

Financial performance in October-December

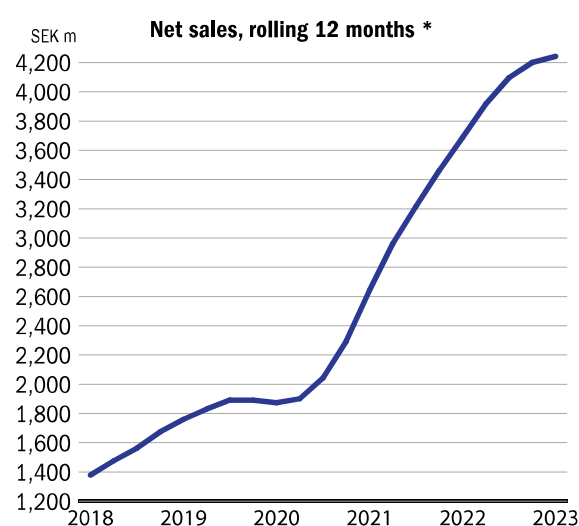
- Sales increased by 4% to SEK 1,080 (1,038) million. Adjusted for acquisitions and currency effects, organic growth was -1%. Underlying organic growth was 4% (adjusted for extraordinary sales in the fourth quarter of 2022).
- Operating profit was SEK 118 (129) million. Adjusted operating profit was SEK 92 (111) million, adjusted for revaluations of operating assets and liabilities in foreign currency, and adjusted for items affecting comparability; cancellation of a contingent consideration from an acquisition and extraordinary doubtful debt in the quarter, and for the reversal of a provision for doubtful debt in the corresponding period of the previous year.
- The operating margin amounted to 10.9% (12.3%). The adjusted operating margin was 8.5% (10.6%), adjusted for currency revaluations, and adjusted for items affecting comparability.
- Profit after financial items was SEK 110 (123) million.
- Profit after tax amounted to SEK 91 (99) million, corresponding to SEK 3.15 (3.44) per share.
- Adjusted for acquisition-related payments made in the period, operating cash flow after investments was SEK 154 (39) million. Total cash flow after investments, including acquisitions, amounted to SEK 108 (23) million, or SEK 3.73 (0.79) per share.

Financial performance in January-December

- Sales increased by 15% to SEK 4,243 (3,687) million. Adjusted for acquisitions and currency effects, organic growth was 6%. Underlying organic growth was 11% (adjusted for extraordinary sales in 2022).
- Operating profit was SEK 430 (345) million. Adjusted operating profit was SEK 400 (372) million, adjusted for revaluations of operating assets and liabilities in foreign currencies, and for items affecting comparability; cancellation of a contingent consideration from an acquisition and extraordinary doubtful debt in 2023, and for a provision for doubtful debt in 2022.
- The operating margin was 10.1% (9.3%). The adjusted operating margin amounted to 9.4% (10.1%), adjusted for currency revaluations and adjusted for items affecting comparability.
- Profit after financial items amounted to SEK 390 (311) million.
- Profit after tax was SEK 320 (254) million, corresponding to SEK 11.04 (8.79) per share.
- Adjusted for acquisition-related payments made in the period, operating cash flow after investments was SEK 289 (2) million. Total cash flow after investments, including acquisitions, amounted to SEK 98 (-31) million, or SEK 3.38 (-1.07) per share.

Dividend

- In order to ensure maximum financial freedom of action, the board intends to return regarding dividends, or share buybacks, for 2023 at the latest in connection with the notice to the annual general meeting for 2024.



* iPRO is included from September 2021, NOTE Herrljunga from July 2022, ATM Electronics from April 2023, and DVR from July 2023.



** Operating margin adjusted for non-recurring items, by SEK +7 m in Q3 2018, SEK -5 m in Q4 2021, SEK +30 m in Q3 2022, SEK -15 m in Q4 2022 and SEK -12 m in Q4 2023.

Events in January-December

- **NOTE announces new growth and profitability targets at its Capital Markets Day in Q4**

NOTE's new growth target is to achieve sales of SEK 7.5 billion by 2027. Primarily, this will be achieved through continued high organic growth supplemented by carefully selected acquisitions. The new profitability target is to achieve an operating margin of 10%, followed by progressive strengthening of our operating margin. Other financial targets for capital structure and dividend remain unchanged. NOTE's sustainability targets remain unchanged and imply that NOTE's operations in scope 1-2 of the Greenhouse Gas Protocol should be 100% CO2 neutral, and all NOTE's plants should be ISO 45000 Occupational Health & Safety certified.

- **Acquisition of UK enterprise DVR**

In early-July, NOTE reached an agreement to acquire all the shares of DVR Ltd. of the UK. The company's estimated sales for 2023 were GBP 12 million with an operating margin comparable to NOTE's. The company has a business model reminiscent of NOTE's, and has a strong customer portfolio, combined with a healthy inflow of new customer partnerships over recent years. The purchase consideration after deducting for existing debt was GBP 9 million. In addition, there was GBP 3 million in contingent consideration that was based on sales and profitability targets for 2024. It was also conditional on threshold sales and profitability levels being achieved in 2023. Because changed market conditions meant that these thresholds were not achieved in 2023, the full contingent consideration was reversed to profit or loss.

- **Closer partnership with global Medtech company**

In August, NOTE reported on an expanded partnership with one of its long-term customers, a sector leader involved in the development of sophisticated medtech products. Production will be located at NOTE's plant in Norrtälje Sweden. This closer partnership is expected to increase sales by SEK 50 million yearly from the first quarter 2024.

- **Acquisition of Bulgarian enterprise ATM Electronics**

In mid-April, NOTE acquired all the shares of ATM Electronics OOD of Bulgaria. Like NOTE, this company focuses on long-term customer relationships, high quality and good delivery precision. The company's sales, which consist of processing of materials (electronic components) owned by customers, is estimated at SEK 40 million for 2023, with an operating margin of 8%. The purchase consideration after deducting for existing liabilities was SEK 36 million.

- **Sharply expanded partnership with well-established European industrial customer**

In March, NOTE reported that the demand from a major industrial customer with high standards, who NOTE has been managing a successful partnership with for several years, made very strong progress. Consequently, NOTE is facing a sharp increase in its production and shipments in the existing partnership. NOTE's sales to this customer in 2022 were approximately SEK 50 million. The production rate has increased sharply, and for 2023, NOTE estimated sales to this customer of at least SEK 200 million.

- **Real estate acquisition for continued expansion in Sweden**

In January, NOTE agreed to purchase the plant and surrounding land where NOTE Torsby conducts operations from its then owner. NOTE Torsby previously leased the site. The plant size is just over 7,000 m², which was expanded as recently as 2021. The acquisition also included just over 54,000 m² of land, which eventually, will enable continued expansion of the operation in Torsby. The purchase consideration was SEK 42 million.

- **New Chairman**

NOTE's AGM in April elected Anna Belfrage as NOTE's new Chairman. Anna Belfrage has been a Board member of NOTE since 2019 and has broad financial and industrial experience with positions including CFO of ABS Group, Beijer Electronics Group and Södra Skogsägarna.

CEO's comments



Positive progress for the EMS sector

NOTE is one of the fastest-growing companies in the EMS sector and a stable EMS provider to customers with high standards. Over the last five years, NOTE has achieved organic growth (CAGR) of 20%, clearly outpacing the EMS sector generally.

The previous challenging shortage situation on the component market did limit EMS sector growth. The supply of materials improved in 2023, and the lead-times on most electronic components reduced. However, the more challenging business cycle had a restraining effect on growth. Going forward, market commentators expect continued growth in the European EMS sector averaging about 7% yearly until 2030.

Short-term deferrals of customer orders impacted growth in the quarter

At the beginning of 2023, we anticipated the second half-year being slower in terms of growth. Based on order status from customers, the third quarter was shaping up to be the weakest quarter, with the pace subsequently increasing. However fourth-quarter sales were below our estimates. Our broad customer base includes customers and projects that are progressing with exceptional robustness. The challenging cyclical phase is having a short-term impact on our customers' demand, primarily in the market for electrical vehicle chargers and products associated with the new build market, which has not been sufficiently offset by growth by our customers in other segments and sub-segments.

The market challenges our customers face meant that the short-term deferrals of projects and inventory adaptations we noted by some customers in the third quarter also had an impact on fourth-quarter sales. NOTE's sales in the fourth quarter were SEK 1,080 million, corresponding to a growth rate for the quarter of 4%, and for the full year, sales growth was 15%. Factoring in that at least 5% of sales in the previous year consisted of extraordinary cost increases on materials, underlying sales growth was higher.

Lower profitability linked to excess capacity at some plants

For the year, we achieved an underlying operating margin of 9.4%, and underlying operating margin for the quarter was 8.5%—our ambitions for operating margin are above these levels. The lower operating margins in the third and fourth quarters are the result of unusually severe delays to customer orders, which has affected capacity utilisation at our plants. This lower growth rate also resulted in excess capacity at several of our plants. Adaptations have been made, mainly to staff headcount, and at present we estimate they correspond to the sales rate we expect in early-2024.

In the fourth quarter, we were compelled to prepare for extraordinary doubtful debt of SEK 27 million. One of our customers has filed for bankruptcy, and another is facing liquidity challenges. We provisioned for this on the basis of our conservative valuation perspective.

The quarter was positively affected by the release of the contingent consideration connected to our recently acquired plant in the UK. The factory faced challenges with delayed projects from some of its customers, which meant that the contingent consideration's conditions were not achieved. A strong order book indicates a recovery of sales in 2024. In total SEK 39 million effected the profit.

The market challenges some of our customers face pressurised sales in the quarter, which were below our estimates. We anticipate a progressive demand increase in 2024.

Positive cash flow

We reported positive operating cash flow (after investments) both for the fourth quarter and for the full year. For the quarter, this was SEK 154 million, and a total of SEK 289 million for the full year. The previous challenging situation on the electronic components market challenged our cash flow for several quarters, so I'm pleased to see that we've now succeeded in reversing the inventory build-ups at our plants and are now delivering positive cash flow from our business. NOTE's financial position remains very favorable.

Acquisitions on growth markets

NOTE's target of achieving SEK 7.5 billion sales by 2027 at the latest will primarily be achieved through organic growth, backed by carefully selected acquisitions. In the year, we acquired both UK enterprise DVR and Bulgarian company ATM Electronics. The UK acquisition, which hasn't performed as we expected in the short term, has a lot of potential and makes us a bigger player on a market expected to outgrow our other markets over the coming years. Meanwhile, our Bulgarian takeover offers our customers another cost-efficient manufacturing option in Eastern Europe.

We see good potential in continuing to develop our businesses and growth journey with the customers, staff and managements of our newly acquired plants.

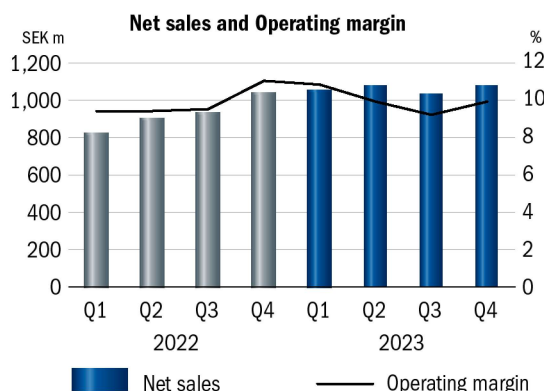
Cautious start to 2024 with progressive improvement through the year

The improved materials situation in 2023 with shorter lead times for materials leads to a lower order intake which reflects a return to the shorter time horizon for which customers need to place orders. That our order backlog (excluding acquisitions) is down by 25% is thus in line with what we have communicated for several quarters. For the first quarter, sales are expected to amount to SEK 1,050-1,100 million. The caution our customers exhibited in the third and fourth quarters is thus expected to persist in early-2024. We expect demand to progressively accelerate in the year, with continuous expansion of our margin. We are reiterating the guidance previously issued, which is for sales for the full year 2024 of SEK 4.5-4.8 billion with a margin of 10%.

Johannes Lind-Widestam

Comments on the Year-end Report

Sales



Operating margin in the above chart has been adjusted for non-recurring items, by SEK +30 m in Q3 2022, SEK -15 m in Q4 2022 and SEK -12 m in Q4 2023.

Group, October-December

The demand for NOTE's services was weaker than expected in the fourth quarter of the year. Sales amounted to SEK 1,080 (1,038) million, corresponding to growth of 4%. Growth sourced from the acquisitions of ATM Electronics and DVR in 2023 was 4%, and exchange rate fluctuations, mainly USD, EUR and GBP, were 1%. Accordingly, organic growth was -1%. Adjusted for at least 5% of sales in the previous year consisting of re-invoicing of extraordinary cost increases on electronic components related to the market shortage, underlying organic growth was 4%.

Group, January-December

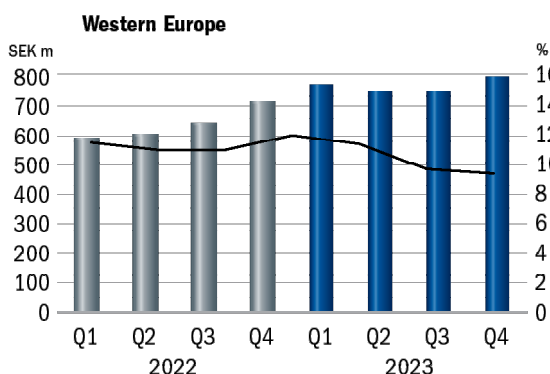
Sales in the year were up by 15% to SEK 4,243 (3,687) million. Adjusted for extra sales from acquisitions and changed exchange rates, organic growth was 6%. Underlying organic growth amounted to at least 11%, adjusted for at least 5% of the previous year's sales consisting of re-invoicing of extraordinary cost increases on materials.

The sales increase consisted of new business with established customers, and the progressive impact of increased sales to a large base of new business customers. Most of NOTE's new business customers are companies across Europe and Asia. Several of these customer assignments, which usually start with industrialisation services (service sales, prototyping and pilot series), have now transitioned to serial production and increased volumes.

NOTE's 15 largest customers in sales terms made up 48% (49%) of sales in the year. No single customer (group) represented more than about 5% (6%) of total sales.

Successful new sales to new and established customers, and healthy demand from NOTE's customer segments contributed to continued high aggregate sales, mainly in the first half-year. During the market shortage on electronic components, NOTE actively encouraged customers to place fixed orders over longer periods than usual to ensure the availability of components and production materials. The improved situation for materials in 2023, with shorter lead-times, is causing lower order intake, reflecting a return to the shorter time horizons that customers need to place orders. The decline in the order book (excluding acquisitions) of 25% reflects this development

Operating segment



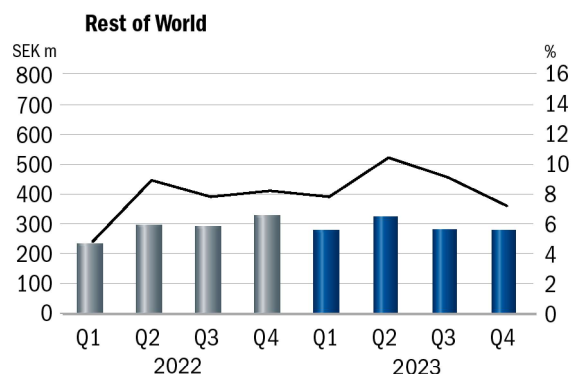
Operating margin in the above chart has been adjusted for non-recurring items.

Western Europe

NOTE's Western Europe operating segment consists of units located in geographical regions with high industrial activity and innovation standards in Sweden, Finland and the UK.

Demand from the Western Europe segment remained high, and growth for the year adjusted for acquisitions was 12%.

Growth in Sweden, NOTE's largest market, continued its



Operating margin in the above chart has been adjusted for non-recurring items.

robust progress, and growth in the year excluding acquisitions was 14%.

A demand slowdown was apparent on the UK market as early as late-2022 linked to electric vehicle charging products. This market slowdown continued in 2023 and meant that growth from NOTE's UK plants was 3%, adjusted for acquisitions.

Rest of World

The Rest of World operating segment consists of our units in Estonia, China and Bulgaria. They are located close to major final markets and regions with strong production traditions and high skills levels.

Sales from the Rest of World segment dropped by -1% (adjusted for acquisitions) for the year.

Sales in China made stable progress. 0% growth for the year is due to the internal relocation of what was the Chinese plant's largest customer last year to NOTE's European plants.

Sales from the Estonian plant, mainly to customers in northern Europe, reduced by -1% for the year, largely an effect of the re-invoicing of extraordinary cost increases on electronic

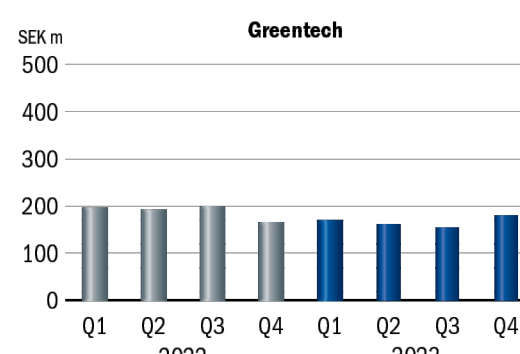
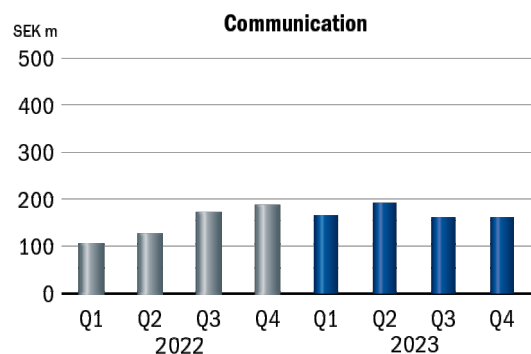
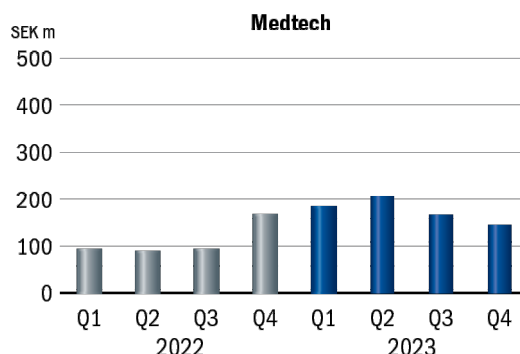
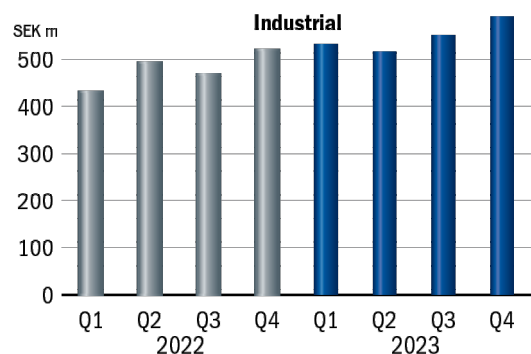
components related to the market shortage in 2022.

Sales from NOTE's plant in Bulgaria were at the expected level. Sales from this plant consist of enhancements of electronic components that customers still own. The project expanding customer offerings alongside NOTE's customers to also include complete PCBs and box builds is in its final phase.

Intra-group

Intra-group consists of business support functions in the parent company and the sourcing operations of NOTE Components. Group eliminations are also included.

Customer segments



NOTE divides its sales into four customer segments: Industrial, Communication, Medtech and Greentech.

Industrial

The manufacture of products in segments like automation, control, infrastructure, energy and construction technology.

NOTE's largest customer segment achieved 15% growth for the year. Extra sales from acquisitions were a significant portion of the increase.

Communication

One of NOTE's core segments since its foundation. Manufacture consists of network products, antennae and IoT devices.

The Communication customer segment has been impacted by materials shortages for some time. In late-2022, several projects ramped up, and this continued in 2023. Communica-

tion reported growth of 16% in the year, with about one-fifth of this increase sourced from sales from acquired units, and the remainder from established customer relationships and new business accounts.

Medtech

Medical technology products in diagnostics, treatment and X-ray are the foundation of this segment.

Sales in Medtech achieved strong growth in late-2022, partly driven by extra sales from the July 2022 acquisition of NOTE Herrljunga. The robust growth continued in 2023, at 60%. About one-fifth of this growth was sales from acquired units. The ramp-up of customer projects and upscaled customer orders also had a positive impact.

Greentech

The Greentech segment consists of customers active in the green technology transition.

Greentech achieved high growth rates until the first half-year 2022. Growth then slowed in the second half-year 2022, mainly due to the market for electric vehicle charging products. This lower growth rate then persisted in 2023, and overall growth for the segment was negative.

Results of operations

Group, October-December

Gross profit for the period was SEK 105 (157) million, with a gross margin of 9.7% (15.1%). Adjusted for provisions for doubtful debt this year of SEK +27 million and the reversal of provisions for doubtful debt in the previous year of SEK -15 million, adjusted gross profit was SEK 132 (142) million. The adjusted gross margin was 12.2% (13.7%).

Sales and administration overheads for the period increased by 25% to SEK 40 (31) million, essentially because of the extra expenses from ATM Electronics and DVR, acquired in April and July 2023 respectively. As a share of sales, overheads increased by 3.6% (3.0%).

Other operating income/expenses, which usually consist mainly of revaluations of operating assets and liabilities in foreign currencies, were SEK 53 (3) million. The quarterly figure also includes a SEK 39 million reversal of a contingent consideration for an acquisition.

Operating profit amounted to SEK 118 (129) million, with an operating margin of 10.9% (12.3%). Adjusting for this year's provisions for extraordinary doubtful debt of SEK +27 million and the reversal of a contingent consideration for an acquisition of SEK -39 million, and adjusted for the reversal of a provision for doubtful debt in the corresponding period of the previous year of SEK -15 million, adjusted operating profit was SEK 106 (114) million. The adjusted operating margin was 9.8% (10.9%). Also adjusted for revaluations of operating assets and liabilities in foreign currencies, the underlying operating margin was 8.5% (10.6%).

An increased need for financing, mainly for working capital, plus higher interest rate levels, contributed to financial expenses increasing to SEK -11 (-8) million net. Revaluations of financial assets and liabilities in foreign currencies, such as factoring liabilities in foreign currencies, amounted to SEK 3 (2) million. In total, net financial items for the period were SEK -8 (-6) million.

Profit after financial items was SEK 110 (123) million.

Profit after tax was SEK 91 (99) million, or SEK 3.15 (3.44) per share. The tax expense for the period was equivalent to 17% (19%) of profit before tax.

Group, January-December

Gross profit amounted to SEK 514 (473) million, with a gross margin of 12.1% (12.8%). Adjusted for provisions for doubtful debt this year of SEK +27 million and provisions for doubtful debt in the previous year of SEK +15 million, the adjusted gross profit was SEK 541 (488) million with an adjusted gross margin of 12.7% (13.2%).

Sales and administration overheads for the period rose by

22% to SEK 141 (116) million, essentially due to additional costs from NOTE Herrljunga, which was acquired in July 2022, as well as ATM Electronics and DVR, which were acquired in April and July 2023 respectively. As a share of sales, these overheads were 3.3% (3.1%).

Other operating income/expenses, which usually consist of revaluations of operating assets and liabilities in foreign currencies, were SEK 57 (-12) million. The full-year figure also includes the reversal of a contingent consideration for an acquisition of SEK 39 million.

Operating profit in the period amounted to SEK 430 (345) million with an operating margin of 10.1% (9.3%). Adjusted for the year's provisions for extraordinary doubtful debt SEK +27 million and the reversal of a contingent consideration for an acquisition SEK -39 million, as well as adjusted for the doubtful debt in the previous year of SEK +15 million, adjusted operating profit was SEK 418 (360) million, and the adjusted operating margin was 9.8% (9.8%). Also adjusted for revaluations of operating assets and liabilities in foreign currency, the underlying operating margin was 9.4% (10.1%).

An increased need for financing, mainly for working capital, plus higher interest rate levels, contributed to financial expenses increasing to SEK -41 (-21) million net. Revaluations of financial assets and liabilities in foreign currencies, such as invoice factoring liabilities in foreign currencies, were SEK 1 (-13) million. In total, net financial items for the period were SEK -40 (-34) million.

Profit after financial items was SEK 390 (311) million, corresponding to a profit margin of 9.2% (8.4%).

Profit after tax amounted to SEK 320 (254) million, or SEK 11.04 (8.79) per share. The tax expense for the period is equivalent to 18% (18%) of profit before tax.

Cash flow

One of NOTE's key missions is to maintain good and cost-efficient supply of materials to customers. The shortage on the electronic components market, especially the supply of semiconductors, has been a major limiting factor on the industry in recent years, and to ease disruptions and delays to the shipments of components it receives, NOTE deliberately upscaled its inventory. Although the shortage improved significantly in the year, it will take some time before inventory returns to more normal levels. Short-term deferrals of some customer projects, which had a negative impact on sales in the quarter, also had an effect on inventory build-up. To finance a portion of this inventory build-up, NOTE has been working actively on letting its customers part-finance inventory through consignment stock and advance payments for inventory.

Capital tied-up in inventory was 3% higher than the corresponding point of the previous year. However, adjusted for acquisitions, capital tied-up in inventory did reduce at year-end compared to the corresponding point of the previous year.

NOTE is making continuous efforts to monitor credit risks and limit the number of outstanding customer credit days. Accounts receivable—trade were at the same level as at the corresponding point of the previous year, and the number of outstanding customer credit days was essentially in line with the previous year's level.

Accounts payable—trade mainly consist of purchases of electronic components and other production materials. NOTE is working actively on a partner model on the supplier side, which has implications including sourcing being concentrated on fewer, quality-assured suppliers wherever possible. This working method simultaneously helps rationalise the utilisation of working capital. Accounts payable—trade decreased in the period and were 12% below the corresponding point of the previous year.

Reduced capital tied up in inventories and continued positive profit performance generated a positive operating cash flow for the year. Adjusted for acquisition-related payments for subsidiaries and the real estate purchase in Torsby, Sweden, fourth-quarter operating cash flow after investments was SEK 154 (39) million. Adjusted in the same way, cash flow after investments for the year was SEK 289 (2) million. Total cash flow after investments including acquisitions for the fourth quarter was SEK 108 (23) million, or SEK 3.73 (0.79) per share. Total cash flow after investments including acquisitions for the full year was SEK 98 (-31) million.

Liquidity and net debt

NOTE puts a sharp focus on measures that further improve the group's liquidity and cash flow.

The group's reported available cash and cash equivalents, including unused credit facilities, amounted to SEK 320 (244) million at the end of the period. Disregarding estimated financial liabilities on the additional right-of-use assets for leased properties under IFRS 16 (Leases), net debt at the end of the period was SEK 421 (372) million.

Equity to assets ratio

NOTE has a strong financial position. According to NOTE's financial targets, its minimum equity to assets ratio should be 30%. At year-end, the equity to assets ratio was 43.3% (39.7%).

Investments

Expenditure on property, plant and equipment for the year, excluding right-of-use assets for leased properties (IFRS 16 Leases), was SEK 179 (76) million in the first quarter, corresponding to 4.2% (2.1%) of sales. This expenditure mainly consisted of projects to increase capacity, efficiency and quality. The full-year figure also included the investment in the property in Torsby, Sweden that NOTE became the legal owner of during the fourth quarter. The purchase consideration for this property was SEK 42 million.

Planned depreciation on property, plant and equipment, excluding right-of-use assets for leased properties (IFRS 16 Leases), increased to SEK 60 (45) million.

Parent company

The parent company, NOTE AB (publ), is primarily focused on management, co-ordination and development of the group. Revenue was SEK 61 (38) million in the year, mainly from intra-group services. SEK 103 (86) million of group contributions were received in the year. Profit before tax amounted to SEK 92 (78) million in the same period.

Other information

Notes on the consolidated financial statements

In July 2023, NOTE acquired all the shares of electronics manufacturer DVR Ltd. DVR's estimated sales for the full year 2023 were GBP 12 million, with an operating margin comparable to NOTE's. The company had around 95 employees at the acquisition date. This acquisition increases NOTE's manufacturing capacity in the UK. The total purchase consideration is SEK 156 million, including an initial purchase consideration, a deferred purchase consideration and a contingent consideration based on sales and profitability targets for 2024. The contingent consideration was also conditional on threshold sales and profitability levels being achieved in 2023. The initial purchase consideration was a total of SEK 100 million. The full contingent consideration of SEK 39 million was reversed to profit or loss in the fourth quarter of 2023 because changed market conditions meant that the conditional threshold levels for 2023 were not achieved. The deferred purchase consideration will be paid in 2024.

Information on the purchase consideration, acquired net assets and goodwill are stated in the following table:

Assets and liabilities taken over at acquisition	2023
Total purchase consideration	156
Intangible assets—customer relationships	25
Fixed assets	23
Right of use assets—rented properties	27
Inventories	47
Accounts receivable—trade and other current receivables	27
Cash and cash equivalents	5
Long-term interest-bearing liabilities	-6
Long-term liabilities, right of use assets—rented properties	-24
Short-term interest-bearing liabilities	-9
Short-term liabilities, right of use assets—rented properties	-3
Deferred tax liability	-4
Accounts payable—trade and other current operating liabilities	-34
Acquired identifiable net assets	74
Goodwill	82
Total acquired net assets	156
Cash flow attributable to the period's acquisitions	
Purchase consideration paid	100
Cash held by acquired entity	-5
Net outflow, cash and cash equivalents	95

In April 2023, NOTE acquired all the shares of electronics manufacturer ATM Electronics OOD. ATM Electronics' estimated sales for the full year 2023 were SEK 40 million, with an operating margin of 8%. The company had around 80 employees at the acquisition date. This acquisition increases NOTE's manufacturing capacity in Eastern Europe. The total purchase consideration was SEK 36 million, of which SEK 32 million was paid on completion in April.

Information on the purchase consideration, acquired net assets and goodwill are stated in the following table:

Assets and liabilities taken over at acquisition	2023
Total purchase consideration	36
Intangible assets—customer relationships	7
Fixed assets	4
Right of use assets—rented properties	12
Inventories	12
Accounts receivable—trade and other current receivables	6
Cash and cash equivalents	1
Long-term interest-bearing liabilities	-4
Long-term liabilities, right of use assets—rented properties	-10
Short-term interest-bearing liabilities	0
Short-term liabilities, right of use assets—rented properties	-2
Deferred tax liability	0
Accounts payable—trade and other current operating liabilities	-7
Acquired identifiable net assets	19
Goodwill	17
Total acquired net assets	36
Cash flow attributable to the period's acquisitions	
Purchase consideration paid	32
Cash held by acquired entity	-1
Net outflow, cash and cash equivalents	31

Existing customer relationships with a total value of SEK 25 million and goodwill with a value of SEK 82 million were identified in tandem with the acquisition of DVR. Existing customer relationships with a total value of SEK 7 million and goodwill with a value of SEK 17 million were identified in tandem with the acquisition of ATM Electronics. The goodwill arising in these acquisitions mainly relates to the companies' skills and processes in PCBA manufacture and box build and expected co-ordination gains with NOTE's other business.

External transaction expenses for the acquisition of DVR were approximately SEK 2 million, and for the acquisition of ATM Electronics, some SEK 1 million, with these expenses mainly related to costs for local legal and other advisory services. These expenses are recognised on the administrative expenses line in the Consolidated Income Statement and are included in operating activities in the Cash Flow Statement.

Transactions with related parties

No transactions with related parties were executed in the year.

Annual General Meeting

Board members Anna Belfrage, Bahare Mackinovski, Charlotte Stjerngren and Johan Hagberg were re-elected at the Annual General Meeting in April. Anna Belfrage was elected as Chairman of the Board. Claes Mellgren declined re-election. The Meeting approved the Board's proposal for no dividend to be payable for the financial year 2022.

Financial definitions

Average number of employees Average number of employees calculated on the basis of hours worked.

Cash flow per share Cash flow after investments divided by the number of outstanding shares at end of the period.

Equity per share Equity divided by the number of outstanding shares at end of the period.

Equity to assets ratio Equity as a percentage of total assets.

Gross profit margin Gross profit as a percentage of net sales.

Net debt Interest-bearing liabilities and provisions less cash and cash equivalents.

Net sales per employee Net sales divided by the average number of full-time employees.

Operating capital Total assets less cash and cash equivalents, non-interest bearing liabilities and provisions.

Operating margin Operating profit as a percentage of net sales.

Order backlog A combination of fixed orders and customer forecasts.

Profit margin Profit after financial items as a percentage of net sales.

Return on equity Net profit as a percentage of the average equity for the most recent twelve-month period.

Return on operating capital Operating profit as a percentage of the average operating capital for the most recent twelve-month period.

Significant operational risks

NOTE is one of northern Europe's leading EMS partners. It has especially strong market positioning in the high mix market segment, i.e. for products that require high technology competence and flexibility. NOTE produces PCBAs, subassemblies and box build products. The customer offering covers the complete product lifecycle, from design to after-sales.

For a more detailed review of the group's operational and financial risks, refer to NOTE's Annual Report for 2022, specifically to the Report of the Directors on page 49, as well as note 24, Financial risks and finance policy, on page 69–70.

NOTE's operations set relatively high standards on working capital financing. Accordingly, it puts a sharp focus on managing its liquidity risk.

Accounting and valuation principles

NOTE observes International Financial Reporting Standards (IFRS) as endorsed by the EU. Significant accounting and valuation principles are stated on pages 58–60 of the Annual Report for 2022. The group's Interim Report has been prepared in accordance with the Swedish Annual Accounts Act and IAS 34, Interim Financial Reporting. The parent company observes RFR 2.

All amounts are in SEK million unless otherwise stated.

Discrepancies between reports

Swedish and English-language versions of this Report have been produced. In the event of any discrepancy between the two, the Swedish version shall apply.

Audit review

As in previous years, the Year-end Report has not been subject to review by the company's auditor.

The Board of Directors, NOTE AB (publ)

Stockholm, Sweden, 28 January 2024

Consolidated summary

Quarterly summary

SEK million	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Net sales	1,080	1,034	1,078	1,051	1,038	930	898	821
Gross margin	9.7%	12.6%	13.0%	13.2%	15.1%	9.6%	13.5%	12.8%
Operating margin	10.9%	9.1%	9.8%	10.7%	12.3%	6.2%	9.3%	9.3%
Profit margin	10.2%	7.7%	8.9%	9.9%	11.8%	5.1%	8.0%	8.4%
Cash flow after investing activities	108	-57	-2	49	23	-59	-4	9
Cash flow per share, SEK	3.73	-1.97	-0.07	1.69	0.79	-2.04	-0.14	0.31
Equity per share, SEK	48.2	46.3	44.8	41.1	37.9	34.5	32.8	30.2
Equity to assets ratio	43.3%	39.1%	41.8%	40.0%	39.7%	36.8%	37.9%	38.3%
Average number of employees	1,545	1,587	1,487	1,401	1,407	1,393	1,346	1,319
Net sales per employee, SEK 000	669	652	725	750	738	668	667	622

Six-year summary

SEK million	2023	2022	2021	2020	2019	2018
Net sales	4,243	3,687	2,643	1,874	1,760	1,379
Gross margin	12.1%	12.8%	13.4%	12.0%	11.7%	12.5%
Operating margin	10.1%	9.3%	9.5%	8.0%	7.1%	6.1%
Profit margin	9.2%	8.4%	9.0%	7.6%	6.6%	5.7%
Cash flow after investing activities	98	-31	-142	172	75	-76
Cash flow per share, SEK	3.38	-1.07	-4.97	6.06	2.69	-2.63
Equity per share, SEK	48.2	37.9	28.0	20.0	16.7	13.3
Return on operating capital	24.3%	25.3%	27.6%	22.7%	20.7%	17.8%
Return on equity	25.7%	26.8%	28.4%	22.5%	21.7%	17.1%
Equity to assets ratio	43.3%	39.7%	37.0%	49.8%	40.5%	39.0%
Average number of employees	1,504	1,366	1,218	1,101	1,070	980
Net sales per employee, SEK 000	2,821	2,699	2,170	1,702	1,645	1,407

Consolidated Financial Reports

Income Statement

SEK million	2023 Q4	2022 Q4	2023 Full year	2022 Full year
Net sales	1,080	1,038	4,243	3,687
Cost of goods and services sold	-975	-881	-3,729	-3,214
Gross profit	105	157	514	473
Selling expenses	-21	-19	-75	-69
Administrative expenses	-19	-12	-66	-47
Other operating income/expenses	53	3	57	-12
Operating profit	118	129	430	345
Net financial income/expenses	-8	-6	-40	-34
Profit after financial items	110	123	390	311
Income tax	-19	-24	-70	-57
Profit after tax	91	99	320	254

Other Comprehensive Income

SEK million	2023 Q4	2022 Q4	2023 Full year	2022 Full year
Profit after tax	91	99	320	254
Other comprehensive income				
Items that can be subsequently reversed in the income statement:				
Exchange rate differences	-36	-2	-21	34
Cash flow hedges	0	0	0	0
Tax on hedges and exchange rate difference	0	0	-1	-2
Total other comprehensive income after tax	-36	-2	-22	32
Comprehensive income after tax	55	97	298	286

Earnings per Share

	2023 Q4	2022 Q4	2023 Full year	2022 Full year
Number of shares at end of period (000)	28,984	28,984	28,984	28,984
Weighted average number of shares (000)*	28,984	28,984	28,984	28,911
Weighted average number of shares (000)**	28,984	28,984	28,984	28,972
Earnings per share, SEK*	3.15	3.44	11.04	8.79
Earnings per share, SEK**	3.15	3.44	11.04	8.78

* Before dilution

** After dilution

Balance Sheet

SEK million	2023 31 Dec	2022 31 Dec
Assets		
Goodwill	259	166
Intangible assets—customer relationships	44	27
Other intangible assets	9	7
Right of use assets—rented properties	158	90
Property, plant and equipment	353	209
Deferred tax assets	14	8
Other financial assets	2	2
Total non-current assets	839	509
Inventories	1,290	1,254
Accounts receivable—trade	876	872
Other current receivables	46	43
Cash and bank balances	170	88
Total current asset	2,382	2,257
TOTAL ASSETS	3,221	2,766
Equity and liabilities		
Equity	1,396	1,098
Liabilities		
Long-term interest-bearing liabilities	142	84
Long-term liabilities, right of use asset—rented properties	135	69
Deferred tax liabilities	64	41
Total non-current liabilities	341	194
Current interest-bearing liabilities	449	377
Short-term liabilities, right of use asset—rented properties	28	23
Advance payment from customers	188	184
Accounts payable—trade	603	686
Other current liabilities	215	203
Other short term provisions	1	1
Total current liabilities	1,484	1,474
TOTAL EQUITY AND LIABILITIES	3,221	2,766

Change in Equity

SEK million	2023 Q4	2022 Q4	2023 Full year	2022 Full year
Opening equity	1,341	1,001	1,098	800
Comprehensive income after tax	55	97	298	286
New share issue	-	-	-	12
Closing equity	1,396	1,098	1,396	1,098

Cash Flow Statement

SEK million	2023 Q4	2022 Q4	2023 Full year	2022 Full year
Operating activities				
Profit after financial items	110	123	390	311
Reversed depreciation and amortisation	31	22	112	83
Other non-cash items	-20	-12	-25	20
Tax paid	-9	3	-73	-55
Change in working capital	54	-74	-62	-309
Cash flow from operating activities	166	62	342	50
Cash flow from investing activities	-58	-39	-244	-81
Cash flow from financing activities	-107	-16	-12	15
Change in cash and cash equivalents	1	7	86	-16
Cash and cash equivalents				
At beginning of period	176	80	88	99
Cash flow after investing activities	108	23	98	-31
Cash flow from financing activities	-107	-16	-12	15
Exchange rate difference in cash and cash equivalents	-7	1	-4	5
Cash and cash equivalents at end of period	170	88	170	88
Un-utilised credits	150	156	150	156
Available cash and cash equivalents	320	244	320	244

Operating Segments

SEK million	2023 Q4	2022 Q4	2023 Full year	2022 Full year
WESTERN EUROPE				
External net sales	802	712	3,084	2,548
Internal net sales	3	8	24	11
Operating profit	53	101	291	274
Operating margin	6.7%	14.0%	9.3%	10.7%
Inventories	985	928	985	928
External accounts receivable—trade	669	626	669	626
Average number of employees	955	813	908	782
REST OF WORLD				
External net sales	278	326	1,159	1,139
Internal net sales	12	15	42	55
Operating profit	15	28	91	91
Operating margin	5.2%	8.2%	7.6%	7.6%
Inventories	305	326	305	326
External accounts receivable—trade	206	244	206	244
Average number of employees	573	579	580	569
INTRA-GROUP				
Internal net sales	-15	-23	-66	-66
Operating profit	50	0	48	-20
External accounts receivable—trade	1	2	1	2
Average number of employees	17	15	16	15

Sales per Customer Segment

SEK million	2023 Q4	2022 Q4	2023 Full year	2022 Full year
WESTERN EUROPE				
Industrial	440	338	1,561	1,248
Communication	75	70	290	232
Medtech	120	159	618	411
Greentech	167	145	615	657
Total external sales	802	712	3,084	2,548
REST OF WORLD				
Industrial	152	184	633	668
Communication	87	116	392	354
Medtech	26	8	84	28
Greentech	13	18	50	89
Total external sales	278	326	1,159	1,139
TOTAL				
Industrial	592	522	2,194	1,916
Communication	162	186	682	586
Medtech	146	167	702	439
Greentech	180	163	665	746
Total external sales	1,080	1,038	4,243	3,687

Parent Company Financial Reports

Income Statement

SEK million	2023 Q4	2022 Q4	2023 Full year	2022 Full year
Net sales	32	9	61	38
Cost of services sold	-7	-4	-19	-15
Gross profit	25	5	42	23
Selling expenses	-6	-5	-15	-16
Administrative expenses	-2	-4	-14	-12
Other operating income/expenses	-16	0	-6	9
Operating profit	1	-4	7	4
Net financial income/expenses	3	3	12	14
Profit after financial items	4	-1	19	18
Appropriations	73	60	73	60
Profit before tax	77	59	92	78
Income tax	-16	-12	-19	-16
Profit after tax	61	47	73	62

Other Comprehensive Income

SEK million	2023 Q4	2022 Q4	2023 Full year	2022 Full year
Profit after tax	61	47	73	62
Other comprehensive income				
Items that can be subsequently reversed in the income statement:	-	-	-	-
Total other comprehensive income	-	-	-	-
Comprehensive income after tax	61	47	73	62

Balance Sheet

SEK million	2023 31 Dec	2022 31 Dec
Assets		
Intangible assets	1	2
Property, plant and equipment	0	0
Long-term receivables from group companies	338	251
Financial non-current assets	278	241
Total non-current assets	617	494
Receivables from group companies	71	55
Other current receivables	6	5
Cash and bank balances	1	1
Total current assets	78	61
TOTAL ASSETS	695	555
Equity and liabilities		
Equity	412	339
Untaxed reserves	66	36
Liabilities		
Liabilities to financial institutions	66	81
Liabilities to group companies	126	83
Other current liabilities and provisions	25	16
Total current liabilities	217	180
TOTAL EQUITY AND LIABILITIES	695	555

Change in Equity

SEK million	2023 Q4	2022 Q4	2023 Full year	2022 Full year
Opening equity	351	292	339	265
Comprehensive income after tax	61	47	73	62
New share issue	-	-	-	12
Closing equity	412	339	412	339

This is NOTE

NOTE produces PCBAs, subassemblies and box build products. NOTE is a competitive EMS provider and stable business partner to customers with high standards. NOTE's products are embedded in complex systems for electronic control, surveillance and security, for example.

NOTE's business model builds on delivering high end manufacture, custom logistics solutions and consulting for the best possible total cost through long-term customer relationships and partnerships. Its customer offering covers complete product lifecycles, from design to after-sales. Primarily, its customer base consists of large corporations operating on the global market, and enterprises whose main sales are in northern Europe.

NOTE has a presence in Sweden, Finland, the UK, Estonia, Bulgaria and China. Sales over the last 12 months were SEK 4,243 million, and the group has approximately 1,500 employees. NOTE is listed on Nasdaq Stockholm.

Financial information

NOTE AB (publ)
Corporate ID no. 556408-8770

Calendar

Interim Report Q1	18 April 2024
Interim Report Q2	15 July 2024

Annual General Meeting

The AGM will be held at Citylife, Sveavägen 63, Stockholm, Sweden at 2 p.m. on 18 April 2024.

Ordering Financial Information

Financial and other relevant information can be obtained from NOTE on request. Out of consideration for the environment, an electronic subscription service is readily available from NOTE's website.

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