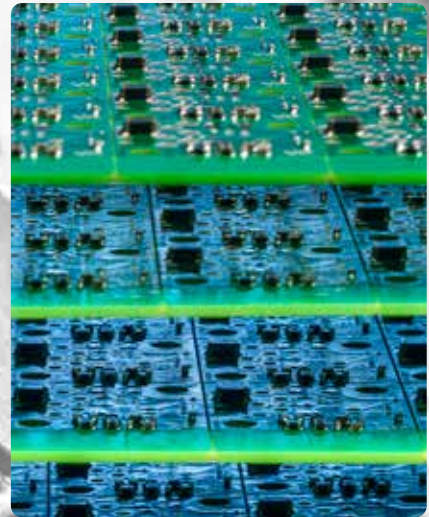
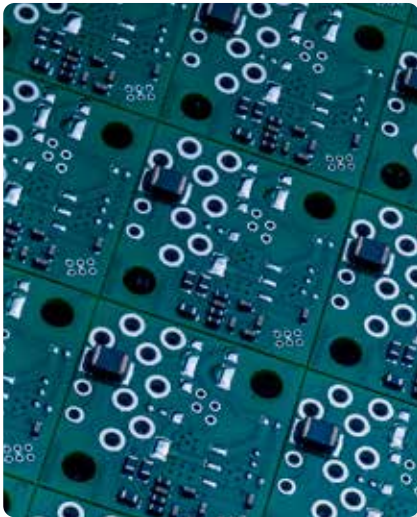


Interim Report January–June 2020



Interim Report Q2

Financial performance in January–June

- Sales increased by 16% to SEK 975 (843) million.
- Operating profit was up by 31% to SEK 75 (57) million.
- Operating margin widened by 0.9 percentage points to 7.7% (6.8%).
- Profit after net financial items increased to SEK 70 (53) million.
- Profit after tax increased by 29% to SEK 56 (44) million, corresponding to SEK 2.01 (1.56) per share.
- Cash flow after investments increased to SEK 127 (-22) million, or SEK 4.48 (-0.79) per share.

Financial performance in April–June

- Sales increased by 14% to SEK 500 (437) million.
- Operating profit was up by 36% to SEK 42 (31) million.
- Operating margin widened by 1.3 percentage points to 8.3% (7.0%).
- Profit after net financial items increased to SEK 42 (29) million.
- Profit after tax increased by 44% to SEK 34 (23) million, corresponding to SEK 1.20 (0.84) per share.
- Cash flow after investments increased to SEK 64 (-24) million, or SEK 2.26 (-0.85) per share.

Events in the first half-year

NOTE wins its biggest deal ever

Demand for high-technology measuring equipment from one of NOTE's major international industrial customers shows a record growth. To cope with this robust volume expansion, NOTE was appointed the customer's EMS partner in June. This expanded partnership is expected to bring minimum sales growth of SEK 100 million during its first 12 months. Batch production will start at NOTE Norrtelje in Q3, and high volumes are expected quickly.

Continued high organic growth

NOTE has a clear growth agenda with the express target of increasing market shares and achieving stable organic growth of at least 10% per year. In order to succeed, NOTE is working methodically to expand its business on existing accounts, while also winning new business customers in those technology and market segments where it is already strong. Previously established customer partnerships where volume significantly increased in the year include expansive company Plejd, active in smart lighting, Swedish cycle helmet manufacturer Hövding, and range of major partnerships in the communication segment. Major new customer partnerships communicated in the first half-year include medtech company Breas Medical, and Swedish technology enterprise Waystream, which develops broadband networking products.

Senior executives invest in NOTE shares

Senior executives purchased a total of 500,000 new shares within the terms and conditions of the three-year incentive programme launched in 2017. This raised the company a total of nearly SEK 12 million.

Actions and consequences of covid-19

Actions resulting from the global spread of covid-19 featured strongly in operations in the first six months. The closure of the plant in China continued for a week longer than planned for the Chinese New Year. However, production at this plant returned to its regular high capacity utilisation by the end of February.

Consistent with a UK government decision to limit all non-essential travel and industrial operations, we temporarily closed our plant at Windsor at the end of March. The Windsor operations represent around 10% of NOTE's total sales. This closure qualifies for UK government support, which include full compensation for payroll expenses for laid-off staff. Production at Windsor resumed at the beginning of May, and capacity utilisation has increased progressively since. The closure of the Windsor plant resulted in a production loss of some SEK 20 million in the second quarter.

The spread of covid-19 and extensive industrial closures across several markets meant reduced demand and lower volumes on several ongoing customer partnerships. However, we simultaneously experienced increased demand from several medtech customers. We anticipate several of these partnerships growing further during the second-half year. Including the sales losses in the UK in Q2, direct costs for precautionary measures to limit the spread of infection and government support received, the impact on the first half-year's operating profit was about SEK -3 million. Against the background of rapidly changing market conditions in several sectors, we also increased allowances for potential customer credit losses in Q2. NOTE's business is continuing to progress strongly, and all plants in Europe and Asia are back in operation.

CEO's comments

Focusing on profitable growth

NOTE has a clear growth agenda with an express goal of achieving minimum organic growth of 10% per year. We've achieved this growth level for several years, resulting in increased market shares and progressively widening margins. Critical success factors include the company's methodical quality-assurance work and top-class delivery precision for customers—we've achieved sector-leading levels in these respects.

Our customer base is broad, and we already partner with several of the Nordic leaders across industry, communication, defence, and increasingly, medtech. One of the cornerstones of our growth plan is expanding partnerships within our strong customer base—there's still great potential to expand business on these deals. For example, in the second quarter, we secured our two largest deals ever through intensified partnerships on current business accounts. The first is for electronics for high end measurement instruments for a major global leader, the second within medtech, and closely linked to the current pandemic.

We're also seeing great interest in NOTE's flexible and industrially broad-based offering. By focusing on the market and technology segments where we're already strong, we successfully secured a large number of new accounts recently in traditional industries, and new, high-growth application segments. Our order backlog at the midpoint of the year was up by some 20% year on year.

Progress in the first half-year

Sales in the first half-year increased by 16% to SEK 975 million. Growth was wholly organic, and the exchange rate impact of foreign currencies was limited. The temporary closure of our Windsor plant, linked solely to combatting the spread of covid-19, resulted in production losses of some SEK 20 million in Q2. Growth of 14% in Q2 was consistent with our estimates. Adjusted for the closure of Windsor, underlying growth in second quarter was some 19%, and largely the result of starting batch production for many new business customers and projects secured recently.

Driven mainly by continued brisk progress in Sweden and Finland, growth in Western Europe was 20%. Sales in the UK were down by 14% year on year as a result of extensive closures across UK industry. Demand for EMS at our plant in Estonia was at record levels, and sales were up by 23% on the previous year. Significant growth was from sources including an expansive Swedish company in the communication segment. After the extended closure in China in Q1, sales progressed stably. Year to date, sales in China were 9% below the previous year's level.

In earnings terms, our positive trend continued, mainly due to growth, good cost control due to extensive restructuring programmes implemented and brisk progress in Western Europe, operating profit increased by 31% to SEK 75 million. Our operating margin widened by 0.9 percentage points to 7.7%.

The acquisition of Speedboard of the UK in 2018 included a contingent purchase consideration based on high sales and earnings targets. Since these targets have not been achieved, the provision for this has been credited to our income statement during the second quarter.



Record progress for NOTE despite poorer market conditions. Growth in the first half-year was 16%, and operating profit was up by 31%.

The spread of covid-19 has drastically altered conditions in several sectors. Accordingly, we made provisions for potential credit risks because we fear some of our customers may face tough times financially ahead. Overall, this means that our reported operating profit for Q2, with its margin gain to 8.3% (7.0%), well reflects the true progress we're making.

Our growth, with many new customer projects in ramp-up, sets high demands for the efficient management of working capital. So I'm delighted that in parallel with positive earnings performance, we're also delivering strong cash flows. In the first half-year, cash flow after investments was SEK 127 (-22) million. For some time now, we've got back to a good balance in working capital tied-up, and cash flow for the past 12 months is as high as SEK 224 million, or SEK 7.89 per share. Building from our strong financial situation, with very good liquidity, a high equity to assets ratio of 43% and low actual net debt (excluding IFRS 16 Leases) of SEK 31 million, we're working actively to exploit new growth opportunities in the turbulent market situation now prevailing.

Future

We're following the future market progress for our customers with great humility. At the same time, we have strong order status and good operational momentum, which gives cause for continued optimism. We are about to start up batch production in our two biggest-ever deals. Although holiday periods are of course more difficult to predict, there are good reasons to believe that Q3 in organic growth will be in line with our target of 10% and continued positive profitability development with rising operating profit and a stronger operating margin.

A handwritten signature in blue ink, appearing to read 'Johannes Lind-Widestam'.

Johannes Lind-Widestam

Sales and results of operations

Sales, January–June

NOTE is one of the most expansive and competitive electronics manufacturers in the Nordics, and a stable business partner for Swedish and international customers that need advanced EMS solutions. NOTE's business model is based on long-term customer relationships and partnerships. NOTE sells to a large customer base, essentially active across industry, communication, medtech, defence and high end consumer electronics. Its customer base includes large global corporations active world-wide, and local enterprises whose sales are mainly in northern Europe. Usually, customers outsource all electronics manufacture to one or several EMS partners. Another clear trend is for customers increasingly demanding the manufacture of box build products.

Despite the ongoing pandemic deteriorating the market situation for many customers, demand for NOTE's services continued to develop strongly during the first half of the year. Sales rose by 16% to SEK 975 (843) million. Growth was wholly organic, and the impact of altered exchange rates, mainly USD and EUR, was positive at about 1%. The temporary closure of the plant in Windsor, as part of fighting the spread of covid-19, resulted in production losses of about SEK 20 million in the second quarter. Accordingly, underlying organic growth for the first half-year was of the order of 18%. Sales growth consisted mostly of new business on existing accounts, and the progressive impact of increased sales to a large number of new business customers. Most of NOTE's new business customers are SMEs across Europe and Asia. Several of these assignments, which usually start with industrialisation services (service sales, prototyping and pilot series), have now resulted in batch production and higher volumes.

Demand continued its very brisk progress in Sweden and Finland, mainly to industrial and medtech customers. In the wake of extensive closures across UK industry, sales in the UK were down

some 14% on the previous year. Overall, sales in Western Europe increased by 20%. Sales from the plant in China are to local and global customers. After extended closures in Q1 related to the covid-19 situation, the rate of sales has increased. However, for the whole period, sales from the China plant were 9% below the previous year's level. Sales from the Estonian plant, which are mainly to northern European customers, increased by some 23%. This was achieved due to record growth with one expansive Swedish communication company and industrial customers.

NOTE's growth should be viewed against the background that the market is evolving rapidly. Previously, industries were keen to locate electronics manufacture in Asia. Accentuated by increasing restrictions to global trade, and a sharper focus on sustainability, there is a clear trend for European customers to increasingly demand development and manufacturing services closer to home. With more capacity and efficient plants in Europe, NOTE's organisation is prepared to address this progress.

NOTE's 15 largest customers in sales terms represented 49% (45%) of group sales. No single customer (group) represented more than about 7% of total sales.

At the midpoint of the year, the group's order backlog, which is a combination of fixed orders and customer forecasts, was about 20% above the previous year's level, indicating continued positive sales performance.

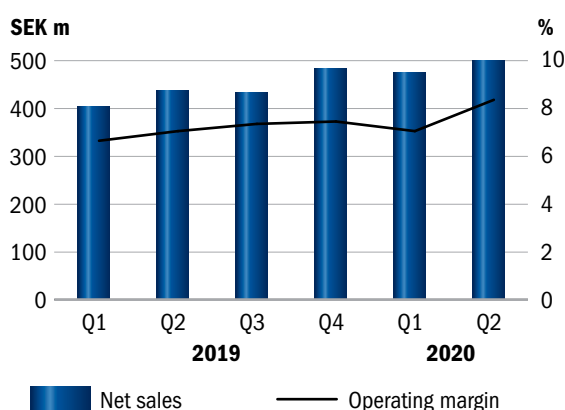
Results of operations, January–June

In order to keep sharpening competitiveness and create the potential for growth, NOTE has been conducting methodical improvement work at all the group's plants for several years. This work is conducted locally at each plant and through a number of group-wide projects. Over and above initiatives to expand and develop its customer offering, NOTE's focus is on measures that improve delivery precision and quality performance, and on cost and working capital rationalisation.

Mainly as a consequence of increased sales with stable margins on current customer assignments, gross profit increased by 17% to SEK 117 (101) million. The gross margin widened somewhat to 12.0% (11.9%).

Sales and administration overheads in the period increased somewhat, but as a share of sales, these overheads reduced to 4.5% (5.0%).

Other operating expenses/income, usually consisting of the revaluation of assets and liabilities denominated in foreign currency, were SEK +2 (-2) million. Other operating income include nearly SEK +6 million related to the released provision for the contingent consideration for the operation in Windsor acquired in 2018. A provision for increased customer credit risks of the corresponding amount has been made in other operating expenses, associated with uncertainties related to the spread of covid-19.



Operating profit in the first half-year improved by 31% to SEK 75 (57) million, and the operating margin widened by 0.9 percentage points to 7.7% (6.8%).

Net financial income/expense deteriorated somewhat to SEK -5 (-4) million, with the cost increase mainly consisting of revaluations of debt factoring liabilities in foreign currencies in Q1, mainly USD and EUR.

Profit after financial items increased by 31% to SEK 70 (53) million, equivalent to a profit margin of 7.1% (6.3%).

Profit after tax was up by 29% to SEK 56 (44) million, or SEK 2.01 (1.56) per share. The tax expense corresponds to 19% (18%) of profit before tax.

Sales and results of operations, April-June

Despite the significant deterioration of market conditions resulting from the spread of covid-19, the demand for NOTE's services remained at a high level in the second quarter. Sales in Q2 increased by 14% to SEK 500 (437) million, with any impact from exchange rate movements being marginal. Adjusted for the SEK 20 million sales loss resulting from the temporary closure of the Windsor plant, underlying growth was about 19%. Sales increased, mainly to industrial and medtech customers, and largely as a result of batch production getting underway on a large number of fairly recent customer partnerships. Record sales were achieved in Sweden and Finland, while sales in the UK were obviously down on the previous year as a consequence of extensive closures affecting UK industry. Overall, sales in Western Europe were up by 18%. Continued brisk sales performance was also apparent in Estonia with growth of 23%. Sales from the plant in China were stable, but 5% below the previous year's level.

The combination of higher sales, stable margins and continued positive progress of costs helped gross profit increase by 17% to SEK 59 (51) million. The gross margin widened somewhat to 12.0% (11.7%).

Sales and administration overheads for the period, which last year were charged with nearly SEK 2 million due to a management changeover in China, increased somewhat to SEK 22 (21) million, or 4.6% (4.7%) of sales.

Other operating expenses/income, usually consisting of the revaluation of assets and liabilities denominated in foreign currency, were positively impacted by the appreciation of the SEK in the second quarter against several foreign currencies, and were SEK +5 (0) million. Other operating expenses/income include nearly SEK +6 million relating to releasing the contingent consideration in the UK. A provision for increased customer credit risks of the corresponding amount was made in other operating expenses, associated with altered market conditions due to covid-19.

Mainly because of the combination of increased sales with continued stable margins on current customer assignments, and positive progress on costs, operating profit increased by 36% to SEK 42 (31) million. The operating margin widened by 1.3 percentage points to 8.3% (7.0%).

Net financial income/expense for the period was SEK 0 (-2) million. The cost decrease relates mainly to revaluations of debt factoring liabilities in foreign currencies, mainly USD and EUR.

Profit after financial items improved by 46% to SEK 42 (29) million, corresponding to a profit margin of 8.4% (6.6%).



Cash flow and financial position

Cash flow

Competing successfully in the high mix market segment sets demanding standards on flexibility in manufacture, the effective supply of materials and the capability to deliver custom logistics solutions. Accordingly, NOTE puts a sharp focus on continuously improving its business methods and internal processes in these segments.

Due to the global spread of covid-19 and a high share of the manufacture of electronic components being located in China, NOTE did a lot of work back in Q1 to identify and overcome challenges in sourcing materials. Disruptions to incoming shipments of components did occur throughout the first half-year, but to a more limited extent than initially feared. Accordingly, NOTE was essentially able to maintain delivery precision to customers at a good level. The progress of inventories in the first half-year was also fairly stable. Mainly as a result of growth, capital tied-up in inventory increased by 7% on year-end. Compared to the midpoint of the previous year, this meant a 9% decrease in capital tied-up in inventory, contributing to significant rationalisation of the utilisation of working capital.

NOTE is making continuous efforts to monitor credit risks and limit the number of outstanding days of credit. A change in the factoring solution in Estonia meant that the accounts receivable for the period decreased by just over SEK 30 million, which was contributor to accounts receivable—trade being 4% lower than at the midpoint of the previous year, despite the growth. Accordingly, the number of outstanding days of credit was significantly lower than the previous year.

Against the background of poorer market conditions across several sectors, there is a fear that credit risks may increase. NOTE has a conservative valuation methodology, which implied increased provisioning for risks in accounts receivable—trade and inventory in the first half-year.

Equity to assets ratio

42.9%

Cash flow after investments (January-June)

SEK +127m

Accounts payable—trade mainly consist of purchasing of electronic components and other production materials. NOTE actively pursues a partner model on the supplier side, which has implications including concentrating sourcing on fewer, quality-assured suppliers as far as possible. This working method also helps improve the utilisation of working capital. Accounts payable—trade increased by 17% on year-end, and were 8% above the midpoint of the previous year.

Continue positive earnings performance, combined with the more efficient utilisation of working capital, helped cash flow after investments for the first half-year increase to SEK 127 (-22) million, or SEK 4.48 (-0.79) per share. In the last 12 months, cash flow was SEK 224 million, or SEK 7.89 per share.

Equity to assets ratio

NOTE has a strong financial position. According to NOTE's externally communicated financial targets, the minimum equity to assets ratio should be 30%. At the midpoint of the year, the equity to assets ratio was 42.9% (36.7%).

Liquidity and investments

Liquidity and net debt

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

Against the background of the strong cash flow generated over the past year-plus and no dividend being paid in 2019, the group's available cash and cash equivalents, including unutilised overdraft facilities, were SEK 277 (62) million. Factored accounts receivable—trade were approximately SEK 237 (180) million. Disregarding estimated financial liabilities on the additional right-of-use assets resulting from IFRS 16 (Leases), net debt at the midpoint of the year was SEK 31 (219) million.

Investments

Capital expenditure on fixed assets in the first half-year, excluding right-of-use assets, was SEK 31 (15) million. These investments corresponded to 3.2% (1.7%) of sales, and mainly consisted of projects to increase capacity, efficiency and quality.

Plan depreciation and amortisation increased to SEK 24 (22) million, of which SEK 8 (8) million was computed depreciation related to IFRS 16, mainly on leasehold premises.

Parent company

The parent company, NOTE AB (publ), is primarily focused on the management, coordination and development of the group. Revenue for the period was SEK 19 (19) million, and mainly related to intra-group services. Profit after tax during the first half-year amounted to SEK -6 (2) million.

Transactions with related parties

Within the framework of the three-year incentive programme launched in 2017, senior executives purchased all 500,000 newly issued shares in May in accordance with the terms of the programme. In total, the company received almost SEK 12 million. No other transactions with related parties were made during the first half of the year. In the ongoing incentive programme from 2018-2019, there are a total of 611,000 warrants corresponding to 2% of the number of shares outstanding.

Dividend 2019

Due to the uncertainty surrounding the corona pandemic, the Board decided in March to withdraw the previously communicated proposal to the Annual General Meeting (AGM) on a dividend to the shareholders of SEK 1.20/share. In line with the decision of the AGM, 1,000,000 earlier repurchased NOTE shares were canceled in Q2. Since the year-end, the number of shares outstanding in NOTE has been reduced by 500,000.

AGM 2020

At the AGM in April, Anna Belfrage, Bahare Hederstierna, Charlotte Stjerngren, Claes Mellgren and Johan Hagberg (Chairman) were re-elected to the Board.

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.

NOTE's business model, which is designed to increase sales growth combined with limited overheads and investment costs in high-cost countries, is a way to reduce the risks of operations.

For a more detailed review of the group's operational and financial risks, refer to NOTE's Annual Report for 2019, more specifically to the Risks section on page 13, the Report of the Directors on page 42, as well as note 24, Financial risks and finance policy, on page 61–62.

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 European Union. Significant accounting and valuation principles are stated on pages 50–52 of the Annual Report for 2019. 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.

From 2020, the segment's operating profit will be followed up with a slightly changed approach. This means that the item "Other operating income/expenses" is no longer allocated to the various segments instead it is followed up at the overall level. Comparative figures for the segments have been adjusted in accordance with the new approach.

Earnings per share are reported in accordance with IAS 33 Earnings per share. NOTE has three incentive programmes that were initiated during the period 2017–2019, all of which run for a 3-year period. These warrants have a dilution effect when the stock price exceeds the exercise price. At the end of 2018,

a repurchase of shares was made where 1 million treasury shares were acquired. As a result, these shares are not reported as outstanding. At the AGM 2020 a decision was made to cancel these shares. Comparative periods have been adjusted accordingly. Purchase of all of the 500,000 shares from the incentive programme established in 2017 was made in Q2.

All amounts are in millions of Swedish kronor (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 the first half year 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.



Johan Hagberg
Chairman



Anna Belfrage
Board member



Bahare Hederstierna
Board member



Claes Mellgren
Board member

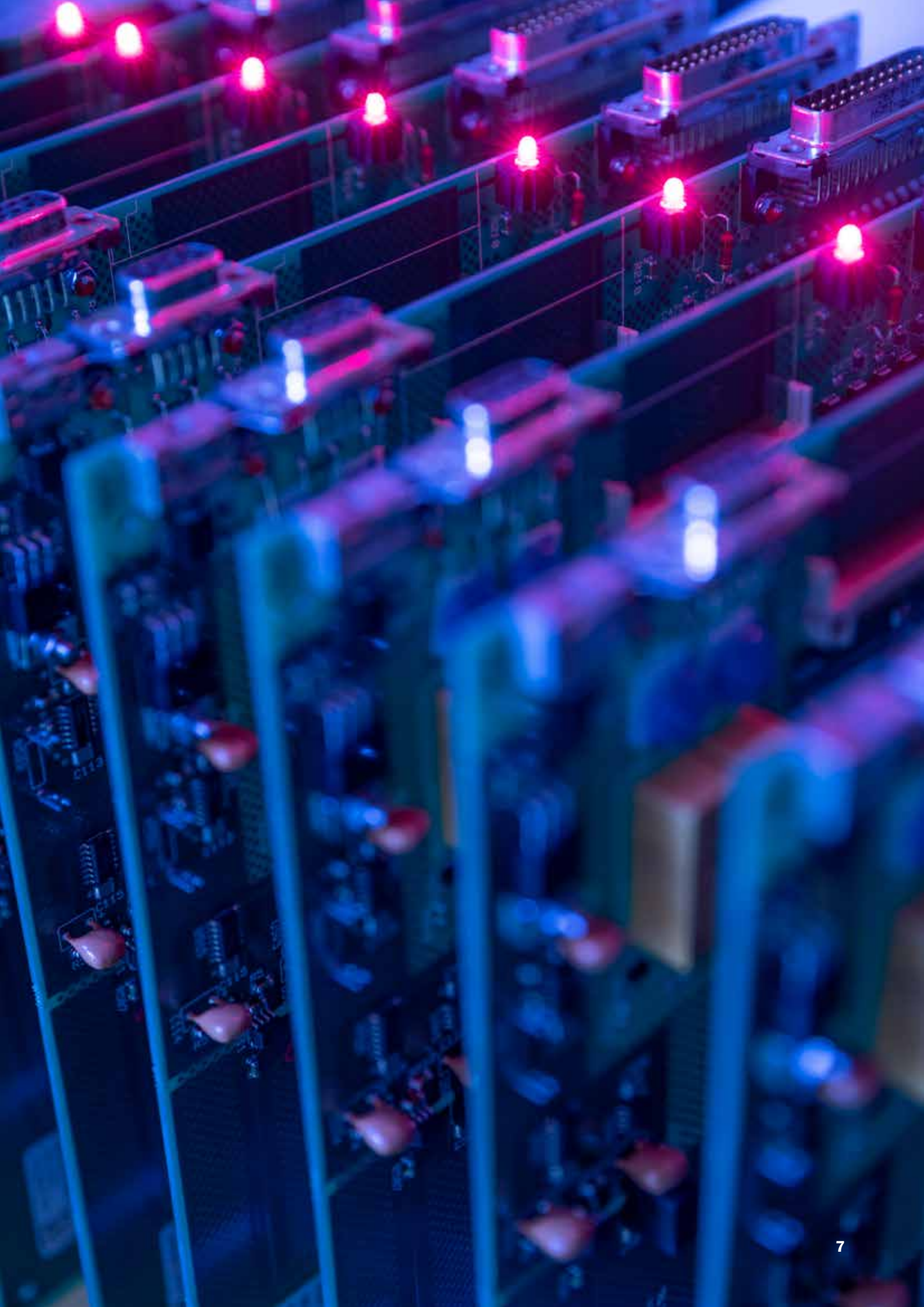


Charlotte Stjerngren
Board member



Christoffer Skogh
Board member, Employee representative

The Board of Directors of NOTE AB (publ)
Kista, Sweden
12 July 2020



Consolidated quarterly summary

SEK million	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Net sales	500	475	483	434	437	405
Gross margin	12.0%	12.1%	11.6%	11.5%	11.7%	12.1%
Operating margin	8.3%	7.0%	7.4%	7.3%	7.0%	6.6%
Profit margin	8.4%	5.8%	6.9%	6.8%	6.6%	6.1%
Cash flow after investing activities	64	63	96	1	-24	2
Cash flow per share, SEK	2.26	2.26	3.44	0.04	-0.85	0.07
Equity per share, SEK	18.6	18.1	16.7	15.9	14.9	14.9
Equity to assets ratio	42.9%	40.9%	41.2%	38.7%	36.7%	36.8%
Average number of employees	1,124	1,090	1,092	1,070	1,070	1,045
Net sales per employee, SEK 000	445	436	442	406	409	388

Consolidated six-year summary

SEK million	Rolling 12 mth.	2019	2018	2017	2016	2015
Net sales	1,892	1,760	1,379	1,176	1,098	1,122
Gross margin	11.8%	11.7%	12.5%	11.9%	12.0%	10.9%
Operating margin	7.5%	7.1%	6.1%	7.9%	5.5%	4.0%
Profit margin	7.0%	6.6%	5.7%	7.6%	5.0%	3.5%
Cash flow after investing activities	224	75	-76	70	41	5
Cash flow per share, SEK	7.89	2.69	-2.63	2.41	1.42	0.18
Equity per share, SEK	18.6	16.7	13.3	12.8	11.0	9.9
Return on operating capital	21.7%	20.7%	17.8%	24.2%	16.1%	12.9%
Return on equity	22.1%	21.7%	17.1%	21.0%	14.9%	12.4%
Equity to assets ratio	42.9%	41.2%	39.8%	48.8%	45.8%	43.3%
Average number of employees	1,094	1,070	980	912	987	940
Net sales per employee, SEK 000	1,729	1,645	1,407	1,289	1,113	1,193

Consolidated Income Statement

SEK million	2020 Q2	2019 Q2	2020 Q1-Q2	2019 Q1-Q2	Rolling 12 mth.	2019 Full year
Net sales	500	437	975	843	1,892	1,760
Cost of goods and services sold	-441	-386	-858	-742	-1,670	-1,554
Gross profit	59	51	117	101	222	206
Selling expenses	-13	-13	-27	-25	-51	-49
Administrative expenses	-9	-8	-17	-17	-33	-33
Other operating income/expenses	5	0	2	-2	4	0
Operating profit	42	31	75	57	142	124
Net financial income/expenses	0	-2	-5	-4	-9	-8
Profit after financial items	42	29	70	53	133	116
Income tax	-8	-6	-14	-9	-29	-24
Profit after tax	34	23	56	44	104	92

Consolidated Statement of Other Comprehensive Income

SEK million	2020 Q2	2019 Q2	2020 Q1-Q2	2019 Q1-Q2	Rolling 12 mth.	2019 Full year
Profit after tax	34	23	56	44	104	92
Other comprehensive income						
Items that can be subsequently reversed in the income statement:						
Exchange rate differences	-23	-1	-7	8	-4	11
Cash flow hedges	0	-	0	-	0	0
Tax on hedges and exchange rate difference	1	-	1	-	-1	-2
Total other comprehensive income after tax	-22	-1	-6	8	-5	9
Comprehensive income after tax	12	22	50	52	99	101

Earnings per share

	2020 Q2	2019 Q2	2020 Q1-Q2	2019 Q1-Q2	Rolling 12 mth.	2019 Full year
Number of shares at end of period (000)	28,373	27,873	28,373	27,873	28,373	27,873
Weighted average number of shares (000)*	28,087	27,873	27,980	27,873	27,926	27,873
Weighted average number of shares (000)**	28,394	27,949	28,309	27,911	28,200	27,973
Earnings per share, SEK*	1.20	0.84	2.01	1.56	3.75	3.31
Earnings per share, SEK**	1.19	0.84	1.98	1.56	3.72	3.30

* Before dilution

** After dilution

Consolidated Balance Sheet

SEK million	2020 30 June	2019 30 June	2019 31 Dec
Assets			
Goodwill	107	109	110
Intangible assets—customer relationships	11	14	13
Other intangible assets	13	12	14
Right of use assets	55	58	54
Property, plant and equipment	112	85	96
Deferred tax assets	5	2	1
Other financial assets	1	1	0
Total non-current assets	304	281	288
Inventories	397	437	370
Accounts receivable—trade	346	362	380
Other current receivables	21	22	18
Cash and bank balances	160	31	73
Total current asset	924	852	841
TOTAL ASSETS	1,228	1,133	1,129
Equity and liabilities			
Equity	527	416	465
Liabilities			
Long-term interest-bearing liabilities	25	15	21
Long-term liabilities, right of use asset	40	43	38
Deferred tax liabilities	11	8	12
Other long term provisions	1	6	-
Total non-current liabilities	77	72	71
Current interest-bearing liabilities	166	235	191
Short-term liabilities, right of use asset	16	15	16
Accounts payable—trade	315	291	270
Other current liabilities	126	103	109
Other short term provisions	1	-	7
Total current liabilities	624	645	593
TOTAL EQUITY AND LIABILITIES	1,228	1,133	1,129

Consolidated Change in Equity

SEK million	2020 Q2	2019 Q2	2020 Q1–Q2	2019 Q1–Q2	Rolling 12 mth.	2019 Full year
Opening equity	503	414	465	384	416	384
Comprehensive income after tax	12	22	50	52	99	101
New share issue	12	-	12	-	12	-
Payment warrants	-	-	-	0	0	0
Dividend	-	-20	-	-20	-	-20
Closing equity	527	416	527	416	527	465

Consolidated Cash Flow Statement

SEK million	2020 Q2	2019 Q2	2020 Q1-Q2	2019 Q1-Q2	Rolling 12 mth.	2019 Full year
Operating activities						
Profit after financial items	42	29	70	53	133	116
Reversed depreciation and amortisation	13	11	24	22	46	44
Other non-cash items	0	1	5	-5	11	1
Tax paid	-6	-6	-12	-13	-19	-20
Change in working capital	18	-54	48	-72	75	-45
Cash flow from operating activities	67	-20	135	-15	246	96
Cash flow from investing activities	-3	-4	-8	-7	-22	-21
Cash flow from financing activities	-26	12	-39	22	-94	-33
Change in cash and cash equivalents	38	-12	88	0	130	42
Cash and cash equivalents						
At beginning of period	126	44	73	31	31	31
Cash flow after investing activities	64	-24	127	-22	224	75
Cash flow from financing activities	-26	12	-39	22	-94	-33
Exchange rate difference in cash and cash equivalents	-4	-1	-1	1	-1	0
Cash and cash equivalents at end of period	160	31	160	31	160	73
Un-utilised credits	117	31	117	31	117	116
Available cash and cash equivalents	277	62	277	62	277	189

Operating segments

NOTE's operating segment Western Europe consist of units located in geographical regions with high industrial activity and innovation standards in Sweden, Finland and the UK. These units provide advanced production technology services in close collaboration with customers, such as component selection, developing test equipment, prototyping and batch production.

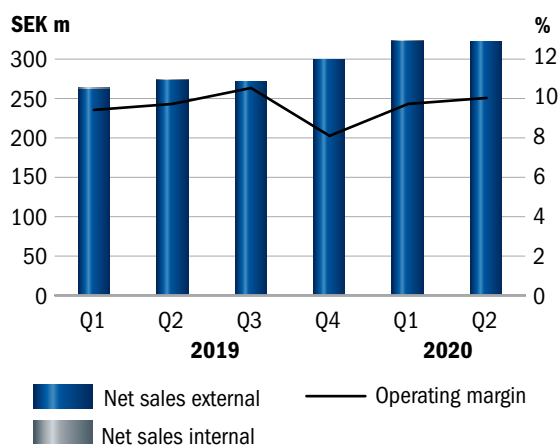
Operating segment Rest of World, located in Estonia and China, are close to large end markets and in regions with strong

traditions of production and high competence levels. In addition to development-oriented services, these units also offer cost-efficient volume production of PCBAs and box build products.

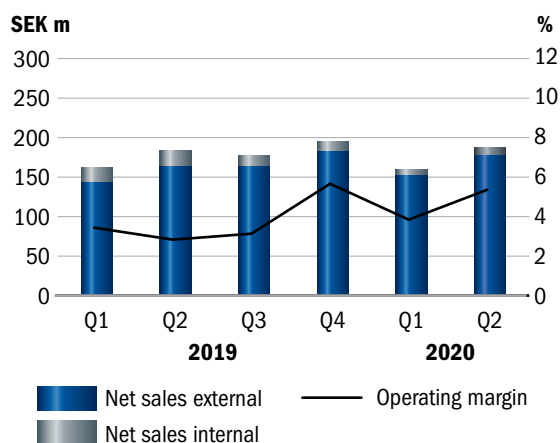
Intra-Group are group-wide business support functions in the parent company and for the sourcing operations in NOTE Components. The segment also includes group eliminations.

SEK million	2020 Q2	2019 Q2	2020 Q1-Q2	2019 Q1-Q2	Rolling 12 mth.	2019 Full year
WESTERN EUROPE						
External net sales	322	273	645	535	1,216	1,106
Internal net sales	1	1	2	3	3	4
Operating profit	32	26	63	50	115	102
Operating margin	9.9%	9.6%	9.6%	9.4%	9.4%	9.2%
Inventories	247	264	247	264	247	237
External accounts receivable—trade	236	223	236	223	236	238
Average number of employees	526	464	519	450	502	468
REST OF WORLD						
External net sales	178	164	330	308	676	654
Internal net sales	9	20	17	39	43	65
Operating profit	10	5	16	11	32	27
Operating margin	5.3%	2.8%	4.7%	3.0%	4.5%	3.8%
Inventories	150	173	150	173	150	133
External accounts receivable—trade	109	139	109	139	109	142
Average number of employees	580	590	570	591	574	585
INTRA-GROUP						
Internal net sales	-10	-21	-19	-42	-46	-69
Operating profit	0	0	-4	-4	-5	-5
External accounts receivable—trade	1	-	1	-	1	0
Average number of employees	18	16	18	17	18	17

Western Europe



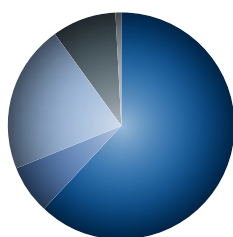
Rest of World



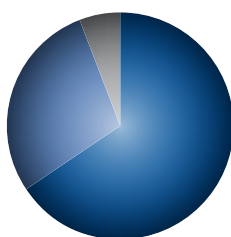
Sales per customer segment

SEK million	2020 Q2	2019 Q2	2020 Q1-Q2	2019 Q1-Q2	Rolling 12 mth.	2019 Full year
WESTERN EUROPE						
Industrial	197	163	400	329	741	671
Communication	22	33	46	60	100	114
Medtech	72	41	136	73	243	181
Defence	29	34	59	70	123	133
High end consumer	2	2	4	3	9	7
Total external sales	322	273	645	535	1,216	1,106
REST OF WORLD						
Industrial	117	114	217	205	430	419
Communication	54	45	94	93	197	196
Medtech	0	0	0	1	1	0
Defence	0	0	0	0	0	0
High end consumer	7	5	19	9	48	39
Total external sales	178	164	330	308	676	654
TOTAL						
Industrial	314	277	617	534	1,171	1,090
Communication	76	78	140	153	297	310
Medtech	72	41	136	74	244	181
Defence	29	34	59	70	123	133
High end consumer	9	7	23	12	57	46
Total external sales	500	437	975	843	1,892	1,760

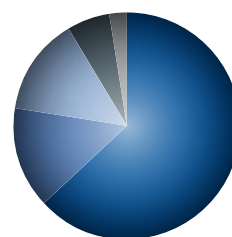
Western Europe Q1-Q2



Rest of World Q1-Q2



Total Q1-Q2



■ Industrial ■ Communication ■ Medtech ■ Defence ■ High end consumer

Parent Company Income Statement

SEK million	2020 Q2	2019 Q2	2020 Q1-Q2	2019 Q1-Q2	Rolling 12 mth.	2019 Full year
Net sales	9	10	19	19	38	38
Cost of services sold	-3	-4	-6	-8	-14	-16
Gross profit	6	6	13	11	24	22
Selling expenses	-4	-5	-8	-9	-17	-18
Administrative expenses	-3	-2	-6	-5	-12	-11
Other operating income/expenses	-7	-3	-5	3	-2	6
Operating profit	-8	-4	-6	0	-7	-1
Net financial income/expenses	-1	1	0	2	74	76
Profit after financial items	-9	-3	-6	2	67	75
Appropriations	-	-	-	-	-19	-19
Profit before tax	-9	-3	-6	2	48	56
Income tax	2	-	1	-	-11	-12
Profit after tax	-7	-3	-5	2	37	44

Parent Company Statement of Other Comprehensive Income

SEK million	2020 Q2	2019 Q2	2020 Q1-Q2	2019 Q1-Q2	Rolling 12 mth.	2019 Full year
Profit after tax	-7	-3	-5	2	37	44
Other comprehensive income						
Items that can be subsequently reversed in the income statement:	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Comprehensive income after tax	-7	-3	-5	2	37	44

Parent Company Balance Sheet

SEK million	2020 30 June	2019 30 June	2019 31 Dec
Assets			
Intangible assets	3	4	4
Property, plant and equipment	1	0	1
Long-term receivables from group companies	142	97	149
Financial non-current assets	221	221	221
Total non-current assets	367	323	375
Receivables from group companies	16	70	19
Other current receivables	4	10	3
Cash and bank balances	113	-	25
Total current assets	133	80	47
TOTAL ASSETS	500	403	422
Equity and liabilities			
Equity	247	198	240
Untaxed reserves	26	7	26
Liabilities			
Liabilities to financial institutions	0	58	1
Liabilities to group companies	219	126	138
Other current liabilities and provisions	8	14	17
Total current liabilities	227	198	156
TOTAL EQUITY AND LIABILITIES	500	403	422

Parent Company Change in Equity

SEK million	2020 Q2	2019 Q2	2020 Q1-Q2	2019 Q1-Q2	Rolling 12 mth.	2019 Full year
Opening equity	242	221	240	216	198	216
Comprehensive income after tax	-7	-3	-5	2	37	44
New share issue	12	-	12	-	12	-
Dividend	-	-20	-	-20	-	-20
Closing equity	247	198	247	198	247	240

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 (before dilution).

Equity per share

Equity divided by the number of outstanding shares at end of the period (before dilution).

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.

Order backlog

A combination of fixed orders and customer forecasts.

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.

Profit margin

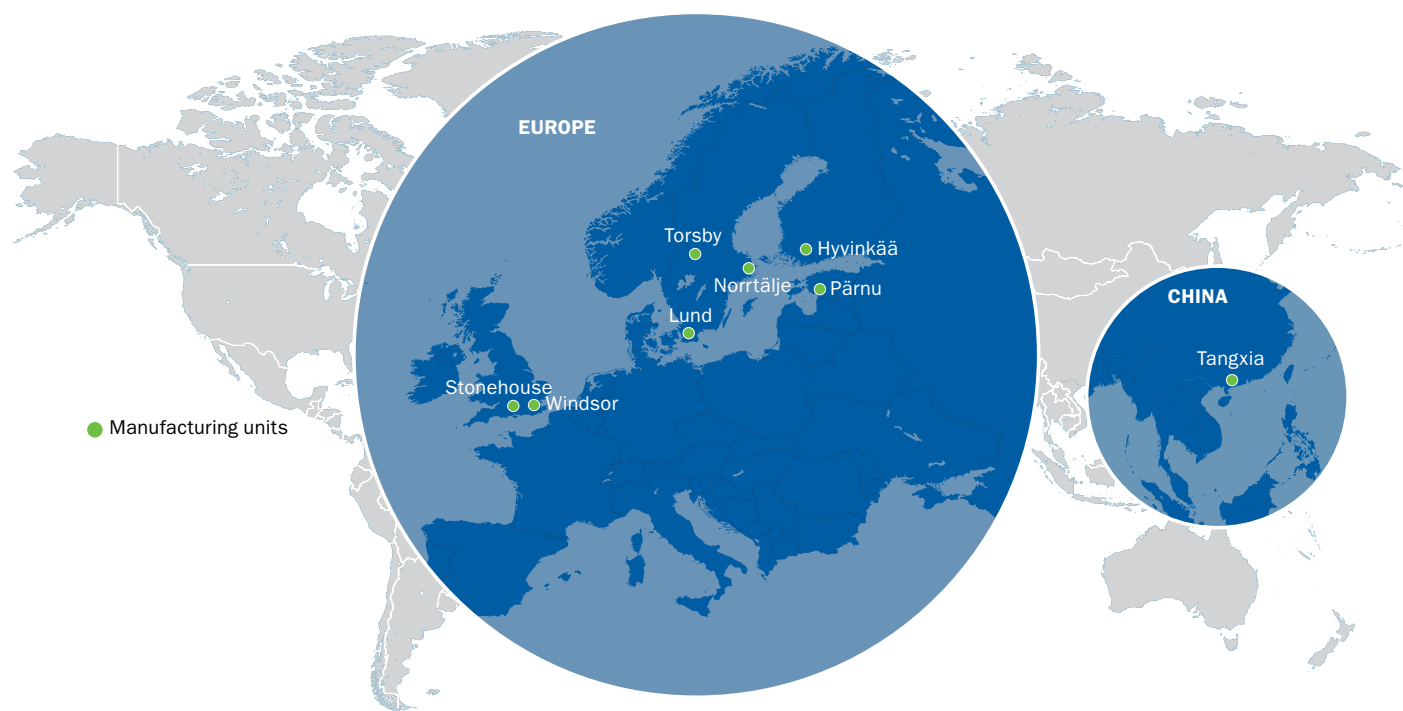
Profit after financial items as a percentage of net sales.

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.



This is NOTE

NOTE produces PCBAs, subassemblies, and increasingly box build products. The products are embedded in complex systems used in applications including electronic control, surveillance and security.

The customers are active in medtech, defence, industrial, communication and high end consumer electronics. Primarily, the customer base consists of large corporations operating on the global market, but also businesses whose main sales are in northern Europe.

The business model is based on delivering

advanced manufacturing services, tailored logistics solutions as well as value-added consulting services for the best total cost. The customer offering covers complete product lifecycles from design to after-sales.

In Western Europe, NOTE has plants located in geographical regions with high industrial activity and innovation capabilities. At these plants, NOTE provides sophisticated production technology services in close partnership with customers, such as component selection, developing test equipment, prototyping and

batch production.

NOTE's plants in Estonia and China are close to major final markets, and in regions with strong traditions of production and high skills levels. Over and above development-oriented services, cost-efficient batch production of PCBAs and box build products are provided.

Financial information

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

Calendar

Interim Report Q3 19 Oct 2020

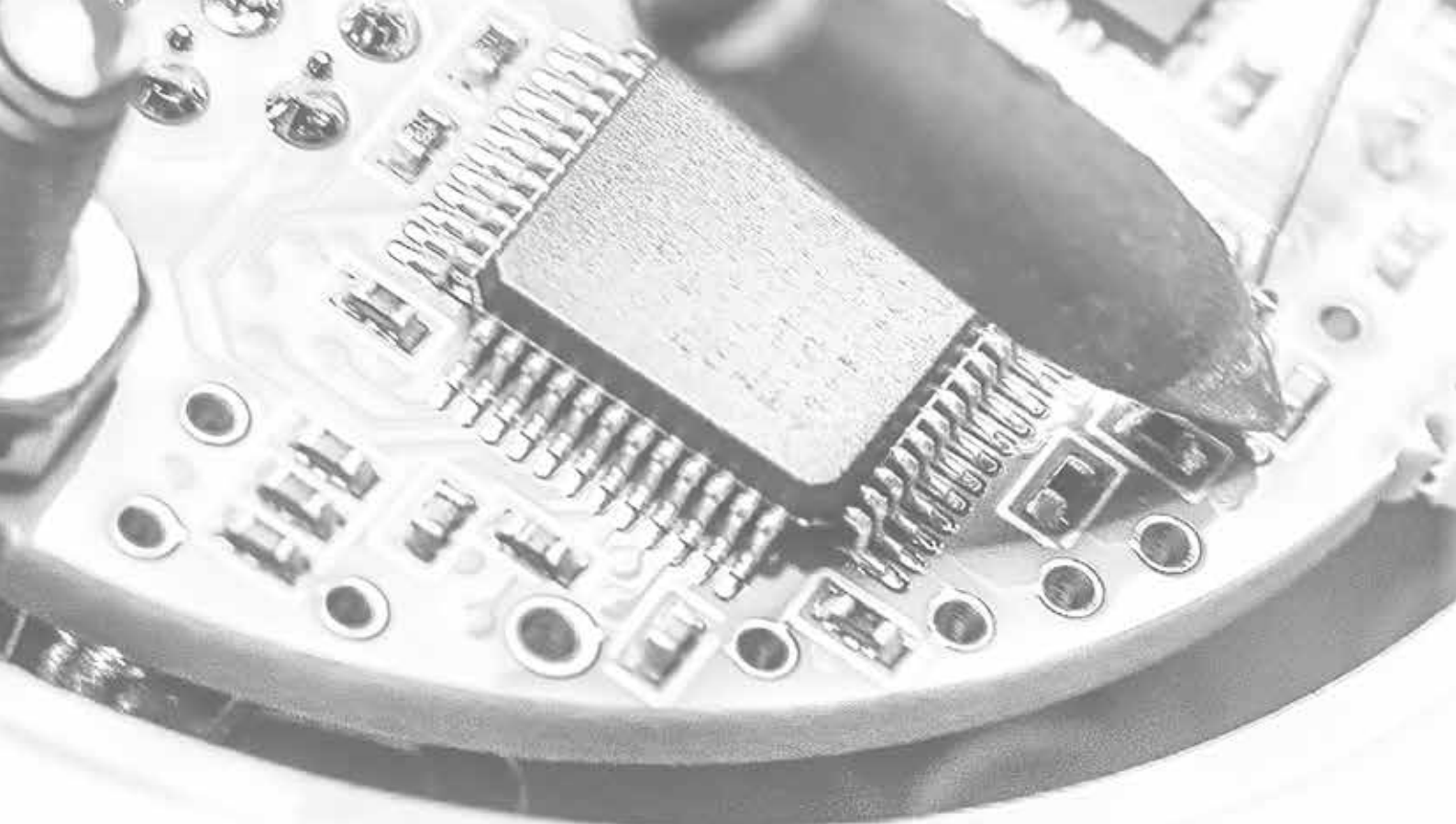
Ordering financial information

Financial and other relevant information can be ordered from NOTE. Out of consideration for the environment, a subscription service is readily available from NOTE's website.

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