

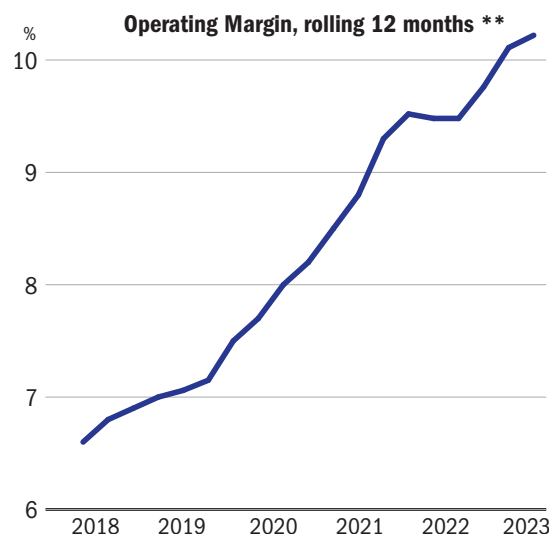
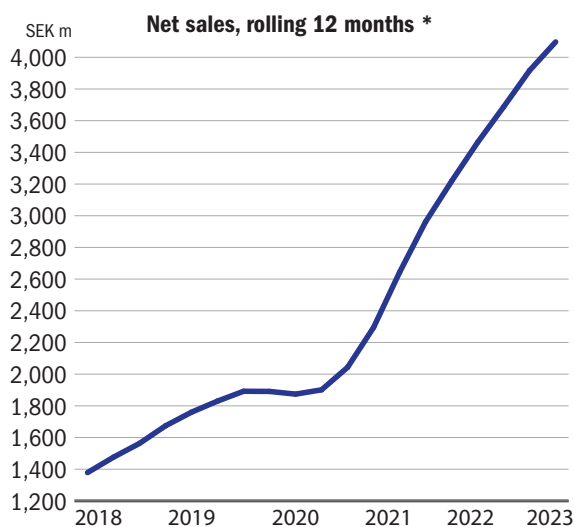
# Second-quarter Interim Report 2023

## Financial performance in April-June

- Sales increased by 20% to SEK 1,078 (898) million. Adjusted for acquisitions and currency effects, organic growth was 7%. Underlying organic growth was 12% (adjusted for extraordinary sales in the second quarter of 2022).
- Operating profit increased by 27% to SEK 106 (83) million.
- The operating margin widened by 0.5 percentage points to 9.8% (9.3%).
- Profit after financial items was up by 35% to SEK 96 (72) million.
- Profit after tax rose by 35% to SEK 79 (59) million, corresponding to SEK 2.73 (2.02) per share.
- Cash flow after investments amounted to SEK -2 (-4) million, or SEK -0.07 (-0.14) per share. Adjusted for acquisition-related payments in the period, operating cash flow after investments was SEK 28 (-4) million.

## Financial performance in January-June

- Sales increased by 24% to SEK 2,129 (1,719) million. Adjusted for acquisitions and currency effects, organic growth was 10%. Underlying organic growth was 15% (adjusted for extraordinary sales in the first half-year 2022).
- Operating profit increased by 37% to SEK 218 (159) million.
- The operating margin widened by 0.9 percentage points to 10.2% (9.3%).
- Profit after financial items was up by 42% to SEK 200 (141) million.
- Profit after tax rose by 43% to SEK 164 (115) million, corresponding to SEK 5.65 (3.98) per share.
- Cash flow after investments amounted to SEK 47 (5) million, or SEK 1.62 (0.17) per share. Adjusted for acquisition-related payments in the period, operating cash flow after investments was SEK 100 (5) million.



\* The subsidiary iPRO is included from June 2021 onwards, the subsidiary NOTE Herrljunga is included from July 2022 onwards and the subsidiary ÅTM Electronics is included from April 2023 onwards.

\*\* 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 and SEK -15 m in Q4 2022.

### Events in January-June

- **Acquisition of Bulgarian enterprise ATM Electronics OOD**

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 is 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 faces a sharp increase in its production and shipments within the existing partnership. Last year, NOTE's sales in this partnership were approximately SEK 50 million. The production rate has increased sharply, and this year, NOTE estimate 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 current owner. NOTE Torsby currently leases the site. The plant size is just over 7,000 m<sup>2</sup>, which was expanded as recently as 2021. The acquisition also includes just over 54,000 m<sup>2</sup> of land, which eventually, will enable continued expansion of the operation in Torsby. The purchase consideration is SEK 41.5 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 previous positions including CFO of ABS Group, Beijer Electronics Group and Södra Skogsägarna.

### Events after the end of the period

- **Acquisition of UK enterprise DVR Ltd.**

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 are 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 is an initial GBP 9 million. Based on the company's performance, a maximum contingent consideration of GBP 3 million may be paid.

# 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 three years, NOTE has achieved organic growth (CAGR) of 20%. This clearly outpaces the EMS sector generally.

However, the challenging shortage situation on the component market has limited the growth of NOTE, and the EMS sector. A number of critical components are still subject to major supply disruptions, although there are clear indications that the lead-time for most electronic components is reducing. Market commentators expect continued growth in the European EMS sector averaging about 7% until 2030.

## Demand remaining high

NOTE's sales in the second quarter performed strongly. Despite us encountering progressively stronger comparative figures, in the second quarter we achieved growth of 20%, and sales of SEK 1,078 million were our highest to date for a single quarter. Sales growth for the first half-year was 24%.

Despite a more challenging cyclical phase, we're still experiencing high demand on the market. We're seeing a demand downturn for some customers, mainly related to inventory adjustments for those active in the construction sector in our Industrial segment, and the continued challenges facing some customers focused on electric vehicle charging products. This has been offset by our broad customer portfolio, with brisk growth for other customers and customer projects.

## Focusing on profitable growth

NOTE's business is continuing to perform positively, and profitability is consistent with the target we set for our business to achieve by 2025. For the quarter, we achieved an operating margin (incl. currency translation losses) of 9.8%. The corresponding number for the first half-year was 10.2%. Continued growth and rationalisation on our cost side have laid a base for the strong profitability performance we've achieved for some time. We have a business model that's working well, founded on long-term customer relationships, and do not hesitate to keep investing in our state-of-the-art plants to increase growth, automation levels and efficiency. This benefits us and our customers.

## Positive operating cash flow

NOTE's high growth and the challenging situation on the market for electronic components has meant that NOTE's capital tied-up in inventory has increased. With this situation, we decided early to upscale our purchasing resources and inventories to ensure the best delivery capability possible for our customers. Naturally, the combination of this inventory increase and high growth has put our cash flow under pressure for some time. That's why I'm so pleased that in the second quarter and first half-year, we reported positive operating cash flow (after investments). For Q2, cash flow (after investments) and adjusted for acquisition-related pay-outs, was SEK 28 million. For the first half-year, the corresponding number was SEK 100 million. NOTE's financial position remains very favourable.



*Once again, we reported our highest sales to date! We're growing with profitability, and our operating margin for the first half-year was 10.2%.*

## Acquisitions on a growth market

NOTE's target of SEK 5 billion sales by 2025 will primarily be achieved organically, as well as through carefully screened acquisitions. Just after the end of the quarter, we acquired UK enterprise DVR Ltd. We anticipate high growth on the UK market over the coming years, and this acquisition of a fourth plant in the UK makes NOTE a bigger player on this growing market.

We also acquired Bulgarian enterprise ATM Electronics OOD earlier in the year, which offers the group and our customers another cost-efficient manufacturing option in Eastern Europe.

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

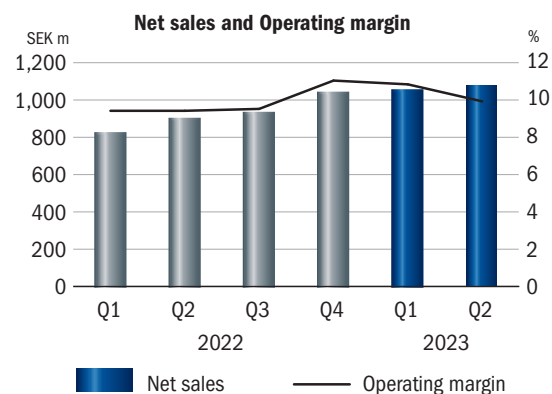
## High order levels

Improved conditions on the materials market mean that our customers don't need to place orders with such long timelines. Obviously, this has a reductive effect on order intake. Our order position remains strong, with an order backlog (in like-for-like terms) that was just over 10% higher than the corresponding point of the previous year. For the full-year 2023, we see continued high demand, and expect to achieve sales of at least SEK 4.3 billion. We anticipate a continued increase in operating profit, and a strengthening of our operating margin.

Johannes Lind-Widestam

# Comments on Q2

## Sales



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

### Group, April-June

The demand for NOTE's services remained high in the second quarter of the year. Sales amounted to SEK 1,078 (898) million, corresponding to growth of 20%. Growth sourced from the acquisition of NOTE Herrljunga last year and ATM Electronics this year amounted to 9% and exchange rate fluctuations, mainly USD, EUR and GBP, were 4%. Accordingly, organic growth was 7%. Adjusted for the sales consisting of re-invoicing of extraordinary cost increases on electronic components related to the market shortage, underlying organic growth was 12%.

### Group, January-June

Sales in the first half-year were up by 24% to SEK 2,129 (1,719) million. Adjusted for extra sales from acquisitions, and changed exchange rates, organic growth was 10%. Underlying organic

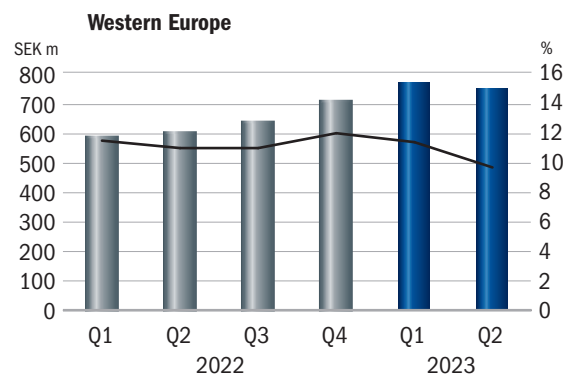
growth amounted to 15% (adjusted for re-invoicing of extraordinary cost increases on materials).

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 higher volumes.

NOTE's 15 largest customers in sales terms made up 48% (51%) of sales in the first half-year. No single customer (group) represented more than about 7% (6%) of total sales.

Successful new sales to new and established customers, and continued healthy demand from NOTE's customer segments, were contributors to continued high order intake. Right from the start of the shortage that still persists on the global electronic component market, and with the aim of safeguarding the availability of components and other production materials, NOTE has been working actively for customers to place fixed orders over longer periods than usual. In like-for-like terms (excluding Herrljunga), total order backlog at the midpoint of the year was just over 10% above the corresponding point of the previous year. A better materials situation and shorter lead-times on materials will result in lower order intake, reflecting a return to the shorter time horizons that customers need to place orders to access materials rather than lower growth rates going forward. NOTE's strong order position indicates high sales growth continuing, simultaneous with the supply of electronic components being very significant to growth in the short term.

## Operating segment

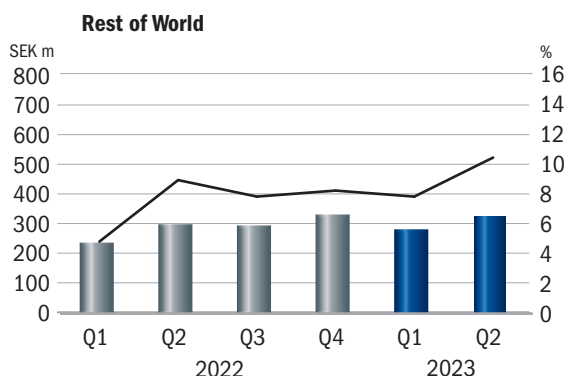


Operating margin in the above chart has been adjusted for non-recurring items, by SEK +30 m in Q3 2022 and SEK -15 m in Q4 2022.

### 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 first half-year, adjusted for acquisitions, was 16%.



Growth in Sweden, NOTE's largest market, continued its robust progress, and in the first half-year, growth excluding acquisitions was 27%.

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 the period, causing negative growth from NOTE's UK plants in the first half-year.

*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 growth from the Rest of World segment continued their positive progress, amounting to 13% (adjusted for acquisitions) for the first half-year.

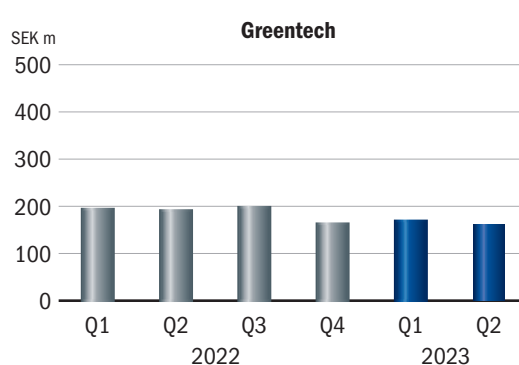
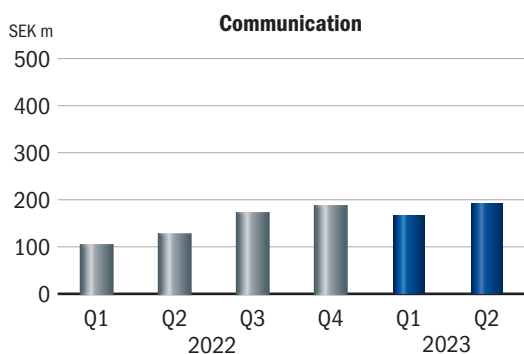
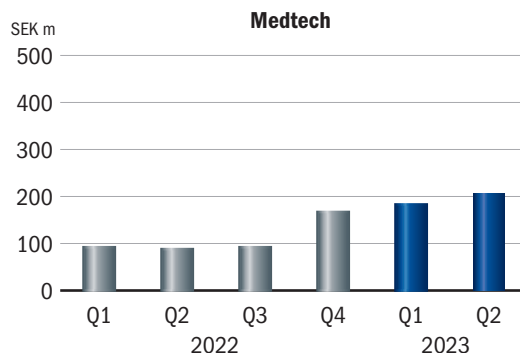
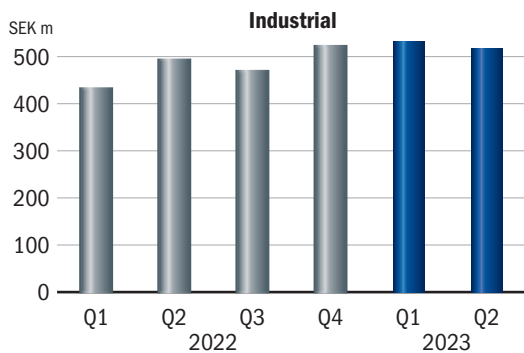
In China, sales and order intake made stable progress. Growth for the first half-year of 5% is due to the completion of internal relocation of what was the Chinese plant's largest customer last year to NOTE's European plants. Sales from the Estonian plant, mainly to customers in northern Europe, grew by 20% in the first half-year, mainly owing to increased serial production on several recently secured deals.

Sales from NOTE's Bulgarian plant were as expected. Sales from this plant consist of value-adding electronic components, where customers remain owners of the material. Projects to expand our customer offering alongside NOTE's customers to include complete PCBs and box builds are ongoing, and will increase sales from this plant. Currently, sales are marginal compared to the group overall.

*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 manufacturer products in segments, like automation, control, infrastructure, energy and construction technology.

NOTE's largest customer segment achieved 14% growth for the first half-year. Extra sales from the acquisition of NOTE Herrljunga in July last year 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, a progress that continued in early-2023. Growth of 56% was reported in the first half-year, gains sourced 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 made strong progress in late-2022, partly driven by extra sales from the July 2022 acquisition of NOTE Herrljunga. The robust growth continued in the first half-year, at 117%. About a quarter of this growth was sales from NOTE Herrljunga. The ramp-up of customer projects and upscaled customer orders had a further positive impact.



### Greentech

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

Greentech achieved high growth rates in 2021 and the first half-year 2022. Growth then slowed in the latter half-year 2022, mainly due to the market for electric vehicle charging products. This lower growth rate persisted in the first half-year 2023, and overall, growth for the segment was negative.

## Results of operations

### Group, April-June

Primarily because of sales gains, stable margins on current customer assignments, and continued positive progress on costs, gross profit increased by 15% to SEK 140 (121) million. The gross margin was 13.0% (13.5%).

Sales and administration overheads for the period increased by 13% to SEK 33 (29) million, essentially because of the extra expenses from NOTE Herrljunga acquired in July last year, and ATM Electronics acquired in April this year. As a share of sales, overheads were 3.1% (3.2%).

Other operating income/expenses, mainly consisting of the revaluation of operating assets and liabilities in foreign currencies, were SEK -1 (-9) million. These expenses were mainly sourced from depreciation of the SEK against the USD and EUR.

Mainly because of growth, stable margins, and continued good progress on costs, operating profit increased by 27% to SEK 106 (83) million. The operating margin was 9.8% (9.3%). Adjusted for other operating income/expenses, the underlying operating margin was 10.0% (10.3%).

An increased need for financing, mainly for working capital, plus higher interest rate levels, contributed to financial expenses increasing to SEK -10 (-3) million net. Revaluations of financial assets and liabilities in foreign currencies, such as factoring liabilities in foreign currencies, amounted to SEK 0 (-8) million. In total, net financial items for the period were SEK -10 (-11) million.

Profit after net financial items rose by 35% and amounted to SEK 96 (72) million.

Profit after tax rose by 35%, to SEK 79 (59) million, or SEK 2.73 (2.02) per share. The tax expense for the period was equivalent to 18% (18%) of profit before tax.

### Group, January-June

Gross profit increased by 23% to SEK 279 (227) million, and the gross margin was 13.1% (13.2%).

Sales and administration overheads for the period rose by 13% to SEK 65 (58) million, essentially due to additional costs from NOTE Herrljunga, which was acquired in July last year. As a share of sales, these overheads were 3.1% (3.4%).

Other operating income/expenses, which usually consist of the revaluation of operating assets and liabilities in foreign currencies, were SEK 4 (-10) million.

Operating profit in the period amounted to SEK 218 (159), million. The operating margin increased by 0.9 percentage points, and amounted to 10.2% (9.3%). Adjusted for other operating

income/expenses, the underlying operating margin was 10.1% (9.9%).

An increased need for financing, mainly for working capital, plus higher interest rate levels, contributed to financial expenses increasing to SEK -18 (-8) million net. Revaluation of financial assets and liabilities in foreign currencies, such as invoice factoring liabilities in foreign currencies, was SEK 0 (-10) million. In total, net financial items for the period were SEK -18 (-18) million.

Profit after financial items increased by 42% to SEK 200 (141) million, corresponding to a profit margin of 9.4% (8.2%).

Profit after tax increased by 43%, amounting to SEK 164 (115) million, or SEK 5.65 (3.98) 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. Accordingly, NOTE has done a lot of work on limiting disruptions and delays to the shipments of components it receives. As part of these efforts, NOTE has consciously upscaled its inventories of critical components. 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.

The combination of high growth along with direct shipping delays to customers of the order of SEK 100 million caused by the shortage on the component market were contributors to capital tied-up in inventory being 24% higher gross than the corresponding point of the previous year. Also allowing for the periods' customer advance payments, the net inventory increase is comparable, at 28%.

NOTE is making continuous efforts to monitor credit risks and limit the number of outstanding customer credit days. Accounts receivable—trade increased in the year as a consequence of a higher turnover, and were 15% higher than at the corresponding point of the previous year. Essentially, the number of outstanding customer credit days was 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 increased naturally in the period, and were 7% above the midpoint of the previous year.

Continued positive profit performance generated a positive operating cash flow in the first half-year, despite an increased need for working capital mainly linked to growth and problems on the component market. Cash flow (after investments) in the second quarter was SEK -2 (-4) million, or SEK -0.07 (-0.14) per share. Cash flow for the quarter includes a SEK -30 million purchase consideration payment for the acquisition of ATM

Electronics. Adjusted for acquisition-related payments, cash flow (after investments) for the second quarter was SEK +28 (-4) million. Adjusted in the same way, cash flow (after investments) for the first half-year was SEK +100 (+5) 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 305 (304) 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 midpoint of the year was SEK 357 (275) 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 the midpoint of the year, the equity to assets ratio was 41.8%, (37.9%).

### **Investments**

Expenditure on property, plant and equipment for the first half-year, excluding right-of-use assets for leased properties (IFRS 16 Leases), was SEK 56 (32) million in the first quarter, corresponding to 2.6% (1.9%) of sales. This expenditure mainly consisted of projects to increase capacity, efficiency and quality.

NOTE has not yet become the legal owner of the property in Torsby that NOTE signed an agreement in Q1 to acquire. During the first quarter, NOTE paid a down payment for the property of 10% of the purchase price. Until NOTE becomes the legal owner of the property, the purchase consideration is accounted under Other short-term receivables.

Planned depreciation on property, plant and equipment, excluding right-of-use assets for leased properties (IFRS 16 Leases), increased to SEK 29 (22) million for the first half-year.

### **Parent company**

The parent company, NOTE AB (publ), is primarily focused on management, coordination and development of the group. Revenue was SEK 18 (20) million in the first half-year, mainly from intra-group services. Profit before tax amounted to SEK 26 (14) million in the same period.

# Other information

## Notes on the consolidated financial statements

In April, all shares in the electronics manufacturer ATM Electronics OOD were acquired. ATM Electronics' turnover is estimated to amount to SEK 40 million for the full year 2023 with an operating margin of 8%. The number of employees at the time of acquisition amounted to approximately 80 people. Through the acquisition, NOTE expands its manufacturing capacity in Eastern Europe. The total purchase price amounts to SEK 36 million, of which SEK 32 million was paid in connection with the acquisition in April.

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

<b>NOTE 1 Acquisitions</b>	
<b>Assets and liabilities taken over at acquisition</b>	<b>2023</b>
<b>Total purchase consideration</b>	<b>36</b>
Intangible assets—customer relationships	7
Inventories	18
Accounts receivable—trade and other current receivables	12
Cash and cash equivalents	6
Liquid funds	1
Long-term interest-bearing liabilities	-14
Short-term interest-bearing liabilities	-7
Deferred tax liability	-1
Accounts payable—trade and other current operating liabilities	-4
<b>Acquired identifiable net assets</b>	<b>18</b>
Goodwill	18
<b>Total acquired net assets</b>	<b>36</b>
<b>Cash flow attributable to the period's acquisitions</b>	
Purchase consideration paid	32
Cash held by acquired entity	-1
Net outflow, cash and cash equivalents	<b>31</b>

External transaction costs for the acquisition amounted to approximately SEK 1 million and were mainly attributable to costs for local lawyers and other advisers. These costs are reported on the line for administration costs in the group's income statement and are included in the current operations in the cash flow analysis.

In connection with the acquisition, existing customer relationships with a total value of SEK 7 million were identified. The goodwill of SEK 18 million that arose in connection with the acquisition is primarily attributable to the company's expertise and processes in circuit board manufacturing and box build as well as to expected coordination gains with NOTE's other operations.

## Transactions with related parties

No transactions with related parties were made during the first half year.

## Annual General Meeting

At the Annual General Meeting in April, the Board Members Anna Belfrage, Bahare Mackinovski, Charlotte Stjerngren and Johan Hagberg were re-elected. Anna Belfrage was elected as Chairman of the board. Claes Mellgren declined re-election. In line with the board's proposal, it was decided that no dividend will be paid 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 the leading northern European 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.

Previously, consignment stock and customer advances were treated equally in accounting terms, and reduced inventory value. To clarify the portion of NOTE's inventory value that is financed by customers going forward, effective Q4 2022, customer advances will be accounted gross from inventory value, which increases the reported inventory value, simultaneous with recognising a liability for these advances. Retroactive comparative periods have been restated correspondingly.

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 Interim Report for January-June has not been subject to review by the company's auditor.

## Certification

This Interim Report gives a true and fair view of the parent company's and group's operations, financial position and results of operations, and reviews the significant risks and uncertainty factors facing the parent company and group companies.



Anna Belfrage  
Chairman



Bahare Mackinovski  
Board member



Christoffer Skogh  
Board member, Employee representative



Johannes Lind-Widestam  
CEO



Johan Hagberg  
Board member



Charlotte Stjerngren  
Board member



Jörgen Blomberg  
Board member, Employee representative

The Board of Directors and CEO of NOTE AB (publ)  
Stockholm, Sweden  
12 July 2023

# Consolidated summary

## Quarterly summary

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

## Six-year summary

SEK million	Rolling 12 mth.	2022	2021	2020	2019	2018
Net sales	4,097	3,687	2,643	1,874	1,760	1,379
Gross margin	12.8%	12.8%	13.4%	12.0%	11.7%	12.5%
Operating margin	9.9%	9.3%	9.5%	8.0%	7.1%	6.1%
Profit margin	9.0%	8.4%	9.0%	7.6%	6.6%	5.7%
Cash flow after investing activities	11	-31	-142	172	75	-76
Cash flow per share, SEK	0.38	-1.07	-4.97	6.06	2.69	-2.63
Equity per share, SEK	44.8	37.9	28.0	20.0	16.7	13.3
Return on operating capital	25.6%	25.3%	27.6%	22.7%	20.7%	17.8%
Return on equity	27.0%	26.8%	28.4%	22.5%	21.7%	17.1%
Equity to assets ratio	41.8%	39.7%	37.0%	49.8%	40.5%	39.0%
Average number of employees	1,421	1,366	1,218	1,101	1,070	980
Net sales per employee, SEK 000	2,883	2,699	2,170	1,702	1,645	1,407

# Consolidated Financial Reports

## Income Statement

SEK million	2023 Q2	2022 Q2	2023 Q1-Q2	2022 Q1-Q2	Rolling 12 mth.	2022 Full year
Net sales	1,078	898	2,129	1,719	4,097	3,687
Cost of goods and services sold	-938	-777	-1,850	-1,492	-3,572	-3,214
<b>Gross profit</b>	<b>140</b>	<b>121</b>	<b>279</b>	<b>227</b>	<b>525</b>	<b>473</b>
Selling expenses	-19	-17	-37	-34	-72	-69
Administrative expenses	-14	-12	-28	-24	-51	-47
Other operating income/expenses	-1	-9	4	-10	2	-12
<b>Operating profit</b>	<b>106</b>	<b>83</b>	<b>218</b>	<b>159</b>	<b>404</b>	<b>345</b>
Net financial income/expenses	-10	-11	-18	-18	-34	-34
<b>Profit after financial items</b>	<b>96</b>	<b>72</b>	<b>200</b>	<b>141</b>	<b>370</b>	<b>311</b>
Income tax	-17	-13	-36	-26	-67	-57
<b>Profit after tax</b>	<b>79</b>	<b>59</b>	<b>164</b>	<b>115</b>	<b>303</b>	<b>254</b>

## Other Comprehensive Income

SEK million	2023 Q2	2022 Q2	2023 Q1-Q2	2022 Q1-Q2	Rolling 12 mth.	2022 Full year
<b>Profit after tax</b>	<b>79</b>	<b>59</b>	<b>164</b>	<b>115</b>	<b>303</b>	<b>254</b>
<b>Other comprehensive income</b>						
Items that can be subsequently reversed in the income statement:						
Exchange rate differences	30	19	39	25	48	34
Cash flow hedges	0	0	0	0	0	0
Tax on hedges and exchange rate difference	-3	-1	-4	-1	-5	-2
<b>Total other comprehensive income after tax</b>	<b>27</b>	<b>18</b>	<b>35</b>	<b>24</b>	<b>43</b>	<b>32</b>
<b>Comprehensive income after tax</b>	<b>106</b>	<b>77</b>	<b>199</b>	<b>139</b>	<b>346</b>	<b>286</b>

## Earnings per Share

	2023 Q2	2022 Q2	2023 Q1-Q2	2022 Q1-Q2	Rolling 12 mth.	2022 Full year
Number of shares at end of period (000)	28,984	28,984	28,984	28,984	28,984	28,984
Weighted average number of shares (000)*	28,984	28,984	28,984	28,838	28,984	28,911
Weighted average number of shares (000)**	28,984	28,984	28,984	28,962	28,984	28,972
Earnings per share, SEK*	2.73	2.02	5.65	3.98	10.46	8.79
Earnings per share, SEK**	2.73	2.02	5.65	3.96	10.46	8.78

\* Before dilution

\*\* After dilution

**Balance Sheet**

SEK million	2023 30 June	2022 30 June	2022 31 Dec
<b>Assets</b>			
Goodwill	190	142	166
Intangible assets—customer relationships	30	22	27
Other intangible assets	7	9	7
Right of use assets—rented properties	172	96	90
Property, plant and equipment	243	187	209
Deferred tax assets	7	4	8
Other financial assets	2	2	2
<b>Total non-current assets</b>	<b>651</b>	<b>462</b>	<b>509</b>
Inventories	1,401	1,131	1,254
Accounts receivable—trade	875	761	872
Other current receivables	76	57	43
Cash and bank balances	99	96	88
<b>Total current asset</b>	<b>2,451</b>	<b>2,045</b>	<b>2,257</b>
<b>TOTAL ASSETS</b>	<b>3,102</b>	<b>2,507</b>	<b>2,766</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>1,297</b>	<b>951</b>	<b>1,098</b>
<b>Liabilities</b>			
Long-term interest-bearing liabilities	107	84	84
Long-term liabilities, right of use asset—rented properties	148	72	69
Deferred tax liabilities	41	27	41
<b>Total non-current liabilities</b>	<b>296</b>	<b>183</b>	<b>194</b>
Current interest-bearing liabilities	348	288	377
Short-term liabilities, right of use asset—rented properties	28	26	23
Advance payment from customers	180	178	184
Accounts payable—trade	727	677	686
Other current liabilities	225	203	203
Other short term provisions	1	1	1
<b>Total current liabilities</b>	<b>1,509</b>	<b>1,373</b>	<b>1,474</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,102</b>	<b>2,507</b>	<b>2,766</b>

**Change in Equity**

SEK million	2023 Q2	2022 Q2	2023 Q1-Q2	2022 Q1-Q2	Rolling 12 mth.	2022 Full year
Opening equity	1,191	874	1,098	800	951	800
Comprehensive income after tax	106	77	199	139	346	286
New share issue	-	-	-	12	-	12
<b>Closing equity</b>	<b>1,297</b>	<b>951</b>	<b>1,297</b>	<b>951</b>	<b>1,297</b>	<b>1,098</b>

**Cash Flow Statement**

<b>SEK million</b>	<b>2023 Q2</b>	<b>2022 Q2</b>	<b>2023 Q1-Q2</b>	<b>2022 Q1-Q2</b>	<b>Rolling 12 mth.</b>	<b>2022 Full year</b>
<b>Operating activities</b>						
Profit after financial items	96	72	200	141	370	311
Reversed depreciation and amortisation	27	20	50	40	93	83
Other non-cash items	-12	1	-12	1	7	20
Tax paid	-18	-18	-59	-46	-68	-55
Change in working capital	-54	-69	-57	-112	-254	-309
<b>Cash flow from operating activities</b>	<b>39</b>	<b>6</b>	<b>122</b>	<b>24</b>	<b>148</b>	<b>50</b>
<b>Cash flow from investing activities</b>	<b>-41</b>	<b>-10</b>	<b>-75</b>	<b>-19</b>	<b>-137</b>	<b>-81</b>
<b>Cash flow from financing activities</b>	<b>-3</b>	<b>34</b>	<b>-41</b>	<b>-11</b>	<b>-15</b>	<b>15</b>
<b>Change in cash and cash equivalents</b>	<b>-5</b>	<b>30</b>	<b>6</b>	<b>-6</b>	<b>-4</b>	<b>-16</b>
<b>Cash and cash equivalents</b>						
At beginning of period	100	64	88	99	96	99
Cash flow after investing activities	-2	-4	47	5	11	-31
Cash flow from financing activities	-3	34	-41	-11	-15	15
Exchange rate difference in cash and cash equivalents	4	2	5	3	7	5
<b>Cash and cash equivalents at end of period</b>	<b>99</b>	<b>96</b>	<b>99</b>	<b>96</b>	<b>99</b>	<b>88</b>
Un-utilised credits	206	208	206	208	206	156
<b>Available cash and cash equivalents</b>	<b>305</b>	<b>304</b>	<b>305</b>	<b>304</b>	<b>305</b>	<b>244</b>



## Operating Segments

SEK million	2023 Q2	2022 Q2	2023 Q1-Q2	2022 Q1-Q2	Rolling 12 mth.	2022 Full year
<b>WESTERN EUROPE</b>						
External net sales	754	605	1,529	1,195	2,882	2,548
Internal net sales	14	1	19	2	28	11
Operating profit	74	66	162	133	303	274
Operating margin	9.6%	10.9%	10.5%	11.1%	10.4%	10.7%
Inventories	1,034	838	1,034	838	1,034	928
External accounts receivable—trade	633	529	633	529	633	626
Average number of employees	869	757	829	757	826	782
<b>REST OF WORLD</b>						
External net sales	324	293	600	524	1,215	1,139
Internal net sales	12	9	24	21	58	55
Operating profit	35	27	56	39	108	91
Operating margin	10.4%	8.9%	8.9%	7.2%	8.5%	7.6%
Inventories	367	293	367	293	367	326
External accounts receivable—trade	240	228	240	228	240	244
Average number of employees	602	574	575	560	579	569
<b>INTRA-GROUP</b>						
Internal net sales	-26	-10	-43	-23	-86	-66
Operating profit	-3	-10	0	-13	-7	-20
External accounts receivable—trade	2	4	2	4	2	2
Average number of employees	16	15	16	16	16	15

## Sales per Customer Segment

SEK million	2023 Q2	2022 Q2	2023 Q1-Q2	2022 Q1-Q2	Rolling 12 mth.	2022 Full year
<b>WESTERN EUROPE</b>						
Industrial	354	309	727	593	1,382	1,248
Communication	68	46	145	88	289	232
Medtech	183	83	347	174	584	411
Greentech	149	167	310	340	627	657
<b>Total external sales</b>	<b>754</b>	<b>605</b>	<b>1,529</b>	<b>1,195</b>	<b>2,882</b>	<b>2,548</b>
<b>REST OF WORLD</b>						
Industrial	164	184	324	332	660	668
Communication	124	80	213	141	426	354
Medtech	23	5	42	6	64	28
Greentech	13	24	21	45	65	89
<b>Total external sales</b>	<b>324</b>	<b>293</b>	<b>600</b>	<b>524</b>	<b>1,215</b>	<b>1,139</b>
<b>TOTAL</b>						
Industrial	518	493	1,051	925	2,042	1,916
Communication	192	126	358	229	715	586
Medtech	206	88	389	180	648	439
Greentech	162	191	331	385	692	746
<b>Total external sales</b>	<b>1,078</b>	<b>898</b>	<b>2,129</b>	<b>1,719</b>	<b>4,097</b>	<b>3,687</b>

# Parent Company Financial Reports

## Income Statement

SEK million	2023 Q2	2022 Q2	2023 Q1-Q2	2022 Q1-Q2	Rolling 12 mth.	2022 Full year
Net sales	9	10	18	20	36	38
Cost of services sold	-4	-4	-8	-8	-15	-15
<b>Gross profit</b>	<b>5</b>	<b>6</b>	<b>10</b>	<b>12</b>	<b>21</b>	<b>23</b>
Selling expenses	-2	-3	-6	-7	-15	-16
Administrative expenses	-4	-3	-7	-6	-13	-12
Other operating income/expenses	18	6	24	8	25	9
<b>Operating profit</b>	<b>17</b>	<b>6</b>	<b>21</b>	<b>7</b>	<b>18</b>	<b>4</b>
Net financial income/expenses	4	2	5	7	12	14
<b>Profit after financial items</b>	<b>21</b>	<b>8</b>	<b>26</b>	<b>14</b>	<b>30</b>	<b>18</b>
Appropriations	-	-	-	-	60	60
<b>Profit before tax</b>	<b>21</b>	<b>8</b>	<b>26</b>	<b>14</b>	<b>90</b>	<b>78</b>
Income tax	-5	-2	-6	-3	-19	-16
<b>Profit after tax</b>	<b>16</b>	<b>6</b>	<b>20</b>	<b>11</b>	<b>71</b>	<b>62</b>

## Other Comprehensive Income

SEK million	2023 Q2	2022 Q2	2023 Q1-Q2	2022 Q1-Q2	Rolling 12 mth.	2022 Full year
<b>Profit after tax</b>	<b>16</b>	<b>6</b>	<b>20</b>	<b>11</b>	<b>71</b>	<b>62</b>
<b>Other comprehensive income</b>						
Items that can be subsequently reversed in the income statement:	-	-	-	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income after tax</b>	<b>16</b>	<b>6</b>	<b>20</b>	<b>11</b>	<b>71</b>	<b>62</b>

**Balance Sheet**

SEK million	2023 30 June	2022 30 June	2022 31 Dec
<b>Assets</b>			
Intangible assets	1	2	2
Property, plant and equipment	0	0	0
Long-term receivables from group companies	286	227	251
Financial non-current assets	277	197	241
<b>Total non-current assets</b>	<b>564</b>	<b>426</b>	<b>494</b>
Receivables from group companies	74	56	55
Other current receivables	6	20	5
Cash and bank balances	1	1	1
<b>Total current assets</b>	<b>81</b>	<b>77</b>	<b>61</b>
<b>TOTAL ASSETS</b>	<b>645</b>	<b>503</b>	<b>555</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>359</b>	<b>288</b>	<b>339</b>
<b>Untaxed reserves</b>	<b>36</b>	<b>10</b>	<b>36</b>
<b>Liabilities</b>			
Liabilities to financial institutions	11	5	81
Liabilities to group companies	226	190	83
Other current liabilities and provisions	13	10	16
<b>Total current liabilities</b>	<b>250</b>	<b>205</b>	<b>180</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>645</b>	<b>503</b>	<b>555</b>

**Change in Equity**

SEK million	2023 Q2	2022 Q2	2023 Q1-Q2	2022 Q1-Q2	Rolling 12 mth.	2022 Full year
Opening equity	343	282	339	265	288	265
Comprehensive income after tax	16	6	20	11	71	62
New share issue	-	-	-	12	-	12
<b>Closing equity</b>	<b>359</b>	<b>288</b>	<b>359</b>	<b>288</b>	<b>359</b>	<b>339</b>

### 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 4,097 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 Q3

17 Oct 2023

#### 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.

Website: [www.note-ems.com](http://www.note-ems.com)

E-mail: [info@note-ems.com](mailto:info@note-ems.com)

Tel: +46 (0)8-568 990 00

#### Investor Relations Contact

Frida Frykstrand

CFO

Tel: +46 (0)70 462 0939

E-mail: [frida.frykstrand@note-ems.com](mailto:frida.frykstrand@note-ems.com)