



ANNUAL AND SUSTAINABILITY REPORT 2023

NCAB produces PCBs for industries whose technology must never malfunction.

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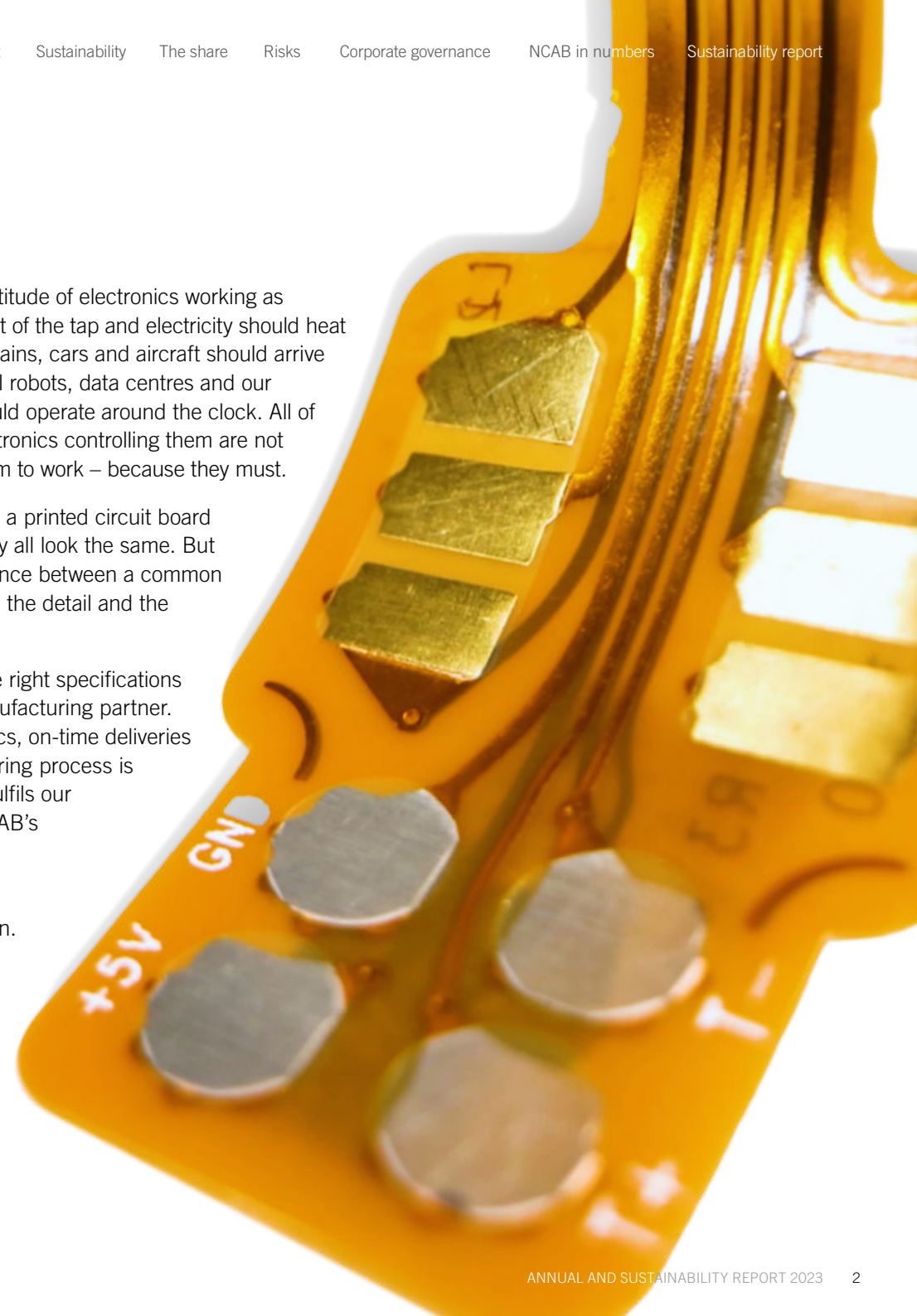
Our society depends on a multitude of electronics working as expected. Water should run out of the tap and electricity should heat our buildings all year round. Trains, cars and aircraft should arrive safely and efficiently. Industrial robots, data centres and our communication networks should operate around the clock. All of this comes to a halt if the electronics controlling them are not fully functional. We expect them to work – because they must.

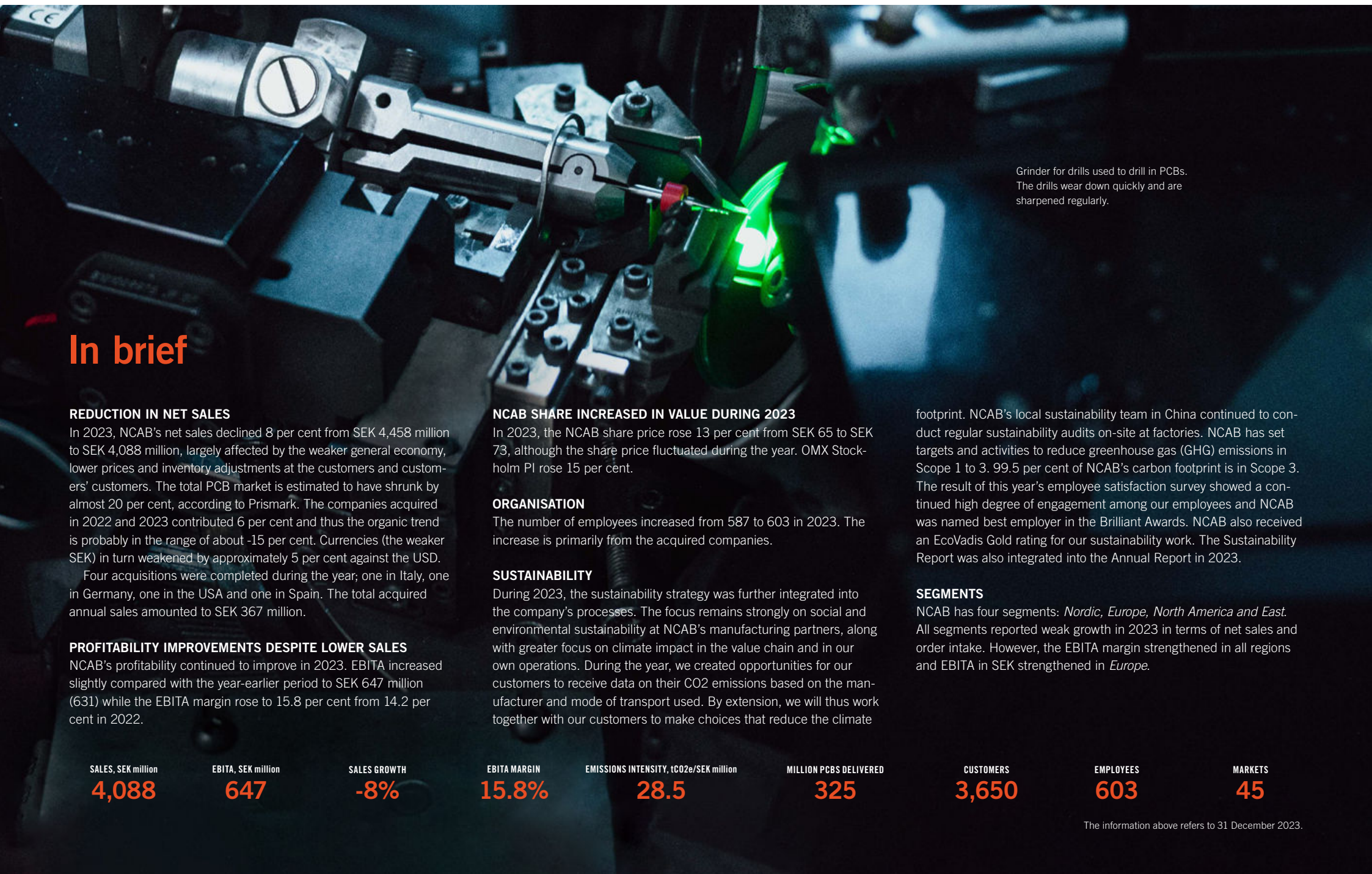
All electronic products contain a printed circuit board (PCB). At first glance, they may all look the same. But there can be a world of difference between a common PCB and a reliable PCB. It's in the detail and the precision.

It all starts with the design, the right specifications and in choosing the right 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.





Grinder for drills used to drill in PCBs. The drills wear down quickly and are sharpened regularly.

In brief

REDUCTION IN NET SALES

In 2023, NCAB's net sales declined 8 per cent from SEK 4,458 million to SEK 4,088 million, largely affected by the weaker general economy, lower prices and inventory adjustments at the customers and customers' customers. The total PCB market is estimated to have shrunk by almost 20 per cent, according to Prismark. The companies acquired in 2022 and 2023 contributed 6 per cent and thus the organic trend is probably in the range of about -15 per cent. Currencies (the weaker SEK) in turn weakened by approximately 5 per cent against the USD.

Four acquisitions were completed during the year; one in Italy, one in Germany, one in the USA and one in Spain. The total acquired annual sales amounted to SEK 367 million.

PROFITABILITY IMPROVEMENTS DESPITE LOWER SALES

NCAB's profitability continued to improve in 2023. EBITA increased slightly compared with the year-earlier period to SEK 647 million (631) while the EBITA margin rose to 15.8 per cent from 14.2 per cent in 2022.

NCAB SHARE INCREASED IN VALUE DURING 2023

In 2023, the NCAB share price rose 13 per cent from SEK 65 to SEK 73, although the share price fluctuated during the year. OMX Stockholm PI rose 15 per cent.

ORGANISATION

The number of employees increased from 587 to 603 in 2023. The increase is primarily from the acquired companies.

SUSTAINABILITY

During 2023, the sustainability strategy was further integrated into the company's processes. The focus remains strongly on social and environmental sustainability at NCAB's manufacturing partners, along with greater focus on climate impact in the value chain and in our own operations. During the year, we created opportunities for our customers to receive data on their CO2 emissions based on the manufacturer and mode of transport used. By extension, we will thus work together with our customers to make choices that reduce the climate

footprint. NCAB's local sustainability team in China continued to conduct regular sustainability audits on-site at factories. NCAB has set targets and activities to reduce greenhouse gas (GHG) emissions in Scope 1 to 3. 99.5 per cent of NCAB's carbon footprint is in Scope 3. The result of this year's employee satisfaction survey showed a continued high degree of engagement among our employees and NCAB was named best employer in the Brilliant Awards. NCAB also received an EcoVadis Gold rating for our sustainability work. The Sustainability Report was also integrated into the Annual Report in 2023.

SEGMENTS

NCAB has four segments: *Nordic, Europe, North America and East*. All segments reported weak growth in 2023 in terms of net sales and order intake. However, the EBITA margin strengthened in all regions and EBITA in SEK strengthened in *Europe*.

SALES, SEK million

4,088

EBITA, SEK million

647

SALES GROWTH

-8%

EBITA MARGIN

15.8%

EMISSIONS INTENSITY, tCO2e/SEK million

28.5

MILLION PCBs DELIVERED

325

CUSTOMERS

3,650

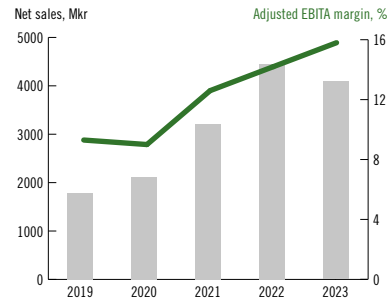
EMPLOYEES

603

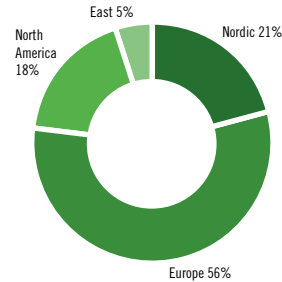
MARKETS

45

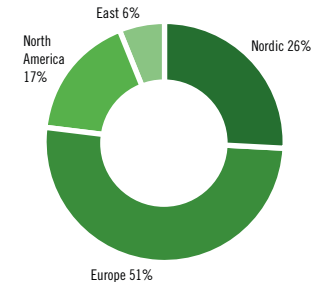
Net sales and adjusted EBITA margin



Net sales, share by segment



EBITA, share by segment

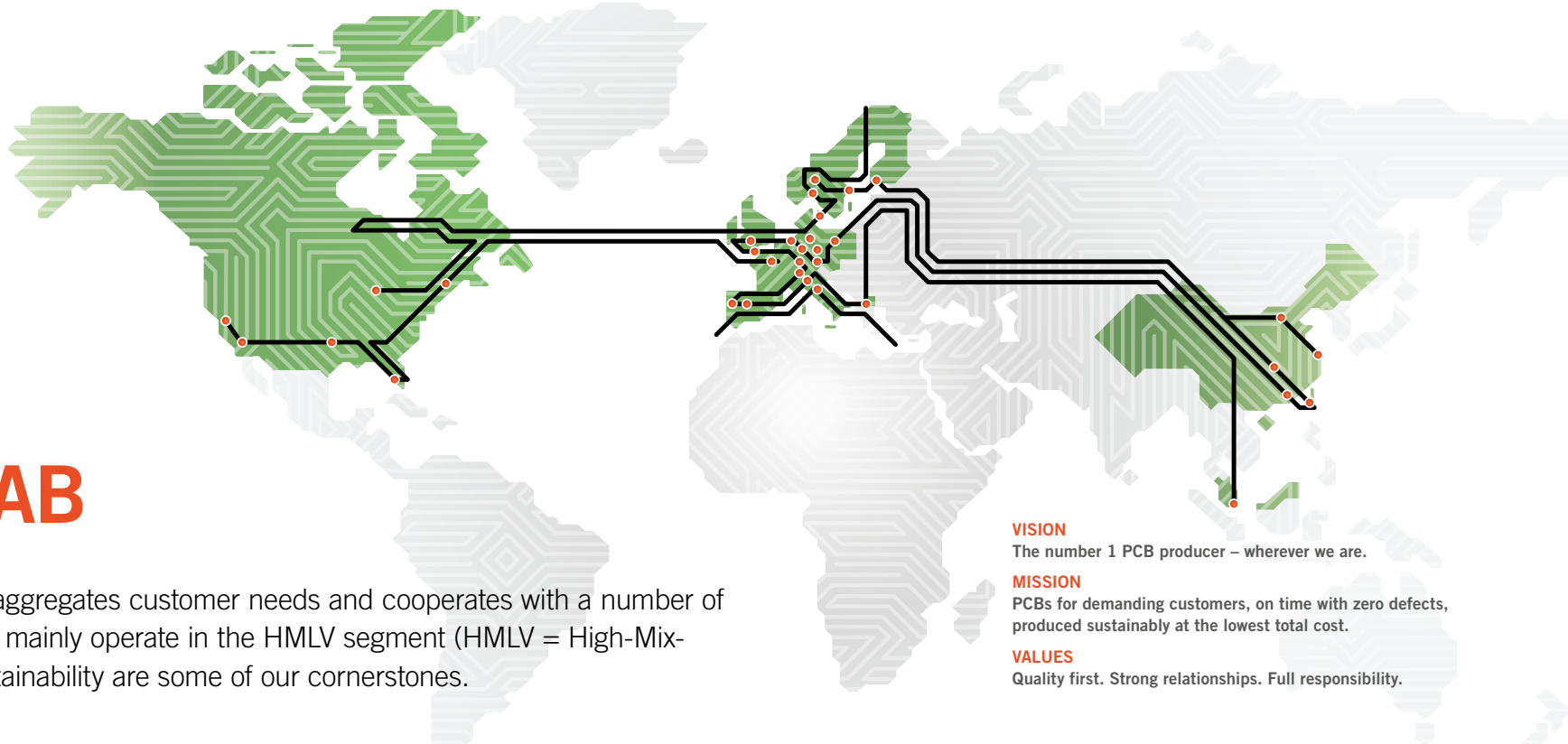


KEY PERFORMANCE INDICATORS	2023	2022	2021	2020	2019
Order intake, SEK million	3,750.8	4,227.2	4,038.9	2,243.4	1,818.3
Order intake, USD million	353.4	417.5	470.6	243.8	192.2
Net sales, SEK million	4,087.8	4,457.7	3,219.5	2,115.2	1,781.2
Net sales, USD million	385.2	440.3	375.5	229.8	189.1
Gross margin, %	36.0	32.2	30.7	30.3	31.7
EBITA, SEK million	646.9	630.9	406.1	190.7	165.4
EBITA margin, %	15.8	14.2	12.6	9.0	9.3
Operating profit, SEK million	591.4	546.4	387.2	182.3	161.7
Profit after tax, SEK million	403.9	417.1	285.3	127.5	128.4
Earnings per share before dilution*, SEK	2.16	2.23	1.52	0.70	0.76
Earnings per share after dilution*, SEK	2.15	2.23	1.52	0.70	0.76
Cash flow from operating activities, SEK million	700.4	568.1	48.3	194.3	153.0
Return on equity, %	31.9	42.4	38.7	24.3	39.8
Average exchange rate, SEK/USD	10.61	10.12	8.58	9.20	9.46
Average exchange rate, SEK/EUR	11.48	10.63	10.14	10.49	10.58
Dividend	1.10**	1.10	0.60*	1.50***	-

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

** Dividend proposed by the Board of Directors.

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



This is NCAB

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

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.

AN INTEGRATED FULL-SERVICE OFFERING

We do not own any factories. Instead, we purchase our products from a network of manufacturers. We currently cooperate with 32 prioritised factories. The aim is to account for 10–20 per cent of each manufacturer's sales, or be one of their five largest customers, to secure – thanks to our purchasing power – a close relationship and high priority at the manufacturer. The manufacturers that we have chosen to collaborate with combine to cover the existing capacity needs and are approved by us to manufacture a controlled range of PCB technology. Our "Integrated PCB production" concept offers added value to both customers and manufacturers as we take overall responsibility in relation to customers – from design support, prototyping, production, quality and sustainability control and logistics to final delivery.

LOCAL PRESENCE PROVIDES GREATER UNDERSTANDING AND IMPROVED QUALITY

We have local companies in 17 countries in the Nordic region, Europe, Asia and North America. The companies have a close collaboration with customers in relation to both technical and commercial support. As an example NCAB review documentation that underlies new products before ordering, which results in proposals for improvements relating to quality, sustainability and performance.

SUBSTANTIAL PURCHASING POWER AN ADVANTAGE

Aggregating demand and supply for PCBs creates value, particularly in the HMLV segment, partly for customers who can benefit from our purchasing power and expertise, partly for manufacturers that can benefit from a highly specialised counterparty.

FACTORY MANAGEMENT TEAM CONDUCTS QUALITY ASSURANCE ON SITE

Our Factory Management teams in Asia, Europe and the US work closely with NCAB's partner manufacturers and play a key role in our quality and sustainability work. Preventive quality work with continuous monitoring and follow-up of factories is particularly important since errors that arise later in the process are more costly and time consuming. It also aims to ensure that the manufacturers act responsibly from an environmental, social and ethical perspective.

SUSTAINABLE GROWTH

Acting in a sustainable way while assuming great responsibility is an integrated part of our business model and long-term strategy. Our sustainability strategy guides us in the right direction, with the aim of realising sustainable growth and the positive changes we want to see in the industry.

WHAT IS A PRINTED CIRCUIT BOARD?

PCBs are at the heart of all electronic equipment and the platform on which electronic components are mounted to produce a PCB-A. Without the PCB, neither the PCB-A nor the end product can be manufactured. It represents a small share, between 1 per cent and 3 per cent, of the value of the end product. Often, PCBs have a greater share of the value in basic end products, for example an electric toothbrush, and a smaller share in more complex end products, such as an industrial robot. Regardless of the complexity, PCBs are critical for the end product – a defective PCB is often very expensive to rectify. This makes quality and reliability some of the most important purchasing criteria for our customers.

Sustainable business – throughout the value chain

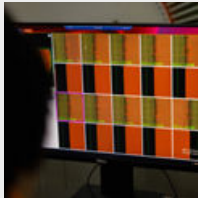
Our focus is to create value for our stakeholders and take responsibility throughout our value chain. We endeavour to identify opportunities to drive positive change and reduce the negative impact of the various processes.

Areas where we have significant influence and control

Outside our direct control and influence



SALES, SERVICE AND DESIGN SUPPORT

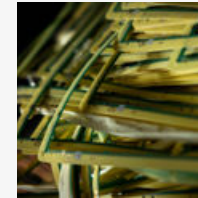


In the design phase, we help our customers to optimize the PCB design to obtain reliable PCBs and cost-efficient manufacturing. Optimized design means less waste and the use of less materials, chemicals, water and energy during manufacturing. The PCB will also be of higher quality. By offering different shipping alternatives to customers, we can help to reduce greenhouse gas emissions. A high level of service and strong relationships with our customers are crucial factors to ensure long-term business operations.



TRANSPORTATION AND DISTRIBUTION

Demand for short lead times in the industry is a challenge from a sustainability perspective. Air freight from Asia to Europe and the USA has a large carbon footprint. To reduce these emissions, we need to work harder to find more efficient logistics solutions and offer our customers different shipping alternatives.



RECYCLING AND WASTE MANAGEMENT

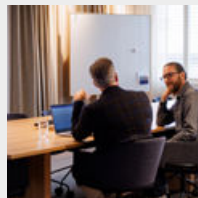
Waste management and recycling of the end product is normally outside our area of influence. PCBs returned to us and considered to be defective are managed according to local regulations for waste management.



PRODUCTION



Together with customers and manufacturers, we are focusing on quality, social responsibility and environmental impact in the value chain. Key areas include human rights, health, safety and working conditions, resource efficiency, production and product quality, materials (chemical content and conflict minerals), chemicals management, waste management and recycling as well as renewable energy.



OUR OFFICES AND EMPLOYEES

As a knowledge-based company, our employees are our most important asset. Creating engagement among employees is key to success and a responsibility as an employer. We strive to provide a stimulating and healthy work environment with a high degree of engagement where every individual is respected and included. To reduce the climate impact of our operations, we are investing in renewable energy, optimising energy use in our own premises and minimising emissions from company cars and business travel.



PRODUCT USE

PCBs are used in many different types of technical applications and it is crucial that they do not stop working. High-quality PCBs are of the utmost importance for reliability and service life of the end product.



Profitability improvements despite turbulent market

Over time, the electronics sector has displayed steady growth, driven by everyday products and industrial products becoming increasingly intelligent and connected. With increasingly rapid product development and requirements for enhanced performance, the demands on printed circuit boards (PCBs) and the importance of being able to assure the quality of design are increasing. This also applies to finding reliable manufacturers who meet the sustainability requirements of today and tomorrow.

After a few years of highly robust growth during the pandemic, the global PCB market took a downward turn at the end of 2022 and declined further in 2023 in line with the weaker economy. The decrease in 2023 was significant and is expected

to be on par with the downturn in 2009. During the pandemic years, inventory was accumulated at several levels due to among other factors component shortages. The weaker economy, combined with inventory adjustments and lower prices in the

market, led to reduced net sales for NCAB.

NCAB brings unique values to customers and the manufacturers of PCBs and we are satisfied that in 2023 we were able to see healthy growth in new part numbers and that more than 200 new customers were added.

Towards the end of 2023, we saw signs that the downturn had levelled out. In the various regions, we can see that Asia and the USA, which had a weak year, are now showing signs that the bottom has been reached and gradual improvements can be discerned. Europe was also weaker during the year; some improvements could be observed in a number of countries, but Germany noted a weak end to the year. We do not expect a rapid positive rebound at the beginning of 2024, but instead that improvements will occur gradually as inventory adjustment effects wane and an economic improvement is established.

We are proud that despite a challenging year with declining net sales, we could still increase our EBITA. The EBITA margin reached a record level of 15.8 per cent. Apart from good cost control, through proactive sourcing work, we were able to increase our customers' competitiveness through lower prices and at the same time cover our costs for securing quality and service. We are also proud of the work we have done to reduce our inventory and working capital, which resulted in very strong cash flow.

The price decrease in the PCB sector, which is largely related to surplus capacity among manufacturers, was greatest in the first half of the year. During the third quarter, prices again fell slightly due to the stronger USD rate against the CNY, but stabilised during the fourth quarter. We currently see no sign that prices will continue their downward trajectory.

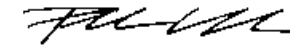
Despite a difficult market, I am proud that we continue to invest in our long-term growth and to develop leadership in technology and sustainability. During the year, we were awarded the EcoVadis Gold rating for our sustainability work and we are pleased to once again receive first prize as best employer according to the Brilliant Awards. During the fourth quarter, we launched our new business

system, which will be rolled out to all NCAB companies in 2024 and 2025.

Our acquisitions, which in 2023 occurred in Italy, the USA, Germany and Spain, have been integrated and will contribute annual sales of nearly SEK 400 million. We have a highly interesting pipeline of acquisition candidates, with several at the discussion stage.

Overall, 2023 was a challenging year. A weaker market has required hard work from all of our employees to maintain profitability. At the end of 2023, the market stabilised though we do not anticipate a significant turnaround during the beginning of 2024. However, we can see good opportunities to grow both organically and through acquisitions with our decentralised, entrepreneurial model. In the medium to long term, opportunities remain highly favourable since intelligent, electronic products containing PCBs are increasingly in demand whether this concerns AI, the Internet of Things, energy optimisation or defence investments.

I would like to thank all of our committed and competent employees for their outstanding contributions over the past year. Similarly, I would like to thank our faithful and innovative customers and also our shareholders.



Peter Kruk
President and CEO, NCAB Group AB
Sundbyberg, March 2024

Strategy for growth

NCAB is methodically developing according to a well-established strategy in order to continue to grow with good profitability. Even though 2023 was dominated by a much weaker market, we strengthened our position through acquisitions in Europe and North America. We continue to see major opportunities to strengthen our market position in the years ahead.

Geographical expansion

GEOGRAPHICAL EXPANSION INTO NEW MARKETS THROUGH ACQUISITIONS TO ACCELERATE THE PROCESS

There are several geographic markets where we have yet to establish a local presence, for example, large and growing markets in Asia or states in North America. During the year, we set up a company in Portugal to strengthen our presence in the Iberian Peninsula.

Market consolidation

CONSOLIDATE THE MARKET AND LEVERAGE ECONOMIES OF SCALE TO FURTHER INCREASE OUR COMPETITIVENESS

The PCB market in North America and Europe consists of many smaller, local import companies, many of which were established 20–25 years ago following the closure of a factory. Market consolidation is expected to continue, partly as many of the smaller, local players are facing a generational shift. We are playing an active role in this consolidation phase. Four companies were acquired in 2023: Bare Board Consulting in Italy; db electronics in Germany, Switzerland and France; Phase 3 Technologies in California, USA; and Electronic Advanced Circuits in Spain.

100 percent focus on PCBs

RETAIN OUR 100 PER CENT FOCUS ON PCBs WITHOUT OWN MANUFACTURING OPERATIONS

Focusing entirely on PCBs is a strength in our growth strategy. This allows us to maintain a high level of expertise and service within a niche market and to continue to provide high customer value. Globally, we have a market share of approximately 2 per cent in the High-Mix-Low-Volume (HMLV) segment and in Europe 7–8 per cent. Consequently, there are major opportunities to grow. By not owning any factories, we have a highly flexible business model with good cash flow and excellent opportunities for growth investments.

Increase market share

INCREASE MARKET SHARE AND DEEPEN CUSTOMER RELATIONSHIPS IN EXISTING MARKETS

Our customer base has steadily increased with new customers in order to increase market share. The PCB market remains fragmented and therefore offers major growth opportunities. By deepening our relationships with existing customers, we are able to win a larger share of their PCB purchases. Greater focus on global customers strengthens our offering and creates growth. The reuse of local expertise worldwide in distinct niches, which all have their own specific requirements, creates the conditions for further growth. Focus during the year was on developing the offering within electric vehicle charging, fire and security, aviation/defence and railways.

Acquisitions

Acquisitions are an important element in our growth strategy. Acquisitions enable us to quickly gain new customers and subsequently create continued organic growth. Acquisitions are also a good way to recruit new, talented employees. Fifteen companies have been acquired since the IPO in 2018, of which four were completed in 2023. Synergies from acquisitions are mainly gained in purchasing where we often have better purchase prices and terms and conditions. Our broad factory base and strong Factory Management in Asia mean we can also sell a larger range of products to the acquired company's customers. All acquired companies are integrated into NCAB and within 12 to 18 months the companies are fully integrated via IT system, brand and work approach.

ACQUISITIONS 2023

Company	Month	Annual sales	
		before acquisition	Employees
Bare Board Consultants, Italy	Jan	SEK 90 million	3
db electronic, Germany, Switzerland, France	May	SEK 125 million	20
Phase 3 Technologies, California, USA	May	SEK 247 million	17
Electronic Advanced Circuits, Spain	Nov	SEK 19 million	2

In June 2022, Kestrel International Circuits Ltd in the UK was acquired by NCAB. The CEO and minority shareholder of Kestrel was David Grant. This is his story about the journey from being an acquired company to becoming an integrated part of NCAB.



HOW DID IT FEEL TO BECOME A PART OF NCAB?

"From the outset, collaborating with the team from NCAB was easy and straightforward. The acquisition process was managed very professionally. During the process, we were careful to ensure that measures taken were in the best interests of our employees, customers and suppliers and for the future of the company."

AFTER THE ACQUISITION WAS COMPLETED, HOW WAS THE INTEGRATION PROCESS?

"There were lots of meetings and work in various working groups,

and we received support from NCAB when we needed it. This support was very useful, on a personal level for me as leader but also for NCAB Kestrel and all of our employees. The process of becoming part of NCAB Group became a highly positive experience thanks to this."

WAS IT DIFFICULT OR EASY TO MERGE THE CULTURES?

"Kestrel International Circuits Limited was based on the principle of strong business ethics, which included how we treat employees, customers and suppliers. It is very similar to how NCAB works with customers and suppliers and how it appreciates its employees. These fundamental values were also key for us when we decided to sell the company to NCAB in particular."

HAS YOUR NEW ROLE AT NCAB CHANGED?

"Yes, it has changed somewhat. On top of the responsibility for NCAB Group Kestrel, I also have a role as global sales manager for a number of global customers. It has been both challenging and very rewarding to work with other NCAB companies to create new business opportunities within NCAB Group.

To summarise, I am very pleased with NCAB. The same applies to my former Kestrel colleagues. They feel secure with their employment and have job satisfaction, this was our greatest challenge when we tried to find the right buyer for Kestrel.

Specialists in a global market in growing segment

NCAB operates in the global PCB market, which had sales of more than USD 70 billion* in 2023, and has sales in 45 markets and a broad customer base in many different industries.

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

The market for PCBs can be divided into two main segments that cover different customer needs: High-volume and HMLV. The high-volume segment is characterised by strong competition and small margins – typically in industries such as consumer electronics, passenger cars, etc. Due to these conditions, buying directly from manufacturers is the most common alternative in the segment. The HMLV segment represents about 30 per cent of the global PCB market and encompasses 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. Our global competitors include Fineline in Germany, ICAPE in France and PalPilot in the USA. These operate in a similar fashion to us, with a local customer presence and organisations in Asia to ensure quality and capacity. Other types of competitors include Asian manufacturers that sell directly to customers in Europe and North America, mainly active in the high-volume segment, and domestic manufacturers and small trading companies without their own presence in Asia. However, local man-

ufacturers in Europe have lost ground, and direct imports are increasingly difficult, which has benefited us and meant we have gained market shares.

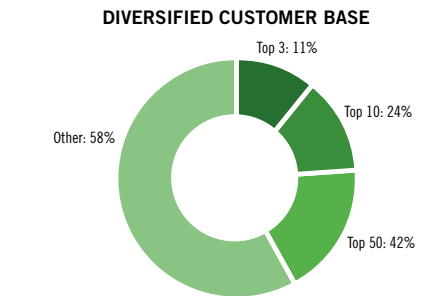
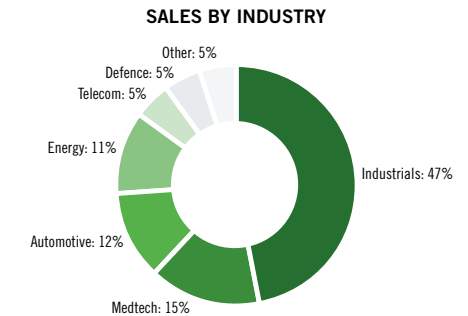
CUSTOMER BASE WITH WIDE VARIATION

We have about 3,650 customers located worldwide. The customer base is far-reaching – the 10 largest customers accounted for 24 per cent of sales in 2023. About half of our customers are active in the industrial sector, most of which manufacture electronic systems for advanced industrial products. We also have customers in industries such as aeronautics, defence, the automotive industry, data communications, medical, energy, railways, safety-critical sectors and telecom.

SUSTAINABILITY – DOING THE RIGHT THING FROM THE OUTSET

A more sustainable PCB is created already at the design phase. By optimising design, the quality and reliability of the actual PCB is ensured, and environmental impact is reduced during production through less waste, and the use of less materials, chemicals, energy and water. We also focus on ensuring and strengthening health and safety, working conditions and environmental performance at our production partners.

To be at the forefront of new technologies and sustainable PCBs, we have appointed a Technical Council that involves some 60 employees and comprises various focus groups. The Technical Council acts as experts on tech-



nology development and works to create more sustainable PCBs through, for example, the use of greener materials and increased opportunities for circular products.

We cannot achieve sustainable development alone – but must work together with our customers and suppliers. We have a close dialogue with our customers to gain more knowledge about how we can support them in their sustainability agenda. We also hold various seminars and webinars to share knowledge and experiences about technology development, sustainability and risks and opportunities in the PCB industry.



*According to Prismark.

Factory Management guarantees quality and sustainability

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

EMPLOYEES AT FACTORY MANAGEMENT

109

Factory Management works closely with our partner factories to ensure production quality through auditing and optimisation of production processes and sustainability practices. Every main factory is regularly assessed according to quality, delivery reliability, sustainability aspects and levels of service and commercial viability. We have both our own staff and specially selected teams at the main factories in China. Each manufacturer in China receives an extra 40 hours of training each year related to our quality and service requirements. Because the Factory Management team builds strong relationships with the factories, we are given the best possible support and our orders are a top priority.

THOROUGH PROCESS TO CHOOSE THE RIGHT MANUFACTURERS

Another key focus area for Factory Management is to assess and approve new factories. Finding PCB factories is relatively simple, but choosing and validating a supplier that meets our rigorous demands for quality, reliability and sustainability is much more difficult. A broad range of expertise and effective methods are needed to choose and develop the best factories. Our extensive sourcing process includes the collection and analysis of performance data and manufacturing capacity, factory visits and the verification of PCB tests. This involves detailed quality and sustainability

QUALITY ASSURANCE

99.6%

audits on-site, a review of pre-production technology and follow-up visits to ensure any changes have been correctly implemented.

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

AUDITS TO MAINTAIN QUALITY

Quality audits are performed each year in all main factories. The focus is then on how well the manufacturing process and related areas work. In addition to these, we carry out annual audits of pre-production processes, and monthly process audits focusing on details in specific areas to guarantee continuous improvement.

HIGH DEMANDS ON SUSTAINABILITY

NCAB strives to achieve a sustainable supply chain. This means we must ensure that our suppliers act responsibly from an environmental, social and ethical perspective. Our Sustainability Policy and

DELIVERY RELIABILITY

95.2%

Supplier Code of Conduct clarify our obligations and requirements, and are based on the principles of the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

To receive approval as a main factory, the factories must not only sign and comply with our Code of Conduct, and fulfil other requirements regarding certification and compliance with legislation, but also successfully complete a sustainability audit. Since the highest sustainability risks, and also the greatest impact, are found in the main factories in China, our regular sustainability audits are currently performed at these units*. The greatest risks in our main factories in China have been identified in health and safety (in particular the handling of chemicals), human rights, workers' rights and environmental impact. These risks were identified in audits and in dialogue with factory workers and management. We regularly follow up progress made in the factories, and perform follow-up audits and action plans when shortcomings are found. For more information about our sourcing process and the results of our sustainability audits, see <https://www.ncabgroup.com/maximize-pcb-factory-performance/>.

SHARE OF MANUFACTURING BY GEOGRAPHY



*Manufacturers in Taiwan, Europe and the USA have not yet undergone sustainability audits.



Chris Nuttall, Chief Operating Officer of NCAB Group, visiting a partner factory. In 2023, we partnered with a total of 32 main factories in China, Taiwan, Europe and the USA.

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 we launched Factory Management in 2006, quality has increased from 96.5 per cent to 99.6 per cent in 2023, which is high in the industry, and delivery reliability to the customer increased from 84.0 per cent to 95.2 per cent. This means our customers receive better PCBs on time, which makes our customers more efficient.

COLLABORATION WITH THREE CATEGORIES OF FACTORIES

NCAB has strong and close relationships with the factories with which we have chosen to cooperate. In 2023, we cooperated with 32 main factories – 18 in China, five in Taiwan, seven in Europe and the USA and two in South Korea – which offers a good risk spread while allowing us to provide a broad range of PCBs to our customers.

Additionally, we have other manufacturers for various needs, known as 'spot factories' and these are used when the main factories lack either technical capacity or commercial flexibility. These factories are continuously assessed for performance. In individual cases, when neither the main factories nor spot factories have the capacity for a

project, 'special project factories' are used. These factories are used for individual customer projects and are assessed and approved for each project.



Sanna Magnusson, Group Marketing Director and Cecilia Holmquist Östling, People & Culture Communications Manager in a meeting with, amongst others, Eva Holm, VP People & Culture at NCAB's head office in Sundbyberg, Sweden.

Employees – the heart of NCAB

NCAB has a distinct, decentralised corporate culture that pervades the whole of the company – we are convinced that the best business decisions are made close to the customer and the market. Shared values simplify responsibility at all levels and provide us with an effective working method and direction moving forward.

NCAB's values are to always put quality first, to build strong relationships with the people you work and interact with, and to always assume full responsibility for your obligations. The values have been developed by all employees, and are based on the premise that all employees, regardless of position, should be able to make their own decisions, quickly and easily and in line with our strategy.

LOCAL SUBSIDIARIES AND CENTRAL GROUP FUNCTIONS

Of our just over 600 employees, about 50 work within central functions, while the remainder work in 17 local companies, or in the Factory Management team. Our local companies work close to their market and customers and receive 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, deliveries and technical advisory services. The central organisation is to support the business strategy and has overriding responsibility to develop systems, processes and markets. It also handles issues including global sales, marketing, People &

Culture, system development, quality, sustainability, Factory Management, logistics and technology.

CORPORATE CULTURE

NCAB Group is a global organisation that is growing organically and through recruitment and acquisitions. Four acquisitions were completed in 2023: Bare Board Consulting in Italy, db electronics in Germany, Phase 3 Technologies in the USA and Electronic Advanced Circuits S.L. in Spain, and in total we welcomed just over 40 new employees to the company. It is crucial that we uphold a strong corporate culture as we grow in order to continue to attract and retain talented employees. 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. All employees also meet regularly at global conferences and internal training programmes to exchange knowledge, strengthen ties between the offices, and ensure a shared direction moving forward.

DEDICATED EMPLOYEES

Creating engagement among employees is key to success and a responsibility as an employer. We



From left to right: Carolina Hällenius, Marketing & Product specialist works at NCAB's lab in Sweden. Digital summer greeting broadcast live to all NCAB companies. Visit to one of NCAB's manufacturers in China.

strive to provide a stimulating work environment where every individual is respected and included, with the long-term aim of attracting, engaging and developing together.

Every second year, an employee satisfaction survey is conducted to measure employee engagement and to implement possible improvement measures. The result of this year's employee satisfaction survey remained positive – see the results in the chart to the right. The response rate was 97 per cent (97).

Performance reviews are held each year when areas such as motivation, work-life balance, leadership, cooperation, development as well as awareness and understanding of our Code of Conduct are discussed. The purpose is to increase employee engagement and motivation.

LEARNING AND DEVELOPMENT

To remain a leading company in our industry, it is important to constantly develop the internal expertise and specialist know-how, through different types of learning and by regularly meeting colleagues from the whole organisation to exchange experiences. We offer 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 our sales personnel and technicians to develop them in their roles.

All employees have access to a range of online courses through the NCAB Academy, a digital platform for training and development. This helps employees to continually develop their expertise, regardless of their location. Alongside of the NCAB Academy, other courses are provided online and in workshops. For more information on our work with learning and development, refer to the sustainability notes on page 87–88.

DIVERSITY STIMULATES CREATIVITY AND INNOVATION

Diversity is important for us and we can see that teams made up of employees with different experiences and perspectives are more sustainable in the long term and stimulate creativity and innovation.

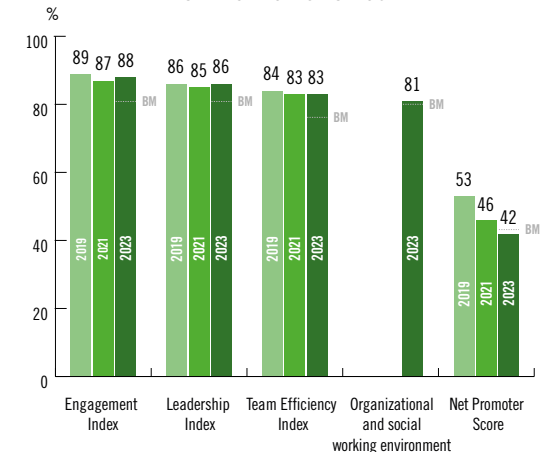
We have zero tolerance of harassment and discrimination due to racial or ethnic origin, religion, gender, sexual orientation, political opinions, age, disability or for any other reason. To create awareness of our zero tolerance policy, the subject is highlighted and discussed in global introduction sessions and onboarding programmes.

WHISTLEBLOWER FUNCTION

NCAB operates in a global environment where varying degrees of corruption exist. Corruption exacerbates poverty in the world, undermines democracy and the protection of human rights, damages trade and reduces confidence in social institutions and the market economy. It is therefore important to combat all forms of corruption. Our Code of Conduct clarifies our zero-tolerance approach to corruption.

Business ethics and corruption are always discussed with new employees in connection with the global onboarding sessions, which is led by the CEO. The Code of Conduct is also part of the agenda at annual performance reviews. Our whistleblower function is available to employees and other stakeholders on the website and can be used to report any irregularities and misconduct. The service is provided by an external party, which means reports can be submitted anonymously. Complaints are managed by VP People & Culture and reported to Group management and the Board of Directors. No incidents were reported in 2023.

EMPLOYEE SATISFACTION SURVEY



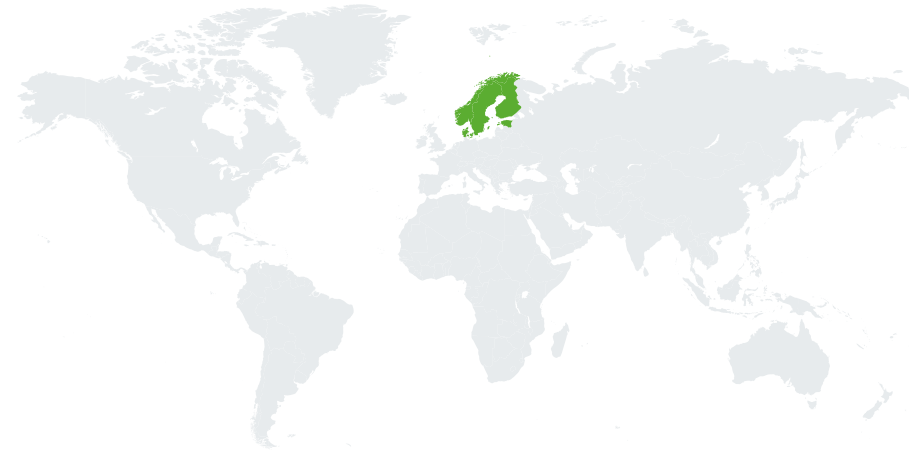
Results of our employee engagement survey for 2019–2023. The next survey will take place in 2025. *Top 25 BM.

ENGAGEMENT INDEX

88

Nordic

DENMARK, FINLAND, NORWAY AND SWEDEN



Peter Jensen,
VP Nordic

“Stable position and strong customer relationships yield good profitability”

Net sales, SEK million

868

EBITA, SEK million

171.5

EBITA MARGIN

19.8%

In the *Nordic* segment, we have a long track record and strong market position. The strong position, combined with a relatively mature market, means focus is on profitability rather than growth and recruitment. Customers are mainly active in the industrial segment, defence industry and in medtech and electric vehicle chargers. The segment's favourable profitability is mainly due to strong customer relationships, as a result of long-term work focusing on quality and reliability. The strategy is to further deepen these customer relationships over time. Elmatica in Norway was acquired in 2021. Half of its net sales were from customers outside the Nordic region. In 2023, these customers were transferred to NCAB's local companies in the *Europe* segment.

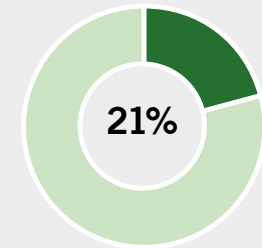
The defence industry and the market for electric vehicle chargers have continued to grow. Demand in other customer segments was weak during the year, mainly as many customers and customers' customers reduced inventories, in addition to lower market prices. Norway reported growth while other companies in the segment noted a reduction in net sales. In 2023, the

segment accounted for 21 per cent of the Group's total sales and 26 per cent of EBITA. Peter Jensen, also Managing director of NCAB Group Denmark, became new President of the segment during the summer.

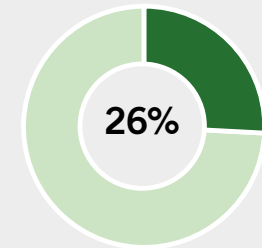
KEY PERFORMANCE INDICATORS	2023	2022
Net sales, SEK million	868.2	1,216.3
Adjusted net sales, SEK million*	868.2	976.0
Change in sales, %*	-11.0	71.2
EBITA, SEK million	171.5	204.8
EBITA margin, %	19.8	16.8
Average number of employees	66	91

*) Sales for 2022 were adjusted for the portion of sales transferred to the *Europe* segment in 2023

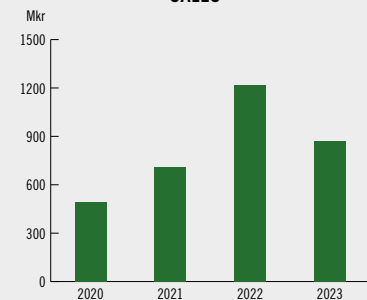
SEGMENT'S SHARE OF SALES



SEGMENT'S SHARE OF EBITA



SALES

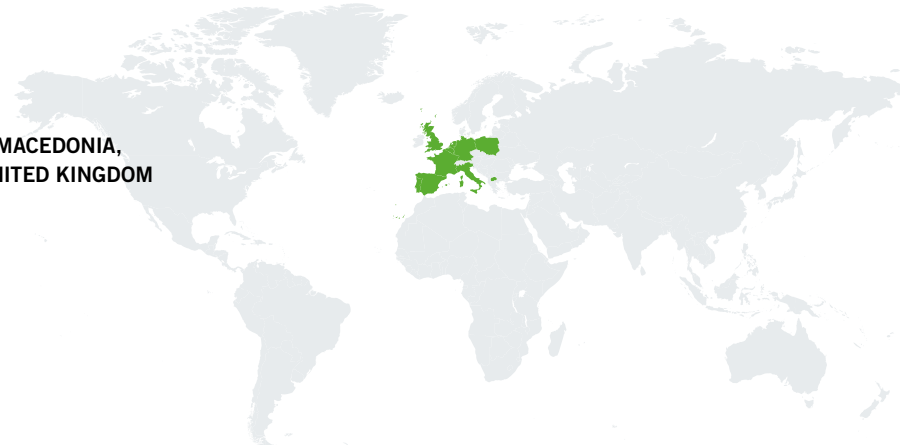


Europe

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



Benjamin Klingenberg, VP Europe



“A year marked by inventory adjustments by customers following the pandemic years, though with increased focus and profitability for NCAB”

Net sales, SEK million

2,282

EBITA, SEK million

335.9

EBITA MARGIN

14.7%

Europe is our largest segment and was in 2023 adversely impacted by destocking by many customers and lower market prices. The European market contains many minor local players and thus there are substantial acquisition opportunities. Three acquisitions were completed during the year: Bare Board Consultants in Italy; db electronic with companies in Germany, Switzerland and France; and Electronic Advanced Circuits in Spain. At the end of the year, a company was also set up in Portugal with two employees. The growth potential remains significant for the segment, even if the market performance was negative in 2023. Germany in particular displayed a very weak trend during the second half of 2023.

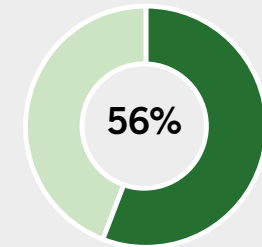
In many of the segment's countries, we still have a small market share, partly as these countries and markets still have domestic production of PCBs. The Netherlands and Germany reported the sharpest decrease in net sales, while the UK and southern Europe fared better. Synergies from the acquisitions, together with improved gross profit, increased EBITA and EBITA

margin. In 2023, the segment accounted for 56 per cent of the Group's total sales and 51 per cent of EBITA. Customers are primarily in the industrial segment.

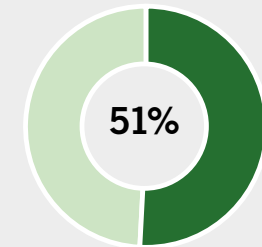
KEY PERFORMANCE INDICATORS	2023	2022
Net sales, SEK million	2,281.8	2,192.6
Adjusted net sales, SEK million*	2,281.8	2,432.9
Sales growth, %*	-6.2	48.6
EBITA, SEK million	335.9	271.8
EBITA margin, %	14.7	12.4
Average number of employees	236	169

*) Sales for 2022 were adjusted for the portion of sales transferred from the Nordic segment in 2023

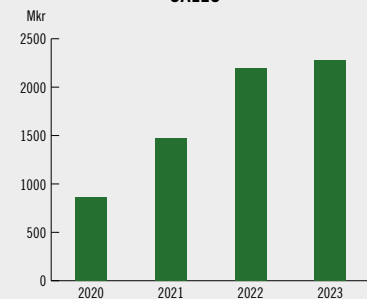
SEGMENT'S SHARE OF SALES



SEGMENT'S SHARE OF EBITA



SALES

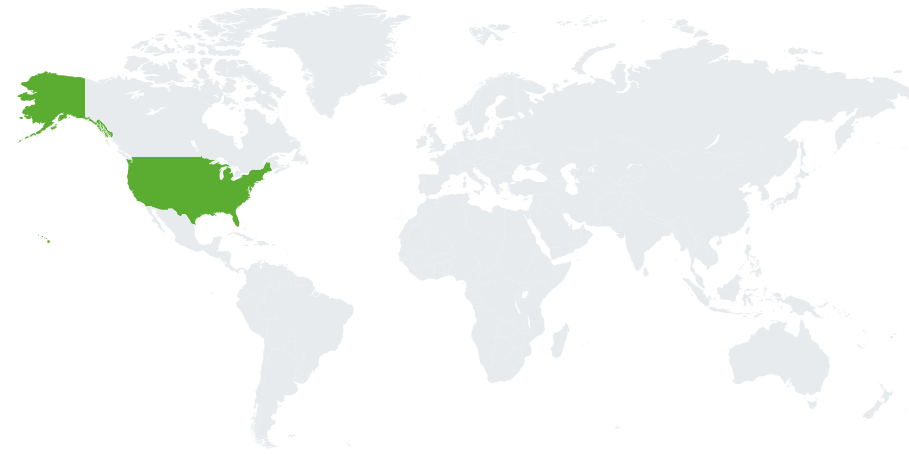


North America

USA



Howard Goff,
VP North America



“Major opportunities for growth and with increased presence on the west coast and in Silicon Valley”

Net sales, SEK million

719

EBITA, SEK million

108.7

EBITA MARGIN

15.1%

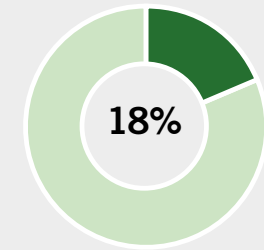
The US market is roughly the size of the European, so major growth opportunities remain. We have six regional offices in the USA from east to west and Texas in the south. This is a means of working close to customers and thereby strengthening relationships with them. NCAB's operations in the USA are the result of a number of acquisitions and Phase 3 Technologies, with offices in San Jose, Silicon Valley, was acquired in 2023. Customers are primarily active in industry and medtech. NCAB North America has a larger share of EMS customers compared with the rest of the Group. The market was weak in 2023 and sales were adversely impacted by destocking by customers and their customers. Import tariffs have been imposed on PCBs from China for a number of years. We have seen a larger share of sold PCBs that are manufactured outside of China to our customers in North America, mainly from Taiwan and South Korea.

Due to the weak market, net sales declined during the year, though a slight recovery was seen at the end of the year. Earnings were also somewhat

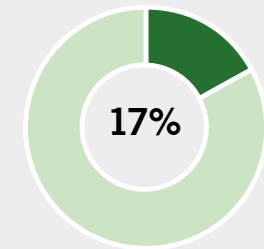
lower, although the EBITA margin remained stable. In 2023, the segment accounted for 18 per cent of the Group's total sales and 17 per cent of EBITA. In December, Howard Goff became the new VP *North America*. Howard is the former VP Sales for NCAB Group and will use his strong internal network to take full advantage of all available resources to increase organic growth.

KEY PERFORMANCE INDICATORS	2023	2022
Net sales, SEK million	718.8	778.8
Sales growth, %	-7.7	31.1
EBITA, SEK million	108.7	118.0
EBITA margin, %	15.1	15.1
Average number of employees	89	81

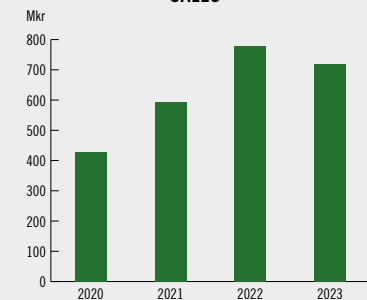
SEGMENT'S SHARE OF SALES



SEGMENT'S SHARE OF EBITA



SALES



East

CHINA AND MALAYSIA



Andy Liu,
VP Asia

“Challenging year, but increased profitability due to niche sales to demanding customers”

Net sales, SEK million

219

EBITA, SEK million

42.3

EBITA MARGIN

19.3%

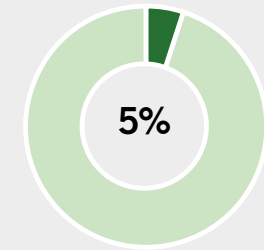
The Chinese NCAB company sells both to Chinese customers and to European and American customers that have established a presence in China. However, sales growth is strongest to local Chinese companies. The segment has one sales office in Malaysia and four sales offices in China that sell in CNY and a company in Hong Kong that sells in USD. China has noted a weak performance in the wake of the pandemic. We had hoped for growth after China reopened the market at the beginning of the year, but market growth remained weak. Instead, the service sector noted strong growth.

NCAB focuses on demanding customers and in China we generally sell much more high tech than in the rest of the Group. In February 2022, all deliveries were halted to our customers in Russia and in April 2022 opera-

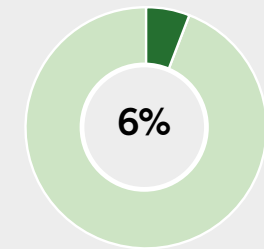
tions were divested to the local Russian management. In 2023, the segment accounted for 5 per cent of the Group's total sales and 6 per cent of EBITA.

KEY PERFORMANCE INDICATORS	2023	2022
Net sales, SEK million	219.1	270.0
Sales growth, %	-18.9	-38.5
EBITA, SEK million	42.3	47.1
EBITA margin, %	19.3	17.5
Average number of employees	42	46

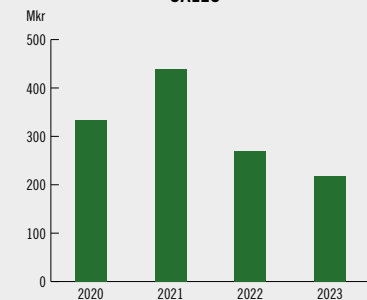
SEGMENT'S SHARE OF SALES



SEGMENT'S SHARE OF EBITA



SALES





During our sourcing process, potential factories are evaluated from a quality and environmental perspective, and the process has also included sustainability performance since 2017. The picture shows: Kevin Ke, Sourcing Vice Manager/CIS and Pandy Pan, Commercial Vice Manager at NCAB Factory Management.

Sustainable business – strong relationships and transparency are the way forward

Conducting operations in a responsible manner throughout the value chain is an integrated part of our business model and long-term strategy.

This is best achieved in close collaboration with suppliers and customers, and through a high level of engagement from our employees. Together, we want to create a more sustainable industry with growth and profitability for everyone.

Our sustainability strategy is based on the value chain and stakeholders: customers, employees and suppliers. The latest update to the sustainability strategy was implemented in 2022 and entails increased focus on energy and resource efficien-

cy, and a reduction in greenhouse gas emissions. Dialogue with our stakeholders together with the ISO 26000 standard form the foundation in identifying our focus areas and long-term goals from an environmental, social and ethical perspective. The strategy also clarifies the links to the 2030 Agenda Sustainable Development Goals (SDGs) by identifying interim targets that are considered the most significant for our operations and where we have the greatest opportunity to contribute.

CHANNELS FOR DIALOGUE WITH OUR KEY STAKEHOLDERS



REDUCE CLIMATE IMPACT

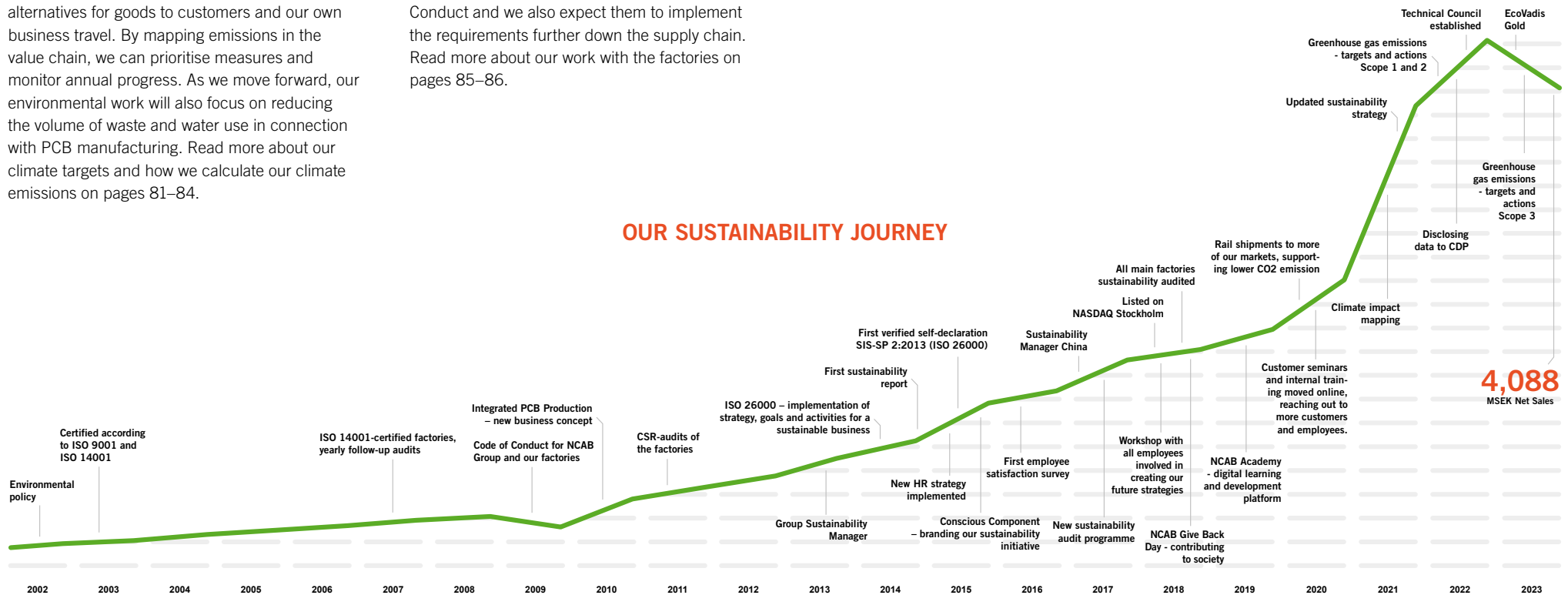
Climate change is an urgent global challenge and we have a responsibility to reduce the impact of our operations on the environment and the climate. Working together with customers and suppliers, we strive to reduce greenhouse gas emissions in line with the 1.5 °C threshold in the Paris Agreement.

Some areas where we are striving to reduce climate impact include energy use in our own premises and in our main factories, transport alternatives for goods to customers and our own business travel. By mapping emissions in the value chain, we can prioritise measures and monitor annual progress. As we move forward, our environmental work will also focus on reducing the volume of waste and water use in connection with PCB manufacturing. Read more about our climate targets and how we calculate our climate emissions on pages 81–84.

RESPONSIBLE SUPPLY CHAIN

We work closely with factories and jointly strive for a sustainable business. The collaboration focuses on areas such as human rights, health and safety, working conditions and environmental impact. Our Code of Conduct, which forms part of the agreements we have with our factories, is inspired by the principles of the UN Global Compact and clarifies the sustainability requirements we impose on our manufacturers. They commit to complying with the principles presented in the Code of Conduct and we also expect them to implement the requirements further down the supply chain. Read more about our work with the factories on pages 85–86.

OUR SUSTAINABILITY JOURNEY



NCAB GROUP SUSTAINABILITY STRATEGY 2022–2026

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

Suppliers

Take full responsibility throughout the supply chain

	FOCUS AREAS	LONG-TERM TARGETS
SOCIAL RESPONSIBILITY	<ul style="list-style-type: none"> > Human rights & Labour rights > Health & Safety 	<ul style="list-style-type: none"> > Zero human rights violations > Full compliance with human rights legislation and NCAB's Code of Conduct > Zero high-consequence work-related injuries
ENVIRONMENT	<ul style="list-style-type: none"> > Energy efficiency & renewable energy > Resource efficiency > Waste management > Climate impact 	<ul style="list-style-type: none"> > 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

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



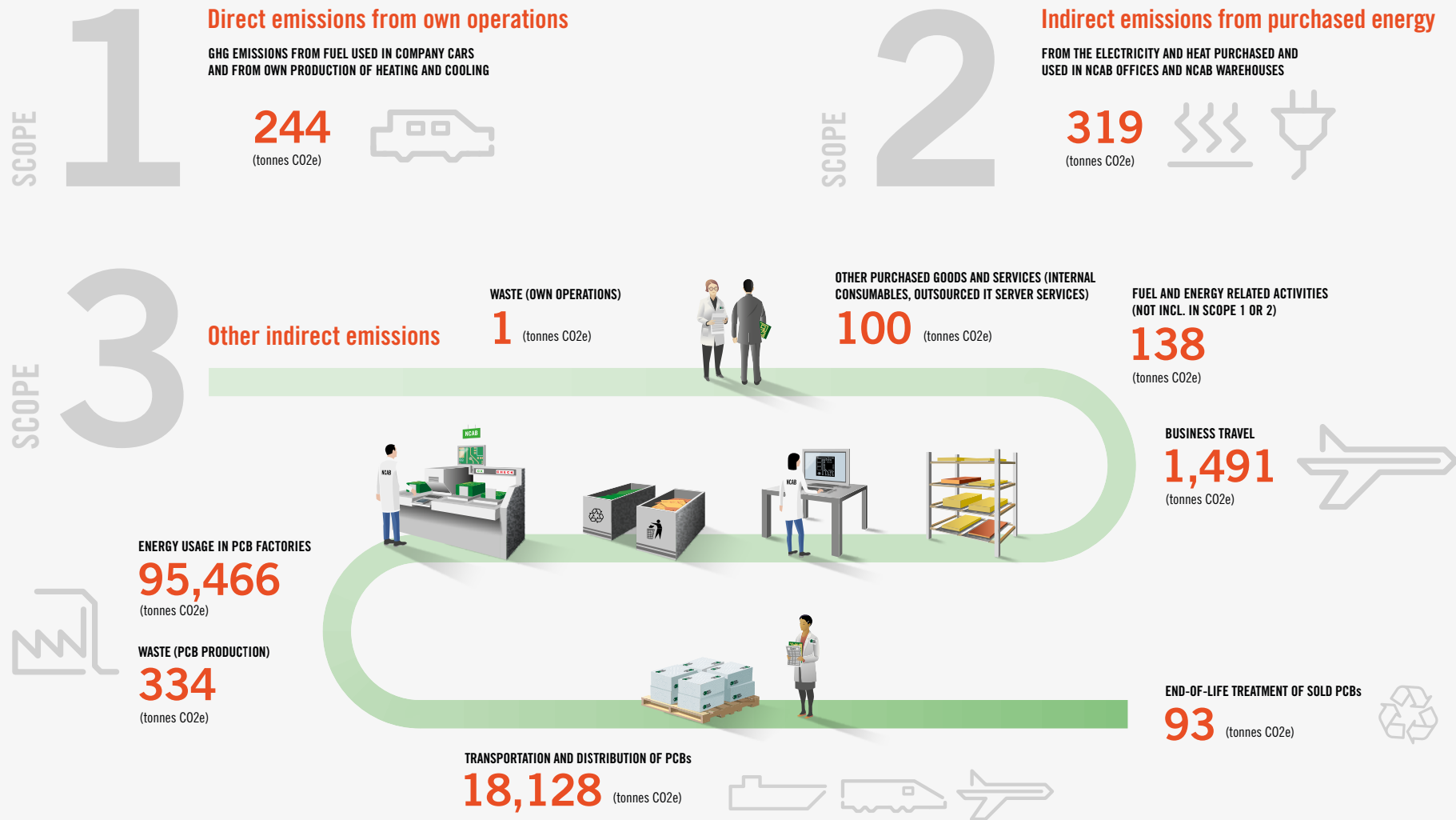
Customers

Steer the sector in a green direction

ENVIRONMENT	<ul style="list-style-type: none"> > Sustainable product development > Sustainable product offering > Transportation > Climate impact 	<ul style="list-style-type: none"> > 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.
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NCAB'S GHG EMISSIONS 2023



TOTAL SCOPE 1-3 116,314 (tonnes CO2e) **28.5** (tonnes CO2e/MSEK)

2022 TOTAL: 107,855 tonnes CO2e 24.2 tonnes CO2e/MSEK
 2021 TOTAL: 92,404 tonnes CO2e 28.7 tonnes CO2e/MSEK

More information on pages 81–84.

NCAB shares

At the end of 2023, NCAB had been listed on Nasdaq Stockholm for five and a half years. The listing was on Small Cap in June 2018 at a share price of SEK 75 (now equivalent to SEK 7.50 following the split in 2021) and in January 2021 the share was transferred to the Mid Cap list. 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 876 per cent, or almost 9 times the original value, between the listing and 29 December 2022. From the 1:st December 2023 NCAB is part of the OMX benchmark index OMXPI. From the 30:th November NCAB also became part of the MSCI Global Small Cap Index.

SHARE PRICE DEVELOPMENT 2023

In 2023, the NCAB share increased by 13 per cent, from SEK 65 to SEK 73.25. In the same period, OMX Stockholm PI increased by 15 per cent. However, the share price has varied a lot during the year with the highest level on June 13 with 87.55 SEK and the lowest on March 15 with 50.50 SEK. The closing price at the end of the period was SEK 73.25, which means the total market value at the end of the year was SEK 13, 695, 643 million.

SHARE CAPITAL AND ITS PERFORMANCE

On 29 December 2023, NCAB Group's share capital amounted to SEK 1.9 million distributed between 186,971,240 shares with a quotient value of SEK 0.01 per share. According to the Articles of Association, share capital is to be a minimum of SEK 1,500,000 and a maximum of SEK 6,000,000 distributed between a minimum of 150,000,000 shares and a maximum of 600,000,000 shares.

GENERAL MEETING ON 9 MAY 2023 RESOLVED ON DIVIDEND OF SEK 1.10

The Meeting resolved in accordance with the Board's proposal to pay

a dividend to shareholders of SEK 1.10 per share, to be disbursed in May 2023. The dividend paid amounted to SEK 205.7 million and corresponded to 49 per cent of profit after tax. NCAB's dividend policy aims to distribute available cash flow, after taking into account the company's indebtedness as well as future growth opportunities, including acquisitions. The dividend is expected to correspond to at least 50 per cent of net profit. For the full-year 2023, the Board of Directors proposes a dividend of SEK 1.10 per share, corresponding to 51 per cent of profit after tax.

LONG-TERM INCENTIVE PLAN

The Meeting resolved, in accordance with the Board's proposal, to introduce a long-term incentive plan in line with previous years. Participation in the LTIP 2023/2026 requires participants to use their own funds to acquire shares in the company at market price. If the Investment Shares are retained until 31 May 2026, and the participant continues to be employed by the Group for the whole Savings Period, each Investment Share entitles the holder to acquire four shares in the company at a price corresponding to 70 per cent of the volume-weighted average price of transactions in the company's

shares from 11 May 2023 until 24 May 2023 on Nasdaq Stockholm. To ensure the delivery of shares within the scope of the incentive plan, the Meeting also resolved on a directed share issue of 776,000 warrants, approval of the subsidiary's transfer of warrants to key persons, authorisation for the Board to decide on the purchase of own shares and on the transfer of own shares.

WHY INVEST IN THE NCAB SHARE?

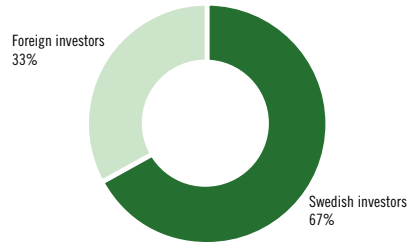
- > NCAB has a strong position in a market with stable growth.
- > NCAB is focused and has a unique proposition to customers and manufacturers.
- > NCAB has many customers in many countries and in many product areas – good risk spread.
- > NCAB has an asset-light business model with strong cash flows.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

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

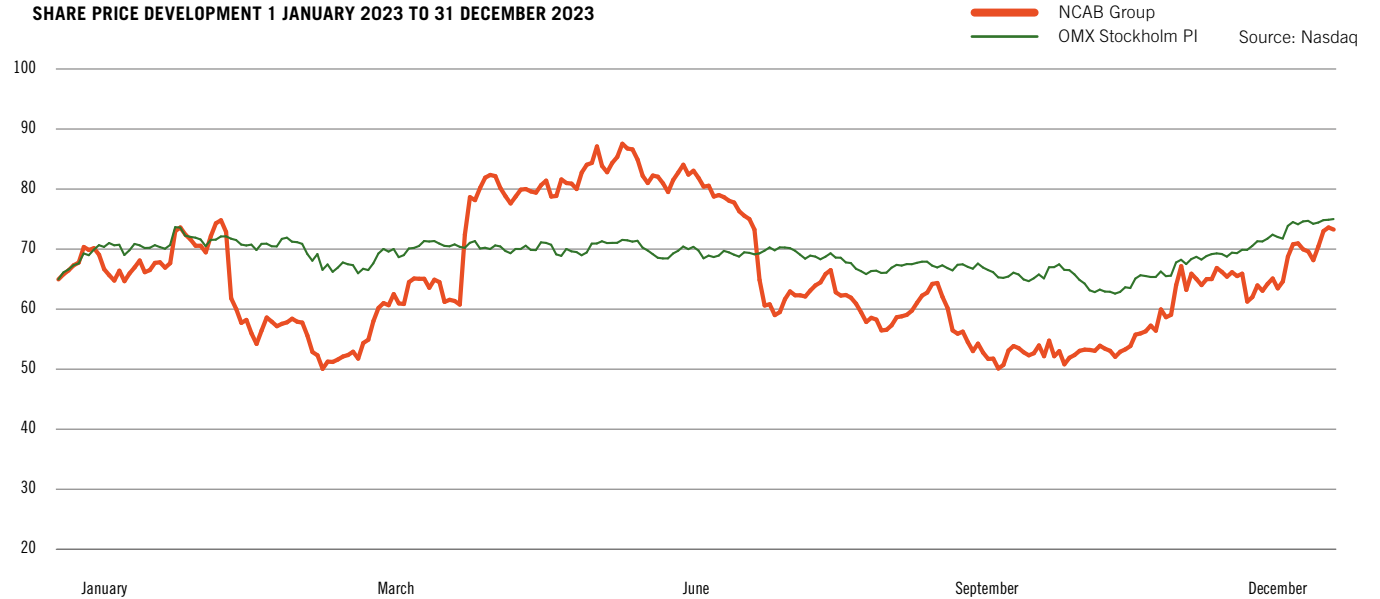
OWNERSHIP STRUCTURE AT 29 DECEMBER 2023

The number of shareholders in NCAB amounted to 6,940 (7,151) on the 29 december 2023 according to Euroclear Sweden AB. The ten largest shareholders owned 54 (64) percent of both capital and votes in the company. Foreign ownership amounted to about 33 (23) percent. During the month of September the former major owner R12 sold their remaining holding of 11 percent in NCAB.

OWNERSHIP DISTRIBUTION BY COUNTRY, % OF CAPITAL



SHARE PRICE DEVELOPMENT 1 JANUARY 2023 TO 31 DECEMBER 2023



THE TEN LARGEST OWNERS

Owners	Number of shares	Capital	Votes
Swedbank Robur Fonder	14,758,186	7.8%	7.8%
Didner & Gerge Fonder	12,126,689	6.4%	6.4%
Lannebo Fonder	11,652,272	6.2%	6.2%
Anicom Gestion	11,200,000	5.9%	5.9%
Fourth Swedish National Pension Fund (AP4)	11,120,004	5.9%	5.9%
Second Swedish National Pension Fund (AP2)	10,098,357	5.4%	5.4%
SEB Fonder	9,598,879	5.1%	5.1%
Montanaro	8,068,340	4.3%	4.3%
AMF Pension & Fonder	5,751,291	3.0%	3.0%
Third Swedish National Pension Fund (AP3)	5,683,866	3.0%	3.0%
Total	100,057,884	53.0%	53.0%

The information above refers to 31 December 2023.

Outline of targets and dividend policy

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

GROWTH

TARGETS

8
SEK billion

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

OUTCOME

Year	Net sales, Mkr	Growth, %
2019	~1600	~15
2020	~2000	~25
2021	~3200	~45
2022	~4500	~40
2023	~4000	~35

INDEBTEDNESS

TARGETS

<2.0

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

OUTCOME

0.8

Net debt (excl. IFRS 16)

EMISSIONS INTENSITY

TARGETS

14.5
tCO₂e/SEK million

By 2030, NCAB will have halved the emissions intensity for Scope 1–3 measured in tCO₂e per SEK million in sales (of which Scope 3 accounts for 99.4 per cent), calculated from the base year of 2021.

OUTCOME

Year	tCO ₂ e/Mkr
2021	28.7
2022	24.2
2023	28.5

PROFITABILITY

TARGETS

1
SEK billion

NCAB shall achieve EBITA of SEK 1 billion in 2026.

OUTCOME

Year	Adjusted EBITA, Mkr	Adjusted EBITA margin, %
2019	~150	~8
2020	~180	~8
2021	~400	~12
2022	~650	~14
2023	~650	~15

DIVIDEND

DIVIDEND POLICY

50%

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

PROPOSAL

1.10 SEK per share

The motion to the 2024 Annual General Meeting is the payment of a dividend of SEK 205.7 million, corresponding to 51 per cent of net profit.

ENGAGEMENT INDEX

TARGETS

Higher than
top 25 benchmark

NCAB shall have dedicated employees, an engagement index higher than benchmark for the top 25 companies measured.

OUTCOME

Year	Engagement index
2017	87
2019	89
2021	87
2023	88

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 us is ultimately dependent on the underlying demand for the end-products in which they are used.	Our products are used in a wide variety of end-industries, such as industrial, telecom, medtech, aerospace and defence. Our business model has historically also proven resilient against macroeconomic fluctuations.	●	●
Competition	We operate in competitive markets and customers may choose to purchase PCBs from another supplier. We face competition both from trading companies and manufacturers, on a regional, national and multi-national level. Some of our suppliers compete with us through direct sales to customers.	We have a robust full-service offering to both customers and manufacturers. The principal competitive factors in our 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 us, 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 our future deliveries may be threatened.	We cooperate with a range of manufacturers for different levels of technology and purposes and always have at least dual-sourcing, meaning there is little dependence on individual manufacturers and that we have a high level of flexibility and capacity in our offering. Our size in terms of volume of purchases from manufacturers has offered priority benefits compared with smaller competitors.	●	●
Dependence on China	We purchase most, about 82 per cent, of our 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 sales.	Although we have alternative factories outside China, we remain dependent on the country. Due to our size, we have greater opportunities to find alternatives than many minor players. We are often prioritised by suppliers during temporary problems. We also have a factory base and a Factory Management team in Taiwan. We are actively looking to build a competitive base of factories outside China, including in South Korea and Thailand.	●	●
Pandemic	We may be adversely impacted by a pandemic. The impact may be from supplier closures, disruptions in deliveries of materials to our suppliers, a drop in demand from customers and disruptions to supply chains from Asia to Europe and the USA.	We work with more than 32 preferred manufacturing partners and also have suppliers outside of China. We sell to many different customers in a variety of customer sectors, which reduces risk. We have 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, we have managed the trade barriers between China and the USA, partly by offering PCBs from Taiwan and South Korea. Following the Russian invasion of Ukraine, we decided to cease deliveries of PCBs to Russia, which in the past accounted for about 5 per cent of sales and EBITA.	●	●
OPERATIONAL RISK				
Customer dependence	Our customer base is diversified and consists of about 3,350 customers, spread across 45 countries and in many different industries. Despite good risk spread, we are dependent on the success of, and orders from, individual customers.	We are constantly striving to develop a customer base with more customers and closer collaboration. The 50 largest customers accounted for approximately 45 per cent of the company's revenues in 2023, and the 10 largest for about 26 per cent, which means a good risk spread.	●	●
Organisation	Being able to attract and retain qualified staff and executive management is important to our 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.	We have a decentralised organisation where every subsidiary and employee is offered significant autonomous responsibility. On account of our global presence, we can offer substantial development opportunities for employees. We have a particular focus on education and development in all positions. Furthermore, corporate culture is an important cornerstone of our strategy, which is also reflected in the excellent results of the employee satisfaction surveys carried out.	●	●
Acquisitions	We may experience difficulties completing acquisitions, integrating acquired businesses and achieving anticipated synergies. Furthermore, acquisitions could expose us to other unknown liabilities.	We have 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 we operate and NCAB must observe a large number of different regulatory systems which are continuously evolving and may require additional investments.	Our local companies work closely to their respective markets and may therefore follow the developments in terms of public decisions, changes in legislation, regulations and other provisions.	●	●

Types of risk	Description	Management	Probability (P) Impact (I)	
			P	I
IT functionality	Disturbances in our IT system's 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, we monitor and upgrade our IT systems continuously, both in-house and through specialised third parties. NCAB invested in new IT platforms and systems in 2023. The first implementation was carried out in November and the roll-out will be executed gradually in all companies during 2024 and 2025. This will lead to both more efficient and secure IT operation.	●	●
IT security	Cyber threats, such as cyber-attacks, data theft and ransomware, are increasing globally.	We are continuously striving to ensure best practices in terms of policies, plans, working methods and procedures for greater cybersecurity. The company's Chief Information Security Officer (CISO) is supervising this work. The new IT platforms and systems being implemented will increase IT security in the Group.	●	●
SUSTAINABILITY RISKS				
Environment	Our 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 our carbon emissions are caused by transportation from manufacturer to customer. We largely use air transportation as customers place high demands on quick deliveries.	We have clear policies governing environmental work and assessing the risks and impact. We impose demands on, and monitor, that PCB manufacturers have identified and comply with local environmental demands and the RoHS and REACH directives. We maintain close dialogue with customers and manufacturers about how the supply chain can reduce its environmental impact in the design and production phases. We offer various transport alternatives (air, sea, rail, road), all with a different impact on the environment. The share of ocean freight was increased in cooperation with customers.	●	●
Human rights	In our business, we can be exposed to challenges involving human rights. We operate in a global environment where certain markets limit insights into human rights.	We apply Codes of Conduct that encompass suppliers and employees, that include support and respect for human rights and have, inter alia, a whistleblower function. We have zero tolerance of discrimination and harassment, and employ working methods that provide systematic prevention and follow up, both internally and externally. The continuous audits conducted by NCAB's Factory Management team are key elements in effective monitoring.	●	●
Social conditions	Shortcoming in efforts by us and PCB manufacturers in work environment, health and safety, labour and work conditions may have adverse implications at an individual and company level.	We impose demands on, and monitor, that PCB manufacturers, and our own operations, have identified and comply with local demands. We apply Codes of Conduct that encompass suppliers and employees, and employ working methods that provide systematic prevention and follow up, both internally and externally. A whistleblower function is available on our website, where any misconduct can be reported. NCAB's Factory Management team and social audits are important elements in ensuring good social conditions.	●	●
Corruption	Corruption is present in all countries and industries to varying degrees. Both we and our suppliers are exposed to various ethical risks in their operations, including corruption, business ethics and bribery.	We have procedures and processes in place to avoid and counteract bribery and corruption. In addition, our employees and suppliers are trained using the Code of Conduct and through courses.	●	●
FINANCIAL RISK				
Currency	Exchange rate fluctuations may affect our cash flow, income statement and balance sheet and the sale prices for PCBs. The main part of our purchases and sales are made in USD. Consequently, our profits and assets are affected by fluctuations in the price of USD compared to SEK.	Instead of hedging the currency exposure of cash flows and asset value, the Group's risk management policy is, as far as possible, to price and invoice goods in USD, which is also the currency used for most purchases. Approximately 80 per cent of our pricing is in USD and around 70 per cent of invoicing is in USD. Goods purchases and shipping are 95 per cent denominated in USD.	●	●
Goodwill	Our 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, we are careful that the acquisition price properly reflects the acquired company's future prospects. There are well-established procedures, processes and quality demands used 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.	Our 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	We are 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 we have deposited funds.	Each subsidiary 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	We may have a shortage of liquidity and may not be able to obtain loans at favourable terms, or obtain loans at all. Should we fail to meet our obligations under the credit facility or breach any covenant, it could have a negative impact on us.	We have a financial target concerning a maximum debt/equity ratio. Due to our asset-light business model, we have strong cash flows.	●	●

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 2023 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 2023, NCAB had 6,940 shareholders according to the shareholders' register and the total number of shares was 186,971,240, all with one vote each. More about NCAB's shares and its shareholders can be found in the section on the NCAB share on pages 23–24.

ARTICLES OF ASSOCIATION

According to the Articles of Association, the registered name of the company is NCAB Group AB (publ) and the financial year is the calendar year, 1 January to 31 December. To view the Articles of Association in its entirety, which in its current form was approved at the General Meeting on 3 May 2022, refer to the company's website www.ncab-group.com, under the section Investors/Corporate Governance/Articles of Association.

GENERAL MEETING

The General Meeting is NCAB's highest deci-

sion-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 2023

The Annual General Meeting on 9 May 2023 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 1.10 per share, corresponding to SEK 205.7 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 and the purchase of own shares.

ANNUAL GENERAL MEETING 2024

NCAB's Annual General Meeting 2024 will be held on 8 May. For further information about the Annual General Meeting 2024, see page 78 and NCAB's website www.ncabgroup.com.

NOMINATION COMMITTEE

The Annual General Meeting on 9 May 2023 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 2023. The Chairman of the Board of Directors shall be a member of the Nomination Committee. The Nomination Committee appoints the Chairman of the Committee. If a member leaves the Nomination Committee or in case of an ownership change, meaning that a member appointed by shareholder no longer belongs to the largest shareholders, the composition should be changed according to the Nomination Committee's resolution if the Nomination Committee finds it appropriate. The composition of the Nomination Committee should be published as soon as the members and the Chairman of the Nomination Committee have been appointed. No remuneration should be paid for work in the Nomination Committee.

The Nomination Committee is tasked with presenting proposals to the General Meeting pertaining to:

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

In accordance with the General Meeting's decision, the following individuals were appointed to the Nomination Committee in September 2023: Jan Dworsky, Swedbank Robur, Jan Särilvik, AP4, Simon Peterson, Didner o Gerge, Erik Hallengren, SEB Investment Management and Christian Salamon, Chairman of the Board. Jan Dworsky was appointed

Chairman of the Nomination Committee. As a result of recent ownership changes, Erik Hallengren left the Nomination Committee and the new members were Alexandre Weinberg, Anicom Gestion and Hjalmar Ek, Lannebo Fonder. The composition of the Nomination Committee and these changes were announced in press releases during autumn 2023.

The Nomination Committee has, prior to the 2024 Annual General Meeting, held six minuted meetings and also maintained informal contact. The Nomination Committee interviewed all Board members, including the CEO. The Nomination Committee also received a presentation of the Board's own evaluation of its work. Particular attention has been devoted to the Board of Directors' composition and how the Board of Directors performed as a group and the Nomination Committee has discussed the evaluation of the Board of Directors' work. The Nomination Committee has also discussed and assessed remuneration of the Board of Directors. Information has been available on NCAB's website about how shareholders have been able to submit proposals to the Nomination Committee. During the year, the Nomination Committee worked to find new Board members to replace Jan-Olof Dahlén and Per Hesselmark who left the Board during the year. 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 as well as knowledge about NCAB's operations and material sustainability areas.

The Nomination Committee's proposal to the 2024 Annual General Meeting will be presented in connection with the official notification and made available on NCAB's website.

BOARD OF DIRECTORS

The Board of Directors is the highest decision-making body after the General Meeting and also the highest executive body. The responsibilities of the Board of Directors are primarily set forth in the Swedish Companies Act, the Swedish Annual Accounts Act, the company's Articles of

Association, instructions given by the shareholders at the General Meeting and the rules of procedure for the Board of Directors. In addition thereto, the Board of Directors shall comply with the Code and Nasdaq Stockholm's Rule Book for Issuers, as well as other Swedish and foreign laws and regulations, as applicable.

The Board of Directors is responsible for the organisation of the company and management of the company's business operations in accordance with the Swedish Companies Act. The rules of procedure for the Board of Directors, which have been adopted by the Board of Directors and are reviewed annually, govern the division of work and responsibilities among the Board of Directors, its Chairman and the CEO. The Board of Directors also adopts instructions for the committees of the Board of Directors and an instruction for the CEO, as well as an instruction for financial reporting. The Board of Directors' tasks include adopting strategies, business plans and budgets, interim reports, year-end financial statements and annual reports and setting instructions, policies and guidelines. The Board of Directors also determines the sustainability strategy and establishes sustainability targets. The Board of Directors is also required to follow economic developments and ensure the quality of financial reporting and internal controls and evaluate operations on the basis of the objectives and guidelines set by the Board of Directors. Finally, the Board of Directors decides on the company's major investments and acquisitions and changes in the organisation and activities.

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

knowledge about the company and its operations. The Chairman is also responsible for ensuring that the work of the Board is assessed every year. The Chairman represents the Board of Directors in relation to the shareholders of the company. Members of the Board of Directors are appointed annually by the General Meeting for the period until the end of the next Annual General Meeting. According to the company's Articles of Association, the Board of Directors shall consist of a minimum of three members and a maximum of ten members appointed by the General Meeting, without deputy members.

AUDIT COMMITTEE

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

The Audit Committee consists of three members, Gunilla Rudebjer (Chairman), Hans Ramel and Christian Salamon, all of whom are independent to the company and its executive management as well as 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 risk management allowing them to fulfil the obligations of the Committee. During the year, the Audit Committee held four meetings, and the company's auditor attended all of these meetings. The main focus for the Committee's work during the year has been on the financial reporting, financing

issues, information and IT security, sustainability reporting, reporting acquisitions, 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 can chair the Committee. The Remuneration Committee consists of three members: Christian Salamon (Chairman), Magdalena Persson and Per Hesselmark (January–September). Hans Ståhl replaced Per Hesselmark as a member from October. All members, apart from Hans Ståhl, are independent of the company and its executive management, Christian Salamon, Magdalena Persson and Hans Ståhl are also

independent of the company's major shareholders. Hans Ståhl was CEO of NCAB until September 2020. 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 2023 financial year, and the Remuneration Committee also maintained informal

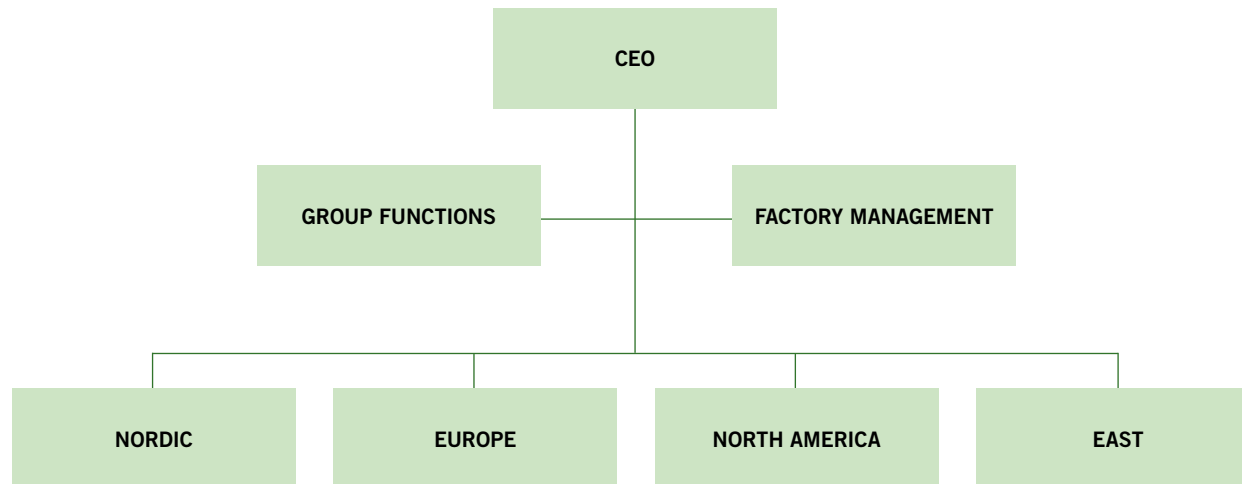
contact. The main purpose of these meetings was to evaluate compensation for 2022, to prepare decisions and reports prior to the Annual General Meeting, to review succession planning for executive management and to prepare the question of adjusting management's compensation for 2023.

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 administer the operative management and execute the resolutions passed by the Board of Directors. The CEO is responsible to present the matters to be dealt with by the Board of Directors according to applicable legislation, the Articles of Association and internal instructions. The Chairman of the Board of Directors is also to be kept informed about the company's operations, its earnings and financial position, as well as any other events, circumstances or conditions that cannot be assumed to be irrelevant to the Board of Directors or the shareholders. The operating activities are controlled in four segments, Nordic, Europe, North America and East together with Factory Management, staff functions for economy/finance, sales/market, sustainability, IT and HR.

More information about the CEO and executive management is presented in the Management section on page 34.



Member	Elected	Born	Attendance		Remuneration Committee	Independent of company	Independent of major shareholders	Total remuneration	
			Board meetings	Audit Committee					
Christian Salamon (Chairman)	2007	1961	10 (10)		3 (4)	4 (4)	Yes	Yes	828,000
Jan-Olof Dahlén ¹⁾	2007	1942	3 (3)				Yes	Yes	–
Per Hesselmark ²⁾	2016	1971	5 (6)			2 (3)	Yes	No	194,000
Magdalena Persson	2017	1971	10 (10)			4 (4)	Yes	Yes	569,000
Hans Ramel ⁴⁾	2007	1964	9 (10)		4 (4)		Yes	Yes	440,000
Gunilla Rudebjer	2017	1959	9 (10)		4 (4)		Yes	Yes	724,000
Hans Ståhl ³⁾	2007	1955	10 (10)			1 (1)	No	Yes	362,000
Peter Kruk (CEO)	2021	1968	10 (10)				No	Yes	–

¹⁾ Jan-Olof Dahlén declined re-election in conjunction with the Annual General Meeting. ³⁾ Hans Ståhl joined the Remuneration Committee from October.

²⁾ Per Hesselmark resigned from the Board in September.

⁴⁾ Hans Ramel was until September dependent in relation to the company's major shareholders.

WORK OF THE BOARD IN 2023

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, financing issues, general business issues, sustainability issues, potential acquisitions, long and short-term targets, HR issues, IT issues, compliance with policies and laws as well as remuneration models. At what is normally the last meeting of the year, the CEO and CFO present the budget for the forthcoming year.

The budget is discussed and, following any adjustments, approved. In connection with this meeting, all segment managers are invited to present developments in their respective markets. This offers the Board a good opportunity to examine

the operations of each segment in more detail. 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 2023, NCAB's Board of Directors paid particular attention to issues related to the long-term business plan, acquisitions, IT investments, risk management, sustainability issues, financing and capital structure as well as internal control. During the year, the new CSRD regulation was discussed to verify preparations by the company and the Board ahead of the introduction of CSRD. This included the introduction of several new long-term targets. Ten Board meetings were held in 2023, of which four were ordinary and six extra. The extra Board meetings primarily dealt with decisions in conjunction with acquisitions and follow-up of the IT investments made during the year. Board members' attendance and remuneration are presented in the table below. In conjunction with the 2023 Annual General Meeting, Jan-Olof Dahlén declined re-election. In September 2023, Per Hesselmark resigned as Board member. Replacements will be elected at the 2024 Annual General Meeting. 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. Operational, sustainability 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 26–27.

INTERNAL CONTROL

The Board of Directors and the CEO are ultimately responsible for ensuring that internal controls are developed, communicated to and understood by the employees of the company. Managers at all levels are responsible for ensuring that internal controls are established within their own area and that these controls have the desired effect. The procedures for internal control, risk assessment, control activities and monitoring for financial reporting have been designed to ensure reliable financial reporting in accordance with IFRS, applicable laws and regulations as well as other Stock Exchange requirements. This work involves the Board of Directors, the executive management and other personnel. The way in which the Board of Directors monitors and ensures quality in the internal control is documented in the adopted rules of procedures of the Board of Directors and the instructions for the Audit Committee. NCAB uses an internal control model based on the three lines of defence model.

➤ The first line of defence consists of the company's operational activities that are conducted according to procedures designed to fulfil the company's requirements on internal control. Process owners, along with other employees within NCAB, have roles which are clearly defined and also have clear responsibilities and direction in terms of policies, procedures, and strategies, which are necessary to achieve business goals.

Self-assessments are carried out to determine the status and functionality of the associated risks and controls. This work is controlled within the scope of the company's ISO system.

- The second line of defence consists of the company's internal monitoring of controls. Monitoring, coordination and consolidation of reported results are compiled within a risk and control matrix. In addition, there is a coordination of activities to improve risk management and to ensure that the company complies with risk management, governance policies, laws and regulations.
- The third line of defence consists of NCAB's Audit Committee. Internal self-assessments, together with the company's external ISO evaluations, are used so that an overall picture is obtained in connection with evaluation and improvement of the risk management system. The self-assessments are reviewed and assessed by the accounting function, the auditors and the Audit Committee in order to ensure correct risk management and accounting. The compliance reports from the external ISO evaluations are presented for the Audit Committee, the Board of Directors and the CEO. The CEO and the executive management are responsible for the first line of defence. The responsibility for the second line of defence is shared between the CEO, the executive management, the Board of Directors and the Audit Committee. The third line of defence falls within the CEO's and the Board of Directors' responsibility. Compliance with internal procedures and processes is examined using self-assessment annually, when the company's external auditors review compliance as part of the annual audit.

INTERNAL AUDIT

The Board of Directors has resolved not to establish any separate function for the internal audit as the company believes the business systems, in terms of risk and quality, as well as financial function and monitoring by the Audit Committee,

with regard to financial internal control, satisfy the requisite control and follow-up.

POLICIES

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

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

AUDIT

Öhrlings PriceWaterhouseCoopers, with Johan Engstam as Auditor-in-Charge, was elected at the Annual General Meeting on 9 May 2023. 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 49. In connection with the adoption by the Board of the year-end accounts for 2023, 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 2023 on pages 28–32 and 26–27, 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 2024

Öhrlings PricewaterhouseCoopers AB

Johan Engstam
Authorised Public Accountant

Board of Directors



1

1. CHRISTIAN SALAMON

Chairman since 2007.

Born: 1961.

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

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

Shareholding: 4,116,100 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

2. MAGDALENA PERSSON

Board member since 2017.

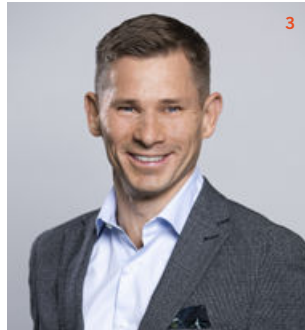
Born: 1971.

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

Other current assignments: Board member of Qarlbo AB, Recover Nordic, Bactiguard Holding AB (publ), Chairman of SK Shieldus, South Korea and owner and Board member of Myrtel Management AB.

Shareholding: 20,000 shares.

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



3

3. 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 SMD Logistics AB, af Jochnick Foundation, Oriflame Partners Ltd, and OSM Holding AB.

Shareholding: Owns 2,735,000 shares through Hans Ramel AB.

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



4

4. GUNILLA RUDEBJER

Board member since 2017.

Born: 1959.

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

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

Shareholding: 66,660 shares.

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



5

5. HANS STÅHL

Board member since 2007.

Born: 1955.

Education: –

Other current assignments: Board member of SMD Logistics AB, Revolt Powercharge AB, H&E Solutions AB and IGF Biogas AB.

Shareholding: 2,938,600 shares.

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



6

6. PETER KRUK

Board member since 2021.

Born: 1968.

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

Other current assignments: –

Shareholding: 90,770 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 2023.

Group management



Back row: Chris Nuttall, Peter Jensen, Benjamin Klingenberg, Peter Kruk, Anna Lothsson, Howard Goff.
Front row: Anders Forsén, Eva Holm, Andy Liu, Ann Juviken, Sanna Magnusson.

PETER KRUK
 President and Chief Executive Officer since 2020
Born: 1968.
Education: M.Sc. in Engineering Physics from Chalmers University of Technology in Gothenburg and also at Ecole Polytechnique Federale de Lausanne.
Shareholding: 90,770 shares.

ANDERS FORSÉN
 Chief Financial Officer since 2008
Born: 1962.
Education: B.Sc. in Business Administration and Finance from Linköping University.
Shareholding: 2,470,000 shares.

ANDY LIU
 VP Asia since 2007
Born: 1980.

Education: Industrial System Engineering, University of Regina, Canada.
Shareholding: 265,220 shares.

ANNA LOTHSSON
 Group Sustainability Director since 2013, employed since 2005
Born: 1977.

Education: B.Sc. in Electrical Engineering and Economics from the KTH Royal Institute of Technology, Stockholm and a Graduate Certificate in Marketing from the University of Wollongong, Australia.
Shareholding: 476,500 shares.

ANN JUVIKEN
 Chief Digital and Information Officer since 2021
Born: 1970.
Education: M.Sc. from the Gothenburg School of Business, Economics and Law.
Shareholding: 12,700 shares.

BENJAMIN KLINGENBERG
 VP Europe since 2022, employed since 2019
Born: 1982.
Education: Mechatronics engineering.
Shareholding: 8,700 shares.

CHRIS NUTTALL
 Chief Operating Officer since 2009
Born: 1973.
Education: M.Sc. in Quality Management and a B.Sc. in Technology & Management from Paisley University, United Kingdom.
Shareholding: 135,400 shares.

EVA HOLM
 VP People and Culture since 2015
Born: 1962.
Education: M.Sc. in Business and Economics from Stockholm University.
Shareholding: 19,000 shares.

HOWARD GOFF
 VP North America since 1 December 2023, employed since 2010
Born: 1962.
Education: HND in Aerospace Engineering from the University of West England, United Kingdom.
Shareholding: 10,000 shares.

PETER JENSEN
 VP Nordics since 2023, employed since 2021
Born: 1962.
Education: Bachelor of Science (BS), Mechanical Engineering from DTU, Technical University of Denmark. Diploma in Specialized Business, Marketing from ZBC, Zealand Business College.
Shareholding: 10,000 shares.

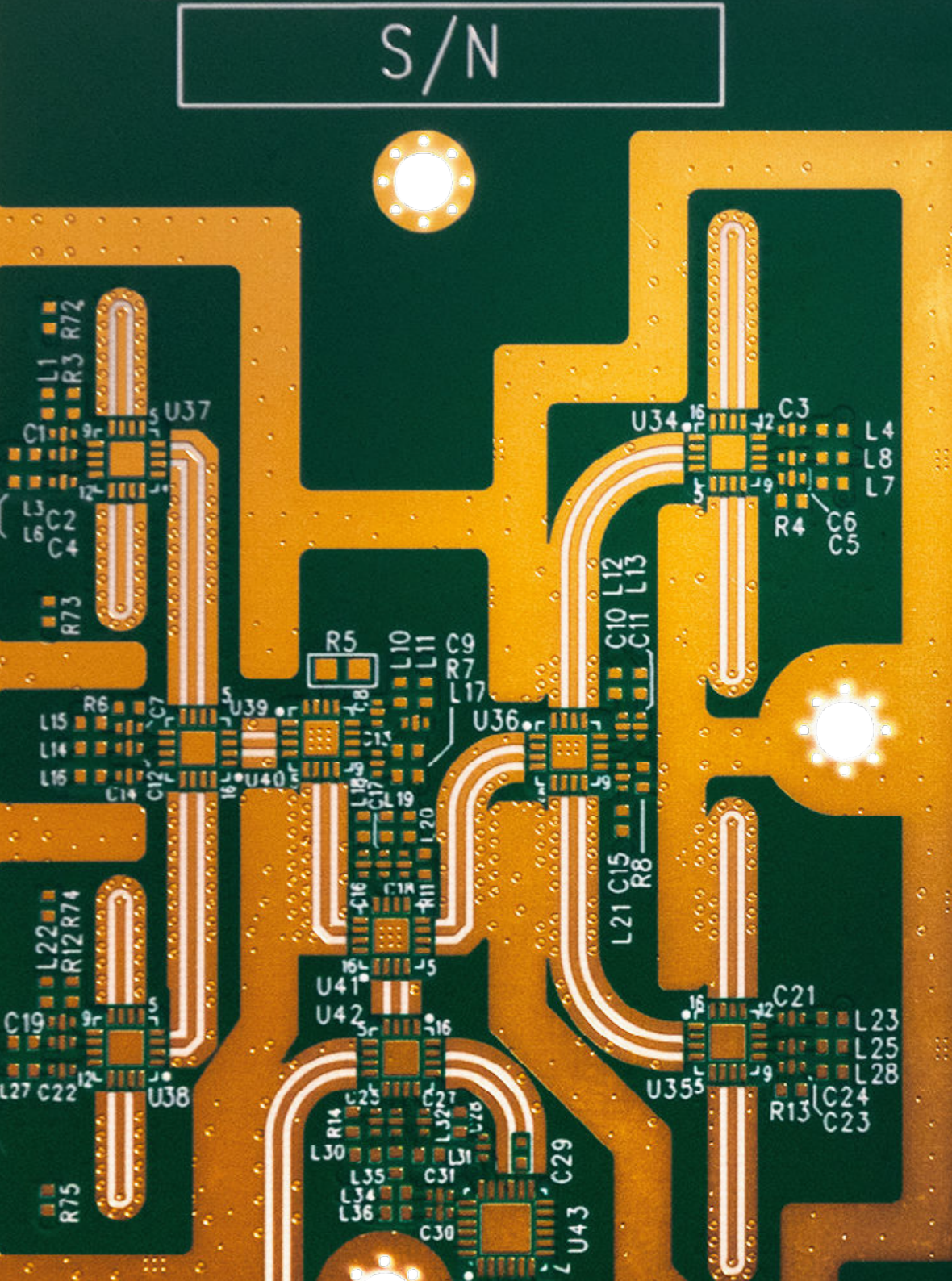
SANNA MAGNUSSON
 Group Marketing Director since 2006, employed since 2004
Born: 1979.
Education: B.Sc. in Marketing and Human Resources Mgmt from Unitec Institute of Technology, Auckland, New Zealand.
Shareholding: 247,500 shares.

ARJAN SINOO
 VP Sales from 27 February 2024, employed since 2020
Born: 1980.
Education: M.Sc. Business Studies at the University of Amsterdam.
Shareholding: 8,000 shares.

ROBERT BALSON
 VP North America from 2022 until November 2023
Born: 1964.
Education: Master in Business Administration from California Coast University. Bachelor of Science in Business Management from California Coast University.
Shareholding: 3,000 shares.

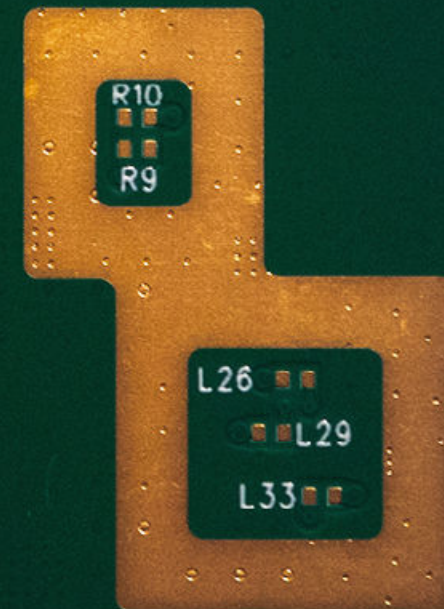
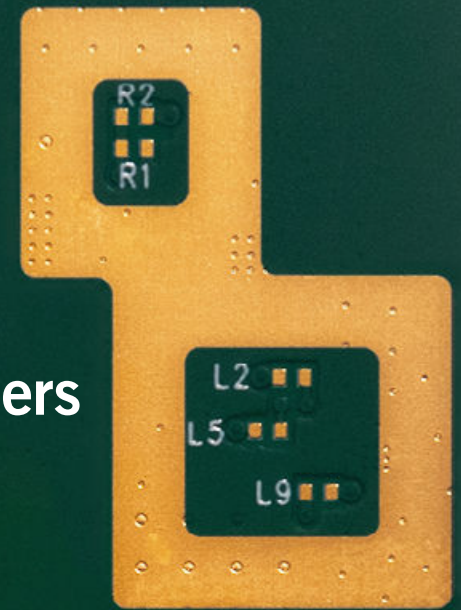
The information pertaining to shareholdings refers to 31 December 2023.

S/N



NCAB in numbers

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Directors' Report

The Board of Directors and the CEO of NCAB Group AB (publ), with its head office in Sundbyberg, Sweden, hereby submits the Annual Report and consolidated financial statements for the 2023 financial year. The company's postal address is Lövströms Allé 5, SE-172 61 Sundbyberg, Corporate Registration Number 556733-0161. Comparative figures in parentheses pertain to the preceding year. The financial statements are presented in SEK thousands (kSEK), which means rounding differences may arise.

OPERATIONS

NCAB Group AB (publ) ("NCAB", "the company" or "the Group") is a leading maker of printed circuit boards (PCBs) with a local presence in 17 countries and customers in 45 global markets. At year-end 2023, NCAB had approximately 3,650 customers and 603 employees. The Parent Company is based in Sweden.

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

MARKET

NCAB is one of the world's leading suppliers of printed circuit boards. The global market for PCBs had sales of approximately USD 82 billion* in 2022, but declined in 2023 to approximately USD 70 billion*. From 2024 onwards the global market for PCBs is expected to grow 4–5 per cent per year*. NCAB focuses on PCBs for the High-Mix-Low-Volume segment (HMLV), which represents approximately 30 per cent of the global market. NCAB's growth is also driven by the continuing transfer of PCB production from Europe and North America to Asia while some PCB assembly is being moved back to Europe and North America, which is increasing demand for PCBs in NCAB's markets.

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

OPERATING SEGMENTS

NCAB's operations are conducted on the basis of four operating segments: Nordic, Europe, North America and East. Each segment provides a broad range of PCBs to the geographical markets in which it operates. The PCBs are purchased from external manufacturers, mainly in China. Most of the PCBs are of the HMLV type, i.e. specialised products that are produced in small quantities. NCAB has a local presence in 17 countries through technicians and customer support staff to ensure that its customers receive support throughout the process.

NET SALES

For full-year 2023, net sales decreased 8 per cent to SEK 4,087.8 million (4,457.7). In USD, net sales decreased about 13 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 decreased 15 per cent in SEK and by 19 per cent in USD. During the year, all segments reported declining net sales due to lower market prices and lower volumes. In recent years, many customers accumulated large inventories at several levels in response to the global supply chain problems in the wake of the pandemic. Now that supply chains have returned to normal during 2023, customers are striving to reduce their inventory, which had a short-term impact on NCAB's net sales. During the year, net sales to customers outside the Nordic region from the acquisition of Elmatica were transferred to the Europe segment. After adjustments for the transferred customers, the Nordic segment reported a decrease in net sales of 11 per cent. Net sales rose in Norway while other countries noted a decrease. Net sales in the Europe segment decreased 6 per cent adjusted for net sales received from Nordic. When also adjusted for acquisitions, net sales decreased 14 per cent. The decrease was due in part to a few major customers which, following a major build up of inventory, have now reduced levels. In line with the sluggish industrial

economy, Germany reported a weak end to the year. However, the UK and southern Europe performed better. The North America segment also reported a negative trend for net sales, largely due to inventory adjustments by many EMS customers. Net sales decreased 8 per cent and adjusted for the acquisition of Phase 3 Technologies, net sales decreased 25 per cent. However, customer activity increased at the end of the year. The East segment also reported negative growth. The market failed to gain momentum, which had been expected, when China reopened following the pandemic lockdowns. When Russia invaded Ukraine in February 2022, NCAB halted all deliveries to customers in Russia. In April 2022, Russian operations were sold to the local management in Russia. Adjusted for the discontinuation of Russian operations, net sales decreased 11 per cent.

OPERATING PROFIT

During the year, PCB factories noted low utilisation levels due to reduced demand combined with expanded capacity following strong growth in demand in 2022. This led to lower prices and good opportunities for NCAB to increase its gross margin despite lower selling prices. Despite the reduction in net sales, gross profit increased in 2023. Gross margin improved to 36.0 per cent (32.2). EBITA amounted to SEK 646.9 million (630.9) and EBITA margin rose to 15.8 per cent (14.2). EBITA in 2023 included SEK 13.6 million (1.6), net, for transaction costs for the acquisitions performed and dissolved additional purchase considerations. Excluding these items, EBITA amounted to SEK 633.3 million, corresponding to an EBITA margin of 15.5 per cent. During the year, earnings were charged with SEK 27.3 million in expensed development costs for the Group's new IT platforms. The platform has now been launched in the first company and will be gradually rolled out to other companies in the Group during 2024 and 2025. The new platform will enable additional improvements in customer service, increase the Group's efficiency, support continued growth

and the integration of new companies. Operating profit increased to SEK 591.4 million (546.4). In 2022, profit was burdened by wind-up costs for the Russian subsidiary of SEK 43.2 million. Net financial items amounted to SEK -57.8 million (3.8), of which SEK -1.0 million (31.9) refers to foreign exchange differences. Tax amounted to SEK -129.7 million (-133.0). The average tax rate was 24.3 per cent (24.2). Profit for the year after tax was SEK 403.9 million (417.1).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities was SEK 700.4 million (568.1). Cash flow was positively impacted by the reduction in working capital as lead times fell and the freight situation improved, which reduced the need for inventory and goods in transit. On 31 December 2023, tied-up working capital for the Group amounted to 5.4 per cent (8.8) of net sales over the past 12 months. NCAB has credit insurance that covers most of the trade receivables outstanding. Cash flow from investing activities, excluding acquisitions, was SEK -54.5 million (-40.0). The investments mainly related to the new IT platforms. Four companies were acquired during the year: Bare Board Consulting in Italy, db electronics in Germany and Switzerland, Phase 3 Technologies in California, USA and Electronic Advanced Circuits in Spain. The total purchase consideration impacting cash flow was SEK 436.3 million, which also includes additional purchase considerations paid in 2023.

LIQUIDITY AND FINANCIAL POSITION

The Group's net debt including liabilities for right-of-use assets at the end of the year was SEK 591.9 million (565.6). At 31 December 2023, NCAB had loans including utilised overdraft facility totalling SEK 995 million. NCAB has a loan of SEK 550 million and two acquisition credits totalling SEK 750 million (of which SEK 450 million is drawn). In addition, there is an overdraft facility of SEK 215 million. The credit of SEK 550 million is free of instalments and expires in 2026. The other credits

are free of instalments until the end of June 2024. At the balance sheet date of 31 December 2023, the company was in compliance with all covenants under the financing agreement. At 31 December, the equity/assets ratio was 41.5 per cent (39.3) and equity was SEK 1,335.3 million (1,195.8). The substantial exchange-rate changes during the year entailed translation differences on equity of SEK -70.6 million (110.9). At the end of the period, the Group had available liquidity, including undrawn overdraft facilities, of SEK 994 million (1,032.8).

SEASONAL VARIATIONS

The Group has relatively small seasonal variations over the year. However, the fourth quarter is often weakest in terms of sales and EBITA, due to few outgoing deliveries in the second half of December.

THE SHARE AND PERFORMANCE OF SHARE CAPITAL

NCAB Group is listed on Nasdaq Stockholm, Large Cap. Since its IPO in June 2018, total return until 31 December 2023 was 876 per cent. On 31 December 2023, NCAB Group's share capital amounted to SEK 1.9 million distributed between 186,971,240 shares with a quotient value of SEK 0.01 per share. In 2023, the NCAB share generated a return of 13 per cent. In the same period, OMX Stockholm PI rose 15 per cent. For more information, see pages 23–24.

OWN SHARES

NCAB has had a long-term incentive plan for the past three years. During the year, 80,000 shares were acquired to be sold to participants in the plan. 4,450 share remain in the company's possession and can be used for future plans.

RISKS AND UNCERTAINTIES

NCAB is exposed to a range of risks and great emphasis is placed on continuously following up, analysing and acting to mitigate potential risks. The most material risks are described on pages 26–27.

BOARD OF DIRECTORS

The company has chosen to introduce the Board of Directors on page 33.

GUIDELINES FOR REMUNERATION OF EXECUTIVE MANAGEMENT

The Board of Directors proposes that the 2024 Annual General Meeting resolves to adopt the following guidelines for determining salary and other remunerations to the executive management. Executive management refers to the Chief Executive Officer (CEO) and other members of the Group management. The guidelines shall apply to remuneration agreed and amendments to remuneration already agreed, after adoption of the guidelines by the 2024 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, motivate and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the executive management a competitive total remuneration.

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

The company's objective for having a program relating to variable cash remuneration and

share-based incentive plans is to (i) encourage behaviours supporting the company's business strategy, including its sustainability agenda, and safeguarding its long-term and short-term interests and thereby to generate value for the shareholders, (ii) make the company an attractive employer, (iii) retain key persons 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 as well as responsibilities and authorities. 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

The allocation between basic salary and variable remuneration shall be proportionate to the executive's responsibilities and authorities. The variable remuneration shall be based on financial targets linked to the development of NCAB, such as sales, EBITDA and capital efficiency. Non-financial targets – quantitative and qualitative – may be included as a basis for the variable remuneration, however, not exceeding 35 per cent. Financial and non-financial targets shall contribute to the company's business strategy and long-term interests, including its sustainability agenda, by having a clear link to the company's business strategy. 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 may qualify for pension benefits.

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

Pension benefits

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

Other benefits

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

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

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

Period of notice and severance pay

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

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income. 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 when assessing the fairness of the guidelines and the limitations that arise from these.

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 derogations from the guidelines for remuneration as resolved by the 2020 Annual General Meeting

There are no derogations from the guidelines for remuneration as resolved by the 2020 Annual General Meeting. In conjunction with acquisitions, temporary derogations may arise from the guidelines due to employment contracts previously entered into (or terms and conditions in conjunction with acquisitions).

Long-term incentive plan

In 2021, NCAB initiated an annual long-term incentive plan for key persons in the company. Decisions were taken concerning the plan in 2022 and 2023. Participation in the incentive plan

requires participants to use their own funds to acquire shares in NCAB at market price. If these investment shares are retained for three years, and the participant continues to be employed by the Group for the saving period, each investment share entitles the holder to acquire four performance shares in NCAB at a price equivalent to 70 per cent of the price when the investment shares were purchased. The number of performance shares is decided by the Board and is linked to a measure resolved by the Board for capital cost-adjusted earnings (EBITA adjusted for a calculated cost for capital employed). The performance measure is related to the company's financial targets. One condition for receiving performance shares is that participants do not seriously act in a manner inconsistent with the company's policies during the saving period. The 2021 programme was completed and the number of performance shares allocated amounted to four per investment share, corresponding to the maximum amount. The exercise price for the performance shares was SEK 27.51 per share.

Information on remuneration resolved but not yet due

There are no remunerations resolved but not yet due.

In 2023, the company has complied with applicable remuneration guidelines as adopted by the general meeting 2020. In conjunction with acquisitions, temporary derogations may arise from the guidelines above due to conditions in the acquired companies.

CORPORATE GOVERNANCE

Corporate governance is included as a separate section of these annual accounts and is not part of NCAB's formal Annual Report for 2023. 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 2023, the number of employees was 603 (587), of whom 264 (261) were women and 339 (326) were men. The average number of employees in the organisation during the period was 595 (586), of whom 263 (253) were women and 333 (333) 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. In accordance with Chapter 6, Section 11 of the Annual Accounts Act, NCAB has decided to prepare a statutory Sustainability Report as part of its Annual Report and is available to read on pages 6, 27 and 80–97.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Acquisitions

Bare Board Consultants

On 24 November 2022, an agreement was signed to acquire 100 per cent of the shares in Bare Board Consultants (BBC) with offices in Codogna, south of Milan in Italy. In 2022, BBC reported sales of just over SEK 90 million and had three employees. Goodwill of SEK 18.9 million arose in conjunction with the acquisition. The purchase consideration for the shares amounted to SEK 72 million. The acquisition was completed on 10 January 2023. The company has been integrated into NCAB Group Italy.

db electronics

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

Phase 3 Technologies

On 4 May 2023, 100 per cent of the shares was acquired in Phase 3 Technologies in San Jose, USA. Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. In 2022, the company reported net sales of SEK 247 million and EBITA of just over SEK 37 million. The purchase consideration for the shares is estimated at SEK 291.3 million and goodwill of SEK 196.3 million arose. The purchase consideration comprised SEK 268 million paid on transfer and a potential additional purchase consideration estimated at SEK 23 million. The additional purchase consideration is based on the development of gross profit in 2023 compared with the gross profit for 2022. Through the acquisition, 17 employees were added. Gross profit for 2023 was slightly less than gross profit in 2022, which means the additional purchase consideration was dissolved in its entirety in 2023.

Electronic Advanced Circuits

On 16 November 2023, 100 per cent of shares was acquired in Electronic Advanced Circuits in Spain. Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. The company's net sales for 2023 were approximately SEK 19 million, with EBITA of approximately SEK 3 million. The purchase consideration for the shares amounted to SEK 20.1 million and an additional purchase consideration of SEK 4.0 million is to be paid in 2026. Goodwill of SEK 11.2 million arose. The acquisition led to the addition of two new employees.

Full-year impact of acquisitions

If the acquired companies had been consolidated on 1 January 2023, the Group's net sales for the January–December 2023 period would have increased by SEK 121 million to SEK 4,226 million and EBITA by SEK 22.7 million to SEK 669.6 million.

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 185.9 million (143.3). Earnings before tax amounted to SEK 224.0 million (141.8). The improvement was mainly due to increased dividends from subsidiaries. Equity was SEK 319.8 million (276.9).

PROPOSED APPROPRIATION OF RETAINED EARNINGS

The Board of Directors proposes the payment of a dividend of SEK 1.10 per share to those shareholders who are registered on the record date and that the remaining non-restricted equity be retained in the Parent Company. For more information, see NCAB's dividend policy.

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

Share premium account	478,109,571
Retained earnings	-408,768,364
Net profit for the year	248,637,968
	SEK 317,979,175

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

total	205,668,364
carried forward	112,310,811
	SEK 317,979,175

Consolidated income statement

kSEK	Note	2023	2022
Net sales	5.6	4,087,832	4,457,695
Other operating income	7	33,870	20,870
Total operating revenue		4,121,702	4,478,565
Raw materials and consumables		-2,627,027	-3,043,270
Other external expenses	8, 10	-236,314	-218,567
Staff costs	9	-558,032	-542,322
Depreciation of property, plant and equipment, and amortisation of intangible assets	18, 19	-98,640	-76,763
Divestment of NCAB Russia	11		-43,219
Other operating expenses	12	-10,317	-8,046
Total operating expenses		-3,530,330	-3,932,187
Operating profit		591,373	546,378
Financial income	13, 15	11,153	34,464
Financial expense	13, 15	-68,962	-30,659
Net financial items		-57,809	3,805
Profit before tax		533,564	550,183
Income tax	14	-129,703	-133,039
Profit for the year		403,861	417,144
Profit attributable to:			
Shareholders of the Parent Company		403,741	416,963
Non-controlling interests		121	181
Average number of shares before dilution		186,951,183	186,928,204
Average number of shares after dilution		187,552,145	187,279,557
Earnings per share before dilution	16	2.16	2.23
Earnings per share after dilution	16	2.15	2.23

Consolidated statement of comprehensive income

kSEK	Note	2023	2022
Profit for the year		403,861	417,144
Other comprehensive income,			
Items that can subsequently be reclassified to profit or loss:			
Foreign exchange differences		-70,645	119,170
Foreign exchange differences from the termination of operations, reclassified to profit or loss			-8,231
Total other comprehensive income for the year		-70,645	110,939
Total comprehensive income for the year		333,216	528,083
Attributable to:			
– Shareholders of the Parent Company		333,096	527,902
– Non-controlling interests		121	181
Total comprehensive income for the year		333,216	528,083

The Notes on pages 43–62 form an integral part of these consolidated financial statements.

Consolidated balance sheet

kSEK	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	19	1,345,760	1,057,509
Other intangible assets	19	251,609	171,665
Total intangible assets		1,597,368	1,229,174
Property, plant and equipment			
Leasehold improvement costs	18	6,783	7,206
Plant and equipment	18	13,038	10,984
Right-of-use assets, offices and cars	18,34	70,425	85,519
Total property, plant and equipment		90,246	103,709
Financial assets			
Financial assets	21	7,336	5,533
Total financial assets		7,336	5,533
Deferred tax assets	29	20,767	12,184
Total non-current assets		1,715,717	1,350,600
Current assets			
Inventories			
Raw materials and consumables	23	315,227	504,910
Total inventories, etc.		315,227	504,910
Current receivables			
Trade receivables	22	654,962	760,678
Other current receivables	24	31,780	39,234
Prepaid expenses and accrued income	25	25,035	27,842
Cash and cash equivalents	26	478,625	357,839
Total current receivables		1,190,401	1,185,593
TOTAL CURRENT ASSETS		1,505,628	1,690,503
TOTAL ASSETS		3,221,344	3,041,103

The Notes on pages 43–62 form an integral part of these consolidated financial statements.

kSEK	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Parent Company			
Share capital		1,870	1,870
Additional paid-in capital		478,143	478,143
Reserves		53,400	124,045
Retained earnings		801,686	591,493
Non-controlling interests		211	269
Total equity		1,335,310	1,195,820
LIABILITIES			
Non-current liabilities			
Borrowings	28	927,825	833,767
Right-of-use liabilities	34	42,838	57,610
Deferred tax	29	76,871	62,071
Total non-current liabilities		1,047,534	953,448
Current liabilities			
Current liabilities	28	67,500	319
Current right-of-use liabilities	34	32,376	31,791
Trade payables		444,965	518,456
Current tax liabilities		81,714	108,941
Other current liabilities		80,735	83,548
Accrued expenses and deferred income	30	131,211	148,780
Total current liabilities		838,500	891,835
TOTAL NET DEBT		1,886,034	1,845,283
TOTAL EQUITY AND LIABILITIES		3,221,344	3,041,103

The Notes on pages 43–62 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Note	Attributable to shareholders of the Parent Company					Non-controlling interests	Total equity
		Share capital	Additional paid-in capital	Reserves	Retained earnings	Total		
Opening balance on 1 January 2022	27	1,870	478,143	13,106	280,307	773,426	420	773,846
Profit for the year					416,963	416,963	181	417,144
Other comprehensive income for the year				110,939		110,939		110,939
Total comprehensive income				110,939	416,963	527,902	181	528,083
Share dividend				-112,183	-112,183	-332		-112,515
Change in own shares				666	666			666
Option programme				5,740	5,740			5,740
Total contribution from value transfer to shareholders, recognised directly in equity				-105,777	-105,777	-332		-106,109
Closing balance on 31 December 2022		1,870	478,143	124,045	591,493	1,195,551	269	1,195,820
Opening balance on 1 January 2023		1,870	478,143	124,045	591,493	1,195,551	269	1,195,820
Profit for the year					403,741	403,741	121	403,861
Other comprehensive income for the year				-70,645		-70,645		-70,645
Total comprehensive income				-70,645	403,740	333,096	121	333,216
Share dividend				-205,668	-205,668	-179		-205,847
Change in own shares				2,996	2,996			2,996
Option programme				9,125	9,125			9,125
Total contribution from value transfer to shareholders, recognised directly in equity				-193,547	-193,547	-179		-193,726
Closing balance on 31 December 2023		1,870	478,143	53,400	801,686	1,335,099	211	1,335,310

The Notes on pages 43–62 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

kSEK	Note	31 Dec 2023	31 Dec 2022
Cash flow from operating activities			
Profit before net financial income/expense		591,373	546,378
Adjustment for non-cash items	31	66,375	59,524
Interest received		10,861	2,560
Interest paid		-63,458	-26,929
Income taxes paid		-175,742	-91,229
Cash flow from operating activities before changes in working capital		429,409	490,304
Change in inventories		193,330	44,294
Change in current receivables		234,593	70,318
Change in current operating liabilities		-156,903	-36,831
Total changes in working capital		271,019	77,781
Cash flow from operating activities		700,428	568,085
Cash flow from investing activities			
Investments in property, plant and equipment	18	-4,834	-10,367
Investments in intangible assets	19	-47,847	-32,382
Investments in subsidiaries	36	-436,266	-178,326
Investments in financial assets	21	-1,802	2,702
Cash flow from investing activities		-490,749	-218,373
Cash flow from financing activities			
Change in overdraft facility	28		-189,048
Borrowings	28	160,000	190,000
Repayment of right-of-use liabilities		-32,552	-29,584
Dividend		-205,668	-112,182
Cash flow from financing activities	32	-78,220	-140,814
Decrease/increase in cash and cash equivalents			
Cash flow for the year		131,459	208,898
Foreign exchange difference in cash and cash equivalents		-10,673	12,232
Cash and cash equivalents at beginning of year		357,839	136,709
Cash and cash equivalents at end of year		478,625	357,839

The Notes on pages 43–62 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 2023, the Group comprises 25 operational companies in Europe, the USA and Asia. Four acquisitions were completed during 2023.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

Changes to accounting policies and disclosures

The new standards that became effective in 2023 had no material impact on the Group's financial results.

Certain amendments to standards that have been published come into effect for the financial year beginning 1 January 2024 and later and have not been early adopted in these financial statements. These new amendments are not expected to have a material impact on the Group in the current or future reporting periods nor on foreseeable future transactions.

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 acquisition analysis determines the fair value on the acquisition date of the acquired identifiable assets and assumed liabilities. Any difference between fair value on the acquisition date of the agreed purchase consideration and the net of identified assets and assumed liabilities is recognised as goodwill. The purchase consideration includes each asset or liability resulting from a contingent consideration arrangement.

In cases where the contingent consideration is part of the purchase consideration, it is recognised at fair value on the acquisition date and recognised as part of the purchase consideration. Subsequent changes to the fair value of a contingent consideration were classified as a financial liability and as other revenue/expense in profit or loss in accordance with IFRS 9. Acquisition-related costs are expensed as incurred in profit or loss. 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.

(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:

- assets and liabilities for each of the balance sheets are translated at the closing rates;
- 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),
- all resulting foreign exchange differences are to be 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 other comprehensive income.

2.4 PROPERTY, PLANT AND EQUIPMENT

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

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 Lease term
- plant 5 years
- computers 3 years
- office equipment 5 years
- right-of-use assets Contract term

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

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

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

2.5 INTANGIBLE ASSETS

(a) Goodwill

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

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

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

(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.

Note 2, cont.

(c) Capitalised development costs for IT systems

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

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

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

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

2.6 IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

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

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

2.7 FINANCIAL ASSETS AND LIABILITIES

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).

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 and carries a market interest rate.

Fair value of financial instruments

The recognised carrying amount of all financial assets and liabilities is considered a good approximation of its fair value, unless otherwise specified.

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, the simplified approach is used and means the Group can directly report expected credit losses for asset's remaining time to maturity.

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

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

Trade receivables

Trade receivables are amounts due from customers for goods sold or services rendered in operating activities. Trade receivables are initially stated at transaction price, as long as there is not a significant financing component in the receivable, and subsequently at amortised cost using the effective interest method, less any provisions for impairment.

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.

Note 2, cont.

2.9 CASH AND CASH EQUIVALENTS

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

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

2.10 SHARE CAPITAL AND EARNINGS PER SHARE

Ordinary shares are classified as equity. Transaction costs which are directly attributable to the issue of new ordinary shares or warrants are recognised, net of tax, in equity as a deduction from the proceeds of the issue.

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

Where any Group company purchases the Parent Company's shares (share buy-back), the consideration paid, including any directly attributable incremental costs (net of taxes), is deducted from equity, until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and tax effects) is included in equity. The company only holds ordinary shares. Through subsidiaries, the Group holds 4,450 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 amount expected to be required to settle the obligation. In this case, a discount rate before tax is used which reflects a current market assessment of the time-dependent value of money and the risks associated with the provision. The increase in the provision due to passage of time is recognised as interest expense.

2.12 DEFERRED INCOME TAX

Deferred tax assets 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.

2.13 EMPLOYEE BENEFITS

The Group companies have defined contribution pension plans. Defined contribution pension plans are post-employment benefit plans under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or constructive obligations

to pay further contributions if this legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

2.14 REVENUE RECOGNITION

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

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

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

More information about doubtful debts is provided in Note 22. The majority of the Group's trade receivables are covered by insurance.

Sale of goods

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

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

Third-party currencies

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

2.15 INTEREST INCOME

Interest income is recognised using the effective interest method.

2.16 LEASES – RIGHT-OF-USE ASSETS

The Group leases various offices, warehouse space and vehicles. Rental contracts are amortised over the duration of the contract, which is typically one to five years, but in exceptional cases also up to ten years. A possible extension is not included in the measurement of the lease at the acquisition date, instead the contract is remeasured when the extension is agreed. Contracts may include both lease and non-lease elements.

The Group allocates the consideration in the contract to lease and non-lease components based on the relative stand-alone selling prices. Lease payments for property, where the Group is a tenant, are not separated into lease and non-lease components and instead these are recognised as a single lease component.

The Group has no leases of intangible assets. The company has no leased assets that are difficult to replace with other assets, which is why the lease term stated in the contract is the lease term included in the lease asset and liability. The discount rate applied was assessed by country taking into account the length of the lease, country-specific currency risk and risk premium.

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

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

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

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

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

Critical judgements in determining the lease term:

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

2.17 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.

Note 2, cont.

2.18 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. See Note 6.

NOTE 3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

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

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

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

(a) Market risk

(i) Currency risk

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

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

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

If the USD had weakened/strengthened by 10 per cent against the other currencies, with all other variables held constant, the restated net profit at 31 December 2023 would have been kSEK 21,000 (21,000) lower/higher. Gross profit would have been kSEK 47,000 (47,000) lower/higher, while the gross margin was slightly lower.

EBITDA would have been kSEK 32,000 (32,000) lower/higher. Restating trade receivables and trade payables would have had the opposite impact on earnings of kSEK 12,000 (10,000).

If the EUR had weakened/strengthened by 10 per cent against the other currencies, with all other variables held constant, the restated net profit at 31 December 2023 would have been kSEK 0 (1,000) 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 2023, the Group's variable interest rate borrowings consisted mainly of loans in SEK, which was also the case in 2022. Lending in other currencies may temporarily occur in the Group's cash pool.

The Group has an opportunity to secure the interest rate if exposure is considered too great but no hedging took place in 2023 and 2022. 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 9,700 (8,800) or a reduction of kSEK 9,700 (8,800) in interest expense.

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

(b) Credit risk

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

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

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

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

(c) Financing risk

The Group's loan financing takes place centrally and consists of both fixed loans and an intra-Group cash pool with an associated overdraft facility. The loan conditions include covenants stating that the net debt excluding IFRS 16 must not exceed 2.5 times

adjusted EBITDA and that cash flow before financing costs must exceed financing costs. Management regularly measures and monitors covenant calculations and cash flow forecasts from a covenant perspective.

(d) Liquidity risks

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

Excess liquidity in the Group's operating companies exceeding that portion which is required to manage working capital requirements is transferred to the Parent Company, which invests the excess liquidity in interest-bearing current accounts, term deposits, money market instruments and marketable securities, depending on what type of instrument has an appropriate maturity or is sufficiently liquid to meet the requirements determined by the aforementioned forecasts. At the balance sheet date, the company had liquid assets of kSEK 478,625 (357,839) and an undrawn overdraft facility of kSEK 515,000 (675,000) 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 2023.

	Less than 3 months	Between 3–12 months	Between 12–24 months	Between 2–5 years
31 December 2023				
Borrowings	11,881	102,340	132,711	858,434
Overdraft facility				
Trade payables	426,939	18,026		
31 December 2022				
Borrowings	6,623	19,870	67,517	846,529
Overdraft facility				
Trade payables	492,235	26,221		

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:

	2023	2022
Total borrowings (Note 28)	995,325	834,086
Less: cash and cash equivalents	-478,625	-357,839
Net debt excl. right-of-use liability	516,700	476,247
Right-of-use liability	75,214	89,402
Total liability	591,914	565,649
Total equity	1,335,310	1,195,820
Total capital	1,927,224	1,761,469
Debt/equity ratio	44%	47%
Adjusted EBITDA*, incl. IFRS 16	690,013	666,360
Net debt / Adjusted EBITDA, incl. IFRS 16	0.9	0.8
Adjusted EBITDA, excl. IFRS 16	652,865	636,776
Net debt / Adjusted EBITDA, excl. IFRS 16	0.8	0.7

*No adjustment of EBITDA was carried out for 2023 and 2022.

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 19).

The carrying amount of goodwill is kSEK 1,345,760 (1,057,509). The change is due to additional goodwill for the acquisition of Bare Board Consultants of kSEK 18,900, db electronics of kSEK 101,233, Phase 3 Technologies of kSEK 196,272 and Electronic Advanced Circuits of kSEK 11,210 as well as currency effects.

Valuation of business combinations

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

Measurement of trade receivables

At the closing date, the Group had trade receivables of kSEK 654,962 (760,678). Trade receivables are amounts attributable to customers for sold goods in the ordinary course of business. Trade receivables generally fall due for payment within 30–90 days and all trade receivables are therefore classified as current assets. Trade receivables are initially recognised at transaction price. Trade receivables with a material financing component are measured, on the other hand, at fair value. The Group holds trade receivables for the purpose of collecting contractual cash flow and measures these therefore on subsequent accounting dates at amortised cost.

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

More information about doubtful debts is provided in Note 22. The majority of the Group's trade receivables are covered by insurance.

NOTE 5 REVENUES FROM CUSTOMERS

Breakdown of net sales by geographic location of customers.

	2023	2022
Germany	804,086	929,371
USA	703,825	772,310
Italy	352,846	299,065
Sweden	280,190	284,225
Norway	274,965	282,480
UK	273,981	247,403
China	160,589	189,028
France	128,186	144,515
Poland	104,759	103,411
Denmark	100,789	164,339
Romania	97,220	136,714
Spain	87,162	75,203
Canada	82,688	78,645
Netherlands	74,505	90,252
Switzerland	65,325	84,920
Slovakia	63,083	
Finland	62,711	73,961
Czech Republic	56,328	
Estonia	56,302	68,066
Russia		27,442
Other markets	258,292	406,347
Total	4,087,832	4,457,695

Remaining performance obligation

The company has contract liabilities of kSEK 655 (398) attributable to advances from customers. Total liabilities at the beginning of the year were included in profit or loss for 2023.

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 Denmark, Finland, Norway and Sweden. The PCBs are purchased from external suppliers, mainly in China. Most of the PCBs are of the High-Mix-Low-Volume (HMLV) type, i.e. specialised products that are produced in small quantities. NCAB 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 France, Italy, the Netherlands and North Macedonia, Poland, Portugal, Spain, the UK and Germany. The PCBs are purchased from external suppliers, mainly in China. Most of the PCBs are of the High-Mix-Low-Volume (HMLV) type, i.e. specialised products that are produced in small quantities. NCAB has a local presence through technicians and customer support staff to ensure that its customers receive support throughout the process.

North America

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

East

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

Revenue

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

NET SALES AND EARNINGS OF SEGMENTS

SEK million	Nordic		Europe		North America		East		Central functions		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	868	1,216	2,282	2,193	719	779	219	270		0	4,088	4,458
EBITA	171	205	336	272	109	118	42	47	-12	11	647	631
EBITA margin, %	19.8	16.8	14.7	12.4	15.1	15.1	19.3	17.5			15.8	14.2
Amortisation of intangible assets											-55	-41
Impairment Russia												-43
Operating profit											591	546
Operating margin, %											14.5	12.3
Net financial expense											-58	4
Profit before tax											534	550
Net working capital	83	118	173	324	39	14	42	62	-48	-45	288	473
Non-current assets												
Intangible assets*)	402	445	574	434	537	313	8	8	76	29	1597	1229
Property, plant and equipment	19	23	35	40	15	11	8	10	14	20	90	104

In Sweden, there are non-current assets valued at SEK 104.0 million (57.8), of which property, plant and equipment of SEK 12.7 million (13.8), and intangible assets of SEK 91.3 million (43.9).
*) Intangible assets mainly pertain to Goodwill and are presented by country in Note 18.

NOTE 7 OTHER OPERATING INCOME

	2023	2022
Operating foreign exchange gains	29,010	63,834
Operating foreign exchange losses	-22,430	-54,736
Reversed additional purchase consideration	23,925	9,631
Other income	3,365	2,141
Total	33,870	20,870

NOTE 8 OTHER EXTERNAL EXPENSES

	2023	2022
Cost of premises	37,434	29,200
Travel expenses	22,228	19,340
External sales commission	24,767	23,264
Marketing	14,930	19,427
IT	66,741	32,720
Other	70,213	94,615
Total	236,314	218,567

NOTE 9 EMPLOYEE BENEFITS, ETC.

	2023	2022
Salaries and benefits	427,317	423,628
Social security contributions	70,343	65,037
Retirement benefit costs – defined contribution plans	23,170	22,299
Total employee benefits	520,830	510,964

Salaries and other benefits:

	2023		2022	
	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	33,126 (7,909)	3,182	39,109 (14,108)	3,468
Other employees	394,192	19,988	381,051	18,831
Total, Group	427,317	23,170	423,628	22,299

Remuneration to executive management in 2023

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 proportionate to the executive's responsibilities and authorities. The variable remuneration is based on financial targets. The yearly variable salary to the CEO is not to exceed 100 per cent of the fixed yearly salary. Other members of executive management may receive yearly variable salary in an amount not exceeding the equivalent of 40–100 per cent of the yearly fixed salary. Executive management otherwise receives customary benefits, such as a company car, occupational health care, etc.

Pension commitments

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

Period of notice and severance pay

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

Average number of employees:

	2023		2022	
	Average number of employees	Of whom, women	Average number of employees	Of whom, women
Denmark	13	5	14	6
Finland	14	6	16	7
France	22	10	22	12
Hong Kong	3	1	3	1
Italy	26	13	29	15
China	135	78	118	60
Malaysia			1	
Netherlands	33	8	35	7
North Macedonia	2		2	
Norway	23	6	40	15
Poland	13	9	15	10
Russia			10	5
Spain	18	5	13	5
UK	50	18	53	20
Sweden	49	24	48	21
Germany	90	28	74	25
Taiwan	13	8	13	8
USA	91	44	80	36
Total, Group	595	263	586	253

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

	2023		2022	
	Number at balance sheet date	Of whom, women	Number at balance sheet date	Of whom, women
Board of Directors	5	2	7	2
CEOs and other executive management	11	4	12	4
Total, Group	16	6	19	6

NOTE 10 AUDIT FEES

	2023	2022
PwC		
– Audit engagement	6,362	6,388
– Tax advisory services	253	296
– Other services	524	731
Total	7,139	7,415
Other auditors		
– Audit engagement	1,211	1,202
– Tax advisory services	588	591
– Other services	150	103
Total	1,949	1,896
Total, Group	9,088	9,311

Fees to Öhrlings PricewaterhouseCoopers AB from companies in the NCAB Group amounted to SEK 3.8 million (3.8) during the year. Of this amount, SEK 3.1 million (2.8) was audit fees and SEK 0.6 million (0.7) pertains to the special investigation of potential irregularities involving personnel in subsidiaries, as well as advisory services regarding option programs.

NOTE 11 DIVESTMENT OF OPERATIONS

Carrying amounts of divested assets and liabilities	2022
Non-current assets	1,632
Other current assets	57,032
Other operating liabilities	-25,748
Deferred tax	415
Total identifiable net assets	33,331
Selling price	0
Capital loss	-33,331
Impairment of receivables in NCAB Group AB pertaining to NCAB Russia	-9,888
Total	-43,219

During 2022, the subsidiary in Russia was divested for RUB 1. The company's total cash and cash equivalents amounted to kSEK 6,764.

NOTE 12 OTHER OPERATING EXPENSES

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

	2023	2022
Transaction costs for acquisitions	-10,317	-8,046
Total	-10,317	-8,046

NOTE 13 FINANCIAL INCOME AND EXPENSE

	2023	2022
Financial expense:		
– interest expenses bank loans	-55,801	-21,055
– interest expenses right-of-use	-4,472	-3,730
Foreign exchange gains on financing activities	44,367	
Foreign exchange losses on financing activities	-45,399	
Other financial expense	-7,657	-5,874
Total financial expense	-68,962	-30,659
Financial income:		
– interest income from short-term bank deposits	10,829	2,180
Foreign exchange gains on financing activities		78,888
Foreign exchange losses on financing activities		-46,984
Other financial income	324	380
Total financial income	11,153	34,464
Net financial expense	-57,809	3,805

NOTE 14 TAX

	2023	2022
Current tax:		
Current tax on profit for the year	-142,452	-142,288
Total current tax	-142,452	-142,288
Deferred tax (Note 29)	12,749	9,249
Total deferred tax	12,749	9,249
Tax	-129,703	-133,039

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:

	2023	2022
Profit before tax	533,564	550,182
Tax calculated at tax rate in Sweden (20.6%)	-109,914	-113,337
Effect of foreign tax rates	-12,081	-13,136
Tax effects of:		
Non-taxable income	7,559	9,486
Non-deductible expenses	-12,041	-17,189
Utilization of deficits not previously recognized		1,350
Tax losses for which no deferred tax asset has been recognised	-362	
Adjustment relating to prior years	-2,864	
Changed tax rates		-213
Tax expense	-129,703	-133,039

The weighted average tax rate was 24.3 per cent (24.2).

NOTE 15 NET FOREIGN EXCHANGE DIFFERENCES

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

	2023	2022
Net other operating income (Note 7)	6,580	9,098
Net financial income/expense (Note 13)	-1,032	31,904
Total	5,548	41,002

NOTE 16 EARNINGS PER SHARE

The Parent Company now only holds ordinary shares.

	2023	2022
Profit for the period	403,741	416,963
Average number of shares before dilution	186,951,183	186,927,750
Average number of shares after dilution	187,552,145	187,279,103
Earnings per share before dilution, SEK	2.16	2.23
Earnings per share after dilution, SEK	2.15	2.23

The company holds 4,450 own shares in treasury.

Reconciliation number of shares:

	31 Dec 2023	31 Dec 2022
Number of shares before dilution	186,951,183	186,927,750
Expected dilution due to incentive plan	600,962	351,353
Number of shares after dilution	187,552,145	187,279,103

NOTE 17 HOLDING AND INVESTMENTS IN SUBSIDIARIES

At 31 December 2023, the Group had the following subsidiaries:

Name	Country of registration and operation	Percentage of ordinary shares owned directly by the Parent Company (%)	Percentage of ordinary shares owned by the Group (%)
NCAB Group Asia Ltd.	Hong Kong	100	
NCAB Group ShenZhen Electronics Co Ltd.	China		100
NCAB Group ShenZhen Co Ltd.	China		100
NCAB Group Denmark A/S	Denmark	100	
NCAB Group Estonia Oü	Estonia	100	
NCAB Group Finland OY	Finland	100	
NCAB Group France SAS	France	100	
NCAB Group Germany GmbH	Germany	100	
db electronics GmbH	Germany		100
db electronics AG	Switzerland		100
NCAB Group Iberia S.A	Spain	100	
Electronic Advanced Circuits, S.A	Spain		100
NCAB Group Italy S.r.l.	Italy	100	
NCAB Group Norway AS	Norway	100	
NCAB Macedonia A.D. North Macedonia	North Macedonia	70	
NCAB Group Polska Sp. Z.o.o	Poland	100	
NCAB Group Portugal S.A	Portugal	100	
NCAB Group South East Asia SDN BHD	Malaysia	100	
NCAB Group Sweden AB Sweden	Sweden	100	
NCAB Group UK Ltd	UK	100	
Kestrel International Circuits Ltd	UK		100
NCAB Group USA Inc.	USA	100	
Bare Board Group Inc.	USA		100
Phase 3 Technologies Inc.	USA		100
NCAB Group Benelux B.V	Netherlands	100	
Flatfield Germany GmbH	Germany		100
Elmatica AS	Norway	100	
Elmatica AB	Sweden		100
Elmatica GmbH	Germany		100

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

NOTE 18 PROPERTY, PLANT AND EQUIPMENT

Improvements to third party's property:

	2023	2022
Opening balance		
Cost	13,863	10,781
Accumulated depreciation	-6,657	-6,482
Carrying amount	7,206	4,299
Period		
Foreign exchange differences	-266	276
Purchases	677	963
Additions from acquisitions and reclassifications	2,174	3,585
Depreciation	-2,084	-1,245
Depreciation from additions from acquisitions and reclassifications	-924	-672
Closing balance		
Cost	16,018	13,863
Accumulated depreciation	-9,235	-6,657
Carrying amount	6,783	7,206

Plant and equipment:

	2023	2022
Opening balance		
Cost	38,509	30,896
Accumulated depreciation	-27,525	-23,404
Carrying amount	10,984	7,492
Period		
Foreign exchange differences	2,026	4,090
Purchases	4,157	9,403
Sales and disposals	-399	
Depreciation	-7,340	-7,689
Additions from acquisitions and reclassifications	9,507	480
Additional depreciation from acquisitions and reclassification	-5,897	-2,792

	2023	2022
Closing balance		
Cost	47,716	38,509
Accumulated depreciation	-34,677	-27,525
Carrying amount	13,038	10,984

Right-of-use assets:

	2023	2022
Opening balance		
Cost	128,791	61,432
Accumulated depreciation	-43,272	-27,020
Carrying amount	85,519	34,412
Period		
Additions	8,342	67,471
Depreciation	-33,812	-26,537
Closing balance		
Cost	137,132	128,791
Accumulated depreciation	-66,707	-43,272
Carrying amount	70,425	85,519

NOTE 19 INTANGIBLE ASSETS

	Goodwill	Capitalised develop- ment costs	Other intangible assets	Total
Financial year 2022				
Carrying amount at beginning of year	923,864	4,283	148,870	1,077,017
Foreign exchange differences	80,903	-1,544	10,270	89,629
Added	53,605	32,382	18,699	104,686
Terminated	-863			-863
Depreciation		-1,623	-39,672	-41,295
Carrying amount at end of year	1,057,509	33,498	138,167	1,229,174
Carrying amount				
Cost	1,057,509	60,537	237,999	1,356,045
Accumulated depreciation and impairment		-27,039	-99,832	-126,871
31 December 2022	1,057,509	33,498	138,167	1,229,174
Financial year 2023				
Carrying amount at beginning of year	1,057,509	33,498	138,167	1,229,174
Foreign exchange differences	-39,365	-2,138	-4,515	-46,018
Added	327,615	47,847	94,206	469,668
Depreciation			-55,456	-55,456
Carrying amount at end of year	1,345,759	79,207	172,402	1,597,368
Carrying amount				
Cost	1,345,759	106,246	327,690	1,779,695
Accumulated depreciation and impairment		-27,039	-155,288	-182,327
31 December 2023	1,345,759	79,207	172,402	1,597,368

GOODWILL BY CASH-GENERATING UNIT

31 Dec 2022	Carrying amount at beginning of year	Added/discontinued	Other adjustments (for- eign exchange effect)	Carrying amount at end of year
Sweden	15,385			15,385
Denmark	28,109		2,478	30,587
Norway	312,349		9,678	322,027
Finland	9,760		861	10,621
USA	259,682		40,010	299,692
Netherlands	95,071		8,383	103,454
Germany	17,473	9,063	2,339	28,875
Italy	177,674		15,660	193,334
UK		44,542	727	45,269
Other	8,361	-863	767	8,265
Total	923,864	52,742	80,903	1,057,509

31 Dec 2023	Carrying amount at beginning of year	Added	Other adjustments (for- eign exchange effect)	Carrying amount at end of year
Sweden	15,385			15,386
Denmark	30,587		-157	30,430
Norway	322,027		-21,333	300,694
Finland	10,621		-31	10,590
USA	299,692	196,272	-15,733	480,231
Netherlands	103,454		-297	103,157
Germany	28,875	84,992	-1,708	112,159
Italy	193,334	18,900	-616	211,618
UK	45,269		673	45,942
Spain		11,211	-333	10,878
Switzerland		12,650	555	13,205
Other	8,265	3,590	-384	11,471
Total	1,057,509	327,615	-39,365	1,345,760

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

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

Note 19, cont.

31 Dec 2022	Sweden	Norway	Finland	Denmark	USA	Netherlands	Italy	Germany	UK
Long-term growth rate, %	2	2	2	2	2	2	2	2	2
Pre-tax discount rate, %	12.4	12.5	11.9	12	14.6	13.2	12.3	13.8	13.0

31 Dec 2023	Sweden	Norway	Finland	Denmark	USA	Netherlands	Italy	Germany	UK	Switzerland	Spain
Long-term growth rate, %	2	2	2	2	2	2	2	2	2	2	2
Pre-tax discount rate, %	12.2	13.5	12.9	12.8	17.3	12.7	16.2	13.9	13.6	9.2	14.6

The five-year forecasting period is based on the budget and unchanged sales margins and sales composition. The five-year period is also based on previous earnings and management's expectations of market development as well as external information sources. No reasonable change in critical assumptions for Sweden, Finland, Denmark, Germany, Spain, UK, Italy or the Netherlands would result in the carrying amount

exceeding the recoverable amount. The USA and Switzerland would not manage a reduction in sales growth, but the USA would manage a rise in the WACC interest rate by 4 per cent while Switzerland would not manage an interest rate rise. The goodwill value of our Swiss operations is not material (SEK 13 million). Norway could manage a reduction in sales growth of 19 per cent but a rise in WACC of only 4 per cent.

NOTE 20 FINANCIAL INSTRUMENTS BY CATEGORY

31 DEC 2023	Assets recognised at amortised cost	Total
Assets in balance sheet		
Non-current financial assets	7,336	7,336
Trade receivables	654,962	654,962
Cash and cash equivalents	478,625	478,625
Total	1,140,922	1,140,922

	Liabilities recognised at fair value	Financial liabilities recognised at amortised cost	Total
Liabilities in balance sheet			
Borrowings		995,325	995,325
Trade payables		444,965	444,965
Other liabilities		15,228	15,228
Total		1,455,517	1,455,517

The company had no other liabilities recognised at fair value in 2023. For assumptions regarding 2022, see Note 36.

31 DEC 2022

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

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

Fair value:

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

Liabilities measured at fair value	31 Dec 2023	31 Dec 2022
Opening value	0	94,259
Additions	23,925	0
Final settlement	0	-84,629
Recognised through profit or loss	-23,925	-9,630
Restated	0	0
Closing value	0	0

Liabilities measured at fair value concern contingent considerations. The earnings impact on 2023 was recognised under Other operating income.

NOTE 21 FINANCIAL ASSETS

	31 Dec 2023	31 Dec 2022
Opening value	5,533	8,235
Foreign exchange differences	-1,578	129
Additions	5,120	2,468
Sales and disposals	-1,739	-5,299
Closing value	7,336	5,533

Financial assets refer to deposits for leases in Denmark, Finland, France, Italy, Sweden and the USA and in the Parent Company endowment insurance for pensions.

NOTE 22 TRADE RECEIVABLES

	31 Dec 2023	31 Dec 2022
Trade receivables	678,045	784,972
Provision for doubtful debts	-23,083	-24,294
Net trade receivables	654,962	760,678

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

Note 22, cont.

At 31 December 2023, the Group had past due trade receivables of kSEK 124,904 (145,630). The age structure of these trade receivables is shown below:

	31 Dec 2023	31 Dec 2022
1–30 days	94,189	101,571
31–90	22,399	33,972
> 91 days	8,316	10,087
Total trade receivables past due	124,904	145,630

At 31 December 2023, the Group recognised reversal/impairment of trade receivables of kSEK -5,814 (22,341), pertaining to both realised and unrealised losses. The provision for probable bad debt losses is based on an age distribution pertaining to past due trade receivables that are not insured. The provision for bad debt losses is based on an assessment of outstanding receivables and insured value per customer.

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

	31 Dec 2023	31 Dec 2022
SEK	2,105	3,019
EUR	153,263	146,987
USD	414,795	497,746
GBP	52,442	61,610
Other	32,356	51,317
Total	654,962	760,678

Changes in the provision for doubtful debts are as follows:

	2023	2022
Provisions for credit losses		
Opening balance	24,294	6,780
Provision for the year	1,655	18,082
Reversals	-2,866	-568
31 December	23,083	24,294

Provisions and reversals of provisions for doubtful debts are included in the item Other external expenses in profit or loss (Note 8). Other categories in trade and other receivables do not include any impaired assets. The maximum exposure to credit risk at the balance sheet date is the carrying amount, as shown above. The Group has not received any pledge as security for trade receivables but the majority of the Group's trade receivables are insured with a credit insurance company. The insurance covers losses on the condition that the terms of agreement are followed.

NOTE 23 INVENTORIES

	31 Dec 2023	31 Dec 2022
Raw materials and consumables	315,227	504,910

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 2,537,389 (2,872,973).

The Group did not recognise any reversals of impairment losses on inventories in 2023 or 2022.

Inventories, which totalled kSEK 315,227 (504,910) at the closing date, consist exclusively of goods with fixed orders from customers.

NOTE 24 OTHER CURRENT RECEIVABLES

	31 Dec 2023	31 Dec 2022
Tax assets	6,962	11,495
VAT receivables	11,390	11,933
Other receivables	13,428	15,806
Total	31,780	39,234

NOTE 25 PREPAID EXPENSES AND ACCRUED INCOME

	31 Dec 2023	31 Dec 2022
Prepaid rents	1,476	1,275
Accrued supplier bonus	12,820	16,076
Prepaid service agreement	4,111	4,643
Other prepaid expenses	6,628	5,848
Total	25,035	27,842

NOTE 26 CASH AND CASH EQUIVALENTS

	31 Dec 2023	31 Dec 2022
Bank deposits	478,625	357,839
Total	478,625	357,839

NOTE 27 SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL

	Number of shares ('000)	Share capital	Other additional paid-in capital	Total
31 December 2022	186,971	1,870	478,143	480,013
31 December 2023	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 2023, the General Meeting resolved that SEK 1.10 should be disbursed as an ordinary dividend. The 2024 General Meeting will propose a dividend of SEK 1.10 per share.

Long-term incentive plan

Participation in the incentive plan requires participants to use their own funds to acquire shares in NCAB at market price. If these investment shares are retained for three years, and the participant continues to be employed by the Group for the saving period, each investment share entitles the holder to acquire four shares in NCAB at a price corresponding to 70 per cent of the volume-weighted average price for a period of approximately two weeks in May when the plan starts. The plan has continued in 2023 and is expected to continue on an annual basis in the future.

Programme:	2021-2024	2022-2025	2023-2026
1 January 2023	519,000	571,400	
Allocated			471,800
Forfeited	-6,000	-22,200	-6,000
Exercised			
Expired			
31 December 2023	513,000	549,200	465,800

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

Note 27, cont.

Pro-gramme	Maximum number of instruments	Time to maturity (months)	Exercise price per share (SEK)	Volatility	Risk-free interest rate
2021-2024	513,000	6	30.20	47.45	-0.25
2022-2025	549,200	18	40.33	56.16	0.01
2023-2026	465,800	30	50.80	57.26	2.80

Date of allotment	Due date 31 May	Exercise price in SEK per share	Shares
2021-05	2024	30.20	513,000
2022-05	2025	40.33	549,200
2023-05	2026	50.80	465,800

Costs for long-term incentive plan		31 Dec 2023	31 Dec 2022
2021-2024	Salary	3,193	3,136
	Social security contributions	2,576	1,175
2022-2025	Salary	3,906	2,604
	Social security contributions	1,239	703
2023-2026	Salary	2,027	
	Social security contributions	380	

Own shares

On 31 December 2023, the company held 4,450 own shares.

NOTE 28 BORROWINGS

	31 Dec 2023	31 Dec 2022
Liabilities to credit institutions		
Non-current	927,825	833,767
Current	67,500	319
Total borrowings	995,325	834,086

BANK LOANS

The Group's borrowing was primarily conducted in SEK and USD. Under the covenants associated with liabilities to credit institutions, net debt must not exceed 2.5 times EBITDA adjusted for IFRS 16. Cash flow/financing costs (interest and repayments of principal) must exceed 1.0.

On 31 December 2023, NCAB had loans totalling kSEK 995,325, with one loan of kSEK 550,000 that is free of instalments. There are two acquisition credits totalling kSEK 750,000, of which kSEK 450,000 is exercised and instalments will begin in the second quarter of 2024. At the balance sheet date of 31 December 2023, the company was in

compliance with all covenants under the financing agreement. During the year, the average interest rate was 4.8 per cent (3.2).

The company has no pledged assets for these loans. (Note 33).

OVERDRAFT FACILITY

The Group has an agreed overdraft facility with a limit of kSEK 215,000 in the currencies SEK, EUR, USD, GBP, DKK and NOK. Of the agreed limit, kSEK 0 had been drawn at 31 December 2023 (0). The interest rate on the overdraft facility, if exercised, is STIBOR +1.5 per cent and interest is paid quarterly. The terms of the overdraft facility are linked to the covenants for the bank loans, see above.

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

	Carrying amount		Fair value	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Liabilities to credit institutions	995,325	834,086	995,325	834,086
Total	995,325	834,086	995,325	834,086

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 2023	31 Dec 2022
SEK	995,325	834,086
USD		
Total	995,325	834,086

The Group has the following undrawn credit facilities:

	31 Dec 2023	31 Dec 2022
Variable interest:		
– no maturity date	215,000	215,000
– acquisition credit	300,000	460,000
Total	515,000	675,000

In addition to the credit and borrowing referred to above, the Group has liabilities relating to right-of-use assets of kSEK 75,214 (89,402).

NOTE 29 DEFERRED TAX

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

	31 Dec 2023	31 Dec 2022
Deferred tax assets:		
– deferred tax assets usable after more than 12 months	19,539	10,195
– deferred tax assets usable within 12 months	1,227	1,989
Deferred tax liabilities:		
– deferred tax liabilities payable after more than 12 months	66,647	47,578
– deferred tax liabilities payable within 12 months	10,224	14,493
Deferred tax liabilities (net)	-56,105	-49,887

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

	2023	2022
Opening balance	-49,887	-47,843
Foreign exchange differences	-5,927	-1,177
Additions/disposals	-17,029	-4,384
Recognised in profit or loss (Note 14)	12,749	9,249
Directly to equity	3,989	-5,732
Closing balance	-56,105	-49,887

Note 29, cont.

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

Deferred tax liabilities	Other	Total
1 January 2022	55,528	55,528
Recognised in profit or loss	1,238	1,238
Currency adjustment	1,296	1,296
Additions	4,009	4,009
31 December 2022	62,071	62,071
Recognised in profit or loss	-14,238	-10,249
Currency adjustment	4,524	535
Additions	24,514	24,514
31 December 2023	76,871	76,871

Deferred tax assets	Other	Tax losses	IFRS 16	Total
1 January 2022		6,941	744	7,685
Recognised in profit or loss	10,570	-6,084	269	4,755
Foreign exchange differences			119	119
Termination of NCAB Russia	-375			-375
31 December 2022	10,195	857	1,132	12,184
Recognised in profit or loss	3,190	-857	167	2,500
Foreign exchange differences	-1,331		-72	-1,403
Additions	7,485			7,485
31 December 2023	19,539		1,227	20,766

Deferred tax liabilities are recognised in full for customer values. Deferred tax assets are recognised under IFRS 16 in an amount of kSEK 1,227, employee share options kSEK 4,313, Group provisions kSEK 2,678 and kSEK 12,548 for local, temporary differences, of which kSEK 9,318 pertains to the amortisation of customer value, provisions for doubtful debts of kSEK 1,363 and inventory provisions of kSEK 792. Deferred tax assets under IFRS 16 comprise deferred tax assets of kSEK 18,345 and deferred tax liabilities of kSEK 17,118.

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 340 (407) relating to losses of kSEK 1,415 (2,395) pertaining to Malaysia.

NOTE 30 ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec 2023	31 Dec 2022
Accrued holiday pay and bonuses	68,255	100,094
Accrued customer bonus	11,300	13,555
Accrued audit fees	5,928	5,324
Deferred income	9	443
Other items	45,719	29,364
Total	131,211	148,780

NOTE 31 ADJUSTMENT FOR NON-CASH ITEMS

	31 Dec 2023	31 Dec 2022
Adjustments for:		
– depreciation of property, plant and equipment (Note 18)	43,236	35,471
– amortisation of intangible assets (Note 19)	55,404	41,295
– minority share of profit for the year	121	181
– foreign exchange difference	-41,512	-66,198
– divestment of NCAB Russia		43,219
– cost of option programme	9,126	5,740
Total	66,375	59,524

NOTE 32 CASH FLOW FROM FINANCING ACTIVITIES

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

	1 January 2023	Cash flow	Unrealised foreign exchange difference	Non-cash change Other non-cash changes	31 December 2023
Overdraft facility					
Other loans	833,767	160,000		1,558	995,325
Right-of-use liabilities	89,402	-32,552	-1,834	20,198	75,214
	923,169	127,448	-1,834	21,756	1,070,539
Cash and cash equivalents	357,839	131,459	-10,673		478,625

NOTE 33 PLEDGED ASSETS

Pledged assets	2023	2022
Other pledged assets	1,571	1,089
Total	1,571	1,089

NOTE 34 RIGHT-OF-USE ASSETS

Right-of-use assets:

Right-of-use assets	31 Dec 2023	31 Dec 2022
Properties	59,410	75,269
Vehicles	11,015	10,250
Total	70,426	85,519
Lease liability		
Current	32,376	31,791
Non-current	42,838	57,610
Total	75,214	89,402

Additions to the right-of-use assets in 2023 were kSEK 15,506 (68,099).

Depreciation of right-of-use assets	31 Dec 2023	31 Dec 2022
Properties	24,300	20,883
Vehicles	6,895	5,627
Other	2,617	28
Total	33,812	26,537

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

31 December 2023	Less than 1 year	Between 1 and 5 years	More than 5 years
	34,419	49,019	493

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

	2023	2022
Interest expense	-4,453	-3,766
Expense relating to short-term leases (included in other external expenses)	-583	-1,664
Expense relating to leases of low-value assets that are not short-term leases (included in other external expenses)		
Expense relating to variable lease payments not included in lease liabilities (included in other external expenses)		
Repayment of lease liability	-32,552	-29,584
Total cash flow	-37,588	-35,014

NOTE 35 RELATED PARTIES

The following transactions have been made with related parties:

(a) Sale of goods and services

The Group had no sales of goods and services to related parties.

(b) Purchases of goods and services

The Group has not purchased goods and services from related parties.

(c) Remuneration of executive management

LONG-TERM INCENTIVE PLAN

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

Programme	Exercise price	Total Number of shares	Number that may go to executive management
2021-2024	30.20	513,000	357,000
2022-2025	40.33	549,200	328,000
2023-2026	50.80	465,800	244,800

Executive management has received the following remuneration.

	2023	2022
Salaries and other short-term benefits	33,126	39,109
Share-based remuneration		
Other long-term benefits		
Post-employment benefits (pension contributions)	3,182	3,468
Total	36,308	42,577

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.

Note 35, cont.

Remuneration and other benefits 2023

2023	Basic salary/fees	Variable remuneration	Retirement benefit costs	Share-based remuneration	Other remuneration	Total
Christian Salamon, Chairman of the Board	828					828
Magdalena Persson	569					569
Gunilla Rudebjer	724					724
Hans Ramel	440					440
Per Hesselmark	194					194
Hans Ståhl	362					362
Peter Kruk, Chief Executive Officer	3,523	1,574	1,011		118	6,226
Other executive management (approx. 11 persons)*	16,884	6,335	2,171		1,575	26,965
Total	23,524	7,909	3,182		1,693	36,308

*) Peter Jensen is included between 1 July and 31 December. Robert Bolson is included from 1 January until 30 November.

Remuneration and other benefits 2022

2022	Basic salary/fees	Variable remuneration	Retirement benefit costs	Share-based remuneration	Other remuneration	Total
Christian Salamon, Chairman of the Board	800					800
Jan-Olof Dahlén	525					525
Magdalena Persson	550					550
Gunilla Rudebjer	700					700
Hans Ramel	425					425
Per Hesselmark	375					375
Hans Ståhl	350					350
Peter Kruk, Chief Executive Officer	3,319	3,361	1,019		109	7,808
Other executive management (11 persons)	16,662	10,747	2,449		1,186	31,044
Total	23,706	14,108	3,468		1,295	42,577

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

The Group has no receivables or liabilities to 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

Pledged assets to related parties amount to kSEK 1,571 (1,089)

NOTE 36 ACQUISITIONS

Bare Board Consultants

On 10 January 2023, 100 per cent of the shares were acquired in Bare Board Consultants in Italy. Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. Goodwill of SEK 18.9 million arose in conjunction with the acquisition. BBC contributed SEK 53.4 million in net sales and SEK 10.1 million in EBITA in the period between 10 January and 31 December 2023.

Acquisition costs related to the acquisition amounted to approximately SEK 1.1 million and were expensed as other external expenses in Central functions. The goodwill of SEK 18.9 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 BBC's operations.

Purchase consideration (SEK million)	
Cash and cash equivalents	64.5
Contingent consideration	7.2
Total consideration	71.7

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

Note 36, cont.

db electronics

On 2 May 2023, 100 per cent of the shares was acquired in db electronics, with companies in Germany, Switzerland and France. Operating profit together with assets and liabilities associated with the acquired companies were consolidated from the transaction date. Goodwill of SEK 101.2 million arose in conjunction with the acquisition. db electronics contributed SEK 65.2 million in net sales and SEK 5.1 million in EBITA in the period between 2 May and 31 December 2023.

Acquisition costs related to the acquisition amounted to approximately SEK 3 million and were expensed as other external expenses in Central functions. The goodwill of SEK 101.2 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 db electronics's operations.

Purchase consideration (SEK million)	
Cash and cash equivalents	124.7
Total consideration	124.7

Carrying amounts of identifiable acquired assets and assumed liabilities (SEK million)	
Non-current assets	2.7
Customer relationships (included in intangible assets)	12.2
Other current assets	28.0
Other operating liabilities	-15.9
Deferred tax	-3.5
Total identifiable net assets	23.5
Goodwill	101.2

Phase 3 Technologies

On 4 May 2023, 100 per cent of the shares was acquired in Phase 3 Technologies (Phase 3) in San Jose, USA. Operating profit together with assets and liabilities associated with the acquired companies were consolidated from the transaction date. Goodwill of SEK 196.3 million arose in conjunction with the acquisition. Phase 3 contributed SEK 133.4 million in net sales and SEK 26 million in EBITA in the period between 4 May and 31 December 2023.

Acquisition costs related to the acquisition amounted to approximately SEK 5.5 million and were expensed as other external expenses in Central functions. The goodwill of SEK 196.3 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 Phase 3's operations. The purchase consideration comprised SEK 268 million paid on transfer and a potential additional purchase consideration, estimated on the date of acquisition at SEK 23 million, based on the development of gross profit in 2023 compared with the gross profit for 2022. Gross profit was slightly less than in 2022, and accordingly no payment will be made and the provision for the additional purchase consideration was fully dissolved.

Purchase consideration (SEK million)	
Cash and cash equivalents	268.1
Contingent consideration	23.2
Total consideration	291.3

Carrying amounts of identifiable acquired assets and assumed liabilities (SEK million)	
Non-current assets	1.8
Customer relationships (included in intangible assets)	58.2
Other current assets	77.6
Other operating liabilities	-28.1
Deferred tax	-14.6
Total identifiable net assets	95.0
Goodwill	196.3

Electronic Advanced Circuits

On 15 November, 100 per cent of shares was acquired in Electronic Advanced Circuits (EAC) with offices in Madrid, Spain. Operating profit together with assets and liabilities associated with the acquired company were consolidated from the transaction date. Goodwill of SEK 11.2 million arose in conjunction with the acquisition. EAC contributed SEK 0.9 million in net sales and SEK -0.2 million in EBITA in the period between 15 November and 31 December 2023.

Acquisition costs related to the acquisition amounted to approximately SEK 0.3 million and were expensed as other external expenses in Central functions. The goodwill of SEK 11.2 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 EAC's operations.

Purchase consideration (SEK million)	
Cash and cash equivalents	16.1
Contingent consideration	4.0
Total consideration	20.1

Carrying amounts of identifiable acquired assets and assumed liabilities (SEK million)	
Non-current assets	0.1
Customer relationships (included in intangible assets)	4.9
Other current assets	8.4
Other operating liabilities	-3.3
Deferred tax	-1.2
Total identifiable net assets	8.9
Goodwill	11.2

The acquisition analyses presented are preliminary. During the year, BBC, db electronics, Phase 3 and EAC jointly contributed SEK 246 million in net sales and SEK 41 million in EBITA. If all of the acquired companies had been consolidated on 1 January 2023, the Group's net sales for the January–December 2023 period would have increased by SEK 121 million to SEK 4,226 million and EBITA by SEK 22.7 million to SEK 669.6 million.

Cash flow pertaining to acquisitions	
Additional purchase consideration BBC	-3,796
Additional purchase consideration Kestrel	-9,355
Purchase consideration BBC	-64,509
Purchase consideration db electronics	-124,697
Purchase consideration Phase 3	-268,130
Purchase consideration EAC	-16,124
Of which cash received BBC	15,507
Of which cash received db electronics	7,538
Of which cash received Phase 3	25,609
Of which cash received EAC	1,691
Impact on cash flow	-436,266

NOTE 37 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no events to report.

NOTE 38 DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

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

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

Note 38, cont.

GROSS PROFIT

SEK million	2023	2022
Net sales	4,087.8	4,457.7
Other operating income	10.0	20.9
Raw materials and consumables	-2,627.0	-3,043.3
Total gross profit	1,470.8	1,435.3
Gross margin, %	36.0	32.2

EBITA

SEK million	2023	2022
Operating profit	591.4	546.4
Amortisation and impairment of intangible assets	55.5	41.3
EBITA	646.9	630.9
EBITA margin, %	15.8	14.2

EBITDA

SEK million	2023	2022
Operating profit	591.4	546.4
Depreciation, amortisation and impairment of property, plant and equipment, and intangible assets	98.6	76.8
Divestment Russia		43.2
EBITDA	690.0	666.4
EBITDA margin, %	16.9	14.9

RETURN ON EQUITY

SEK million	2023	2022
Profit for the year	403.9	417.1
Equity (average)	1,265.6	984.8
Return on equity, %	31.9	42.4

EQUITY/ASSETS RATIO

SEK million	31 Dec 2023	31 Dec 2022
Equity	1,335.3	1,195.8
Total	1,335.3	1,195.8
Total assets	3,221.3	3,041.1
Equity/assets ratio, %	41.5	39.3

NET DEBT

SEK million	31 Dec 2023	31 Dec 2022
Interest-bearing liabilities	1,070.5	923.5
Cash and cash equivalents	-478.6	-357.8
Total net debt	591.9	565.6
Adjusted EBITDA	690.0	666.4
Net debt/Adjusted EBITDA	0.9	0.8

NET WORKING CAPITAL

SEK million	2023	2022
Inventories	315.2	504.9
Trade receivables	655.0	760.7
Other current receivables	31.8	39.2
Prepaid expenses and accrued income	25.0	27.8
Trade payables	-445.0	-518.5
Current tax liabilities	-81.7	-108.9
Other current liabilities	-80.7	-83.5
Accrued expenses and deferred income	-131.2	-148.8
Net working capital	288.4	472.9

Parent Company income statement

kSEK	Note	2023	2022
Operating revenue			
Net sales	41	185,473	133,669
Other income		440	9,631
Total		185,914	143,300
Other external expenses	42.44	-128,198	-89,698
Staff costs	43	-59,986	-56,155
Depreciation of property, plant and equipment, and amortisation of intangible assets	50.51	-40	-539
Other operating expenses			-9,889
Total operating expenses		-188,224	-156,281
Operating loss		-2,310	-12,981
Income from investments in Group companies	45	285,525	158,308
Other interest income and similar income	46	43,163	25,752
Interest expenses and similar charges	46, 49	-102,422	-29,307
Net financial income		226,266	154,753
Profit before tax and appropriations		223,956	141,772
Appropriations	47	28,948	8,800
Tax on profit for the year	48	-4,266	-249
Profit for the year		248,638	150,323

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 66 to 71 form an integral part of this annual report.

Parent Company balance sheet

kSEK	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development expenditure	50	75,953	28,559
Total intangible assets		75,953	28,559
Property, plant and equipment			
Plant and equipment	51	119	136
Total property, plant and equipment		119	136
Non-current financial assets			
Investments in Group companies	52	909,225	908,665
Non-current receivables from Group companies	53	482,223	267,418
Other non-current receivables		1,571	1,089
Total non-current financial assets		1,393,019	1,177,172
Total non-current assets		1,469,091	1,205,867
Current assets			
Current receivables			
Receivables from Group companies	54	42,355	164,058
Other current receivables	55	4,105	3,171
Prepaid expenses and accrued income	56	4,847	4,009
Total current receivables		51,306	171,238
Cash and bank balances	57	116,716	42,866
TOTAL ASSETS		1,637,113	1,419,971

The Notes on pages 66 to 71 form an integral part of this annual report.

Parent Company balance sheet, cont.

kSEK	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Equity			
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		-408,768	-353,422
Profit for the year		248,638	150,322
Total equity		319,849	276,880
Untaxed reserves	47		1,000
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	58	927,825	833,767
Other provisions		1,952	1,353
Total non-current liabilities		929,777	835,120
Current liabilities			
Liabilities to credit institutions	58	67,500	
Trade payables		7,304	14,139
Liabilities to Group companies	54	284,932	273,302
Current tax liabilities		4,211	380
Other current liabilities		824	685
Accrued expenses and deferred income	59	22,716	18,465
Total current liabilities		387,487	306,971
TOTAL EQUITY AND LIABILITIES		1,637,113	1,419,971

The Notes on pages 66 to 71 form an integral part of this annual report.

Parent Company statement of changes in equity

	Note	Restricted equity		Non-restricted equity		Total equity
		Share capital	Share premium account	Retained earnings and net profit for the year		
Opening balance on 1 January 2022	27	1,870	478,110	-241,240		238,740
Comprehensive income						
Profit for the year				150,323		150,323
Total comprehensive income				150,323		150,323
Dividend				-112,183		-112,183
Total transactions with shareholders, recognised directly in equity				-112,183		-112,183
Closing balance on 31 December 2022		1,870	478,110	-203,100		276,880
Opening balance on 1 January 2023						
27	1,870	478,110	-203,100			276,880
Comprehensive income						
Profit for the year				248,638		248,638
Total comprehensive income				248,638		248,638
Dividend				-205,668		-205,668
Total transactions with shareholders, recognised directly in equity				-205,668		-205,668
Closing balance on 31 December 2023		1,870	478,110	-160,130		319,850

The Notes on pages 66 to 71 form an integral part of this annual report.

Parent Company statement of cash flows

kSEK	Note	31 Dec 2023	31 Dec 2022
Cash flow from operating activities			
Profit before net financial income/expense		-2,310	-12,981
Adjustment for non-cash items	60	15,764	13,085
Interest received		43,163	13,498
Dividends received		285,525	169,630
Interest paid and other financial items		-85,128	-29,308
Income taxes paid		-3,831	538
Cash flow from operating activities before changes in working capital		253,183	154,462
Change in current receivables		119,932	308,290
Change in current operating liabilities		9,185	49,107
Total changes in working capital		129,117	357,397
Cash flow from operating activities		382,300	511,859
Cash flow from investing activities			
Investments in intangible assets	50	-47,400	-28,554
Investments in property, plant and equipment	51	-16	-149
Investments in financial assets		-214,805	-265,712
Investments in subsidiaries	52	-560	-62,987
Cash flow from investing activities		-262,781	-357,402
Cash flow from financing activities			
Dividend	27	-205,668	-112,183
Borrowings		160,000	190,000
Change in overdraft facility			-189,508
Cash flow from financing activities		-45,668	-111,691
Decrease/increase in cash and cash equivalents			
Cash flow for the year		73,850	42,766
Cash and cash equivalents at beginning of year		42,866	100
Cash and cash equivalents at end of year		116,716	42,866

The Notes on pages 66 to 71 form an integral part of this annual report.

Parent Company notes

NOTE 39 GENERAL INFORMATION

NCAB Group AB (publ) is the Parent Company of NCAB Group, which is a global company engaged in the production of printed circuit boards (PCBs). The Parent Company is a public limited liability company registered in Sundbyberg. The address of the head office is Löfströms allé 5, SE-172 66 Sundbyberg, Sweden. Since June 2018, the Parent Company is listed on Nasdaq Stockholm.

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

NOTE 40 SUMMARY OF SIGNIFICANT PARENT COMPANY ACCOUNTING POLICIES

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

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

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

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

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

Formats

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

Investments in subsidiaries

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

Financial instruments

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

At each balance sheet date, the Parent Company assesses whether there are any indicators that financial assets may be impaired.

An impairment loss is recognised if the decline in value is deemed to be permanent. Impairment losses on interest-bearing financial assets at amortised cost are defined as the difference between the carrying amount of the asset and the present value of management's best estimate of future cash flows discounted at the asset's original effective interest rate. The impairment loss for other non-current financial assets is defined as the difference between the carrying amount and the higher of fair value less selling expenses and the present value of future cash flows (based on management's best estimate).

NOTE 41 BREAKDOWN OF NET SALES

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

	2023	2022
Nordic region	35,808	33,425
Rest of Europe	95,514	74,713
North America	33,120	25,108
Asia	21,030	423
Total	185,473	133,669

NOTE 42 OTHER EXTERNAL EXPENSES

	2023	2022
Cost of premises	3,642	1,492
Travel expenses	2,122	1,243
Marketing	5,826	8,434
IT	52,994	20,142
Other	63,614	58,387
Total	128,198	89,698

NOTE 43 EMPLOYEE BENEFITS, ETC.

	2023	2022
Salaries and other benefits	36,309	35,209
Social security contributions	12,146	12,215
Retirement benefit costs – defined contribution plans	4,582	4,264
Total employee benefits	53,036	51,688

Salaries and other benefits:

	2023		2022	
	Salaries and other benefits (of which bonuses)	Retirement benefit costs	Salaries and other benefits (of which bonuses)	Retirement benefit costs
Directors, CEOs and other executive management	10,862		14,226	
	(2,256)	1,428	(5,265)	1,421
Other employees	25,447	3,154	20,983	2,843
Total	36,309	4,582	35,209	4,264

Average number of employees by country:

	2023		2022	
	Average number of employees	Of whom, women	Average number of employees	Of whom, women
Sweden	25	12	22	12
Total	25	12	22	12

Note 43, cont.

Gender distribution for Directors and other executive management:

	2023		2022	
	On balance sheet date	Of whom, women	On balance sheet date	Of whom, women
Board of Directors	5	2	7	2
CEO and other executive management	2		2	
Total	7	2	9	2

NOTE 44 AUDIT FEES

	2023	2022
PwC		
– Audit engagement	2,895	2,359
– Audit services in addition to audit engagement		
– Tax advisory services	82	283
– Other services	524	731
Total	3,501	3,373

NOTE 45 INCOME FROM INVESTMENTS IN GROUP COMPANIES

	2023	2022
Dividends	285,525	169,630
Divestment of NCAB Russia		-11,322
Total	285,525	158,308

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

	2023	2022
Interest income on bank balances	7,678	943
Interest income on receivables from Group companies	35,485	12,555
Exchange-rate change		12,254
Total interest income and similar income	43,163	25,752

	2023	2022
Interest expenses on liabilities to credit institutions	50,360	22,157
Interest expenses on liabilities to Group companies	29,319	2,623
Foreign exchange losses	17,293	
Other financial expense	5,449	4,527
Total interest expenses and similar charges	102,422	29,307
Net financial income/expense	-59,259	-3,555

NOTE 47 APPROPRIATIONS

	2023	2022
Group contributions from NCAB Group Sweden AB	27,948	6,000
Reversal of tax allocation reserve	1,000	2,800
Total appropriations	28,948	8,800

The total tax allocation reserve is kSEK 0 (1,000).

NOTE 48 TAX ON PROFIT FOR THE YEAR

Tax recognised in income statement	2023	2022
Current tax:	20.6%	20.6%
Current tax on profit for the year	1,612	33
Tax from prior years	2,654	216
Total current tax	4,266	249

	2023	2022
Profit before tax	252,904	150,572
Income tax calculated at tax rate in Sweden (20.6%)	-52,098	-31,018
Tax effects of:		
Non-taxable income	58,828	34,944
Non-deductible expenses	-8,325	-4,588
Taxable income and expenses not included in profit or loss	-16	629
Adjustments for previous year	-2,654	-216
Total reported tax	4,266	-249

NOTE 49 NET FOREIGN EXCHANGE DIFFERENCES

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

	2023	2022
Net financial income/expense (Note 46)	-17,293	12,254
	-17,293	12,254

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

NOTE 50 INTANGIBLE ASSETS

Capitalised development costs:

	2023	2022
Cost		
Opening balance	34,569	6,015
Purchases for the period	47,400	28,554
Closing balance	81,969	34,569
Accumulated amortisation and impairment		
Opening balance	-6,010	-5,489
Amortisation	-6	-521
Closing balance	-6,016	-6,010
Carrying amount		
Cost	81,969	34,569
Accumulated amortisation and impairment	-6,016	-6,010
Closing balance	75,953	28,559

NOTE 51 PROPERTY, PLANT AND EQUIPMENT

Plant and equipment:

	2023	2022
Opening balance		
Cost	1,459	1,375
Accumulated depreciation	-1,323	-1,369
Carrying amount	136	6
Purchases for the period	16	149
Reduction in accumulated cost as a result of disposals	-642	-65
Depreciation for the period	-33	-19
Reduction in accumulated depreciation as a result of disposals		65
Closing balance		
Cost	833	1,459
Accumulated depreciation	-714	-1,323
Carrying amount	119	136

NOTE 52 PARTICIPATIONS IN GROUP COMPANIES

	31 Dec 2023	31 Dec 2022
Cost at beginning of year	908,665	847,204
Acquisition, subsidiaries	560	72,783
Divestment NCAB Russia		-11,322
Cost at end of year	909,225	908,665

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 2023	Carrying amount 31 Dec 2022
Elmatica AS	Norway	921513240	100%	100%	401,449	401,449
NCAB Group Benelux B.V	Netherlands	NL859059613B01	100%	100%	70,809	70,809
NCAB Group Asia Ltd.	Hong Kong	51293694-000-10-09-6	100%	100%	9	9
NCAB Group Denmark A/S	Denmark	25872231	100%	100%	56,499	56,499
NCAB 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	198,324
NCAB Macedonia A.D.	North Macedonia	01012278-3-o3-ooo	70%	70%	82	82
NCAB Group Norway AS	Norway	980025985	100%	100%	19,723	19,723
NCAB Group Sweden AB	Sweden	556622-9364	100%	100%	57,081	57,081
NCAB Group Polska Sp. Z.o.o	Poland	KRS0000281188 REGON 140982368	100%	100%	122	122
NCAB Group South East Asia SDN BHD	Malaysia	1305701-D	100%	100%	221	221
NCAB Group UK Ltd	UK	7071477	100%	100%	1	1
NCAB Group USA Inc.	USA	n/a	100%	100%	61,077	61,077
NCAB Group Portugal, S.A.	Portugal	517870991	100%	100%	560	0
					909,225	908,665

NOTE 53 NON-CURRENT RECEIVABLES, GROUP COMPANIES

	31 Dec 2023	31 Dec 2022
NCAB Group Benelux B.V		66,770
NCAB Group Italy S.r.l.	55,480	54,529
NCAB Group USA Inc.	321,331	146,119
NCAB Group Germany GmbH	105,412	
Total	482,223	267,418

NOTE 54 RECEIVABLES AND LIABILITIES, GROUP COMPANIES

Receivables	31 Dec 2023	31 Dec 2022
NCAB Group Kestrel Ltd	3,130	1,365
NCAB Group Benelux B.V	3,490	31,495
NCAB Group France SAS	13,968	17,186
NCAB Group Germany GmbH		47,428
NCAB Group Italy S.r.l.	2,540	29,102
NCAB Group Southeast Asia	2,551	4,460
NCAB Group Iberia, S.A.U.	7,195	432
NCAB Group UK Ltd		26,307
NCAB Group Asia Ltd.	4,438	
NCAB Group USA Inc.	5,043	6,283
Total	42,355	164,058

Liabilities	31 Dec 2023	31 Dec 2022
Elmatica AS	17,243	12,785
NCAB Group Estonia OÜ	5,112	4,908
NCAB Group Norway AS	60,584	60,263
NCAB Group Finland OY	37,004	36,242
NCAB Group Denmark A/S	32,347	32,824
NCAB Group Asia Ltd.		61,594
NCAB Group UK Ltd	51,910	
NCAB Kestrel Ltd	21,935	
NCAB Group Germany GmbH	10,357	
NCAB Group Polska Sp. Z.o.o	9,930	4,121
NCAB Group Sweden AB	38,510	60,565
Total	284,932	273,302

NOTE 55 OTHER CURRENT RECEIVABLES

	31 Dec 2023	31 Dec 2022
VAT	2,109	2,324
Other tax assets	1,996	270
Other receivables		577
Total	4,105	3,171

NOTE 56 PREPAID EXPENSES AND ACCRUED INCOME

	31 Dec 2023	31 Dec 2022
Service contracts	3,349	2,127
Other items	1,498	1,882
Total	4,847	4,009

NOTE 57 CASH AND BANK BALANCES

	31 Dec 2023	31 Dec 2022
Bank deposits	116,716	42,866
Total	116,716	42,866

NOTE 58 BORROWINGS

Non-current	31 Dec 2023	31 Dec 2022
Liabilities to credit institutions	927,825	833,767
Total	927,825	833,767

Current	31 Dec 2023	31 Dec 2022
Overdraft facilities		
Liabilities to credit institutions	67,500	
Total	67,500	

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.

On 31 December, NCAB had a loan of kSEK 550,000 and two acquisition credits totalling kSEK 750,000 (of which kSEK 450,000 was drawn). In addition, there was an overdraft facility of kSEK 200,000. The credit of kSEK 550,000 is free of instalments and expires in 2026. The other credits are free of instalments until the end of June 2024. The interest rate on the loan is STIBOR +1.5 per cent. At the balance sheet date of 31 December 2023, the company was in compliance with all covenants under the financing agreement.

OVERDRAFT FACILITY

The Parent Company has an agreed overdraft facility in the currencies SEK, USD, EUR, GBP, NOK and DKK, and is part of a European cash pool for NCAB's companies in Sweden, Finland, Norway, Denmark and the UK. Of the available overdraft facility of kSEK 200,000, kSEK 0 had been drawn at 31 December 2023 (0). The overdraft facility is subject to a variable interest rate defined as STIBOR +1.5 per cent, which is paid quarterly. 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 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Liabilities to credit institutions	927,825	833,767	927,825	833,767
Total	927,825	833,767	927,825	833,767

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 2023	31 Dec 2022
SEK	995,325	833,767
Total	995,325	833,767

The Parent Company has the following undrawn credit facilities:

	31 Dec 2023	31 Dec 2022
Variable interest:		
– no maturity date	200,000	200,000
– maturity date	300,000	460,000
	500,000	660,000

Note 58, cont.

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

31 December 2023	1–3 months	4–12 months	13–24 months	25–60 months
Borrowings	11,881	102,340	132,711	858,434
Trade payables	7,304			
Accrued expenses and deferred income	22,716			

31 December 2022	1–3 months	4–12 months	13–24 months	25–60 months
Borrowings	6,623	19,870	67,517	846,529
Trade payables	14,139			
Accrued expenses and deferred income	18,107	359		

NOTE 59 ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec 2023	31 Dec 2022
Accrued holiday pay and bonuses, and social security contributions	14,692	16,680
Accrued audit fees	1,870	1,235
Other items	6,154	550
Total	22,716	18,465

NOTE 60 ADJUSTMENT FOR NON-CASH ITEMS

	31 Dec 2023	31 Dec 2022
Adjustment for:		
– other income		-9,623
– depreciation of property, plant and equipment (Note 51)	6	19
– amortisation of intangible assets (Note 50)	33	520
– foreign exchange difference	17,283	12,180
– arrangement fee for loans	-1,558	-1,333
– Divestment of NCAB Russia		11,322
Total	15,765	14,418

NOTE 61 PLEDGED ASSETS

Pledged assets	31 Dec 2023	31 Dec 2022
Other pledged assets	1,571	1,089
Total	1,571	1,089

Pledged assets pertain to an endowment insurance for pensions.

The Group's income statements and balance sheets will be presented for approval to the Annual General Meeting on 8 May 2024. The Board of Directors and Chief Executive Officer affirm that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and provide a true and fair view of the Group's financial position and results. The annual accounts have been prepared in accordance with generally accepted accounting standards and provide a true and fair view of the Parent Company's financial position and results. The directors' report for the Group and Parent Company provides a true and fair overview of the development of the Group's and Parent Company's business, financial position and results, and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Sundbyberg, 5 April 2024

Christian Salamon
Chairman

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 2024
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 2023. The annual accounts and consolidated accounts of the company are included on pages 36-72 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 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 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's

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

Basis for Opinions

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

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

Our audit approaches

The focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of

management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

NCAB Group is a multinational PCB supplier. The group does not own any plants and thus does not have any own production but instead works with a selection of contracted suppliers, mainly based in China. NCAB Group has a clear goal to grow and has grown gradually both organic and through acquisitions. Due to this, we put extra focus on valuation of goodwill and accounting for acquisitions

in our audit. Our audit covers the parent company and the larger subsidiaries in the group. As and when needed, we communicate with a selection of subsidiaries and their local auditors also outside of Sweden in order to build our understanding of the local business and their routines and controls in the financial reporting process.

Materiality

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

Overview



Materiality

- Overall materiality level: MSEK 37 which corresponds to approximately 0,90% of the Group's net sales.

Focus and scope

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

Key audit matters

- Valuation of goodwill
- Accounting for acquisitions

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 37
How we determined this level	The materiality level is based on approximately 0,90 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 0,90 % is seen in auditing standards to comprise an acceptable quantitative materiality threshold.

We agreed with the Audit Committee that we would report identified errors in excess of MSEK 1,9 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 judgement, were most significant in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the Key audit matter</i>
<p>Valuation of Goodwill <i>We refer to Notes 2 (Accounting principles), 4 (Estimates and assessments), and 19 (Impairment test).</i></p> <p>Goodwill in the amount of MSEK 1 346 comprise a significant portion of NCAB Group's balance sheet, approximately 42 % of total Group assets.</p> <p>Goodwill is not amortised 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 characterised by uncertainty, since it might be affected by unexpected future events.</p> <p>There is a risk that the impairment tests prepared are based on inaccurate or unreasonable estimations and assumptions and that this could result in an undetected need for impairment.</p> <p>The company's impairment testing has not resulted in any write-downs.</p>	<p>We have put emphasis on management's test of potential need for impairment in our audit.</p> <p>In evaluating the assumptions, as reported in Note 19, we have undertaken the following audit measures to assess the valuation of such assumptions and model:</p> <ul style="list-style-type: none"> • 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. <p>No significant observations were made from these audit procedures.</p>

<i>Key audit matter</i>	<i>How our audit addressed the Key audit matter</i>
<p>Accounting for significant acquisitions <i>We refer to the Notes 2 (Accounting principles) and 36 (Acquisitions).</i> During 2023 NCAB Group completed four acquisitions of varying sizes and purchase prices totaling 508 million SEK. In connection with acquisitions a Purchase Price Allocation analysis is prepared, in which all acquired assets and liabilities are accounted for at fair value. The difference between the purchase price and the fair value of acquired assets and liabilities consists of goodwill. The value of identified assets and liabilities depends on estimates and assessments made by management. There is a risk that management valuations are based on inaccurate or unreasonable estimates and assumptions and that this could result in undetected value misstatements of acquired assets, liabilities or goodwill were not detected.</p>	<p>Management have shared their acquisition analysis and relevant documents such as the Share price agreement with us.</p> <ul style="list-style-type: none"> • 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 that they give a true and fair view in accordance with IFRS. <p>The result of these procedures did not give rise to any significant observations as regards the audit.</p>

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-25 and 78-94. Other information also consists of "NCAB Group remuneration report 2023" 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 2023 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 4a of the Swedish Securities Market Act (2007:528) for NCAB Group AB (publ) for the financial year 2023.

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

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

Grund för uttalandet

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 firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

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

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

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed as NCAB Group AB's auditor on the Annual General Meeting on 9 May 2023 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 2024
Öhrlings PricewaterhouseCoopers AB

Johan Engstam
Authorised Public Accountant

Annual General Meeting

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of NCAB Group AB (publ.) will be held on Wednesday, 8 May 2024 at 10:00 a.m. in Sundbyberg, Sweden.

PAYMENT OF DIVIDENDS

The Board of Directors proposes a dividend of SEK 1.10 per share. The dividend is equivalent to a total of SEK 205.7 million. The AGM's decision on dividends will include the day when shareholders must be registered in the shareholders' register maintained by Euroclear Sweden AB in order to be entitled to dividends. The Board has proposed 13 May 2024 as the record date. On the condition that the AGM resolves in accordance with this proposal, the dividend payment is expected to be distributed by Euroclear Sweden AB on 16 May 2024 to those who are registered in the shareholders' register on the record date.

Financial calendar

Interim report January–March 2024	25 April 2024
2024 Annual General Meeting	8 May 2024
Interim report January–June 2024	23 July 2024
Interim report January–September 2024	5 November 2024

An aerial photograph of a vast solar farm with rows of blue photovoltaic panels stretching towards the horizon. In the lower right quadrant, three individuals are standing and reviewing documents. Two are wearing white lab coats, and one is in a light-colored jacket. The scene is brightly lit, suggesting a clear day.

Sustainability report

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NCAB's sustainability report

NCAB's sustainability report complies with the guidelines of the international Global Reporting Initiative (GRI) and is prepared in accordance with GRI Universal Standards 2021. The sustainability report includes the companies that are covered by the statutory annual accounts, see page 43. The GRI content index on pages 90–93 refers to information included in the sustainability report.

NCAB is subject to the requirements for sustainability reporting in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act. The Board of Directors is responsible for the statutory sustainability report, which is provided in the Annual Report on pages 6, 27 and 80–97.

The sustainability report is compiled annually and 2023 is the tenth year NCAB has published a report of its sustainability work. The latest report was published in April 2023. The contact person for the sustainability report is NCAB's Group Sustainability Director, Anna Lothsson.

Materiality assessment

NCAB's latest materiality assessment was performed in 2021 and was based on external monitoring, upcoming legislation, competitive analysis and stakeholder expectations. When prioritising material matters, an assessment was conducted of NCAB's actual and potential impact on people, the environment and society. The prioritised sustainability matters were validated and approved by the Board.

The materiality assessment serves as the basis for the sustainability strategy and the targets set for the business. Read more about our sustainability strategy on page 21. It also forms the basis of how we govern our sustainability initiatives and which GRI indicators are reported.

The following material sustainability matters were identified for NCAB:

Environment	Social responsibility	Corporate governance
Energy	Human rights and working conditions, factories	Ethics
Resource efficiency	Health & Safety, factories	Transparency
Waste	Well-being and balance	
Climate	Equal opportunities	
	Training and education	

A project has been initiated to update the latest materiality assessment based on the requirements for double materiality in the upcoming EU Corporate Sustainability Reporting Directive (CSRD). This included work to identify any further material sustainability matters where NCAB's operations have an actual or potential impact. The work and estimates were based on the sustainability matters covered by topical European Sustainability Reporting Standards (ESRS) in CSRD.

At the beginning of 2024, an initiative also began in respect of financial materiality by identifying potential sustainability-related financial risks and opportunities for operations. Work to identify actual and potential financial risks was based on the impact identified for operations, as well as possible dependencies on, for example, raw materials or skills that could entail financial risks for NCAB. The time horizon used in the review was through to 2030 and after 2030, respectively. The potential risks and opportunities identified will be considered in 2024 as part of the Group's annual process for risk assessment and management.

Stakeholders

The identification and assessment of stakeholder expectations on NCAB is a prerequisite for creating sustainable development. NCAB's main stakeholders are customers, employees, investors and suppliers. We continuously cooperate with our stakeholders and engage in dialogue in conjunction with meetings, audits, seminars and interviews.

The expectations and results from the dialogues with stakeholders are analysed and included on an ongoing basis in operational activities and various process owners within the organisation are responsible for ensuring that stakeholder dialogues are performed. The global head of sales is responsible for ensuring customer surveys are conducted. Continuous dialogues with customers are primarily handled by the local managing directors.

VP People & Culture is responsible for ensuring the employee satisfaction surveys are conducted every second year, that the results of reported back to Group management and that an overall action plan is drafted based on the latest results. VP People & Culture also bears overall responsibility for developing and ensuring implementation of

performance and development appraisals (PDA).

The CEO, CFO and the Head of Investor Relations are responsible for contacts with investors and that capital market presentations and other investor meetings are held regularly.

The COO has overall responsibility for the continuous dialogue with suppliers through the sourcing process and sustainability audits.

Key stakeholders	Communication channels	Focus areas 2023
Customers	Customer surveys, in-depth interviews, seminars, webinars, meetings	Climate footprint, human rights, circularity, management and Board commitment, quality.
Employees	Employee satisfaction survey, performance and development appraisals	Meeting and sharing knowledge and experiences, collaboration, development opportunities, work load (stress levels).
Investors	Meetings, in-depth interviews, capital market presentations	Climate footprint, circularity, human rights and working conditions, risk management processes & governance.
Suppliers	Meetings, audits	Climate footprint, human rights, health and safety, quality.

Management approach

The sustainability strategy is governed by NCAB's Group management, with a clear division of responsibility for the different focus areas, and the sustainability work is followed up on a monthly basis at management team meetings. The Group Sustainability Director is responsible for pursuing overall sustainability work, such as strategy, policies and targets. Governing documents and policies are approved annually by the Board, and each process owner is responsible for implementing the policies.

At Board level, the Chairman is responsible for ensuring that sustainability is an item on the agenda. Sustainability matters are discussed routinely at Board meetings since sustainability is an integrated part of NCAB's operations. The Group Sustainability Director participates annually at Board meetings to follow up strategy and targets, but also to inform the Board of upcoming legislation, material matters (focus

areas) and external monitoring linked to sustainability matters. In 2023, topics included preparations ahead of CSRD, the implementation of strategy and targets, and target fulfilment, on the Board's agenda.

All of our employees share responsibility for ensuring operations are conducted responsibly and sustainably. Sustainability is integrated into our business model and our processes, where each process owner is responsible for their part of operations and for reporting progress towards set targets.

NCAB's COO is responsible for the quality management system. NCAB Group, and contracted factories, are certified according to ISO 9001 and ISO 14001 to ensure that all of our processes are uniform and of the highest quality. NCAB's sustainability work is also based on ISO 26000, an international standard that provides guidance for how companies can operate sustainably. For more information about our management approach in each material area, see the sustainability notes on pages 81–89.

In 2023, NCAB received a gold medal from EcoVadis for our sustainability work. NCAB received a total score of 73 out of 100, which places us in the top 5 per cent of companies worldwide that have been rated by EcoVadis.

EU TAXONOMY

The EU Taxonomy Regulation was introduced in 2021 and is a sustainable finance framework. Since 2022, companies are obligated to report alignment with the regulation based on the technical screening criteria for the first two environmental objectives: climate change mitigation and climate change adaptation. In 2023, the EU also published technical screening criteria for the remaining environmental objectives and an amendment to the delegated act for environmental objectives 1 and 2.

The technical screening criteria define the sectors and associated economic activities covered by the Taxonomy Regulation. NCAB is active in the distribution of electronic components (PCBs) and primarily conducts operations linked to the NACE codes G46.5 2 and M70.1.0. These economic activities are currently not covered by the EU Taxonomy Regulation. However, NCAB is subject to the taxonomy through leasing and ownership of vehicles, corresponding to the economic activity 6.5. Transport by motorbikes, passenger cars and light commercial vehicles, and through electric vehicle chargers in economic activity 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy

performance of buildings, for the 2023 financial year.

The proportion of operations that are environmentally sustainable in accordance with the EU Taxonomy Regulation are reported using three financial metrics: turnover, capital expenditure (CapEx) and operating expenditure (OpEx). The metrics are reported in accordance with the taxonomy's regulations and presented in separate tables on pages 94–97.

Turnover includes total external revenues (net sales) under IFRS 15. See Note 2.14 on page 45 for more information about applicable accounting policies for revenue recognition. CapEx includes additions to property, plant and equipment and intangible assets, with the exception of goodwill, during the financial year, see Note 18 and Note 19. Additions to property, plant and equipment include purchases and acquisitions during the year. OpEx includes current leases under IFRS 16.

As shown in the tables on pages 94 and 96, no part of NCAB's turnover or OpEx is subject to the economic activities included in the Taxonomy Regulation, which was also the case in the preceding year. 3 per cent of CapEx for the year is taxonomy-eligible, compared with 1 per cent in the previous year. The change between the years is attributable to an increase in the number of taxonomy-eligible vehicles. No CapEx was taxonomy-aligned.

LIEFERKETTENGESETZ

Lieferkettengesetz is a German law concerning due diligence in the supply chain. The law came into effect in 2023 and applies to companies with more than 3,000 employees. To comply with the law, companies must set up a risk management system, carry out risk analyses related to human rights and the environment, issue a statement of principles relating to the company's human rights strategy and take measures to prevent and remedy abuses. Companies shall also establish a procedure through which whistleblowers can file complaints.

NCAB is not subject to the reporting requirements of Lieferkettengesetz, but aims to provide stakeholders with information about NCAB's ongoing work within the areas covered by the law. For information about identified significant risks and the management of these, please refer to page 27 and the website. The risk identification, assessment and ownership are described on pages 27 and 85–86. The performance of regular audits in main factories and the qualification process of new factories are described on pages 85–86 and on our website. On page 86 and our website, you will also find information about the results of sustainability audits and the resulting

improvements. NCAB's whistleblower function is available for stakeholders who suspect irregularities or deviations that may violate our Supplier Code of Conduct or prevailing laws. Read more on page 85.

We support the UN Guiding Principles on Business and Human Rights (UNGP) and our commitment to respect human rights and to prevent and mitigate negative environmental impacts is defined in our Sustainability Policy and Code of Conduct for Suppliers.

Environment

ENERGY (GRI 302) AND EMISSIONS (GRI 305)

Description of impact, risk and opportunity

NCAB's operations create greenhouse gas emissions in the various stages of the value chain. The largest emissions arise upstream in the value chain through the materials and energy used when manufacturing the PCBs. Another significant share of emissions arises during transportation of the PCBs from the factory or warehouse to the end customer.

Within NCAB's own operations, emissions mainly arise from energy use in own premises and warehouses, business travel and waste management.

NCAB has identified climate change and its consequences as a risk for the operations. In the years ahead, climate risk analyses and the identification of possible climate change adaptation needs will be performed.

Governance and targets

NCAB works together with customers and suppliers to reduce emissions in the various parts of the value chain, and the ambition is to reduce climate impact in line with the 1.5°C threshold in the Paris Agreement. The sustainability strategy clarifies that a reduction in climate impact is one of NCAB's main focus areas, and this permeates our working methods in everything from design of PCBs, to manufacturing and transportation to customers.

NCAB's environmental policy guides the operation's work with energy optimisation, increased use of renewable energy and reduced climate and environmental impact. The environmental policy states, for example, that NCAB is to evaluate, measure and take action together with the factories to ensure that these strive to reduce climate impact in the

manufacturing process. It also clarifies that the factories are to strive for sustainable product development and high quality to increase the service life of the PCBs and reduce the need for new resources.

Internal energy saving and recycling measures are also to be taken in NCAB's own operations.

The environmental policy is owned by the Group Sustainability Director and the policy is adopted annually by Group management and signed by the CEO.

NCAB's management team is responsible for making the right expertise and resources available to each area of responsibility to ensure that work is carried out as set out in the environmental policy and applicable laws and regulations. The environmental policy is available to all stakeholders on NCAB's website.

In addition to the environmental policy, work is channelled towards a reduction in climate impact by the requirements we make on our suppliers when we approve new factories and in annual sustainability audits. Read more about our sourcing process and audits on pages 85–86.

NCAB's target is to achieve net zero emissions in Scope 1 and 2 by 2030. For Scope 1, this will be achieved as all new company cars will be fossil free by 2025. For Scope 2 emissions, at least 50 per cent of our offices and owned warehouses will only use renewable energy by 2025, and 100 per cent by 2030. The targets for Scope 1 and 2 are science-based and in line with the Paris Agreement.

The overall target for Scope 3 emissions is to halve these by 2030 and reach net zero emissions by 2050, compared with the base year of 2021 and calculated using CO₂e/SEK million. The Scope 3 target is based on knowledge and ongoing discussions with the main factories about the current situation and future plans, and on what is required to achieve the Paris Agreement. For information about the outcome in relation to the targets, refer to comments under the Outcome heading.

NCAB has reported to the Carbon Disclosure Project (CDP) since 2022.

Measures and responsibility

Work to reduce the climate impact of own operations includes increased energy efficiency and greater use of renewable energy in own offices and internal warehouses. Company cars are being replaced with electric vehicles to reduce emissions. Work is also in progress to evaluate how emissions from our business travel can be cut.

As part of efforts to reduce greenhouse gas emissions in the value

chain, NCAB is engaged in dialogue with suppliers and customers about the climate impact of design and manufacturing, and encourages customers to choose low-carbon transport alternatives. A project is also ongoing to increase the consolidation of ocean freight and to evaluate how goods can be packaged as efficiently as possible.

NCAB retains a particular focus on increased energy efficiency and using a larger share of renewable energy when manufacturing PCBs, where dialogue with the factories and their transition plans play a crucial role. Today, access to and the option to choose renewable energy is very limited in many countries. Several factories in China have invested in their own electricity production (solar energy), which is a step in the right direction, though this only covers 1–5 per cent of the factory's energy use. To reduce transport emissions, the share of goods sent by air must be reduced and replaced with ocean freight. A dialogue with customers began during the year to bring about change.

Sustainable product development begins at the design phase and we support our customers in designing their PCBs. It is important that the construction is as robust as possible, without compromising function, to avoid pitfalls later in the production process. The focus on quality means optimised manufacturing and reliable and durable PCBs. Doing the right thing from the outset is not only about quality, but also reduces our climate impact as an optimised design means less waste and less use of materials, chemicals, energy and water.

To be at the forefront of new technologies and sustainable PCBs, we have appointed a Technical Council that involves some 60 employees and comprises various focus groups. The Technical Council acts as experts on technology development and works to create more sustainable PCBs through, for example, the use of greener materials and increased opportunities for circular products.

Calculation methods and follow up

Since 2021, NCAB calculates its greenhouse gas emissions in accordance with the GHG protocol. Since 2022, the calculations also include greenhouse gas emissions from waste from own operations and the manufacturing phase, other purchased goods and services, management of end-of-life products and energy consumption in external warehouses.

The calculations of climate emissions are based on data collected from various functions within NCAB Group's local companies, logistics managers and Factory Management. External data is collected from, among others, production partners, which provide data on energy

consumption and waste from production, as well as logistics partners, which provide information on transport emissions and energy use in warehouses. Estimates were used when actual data was not available.

Scope 1 includes direct emissions from fuel used in NCAB's company cars and emissions from the combustion of natural gas to heat four of NCAB's offices. The calculation is based on data collected on fuel consumption in diesel, petrol and HVO company cars multiplied by emissions factors for petrol and diesel (no HVO-powered cars in 2023). Emissions from the combustion of natural gas were calculated by multiplying the number of cubic metres of natural gas used by emission factors for self-generated heating (natural gas) (source: UK Gov).

Scope 2 includes emissions from indirect energy from electricity and heating purchased and used in NCAB's offices and NCAB's warehouses. The local NCAB companies report their consumption of purchased electricity, district heating or other heating sources used and emissions are calculated based on emissions factors for each country where the offices and warehouses are located. The type of purchased electricity, such as agreements for renewable energy, is taken into account in the calculation.

When calculating location-based emissions, the climate impact from purchased electricity was calculated by multiplying kWh of purchased electricity by the emissions factor for the energy mix in each country (sources: IVL, AIB, EPA, UNFCCC).

Market-based emissions from purchased non-renewable electricity was calculated by multiplying kWh by emissions factors for the residual mix for each country (sources: IVL, AIB, Green-e®). For China, Malaysia and Taiwan, where no residual mix data is available, the UNFCCC's emissions factor was used for each country. Climate impact from purchased 100 per cent renewable electricity was calculated by multiplying kWh by the emissions factor from the Environmental Product Declaration (EPD) standard for Swedish hydropower from Vattenfall. This EPD was used to represent 100 per cent renewable energy.

Scope 3 includes emissions from the manufacturing and transportation of PCBs, business travel, waste from own operations and PCB manufacturing, other purchased goods and services (internal consumables and external IT-server services) and end-of-life treatment of sold PCBs. Energy use in PCB manufacturing is collected straight from the main factories in China and accounts for about 80 per cent of NCAB's total purchases in China. This data was then used to estimate the remaining energy use in factories in China, which ac-

counts for approximately 84 per cent of NCAB's total purchases. The calculation also includes energy use in the main factories in Europe, the USA and Taiwan, which accounts for approximately 16 per cent of total purchases. The emissions calculation is based on the energy use (kWh) multiplied by emissions factors for the energy mix in each country (sources: AIB, Green-e®, UNFCCC).

Emissions from transportation include transport to and from the warehouse and the "last mile". Most emissions from transportation are based on information from logistics partners, of which a minor share is estimated from actual data.

Waste data from own operations is collected from NCAB's local companies. Waste data from manufacturing is collected from the main factories in China, and includes information on hazardous and non-hazardous waste.

NCAB does not apply internal carbon pricing schemes and does not purchase any carbon credits to compensate for emissions from operations.

OUTCOME

Energy

In 2023, total indirect energy use (heating, cooling and electricity) within NCAB amounted to 1,275 MWh (1,431). Electricity use amount to 742 MWh (775), of which 375 MWh (318) was renewable. In addition to this, 10,050 m³ (602) of natural gas was used to heat four of our offices. 34 per cent of offices and 100 per cent of warehouses use electricity from renewable sources, corresponding to a total of 51 per cent of energy use. The goal is that at least half of offices and warehouses will use electricity from renewable sources by 2025 and all by 2030.

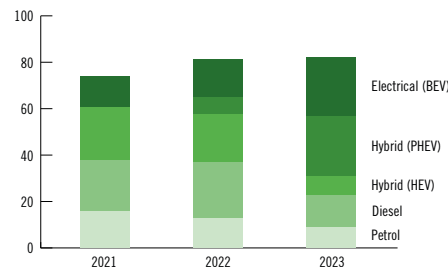
Fuel consumption amounted to 216,490 litres (183,164), distributed between diesel and petrol as set out in the table to the right.

Energy use in the factories when manufacturing PCBs amounted to 101,522 MWh (97,144). The change between the years is mainly attributable to lower energy efficiency per manufactured square metre of PCB due to lower utilisation levels in many factories this year compared with 2022.

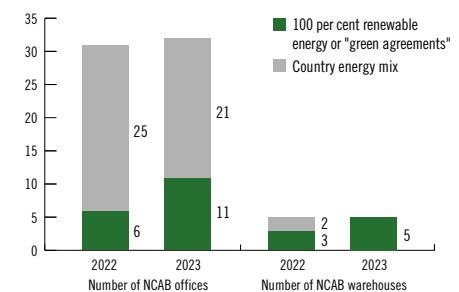
At the end of 2023, 30 per cent (20) of all company cars were electric vehicles, compared with the target that all new company cars are to be fossil free by 2025. During the year, the number of diesel and petrol-powered cars declined from 46 to 28 per cent.

ENERGY CONSUMPTION WITHIN THE ORGANISATION	2023	2022	2021	UNIT	COMMENTS
Electricity use – total	741,901	774,661	715,675	kWh	NCAB offices and internal warehouses.
Electricity use from renewable sources*	375,972	317,758	144,264	kWh	*100 per cent renewable energy or green agreements.
Proportion of electricity use from renewable sources*	50.7	41.0	20.2	%	
Energy use heating (district heating)	532,958	656,504	486,984	kWh	
Natural gas use (heating)	10,050	602	3,504	m ³	Heating of four NCAB offices uses the combustion of natural gas.
Fuel use – diesel (company cars)	59,863	50,194	60,396	litres	
Fuel use – petrol (company cars)	156,627	132,970	74,415	litres	
Self-generated electricity, not consumed within the organisation	108,400	81,867	73,232	kWh	Solar energy (Netherlands).
ENERGY CONSUMPTION OUTSIDE THE ORGANISATION	2023	2022	2021	UNIT	COMMENTS
Electricity use – PCB manufacturing	101,522,121	97,144,375	87,141,246	kWh	The main share of electricity is from the country's energy mix, where the amount of renewable varies between 2 per cent and 83 per cent depending on where the factory is located. Five factories use self-generated electricity (solar energy) for a minor percentage.
Electricity use – external warehouses	33,229	46,708	No data.	kWh	In 2023, one of five external warehouses (27 per cent of total kWh) uses electricity from 100 per cent renewable energy sources or from green agreements.

NUMBER OF COMPANY CARS (SCOPE 1)



ENERGY SOURCE – ELECTRICITY (SCOPE 2)



Emissions

NCAB's total greenhouse gas emissions (Scope 1–3) amounted to 116,314 tonnes (107,855) in 2023. For more information about distribution by scope, refer to the table below.

The reduction in Scope 1 emissions was achieved through the ongoing transition to electric vehicles and the phase out of diesel and petrol vehicles. The reduction in Scope 2 was mainly due to an increase in the number of our offices and internal warehouses that use electricity from renewable sources.

The increase in Scope 3 emissions was largely a result of increased energy use when manufacturing PCBs, attributable to lower energy efficiency per manufactured square metre of PCB due to lower utilisation levels in many factories this year compared with 2022.

The increase in emissions intensity is attributable to an increase in total emissions in combination with lower sales compared with the year-earlier period.

The calculation of greenhouse gas emissions for 2023 does not include emissions from mining and the production of raw materials obtained and used when manufacturing PCBs as well as emissions from the use of sold PCBs.

GHG emissions (tonnes CO2e)	2023	2022	2021
Direct emissions (Scope 1)	244	490	175
Own vehicles	223	490	175
Own production of heating and cooling	21	Included in Scope 2.	Included in Scope 2.
Indirect emissions (Scope 2)*	319	363	390
Purchased energy (market-based)	319	363	390
Other indirect emissions (Scope 3)	115,751	107,003	91,839
Business travel	1,491	1,273	150
Upstream transportation and distribution	18,128	18,698	17,085
Energy use (PCB manufacturing)	95,466	86,384	74,604
Waste (within the organisation)	1	0.4	No data.
Waste (PCB manufacturing)	334	326	No data.
Other purchased goods and services (consumables, IT server services)	100	204	No data.
End-of-life treatment of sold PCBs	93	117	No data.
Fuel and energy-related activities (not included in Scope 1 or 2)	138	Included in Scope 1 and 2.	Included in Scope 1 and 2.
Total emissions (Scope 1–3)	116,314	107,855	92,404

*Purchased energy (location-based): 373 CO2e tonnes (383 CO2e tonnes 2022, not reported 2021). Fuel and energy-related activities (location-based): 127 CO2e tonnes (included in Scope 1 and 2 2022, not reported 2021).

Emissions intensity (tonnes CO2e/SEK million)	2023	2022	2021
Scope 1	0.06	0.11	0.05
Scope 2 (market-based)	0.08	0.08	0.12
Scope 3	28.3	24.0	28.5
Total (Scope 1–3)	28.5	24.2	28.7

Greenhouse gas emissions are calculated as carbon dioxide equivalents (CO2e). CO2e is defined as the amount of a particular greenhouse gas, expressed as the amount of carbon dioxide that produces the same greenhouse effect. CO2e figures include the following greenhouse gases: CO2, CH4, N2O, HFCs and PFCs. NCAB reports greenhouse gas emissions according to the GHG protocol.

WASTE (GRI 306)

Description of impact, risk and opportunity

Waste is mainly created when manufacturing PCBs and is managed by the factories in accordance with local laws and regulations.

Hazardous waste may be created within the own organisation when scrapping faulty PCBs or during tests in local laboratories. The non-hazardous waste mainly comprises mixed waste consisting of plastic, cardboard and office waste. The waste is handled and recycled according to local regulations and legislation on waste management.

Governance and targets

Waste management is governed by NCAB's environmental policy, clarifying the aim that the environmental impact is to decrease, which includes minimising the use of resources. Work is under way to develop the environmental policy with regard to waste management.

NCAB has a long-term target to increase circularity in the production of PCBs and a first step in this direction is to evaluate the potential for more circular input materials. Local targets have been set in certain factories to reduce waste and increase recycling.

Measures and responsibility

Since 2022, information is collected from the factories about waste

WASTE (WITHIN THE ORGANISATION)	2023	2022	2021
Waste – hazardous waste	21.4 tonnes	20.5 tonnes	No data.
Waste – non-hazardous waste	35.9 tonnes	18.6 tonnes	No data.
WASTE (OUTSIDE THE ORGANISATION)	2023	2022	2021
Waste – hazardous waste (PCB manufacturing)	11,827 tonnes	13,220 tonnes	No data.
Waste – non-hazardous waste (PCB manufacturing)	3,871 tonnes	2,091 tonnes	No data.

generated, in addition to information about the factories' own targets and plans to reduce waste. Waste management and reporting of hazardous waste and non-hazardous waste are included in the sustainability audits carried out in factories by our sustainability team in China.

We also collaborate with our customers to optimise the design of PCBs at an early stage to reduce the amount of waste and material used in the manufacturing process.

The responsibility for waste management within NCAB's own offices and warehouses is with the office manager at each local office.

Calculation methods and follow up

Follow-up and waste reporting is conducted annually when preparing the Annual and Sustainability Report.

Waste data from own operations is collected from NCAB's local companies. Waste data from the manufacturing process is collected from the main factories in China, and also includes the distribution of hazardous and non-hazardous waste.

Outcome

The total amount of waste from the own organisation amounted to 57.3 tonnes (39.1), of which 37 per cent (52) was hazardous waste. Hazardous waste mainly comprised scrapped PCBs and a small portion of other electronic waste (end-of-life IT products). The non-hazardous waste comprised plastic, cardboard and other office and household waste. The hazardous waste item included 5 tonnes of PCBs that due to a design fault needed to be scrapped, where NCAB undertook to handle the waste for the customer, which led to an increase compared with the year-earlier period. The increase in non-hazardous waste was primarily due to improved reporting from the local companies.

Total waste from manufacturing in the factories amounted to 15,698 tonnes (15,311), of which 75 per cent (86) was hazardous waste. An analysis of the reduction (hazardous waste) and increase (non-hazardous waste) has yet to be completed.

SUPPLIER ENVIRONMENTAL AND SOCIAL ASSESSMENT (GRI 308 AND 414)

Description of impact, risk and opportunity

NCAB is a global manufacturer of PCBs and our vision is to be the number 1 PCB producer – wherever we are. This means we must apply a responsible approach in everything we do; socially, environmentally and ethically, and we expect the same from our suppliers.

The main impact, and the most material risks, in our main factories in China are related to human rights, working conditions, health and safety and environmental impact. These areas were identified in our sustainability audits and in dialogue with factory workers and management. It is important to ensure that environmental and social principles and guidelines are implemented and are part of the evaluation and approval of new factories and factories that have joined as part of the supplier base in a company acquisition.

The most relevant human rights risks identified in sustainability audits were salaries and benefits, working hours, discrimination, child and youth labour, freedom of association and forced labour. We strive to adapt our risk processes to the UN Guiding Principles on Business and Human Rights.

Governance and targets

Through the Code of Conduct for Suppliers we make demands in areas such as human rights, working conditions, health and safety, environmental impact and business conduct. We support the UN Global Compact and the UN Guiding Principles on Business and Human Rights and our commitment to respect human rights and to reduce negative environmental impacts is defined in our Sustainability Policy and Code of Conduct for Suppliers.

To qualify as a main factory, the factories must sign and comply with our Supplier Code of Conduct, which is aligned with the Responsible Business Alliance (RBA) Code of Conduct. In addition, they must satisfy our quality and sustainability audits, be ISO 9001 certified (quality management system) and ISO 14001 certified (environmental management system). They must also report use of any conflict minerals and cobalt in accordance with the framework provided by the Responsible Minerals Initiative (RMI) and comply with its Responsible Minerals Assurance Process (RMAP), as well as comply with legislation on raw material content (RoHS, REACH, TSCA,

California Proposition 65, POPs (Persistent Organic Pollutants)) and local regulations on social compliance and environmental impact.

A whistleblower function is available on NCAB's website to enhance opportunities for suppliers and other parties to anonymously report suspicions of deviation from laws and regulations related to working conditions, human rights, environmental impact or business conduct. The service is provided by an external party, which means reports can be submitted anonymously.

NCAB has a target that all main factories in high-risk areas are to meet the requirements in sustainability audits and thus be approved. We are continuously focused on improving sustainability performance throughout the entire supply chain, increasing energy efficiency and use of renewable energy in PCB production as well as using greener materials in production.

Measures and responsibility

NCAB's suppliers are expected to strive to prevent impacts and risks linked to people and the environment throughout the value chain. As a minimum, all applicable laws and regulations must be followed.

Factory Management works closely with our partner factories to ensure production quality through auditing and optimisation of production processes and sustainability practices. Every main factory is regularly assessed according to quality, delivery reliability, sustainability aspects and levels of service and commercial viability. NCAB has both its own staff and specially selected teams at the main factories in China. Since the highest sustainability risks, and also the greatest impact, are found in the main factories in China, our regular sustainability audits are currently performed at these units.

NCAB has conducted regular sustainability audits in main factories in China since 2017. Our audits assess areas in human rights, such as working conditions and health and safety, but also environmental impact and business conduct. All factories must have a management system in place that is designed to avoid negative impacts in the area covered by these parameters, and to ensure continuous improvements. Since 2022, specific areas of environmental impact have been monitored, such as amount of non-hazardous waste and hazardous waste generated in the factories. Suppliers are also obliged to answer questions about targets they have set to reduce climate impact. Sustainability audits are performed of all main factories in China every second year. In the intervening period, follow up audits are conducted

of specific improvement areas. We regularly follow up progress made in the factories in respect of deviations and shortcomings identified in our audits. Critical results are followed up as soon as possible and major deviations are followed up within six months. When deviations are detected, a plan is established for corrective measures together with the factory within two weeks of the audit. Our regular audits provide us with a clear picture of the factories' sustainability performance and an account of what we need to focus on at each individual factory.

In recent years, the cooperation with suppliers has mainly expanded through the collection of additional data on generated waste, energy use and water consumption. This has enabled us to set targets as well as make improvements and to draft plans in climate-related areas.

For more information about how we conduct our audits and the results and improvements, see the website and page 86. For more information about how we work with each area included in the audits, refer to information under the relevant GRI indicator on pages 81–89.

Calculation methods and follow up

Statistics over the number of sustainability audits performed and the results are collected annually when preparing the Annual and Sustainability Report. During the year, regular meetings are held with the sustainability team in China to routinely monitor the status, measures and results.

Outcome

The factories we partner with are included on our Preferred Supplier List (PSL). We divide these into Main, Spot, Special project and Acquisition factories. In 2023, 73 per cent of our total purchasing was from main factories. Of these, 17 are located in China (17). Since the greatest sustainability risks, but also the strongest impact, are found in the main factories in China, these are the focus of our sustainability initiatives. The 17 main factories in China include 30 NCAB-approved manufacturing sites.

In 2023, we performed 22 sustainability audits (17), of which 2 in new potential factories (1) and 2 in new manufacturing sites in previously approved factories (4) as well as 6 follow-up audits (10). Our target that all main factories in China should undergo a sustainability audit every second year was achieved.

One remaining challenge linked to working conditions is that many factories have no solution for managing overtime. There is still room for improvement to processes and management systems even at factories that have guaranteed minimum wages, provide overtime pay, holidays and insurance. Another challenge is to reduce climate impact.

No critical findings were registered by any audit in 2023. We found no evidence of child labour in our sustainability audits, and no cases of forced labour. However, we noted in certain factories that the rights of young workers were not respected, and this was then rectified. Most cases where problems were registered concerned the lack of policies and insufficient management systems to control risks. Information about the results of the audits and improvements is available on the website.

QUALITY (Company-specific indicator)

Description of impact, risk and opportunity

Quality management is a key component for NCAB and we work directly with the factories that produce our PCBs and we consider them as long-term partners. An on-site presence when we monitor and consult with our factories is crucial for production quality. We share our knowledge with factory workers and continuously strive to improve processes and governance. A well-defined process to identify and assess potential factories helps us to select the factories best suited to the technical and commercial requirements for each customer and product.

Governance and targets

Work with quality is governed by our quality policy that describes NCAB's work and mission – PCBs for demanding customers, on time with zero defects, produced sustainably at the lowest total cost. Quality is also one of NCAB's three values.

The target for quality performance is at least 99.3 per cent and is measured as the number of delivered order lines without customer complaints, in relation to the total number of delivered order lines. NCAB also has a target for the total number of defective parts per million PCBs produced, a target of less than 1,000 ppm. The target for delivery performance is at least 97 per cent, measured as the number of order lines delivered within the confirmed delivery time, in relation to the total number of delivered order lines.

Measures and responsibility

Factory Management works closely with our partner factories to ensure production quality through auditing and optimisation of production processes and sustainability practices. Every main factory is regularly assessed according to quality, delivery reliability, sustainability aspects and levels of service and commercial viability. NCAB has both its own staff and specially selected teams at the main factories in China. A Factory Management team is also based in Taiwan, as well as representatives in Europe and the USA.

Quality audits are performed each year in all main factories. The focus is then on how well the manufacturing process and other related aspects work. In addition to these, NCAB carries out annual audits of pre-production processes, and monthly process audits focusing on details in specific areas to guarantee continuous improvement.

Calculation methods and follow up

NCAB measures quality performance as the number of delivered order lines without customer complaints in relation to the total number of delivered order lines. 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.

The follow-up of quality, delivery performance and the percentage of defective parts takes place on a monthly basis together with an annual summary. The monthly results are reported to Group management together with an explanation of any deviations and improvement measures.

Most of the local companies register complaints and deliveries in a joint system. The remaining companies, including companies acquired during the year and that do not yet have access to the joint reporting system, report this information separately.

Outcome

The total number of faulty parts per million PCBs produced amounted to 788 ppm (688), compared to the target of no more than 1,000 ppm. Quality assurance amounted to 99.6 per cent (99.6), which is higher than the target of at least 99.3 per cent. The delivery performance was 95.2 per cent (94.6), compared with the target of at least 97 per cent.

Social

EMPLOYEES AND WORKERS WHO ARE NOT EMPLOYEES (GRI 2-7 AND 2-8)

At 31 December 2023, the number of employees was 603 (587), of whom 265 (261) were women and 338 (326) were men. Of these, 99.6 per cent (98.8) were permanent employees, distributed between 264 women (259) and 336 men (321). The percentage of employees with full-time contracts amounted to 93.9 per cent (93.5), distributed between 238 women (234) and 328 men (315). The average number of employees in the organisation during the year was 595 (586), of whom 263 (253) were women and 332 (333) were men.

In addition to employees, there were 2 (7) insourced consultants at the end of the year. These consultants are mainly used for temporary vacancies and there are no significant seasonal variations regarding when during the year the consultants are contracted.

OCCUPATIONAL HEALTH AND SAFETY (GRI 403)

Description of impact, risk and opportunity

NCAB's greatest impact from a health and safety perspective is from the work environment in the factories. The impact occurs in the production process and in connection with handling hazardous chemicals and hazardous waste.

Within NCAB's own organisation, the impact occurs in conjunction with handling chemicals in laboratories, and in warehouses, but also through the employees' work-life balance.

Governance and targets

The Code of Conduct for Suppliers clarify guidelines for work with health and safety in the factories. Some factories are also certified according to ISO 45001.

Health and safety work in our own operations is clarified in the Health and Safety Policy, as well as in the People & Culture Strategy. In addition, each local company has their own guidelines covering health and safety, risk analyses, safety inspections and evacuation plans in accordance with local laws and regulations. Health and safety is also discussed during the annual performance and development appraisals and are included as questions in the employee satisfaction survey. NCAB has a target for zero serious accidents in operations.

Number of employees (by country) on 31 December 2023			
Country	Total	Women	Men
China	140	80	60
Denmark	13	5	8
Finland	14	6	8
France	22	10	12
Germany	91	28	63
Hong Kong	3	1	2
Italy	26	13	13
North Macedonia	2	0	2
Netherlands	33	8	25
Norway	23	6	17
Poland	13	9	4
Spain	16	5	11
Portugal	2	0	2
Sweden	51	24	27
Taiwan	13	8	5
UK	50	18	32
USA	91	44	47
Total	603	265	338

Measures and responsibility

During the sustainability audits of factories, we carefully examine how chemicals are stored in factories and used in production. Other areas examined include access to personal protective equipment, training in how to avoid and handle emergency situations, the installation of illuminated evacuation signs, fire alarm and equipment, as well as fire drills and preparations for first aid. Training and monitoring related to a safe workplace are regularly conducted in the factories and serious accidents that occur are reported to local authorities in accordance with Chinese law.

It is our responsibility as employer to identify and eliminate any factors that have a negative impact on employee safety and well-being. Each local company is responsible for compliance with local laws and regulations to ensure a safe and healthy workplace for all of our employees. Questions are asked in the annual performance and

development appraisals about experienced health and well-being, to prevent ill health and maintain the good health of our employees.

Calculation methods and follow up

Compliance with health and safety in the factories is monitored as part of the sustainability audits performed in the main factories. Data about the number of accidents is collected from the main factories in China. Accidents within NCAB's own organisation are collected in the HR system.

A follow-up of the accident rate is performed annually when preparing the Annual and Sustainability Report. The accident rate is calculated by dividing the number of accidents by the number of employees.

Outcome

No accidents or incidents were reported in 2023 within NCAB's own organisation.

The number of work-related injuries in the main factories in China amounted to 77 (52) during the year and the accident rate was 0.33 per cent (0.25), which is calculated by dividing the number of accidents by the number of employees.

Despite many improvements in health and safety, it remains an area that needs further improvements related to the incorrect use of personal protective equipment (PPE), lack of emergency exits, evacuation signs and a lack of fire extinguishers.

TRAINING AND EDUCATION (GRI 404)

Description of impact, risk and opportunity

To be an industry-leading company, it is important to constantly develop the internal expertise and specialist know-how, through different types of training and experience sharing within the organisation.

Increasingly, we are living in a knowledge-based economy and many companies offer the same or similar products, which means people and their expertise make all of the difference in business. Investments in learning and development are therefore important for NCAB's success and have a clear link to increased profitability, innovation, employee engagement and a strong employer and company brand. The market and working methods are changing quickly, which means individual development must also be a constantly evolving process that is regularly followed up.

Governance and targets

NCAB's work with skills development and training is part of our People & Culture Strategy, which is evaluated annually and adopted by Group management. The strategy is owned by VP People & Culture.

The aim is that all employees shall have an annual performance and development appraisal to discuss the need for training and skills development and draft a training plan.

Measures and responsibility

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

All employees have access to a number of online courses through the NCAB Academy, a digital platform for training and development. This helps employees to continually develop their expertise, regardless of where they are located. Alongside of the NCAB Academy, other courses are provided online and in workshops.

The need for skills development and training is discussed with employees during the annual performance and development appraisal. The performance and development appraisals also provide an opportunity to follow up and support individual achievements and offer feedback and ensure that expectations and requirements are clear, which increases engagement and profitability.

In addition to the performance and development appraisals, individual development plans (IDP) are set, when managers and employees together draft an action plan for what and how the employee wants to develop to achieve agreed targets and activities, feel a sense of engagement and meet future targets and visions. The plan could include anything from mentoring, presenting seminars, working alongside an expert, visiting another office, etc.

VP People & Culture has overall responsibility for training provided worldwide. Managers are responsible for discussing the need for training during performance and development appraisals. Skills development and training needs are also recurring topics at management conferences and other similar forums.

Calculation methods and follow up

The number of employees who have taken part in a performance and development appraisal during the year is followed up via the company's HR system at the end of the year.

The result of completed training is followed up by asking participants to provide feedback in a survey distributed after the course is completed. Work is in progress to develop efforts to evaluate the results of completed training.

Outcome

During the year, 86 per cent (84) of employees had a performance and development appraisal. This means the target of 100 per cent was not achieved. Most of those who have not yet had a performance and development appraisal were employed towards the end of the year, or employees from acquired companies who are gradually being included in this process.

DIVERSITY AND EQUAL OPPORTUNITY (GRI 405)

Description of impact, risk and opportunity

Diversity is important and necessary for NCAB's development. Team comprising employees with different experiences and perspectives are sustainable in the long term and lead to creativity and innovation. The sense of inclusion and belonging, when everyone feels they can be themselves, is an important part of the corporate culture.

Governance and targets

The People & Culture Strategy clarifies the framework for work with diversity and inclusion. NCAB has zero tolerance of harassment and discrimination whether this concerns unequal opportunities, sexual harassment or bullying due to ethnicity, religion, gender identity or gender expression, or sexual orientation.

Measures and responsibility

To create awareness of our zero-tolerance policy towards discrimination and harassment, the subject is highlighted and discussed in global introduction sessions and onboarding programmes. When recruiting new employees, emphasis is placed on whether the individual's approach and attitude is suited to NCAB's values, culture and leadership to form the foundation for a long-term commitment. Given that skills are easier to learn than attitudes, our overall recruitment principle is to "hire for attitude, train for skill".

Should any employee at NCAB experience discrimination or harassment, which cannot be discussed with their immediate supervisor, then the matter can be discussed with the local People & Culture manager,

or VP People & Culture. If employees at NCAB, or other stakeholders, detect serious irregularities or misconduct that contravenes our Code of Conduct, there is an external whistleblower system that can be used. The matter is anonymised and passed on the NCAB Group's investigative function, which is headed by VP People & Culture.

Calculation methods and follow up

Matters concerning discrimination and harassment submitted via the whistleblower system are followed up continuously during the year and suspected cases are reported to management and the Board. A summary of the number of discrimination cases is presented annually in the Annual and Sustainability Report. The employee satisfaction survey and performance and development appraisal also include a question about experienced discrimination and harassment.

A follow-up of the gender distribution of the Board, management and all employees is performed annually when preparing the Annual and Sustainability Report.

Outcome

No incidents were reported to the whistleblower system in 2023.

The total percentage of women and men in NCAB, and in Group management and the Board of Directors, is presented in the tables below. These also include information about the age structure.

Gender distribution	Number of women/men		Percentage of women/men (%)	
	2023	2022	2023	2022
Board of Directors	2/4	2/6	33/67	25/75
Group management	4/7	4/8	36/64	33/67
CEO/Managing Director (Group + local companies)	0/17	0/17	0/100	0/100
All employees	265/338	261/326	44/56	44/56

Age distribution, percentage – 2023 (2022)			
	< 30 years	30–50 years	> 50 years
Board of Directors	0 (0)	0 (0)	100 (100)
Group management	0 (0)	36 (33)	64 (67)
CEO/Managing Director (Group + local companies)	0 (0)	47 (41)	53 (59)
All employees	10 (12)	57 (59)	33 (29)

CONFLICT MINERALS (Company-specific indicator)

Description of impact, risk and opportunity

NCAB strives to only use conflict-free minerals when manufacturing PCBs. The 3TG minerals – tin, tantalum, tungsten and gold – together with cobalt must not be linked to abuses and violations of human rights. Tin and gold are metals often used in PCB production and cobalt is sometimes used in the process of gold plating.

Governance and targets

Work with conflict minerals is governed by the policy for conflict minerals. Additionally, the factories are asked to report annually in accordance with the Responsible Minerals Initiative's (RMI) Conflict Mineral Reporting Template (CMRT) for tin, tantalum, tungsten and gold and according to the Extended Minerals Reporting Template (EMRT) for cobalt. The aim is to only use conformant smelters that comply with RMI's RMAP standard in our supply chain.

Measures and responsibility

NCAB imposes demands on the factories to purchase from suppliers using smelters that are consistent with the Responsible Minerals Initiative (RMI). NCAB also trains factories in ways to check their supply chain by applying RMI.

Calculation methods and follow up

The follow-up of reporting in accordance with CMRT and EMRT is conducted annually, and the process is routinely checked in conjunction with factory audits.

Outcome

In 2023, one of the listed smelters that had previously been on RMI's conformant list was transferred to the extended corrective action list, but received approval again at the end of 2023, and a phasing-out process was not started.

Business conduct

ANTI-CORRUPTION (GRI 205)

Description of impact, risk and opportunity

NCAB operates in a global environment where varying degrees of corruption exist. Corruption exacerbates poverty in the world, undermines democracy and the protection of human rights, damages trade and decreases confidence in social institutions and the market economy. It may also entail a risk of damage to the brand and company reputation. It is therefore important to combat all forms of corruption.

Governance and targets

Our codes of conduct for employees and suppliers clarify our zero tolerance towards corruption. All employees and suppliers are expected to comply with the codes of conduct and prevailing laws. The codes of conduct are available on our website and internally in our HR system and are always discussed with new recruits and when new suppliers are engaged.

Any infringements can be reported to NCAB's whistleblower system, which is handled by an external party and formed in accordance with the EU Whistleblowing Directive.

Measures and responsibility

Business ethics and corruption are always discussed with new employees during the global onboarding sessions, with this topic being led by the CEO. In 2023, three global onboarding sessions were held with a total of 83 participants. The Code of Conduct is also part of the agenda at the annual performance and development appraisals and is signed as part of the employment process.

When contracts are signed with new factories, the factory receives training in the Code of Conduct for Suppliers, which contains guidelines for anti-corruption. Compliance is then followed

up in factory audits. Anti-corruption is also part of the Responsible Business Alliance (RBA), and the Code of Conduct for Suppliers is aligned with this.

Our whistleblower function is available to employees and other stakeholders on the website and can be used to report any irregularities and misconduct. The service is provided by an external party, which means reports can be submitted anonymously. Complaints are managed by VP People & Culture and reported to Group management and the Board of Directors.

Calculation methods and follow up

VP People & Culture compiles any suspected corruption cases submitted via the whistleblower function. This is carried out continuously during the year but communicated annually when preparing the Annual and Sustainability Report.

Outcome

In 2023, there were no convictions or confirmed cases of corruption.

GRI content index

STATEMENT ON THE REPORT	NCAB Group has presented the information in this GRI content index for the period 1 January 2023 to 31 December 2023 in accordance with GRI Standards 2021.
USE OF GRI	GRI 1: Foundation 2021
APPLICABLE GRI SECTOR STANDARD(S)	Sector-specific disclosures are not available for the sector in which NCAB operates.

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GENERAL DISCLOSURES					
GRI 2: GENERAL DISCLOSURES 2021	2-1 Organisational details	Front page, pages 5, 23–24, 36, 43			
	2-2 Entities included in the organisation's sustainability reporting	Page 80			
	2-3 Reporting period, frequency and contact point	Page 80			
	2-4 Restatements of information	No restatements			
	2-5 External assurance	Not externally assured			
	2-6 Activities, value chain and other business relationships	Pages 4–5, 10–11, 85			
	2-7 Employees	Page 87			
	2-8 Workers who are not employees	Page 87			
	2-9 Governance structure and composition	Pages 28–32			
	2-10 Nomination and selection of the highest governance body	Page 29			
	2-11 Chair of the highest governance body	Page 33			
	2-12 Role of the highest governance body in overseeing the management of impacts	Pages 29, 80–81			
	2-13 Delegation of responsibility for managing impacts	Pages 80–81			
	2-14 Role of the highest governance body in sustainability reporting	Pages 80–81			
	2-15 Conflicts of interest	Pages 29, 31, 33, 38			
	2-16 Communication of critical concerns	Pages 14, 85, 89			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GENERAL DISCLOSURES					
GRI 2: GENERAL DISCLOSURES 2021	2-17 Collective knowledge of the highest governance body	Pages 14, 29, 80–81, 85, 89			
	2-18 Evaluation of the performance of the highest governance body	Pages 29, 31			
	2-19 Remuneration policies	Pages 29–30, 37–38			
	2-20 Process to determine remuneration	Pages 29–30, 37–38			
	2-21 Annual total compensation ratio		2-21		Not relevant as NCAB's operations are conducted in many different countries where salary levels significantly differ.
	2-22 Statement on sustainable development strategy	Pages 7, 20			
	2-23 Policy commitments	Pages 5, 32, 80–89			
	2-24 Embedding policy commitments	Pages 80–89			
	2-25 Processes to remediate negative impacts	Pages 80–89 and website			
	2-26 Mechanisms for seeking advice and raising concerns	Pages 14, 27, 81, 85, 88, 89 and website			
	2-27 Compliance with laws and regulations	Significant deviations in 2023			
	2-28 Membership associations	IPC, local trade organisations			
	2-29 Approach to stakeholder engagement	Page 80			
	2-30 Collective bargaining agreements	0 per cent			
MATERIAL TOPICS					
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Page 80			
	3-2 List of material topics	Page 80			
ANTI-CORRUPTION					
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Pages 27, 89			
GRI 205: ANTI-CORRUPTION 2016	205-2 Communication and training about anti-corruption policies and procedures	Page 89			
	205-3 Confirmed incidents of corruption and actions taken	Page 89			
ENERGY					
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Pages 81–83			
GRI 302: ENERGY 2016	302-1 Energy consumption within the organisation	Page 83			
	302-2 Energy consumption outside of the organisation	Page 83			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GENERAL DISCLOSURES					
EMISSIONS					
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Pages 81–83			
GRI 305: EMISSIONS 2016	305-1 Direct (Scope 1) GHG emissions	Page 84			
	305-2 Energy indirect (Scope 2) GHG emissions	Page 84			
	305-3 Other indirect (Scope 3) GHG emissions	Page 84			
	305-4 GHG emissions intensity	Page 84			
WASTE					
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Page 84			
GRI 306: WASTE 2020	306-1 Waste generation and significant waste-related impacts	Page 6			
	306-2 Management of significant waste-related impacts	Page 84			
	306-3 Waste generated	Page 84			
SUPPLIER ENVIRONMENTAL ASSESSMENT					
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Page 85			
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1 New suppliers that were screened using environmental criteria	Pages 85–86			
	308-2 Negative environmental impacts in the supply chain and actions taken	Pages 85–86 and website			
HEALTH & SAFETY					
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Page 87			
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 1)	Page 87 and website			
	403-9 Work-related injuries	Page 87			
TRAINING AND EDUCATION					
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Pages 14, 87–88			
GRI 404: TRAINING AND EDUCATION 2016	404-3 Percentage of employees receiving regular performance and career development reviews	Page 87			
DIVERSITY AND EQUAL OPPORTUNITY					
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Pages 14, 88			
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1 Diversity of governance bodies and employees	Pages 33, 34, 88			

1) NCAB has a responsibility to prevent and mitigate any negative impact on the work environment in the factories. Only GRI 403-7 is reported, given that NCAB does not have full control over the workplace in the factories, or the working methods used.

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GENERAL DISCLOSURES					
SUPPLIER SOCIAL ASSESSMENT					
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Page 85			
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	414-1 New suppliers that were screened using social criteria	Pages 85–86			
	414-2 Negative social impacts in the supply chain and actions taken	Pages 85–86 and website			
QUALITY (COMPANY-SPECIFIC INDICATOR)					
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Pages 11–12, 86			
COMPANY-SPECIFIC	Sustainable product development and quality assurance	Page 86			
CONFLICT MINERALS (COMPANY-SPECIFIC INDICATOR)					
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Page 89			
COMPANY-SPECIFIC	Work to avoid conflict minerals in the supply chain	Page 89			

Auditor's report on the statutory sustainability report

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 statutory sustainability report for the year 2023 on pages 6, 27 and 80-97 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 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and 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 opinion.

OPINION

A statutory sustainability report has been prepared.

Stockholm, 5 April 2024
Öhrlings PricewaterhouseCoopers AB

Johan Engstam
Authorised Public Accountant
Chief Auditor

EU TAXONOMY

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES.

FINANCIAL YEAR 2023	YEAR		SUBSTANTIAL CONTRIBUTION CRITERIA							DNSH CRITERIA (DOES NO SIGNIFICANT HARM)									
Economic activities (1)	Code (2)	Turnover (3)	Proportion of turnover, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		SEK million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
Of which enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	E	
Of which transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL								0%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		0	0%	-	-	-	-	-	-								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities*		4,088	100%																
TOTAL		4,088	100%																

*Page 40 – Consolidated income statement – Net sales

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES.

FINANCIAL YEAR 2023	YEAR			SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (DOES NO SIGNIFICANT HARM)						Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2022 (18)		Category enabling activity (19)	Category transitional activity (20)
Economic activities (1)	Code (2)	CapEx (3)	Proportion of turnover, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	%	E	T
		SEK million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
Of which enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	E	
Of which transitional		-	-	-						-	-	-	-	-	-	-	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	5.35	3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		5.35	3%	3%	-	-	-	-	-								1%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		5.35	3%	3%	-	-	-	-	-								1%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities*		161.65	97%																
TOTAL		167	100%																

*Note 18 – Property, plant and equipment – line Purchases, line Additions from acquisitions and reclassifications, line Additions, and Note 19 – Intangible assets – line Added

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES.

FINANCIAL YEAR 2023	YEAR			SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (DOES NO SIGNIFICANT HARM)									
Economic activities (1)	Code (2)	OpEx (3)	Proportion of turnover, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		SEK million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
Of which enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	E	
Of which transitional		-	-	-						-	-	-	-	-	-	-	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	-	-	-	-	-	-								0%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		0	0%	-	-	-	-	-	-								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities*		0.58	100%																
TOTAL		0.58	100%																

*Costs related to short-term leases – Note 34 Right-of-use assets

NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES


ROW	NUCLEAR ENERGY RELATED ACTIVITIES	YES/NO
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
ROW	FOSSIL GAS RELATED ACTIVITIES	YES/NO
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

SCOPE AND ALIGNMENT WITH EU TAXONOMY FOR ALL ENVIRONMENTAL OBJECTIVES

%	PROPORTION OF TURNOVER/TOTAL TURNOVER	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0	0
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

%	PROPORTION OF CAPEX/TOTAL CAPEX	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0	3
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

%	PROPORTION OF OPEX/TOTAL OPEX	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0	0
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0



Reliable PCBs

Because failure is not an option.

