in or the electricity in your home. You expect them to work – because they must.

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

It all starts with the design, the right specifications and in choosing the right manufacturing partner. It also includes efficient logistics, on-time deliveries and that the entire manufacturing process is conducted in a manner that fulfils our customers' and, not least, NCAB's sustainability requirements.

Reliable PCBs
Because failure is not an option.

VISION

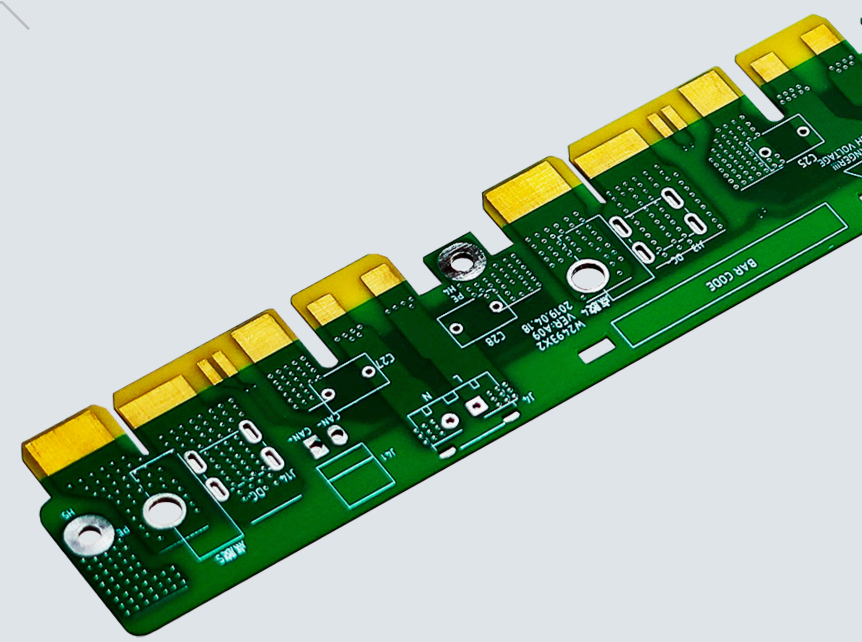
The number 1 PCB producer – wherever we are.

MISSION

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

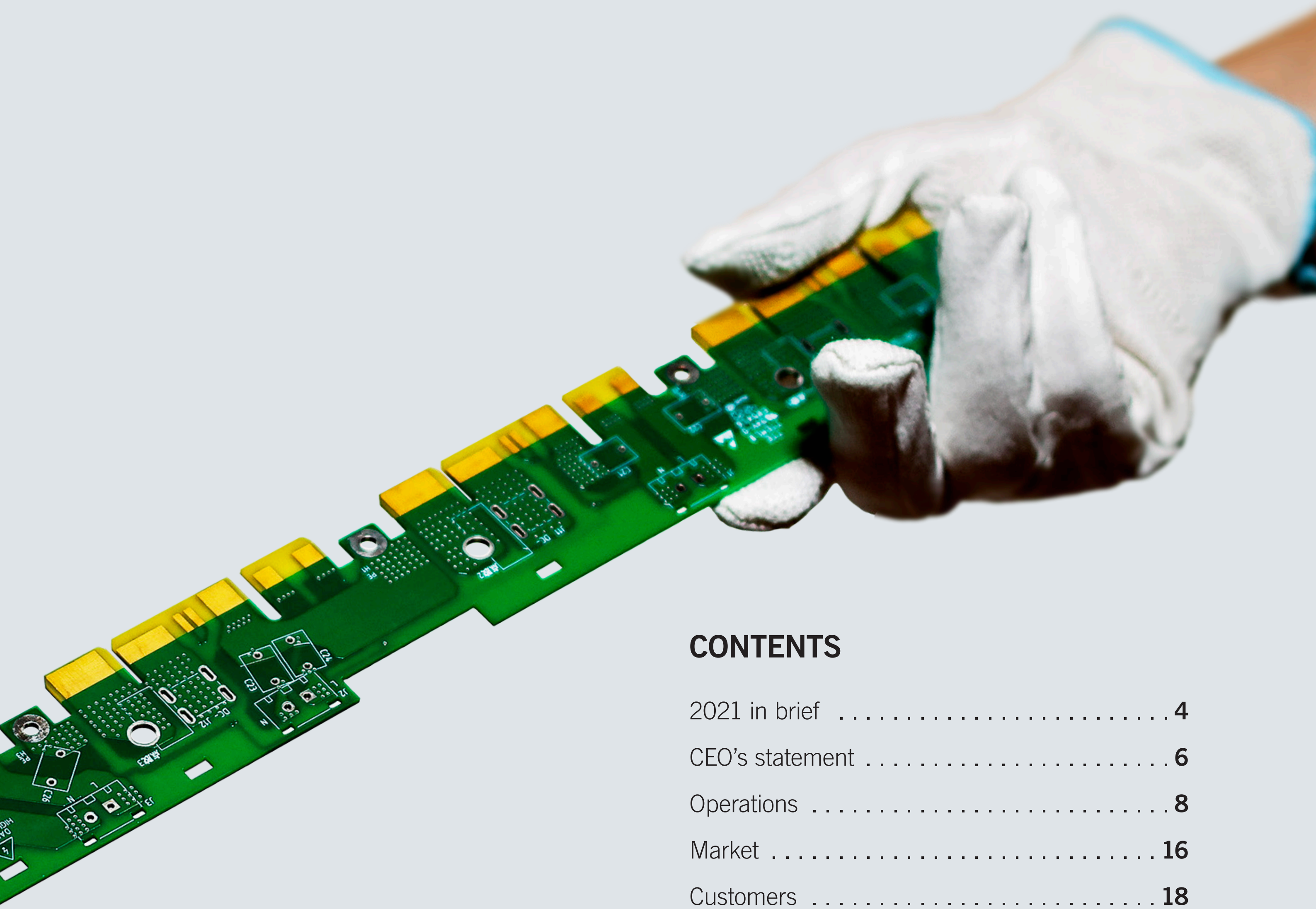
VALUES

Quality first.
Strong relationships.
Full responsibility.



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

The business model, where NCAB is a full-service supplier without its own factories, has several advantages: minimal stocks and limited investments, resulting in low capital tied-up and strong cash flows.



CONTENTS

Growing market and stronger market shares

NCAB has grown robustly in 2021. Both organically and through acquisitions.

SALES, SEK billion	SALES GROWTH	EBITA, SEK million	EBITA MARGIN
3.2	52%	406.1	12.6%

STRONG ORGANIC GROWTH

In USD, NCAB reported organic growth of 39 per cent in 2021 and including acquisitions growth of 63 per cent. The total market for PCBs is estimated *) to have grown by about 22 per cent in 2021.

NCAB has grown strongly in recent years. Sales have doubled since the IPO in 2018 through organic growth and acquisitions. The focus for many years on high quality, technical support, service and sustainability has borne fruit. Results are now visible in the *Europe* and *North America* regions, where there have been expansive investments for several years. NCAB has a relatively large Factory Management operation in Asia that also offers a major competitive advantage, particularly during these years when travel was impeded.

The Group has many customers and these are spread across the globe, in 45 countries. Each order is small and customers are active in many different sectors. Growth in 2021 was noted in all regions, all sectors and from both new and old customers.

NCAB does not own its factories, but instead has long and strong relationships with suppliers i China and Taiwan. Because of large overall volumes and a local presence with its own personnel, NCAB secured deliveries on time which other, smaller competitors were unable to achieve, due to the impact of the pandemic.

At the end of 2020 and during the first half of 2021, a slightly longer than normal backlog of orders was created, as customers placed orders before anticipated price increases and to ensure deliveries at a time of uncertainty. However, delivery times normalised and the backlog of orders returned to a normal level during the second half of 2021. PCBs cannot be stored for too long as solderability deteriorates after six months to a year.

SEVERAL FIRST-RATE ACQUISITIONS COMPLETED DURING THE YEAR

In addition to strong organic growth, NCAB continued to invest in acquisitions in 2021. During the year, five corporate acquisitions were announced.

The sum of the purchase prices was SEK 647 million and total net sales for these companies in 2021 was estimated at approximately SEK 730 million on the dates of acquisition. As a result of the acquisitions, NCAB has also gained more than 80 specialist employees. NCAB has a good pipeline of additional potential acquisitions.

HEALTHY PROFITABILITY

NCAB's profitability improved in 2021. EBITA was SEK 406.1 million (190.7) and EBITA margin grew to 12.6 per cent, compared with 9.0 per cent in 2020. Return on equity rose to 38.7 per cent compared with 24.3 per cent in 2020.

NCAB SHARES

The NCAB share noted a strong performance during the year, rising 216 per cent. In the same period, OMX Stockholm PI rose by 34 per cent. The share price at the end of 2021 was SEK 88 after the 10:1 split, compared with the equivalent of SEK 26 one year earlier.

The Annual General Meeting in May 2021 resolved on a dividend equivalent to SEK 0.50 per share calculated after the split. In December, an extra meeting resolved on a 10:1 split and an extra dividend of SEK 1.00 per share (calculated after the split).

ORGANISATION

The number of employees increased from 474 to 562 in 2021. The increase is primarily from the acquired companies.

SUSTAINABILITY

To ensure that NCAB's sustainability work remains in line with stakeholder expectations and future regulatory requirements, NCAB performed a new analysis of external factors and stakeholder dialogue in 2021 followed by a risk and materiality analysis. The sustainability strategy was subsequently updated based on this. Focus remains strongly on social and environmental sustainability at NCAB's production partners, along with greater focus on climate impact in the value chain.

During the year, improvements were made to working conditions, health and safety, and environmental responsibility at NCAB's main factories in China. Thanks to NCAB's local sustainability teams, work with ongoing sustainability audits could continue on-site at factories. During the autumn, NCAB began a climate survey to calculate climate emissions in Scope 1, 2, 3 in accordance with the Greenhouse Gas (GHG) protocol standard. The results will be used as a basis for objectives and measures to reduce climate impact.

SEGMENTS

NCAB has four segments: *Nordic, Europe, North America* and *East*. All four segments noted strong performances in 2021.

* Source: Prismark

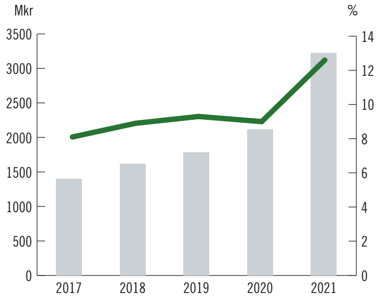
307
MILLION
PCBS DELIVERED

562
EMPLOYEES

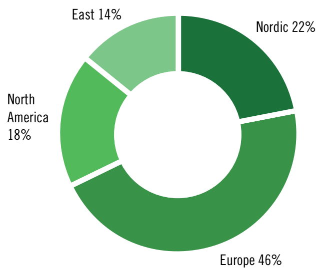
3,150
CUSTOMERS

45
MARKETS

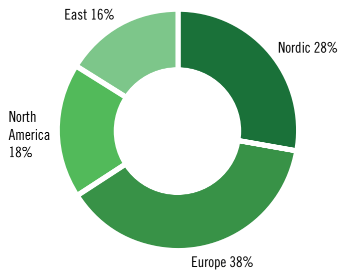
Net sales and adjusted EBITA margin



Net sales, share by segment



EBITA, share by segment



KEY PERFORMANCE INDICATORS	2021	2020	2019	2018	2017
Order intake, SEK million	4,038.9	2,243.4	1,818.3	1,664.5	1,509.2
Order intake, USD million	470.6	243.8	192.2	191.1	176.8
Net sales, SEK million	3,219.5	2,115.2	1,781.2	1,617.0	1,400.1
Net sales, USD million	375.4	229.8	189.1	186.0	163.8
Gross margin, %	30.7	30.3	31.7	31.3	30.2
EBITA, SEK million	406.1	190.7	165.4	132.2	70.2
EBITA margin, %	12.6	9.0	9.3	8.2	5.0
Adjusted* EBITA, SEK million	406.1	190.7	165.4	143.8	113.7
Adjusted* EBITA margin, %	12.6	9.0	9.3	8.9	8.1
Operating profit, SEK million	387.2	182.3	161.7	127.6	65.6
Profit after tax, SEK million	284.9	127.5	128.4	104.6	40.4
Earnings per share before dilution**, SEK	1.52	0.70	0.76	0.64	0.24
Earnings per share after dilution**, SEK	1.52	0.70	0.76	0.62	0.24
Cash flow from operating activities, SEK million	482.8	194.3	153.0	69.9	37.4
Return on equity, %	38.7	24.3	39.8	51.9	30.3
Average exchange rate, SEK/USD	8.58	9.20	9.46	8.57	8.54
Average exchange rate, SEK/EUR	10.14	10.49	10.58	10.26	9.63
Dividend	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 and dividend per share have been calculated retrospectively based on the total number of shares after the stock split for each period.
*** Dividend proposed by the Board of Directors.
**** Ordinary dividend of SEK 0.50 and extra dividend of SEK 1.00 calculated after the split.

Peter Kruk, President and CEO of NCAB Group AB.

A tremendous year that raised NCAB to a new level

2021 was a tremendous year for NCAB. This was perhaps difficult to predict at the height of the pandemic at the beginning of the year. Our market has been highly robust, and NCAB's organic growth far outperformed the market as a whole. It is increasingly clear that we are capturing market shares. The strong demand was noted from all industries and countries, from both old and new customers. Important elements in this success include our strong brand, high quality and level of service, and in particular that we have a local presence in Asia through our Factory Management organisation.

The PCB market is highly fragmented with many local or regional players. Many of these are under increasing pressure from the growing demands for new technology, quality improvements and sustainability. We can see major opportunities to acquire these companies and help them to step up to the next level and further develop their customer relations. We also completed five acquisitions even though it has not always been possible to meet face-to-face, and we have integrated or started to integrate the companies with good results.

PreventPCB, which was acquired in the first quarter, has been integrated into our existing Italian operations and developed favourably. The integration of sas – electronics in Germany and RedBoard Circuits in the USA has continued according to plan. Elmatica, based in Norway, joined us during the fourth quarter and META Leiterplatten in Germany was acquired at year-end. Elmatica is a larger acquisition and has operations in several countries. With the acquisition of Elmatica, we also gained a team of senior leaders with extensive industry know-how. For example, we appointed a new Director of Technology for the Group from Elmatica.

It is clear from analysis of our acquired companies and their performance that they have developed very well since being integrated into NCAB.

Our *Nordic* segment performed strongly and grew both organically and through the acquisition of Elmatica. It is also gratifying to see how the margin has improved. The integration of Elmatica has begun very well and it is clear that it is an excellent addition to NCAB and we anticipate synergies in a number of areas.

We have invested heavily in growth in our *Europe* segment for several years. And we can now clearly see that our efforts have yielded results. We are gaining market shares and our sales activities focused on new customers are paying off. The strong order intake is particularly promising for 2022. Plenty of work remains to be done as it is a large market where we have a relatively small market share.

During the year, *North America* reported a sharp increase in sales and orders. The improvement in profitability was a result of our gradual shift to more high-tech products in both our own operations and in those of our acquired companies.

For *East,* 2021 was positive in terms of earnings and sales, despite extensive COVID restrictions in parts of the region. Profitability is at the high level of 15 per cent due to the high technology content and high level of service.

In December, we increased our credit facilities, and resolved on the payment of an extra dividend and on a share split at an Extraordinary General Meeting. Our strong financial position, expanded credit facilities and strong cash generation are creating opportunities for further acquisitions.

"Continued strong growth in order intake also paints a positive picture for 2022."

All in all, we can look back on another tremendous year in all areas. We are proud of our strong organic growth and the completion of several first-rate acquisitions. Continued strong growth in order intake also paints a positive picture for 2022.

However, world events at the beginning of 2022 have partly changed conditions. Following the invasion of Ukraine by the Russian regime in February, we decided to stop all deliveries of PCBs to Russia. New COVID outbreaks in China meant some factories were closed and shipping delayed. However, at the time of writing it is difficult to anticipate the financial implications for NCAB. NCAB has a history and ability to successfully ward off market volatility and advance its positions in times of uncertainty.

Peter Kruk
President and CEO, NCAB Group AB
Bromma, March 2022

This is NCAB

NCAB is a PCB supplier that does not own any factories but cooperates with a number of different manufacturers. The company mainly operates in the HMLV segment (High-Mix-Low-Volume) and quality is one of the most important cornerstones. NCAB's "Integrated PCB production" concept offers added value to both customers and manufacturers.

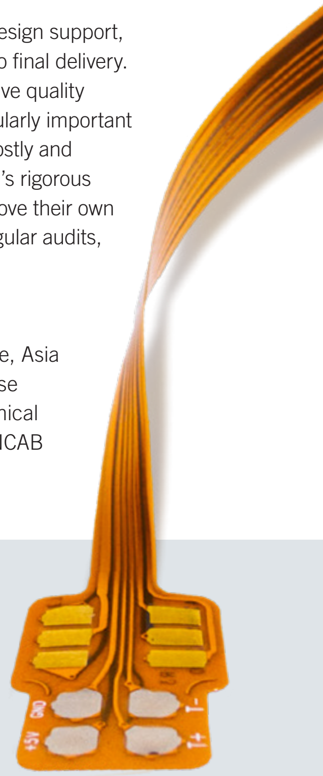
AN INTEGRATED FULL-SERVICE OFFERING

NCAB does not own any factories. Instead, the company purchases its products from a network of manufacturers. Currently, NCAB has 29 main factories in its network. NCAB aims to account for at least 15 per cent of each manufacturers' sales to secure – thanks to its purchasing power – a close relationship and high priority at the manufacturer. The factories that NCAB has chosen to collaborate with combine to cover the existing capacity needs and are approved by NCAB to manufacture a controlled range of PCB technology. To guarantee high flexibility and capacity in its customer offering, NCAB has several manufacturers in each technology and thereby reduces the risk that it will be affected by utilisation levels among individual manufacturers.

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. Quality is an important watchword for NCAB. Preventive quality work with continuous monitoring of factories is particularly important since errors that arise later in the process are more costly and time consuming. This also benefits factories as NCAB's rigorous demands on quality also means they review and improve their own processes and procedures in conjunction with the regular audits, checks and training courses carried out by NCAB.

LOCAL PRESENCE

NCAB has a local presence in 16 countries in Europe, Asia and North America. The local companies have a close collaboration with customers in relation to both technical and commercial support. This local presence offers NCAB



CLEAR POSITION IN THE VALUE CHAIN

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

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

TECHNICAL AND DESIGN SUPPORT

PROTOTYPING

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

The prototypes are manufactured as a means of verifying that the PCB design will operate in practice, that our prototype process bridges the gap between volume and prototyping and ensures the prototypes are ready for volume production, which guarantees shorter lead times and an efficient manufacturing process.

QUALITY ASSURANCE

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

great insight into the customers' products and requirements.

SUBSTANTIAL PURCHASING POWER

Aggregating demand and supply for PCBs creates value, particularly in the HMLV segment, partly for customers who can benefit from NCAB's purchasing power and expertise, partly for manufacturers that can benefit from a highly specialised counterparty. Furthermore, manufacturers can benefit from the fact that NCAB provides them with large volumes of PCBs through its substantial customer base and suitable level of technology.

FACTORY MANAGEMENT

NCAB's Factory Management team works closely with partner manufacturers and plays a key role in NCAB's quality and sustainability work. The team also helps the factories to improve processes, quality and technological know-how, enabling further advancements in their product offering.

WHAT IS A PRINTED CIRCUIT BOARD?

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

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

PCBs form the basis of all PCB-As

The PCB is 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.

Breadth and depth for customers with high standards

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

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

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

PRODUCTION

DELIVERY RELIABILITY

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

SUSTAINABILITY

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

Factory Management ensures quality

The Factory Management team plays a key role in NCAB's quality and sustainability work related to partner factories. The organisation currently consists of 101 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
101

QUALITY ASSURANCE
99.6%

DELIVERY RELIABILITY
92.7%

Factory Management works closely with the factories to ensure production quality through auditing and optimisation of production processes and sustainability practices. Every manufacturer is regularly assessed according to quality, delivery reliability, sustainability aspects and levels of service and price. In addition to its own personnel, NCAB has special teams at the main factories, all selected by NCAB, that consist of employees at the factory. Each team member receives an extra 40 hours of training each year, related to NCAB's quality and service requirements. Because the Factory Management team builds strong relationships with the factories, NCAB's orders are given top priority and the best possible support.

THOROUGH PROCESS TO FIND THE RIGHT MANUFACTURERS

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

NCAB only approves factories for the technology and volumes that they can reliably supply – so that the anticipated performance is attained – meaning that even if the factory can manufacture everything from simple 2-layer PCBs to advanced HDI cards, NCAB will only use the factory for technologies that meet NCAB's rigorous quality standards. When a manufacturer is approved, it is integrated into NCAB's continuous development programme. In 2021, NCAB's sourcing process was also introduced at Factory Management in Taiwan.

AUDITS TO MAINTAIN QUALITY

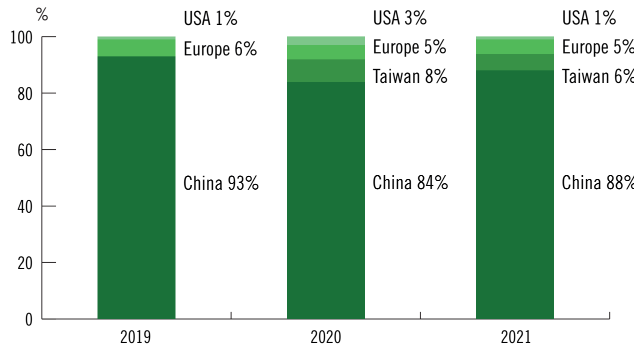
Every year, NCAB conducts quality audits at all main factories. The focus is then on the manufacturing process and other related aspects. In addition to these, NCAB carries out annual audits of pre-production processes. These look closer at initial processes and checks. The annual audits are supplemented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

WORK THAT PRODUCES RESULTS

NCAB measures quality performance as the number of deliveries without customer complaints in relation to the total number of deliveries. Delivery performance is measured as the number of order lines delivered within the confirmed delivery time, in relation to the total number of delivered order lines. Since NCAB launched Factory Management in 2006, quality has increased from 96.5 per cent to 99.6 per cent in 2021, which is high in the industry, and delivery reliability to the customer from 84.0 per cent to 93.0 per cent. NCAB is perceived as one of the leading players in the market in terms of quality control and quality assurance.

In 2021, demand increased dramatically in the industry and many manufacturers struggled to deliver on time. Due to the sharp increase, a shortage of materials also arose and the entire industry suffered longer lead times. Thanks to the presence of NCAB's Factory Management at manufacturers, we have been able to secure priority for both orders and allocation of materials, which meant the company's customers were not as affected by delays as an industry average.

Share of manufacturing by geography



FACTORY CATEGORIES

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

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

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

Cecilia Snell, Category Manager at NCAB Group Factory Management Europe and Ørjan Ødegård, Managing Director of NCAB Group Norway visiting the Hitech factory in North Macedonia.

COLLABORATION WITH THREE CATEGORIES OF FACTORIES

NCAB has strong and close relationships with the factories with which the company cooperates. In 2021, NCAB cooperated with 29 main factories – 20 in China, four 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. The two other factory categories are spot factories and special project factories. All three factory categories are described in more detail above.

WHERE ARE NCAB's PCBS MANUFACTURED?

Most of the PCBs NCAB sells are manufactured in China. However, our ambition is to widen production to more countries. Purchases from Taiwan and Europe have risen during the year, though the increase was even greater from factories in China. During 2021, travel restrictions in Europe – due to the coronavirus pandemic – were a challenge in monitoring factories. As a result, the first factory audit was conducted remotely at one of the prototype manufacturers with which NCAB collaborates.

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.

1 INCREASE MARKET SHARE

Outside the Nordic region, NCAB has a relatively small market share and thus strong growth potential. The aim is to increase market share in countries such as France, Italy, Germany, China and the USA by investing in sales and marketing. In Germany, China and USA, the ambition is also to open additional offices to move closer to customers. Europe and the USA still have a high level of domestic PCB production and NCAB is aiming to gain market share as domestic production continues to decrease.

DEVELOPMENT AND INITIATIVES DURING THE YEAR

NCAB reported strong organic growth during the year, amounting to 39 per cent in USD. According to Prismark, the global PCB market grew 22 per cent in 2021 following on from a weaker 2020, which was impacted by the pandemic.

2 GROWTH AMONG EXISTING CUSTOMERS

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

DEVELOPMENT AND INITIATIVES DURING THE YEAR

Work was strengthened with global accounts during the year, and together with strong customer relationships this generated growth from most of NCAB's global customers. The ability to offer global customers service from NCAB's local companies generates more business.

3 GEOGRAPHICAL EXPANSION

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

DEVELOPMENT AND INITIATIVES DURING THE YEAR

No new markets were entered during the year. However, a new local presence was established in Arizona, USA, and in southern Germany through an acquisition.

4 MARKET CONSOLIDATION

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

DEVELOPMENT AND INITIATIVES DURING THE YEAR

During the year, four companies were acquired and an agreement signed to acquire a fifth: PreventPCB in Italy, sas – electronics in Germany, RedBoard Circuits in the USA, Elmatica in Norway and an agreement to acquire META Leiterplatten in Germany, which was completed in January 2022.

Telen Wang, Application Integration Specialist and Sanna Magnusson, Global Marketing Manager, NCAB Group together with Margaretha Berg, Account Manager, NCAB Group Sweden.

Acquisitions

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

NCAB announced five corporate acquisitions in 2021. Acquisitions will remain an important part of NCAB's growth, and we therefore asked a few different people at the company for their views on our acquisition activities. The following offers a snapshot of our acquisition activities – ranging from the process, our way of integrating operations and, not least, the perspective from employees at acquired companies.

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

What are your general thoughts on acquisitions?

"Acquisitions are, and will continue to be, an important part of NCAB's growth. Acquisitions offer us quick access to an expanded customer base and more talented employees. Factories in Asia are expanding rapidly and if we are to retain our strong purchasing power we must continue to grow. Acquisitions are also a good way to establish NCAB in a new market. Even if NCAB is the largest player, the market is highly fragmented and substantial consolidation opportunities remain.

What are the practical challenges when another company is to be integrated into NCAB?

"Our main focus is always customers and employees. We are acquiring talented employees with strong customer relationships, so first and foremost we must focus on "selling" NCAB to the new customers and employees. Then we consider how we can optimise purchasing by using NCAB's Factory Management team only in Asia. The goal is also to integrate our IT systems, which is often the greatest challenge.

Our goal is that the acquired companies can become one NCAB office with a similar working approach and the same values. In this way, we believe we create the highest value for customers and other stakeholders.

We often identify synergies in purchasing, with better prices and terms and conditions. With NCAB's Factory Management team in Asia, we can improve monitoring and quality when deliveries are under the control of NCAB.

What have you learnt from the different acquisitions?

"We have naturally learnt plenty and found new ways to optimise operations. We have also learnt a lot from IT applications in acquired companies.

What has worked well or less well?

"I think the integration of employees and new customers has been highly successful and we have increased our sales to new customers thanks to NCAB's wider range of qualified suppliers. It has been more difficult to manage the many new suppliers that were included in the acquisitions, which has created extra work for our Factory Management team in Asia. We are endeavouring to find solutions to phase out the factories that only supply small volumes.

How do things look moving forward?

"There are many small trading companies in both Europe and the USA. Often, these have started when a factory is closed and the sales department with many customer relationships has continued as a trading company.

These have reached a certain size, but have found it more difficult to grow further in recent years. By working within NCAB, we can together offer their customers better factories and more service. So, this type of company is interesting to us and we are actively looking to build a pipeline of potential acquisitions. However, as these are often small, family-owned companies it can sometimes take a long time between the first meeting until a finalised deal."

EVA HOLM, VP PEOPLE & CULTURE AT NCAB GROUP EXPLAINS HOW THE ORGANISATION IS AFFECTED BY ACQUISITIONS.

As VP of People & Culture at NCAB, what are the greatest challenges you see with the integration of employees from a completely new company into NCAB's organisation?

"Since we acquire companies that are similar to NCAB, the employees may have previously viewed us as their main competitor that they are now to become part of, which can be a great challenge. It is therefore important that we are part of the process at an early stage. To meet the new employees and show them that they are important to NCAB and that their expertise is needed. We need to answer their questions and understand their needs, while remaining open and transparent about who we are.

It is also important to be patient as integration may take time.

DAVIDE BERRA, MANAGING DIRECTOR AND ALBERTO CASSINERIO, QUALITY /TECHNICAL MANAGER AT NCAB PREVENT, ITALY, EXPLAIN HOW EMPLOYEES FELT WHEN THEY WERE ACQUIRED.

How did it feel to be acquired by another company and then be integrated into the company?
"When we heard about the acquisition we felt proud that Prevent had been chosen. It was exciting to become part of an international group. There were naturally many questions and reflections and it has been a long journey for all employees. We came from another corporate culture and have worked hard to make the integration process as seamless as possible.

One year on, and our expectations have been exceeded and we have learnt plenty about NCAB's structure and work approach. Being part of NCAB is a tremendous opportunity for our customers and employees.

What is important for employees to consider when they are integrated into another company? Do you have any tips?
"Initially, our employees were concerned and worried as everything was new, but thanks to NCAB's onboarding process things gradually became clearer. Based on our own experiences, we believe as a general rule that it is important to conduct a detailed analysis of the acquired company to understand how the organisation works. At first glance, the organisations may seem similar, but there are probably differences in terms of processes, customer management and suppliers. It is very important to learn about the acquired company's values, organisation – and particularly to get to know new colleagues.

Being part of NCAB – is it what you had expected?
"Yes, it is. We will definitely have much greater opportunities to develop and grow – both as a company and employee. We are constantly learning new things about NCAB and are delighted to be part of the company and to contribute to its continued development.

FEBRUARY – PreventPCB, Italy

SALES, SEK million	EMPLOYEES
260	22

PreventPCB is based in Vergiate, near Milan, and the acquisition considerably strengthened NCAB in Italy and provides a strong foundation with continued growth. At the time of the acquisition, the company had 22 employees, 12 in Italy and 10 in China. PreventPCB's primary customer base is in Italy, and also in Switzerland. During the year, operations in Italy were integrated with NCAB's existing company in Italy and with NCAB in China. Annual sales in 2021 amounted to approximately SEK 260 million. The total purchase consideration, including an estimated additional purchase consideration, amounted to approximately SEK 205 million.

JUNE – sas – electronics, Germany

SALES, SEK million	EMPLOYEES
30	10

NCAB in Germany was strengthened through the acquisition of sas – electronics, based in Rohrbach, north of Munich. The company's customer base is primarily in Germany and mainly in High-Mix-Low-Volume. The acquisition included ten new employees and annual sales of just over SEK 30 million. The business was integrated with NCAB in Germany. The total purchase consideration was approximately SEK 28 million.

SEPTEMBER – RedBoard Circuits, USA

SALES, SEK million	EMPLOYEES
45	4

The small, but well managed company was acquired in September and contributed new customers and four new employees to NCAB and annual sales of approximately SEK 45 million. The company is based in Phoenix, Arizona. and will be integrated with NCAB Group USA.

OCTOBER – Elmatica, Norway

SALES, SEK million	EMPLOYEES
365	45

With headquarters in Oslo, Elmatica mainly serves customers in the Nordic region, Germany, Poland, France and Italy. The company has 45 employees in Norway as well as in Sweden, Finland, Denmark, Germany, Poland, France, Italy and China. Its main business is very similar to NCAB's, but Elmatica is also strong in Aerospace and Defence. Annual sales in 2021 were approximately SEK 365 million. Initially, Elmatica will be integrated into the Nordic segment, but in the long term customers outside the Nordic countries may be transferred to the Europe segment.

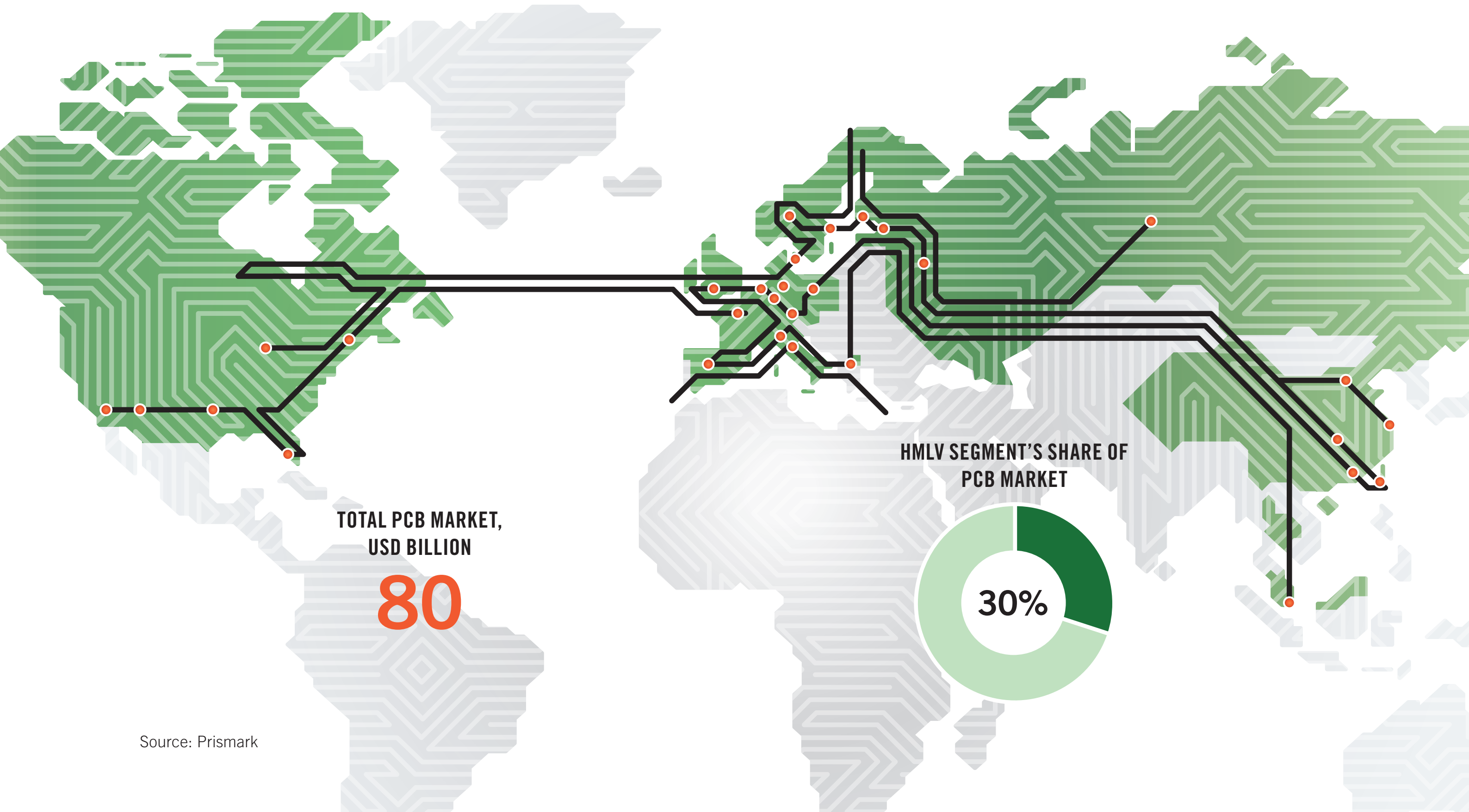
DECEMBER – META Leiterplatten, Germany

SALES, SEK million	EMPLOYEES
85	20

At the end of the year, an agreement was signed to acquire META Leiterplatten in Germany and the transaction was closed in January 2022. The company is based Villingen-Schwenningen in southern Germany and has about 20 employees and focuses on PCBs with a high technology content. Annual sales for 2021 were approximately SEK 85 million. The company has its own warehouse, which will strengthen NCAB Germany's logistics solution. META will be integrated with NCAB in Germany.

Specialists in a global market in growing segment

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



Source: Prismark

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, passengers cars, etc. Due to these conditions, buying directly from manufacturers is the most common alternative in the high-volume segment.

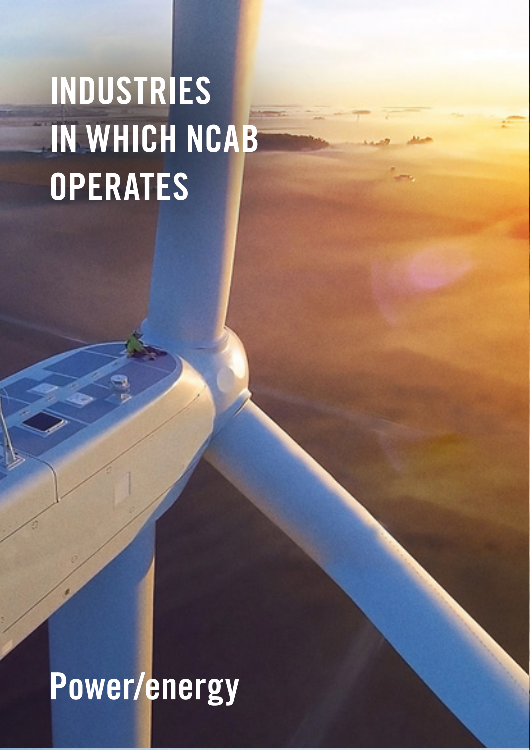
The HMLV segment is for orders that encompass many different types of PCBs manufactured at lower volumes. These types of PCB are often used in more technically advanced and primarily more demanding products, in the manufacturing industry, professional equipment, medtech and transport/logistics industry.

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. In the HMLV segment, NCAB is one of the largest suppliers in the European and North American markets.

In Sweden, Norway and Denmark, NCAB is the largest player in the market, and one of the largest suppliers in Finland and the UK.

There is significant potential to increase market shares in the segment, for example in Germany and the USA.

INDUSTRIES IN WHICH NCAB OPERATES


Power/energy


Industrial


Automotive


Railway


Safety critical


Aerospace/Defence


Datacom


Telecom


Medical

In the Medical segment, NCAB manufactures PCBs for insulin devices.

Customer base with wide variation

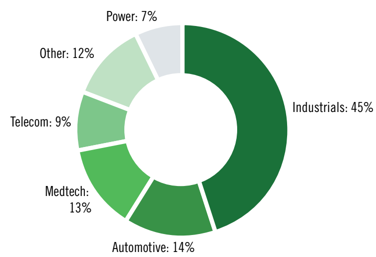
NCAB has about 3,150 customers located in 45 countries worldwide. The customer base is far-reaching – the 10 largest customers accounted for 21 per cent of sales in 2021. The distribution across different countries, industries and types of companies increases diversification and reduces risk.

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

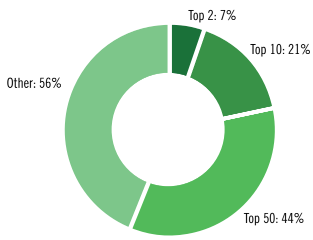
There are two main types of PCB purchasers: EMS* and OEM* companies. EMS customers have greater focus on price than OEM

Sales by customer type

Sales by industry



Diversified customer base



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

EMS CUSTOMERS DEMAND BROAD RANGE OF PCBS

EMS companies offer assembly and purchasing services to primarily ODM* and to some extent OEM customers. EMS companies generally have several preferred suppliers of PCBs in the HMLV segment. They mainly engage a supplier such as NCAB in order to benefit from its expertise and breadth when purchasing PCBs. EMS customers accounted for about 60 per cent of NCAB's sales in 2021.

OEM CUSTOMERS ASSEMBLE PCB-AS IN-HOUSE

OEM customers are manufacturers of their own products, and operate in their own end-industry. They purchase both components and PCBs, and assemble the components themselves into a PCB-A. Typically, they source PCBs for HMLV orders from suppliers, such as NCAB, while high-volume orders are purchased directly from Asian manufacturers. Direct sales to OEM customers accounted for about 40 per cent of NCAB's sales in 2021.

ODM CUSTOMERS HAVE NO IN-HOUSE PRODUCTION

ODM companies have no in-house production and normally work with development, design, marketing and sales distribution of their products. Instead, they use EMS companies to assemble the complete product, and are therefore indirect customers to NCAB. In approximately one quarter of NCAB's orders from an EMS customer, the ODM customer decides which PCB supplier the EMS company with which they placed the order must use. This often concerns demanding applications, and the PCB supplier has a strong bargaining position.

NCAB'S CUSTOMER TYPES

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

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

Charging units for electric vehicles require reliable PCBs

Easee is a Norwegian manufacturer of charging units for electric vehicles and is headquartered in Sandnes. Since it was founded in January 2018, the company has grown rapidly and the number of sold products has increased exponentially. The target for 2021 is 400,000–500,000 delivered units. Each of these contains a PCB from NCAB Group. Kjartan Nilsen, Chief Hardware Architect at Easee describes its products and why it chose NCAB to supply its PCBs.

"Norway was early to adopt electric vehicles. After setting up here in Norway, Easee began to sell products in the rest of Scandinavia and Northern Europe – Sweden, Denmark, the UK, Germany and the Netherlands. The rest of Europe is next in line and we have substantial growth ambitions. Next year, we are aiming to deliver millions of chargers," says Kjartan Nilsen, Chief Hardware Architect at Easee.

The company's concept is compact, reasonably priced and attractively designed charging units intended primarily for home use. Electric vehicle owners often want to park and charge over night and wake up to a fully charged car every morning. Many people also want two electric cars. Electronics are needed to distribute the current used between cars and between the house and the cars. The battery should also be easy to charge during the right hours in the day, when the rest of the house is using less electricity.

"Looking ahead, there is a potential to make cars with batteries into an important part of a new ecosociety. The car battery can not only be charged with locally produced energy, for example solar panels, but also used to store energy that is used to supply the house with electricity when the sun is not shining. This would reduce the need for expensive and resource-intensive new capacity in the electricity grid. However, this requires electronics that can handle high-voltage electricity combined with controlling capacity," he continues.

TWO-TIER, SCALABLE AND COMPACT DESIGN

Easee's charging units handle relatively high currents. This requires PCB-As that contain a lot of copper, both to conduct the current and disperse surplus heat.

"Particularly given today's copper prices, I believe an exciting new construction trend is bus bar embedded PCBs, where copper is built into the PCB with greater precision. This allows you to conduct high-voltage currents without using more copper than absolutely necessary. We do not use this today, but the technology could be interesting in the future," says Kjartan Nilsen.

In high-voltage devices, it is important to use the right conductor width and insulation clearance. Easee's products separate components that handle the actual car charging from the more high-tech components that manage communication and data processing. It's a form of two-tier design.

In the rapidly expanding electric vehicle industry, it is also important that production can be quickly scaled up to large volumes.

In view of this, Easee designs its products to ensure the highest possible degree of assembly automation. This means it is even economically competitive to manufacture the charging units in Norway, close to the market, with shorter lead times and less costly logistics.

"Our charging units are assembled by robots and we use finished modules integrated on the PCB-As. Everything is connected to the PCB and nothing needs to be manually attached. We also strive for a compact design, which makes the solution smaller and means we can pack more units onto each pallet during distribution. We save costs in terms of resources, transportation and storage. Our sustainability performance is also improved," he says.

PCB QUALITY IS CRUCIAL

The quality of the PCB is crucial, particularly as the finished product is often placed outdoors where the temperature can shift from -20°C or below in the winter to +50°C in the sun on a hot summer day.

"Our boards must be reliable. Any errors are detected when it is already too late and are very costly. Minimising the number of complaints, returns and replacement products is also important from an environmental perspective. Since NCAB is in contact with a large number of factories, they can meet our requirements and designs in each individual case," says Kjartan Nilsen.

Easee appreciates that NCAB has employees who monitor and check the factories using established procedures and can manage communications with the factories in the local language.

"It saves us a lot of work if we can avoid doing our own monitoring. We know that we can expect consistent deliveries of the same high quality from NCAB and can therefore concentrate on making our own components," he states.

GOOD CONTACT AND RELIABLE DELIVERIES

NCAB also has a local presence in Norway and Easee can manage all contacts through a single individual.

"We have excellent contact with NCAB Norway's Managing

Norwegian Easee's charging units contain PCBs from NCAB.

Director, Ørjan Ødegård, who understands our needs and is very transparent about which factory is being used and why. This builds trust," says Kjartan Nilsen.

Reliable deliveries are also extremely important. The factories used must purchase sufficient raw material and deliver on time.

"We have highly positive experiences of NCAB in this respect. We have never experienced a stoppage. It is particularly important to have a reliable partner as our main volumes are sent by ship in order to minimise costs for transportation. This requires even more forward management and planning," he concludes.

WHY EASEE CHOSE NCAB AS PCB PARTNER

- NCAB deliveries PCBs from several factories.
- NCAB can match our design to a suitable factory.
- NCAB has a local presence here in Norway and at the PCB factories.
- We have good experiences of NCAB in terms of on-time deliveries and high quality.
- With NCAB, we only need to deal with a single supplier. NCAB is transparent with us about its choice of factories and so forth.

ABOUT EASEE AS

A Norwegian industrial company with its head office in Sandnes and offices in Oslo, Bergen (Norway), Glasgow (UK), Wismar (Germany) and Amsterdam (the Netherlands). The company designs, develops and distributes products that will be part of the electricity grid of the future. The first commercial products are two types of charging units for electric vehicles: Easee Home and Easee Charge, and accessory products. The company was established in 2018, has approximately 150 employees, and sales of NOK 385 million (about EUR 37 million) in 2020.

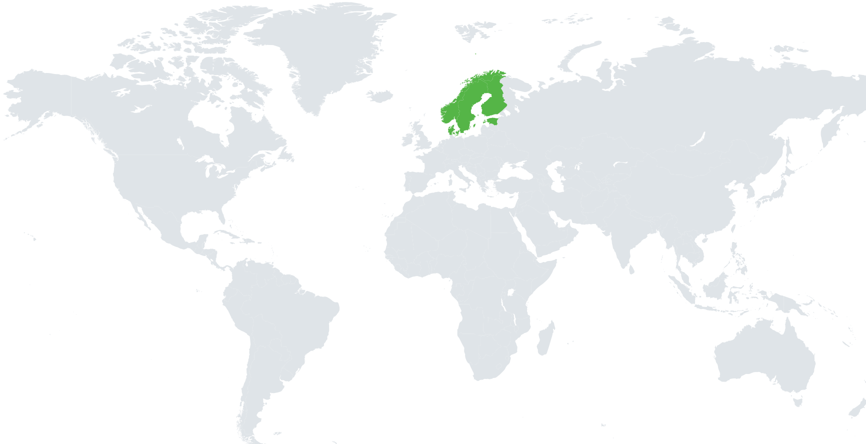
PCBS FORM THE BASIS OF ALL PCB-AS

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

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

BREADTH AND DEPTH FOR CUSTOMERS WITH HIGH STANDARDS

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



Nordic

DENMARK, FINLAND, NORWAY, SWEDEN AND ELMATICA

Strong customer relationships yield good profitability

NET SALES, SEK million	EBITA, SEK million	EBITA MARGIN
710	114.2	16.1%

In the *Nordic* segment, NCAB has a long track record and strong market position. The strong position, combined with a relatively mature market, means NCAB's focus is on enhancing profitability rather than growth and recruitment. Customers are mainly active in the industrial segment, and in medtech and telecommunications. The segment's favourable profitability is mainly due to strong customer relationships, as a result of long-term work focusing primarily on quality and reliability. The strategy is to further deepen these customer relationships over time. In 2021, the segment accounted for 22 per cent of the Group's total sales and 28 per cent of EBITA.

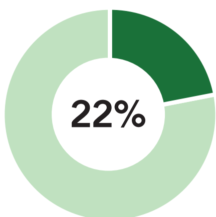
PERFORMANCE IN 2021

The segment reported a positive performance during the year and all companies increased sales. The strongest trend was in Norway, that included very strong growth in PCBs to electric car chargers. In October, the Oslo-based company Elmatica was acquired. Elmatica serves customers in the Nordic region, Germany, Poland, France and Italy. Initially, Elmatica will be part of the Nordic segment.

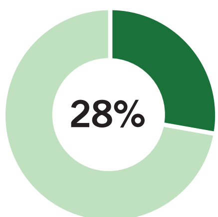
Order intake developed well and increased 54 per cent to SEK 827 million (537). Excluding Elmatica, growth was 38 per cent. Net sales increased 44 per cent to SEK 710 million (494). For comparable units, growth was 25 per cent and 34 per cent in USD. Profitability remained at a high level and EBITA amounted to SEK 114.2 million (77.0), representing an EBITA margin of 16.1 per cent (15.6).

KEY PERFORMANCE INDICATORS	2021	2020
Net sales, SEK million	710.5	493.8
Sales growth, %	43.9	-4.4
EBITA, SEK million	114.2	77.0
EBITA margin, %	16.1	15.6
Average number of employees	67	55

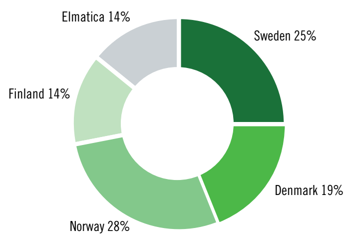
SEGMENT'S SHARE OF SALES

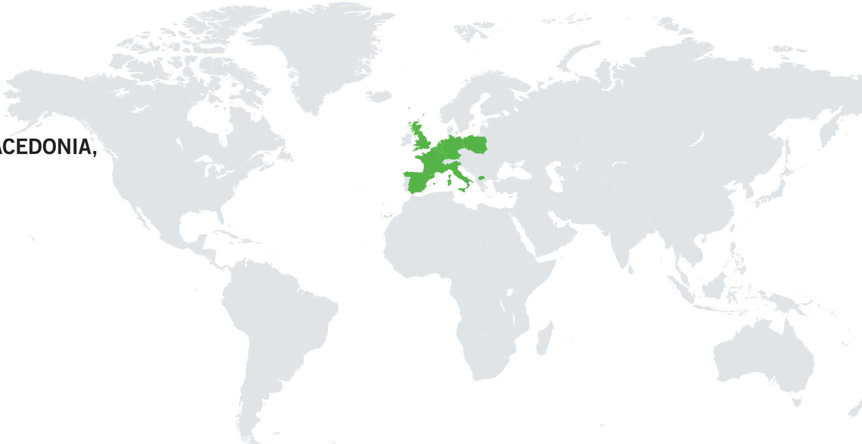


SEGMENT'S SHARE OF EBITA



SALES BY COMPANY





Europe

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

Strong growth and continued significant potential

NET SALES, SEK million	EBITA, SEK million	EBITA MARGIN
1,476	156.2	10.6%

Europe is the Group's largest segment and reported a very strong performance in 2021. The growth potential remains significant for the segment.

The main focus is on growth. A key factor for achieving continued growth is the recruitment of new employees, which could put short-term pressure on profitability. In France, Italy and Germany, NCAB still has a relatively small market share, partly as these countries and markets still have significant domestic production of PCBs. As domestic production decreases in these countries, NCAB is aiming to gain market shares. In February, the Italian company PreventPCB was acquired, which strengthened NCAB's position in the Italian market. Germany is the largest market in Europe and NCAB's presence was strengthened through two acquisitions during the year: sas – electronics in May and META Leiterplatten in December. In 2021, the segment accounted for 46 per cent of the Group's total sales and 38 per cent of EBITA. Customers are primarily in the industrial segment.

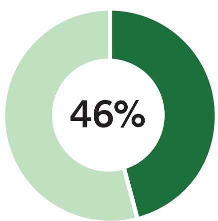
PERFORMANCE IN 2021

The segment reported a very strong performance during the year. This was partly due to the strong recovery following the pandemic at the same time as NCAB also gained market shares. All companies noted healthy growth, which was strongest in the UK, Germany and the Netherlands. The integration of PreventPCB and NCAB's existing operations in Italy has been highly successful and the companies merged on 1 January 2022.

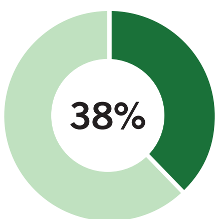
During the year, order intake increased 120 per cent to SEK 2,050 million (931). Order intake for comparable units increased 92 per cent in USD. Net sales increased 72 per cent to SEK 1,476 million (859). For comparable units, growth was 44 per cent and 55 per cent in USD. Profitability improved for all companies due to the strong growth and economies of scale while in parallel the acquired companies also developed favourably. EBITA increased to SEK 156.1 million (56.3), corresponding to a margin of 10.6 per cent (6.6).

KEY PERFORMANCE INDICATORS	2021	2020
Net sales, SEK million	1,476.0	859.5
Sales growth, %	71.7	27.3
EBITA, SEK million	156.1	56.3
EBITA margin, %	10.6	6.6
Average number of employees	169	146

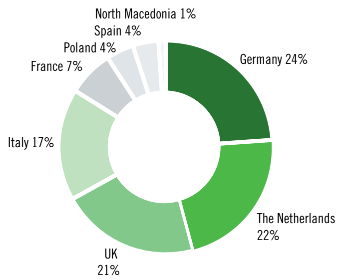
SEGMENT'S SHARE OF SALES



SEGMENT'S SHARE OF EBITA



SALES BY COMPANY



North America

USA

Profitability improvements and focus on continued growth

NET SALES, SEK million
594.0

EBITA, SEK million
74.0

EBITA MARGIN
12.5%

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. Bare Board Group, which was acquired in 2020, has now been integrated into other operations in the USA. After the acquisition, a number of less profitable customers were phased out and substantial effort has been invested in raising profitability.

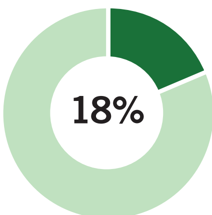
NCAB now has six regional offices in the USA as a means of working close to customers and thereby strengthening relationships with them. Focus is on recruitment, new customers and growth. Like the *Europe* segment, NCAB has a small market share in *North America* due to significant domestic production of PCBs. As domestic production decreases, NCAB is aiming to gain market shares. 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 sourcing alternatives outside China, such as Taiwan.

PERFORMANCE IN 2021

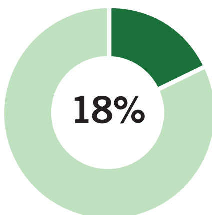
NCAB noted a favourable trend in the *North America* segment. The growth rate gradually improved during the year and both order intake and net sales were at their strongest in the final quarter. In September, RedBoard Circuits in Arizona was acquired. The import tariff has been invoiced in full to customers and is included in reported net sales, as in previous years. The segment's sales amounted to SEK 594.0 million (428.2), corresponding to growth of 39 per cent in SEK and 48 per cent in USD. During the year, profitability also improved significantly mainly due to the substantial improvement in EBITA margin in Bare Board Group, which was acquired in 2020. EBITA increased to SEK 74.0 million (32.5), corresponding to a margin of 12.5 per cent (7.6). At the beginning of the pandemic in 2020, the US authorities issued loans (PPP loans) for small companies to safeguard their cash flow. The companies were subsequently able to apply to have the loans forgiven. During the second quarter, NCAB's PPP loans were forgiven, corresponding to SEK 11.0 million. Excluding the effects of the PPP loans, the EBITA margin amounted to 10.6 per cent.

KEY PERFORMANCE INDICATORS	2021	2020
Net sales, SEK million	594.0	428.2
Sales growth, %	38.7	80.8
EBITA, SEK million	74.0	32.5
EBITA margin, %	12.5	7.6
Average number of employees	79	74

SEGMENT'S SHARE OF SALES



SEGMENT'S SHARE OF EBITA



East

CHINA, MALAYSIA AND RUSSIA

Good service creates satisfied customers and growth

NET SALES, SEK million	EBITA, SEK million	EBITA MARGIN
439.0	64.5	14.7%

NCAB's market position varies in the different countries of the *East* segment. In China, NCAB has a small market share while its position is relatively strong in Russia. Great potential remains for growth in China. Customers are largely in the industrial segment, new energy and the automotive industry in Russia.

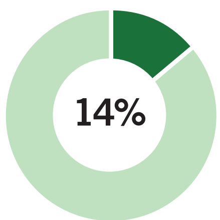
The Chinese business sells to Chinese customers and to European and American customers who are establishing a presence in China. However, growth is strongest to local EMS companies in China. NCAB still has a small share of the Chinese market, but sees exciting growth opportunities with Chinese EMS customers who appreciate NCAB's level of service and the offer of easier access to the highly-regarded PCB factories that NCAB works with. NCAB has four sales offices in the Chinese market that sell in CNY and a company in Hong Kong that sells in USD. Despite strict lockdowns due to the pandemic, the company in Malaysia developed positively and established cooperation with many interesting new customers.

PERFORMANCE IN 2021

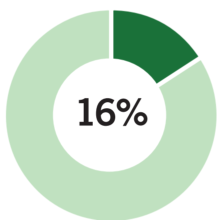
The segment reported a favourable trend for the year, with slightly better growth in China than in Russia. A number of NCAB's customers in Russia have experienced component shortages. In China, NCAB continued to grow with customers in greentech and communications thanks to a high technology content. Sales for the year in the segment amounted to SEK 439.0 million (333.6), corresponding to growth of 32 per cent in SEK and 41 per cent in USD. EBITA increased to SEK 64.5 million (43.1), corresponding to an EBITA margin of 14.7 per cent (12.9).

KEY PERFORMANCE INDICATORS	2021	2020
Net sales, SEK million	439.0	333.6
Sales growth, %	31.6	-5.4
EBITA, SEK million	64.5	43.1
EBITA margin, %	14.7	12.9
Average number of employees	88	75

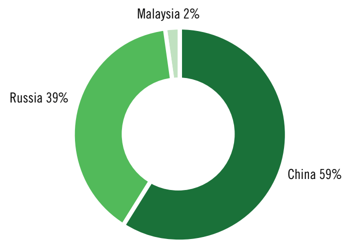
SEGMENT'S SHARE OF SALES



SEGMENT'S SHARE OF EBITA



SALES BY COMPANY



Jannik von Loh, Technical Support Manager at NCAB Group Germany is assisted by a colleague at the office to put up a poster displaying the company's values. NCAB's values are ever-present in day-to-day work.

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. They are based on the premise that all employees, regardless of position, should be able to make their own decisions, quickly and easily and in line with the company's strategy. The three values that characterise NCAB are to always put quality first, to build strong relationships with the people it works and interacts with – such as customers, colleagues and factories – and to always assume full responsibility for its obligations.

LOCAL SUBSIDIARIES AND CENTRAL GROUP FUNCTIONS

Of NCAB's approximately 503 employees, some 20 work with central functions, while the remainder work in 16 local companies, or in the Factory Management team. NCAB does not control every aspect of the local companies: the aim is that they are to work close to the market and be sensitive to the needs of customers, receiving support from the central organisation. The local companies are headed by a Managing Director and are accountable for their own performance. They are responsible for customer relationships and handling of orders and deliveries. The central organisation is to support the business strategy and has overriding responsibility to develop systems, processes and markets. It handles issues including global sales, marketing, People & Culture, system development, quality, sustainability, Factory Management, logistics and technology.

EXPERTISE AND ENGAGEMENT BEHIND NCAB's SUCCESS

The expertise and engagement of employees forms the basis for NCAB's development. To remain a leading company in its industry, it is important to 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 and challenging work environment where every individual is respected and included, with the long-term aim of attracting, engaging and developing together.

ORGANISATION

At 31 December 2021, the number of employees was 562 (474), of whom 258 (214) were women and 304 (260) were men. The average number of employees in the organisation during the year was 518 (436), of whom 236 (196) were women and 282 (236) were men.

1. NCAB Group Factory Management China celebrate together. 2. The NCAB Live virtual event gathered together the whole company on two occasions during the year. 3. NCAB Group Poland picking mushrooms together. 4. Midsummer celebrations at NCAB Group USA.

ACTIVITIES TO ENGAGE AND DEVELOP EMPLOYEES

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

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

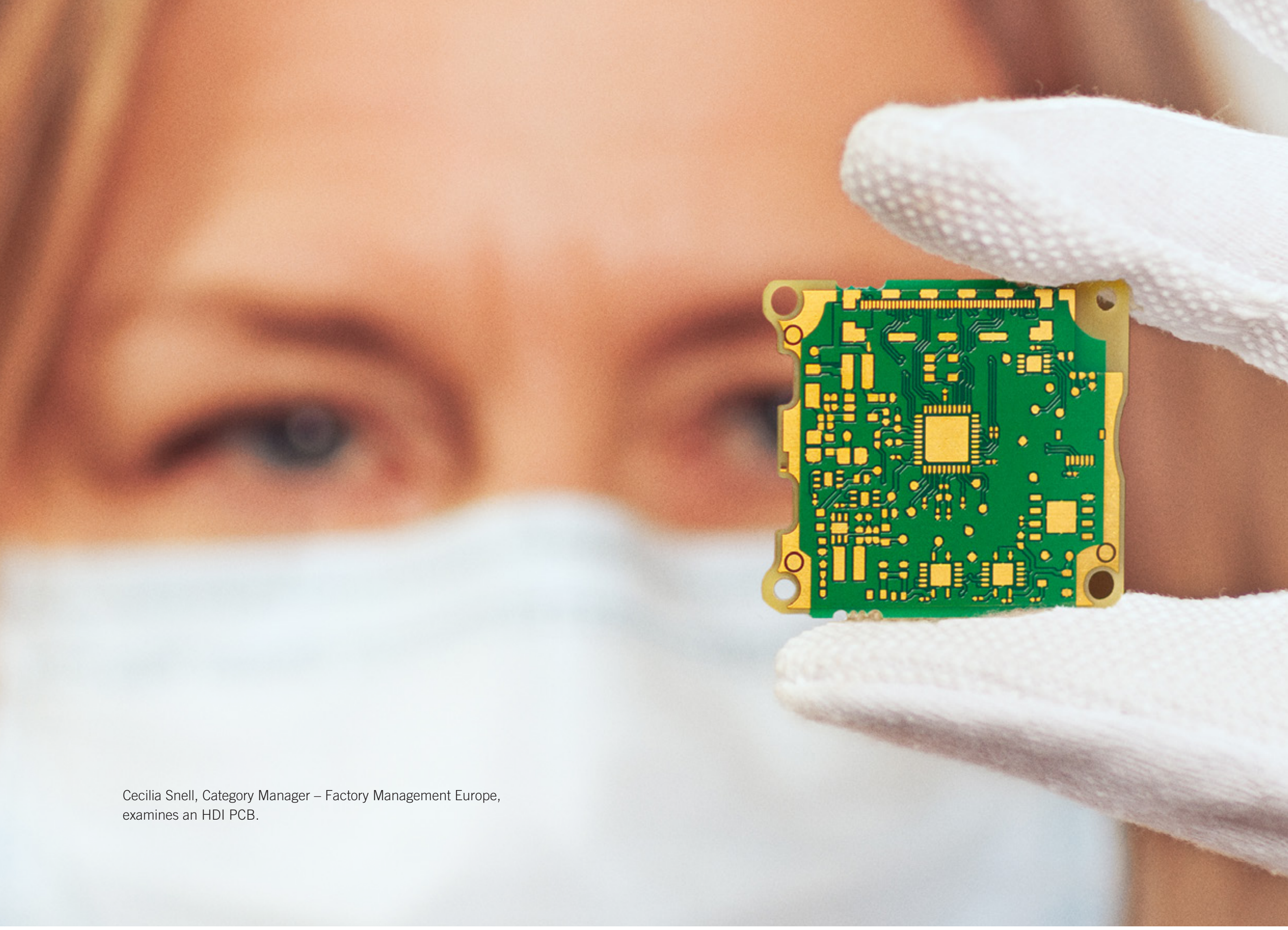
Individual development plans
Every employee draws up, together with their manager, an individual development plan that meets both NCAB's needs for expertise and the individual employee's needs and wishes. Follow-up takes place once or twice per year.

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

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

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

NCAB Live
In 2020, the conference was replaced with NCAB Live, a virtual event attended by the whole company. Since then, it has become a regular feature and was held on two occasions in 2021.



Cecilia Snell, Category Manager – Factory Management Europe, examines an HDI PCB.

Sustainable business – a survival strategy

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

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

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

NCAB has divided its sustainability strategy into three focus areas in relation to its stakeholder groups; customers, employees and supply chain. The company creates value for its stakeholders by conducting operations in a responsible manner in the value chain, by identifying opportunities to effect positive change and by minimising risks for adverse effects within and outside the company's areas of operation. This is achieved in close collaboration with suppliers and customers, and through a high level of engagement from the company's employees.

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

Suppliers

Take full responsibility throughout the supply chain

	FOCUS AREAS	LONG-TERM GOALS
SOCIAL	› Human rights & Labour rights › Health & Safety	› Zero human rights violations › Full compliance with human rights legislation and NCAB Code of Conduct › Zero high-consequence work-related injuries
ENVIRONMENT	› Energy efficiency & renewable energy › Resource efficiency › Waste management › Climate impact	› Increase energy efficiency in PCB production › Renewable energy in PCB production › Environmentally conscious material used in production and in products. › Increased circularity › Reduce total GHG-emissions (scope 1–3) in accordance with the 1.5 degree target of the Paris agreement.

NCAB

Attract, keep and develop the best employees

	FOCUS AREAS	LONG-TERM GOALS
SOCIAL	› Wellbeing & Work life balance › Equal opportunities for everyone › Employee satisfaction and engagement	› Top scores in employee satisfaction and engagement › NCAB recognised as the most attractive employer within the electronics industry
ENVIRONMENT	› Business travel › Energy efficiency & renewable energy › Climate impact	› Reduce total GHG-emissions (scope 1–3) in accordance with the 1.5 degree target of the Paris agreement.
GOVERNANCE	› Ethics › Transparency	› Reduce emissions from business trips and company cars › Renewable energy in NCAB's offices and warehouse spaces › Robust risk management and governance, including all relevant categories of risks.

Customers

Steer the sector in a green direction

	FOCUS AREAS	LONG-TERM GOALS
ENVIRONMENT	› Sustainable product development › Sustainable product offering › Transportation › Climate impact	› Leadership in sustainable PCBs › Increased awareness of sustainable PCBs among customers › Customers choose environmentally friendly transportation alternatives › Reduce total GHG-emissions (scope 1–3) in accordance with the 1.5 degree target of the Paris agreement.

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 has initiated a process to find competitive factories outside of China.	🟡	🟡
Pandemic	NCAB may be adversely impacted by a pandemic. The impact may be from supplier closures, disruptions in deliveries of materials to NCAB's suppliers, a drop in demand from NCAB's customers and disruptions to supply chains from Asia to Europe and the USA.	NCAB works with more than 29 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 regardless of whether or not these were included in sanctions. Russia previously accounted for about 5 per cent of NCAB's sales and EBITA. The impact of this depends on how long the conflict continues and how the relationship of the rest of the world changes towards Russia.	🟡	🟡
OPERATIONAL RISK				
Brand and reputation	NCAB may be adversely impacted if the company's reputation among its suppliers or customers deteriorates. Failure by NCAB or its suppliers to comply with ethical, social, product, labour, health and safety, environmental and other standards could damage NCAB's reputation and could lead to loss of customers or to adverse actions by NCAB's customers.	NCAB reviews its manufacturers' compliance with applicable employment, environmental and other laws, regulations and standards through regular audits. NCAB has three individuals in China who work solely with sustainability audits. NCAB can discontinue an existing collaboration, or refrain from beginning a new one, if the manufacturer does not comply with the demands made by NCAB.	🟢	🟡
Customer dependence	NCAB has a diverse customer base consisting of about 3,150 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 44 per cent of the company's revenues in 2021, and the 10 largest for about 21 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.	🟢	🟡

Probability (P) Impact (I)

🟢 🟡 🔴

Types of risk	Description	Management	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.	🟡	🔴
Decentralisation	NCAB's decentralised structure and geographic breadth expose the Group to local problems that it may fail to identify and address in a timely manner. NCAB's decentralised structure places high demands on financial reporting and internal control. Deficiencies in this regard could result in errors in the reports.	NCAB has a well defined system for the control of compliance to ensure correct financial reporting, together with the employees complying with NCAB's agreements, internal guidelines and policies, as well as internal credit limits.	🟢	🟢

SUSTAINABILITY RISKS

Environment	NCAB's main environmental risks arise from the PCB manufacturers' resource use, chemicals and waste management, emissions to water and air, and contamination of soil. Another main area is transportation; most of NCAB's carbon emissions are caused by transportation from manufacturer to customer. NCAB primarily uses air transportation as customers place high demands on quick deliveries.	NCAB has clear policies governing environmental work and assessing the risks and impact. NCAB imposes demands on, and monitors, that PCB manufacturers have identified and comply with local environmental demands and the RoHS and REACH directives. NCAB maintains close dialogue with customers and manufacturers about how the supply chain can reduce its environmental impact in the design and production phases. NCAB offers various transport alternatives (air, sea, rail, road), all with a different impact on the environment.	🟡	🟢
Human rights	In its business, NCAB can be exposed to challenges involving human rights. NCAB operates in a global environment where certain markets limit insights into human rights.	The company applies a Code of Conduct that encompass suppliers and employees, that include support and respect for human rights and has, inter alia, introduced 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.	🟡	🟢

FINANCIAL RISK

Currency	Exchange rate fluctuations may affect NCAB's cash flow, income statement and balance sheet and the sale prices for PCBs. The main part of NCAB's purchases and sales are made in USD. Consequently, NCAB's profits and its assets are affected by fluctuations in the price of USD compared to SEK. NCAB is also exposed to fluctuations in EUR and CNY compared to SEK.	Instead of hedging the currency exposure of cash flows 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 85 per cent of the Group's pricing is in USD and around 75 per cent of the Group's invoicing is in USD. Goods purchases and shipping are 95 per cent denominated in USD.	🟡	🟢
Tax	The businesses in NCAB's subsidiaries are run according to NCAB's understanding or interpretation of current tax laws, tax treaties, other tax laws stipulations and the requirements of the tax authorities concerned. There is a risk that NCAB's tax position could change as a result of the decisions of the tax authorities concerned or as a result of changed laws, treaties and other regulations.	NCAB's local companies work close to their respective markets and may therefore closely monitor developments in terms of public decisions, changes in legislation, regulations and other provisions.	🟢	🟡
Goodwill	NCAB's consolidated balance sheet includes significant goodwill. Changed market conditions or other factors that have an adverse impact on the acquired companies' operations may entail a risk of future impairment losses on goodwill.	For acquisitions, NCAB is careful that the acquisition price properly reflects the acquired company's future prospects. There are well-established procedures, processes and quality demands used by NCAB to minimise the risk of being overcharged for an acquisition. Impairment testing of goodwill takes place on an annual basis and if there is an indication of impairment.	🟢	🟢
Interest	NCAB is exposed to interest rate risks that could cause fair values, financial income and expenditure, cash flow and/or results to vary as a result of changes in market interest rates.	The Group's borrowing mainly uses variable interest rates. Interest-rate exposure can if agreed by the Board be reduced through the use of derivatives that convert variable interest to fixed interest.	🟢	🟢
Credit	NCAB is exposed to credit and counterparty risk. Subsidiaries within NCAB sell PCBs through contracts that are not secured by collateral or other security. In addition, the company is exposed to credit risks in relation to the financial institutions in which NCAB has deposited funds.	Each Group company is responsible for monitoring and assessing the credit risk for each new customer before offering standard terms of payment and delivery. The Group insures credit risk in subsidiaries through a credit insurance company. The use of credit limits is monitored regularly. Counterparty risk for financial assets is managed at Group level and only a small number of approved banks may be used.	🟢	🟡
Financing	NCAB may have a shortage of liquidity and may not be able to obtain loans at favourable terms, or obtain loans at all. Should NCAB fail to meet its obligations under the credit facility or breach any covenant, it could have a negative impact on NCAB.	NCAB's has a financial objective concerning a maximum debt/equity ratio. Due to its asset-light business model, NCAB has strong cash flows.	🟢	🟢

NCAB shares

At the end of 2021, NCAB had been listed on Nasdaq Stockholm for three 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 2020 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 1,000 per cent between the listing and 30 December 2021.

SHARE PRICE DEVELOPMENT 2021

In 2021, the NCAB share generated a return of 216 per cent. In the same period, OMX Stockholm PI rose by 34 per cent. The highest price paid for the NCAB share during the year was on 19 November at SEK 96.50 (SEK 965 before the split). The lowest price paid was SEK 27.30 (or SEK 273 before the split) and was noted on 5 January. The closing price at the end of the period was SEK 87.57, which means the total market value at the end of the year was SEK 16,373,072 million.

SHARE CAPITAL AND ITS PERFORMANCE

On 31 December 2021, 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.

RESOLUTION ON SPLIT AND EXTRA DIVIDEND AT EXTRAORDINARY GENERAL MEETING ON 15 DECEMBER

The Meeting resolved in accordance with the Board's proposal to pay an extra dividend to shareholders of SEK 10.00 per share, corresponding to no more than SEK 186,971,240 of the SEK 383,015,928 in earnings available for distribution by the Meeting, and that the remaining earnings be carried forward.

The Meeting resolved, in accordance with the Board's proposal, on the following conditions for the extra dividend payment:

- to pay SEK 10.00 per share;
- the record date of Friday, 17 December 2021; and
- payment to be made on Wednesday, 22 December 2021.

Furthermore, the meeting also resolved in accordance with the Board's proposal for a 10:1 split through which each existing share will be divided into ten (10) shares, and to amend Section 5 of the company's Articles of Association so the number of shares shall be a minimum of 150,000,000 and a maximum of 600,000,000. Following the split, the number of shares will change from 18,697,124 to 186,971,240 and each share's quotient value will change from SEK 0.1 to SEK 0.01.

The record date for the share split in the company was 29 December 2021. In conjunction with the split, the shares received the following ISIN code: SE0017160773.

The table below sets forth the changes in the share capital of NCAB for the period covered by the historical financial information and up to the first day of trading in the company's shares.

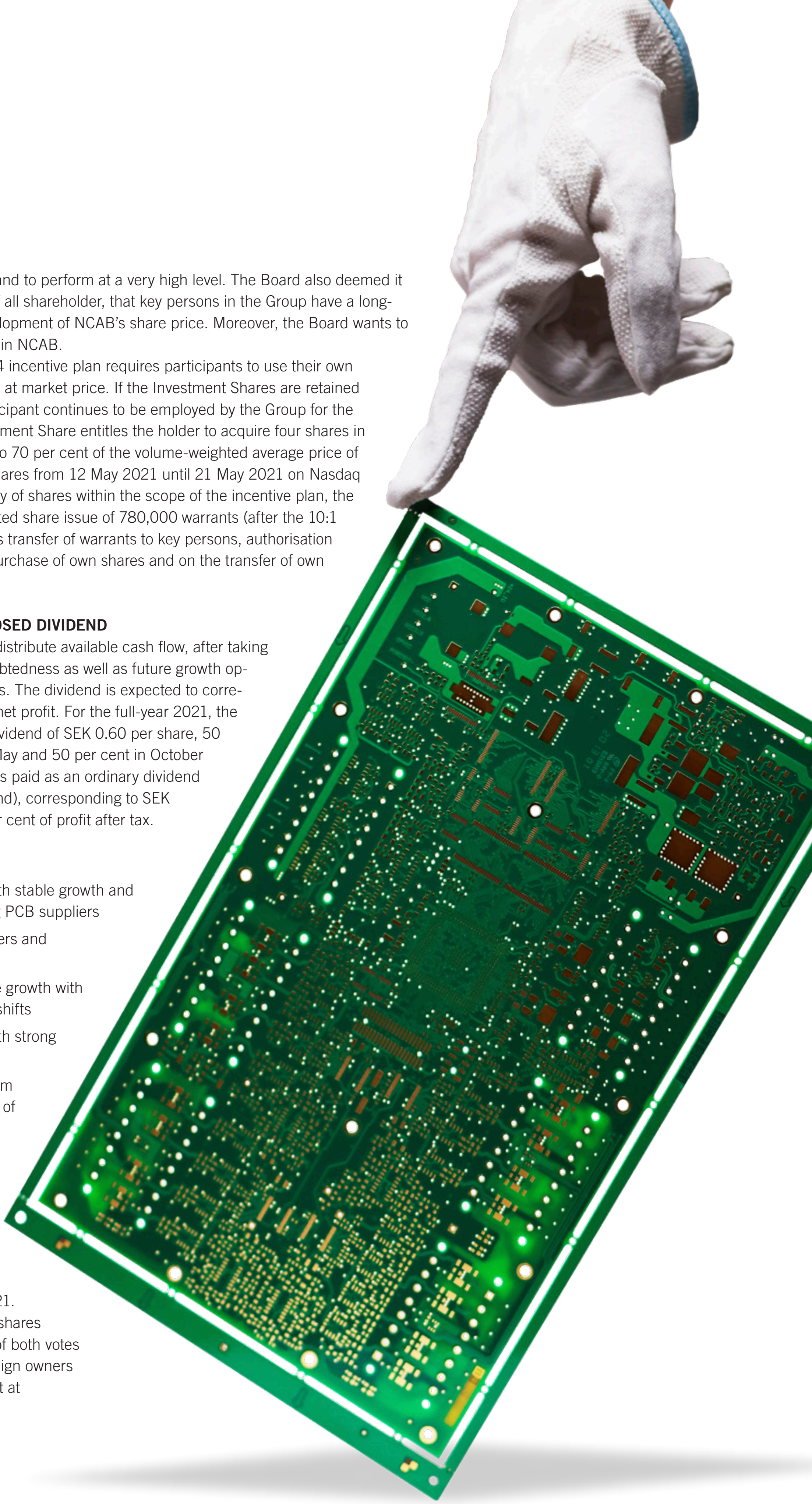
WARRANTS, CONVERTIBLES AND SO FORTH

The Annual General Meeting in May 2021 resolved in accordance with the Board's proposal to introduce a long-term incentive plan for executive management and other key persons in the Group. For the successful implementation of the Group's business strategy and to safeguard its long-term interests, the Board considered it essential that the Group can retain the best talents and their loyalty. The Board also stresses that it is important that the company's executive management and other key persons in the Group

Date for registration	Event	Change in number of shares	Total number of shares	Change in share capital (SEK)	Total share capital (SEK)
30 January 2016	Exercise of options	18,000	1,496,779	18,000	1,496,779
24 May 2017	Exercise of options	8,400	1,505,179	8,400	1,505,179
13 July 2017	Exercise of options	5,700	1,510,879	5,700	1,510,879
18 October 2017	Exercise of options	1,800	1,512,679	1,800	1,512,679
13 April 2018	10:1 share split	13,614,111	15,126,790	–	1,512,679
24 April 2018	Exercise of options	285,000	15,411,790	28,500	1,541,179
8 June 2018	Conversion of preference shares to ordinary shares	–	15,411,790	–	1,541,179
8 June 2018	Exercise of options	102,000	15,513,790	10,200	1,551,379
8 June 2018	Issue of new shares	1,333,334	16,847,124	133,333	1,684,712
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

continue to deliver good results and to perform at a very high level. The Board also deemed it important, and in the interests of all shareholder, that key persons in the Group have a long-term interest in the positive development of NCAB's share price. Moreover, the Board wants to encourage key persons to invest in NCAB.

Participation in the 2021/2024 incentive plan requires participants to use their own funds to acquire shares in NCAB at market price. If the Investment Shares are retained until 31 May 2024, and the participant continues to be employed by the Group for the whole 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 of transactions in the company's shares from 12 May 2021 until 21 May 2021 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 780,000 warrants (after the 10:1 split), 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.



DIVIDEND POLICY AND PROPOSED DIVIDEND

NCAB's dividend policy aims to distribute available cash flow, after taking into account the company's indebtedness as well as future growth opportunities, including acquisitions. The dividend is expected to correspond to at least 50 per cent of net profit. For the full-year 2021, the Board of Directors proposes a dividend of SEK 0.60 per share, 50 per cent of which to be paid in May and 50 per cent in October (in 2021, SEK 0.50 per share was paid as an ordinary dividend and SEK 1.00 as an extra dividend), corresponding to SEK 102.8 million (280.5) and 36 per cent of profit after tax.

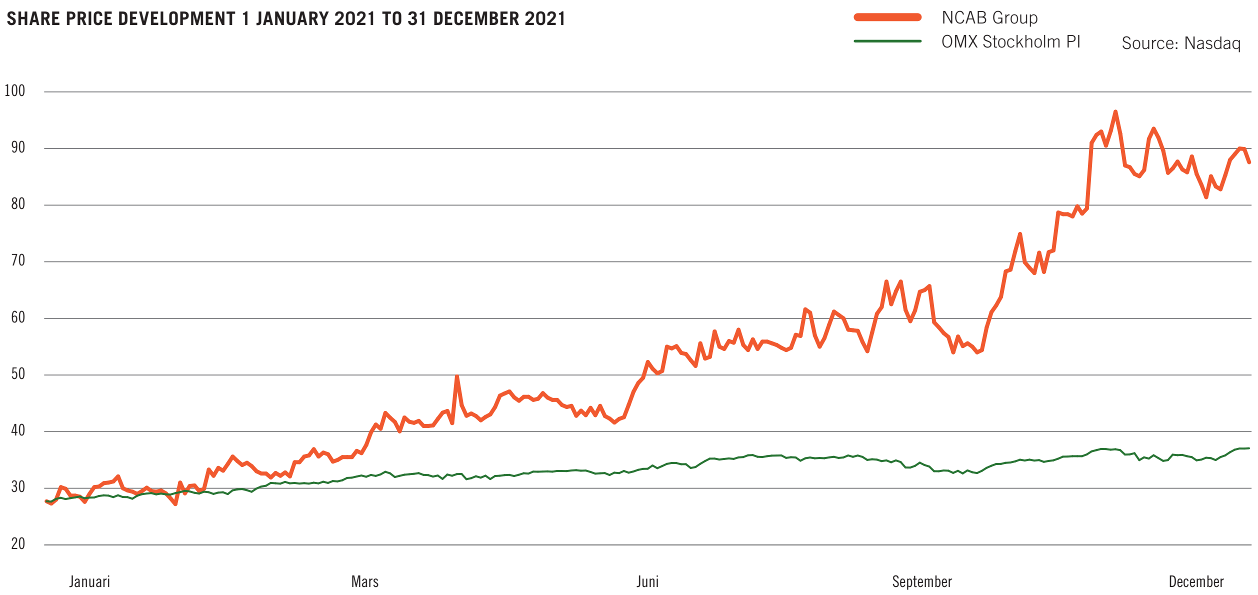
NCAB AS INVESTMENT

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

OWNERSHIP STRUCTURE AT 31 DECEMBER 2021

The number of shareholders in NCAB amounted to 6,300 (1,708) according to Euroclear Sweden AB at 31 December 2021. NCAB's ten largest owners held shares corresponding to 65.6 per cent of both votes and capital in the company. Foreign owners amounted to about 22.2 per cent at 31 December 2021.

SHARE PRICE DEVELOPMENT 1 JANUARY 2021 TO 31 DECEMBER 2021



THE TEN LARGEST OWNERS

Owners	Number of shares	Capital	Votes
R12 Kapital	33,851,550	18.1%	18.1%
Swedbank Robur Fonder	16,856,020	9.0%	9.0%
SEB Fonder	14,498,916	7.8%	7.8%
Fourth Swedish National Pension Fund (AP4)	10,102,915	5.4%	5.4%
Montanaro	9,477,000	5.1%	5.1%
AMF Pension & Fonder	8,675,830	4.6%	4.6%
Third Swedish National Pension Fund (AP3)	7,953,220	4.3%	4.3%
C WorldWide Asset Management	7,305,927	3.9%	3.9%
Second Swedish National Pension Fund (AP2)	7,100,440	3.8%	3.8%
Hans Ståhl	6,738,600	3.6%	3.6%
Total	**122,560,418**	**65.6%**	**65.6%**

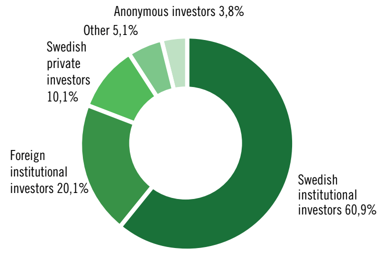
The information above refers to 31 December 2021.

OWNERSHIP DISTRIBUTION BY HOLDING

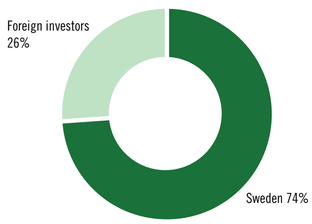
Size of shareholding	Number of shares	Capital	Votes	Number of known owners	Share of known owners
1–1 000	1,016,809	0.5%	0.5%	5270	83.7%
1,001–10,000	2,416,017	1.3%	1.3%	888	14.1%
10,001–50,000	1,575,973	0.8%	0.8%	70	1.1%
50,001–100,000	1,566,021	0.8%	0.8%	21	0.3%
100,001–500,000	5,895,861	3.2%	3.2%	21	0.3%
500,001–1,000,000	2,543,694	1.4%	1.4%	4	0.1%
1,000,001 –	164,913,575	88.2%	88.2%	26	0.4%
Anonymous ownership	7,043,290	3.8%	3.8%		
Total	**186,971,240**	**100.0%**	**100.0%**	**6,300**	**100.0%**

The information above refers to 31 December 2021. Source: Modular Finance.

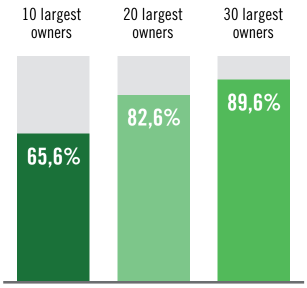
OWNERSHIP TYPE, % OF CAPITAL



OWNERSHIP DISTRIBUTION BY COUNTRY, % OF CAPITAL



CONCENTRATION, OWNERSHIP




Because failure is not an option.
In your daily life you are dependent on a lot of products. The car you drive, the airplane you fly in or the ECG equipment measuring your heart. You expect them to work – because they have to.
All electronic products have a PCB inside. At first sight they may all look the same. But it could be a world of difference between a normal and a High Reliability PCB.
High Reliability PCBs.
Because failure is not an option.
www.ncabgroup.com

Board of Directors

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 Industrifonden, and advisor to eEquity.

Shareholding: 5,016,100 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.

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

Shareholding: 200,000 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 Pinpointer AB as well as Board member of Oriflame Holding AG, OSM Holding AB and Nimbus Boats Sweden AB.

Shareholding: No own shares but holds 10.1 per cent of shares and 35.7 per cent of votes in R12, which owns 33,851,550 shares corresponding to 18.1 per cent of the capital in NCAB.

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

4. MAGDALENA PERSSON

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 Intrum AB (publ), Cary Group Holding AB (publ), Qarlbo AB, Recover Nordic, and owner and Board member of Myrtel Management AB as well as Board member.

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, Pinpointer AB and OSM Holding AB.

Shareholding: No own shares but holds 10.7 per cent of shares and 36.0 per cent of votes in R12, which owns 33,851,550 shares corresponding to 18.1 per cent of the capital in NCAB.

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

6. GUNILLA RUDEBJER

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), Oriflame Holding AG, Skistar AB (publ) and Swedish Space Corporation (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: –

Shareholding: 6,738,600 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: 62,770 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 2021.

Group management

Back row: Andy Liu, Chris Nuttall, Michael Larsson, Anders Forsén, Rikard Wallin, Peter Kruk, Robert Balson.
Front row: Eva Holm, Martin Magnusson, Ann Juviken, Sanna Magnusson, Howard Goff, Anna Lothsson.

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: 62,770 shares.

ANDERS FORSÉN

Chief Financial Officer since 2008. Born 1962.

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

Shareholding: 2,825,000 shares.

ANDY LIU

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

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

Shareholding: 252,500 shares.

ANNA LOTHSSON

Sustainability Manager since 2013. 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: 469,000 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: 1,200 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: 182,900 shares.

EVA HOLM

VP People and Culture since 2015. Born 1962.

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

Shareholding: 4,000 shares.

HOWARD GOFF

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

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

Shareholding: 2,500 shares.

MICHAEL LARSSON

VP Sales since 2017. Born 1968.

Education: –

Shareholding: 287,690 shares.

RIKARD WALLIN

VP Nordic since 2018 and MD NCAB Group Sweden since 2011. 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.

ROBERT BALSON

VP NCAB Group 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:–

SANNA MAGNUSSON

Global Marketing Manager since 2006. Born 1979.

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

Shareholding: 240,000 shares.

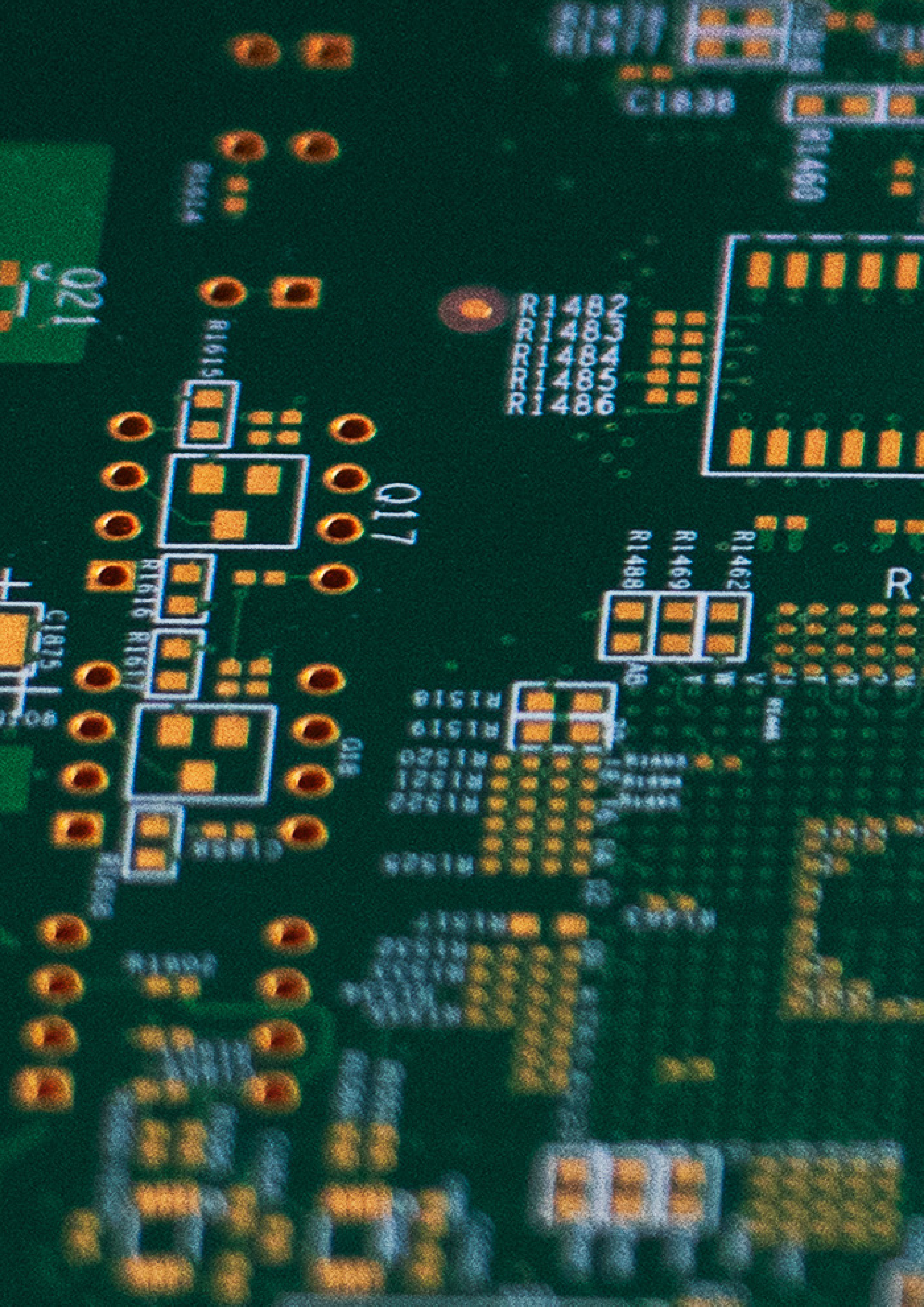
MARTIN MAGNUSSON

VP NCAB Group North America until the end of December 2021. Born 1976.

Education: MBA from Växjö University.

Shareholding: 1,350,000 shares.

The information pertaining to shareholdings refers to 31 December 2021.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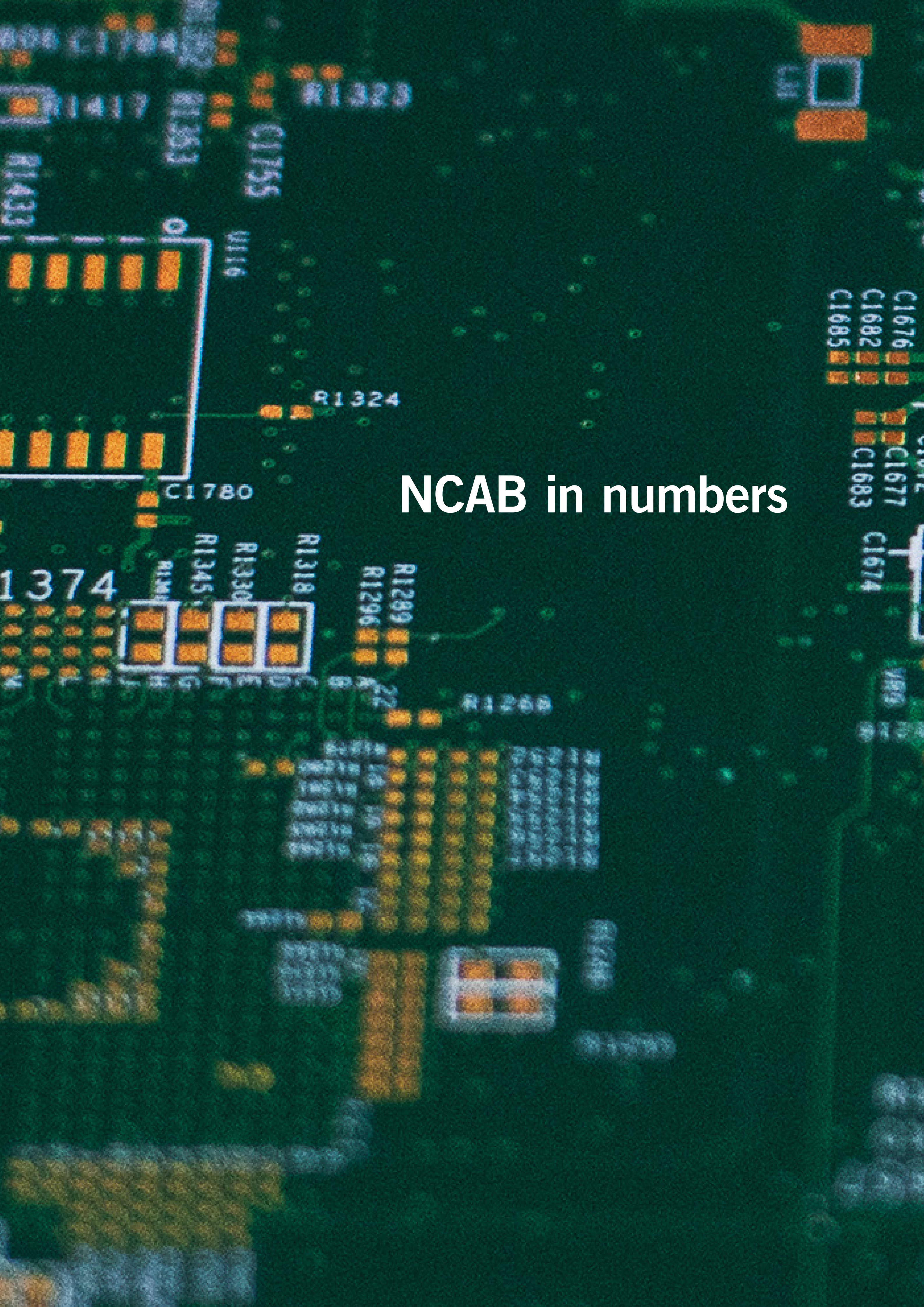


NCAB in numbers

Corporate governance

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

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

COMPLIANCE WITH THE SWEDISH CORPORATE GOVERNANCE CODE

No violations of applicable rules and regulations occurred in 2021 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 2021, NCAB had 6,300 shareholders according to the shareholders' register and after the split 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 of the NCAB share on pages 34–35.

ARTICLES OF ASSOCIATION

According to the Articles of Association, the registered name of the company is NCAB Group AB (publ) and the financial year is the calendar year, 1 January to 31 December. To view the Articles of Association in its entirety, which in its current form was approved at the Extraordinary General Meeting on 15 December 2021, refer to the company's website www.ncabgroup.com, under the section Investors/Corporate Governance/Articles of Association.

GENERAL MEETING

The General Meeting is NCAB's highest decision-making body and can resolve upon every issue for the company, which is not specifically reserved for another company body's exclusive competence. At the Annual General Meeting, which shall be held within six months from the end of the financial year, shareholders exercise their voting rights on issues, such as the adoption of income statement and balance sheet, allocation of company's profit or loss, resolutions to discharge the members of the Board of Directors and the CEO from liability for the financial year, the appointment of members of the Board of Directors and auditor as well as remuneration for the Board of Directors and the auditor. At Annual General Meetings, at least one member of the Nomination Committee, the company's auditor and, to the extent possible, all other members of the Board of Directors, shall participate. In accordance with the Articles of Association, notice to convene the General Meeting shall be published in Post- och Inrikes Tidningar (the Swedish Official Gazette) and be kept available at the company's website. An announcement shall be placed in Svenska Dagbladet with information that the Meeting has been convened. In addition to the Annual General Meeting, Extraordinary General Meetings can be convened. The Chairman of the Board of Directors, as many other members of the Board of Directors as possible and the CEO shall be present at Extraordinary General Meetings of the company.

RIGHT TO ATTEND GENERAL MEETINGS

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

SHAREHOLDER INITIATIVES

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

ANNUAL GENERAL MEETING 2021

The Annual General Meeting on 10 May 2021 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 5.00 per share, corresponding to SEK 93.5 million. Decisions were also taken to grant discharge from liability for the Board of Directors and CEO, to elect Board members, auditors and on the remuneration of the Board of Directors. 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.

EXTRAORDINARY GENERAL MEETING

An Extraordinary General Meeting was held on 15 December 2021. A decision was made to pay an extra dividend of SEK 10.00 per share, corresponding to SEK 187.0 million. A decision was also taken on a 10:1 share split and as a result of this decision to adopt new Articles of Association.

ANNUAL GENERAL MEETING 2022

NCAB's Annual General Meeting 2022 will be held on 3 May. For further information about the Annual General Meeting 2022, see page 95 and NCAB's website www.ncabgroup.com.

NOMINATION COMMITTEE

The Annual General Meeting on 10 May 2021 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 2021. The Chairman of the Board of Directors shall be a member of the Nomination Committee. The Nomination Committee appoints the Chairman of the Committee. If a representative leaves the Nomination Committee or in case of an ownership change, meaning that a represented shareholder no longer belongs to the largest shareholders, the composition should be changed according to the Nomination Committee's resolution if the Nomination Committee finds it appropriate. The composition of the Nomination Committee should be published as soon as the representatives and the Chairman of the Nomination Committee have been appointed. No remuneration should be paid for work in the Nomination Committee.

The Nomination Committee is tasked with presenting proposals for:

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

In accordance with the General Meeting's decision, the following individuals were appointed to the Nomination Committee: Per Hesselmark, R12 Kapital, Ulrik Grönvall, Swedbank Robur, Christoffer Geijer, SEB Investment Management, Henrik Schmidt, Montanaro Asset Management and Christian Salamon, Chairman of the Board. The composition of the Nomination Committee was announced in a press release on 21 October 2021. Ulrik Grönvall was appointed Chairman of the Nomination Committee

The Nomination Committee has, prior to the 2022 Annual General Meeting, held five minuted meetings (one member did not attend one of the meetings) and also maintained informal contact. The Nomination Committee has interviewed a selection of Board members and 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 and compared this to remuneration in comparable companies and analysed the working hours spent by Board members on Board and committee work. 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 2022 Annual General Meeting will be presented in connection with the official notification and made available on NCAB's website.

BOARD OF DIRECTORS

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

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

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

The Chairman of the Board of Directors is in charge of the work of the Board of Directors and is responsible for ensuring that the Board fulfils its obligations in accordance with applicable laws and regulations and that the work is carried out efficiently and according to the Board's rules of procedure. The Chairman is to ensure that the Board of Directors' resolutions are implemented, that the Board of Directors receives necessary information punctually to perform its assignment and that the Board of Directors continuously deepens its knowledge about the company and its operations. The Chairman is also responsible for ensuring that the work of the Board is assessed every year. The Chairman represents the Board of Directors in relation to the shareholders of the company. Members of the Board of Directors are appointed annually by the General Meeting for the period until the end of the next Annual General Meeting. According to the company's Articles of Association, the Board of Directors shall consist of a minimum of three members and a maximum of ten members appointed by the General Meeting, without deputy members.

AUDIT COMMITTEE

The Board of Directors has appointed an Audit Committee in accordance with the Swedish Companies Act. According to the Swedish Companies Act, members of the Audit Committee may not be employed by the company and at least one member of the Audit Committee shall hold accounting or audit competence.

The Audit Committee consists of three members, Gunilla Rudebjer (Chairman), Hans Ramel and Christian Salamon, all of whom are independent to the company and its executive management. Gunilla Rudebjer and Christian Salamon are also independent of the company's major shareholders.

The Audit Committee is responsible for monitoring the company's financial reporting, risk management and internal control, as well as accounting and auditing. The Audit Committee also reviews and monitors the auditors' impartiality and independence, other services provided by the company's auditors and assists the company's Nomination Committee with the preparation of proposals for election of auditors. The members of the Audit Committee possess competence and experience within accounting, auditing and/or risk management allowing them to fulfil the obligations of the Committee. During the year, the Audit Committee held 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, reporting acquisitions, financing and capital structure, risk monitoring and internal controls as well as audit issues.

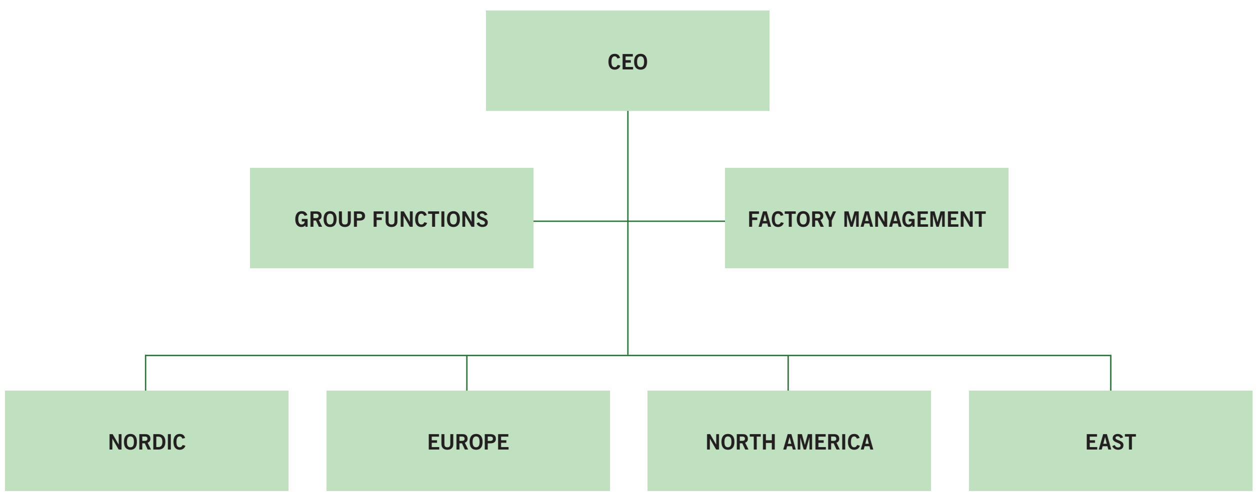
REMUNERATION COMMITTEE

The Board of Directors has appointed a Remuneration Committee. According to the rules of procedure for the Board of Directors, a member serving on the Remuneration Committee may not be employed by the company or any other company within the Group. The members shall be independent of the company and its executive management. At least one of the members of the Remuneration Committee is also to be independent of the company's major shareholders. The Chairman of the Board of Directors shall chair the Committee. The Remuneration Committee consists of three members: Christian Salamon (Chairman), Magdalena Persson and Per Hesselmark. All members are independent of the company and its executive management, Christian Salamon and Magdalena Persson are also independent of the company's major shareholders. The Remuneration Committee's main tasks are to prepare the Board of Directors' decisions on issues concerning, among other things, terms of employment and compensation to the executive management. The Remuneration Committee prepares the guidelines for remuneration principles presented by the Board of Directors for resolution by the Annual General Meeting and the Remuneration Report that the Board of Directors presents to the Annual General Meeting. Furthermore, the Remuneration Committee shall prepare documentation in certain remuneration matters of principal nature or otherwise of significant importance. For example, stock option programmes, profit sharing systems, monitoring and evaluation of the application of the guidelines for remuneration that the Annual General Meeting is legally obliged to adopt, as well as the current remuneration structures and levels in the company.

The Remuneration Committee held four meetings during the 2021 financial year. The main purpose of these meetings was to evaluate compensation for 2021, to prepare and set parameters for the company's long-term incentive plan for executive management, 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



Member	Elected	Born	Attendance Board meetings	Audit Committee	Remuneration Committee	Independent of company	Independent of major shareholders	Total remuneration
Christian Salamon (Chairman)	2007	1961	12 (12)	4 (4)	4 (4)	Yes	Yes	775,000
Jan-Olof Dahlén	2007	1942	12 (12)			Yes	Yes	350,000
Per Hesselmark [1]	2016	1971	12 (12)		4 (4)	Yes	No	375,000
Magdalena Persson	2017	1971	11 (12)		4 (4)	Yes	Yes	370,000
Hans Ramel	2007	1964	12 (12)	4 (4)		Yes	No	400,000
Gunilla Rudebjer	2017	1959	12 (12)	4 (4)		Yes	Yes	500,000
Hans Ståhl	2007	1955	12 (12)			No	Yes	350,000
Peter Kruk [2]	2021	1968	7 (7)			No	Yes	–

1) Per Hesselmark was also Board member in 2007–2010.
2) Peter Kruk was elected to the Board at the Annual General Meeting on 10 June 2021. Remuneration is not paid to members who are employed by NCAB.

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 pages 38–39.

WORK OF THE BOARD IN 2021

According to the rules of procedure for the Board of Directors, the Board shall, in addition to one statutory meeting, meet six times per year and also when the situation requires. At one of the meetings, the Board of Directors shall address the Group's strategic direction, risks and business plan. In accordance with the rules of procedure, the Board of Directors is to meet the company's auditor at least once per year without the presence of company management, to assess the work of the Board of Directors and evaluate the CEO. Board meetings usually begin with a discussion about the business and the company's financial performance. Financial statements and the Annual Report are reviewed and approved prior to publication. Other issues discussed at Board meetings include; general strategy issues, general business issues, potential acquisitions, long and short-term targets, sustainability issues, HR issues, compliance with policies and laws as well as remuneration models. At what is normally the last meeting of the year, the CEO and CFO present the budget for the forthcoming year.

The budget is discussed and, following any adjustments, approved. In connection with this meeting, presidents from several of the company's subsidiaries/segments are invited to present developments in their respective markets. The company's CFO is normally always invited to attend the Board meetings and is responsible for keeping minutes. Other members of the company's management are invited to present issues concerning their areas of responsibility. In 2021, NCAB's Board of Directors paid particular attention to issues related to the long-term business plan, acquisitions, risk management, financing and capital structure as well as internal control. 12 Board meetings were held in 2021, of which nine were ordinary and three extra. The extra Board meetings primarily dealt with resolutions in conjunction with acquisitions and a new long-term incentive plan for executive management. Board members' attendance and remuneration are presented in the table above. A self-assessment of the work of the Board was carried out.

RISK MANAGEMENT

The Group's finance department works with the Group's operating units to identify and evaluate financial and operational risks. In business operations, the main risks relate to quality issues. These are continuously monitored within the scope of the operational controls, and through internal and external ISO audits. Risk management is handled by the Group's quality department and in accordance with policies approved by the Board of Directors. A risk evaluation in accordance with the COSO model is conducted on an annual basis where risks are identified and controls evaluated. Both operational and financial risks are tested internally through self-monitoring and these are followed up by the Audit Committee. Some of the self-monitoring, which is carried out by subsidiaries, is also followed up by the company's external auditors. The Group's financial policy for financial risk management has been formulated by the Board of Directors and provides a framework of guidelines and rules in the form of a risk mandate for financial activities. The overall aim of the finance function is to ensure that the financial risks are optimised to a risk level that gives the shareholders a good return, within the framework of the risk mandate provided by the Board of Directors.

Risk management is handled by the Group's finance department and in accordance with policies approved by the Board of Directors. NCAB's risk management process also includes drawing up of the annual business plan, which contains an analysis of trends, business opportunities and risks that enables an assessment and swift reaction to changes in social, environmental and legal requirements. Each process owner is responsible for the ongoing evaluation, development and implementation of risk control methods and processes.

For more about risks and risk management, see pages 30–31.

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 Board 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 10 May 2021. The auditor shall audit the company's annual report and accounts, the consolidated annual report and the consolidated companies' interrelations, as well as the management by the Board of Directors and the CEO. Following each financial year, the auditor shall submit an audit report to the Annual General Meeting. Pursuant to the company's Articles of Association, the company shall have one auditor, and not more than one deputy auditor. For remuneration of auditors, see Note 10 on page 66. In connection with the adoption by the Board of the year-end accounts for 2021, 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 2021 on pages 36–39 and 42-46, 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 2022

Öhrlings PricewaterhouseCoopers AB

Johan Engstam
Authorized Public Accountant

Directors' Report

The Board of Directors and the CEO of NCAB Group AB (publ), with its head office in Stockholm and postal address Löfströms Allé 5, SE-172 61 Sundbyberg, Corporate Registration Number 556733-0161, hereby submit the Annual Report and consolidated financial statements for the 2021 financial year. Comparative figures in parentheses pertain to the preceding year. The financial statements are presented, in SEK thousands (kSEK), which means rounding differences may arise.

OPERATIONS

NCAB Group AB (publ) ("NCAB", "the company" or "the Group") is a leading maker of printed circuit boards (PCBs) with a local presence in 16 countries and customers in 45 global markets. At year-end 2021, NCAB had approximately 3,150 customers and 562 employees. The Parent Company is based on 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 about USD* 80 billion and growth of approximately 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.

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 16 countries through technicians and customer support staff to ensure that its customers receive support throughout the process.

GROWTH

For full-year 2021, net sales increased 52 per cent to SEK 3,219.5 million (2,115.2). Underlying growth in USD was approximately 63 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 30 per cent. All segments and all companies reported strong growth and recovery following a weaker 2020, due to the pandemic. Nordic reported growth of 44 per cent driven by the acquisition of Elmatica in October, excluding the acquisition growth was 25 per cent. Net sales in Europe grew 72 per cent, and by 44 per cent excluding acquisitions. The UK and Germany accounted for the strongest growth. In the North America segment, net sales increased by 39 per cent and excluding acquisitions growth was 16 per cent. The East segment also displayed healthy growth of 32 per cent, with growth primarily from China.

OPERATING PROFIT

Operating profit increased to SEK 387.2 million (182.3). The improvement was due to strong growth in combination with rising profits in acquired companies. Recruitment of new employees did not keep pace with the rise in net sales. In conjunction with the outbreak of the coronavirus pandemic, authorities in the USA provided support in the form of Paycheck Protection Program loans, which were to be remitted if used correctly. In 2021, these loans totalling SEK 11 million were forgiven and therefore had a positive impact on profit. The gross margin improved slightly to 30.7 per cent (30.3).

EBITA more than doubled to SEK 406.1 million (190.7) and the EBITA margin rose to 12.6 per cent (9.0). In 2021, SEK 7.4 million (14.9) was charged to EBITA relating to transaction costs for completed acquisitions as well as with positive one-off effects of the forgiven PPP loans. Excluding transaction costs and PPP loans, EBITA amounted to SEK 402.5 million, corresponding to an EBITA margin of 12.5 per cent. Net financial items amounted to SEK -23.1 million (-19.4), of which SEK -8.5 million (-5.6) refers to foreign exchange differences. Tax amounted to SEK -79.2 million (-35.4). The average tax rate was 21.8 per cent (21.8). Profit after tax for the period totalled SEK 284.9 million (127.5).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities was SEK 48.3 million (194.3). Cash flow was negatively impacted by increased working capital

*Source: Prismark Partners

caused by growth during the year, while inventory continued to grow due to the many delays in ocean freight, longer lead times and supply disruptions. Inventory levels are expected to decline during the first half of 2022. NCAB has credit insurance that covers most of the trade receivables outstanding. Cash flow from investing activities, excluding acquisitions, was SEK -8.0 million (-3.7). The increase is mainly due to deposits for new leases. Four companies were acquired during the year, Prevent in Italy, sas – electronics in Germany, RedBoard Circuits in the USA and Elmatica in Norway, and the total purchase consideration impacting cash flow was SEK -567.9 million.

LIQUIDITY AND FINANCIAL POSITION

The Group's net debt including liabilities for right-of-use assets at the end of the year was SEK 734.5 million, compared with net cash of SEK 85.3 million at the end of 2020. At 31 December 2021, NCAB had loans including utilised overdraft facility totalling SEK 834.2 million. During the fourth quarter, a new credit facility of SEK 1,265 million was agreed comprising a loan of SEK 550 million and an acquisition credit that can be utilised to finance acquisitions. In addition, there is an overdraft facility of SEK 254 million. The principal loan is free of instalments and matures at the end of 2026. The utilised portion of the acquisition credit is free of instalments until the end of the second quarter of 2024. At the balance sheet date of 31 December 2021, the company was in compliance with all covenants under the financing agreement. At 31 December, the equity/assets ratio was 29.1 per cent (47.2) and equity was SEK 773.8 million (699.9). The substantial exchange-rate changes at the end of 2021 entailed translation differences on equity of SEK 69.5 million (-52.3). At the end of the period, the Group had available liquidity, including undrawn overdraft facilities, of SEK 657.0 million (661.3).

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 in combination with the fact that the Group has most employees in the final quarter as recruitment is carried out continuously during the year.

THE SHARE AND PERFORMANCE OF SHARE CAPITAL

NCAB Group was listed on Nasdaq Stockholm, Small Cap, on 5 June 2018. The price in the Offer was SEK 75 per share, which corresponded to a market capitalisation for the total number of shares in the company of SEK 1,264 million. Since its IPO in June 2018, total return until 31 December 2021 was 1,168 per cent. On 31 December 2021, NCAB Group's share capital amounted to SEK 1.9 million distributed between 186,971,240 shares with a quotient value of SEK 0.001 per share. A 10:1 split was completed in December 2021. In 2021, the NCAB share generated a return of 216 per cent. In the same period, OMX Stockholm PI rose by 34 per cent. For more information, see pages 32–34.

OWN SHARES

In conjunction with the introduction of a long-term incentive plan, 19,500 shares (195,000 after the split) were acquired to be sold to participants in the plan. 52,250 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 30–31.

BOARD OF DIRECTORS

The company has chosen to introduce the Board of Directors on pages 36–37.

GUIDELINES FOR REMUNERATION OF EXECUTIVE MANAGEMENT

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

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

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability agenda, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the executive management a competitive total remuneration. Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability agenda. This is implemented by way of a clear link between the financial and non-financial objectives that determine the variable cash remuneration outcome and the business strategy and the company's sustainability agenda. The variable cash remuneration is further described under "Fixed and variable remuneration" below.

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

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

Types of remuneration, etc.

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

Fixed and variable remuneration

The allocation between basic salary and variable remuneration shall be proportionate to the executive's responsibilities and authorities. The variable remuneration shall be based on financial objectives linked to the development of NCAB, such as, for example, sales, EBITDA and capital efficiency. Under special circumstances, non-financial objectives may be included as a basis for the variable remuneration, however, not exceeding 25 per cent. Financial and non-financial objectives shall contribute to the company's business strategy and long-term interests, including its sustainability agenda, by having a clear link to the company's business strategy and sustainability agenda. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The yearly variable salary to the CEO shall not exceed 100 per cent of the fixed yearly salary. Other members of executive management may receive yearly variable salary in an amount not exceeding the equivalent of 40–100 per cent of the yearly fixed salary. Variable cash remuneration shall not qualify for pension benefits. To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The Remuneration Committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation and shall consult the Remuneration Committee. With regards to financial objectives, 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

NCAB has initiated an annual long-term incentive plan for key persons in the company. 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.

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.

Information on derogations from the remuneration guidelines resolved by the Annual General Meeting 2020
In 2021, the company has complied with applicable remuneration guidelines as adopted by the general meeting. 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 2021. Refer to the Corporate governance section, or NCAB's website ncabgroup.com, in the section Investors/Corporate governance where corporate governance is also available as a separate report.

ORGANISATION

At 31 December 2021, the number of employees was 562 (474), of whom 258 (214) were women and 304 (260) were men. The average number of employees in the organisation during the period was 537 (472), of whom 245 (213) were women and 292 (259) were men.

SUSTAINABILITY

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Acquisitions

PreventPCB
On 22 February 2021, an agreement was signed to acquire 100 per cent of the shares in PreventPCB, based in Vergiate, Italy. Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. Goodwill of SEK 175.5 million arose in conjunction with the acquisition. The company had sales of approximately SEK 210 million in 2020. At the time of the acquisition, the company had 22 employees, 12 in Italy and 10 in China. PreventPCB's primary customer base is in Italy, and also in Switzerland. Transaction costs of SEK 2.9 million related to the acquisition of PreventPCB were expensed as central costs. In the total purchase consideration, a presumed earn out of SEK 21.0 million is included, which will be paid during the first quarter in 2022 and based on sales for 2021.

sas – electronics
On 24 June 2021, 100 per cent of the shares were acquired in sas – electronics, based in Rohrbach, north of Munich, Germany. Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. Goodwill of SEK 17.1 million arose in conjunction with the acquisition. In 2020, the company had sales of slightly more than SEK 30 million, with an EBITA margin on par with NCAB and the company had ten employees. Transaction costs related to the acquisition amounted to approximately SEK 0.6 million and were expensed as central costs.

RedBoard Circuits
On 2 September 2021, 100 per cent of the shares were acquired in RedBoard Circuits in Phoenix, Arizona, in the USA. Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. Goodwill of SEK 10.7 million arose in conjunction with the acquisition. In 2020, the company had sales of slightly more than SEK 33 million, with an EBITA margin slightly lower than NCAB and the company had four employees. Transaction costs related to the acquisition amounted to approximately SEK 0.8 million and were expensed as central costs.

Elmatica
On 19 October 2021, 100 per cent of the shares were acquired in Elmatica in Norway. Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. Goodwill of SEK 301.1 million arose in conjunction with the acquisition. Net sales for 2021 amounted to SEK 374 million and EBITA to SEK 41 million. The purchase consideration for the shares amounted to SEK 320 million with a possible additional purchase consideration. The purchase consideration is estimated at approximately SEK 73 million and is based on gross profit for 2021. At the time of the acquisition, Elmatica had 45 employees and operations in a number of countries in Europe. Most of net sales are from customers in Norway, Germany, Sweden, Poland and France. Transaction costs related to the acquisition amounted to approximately SEK 3.1 million and were expensed as central costs.

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. 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 21.5 million. META has 17 employees and operations in Germany.

If PreventPCB, sas – electronics, RedBoard Circuits and Elmatica had been consolidated on 1 January 2021, net sales for the January–December period 2021 would have increased by approximately SEK 350 million to SEK 3,570 million and EBITA by about SEK 41 million to SEK 447 million.

Loans
In December 2021, the company's credit facilities were renegotiated and now comprise a loan of SEK 550 million and an acquisition credit of SEK 450 million that can be utilised to finance acquisitions. In addition, there is an overdraft facility of SEK 254 million. The credit fall due in 2026.

Extraordinary General Meeting
The Extraordinary General Meeting on 15 December resolved in accordance with the Board's proposal to pay an extra dividend to shareholders of SEK 10.00 per share (SEK 1.00 following the split), corresponding to no more than SEK 186,971,240. Furthermore, the meeting also resolved in accordance with the Board's proposal for a 10:1 split through which each existing share will be divided into ten (10) shares, and to amend Section 5 of the company's Articles of Association so the number of shares shall be a minimum of 150,000,000 and a maximum of 600,000,000.

Effects of COVID-19
The coronavirus pandemic had an adverse impact on NCAB's order intake and net sales in 2020, though to a limited extent. NCAB's business model with low fixed costs and outsourced production creates great flexibility. Because of NCAB's strong presence in China, the company maintains close dialogue with all factory partners. After almost two years of travel restrictions, these have offered a significant competitive advantage compared with smaller competitors and customers who have been unable to travel to China. In 2021, NCAB was not burdened by any negative effects from the pandemic, aside from freight problems and increased prices for freight. However, NCAB has noted strong growth as economies have reopened and successfully strengthened its market position.

In conjunction with the outbreak of the coronavirus pandemic, authorities in the USA provided support in the form of Paycheck Protection Program loans, which were to be remitted if used correctly. NCAB applied for and received loans totalling USD 1.3 million. During the second quarter of 2021, the loan was forgiven and the amount was recognised as other income, totalling SEK 11.0 million.

In 2022, new COVID-19 outbreaks were reported in parts of China, which had a slight impact on deliveries.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Acquisitions
The acquisition of META Leiterplatten was completed in January.

Conflict
Following the Russian invasion of Ukraine, NCAB decided to cease deliveries of PCBs to Russia regardless of whether or not these were included in sanctions. On the basis of an analysis and careful consideration, NCAB decided to terminate its operations in Russia. The termination is estimated to lead to an impairment of approximately SEK 40 million, which is expected to be charged to the first quarter of 2022.

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 97.9 million (60.0). Earnings before tax amounted to SEK 27.7 million (9.7). The improvement was mainly due to increased dividends from subsidiaries. Equity was SEK 238.7 million (478.4).

PROPOSED APPROPRIATION OF RETAINED EARNINGS

The Board of Directors proposes the payment of a dividend of SEK 0.60 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	-282,064,880
Net profit for the year	40,825,287
	SEK 236,869,978

The Board of Directors proposes the following appropriation of retained earnings: a dividend payment to holders of ordinary shares of SEK 0.60 per share,

Total	112,182,744
carried forward	124,687,234
	SEK 236,869,978

Consolidated income statement

kSEK	Note	2021	2020
Net sales	5, 6	3,219,509	2,115,212
Other operating income	7	13,440	6,317
Total operating revenue		**3,232,949**	**2,121,529**
Raw materials and consumables		-2,245,424	-1,481,298
Other external expenses	8, 10	-148,104	-106,566
Staff costs	9	-400,829	-301,018
Depreciation of property, plant and equipment, and amortisation of intangible assets	17, 18	-41,449	-27,544
Other operating expenses	11	-9,974	-22,756
Total operating expenses		**-2,845,780**	**-1,939,182**
Operating profit		**387,169**	**182,347**
Financial income	12, 14	3,136	199
Financial expense	12, 14	-26,186	-19,591
Net financial items		**-23,050**	**-19,392**
Profit before tax		**364,119**	**162,955**
Income tax	13	-78,864	-35,444
Profit for the year		**285,255**	**127,511**
Profit attributable to:			
Shareholders of the Parent Company		284,917	127,368
Non-controlling interests		338	143
Average number of shares after dilution		187,133,712	181,858,398
Average number of shares		186,944,900	181,858,398
Earnings per share, before and after dilution)*	15	1.52	0.70

*)The Extraordinary General Meeting on 15 December 2021 resolved to approve a 10:1 stock split. Earnings per share have been calculated retrospectively based on the total number of shares after the stock split for each period.

Consolidated statement of comprehensive income

kSEK	Note	2021	2020
Profit for the year		**285,255**	**127,511**
Other comprehensive income,			
Items that can subsequently be reclassified to profit or loss:			
Foreign exchange differences		69,490	-52,273
Total other comprehensive income for the year		69,490	-52,273
Total comprehensive income for the year		**354,745**	**75,238**
Attributable to:			
– Shareholders of the Parent Company		354,407	75,095
– Non-controlling interests		338	143
Total comprehensive income for the year		**354,745**	**75,238**

The Notes on pages 57–76 form an integral part of these consolidated financial statements.

Consolidated balance sheet

kSEK	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	18	923,864	382,313
Other intangible assets	18	153,153	43,191
Total intangible assets		**1,077,017**	**425,504**
Property, plant and equipment			
Leasehold improvement costs	17	4,298	2,084
Plant and equipment	17	7,492	4,507
Right-of-use assets, offices and cars	17, 34	34,412	30,038
Total property, plant and equipment		**46,202**	**36,629**
Financial assets			
Financial assets	20	8,235	4,929
Total financial assets		**8,235**	**4,929**
Deferred tax assets	28	7,685	7,355
Total non-current assets		**1,139,139**	**474,417**
Current assets			
Inventories			
Raw materials and consumables	22	519,604	183,134
Total inventories, etc.		**519,604**	**183,134**
Current receivables			
Trade receivables	21	789,566	342,878
Other current receivables	23	51,024	14,468
Prepaid expenses and accrued income	24	24,954	19,078
Cash and cash equivalents	25	136,709	449,033
Total current receivables		**1,002,253**	**825,457**
TOTAL CURRENT ASSETS		**1,521,857**	**1,008,591**
TOTAL ASSETS		**2,660,996**	**1,483,008**

The Notes on pages 57–76 form an integral part of these consolidated financial statements.

Consolidated balance sheet, cont.

kSEK	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Parent Company	26		
Share capital		1,870	1,870
Additional paid-in capital		478,143	478,143
Reserves		13,106	-56,384
Retained earnings		280,307	276,078
Non-controlling interests		420	228
Total equity		**773,846**	**699,935**
LIABILITIES			
Non-current liabilities			
Borrowings	27	643,977	294,491
Right-of-use liabilities	33	24,524	21,097
Deferred tax	28	55,528	22,815
Total non-current liabilities		**724,029**	**338,403**
Current liabilities			
Current liabilities	27	190,257	38,159
Current right-of-use liabilities	33	12,418	9,994
Trade payables		618,716	270,312
Current tax liabilities		57,796	16,334
Other current liabilities		168,630	44,592
Accrued expenses and deferred income	29	115,304	65,279
Total current liabilities		**1,163,121**	**444,670**
TOTAL NET DEBT		**1,887,150**	**783,073**
TOTAL EQUITY AND LIABILITIES		**2,660,996**	**1,483,008**

The Notes on pages 57–76 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

		Attributable to shareholders of the Parent Company						
	Note	Share capital	Other additional paid-in capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance on 1 January 2020	**26**	**1,685**	**201,616**	**-4,111**	**148,710**	**347,899**	**222**	**348,122**
Profit for the year					127,368	127,368	143	127,511
Other comprehensive income for the year				-52,273		-52,273		-52,273
Total comprehensive income				**-52,273**	**127,368**	**75,095**	**143**	**75,238**
Share issue		185	286,565			286,750		286,750
Costs for issue of shares			-10,037			-10,037		-10,037
Share dividend							-137	-137
Total contribution from value transfer to shareholders, recognised directly in equity		**185**	**276,528**			**276,713**	**-137**	**276,576**
Closing balance on 31 December 2020		**1,870**	**478,143**	**-56,384**	**276,078**	**699,707**	**228**	**699,935**
Opening balance on 1 January 2021	**26**	**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
Total comprehensive income				**69,490**	**284,917**	**354,407**	**338**	**354,745**
Share dividend					-280,457	-280,457	-146	-280,603
Buy-back of own shares					-2,417	-2,417		-2,417
Option programme					2,186	2,186		2,186
Total contribution from value transfer to shareholders, recognised directly in equity					**-280,688**	**-280,688**	**-146**	**-280,834**
Closing balance on 31 December 2021		**1,870**	**478,143**	**13,106**	**280,307**	**773,426**	**420**	**773,846**

The Notes on pages 57–76 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

kSEK	Note	31 Dec 2021	31 Dec 2020
Cash flow from operating activities			
Profit before net financial income/expense		387,169	182,347
Adjustment for non-cash items	30	71,753	25,010
Interest received		73	119
Interest paid		-14,989	-12,328
Income taxes paid		-35,197	-44,042
Cash flow from operating activities before changes in working capital		**408,809**	**151,106**
Change in inventories		-324,381	12,191
Change in current receivables		-324,580	80,065
Change in current operating liabilities		288,432	-49,028
Total changes in working capital		**-360,529**	**43,228**
Cash flow from operating activities		**48,281**	**194,334**
Cash flow from investing activities			
Investments in property, plant and equipment	17	-3,308	-801
Investments in intangible assets	18	-1,444	-1,258
Investments in subsidiaries	35	-567,858	-164,079
Investments in financial assets	20	-3,307	-1,652
Cash flow from investing activities		**-575,917**	**167,790**
Cash flow from financing activities			
Issue of new shares	26	0	286,750
Issue expenses		0	-10,030
Change in overdraft facility	27	189,048	-7,939
Borrowings	27	650,000	265,000
Transaction cost, loans		-6,165	-1,500
Repayment of loans	27	-335,421	-172,749
Repayment of right-of-use liabilities		-16,251	-13,965
Dividend		-280,457	0
Cash flow from financing activities	31	**200,754**	**345,560**
Decrease/increase in cash and cash equivalents			
Cash flow for the year		-326,883	372,104
Foreign exchange difference in cash and cash equivalents		14,558	-5,280
Cash and cash equivalents at beginning of year		449,033	82,210
Cash and cash equivalents at end of year		**136,709**	**449,033**

The Notes on pages 57–76 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 2021, the Group comprises 23 operational companies in Europe, the USA and Asia. Four acquisitions took place in 2021.

The Parent Company is a public limited liability company registered in Sweden with its head office in Stockholm. The address of the head office is 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 2021 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 external expenses in profit or loss.

(c) Group companies

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

(a) assets and liabilities for each of the balance sheets are translated at the closing rates;

(b) income and expenses for each of the income statements are translated at the average exchange rate (provided that this rate is a reasonable approximation of the cumulative effect of the exchange rates applying at the transaction date; otherwise, income and expenses are translated at the transaction date exchange rate),

(c) all resulting foreign exchange differences in equity are recognised in other comprehensive income.

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

2.4 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

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.

Note 2, cont.

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

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

(b) Customer relationships and other intangible assets

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

(c) Capitalised development costs for IT systems

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

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

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

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

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

2.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

2.7 FINANCIAL ASSETS

Calculation of fair value

The levels are defined as follows:

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

General principles

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

Classification and measurement

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

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

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

The Group applies the hold to collect business model for other non-current receivables, trade receivables, cash and cash equivalents and for financial assets recognised as other receivables.

Financial liabilities are measured at fair value through profit or loss if these are a contingent 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.

Note 2, cont.

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

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

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

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

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

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

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

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

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

Objective evidence of impairment includes, for example, indications of significant financial difficulties of a debtor or group of debtors, non-payment of or arrears on the payment of interest or principal, a growing likelihood that the borrower will enter bankruptcy or reorganise, or observable information pointing to a measurable decrease in estimated future cash flows, such as changes in arrears or other financial circumstances correlated with credit losses.
For the category of trade receivables, impairment is calculated as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future loan losses that have not occurred), discounted to the original effective interest of the financial asset. The asset's carrying amount is written down and the impairment loss is recognised in the consolidated income statement.

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

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

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

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

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

2.9 CASH AND CASH EQUIVALENTS
Cash and cash equivalents in the balance sheet and in the statement of cash flows includes cash, bank deposits 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.

The company only holds ordinary shares. The company also holds 52,250 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 regularly evaluates claims made in tax returns which relate to situations where the applicable tax rules are subject to interpretation. When appropriate, management makes provisions for amounts which will probably be payable to the tax authority.

Deferred tax is recognised for all temporary differences between the carrying amounts and tax bases of assets and liabilities in the consolidated financial statements. A deferred tax liability is not recognised if it is incurred as a result of initial recognition of goodwill.

Note 2, cont.

Deferred tax is also not recognised if it is incurred as a result of a transaction which constitutes the initial recognition of an asset or liability that is not a business combination and which at the time of the transaction affects neither the accounting profit nor the tax profit. Deferred income tax is calculated by applying tax rates (and tax laws) that have been adopted or announced at the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

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

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

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

2.13 EMPLOYEE BENEFITS

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

2.14 REVENUE RECOGNITION

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

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

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

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

Sale of goods

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

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

Third-party currencies

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

2.15 INTEREST INCOME

Interest income is recognised using the effective interest method.

2.16 DIVIDEND INCOME

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

2.17 LEASES – RIGHT-OF-USE ASSETS

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.

Non-lease elements were consolidated in the lease asset. The Group has no leases of intangible assets. The company has no leased assets that are difficult to replace with other assets, which is why the lease term stated in the contract is the lease term included in the lease asset and liability. The discount rate applied was assessed by country taking into account the length of the lease, country-specific currency risk and risk premium. The Group has two primary types of operating leases that are managed as financial leases: office premises and leased cars, where the highest value is for office premises.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

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

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

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

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

Critical judgements in determining the lease term:

Extension options related to leases for office premises and vehicles are not included in lease liability as the Group can replace the assets without material costs or disruption to operations.

2.19 DIVIDENDS

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

2.20 SEGMENT REPORTING

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

NOTE 3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

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

Risk management is handled by a central finance department in accordance with the financial policy adopted by the Board of Directors. The finance department identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units.

The financial policy encompasses general risk management as well as for specific areas, such as currency risk, interest rate risk, credit risk, the use of derivatives and non-derivative financial instruments, and the investment of excess liquidity.

(a) Market risk

(i) Currency risk

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

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

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

If the Swedish krona had weakened/strengthened by 10 per cent against the USD, with all other variables held constant, the restated net profit at 31 December 2021 would have been kSEK 30,000 (18,000) lower/higher. Gross profit would have been kSEK 60,000 (40,000) lower/higher, while the gross margin was slightly lower.

EBITA would have been kSEK 44,000 (26,000) lower/higher. Restating trade receivables and trade payables would have had the opposite impact on earnings of kSEK 9,000 (5,000).

If the Swedish krona had weakened/strengthened by 10 per cent against the EUR, with all other variables held constant, the restated net profit at 31 December 2021 would have been kSEK 9,000 (4,000) higher/lower.

Foreign exchange differences in current assets are recognised as other operating income or other operating expenses. Exchange rate difference in cash, external and internal loans are recognised in net financial items.

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

The Group's interest rate risk arises from short-term and long-term borrowing. Variable interest rate borrowings expose the Group to cash flow interest rate risk, which is partly neutralised by cash assets bearing variable interest rates.

Fixed interest rate borrowings expose the Group to fair value interest rate risk. The Group's policy is to have variable interest rate borrowings. In 2021, the Group's variable interest rate borrowings consisted mainly of loans in SEK, which was also the case in 2020. Lending in other currencies may temporarily occur in the Group's cash pool.

The Group has an opportunity to secure the interest rate if exposure is considered too great. An analysis is always conducted in conjunction with refinancing or when rolling-over existing loans. The analysis shows that the effect of a +/-1.0 per cent change in interest level would entail a maximum increase of kSEK 3,600 (2,700) or a reduction of kSEK 3,600 (2,700) in interest expense.

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

(b) Credit risk

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

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

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

(c) Financing risk

The Group's loan financing takes place centrally and consists of both fixed loans and an intra-Group cash pool with an associated overdraft facility. The loan conditions include covenants stating that the net debt excluding IFRS 16 must not exceed 2.5 times adjusted EBITDA and that cash flow before financing costs must exceed financing costs. Management regularly measures and monitors covenant calculations and cash flow forecasts from a covenant perspective.

(c) Liquidity risks

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

Excess liquidity in the Group's operating companies exceeding that portion which is required to manage working capital requirements is transferred to the Parent Company, which invests the excess liquidity in interest-bearing current accounts, term deposits, money market instruments and marketable securities, depending on what type of instrument has an appropriate maturity or is sufficiently liquid to meet the requirements determined by the aforementioned forecasts. At the balance sheet date, the company had liquid assets of kSEK 136,709 (449,033) and an undrawn overdraft facility of kSEK 75,493 (212,286) 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 2021.

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			
31 December 2020				
Borrowings	10,927	45,311	43,729	278,835
Overdraft facility (payable on demand)	0			
Trade payables	270,312			

Note 3, cont.

3.2 MANAGEMENT OF CAPITAL

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

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

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

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

	2021	2020
Total borrowings (Note 27)	834,234	332,650
Less: cash and cash equivalents	-136,709	-449,033
Net debt excl. right-of-use liability	697,525	-116,043
Right-of-use liability	36,942	31,097
Total liability	734,467	-84,946
Total equity	773,846	699,935
Total capital	1,508,313	614,989
Debt/equity ratio	**95%**	**-12%**
Adjusted EBITDA*, incl. IFRS 16	428,618	209,891
Net debt / Adjusted EBITDA, incl. IFRS 16	**1.7**	**-0.4**
Adjusted EBITDA, excl. IFRS 16	412,389	196,138
Net debt / Adjusted EBITDA, excl. IFRS 16	**1.7**	**-0.6**

*No adjustment of EBITDA was carried out for 2021 and 2020.

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 923,864 (382,313). The change is due to additional goodwill for the acquisition of PreventPCB of kSEK 175,469, sas – electronics of kSEK 17,054, RedBoard Circuits of kSEK 10,700 and Elmatica of kSEK 300,797 as well as currency effects.

Valuation of tax loss carry-forwards

At 31 December 2021, the Group has recognised deferred tax assets of kSEK 5,643 (7,355) arising from unused tax losses for the year and previous years. These tax losses have no final expiration date. A deferred tax asset is recognised for tax losses only to the extent that it is probable that these can be used to offset future taxable profits and taxable temporary differences. Each year, the Group also assesses whether there is reason to recognise new deferred tax assets in respect of tax losses for the year or previous years.

At 31 December 2021, the Group had unused tax losses from the Group's newly started companies in Malaysia and the Netherlands (the Netherlands only 2020) of kSEK 3,335 (10,118), which represent unrecognised deferred tax assets of kSEK 567 (2,470) with no final expiration date.

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

Measurement of trade receivables

At the closing date, the Group had trade receivables of kSEK 789,566 (342,878). Trade receivables are amounts attributable to customers for sold goods in the ordinary course of business. Trade receivables generally fall due for payment within 30–90 days and all trade receivables are therefore classified as current assets. Trade receivables are initially recognised at transaction price. Trade receivables with a material financing component are measured, on the other hand, at fair value. The Group holds trade receivables for the purpose of collecting contractual cash flow and measures these therefore on subsequent accounting dates at amortised cost.

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

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

NOTE 5 REVENUES FROM CUSTOMERS

Breakdown of net sales by geographic location of customers.

	2021	2020
USA	603,157	408,643
Germany	494,413	348,695
China	246,791	166,230
Italy	231,136	21,692
Sweden	210,894	169,091
Russia	173,357	153,457
Norway	157,761	94,647
UK	143,938	110,900
Netherlands	101,922	67,374
France	101,441	72,454
Denmark	98,812	72,509
Romania	85,970	57,564
Poland	84,529	62,806
Estonia	63,804	53,803
Canada	57,100	44,727
Spain	55,569	31,452
Finland	45,624	41,424
Other markets	263,291	137,743
Total	**3,219,509**	**2,115,212**

Remaining performance obligation

The company has remaining performance obligations and contract liabilities of kSEK 8,129 (5,726) attributable to advances from customers, primarily in Russia.

NOTE 6 SEGMENTS

DESCRIPTION OF SEGMENTS AND PRINCIPAL ACTIVITIES

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

Nordic

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

Revenue

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

NET SALES AND EARNINGS OF SEGMENTS

	Nordic		Europe		North America		East		Central functions		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales	710.5	493.8	1,476.0	859.5	594.0	428.2	439.0	333.6	0	0	3,219.5	2,115.2
EBITA	114.2	77.0	156.1	56.3	74.0	32.5	64.5	43.1	-2.8	-18.1	406.1	190.7
EBITA margin, %	16.1	15.6	10.6	6.6	12.5	7.6	14.7	12.9			12.6	9.0
Amortisation of intangible assets											-18.9	-8.4
Operating profit											**387.2**	**182.3**
Operating margin, %											12.0	8.6
Net financial expense											-23.1	-19.4
Profit before tax											364.1	163.0
Net working capital	80.3	32.9	307.4	101.2	46.9	3.2	74.6	35.6	-62.5	-9.9	443.6	163.0
Non-current assets												
Intangible assets	448.4	61.4	343.6	118.7	275.3	236.2	9.2	8.1	0.5	1.1	1,077.0	425.5
Property, plant and equipment	8.8	4.9	16.4	13.1	8.2	8.3	1.2	0.8	11.6	9.7	46.2	36.6

In Sweden, there are non-current assets valued at SEK 19.9 million (18.9), of which property, plant and equipment of SEK 4.0 million (2.5), and intangible assets of SEK 15.9 million (16.4).

NOTE 7 OTHER OPERATING INCOME

	2021	2020
Operating foreign exchange gains	–	–
Operating foreign exchange losses	–	–
Other income	2,440	6,317
Government support	11,000	–
Total	**13,440**	**6,317**

NOTE 8 OTHER EXTERNAL EXPENSES

	2021	2020
Cost of premises	22,291	22,963
Travel expenses	7,691	5,227
External sales commission	15,286	12,477
Marketing	12,625	6,455
IT	22,875	16,091
Other	67,336	43,353
Total	**148,104**	**106,566**

NOTE 9 EMPLOYEE BENEFITS, ETC.

	2021	2020
Salaries and benefits	313,190	240,774
Social security contributions	48,655	30,605
Retirement benefit costs – defined contribution plans	16,326	13,059
Total employee benefits	**378,590**	**284,437**

Salaries and other benefits:

	2021		2020	
	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	36,670 (13,859)	2,694	26,959 (5,766)	2,339
Other employees	276,939	13,632	213,815	10,720
Total, Group	**313,609**	**16,326**	**240,774**	**13,059**

Remuneration to executive management in 2021

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

Fixed and variable remuneration

The allocation between basic salary and variable remuneration is in proportion to the executive's responsibility and authority. The variable remuneration is based on financial objectives. The yearly variable salary to the CEO is not to exceed 100 per cent of the fixed yearly salary. Other 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:

	2021		2020	
	Average number of employees	**Of whom, women**	**Average number of employees**	**Of whom, women**
Sweden	43	20	35	17
Denmark	12	6	11	5
Norway	18	6	9	1
Finland	15	7	12	6
Germany	46	13	33	10
UK	30	14	34	14
Poland	14	9	12	9
France	17	10	15	9
Spain	10	4	9	3
Italy	15	8	9	4
Malaysia	2		2	
Netherlands	34	8	34	8
North Macedonia	2		1	
Russia	47	21	45	21
USA	76	39	76	34
China	119	67	104	56
Hong Kong	3	1	3	1
Taiwan	11	5	7	
Total, Group	**515**	**235**	**452**	**202**

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

	2021		2020	
	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	3
Total, Group	**19**	**6**	**19**	**5**

NOTE 10 AUDIT FEES

	2021	2020
PwC		
– Audit engagement	4,139	3,799
– Audit services in addition to audit engagement	206	143
– Tax advisory services	229	62
– Other services	523	477
Total	**5,097**	**4,481**
Other auditors		
– Audit engagement	840	2,060
– Audit services in addition to audit engagement	21	63
– Tax advisory services	909	280
– Other services		
Total	**1,770**	**2,403**
Total, Group	**6,867**	**6,884**

Fees to Öhrlings PricewaterhouseCoopers AB from companies in the NCAB Group amounted to SEK 2.8 million (2.7) during the year. Of this amount, SEK 2.3 million (2.5) was audit fees and SEK 0.1 million (0.1) was primarily other audit services established in regulations and according to the Group's wishes.

NOTE 11 OTHER OPERATING EXPENSES

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

	2021	2020
Operating foreign exchange gains	-13,006	-7,847
Operating foreign exchange losses	15,600	15,317
Transaction costs for acquisitions	7,379	14,949
Other	0	336
Total	**9,974**	**22,756**

NOTE 12 FINANCIAL INCOME AND EXPENSE

	2021	2020
Financial expense:		
– interest expenses bank loans	-9,094	-8,549
– interest expenses right-of-use	-1,778	-1,630
Foreign exchange gains on financing activities	16,942	90,860
Foreign exchange losses on financing activities	-25,419	-98,123
Other financial expense	-6,838	-2,150
Total financial expense	**-26,186**	**-19,591**
Financial income:		
– interest income from short-term bank deposits	40	197
Foreign exchange gains on financing activities		
Foreign exchange losses on financing activities		
Other financial income	3,095	1
Total financial income	**3,136**	**199**
Net financial expense	**-23,050**	**-19,392**

NOTE 13 TAX

	2021	2020
Current tax:		
Current tax on profit for the year	-78,569	-26,066
Total current tax	**-78,569**	**-26,006**
Deferred tax (Note 28)	-295	-9,438
Total deferred tax	**-295**	**-9,438**
Tax	**-78,864**	**-35,444**

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:

	2021	2020
Profit before tax	**364,118**	**162,955**
Tax calculated at tax rate in Sweden (20.6% (21.4%))	-75,008	-34,872
Effect of foreign tax rates	-5,192	-2,762
Tax effects of:		
Non-taxable income	3,011	2,029
Non-deductible expenses	-3,343	-3,701
Use of previously unrecognised tax losses		-465
Tax losses for which no deferred tax asset has been recognised	-40	1,728
Adjustment relating to prior years	1,709	452
Change in deferred tax on loss carryforwards	0	0
Transactions posted against equity	0	2,146
Tax expense	**-78,864**	**-35,444**

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

NOTE 14 NET FOREIGN EXCHANGE DIFFERENCES

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

	2021	2020
Net other operating income (Note 7)		
Net other operating expenses (Note 11)	-2,594	-7,470
Net financial income/expense (Note 12)	-9,187	-7,159
Total	**-11,781**	**14,629**

NOTE 15 EARNINGS PER SHARE

The Parent Company now only holds ordinary shares.

	2021	2020
Profit for the period	284,917	127,368
Average number of shares before dilution	186,944,900	181,158,398
Average number of shares after dilution	187,133,712	181,158,398
Earnings per share before dilution, SEK	1.52	0.70
Earnings per share after dilution, SEK	1.52	0.70

The Extraordinary General Meeting on 15 December 2021 resolved to approve a 10:1 stock split. Earnings per share have been calculated retrospectively based on the total number of shares after the stock split for each period. The number of shares is given after the split also for prior periods.

The company holds 52,250 own shares in treasury.

NOTE 16 HOLDING AND INVESTMENTS IN SUBSIDIARIES

At 31 December 2021, the Group had the following subsidiaries:

Name	Country of registration and operation	Percentage of ordinary shares owned directly by the Parent Company (%)	Percentage of ordinary shares owned by the Group (%)
NCAB Group Asia Ltd.	Hong Kong	100%	
NCAB Group ShenZhen Electronics Co Ltd.	China		100%
NCAB Group ShenZhen Co Ltd.	China		100%
NCAB Group Denmark A/S	Denmark	100%	
NCAB Ericon Pte	Russia	100%	
NCAB Group Estonia Oü	Estonia	100%	
NCAB Group Finland OY	Finland	100%	
NCAB Group France SAS	France	100%	
NCAB Group Germany GmbH	Germany	100%	
sas – electronics GmbH	Germany		100%
NCAB Group Iberia S.A.	Spain	100%	
NCAB Group Italy S.r.l.	Italy	100%	
NCAB Group Prevent S.rl.	Italy		100%
NCAB Group Norway AS	Norway	100%	
NCAB Macedonia A.D.	North Macedonia	70%	
NCAB Group Polska Sp. Z.o.o	Poland	100%	
NCAB Group South East Asia SDN BHD	Malaysia	100%	
NCAB Group Sweden AB	Sweden	100%	
NCAB Group UK Ltd	UK	100%	
NCAB Group USA Inc.	USA	100%	
Bare Board Group	USA		100%
RedBoard Circuits	USA		100%
IPCS B.V.	Netherlands	100%	
NCAB Group Flatfield 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 17 PROPERTY, PLANT AND EQUIPMENT

Improvements to third party's property:

	2021	2020
Opening balance		
Cost	7,316	7,199
Accumulated depreciation	-5,232	-4,355
Carrying amount	**2,084**	**2,844**
Period		
Foreign exchange differences	-2,146	235
Purchases	804	298
Amortisation	-743	-835
Sales	0	-25
Closing balance		
Cost	10,781	7,316
Accumulated depreciation	-6,482	-5,232
Carrying amount	**4,298**	**2,084**

Plant and equipment:

	2021	2020
Opening balance		
Cost	22,774	21,832
Accumulated depreciation	-18,267	-17,755
Carrying amount	**4,507**	**4,077**
Period		
Foreign exchange differences	991	133
Purchases	2,504	3,023
Sales and disposals	-410	-174
Amortisation	-2,761	-2,987
From acquisitions	3,862	–
Additional amortisation from acquisitions	-1,201	
Closing balance		
Cost	30,896	22,774
Accumulated depreciation	-23,404	-18,267
Carrying amount	**7,492**	**4,507**

Right-of-use assets:

	2021	2020
Opening balance		
Cost	47,933	43,870
Accumulated depreciation	-17,896	-10,335
Carrying amount	**30,038**	**33,536**
Period		
Additions	15,159	9,466
Amortisation	-15,505	-12,681
Closing balance		
Cost	61,320	47,933
Accumulated depreciation	-27,020	-17,896
Carrying amount	**34,412**	**30,038**

NOTE 18 INTANGIBLE ASSETS

	Goodwill	Capitalised development costs	Other intangible assets	Total
Financial year 2020				
Carrying amount at beginning of year	**206,253**	**147**	**16,605**	**223,005**
Foreign exchange differences	-40,172	11	-4,968	-45,590
Added	216,232	8,155	34,282	259,130
Sales and disposals				
Amortisation		-2,671	-8,370	-11,041
Carrying amount at end of year	382,313	5,623	37,549	425,504
Carrying amount				
Cost	382,313	26,519	45,919	454,751
Accumulated amortisation and impairment		-20,876	-13,338	-34,214
31 December 2020	**382,313**	**5,623**	**37,549**	**425,504**
Financial year 2021				
Carrying amount at beginning of year	**382,313**	**5,623**	**37,549**	**425,504**
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
Carrying amount at end of year	**923,864**	**4,283**	**148,870**	**1,077,018**
Carrying amount				
Cost	923,864	29,699	202,050	1,155,614
Accumulated amortisation and impairment		-25,416	-53,180	-78,596
31 December 2021	**923,864**	**4,283**	**148,870**	**1,077,018**

GOODWILL BY CASH-GENERATING UNIT

31 Dec 2020	Carrying amount at beginning of year	Added	Other adjustments (foreign exchange effect)	Carrying amount at end of year
Sweden	15,385			15,385
Denmark	28,652		-1,075	27,577
Norway	4,575		-936	3,639
Finland	9,041		539	9,580
USA	139,780	116,115	-14,947	224,950
Netherlands	0	100,117	-22,807	93,308
Other	8,819		-946	7,873
Total	**206,252**	**216,232**	**-40,172**	**382,313**

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	8,359
Total	**382,313**	**504,269**	**37,283**	**923,864**

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

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

Note 18, cont.

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

31 Dec 2021	Sweden	Norway	Finland	Denmark	USA	Netherlands	Italy	Germany
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

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

No reasonable change in critical assumptions for Sweden, Norway, Finland, Denmark and Germany would result in the carrying amount exceeding the recoverable amount. USA can cope with a long-term growth rate of -7 per cent or an increase in WACC by 8 percentage points for the carrying amount to exceed the recoverable amount. The Netherlands can cope with a long-term growth rate of -8 per cent or an increase in WACC by 8 percentage points for the carrying amount to exceed the recoverable amount. Italy can cope with a long-term growth rate of -8 per cent or an increase in WACC by 8 percentage points for the carrying amount to exceed the recoverable amount. Our new operations in Norway can cope with a long-term growth rate of -8 per cent and an increase in WACC by 7.5 per cent.

NOTE 19 FINANCIAL INSTRUMENTS BY CATEGORY

31 DEC 2021

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

	Liabilities recognised at fair value	Other financial liabilities	Total
Liabilities in balance sheet			
Borrowings		834,234	834,234
Trade payables		618,716	618,716
Other liabilities	94,259		94,259
Total	**94,259**	**1,452,950**	**1,547,209**

For assumptions regarding Other liabilities recognised at fair value, see Note 35.

31 DEC 2020

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

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

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

NOTE 20 FINANCIAL ASSETS

	31 Dec 2021	31 Dec 2020
Opening value	**4,929**	**4,018**
Foreign exchange differences	139	-742
Additions	8,832	4,584
Sales and disposals	-5,665	-2,931
Closing value	**8,235**	**4,929**

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.

NOTE 21 TRADE RECEIVABLES

	31 Dec 2021	31 Dec 2020
Trade receivables	796,346	347,706
Provision for doubtful debts	-6,780	-4,828
Net trade receivables	**789,566**	**342,878**

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

At 31 December 2021, the Group had past due trade receivables of kSEK 138,072 (52,896). The age structure of these trade receivables is shown below:

	31 Dec 2021	31 Dec 2020
1–30 days	110,897	41,540
31-90	17,930	8,948
> 91 days	9,245	2,408
Total trade receivables past due	**138,072**	**52,896**

At 31 December 2021, the Group had recognised impairment of trade receivables of kSEK 6,780 (4,828).

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

	31 Dec 2021	31 Dec 2020
SEK	3,502	1,342
EUR	208,341	36,652
USD	413,619	213,755
GBP	21,595	17,125
Other	142,509	74,004
Total	**789,566**	**342,878**

Changes in the provision for doubtful debts are as follows:

	2021	2020
1 January	**4,828**	**3,658**
Provisions for credit losses	14,227	5,833
Impairment for the year	0	-82
Reversal of unused provisions	-12,275	-4,581
31 December	**6,780**	**4,828**

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

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

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

NOTE 22 INVENTORIES

	31 Dec 2021	31 Dec 2020
Raw materials and consumables	519,604	183,134

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 2,115,819 (1,438,573).

The Group did not recognise any reversals of impairment losses on inventories in 2021 or 2020.

Inventories, which totalled kSEK 519,604 (183,134) at the closing date, consist exclusively of goods with fixed orders from customers.

NOTE 23 OTHER CURRENT RECEIVABLES

	31 Dec 2021	31 Dec 2020
Tax assets	8,185	5,407
VAT receivables	16,420	5,002
Other receivables	26,419	4,059
Total	**51,024**	**14,468**

NOTE 24 PREPAID EXPENSES AND ACCRUED INCOME

	31 Dec 2021	31 Dec 2020
Prepaid rents	1,015	1,036
Accrued commission	15,338	9,670
Service contracts	3,518	3,365
Other items	5,083	5,007
Total	**24,954**	**19,078**

NOTE 25 CASH AND CASH EQUIVALENTS

	31 Dec 2021	31 Dec 2020
Bank deposits	136,709	449,033
Total	**136,709**	**449,033**

NOTE 26 SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL

	Number of shares ('000)	Share capital	Other additional paid-in capital	Total
31 December 2020	**18,697**	**1,870**	**478,143**	**480,013**
31 December 2021	**186,971**	**1,870**	**478,143**	**480,013**

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 2021, an ordinary dividend was paid after the Annual General Meeting (AGM) in May. An extra dividend was also paid after the Extraordinary General Meeting on 15 December. At the General Meeting on 3 May 2022, it will be proposed that a dividend of SEK 0.60 per share be paid.

Split

The Extraordinary General Meeting on 15 December 2021 resolved to approve a 10:1 stock split. Earnings per share have been calculated retrospectively based on the total number of shares after the stock split for each period.

Options

The General Meeting on 10 May 2021 resolved to approve a long-term incentive plan for key persons in the company. 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 until 31 May 2024, 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 from 12 May until 21 May 2021, corresponding to SEK 30.20 per share.

The programme can result in up to 559,000 new shares at an exercise price of SEK 30.20

Programme	Maximum number of instruments	Time to maturity (months)	Exercise price per share (SEK)
2021–2024	559,000	30	30.20

Own shares

On 31 December 2021, the company held 52,215 own shares.

NOTE 27 BORROWINGS

	31 Dec 2021	31 Dec 2020
Liabilities to credit institutions		
Non-current	643,977	294,491
Current	190,257	38,159
Total borrowings	**834,234**	**332,650**

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.

NCAB renegotiated its loans in 2021 and on 31 December 2021 had loans totalling kSEK 643,977, with one loan of SEK 550 million that is free of instalments. There is an acquisition credit of SEK 450 million, of which SEK 100 million is exercised and instalments will begin in the second quarter of 2024. At the balance sheet date of 31 December 2021, the company was in compliance with all covenants under the financing agreement. During the year, the average interest rate was 1.5 per cent (2.125). In the USA, the remaining Paycheck Protection Program loan of SEK 11.0 million was forgiven during the year.

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 254,000 in the currencies SEK, EUR, USD, GBP, DKK and NOK. Of the agreed limit, kSEK 189,507 had been drawn at 31 December 2021 (0). The interest rate on the overdraft facility, if exercised, is STIBOR/LIBOR +1.5% and interest is paid quarterly. The terms of the overdraft facility are linked to the covenants for the bank loans, see above.

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

	Carrying amount		Fair value	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Liabilities to credit institutions	834,234	332,650	834,234	332,650
Total	**834,234**	**332,650**	**834,234**	**332,650**

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 2021	31 Dec 2020
SEK	834,234	321,784
USD	0	10,866
Total	**834,234**	**332,650**

Note 27, cont.

The Group has the following undrawn credit facilities:

	31 Dec 2021	31 Dec 2020
Variable interest:		
– no maturity date	65,000	212,283
– acquisition credit	350,000	
Total	**415,000**	**212,283**

In addition to the credit and borrowing referred to above, the Group has liabilities relating to right-of-use assets of kSEK 36,942 (31,091).

NOTE 28 DEFERRED TAX

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

	31 Dec 2021	31 Dec 2020
Deferred tax assets:		
– deferred tax assets usable after more than 12 months	6,941	5,099
– deferred tax assets usable within 12 months	743	2,255
Deferred tax liabilities:		
– deferred tax liabilities payable after more than 12 months	55,528	22,808
– deferred tax liabilities payable within 12 months	0	7
Net deferred tax assets	**-47,843**	**-15,460**

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

	2021	2020
Opening balance	**-15,460**	**-441**
Foreign exchange differences	-947	5,328
Additions	-31,140	-10,909
Recognised in profit or loss (Note 13)	-295	-9,438
Closing balance	**-47,843**	**-15,460**

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

Deferred tax liabilities	Other	Total
1 January 2020	**8,113**	**8,113**
Recognised in profit or loss	8,814	8,814
Adjustment from previous year	795	795
Currency adjustment	5,093	5,093
31 December 2020	**22,815**	**22,815**
Recognised in profit or loss	210	210
Currency adjustment	1,363	1,363
Additions	31,140	31,140
31 December 2021	**55,528**	**55,528**

Deferred tax assets	Intangible assets	Tax losses	IFRS 16	Total
1 January 2020	**0**	7,671		**7,671**
Recognised in profit or loss	717	-1,756	415	-624
Foreign exchange differences				307
31 December 2020	**717**	**6,222**	**415**	**7,355**
Recognised in profit or loss	-717	362	270	-85
Foreign exchange differences		357	59	416
31 December 2021	0	**6,941**	**744**	**7,685**

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 567 (2,470) relating to losses of kSEK 3,335 (10,118).

NOTE 29 ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec 2021	31 Dec 2020
Accrued holiday pay and bonuses	67,209	29,630
Accrued customer bonus	8,835	6,789
Accrued audit fees	3,792	3,210
Deferred income	587	
Other items	34,881	25,651
Total	**115,304**	**65,279**

NOTE 30 ADJUSTMENT FOR NON-CASH ITEMS

	2021	2020
Adjustments for:		
– depreciation of property, plant and equipment (Note 17)	18,974	16,503
– amortisation of intangible assets (Note 18)	22,475	11,041
– minority share of profit for the year	339	143
– forgiven loans (PPP)	11,000	
– foreign exchange difference	18,965	-2,677
Total	**71,753**	**25,010**

NOTE 31 CASH FLOW FROM FINANCING ACTIVITIES

	1 January 2021	Cash flow	Non-cash change Unrealised foreign exchange difference	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
	363,747	**481,400**	**10,676**	**870,426**
Cash and cash equivalents	-449,033	326,883	-14,558	-136,709

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

NOTE 32 PLEDGED ASSETS

For liabilities to credit institutions:

	31 Dec 2021	31 Dec 2020
Shares in subsidiaries (see below)	0	547,328
Total	**0**	**547,328**
Pledged assets – 100% of the shares of:		
NCAB Group Sweden AB	0	69,134
NCAB Group Finland OY	0	41,162
NCAB Group Denmark ApS	0	76,025
NCAB Group Norway AS	0	55,734
NCAB Group Germany GmbH	0	9,702
NCAB Group USA Inc.	0	240,528
NCAB Group UK Ltd	0	55,043

In addition to the above, there are also chattel mortgages issued by NCAB Group Sweden of SEK 0.0 million (55.0).

NOTE 33 RIGHT-OF-USE ASSETS

Right-of-use assets:

Right-of-use assets	31 Dec 2021	1 Jan 2020
Properties	27,475	26,145
Vehicles	6,935	3,891
Other		
Total	**34,410**	**30,037**
Lease liability		
Current	12,418	9,994
Non-current	24,524	21,098
Total	**36,942**	**31,091**

Additions to the right-of-use assets in 2021 were kSEK 15,160 (9,466).

Depreciation of right-of-use assets	31 Dec 2021	31 Dec 2020
Properties	11,404	8,957
Vehicles	4,101	3,725
Other		
Total	**15,505**	**12,681**

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

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

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

	2021	2020
Interest expense	-1,773	-1,629
Expense relating to short-term leases (included in other external expenses)	-6,463	-6,146
Expense relating to leases of low-value assets that are not short-term leases (included in other external expenses)	0	0
Expense relating to variable lease payments not included in lease liabilities (included in other external expenses)	0	0
Repayment of lease liability	-16,521	-13,964
Total cash flow	**-24,757**	**-20,668**

NOTE 34 RELATED PARTIES

The following transactions have been made with related parties:

(a) Sale of goods and services

	2021	2020
Sale of goods:		
– Ericon (33% owned by Vladimir Makarov, MD in NCAB Russia)	9,903	7,853
– Ericon Assembly (25% owned by Vladimir Makarov, MD in NCAB Russia)	1,505	1,169
Total	**11,409**	**9,022**

(b) Purchases of goods and services

	2021	2020
Purchases of services:		
PreventLab (100% owned by Flavio Vergani, Board member of NCAB Group Prevent)	8,116	
Total	**8,116**	

OPTION PROGRAMME

During the year, a long-term incentive plan was launched for key persons in the Group. 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 until 31 May 2024, 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 of SEK 30.20 per share. Up to 559,000 performance shares may be acquired, of these up to 345,000 may go to executive management.

(c) Remuneration of executive management

Executive management has received the following remuneration:

	2021	2020
Salaries and other short-term benefits	37,667	27,272
Share-based remuneration		
Other long-term benefits		
Post-employment benefits (pension contributions)	2,653	2,025
Total	**39,982**	**29,298**

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

DEFINED CONTRIBUTION PENSION

The retirement age for the Chief Executive Officer is 65 years. The pension premium is 30 per cent of the pensionable pay. Pensionable pay refers to the basic salary plus average variable pay for the last three years.

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

PERIOD OF NOTICE AND SEVERANCE PAY

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

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

Remuneration and other benefits 2021

	Basic salary/ fees	Variable remuneration	Pension costs	Share-based remuneration	Other remuneration	Total
Christian Salamon, Chairman of the Board	775					775
Jan-Olof Dahlén	350					350
Magdalena Persson	375					375
Gunilla Rudebjer	500					500
Hans Ramel	400					400
Per Hesselmark	375					375
Hans Ståhl	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
Total	**20,575**	**13,859**	**2,694**		**2,235**	**39,364**

*) Pertains to Hans' work as CEO.

Remuneration and other benefits 2020

	Basic salary/ fees	Variable remuneration	Pension costs	Share-based remuneration	Other remuneration	Total
Christian Salamon, Chairman of the Board	775					775
Jan-Olof Dahlén	350					350
Magdalena Persson	375					375
Gunilla Rudebjer	500					500
Hans Ramel	400					400
Per Hesselmark	375					375
Hans Ståhl, Chief Executive Officer, Jan–Sep	1,753	1,511	333		78	3,475
Peter Kruk, Chief Executive Officer, Oct–Dec	831	432	225		24	1,512
Other executive management (11 persons)	13,808	3,823	1,781		1,923	21,335
Total	**19,167**	**5,766**	**2,339**		**2,026**	**29,298**

Note 34, cont.

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

	31 Dec 2021	31 Dec 2020
Receivables from related parties:		
– Trade receivables, Ericon	1,460	1,956
– Trade receivables, Ericon Assembly	97	48
Liabilities to related parties:		
– Trade payables Prevent Lab		

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.

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

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

NOTE 35 ACQUISITIONS

PreventPCB
On 22 February 2021, an agreement was signed to acquire 100 per cent of the shares in PreventPCB, based in Vergiate, Italy.

Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. Goodwill of SEK 175.5 million arose in conjunction with the acquisition. PreventPCB contributed SEK 217.4 million in net sales and SEK 26.9 million in EBITA in the period between 22 February and 31 December 2021. Transaction costs of SEK 2.9 million related to the acquisition of PreventPCB were expensed in the first quarter as central costs. The goodwill of SEK 175.5 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 PreventPCB's operations.

A possible additional purchase consideration may arise based on the joint net sales of NCAB in Italy in 2021, calculated in accordance with the purchase agreement. The additional purchase consideration shall not exceed SEK 25.2 million and was on the date of the acquisition and on 31 December 2021 estimated at SEK 21.2 million based on the most recent sales forecasts and foreign currency conversion rates at those dates.

Purchase consideration	
Cash and cash equivalents	181.8
Calculated purchase consideration	21.2
Total consideration	**203.0**

Carrying amounts of identifiable acquired assets and assumed liabilities	
Non-current assets	0.4
Customer relationships (included in intangible assets)	34.4
Other current assets	36.3
Other operating liabilities	-34.3
Deferred tax	-9.3
Total identifiable net assets	**27.5**
Goodwill	**175.5**

sas – electronics
On 24 June, 100 per cent of the shares in sas – electronics, in Rohrbach, Germany, were acquired Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. Goodwill of SEK 17.1 million arose in conjunction with the acquisition. sas – electronics contributed SEK 16.8 million in net sales and SEK 1.0 million in EBITA in the period between 24 June and 31 December 2021. Transaction costs of SEK 0.6 million related to the acquisition of sas – electronics were expensed in the second quarter as central costs.

The goodwill of SEK 17.1 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 sas – electronics's operations.

Purchase consideration	
Cash and cash equivalents	27.5
Total consideration	**27.5**

Carrying amounts of identifiable acquired assets and assumed liabilities in sas – electronics on acquisition date:

Carrying amounts of identifiable acquired assets and assumed liabilities	
Non-current assets	0.6
Customer relationships (included in intangible assets)	5.6
Other current assets	7.3
Other operating liabilities	-1.5
Deferred tax	-1.6
Total identifiable net assets	**10.5**
Goodwill	**17.1**

RedBoard Circuits
On 2 September 2021, 100 per cent of the shares were acquired in RedBoard Circuits in Arizona, in the USA.

Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. Goodwill of SEK 10.7 million arose in conjunction with the acquisition. RedBoard Circuits contributed SEK 20.2 million in net sales and SEK 3.0 million in EBITA in the period between 2 September and 31 December 2021. Transaction costs of SEK 0.8 million related to the acquisition of RedBoard Circuits were expensed in the third quarter as central costs. The goodwill of SEK 10.7 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 RedBoard Circuits's operations.

Purchase consideration	
Cash and cash equivalents	18.8
Total consideration	**18.8**

Carrying amounts of identifiable acquired assets and assumed liabilities	
Non-current assets	0.0
Customer relationships (included in intangible assets)	6.4
Other current assets	12.3
Other operating liabilities	-9.0
Deferred tax	-1.6
Total identifiable net assets	**8.1**
Goodwill	**10.7**

Elmatica
On 19 November 2021, 100 per cent of the shares were acquired in Elmatica in Oslo, Norway.

Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. Estimated goodwill of SEK 301.1 million arose in conjunction with the acquisition. Elmatica contributed SEK 93.5 million in net sales and SEK 11.2 million in EBITA in the period between 19 November and 31 December 2021. Transaction costs of SEK 3.1 million related to the acquisition of Elmatica were expensed in the fourth quarter as central costs. The goodwill of SEK 301.1 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 Elmatica's operations.

A possible additional purchase consideration may arise based as a multiple of gross profit in 2021 calculated in accordance with the acquisition agreement less a defined threshold. No maximum amount is stipulated. On the acquisition date and at year-end, the additional purchase consideration was estimated at SEK 72.4 million, based on information available on those dates.

Purchase consideration	
Cash and cash equivalents	326.5
Calculated purchase consideration	72.4
Total consideration	**398.9**

Carrying amounts of identifiable acquired assets and assumed liabilities	
Non-current assets	0.4
Customer relationships (included in intangible assets)	79.9
Other current assets	133.2
Other operating liabilities	-97.1
Deferred tax	-18.6
Total identifiable net assets	**97.8**
Goodwill	**301.1**

If PreventPCB, sas – electronics, RedBoard and Elmatica had been consolidated on 1 January 2021, net sales for the January–December period 2021 would have increased by SEK 350.0 million to SEK 3,570 million and EBITA by about SEK 41 million to SEK 447 million.

Cash flow pertaining to acquisitions	
Additional purchase consideration Altus PCB	13,868
Purchase consideration PreventPCB	181,800
Purchase consideration sas – electronics	25,429
Purchase consideration RedBoard	18,792
Purchase consideration Elmatica	326,515
Purchase consideration META Leiterplatten	15,346
Of which cash received PreventPCB	-10
Of which cash received sas – electronics	-4,924
Of which cash received RedBoard	-2,090
Of which cash received Elmatica	-6,868
Of which cash received META Leiterplatten	
Impact on cash flow	567,858

NOTE 36 EVENTS AFTER THE END OF THE REPORTING PERIOD

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. 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 21.5 million. META has 17 employees and operations in Germany.

Purchase consideration	2 Jan 2022
Cash and cash equivalents	21.5
Total consideration	**21.5**

Carrying amounts of identifiable acquired assets and assumed liabilities	
Non-current assets	0.9
Customer relationships (included in intangible assets)	4.0
Other current assets	16.0
Other operating liabilities	-8.8
Deferred tax	-1.3
Total identifiable net assets	**10.8**
Goodwill	**10.7**

Conflict – events in Russia
Following the Russian invasion of Ukraine, NCAB decided to cease deliveries of PCBs to Russia regardless of whether or not these were included in sanctions. On the basis of an analysis and careful consideration, NCAB decided to terminate its operations in Russia. The termination is estimated to lead to a impairment of approximately SEK 40 million, which is expected to be charged to the first quarter of 2022.

NOTE 37 DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

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

Alternative performance measure	Definition	Purpose
Gross profit	Net sales less raw materials and consumables and for other operating income, which includes translation differences on trade receivables and trade payables	Gross profit provides an indication of the surplus that is needed to cover fixed and semi-fixed costs in the NCAB Group.
Gross margin	Gross profit divided by net sales.	The gross margin provides an indication of the surplus as a percentage of net sales that is needed to cover fixed and semi-fixed costs in the NCAB Group.
EBITDA	Operating profit before depreciation, amortisation and impairment of property, plant and equipment, and intangible assets.	EBITDA along with EBITA provide an overall picture of operating earnings.
Adjusted EBITDA	Operating profit before depreciation, amortisation and impairment of property, plant and equipment, and intangible assets adjusted for non-recurring items.	Adjusted EBITDA is adjusted for extraordinary items. NCAB therefore considers that it is a useful performance measure for showing the company's operating earnings.
EBITA	Operating profit before amortisation and impairment of goodwill and acquisition-related intangible assets.	EBITDA provides an overall picture of operating earnings.
Adjusted EBITA	Operating profit before amortisation and impairment of goodwill and acquisition-related intangible assets adjusted for non-recurring items.	Adjusted EBITA is adjusted for extraordinary items. NCAB therefore considers that it is a useful performance measure for showing the company's operating earnings.
Adjusted EBITA margin	Operating profit before amortisation and impairment of goodwill and acquisition-related intangible assets adjusted for non-recurring items, divided by net sales.	Adjusted EBITA margin is adjusted for nonrecurring items. NCAB Group therefore considers that it is a useful performance measure for comparing the company's margin with other companies regardless of whether the business is driven by acquisitions or organic growth.
Return on equity	Net profit/loss for the year divided by average equity.	Return on equity is used to analyse the company's profitability, based on how much equity is used.
Equity/assets ratio	Equity and untaxed reserves net of deferred tax, divided by total assets.	NCAB considers that this is a useful measure for showing what portion of total assets is financed by equity. It is used by management to monitor the Group's long-term financial position.
Net debt	Interest-bearing liabilities less cash and cash equivalents.	Net debt is a measure which shows the company's total indebtedness.
Net working capital	Current assets excluding cash and cash equivalents less non-interest-bearing current liabilities.	This measure shows how much working capital that is tied up in the business.
EBITDA excl. IFRS	EBITDA adjusted for lease expenses pertaining to assets classified as right-of-use assets.	EBITDA along with EBITA provide an overall picture of operating earnings. Used in covenant calculations to the bank.
Net debt excl. IFRS 16	Interest-bearing liabilities excluding liabilities for right-of-use assets less cash and cash equivalents.	Net debt is a measure which shows the company's total indebtedness and has been adjusted for IFRS 16. Used in covenant calculations to the bank

Note 37, cont.

GROSS PROFIT

SEK million	2021	2020
Net sales	3,219.5	2,115.2
Other operating income	13.4	6.3
Raw materials and consumables	2,245.4	-1,481.3
Total gross profit	**987.5**	**640.2**
Gross margin, %	30.7	30.3

EBITA

SEK million	2021	2020
Operating profit	387.2	182.3
Amortisation and impairment of intangible assets	18.9	8.4
EBITA	**406.1**	**190.7**
EBITA margin, %	12.6	9.0

EBITDA

SEK million	2021	2020
Operating profit	387.2	182.3
Depreciation, amortisation and impairment of property, plant and equipment, and intangible assets	41.4	27.5
EBITDA	**428.6**	**209.9**
EBITDA margin, %	13.3	9.9

RETURN ON EQUITY

SEK million	2021	2020
Profit for the year	284.9	127.5
Equity (average)	736.9	524.0
Return on equity, %	**38.7**	**24.3**

EQUITY/ASSETS RATIO

SEK million	31 Dec 2021	31 Dec 2020
Equity	773.8	699.9
Total	**773.8**	**699.9**
Total assets	2,661.0	1,483.0
Equity/assets ratio, %	**29.1**	**47.2**

NET DEBT

SEK million	31 Dec 2021	31 Dec 2020
Interest-bearing liabilities	871.2	363.7
Cash and cash equivalents	-136.7	-449.0
Total net debt	**734.5**	**-85.3**
Adjusted EBITDA	428.6	209.9
Net debt/Adjusted EBITDA	**1.7**	**-0.4**

NET WORKING CAPITAL

SEK million	2021	2020
Inventories	519.6	183.1
Trade receivables	789.6	342.9
Other current receivables	51.0	14.5
Prepaid expenses and accrued income	25.0	19.1
Trade payables	-618.7	-270.3
Current tax liabilities	-57.8	-16.3
Other current liabilities	-74.4	-44.6
Accrued expenses and deferred income	-209.6	-65.3
Net working capital	**424.7**	**163.0**

Parent Company income statement

kSEK	Note	2021	2020
Operating revenue			
Net sales	40	97,762	58,187
Other income		135	1,767
Total		**97,897**	**59,954**
Other external expenses	41, 43	-57,398	-30,632
Staff costs	42	-46,897	-29,638
Depreciation of property, plant and equipment, and amortisation of intangible assets	49, 50	-540	-548
Other operating expenses			
Total operating expenses		**-104,835**	**-60,818**
Operating profit		**-6,938**	**-864**
Income from investments in Group companies	44	42,693	31,320
Other interest income and similar income	45	16,516	15,649
Interest expenses and similar charges	45, 48	-24,523	-36,415
Net financial income		**34,685**	**10,554**
Profit before tax		**27,747**	**9,690**
Appropriations	46	13,500	31,000
Tax on profit for the year	47	-422	-108
Profit for the year		**40,825**	**40,582**

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 82 to 87 form an integral part of this annual report.

Parent Company balance sheet

kSEK	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development expenditure	49	526	1,046
Total intangible assets		**526**	**1,046**
Property, plant and equipment			
Plant and equipment	50	6	27
Total property, plant and equipment		**6**	**27**
Non-current financial assets			
Investments in Group companies	51	847,204	336,743
Other non-current receivables		2,795	2,890
Total non-current financial assets		**849,999**	**339,633**
Total non-current assets		**850,531**	**340,706**
Current assets			
Current receivables			
Trade receivables			
Receivables from Group companies	52	473,960	354,165
Tax assets		407	394
Other current receivables	53	2,542	969
Prepaid expenses and accrued income	54	3,028	4,723
Total current receivables		**479,935**	**360,251**
Cash and bank balances	55	**100**	**294,918**
TOTAL ASSETS		**1,330,568**	**995,875**

The Notes on pages 82 to 87 form an integral part of this annual report.

Parent Company balance sheet, cont.

kSEK	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity	26		
Restricted equity			
Share capital (186,971,240 ordinary shares)		1,870	1,870
Non-restricted equity			
Share premium account		478,110	478,110
Retained earnings		-282,065	-42,191
Profit for the year		40,825	40,582
Total equity		**238,740**	**478,371**
Untaxed reserves	46	3,800	8,800
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	56, 59	643,977	283,625
Total non-current liabilities		**643,977**	**283,625**
Current liabilities			
Liabilities to credit institutions	56, 59	189,508	36,500
Trade payables		2,936	3,114
Liabilities to Group companies	52	225,285	173,402
Current tax liabilities			
Other current liabilities		4,034	2,711
Accrued expenses and deferred income	57	22,288	9,352
Total current liabilities		**444,051**	**225,079**
TOTAL EQUITY AND LIABILITIES		**1,330,568**	**995,875**

The Notes on pages 82 to 87 form an integral part of this annual report.

Parent Company statement of changes in equity

		Restricted equity	Non-restricted equity		
	Note	Share capital	Share premium account	Retained earnings and net profit for the year	Total equity
Opening balance on 1 January 2020	26	**1,685**	**201,582**	**-42,190**	**161,076**
Comprehensive income					
Profit for the year				40,582	40,582
Total comprehensive income				**40,582**	**40,582**
Issue of new shares	26	185	286,565		286,750
Issue expenses			-10,037		-10,037
Total transactions with shareholders, recognised directly in equity		**185**	**276,528**		**276,713**
Closing balance on 31 December 2020		**1,870**	**478,110**	**-1,609**	**478,371**
Opening balance on 1 January 2021	26	**1,870**	**478,110**	**-1,609**	**478,371**
Comprehensive income					
Profit for the year				40,825	40,825
Total comprehensive income				**40,825**	**40,825**
Dividend	26			-280,457	-280,457
Total transactions with shareholders, recognised directly in equity				**-280,457**	**-280,457**
Closing balance on 31 December 2021		**1,870**	**478,110**	**-241,240**	**238,740**

The Notes on pages 82 to 87 form an integral part of this annual report.

Parent Company statement of cash flows

kSEK	Note	31 Dec 2021	31 Dec 2020
Cash flow from operating activities			
Profit before net financial income/expense		-6,939	-864
Adjustment for non-cash items	58	-3,932	-17,676
Interest received		16,516	15,649
Dividends received		42,693	32,400
Interest paid		-17,468	-19,418
Income taxes paid		-435	-324
Other financial items		-2,582	
Cash flow from operating activities before changes in working capital		**27,853**	**9,767**
Change in current receivables		-111,021	-191,239
Change in current operating liabilities		29,312	30,428
Total changes in working capital		**-81,709**	**-160,811**
Cash flow from operating activities		**-53,856**	**-151,044**
Cash flow from investing activities			
Investments in property, plant and equipment	50		-222
Investments in financial assets		96	-1,464
Investments in subsidiaries	51	-510,461	-70,809
Cash flow from investing activities		**-510,365**	**-72,495**
Cash flow from financing activities			
Issue of new shares	26		276,528
Dividend	26	-280,457	
Borrowings		643,977	265,000
Repayment of loans		-283,625	-29,875
Exercised overdraft facility		189,508	
Cash flow from financing activities		**269,403**	**511,653**
Decrease/increase in cash and cash equivalents			
Cash flow for the year		-294,818	288,114
Cash and cash equivalents at beginning of year		294,918	6,804
Cash and cash equivalents at end of year		**100**	**294,918**

The Notes on pages 82 to 87 form an integral part of this annual report.

Parent Company notes

NOTE 38 GENERAL INFORMATION

NCAB Group AB (publ) is the Parent Company of NCAB Group, which is a global company engaged in the production of printed circuit boards (PCBs). The Parent Company is a public limited liability company registered in Sweden with its head office in Stockholm. The address of the head office is Mariehällsvägen 37 A, SE-168 65 Bromma, 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 39 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 40 BREAKDOWN OF NET SALES

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

	2021	2020
Nordic region	20,569	16,698
Rest of Europe	50,797	29,602
North America	26,061	11,591
Asia	335	296
Total	**97,762**	**58,187**

NOTE 41 OTHER EXTERNAL EXPENSES

	2021	2020
Cost of premises	746	775
Travel expenses	284	320
Marketing	5,437	3,488
IT	13,662	9,545
Other	37,673	16,504
Total	**57,802**	**30,632**

NOTE 42 EMPLOYEE BENEFITS, ETC.

	2021	2020
Salaries and other benefits	30,917	19,864
Social security contributions	10,587	6,560
Retirement benefit costs – defined contribution plans	3,527	2,582
Total employee benefits	**45,031**	**29,006**

Salaries and other benefits:

	2021		2020	
	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	15,244 (5,859)	1,391	10,940 (2,968)	1,023
Other employees	15,673	2,136	8,924	1,559
Total	**30,917**	**3,527**	**19,864**	**2,582**

Average number of employees by country:

	2021		2020	
	Average number of employees	Of whom, women	Average number of employees	Of whom, women
Sweden	18	9	16	9
Total	**18**	**9**	**16**	**9**

Note 42, cont.

Gender distribution for Directors and other executive management:

	2021		2020	
	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	3		3	
Total	**10**	**2**	**10**	**2**

NOTE 43 AUDIT FEES

	2021	2020
PwC		
– Audit engagement	2,100	2,524
– Audit services in addition to audit engagement	0	30
– Tax advisory services	229	52
– Other services	140	
Total	**2,469**	**2,606**

NOTE 44 INCOME FROM INVESTMENTS IN GROUP COMPANIES

	2021	2020
Dividends	42,693	32,400
Income from divestment of subsidiaries		-1,080
Total	**42,693**	**31,320**

NOTE 45 INTEREST INCOME AND SIMILAR INCOME, AND INTEREST EXPENSES AND SIMILAR CHARGES

	2021	2020
Interest income on bank balances	0	81
Interest income on receivables from Group companies	16,516	15,569
Total interest income and similar income	**16,516**	**15,649**

	2021	2020
Interest expenses on liabilities to credit institutions	8,213	7,163
Interest expenses on liabilities to Group companies	9,255	9,864
Foreign exchange gains	-17,395	-87,196
Foreign exchange losses	21,868	105,319
Other financial expense	2,582	1,265
Total interest expenses and similar charges	**24,523**	**36,415**
Net financial income/expense	**-8,007**	**-20,766**

NOTE 46 APPROPRIATIONS

	2021	2020
Group contributions from NCAB Group Sweden AB	8,500	31,000
Reversal of tax allocation reserve	5,000	
Total appropriations	**13,500**	**31,000**

The total tax allocation reserve is kSEK 3,800 (8,800).

NOTE 47 TAX ON PROFIT FOR THE YEAR

Tax recognised in income statement	2021	2020
Current tax:		
Current tax on profit for the year	0	-108
Tax from prior years	-18	
Foreign tax	-404	0
Total current tax	**-422**	**-108**

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:

	2021	2020
Profit before tax	**41,247**	**40,690**
Income tax calculated at tax rate in Sweden (20.6% (21.4%))	-8,497	-8,708
Tax effects of:		
Non-taxable income		
Non-taxable dividend	8,795	6,934
Non-deductible expenses	-298	-482
Deductible expenses not included in profit or loss		2,148
Adjustments for previous year	-18	
Foreign tax	-404	
Total reported tax	**-422**	**-108**

NOTE 48 NET FOREIGN EXCHANGE DIFFERENCES

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

	2021	2020
Net financial income/expense (Note 47)	-4,473	-18,123
	4,473	**-18,123**

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 49 INTANGIBLE ASSETS

Capitalised development costs:

	2021	2020
Cost		
Opening balance	6,015	5,793
Purchases for the period		222
Closing balance	**6,015**	**6,015**
Accumulated amortisation and impairment		
Opening balance	-4,970	-4,456
Amortisation	-519	-516
Closing balance	**5,489**	**-4,970**
Carrying amount		
Cost	6,015	6,015
Accumulated amortisation and impairment	-5,489	-4,970
Closing balance	**526**	**1,046**

NOTE 50 PROPERTY, PLANT AND EQUIPMENT

Plant and equipment:

	2021	2020
Opening balance		
Cost	1,375	1,375
Accumulated depreciation	-1,348	-1,314
Carrying amount	**27**	**61**
Purchases for the period		
Depreciation for the period	-21	-34
Closing balance		
Cost	1,375	1,375
Accumulated depreciation	-1,369	-1,348
Carrying amount	**6**	**27**

NOTE 51 PARTICIPATIONS IN GROUP COMPANIES

	31 Dec 2021	31 Dec 2020
Cost at beginning of year	336,743	265,710
Acquisition, subsidiaries	328,666	70,809
Capital contributions/adjustment	181,795	1,305
Divestment, subsidiaries		-1,081
Cost at end of year	**847,204**	**336,743**
Carrying amount at end of year	**847,204**	**336,743**

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 2021	Carrying amount 31 Dec 2020
Elmatica AS	Norway	921513240	100%	100%	328,666	
IPCS 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	100%	100%	11,322	11,322
NCAB Group Estonia Oü	Estonia	14267913	100%	100%	25	25
NCAB Group Finland OY	Finland	FI1098064-7	100%	100%	38,388	38,388
NCAB Group France SAS	France	RCS Orleans 530 469 634	100%	100%	88	88
NCAB Group Germany GmbH	Germany	HRB166986	100%	100%	1,791	1,791
NCAB Group Iberia S.A.	Spain	A83663161	100%	100%	2,976	2,976
NCAB Group Italy S.r.l.	Italy	9729860966	100%	100%	198,324	16,529
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
					847,204	**336,743**

NOTE 52 RECEIVABLES AND LIABILITIES, GROUP COMPANIES

Receivables	31 Dec 2021	31 Dec 2020
NCAB Group Germany GMBH	44,923	11,398
NCAB Group UK Ltd	3,613	
NCAB Group France SAS	20,566	22,117
NCAB Group USA Inc.	198,143	174,772
NCAB Group Italy S.r.l.	48,311	9,667
NCAB Group Polska Sp. Z.o.o		315
NCAB Group Southeast Asia	5,603	3,689
NCAB Group Benelux B.V	4,955	5,772
IPCS B.V.	147,846	126,435
Total	**473,960**	**354,165**

Liabilities	31 Dec 2021	31 Dec 2020
NCAB Group Sweden AB	68,841	46,782
NCAB Group Norway AS	59,628	51,775
NCAB Group Finland OY	26,903	23,662
NCAB Group Denmark A/S	19,620	10,014
NCAB Group Asia Ltd.	45,973	27,723
NCAB Group Polska Sp. Z.o.o	3,669	
NCAB Group Iberia S.A.	651	1,347
NCAB Group UK Ltd		12,099
Total	**225,285**	**173,402**

NOTE 53 OTHER CURRENT RECEIVABLES

	31 Dec 2021	31 Dec 2020
Receivable, tax account	1,444	447
Other receivables	1,098	522
Total	**2,542**	**969**

NOTE 54 PREPAID EXPENSES AND ACCRUED INCOME

	31 Dec 2021	31 Dec 2020
Service contracts	1,535	1,588
Other items	1,492	3,135
Total	**3,027**	**4,723**

NOTE 55 CASH AND BANK BALANCES

	31 Dec 2021	31 Dec 2020
Bank deposits	100	294,918
Total	**100**	**294,918**

NOTE 56 BORROWINGS

Long-term	31 Dec 2021	31 Dec 2020
Liabilities to credit institutions	643,977	283,625
Total	**643,977**	**283,625**

Short-term	31 Dec 2021	31 Dec 2020
Overdraft facilities	189,508	
Liabilities to credit institutions		36,500
Total	**189,508**	**36,500**

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.

In 2021, NCAB refinanced and replaced existing loans with a new credit facility comprising a fixed loan of SEK 550 million that is free of instalments until 2026 and an acquisition credit of up to SEK 450 million that can be used for acquisitions. The interest rate on the loan is STIBOR +1.50 per cent.

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 240,000, kSEK 189,508 had been drawn at 31 December 2021 (0). The overdraft facility is subject to a variable interest rate defined as STIBOR +1.5 per cent. The interest is paid on a quarterly basis. The terms of the overdraft facility are covered by the terms applying for other bank loans from Nordea.

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

	Carrying amount		Fair value	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Liabilities to credit institutions	643,977	320,125	643,977	320,125
Total	**643,977**	**320,125**	**643,977**	**320,125**

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 2021	31 Dec 2020
SEK	643,977	320,125
Total	**643,977**	**320,125**

The Parent Company has the following undrawn credit facilities:

	31 Dec 2021	31 Dec 2020
Variable interest:		
– no maturity date	50,492	200,000
	50,492	**200,000**

Note 56, 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 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
Borrowings		189,508		643,977
Trade payables	2,936			
Accrued expenses and deferred income	19,380	2,908		

31 December 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
Borrowings	9,125	27,375	36,500	247,125
Trade payables	3,114			
Accrued expenses and deferred income	9,352			

NOTE 57 ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec 2021	31 Dec 2020
Accrued holiday pay and bonuses, and social security contributions	18,915	6,695
Accrued audit fees	860	1,182
Other items	2,513	1,475
Total	**22,288**	**9,352**

NOTE 58 ADJUSTMENT FOR NON-CASH ITEMS

	2021	2020
Adjustment for:		
– depreciation of property, plant and equipment (Note 51)	21	34
– amortisation of intangible assets (Note 50)	520	514
– foreign exchange difference	-4,473	-18,224
Total	**-3,932**	**-17,676**

NOTE 59 PLEDGED ASSETS

Pledged assets – 100% of the shares of:	2021	2020
NCAB Group Sweden AB	–	57,081
NCAB Group Finland OY	–	38,388
NCAB Group Denmark A/S	–	56,499
NCAB Group Norway AS	–	19,723
NCAB Group Germany GmbH	–	1,791
NCAB Group USA Inc.	–	61,077

The Group's income statements and balance sheets will be presented for approval to the Annual General Meeting on 3 May 2022.

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.

Stockholm, 5 April 2022

Christian Salamon
Chairman

Jan-Olof Dahlén
Board member

Per Hesselmark
Board member

Magdalena Persson
Board member

Hans Ramel
Board member

Gunilla Rudebjer
Board member

Hans Ståhl
Board member

Peter Kruk
Chief Executive Officer

We submitted our audit report on 5 April 2022
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 2021. The annual accounts and consolidated accounts of the company are included on pages 47-88 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2021 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 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Our audit approaches

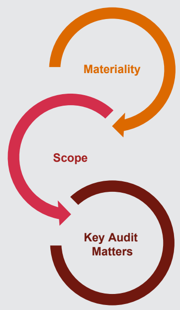
The focus and scope of the audit

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

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

NCAB Group is a multinational PCB supplier. The group does not own any plants and thus does not have any own production but instead works with a selection of contracted suppliers, mainly in China. NCAB Group has a clear goal to grow and has grown gradually both organic and through acquisitions. Due to this, we put extra focus on valuation of goodwill and revenue recognition in our audit. Our audit covers the parent company and the larger subsidiaries in the group. 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.

Översikt



Materiality

- Overall materiality level: MSEK 24,5 which corresponds to approximately 0,75% of the Group's net sales.

Focus and scope

- We have executed an audit covering NCAB Group AB and 10 larger subsidiaries in 10 different countries.

Key audit matters

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

Materiality

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

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

Group materiality level	MSEK 24,5
How we determined this level	The materiality level is based on approximately 0,75 percent of the Group's net sales
Motivation behind the determination of the materiality level	We have chosen to determine the materiality level calculated from group sales, as that is, according to our opinion, the most relevant measure by which the group's development is usually assessed., especially since the group continues to grow. The level of 0,75 % is seen in auditing standards to comprise an acceptable quantitative materiality threshold.

We agreed with Audit Committee that we would report identified errors in excess of KSEK 925, as well as errors less than this amount but which we deemed should be reported for qualitative reasons.

Key audit matters

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

Key audit matter	*How our audit addressed the Key audit matter*
Valuation of Goodwill *We refer to Notes 2 (Accounting principles), 4 (Estimates and assessments), and 18 (Impairment test).* Goodwill in the amount of MSEK 924 comprise a significant portion of NCAB Group's balance sheet, approximately 35 % of total Group assets. Goodwill is not amortized but is subject to an annual impairment test. The valuation of goodwill is based on company management's subjective assessments regarding future cash flows and on assumptions regarding the yield requirement, etc. which implies that the valuation is in its nature characterized by uncertainty, since it might be affected by unexpected future events. There is a risk that the impairment tests prepared are based on inaccurate or unreasonable estimations and assumptions and that this could result in an undetected need for impairment. The company's impairment testing has not resulted in a write-down.	We have put emphasis on management's test of potential impairment need in our audit. In evaluating the assumptions, as reported in Note 18, we have undertaken the following audit measures to assess the valuation of such assumptions and model: • We have examined the manner in which the valuation model has been determined. • We have tested and evaluated management's assumptions regarding the discount rate, growth and margins. We test the assumptions based on what is included in the budgets and business plans, the results of the units and our knowledge of the NCAB Group group's development as well as other verifiable information. This includes the follow-up of the accuracy of the forecasts for historical periods and provides us with a basis for testing the assumptions regarding future development. In terms of discount rate, this is based on our review of the company's calculation of WACC and the assessment of the inherent risk of operating in current markets.. • We have also, in conjunction with the testing of possible impairment requirements, checked the sensitivity of the valuations through sensitivity analyses, to determine if there are negative changes in significant parameters which individually, or on a collective basis, could imply the existence of an impairment requirement. • We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS. No significant observations were made from these audit procedures.

Cut-off and existence of revenue *We refer to the Notes 2 (Accounting principles, 4 (Estimates and assessments) 6 (Segments) and 21 (Account receivables) for further details.* The Group's revenue amounts to MSEK 3 220 in 2021. At year- end, accounts receivables amount to MSEK 790. The majority of NCAB Group Group's revenue consists of sale of goods, to a large extent designed to the specific needs of each customer. The sale of goods is recognized when control has been transferred to the purchaser according to the contract terms. The risk is that there can exist a difference between the point in time when NCAB Group provides goods and when the control is transferred to clients. When the goods or services are seen to have been provided to the clients, and when revenues can, then, be reported, is based on the contractual stipulations found in the established agreements. The risk is that recorded revenue is recorded at different amounts or in different periods as compared to established agreements.	In our audit, we have analyzed NCAB Group's processes and controls regarding revenue recognition in order to obtain an understanding of how they operate and where potential errors could occur. This analysis has been performed to enable us to focus our substantive procedures on the right areas. Our audit procedures included the following: • Analysis of revenues as compared with the prior period and the expectation. • We have tested, on a random basis, the reported revenue against customer orders to determine if these items have been reported in the correct amounts in the correct periods. • On a sample basis, we have confirmed outstanding receivables directly with customers. We have also tested a sample of receivables against payments received after the year end. • We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS. The results of these activities have not led to significant observations as regards the audit.
Accounting for significant acquisitions *We refer to the Notes 2 (Accounting principles) and 35 (Acquisitions).* During 2021 NCAB Group made four acquisitions, whereof two larger at a purchase price of MSEK 203 (Prevent, Italy) and MSEK 399 (Elmatica, Norway) respectively. In connection with acquisitions a Purchase Price Allocation analysis is prepared, in which all acquired assets and liabilities are accounted for at fair value. The difference between the purchase price and the fair value of acquired assets and liabilities consists of goodwill. The value of identified assets and liabilities depends on estimates and assessments made by management. There is a risk that management valuations are based on inaccurate or unreasonable estimates and assumptions and that this could result in undetected value misstatements of acquired assets, liabilities or goodwill were not detected.	Management have shared their acquisition analysis and relevant documents such as the Share price agreement with us. • We have looked at management's purchase price allocation to identifiable assets and liabilities included. • Evaluated management's estimates and assessments made in relation to these valuations. • Finally, we checked the completeness and accuracy of the information provided in the annual report and they give a true and fair view in accordance with IFRS. The result of these procedures did not give rise to any significant observations as regards the audit.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-46. Other information also consists of "NCAB Group remuneration report 2021" to be published on the company web page at the same time as this report. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

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

Auditor's responsibility

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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 2021 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

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

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 4(a) of the Swedish Securities Market Act (2007:528) for NCAB Group AB (publ) for the financial year 2021 .

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

In our opinion, the Esef report #4055f2676e7855d-e6f2d92f55205df6a19bbdc86f6e9af4c39f7ec39d40ec1ac 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 Director's 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 reasonable assurance engagement 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. 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 reasonable assurance engagement 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 technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 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 Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed as NCAB Group AB's auditor on the Annual General Meeting on 10 May 2021 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 2022
Öhrlings PricewaterhouseCoopers AB

Johan Engstam
Authorized Public Accountant

Annual General Meeting

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of NCAB Group AB (publ.) will be held on Tuesday, 3 May 2022 at 10:00 a.m. in Stockholm and will be conducted by postal vote. The official notification will be distributed not later than 31 March 2022.

Due to the ongoing pandemic, the Board resolved that the AGM will be held without the physical presence of shareholders, proxies and third parties and the exercise of voting rights is only possible by post before the AGM.

PAYMENT OF DIVIDENDS

The Board of Directors proposes a dividend of SEK 0.60 per share, divided between two payments. The dividend is equivalent to a total of SEK 112.2 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 5 May 2022 as the record date for the first payment and 3 October for the second payment. On the condition that the AGM resolves in accordance with this proposal, the first portion of the dividend payment is expected to be distributed by Euroclear Sweden AB on 10 May 2021 to those who are registered in the shareholders' register on the record date. The second payment will then be made on 6 October 2022 to those who are registered in the shareholders' register on the second record date.

Financial calendar

Interim report January–March 2022	28 April 2022
2022 Annual General Meeting	3 May 2022
Interim report January–June 2022	21 July 2022
Interim report January–September 2022	8 November 2022