

## Q1 in brief

#### Financial performance in January-March

- Sales increased by 6% to SEK 502 (475) million. Adjusted for currency effects, growth was 11%.
- Operating profit was up by 21% to SEK 40 (33) million.
- Operating margin widened by 1.0 percentage point to 8.0% (7.0%).
- Profit after net financial items increased by 35% to SEK 38 (28) million.
- Profit after tax increased by 37% to SEK 31 (22) million, corresponding to SEK 1.08 (0.80) per share.
- Cash flow after investments amounted to SEK 4 (63) million, or SEK 0.14 (2.26) per share.

#### **Events in the period**

#### More successes on the market

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 the most recent three-year period, yearly organic growth has averaged some 15%. Major customer partnerships previously announced, which achieved high volume growth in the first quarter, include Charge Amps, which develops electric vehicle charging products, and Plejd, active in the smart lighting segment.

Despite challenges presented by the pandemic, new business sales continued their strong growth. This included NOTE being appointed electronics production partner by a leading international medtech company. The potential of this new partnership is significant, and annualised sales are estimated at just over SEK 85 million.

To ensure, if possible, the supply of materials to customers in the current global shortage of semiconductors, inventories have been deliberately increased during the first quarter. In the short term, this has weighed on cash flow.

#### New, expansive customer segment

The market for EMS services is evolving rapidly. Effective this year, NOTE is reporting sales in the four customer segments of

Industrial, Communication, Medtech and Greentech.

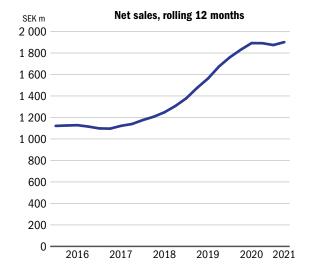
The new Greentech segment is populated by customers active in the expansive green technology shift. This includes customers offering products that help increase sustainability, in the transition from fossil to renewable energy for example, or optimising energy consumption. Sales in Greentech doubled in the period, making up over 20% of total sales.

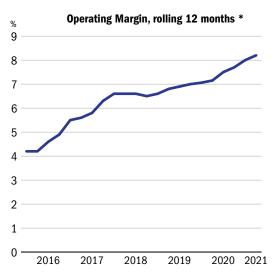
#### Covid-19

Conditions in many industries have been adversely affected by the pandemic, which for NOTE caused lower sales than expected in 2020. Developments during the first quarter of 2021 show a return to more normal volumes. NOTE works in a responsible way to limit the spread of infection. Restrictions caused by the pandemic continued to affect daily operations. By the first quarter of this year, all plants had essentially returned to normal operation.

#### **New Chairman of the Board proposed**

The Nomination Committee has proposed Claes Mellgren as the new Chairman of NOTE's Board. Claes Mellgren has been a Board member of NOTE since 2019, and his in-depth experience includes corporate acquisitions as the principal owner and founder of AQ Group, listed on Nasdaq Stockholm's Mid Cap list.





<sup>\*</sup> The operating margin adjusted by SEK -16 million in Q1 2017 and +7 MSEK in Q3 2018 for non-recurring items.

## CEO's comments

#### Focusing on profitable growth

NOTE has performed confidently for several years. The combination of a clear growth agenda and strong customer offering, with rationalisation on our cost side, have been contributors to increased market shares and progressively expanding margins. The critical success factors are methodical work on assuring quality and delivery precision of the highest class to customers, and in these segments, we've secured a sector-leading position.

Our business model builds on partnership and long-term customer relationships. Our customer base is varied, and we already partner with several of the northern European leaders across a broad spectrum of sectors. One of the cornerstones of our growth plans is to expand collaborations across our strong customer base—the potential to expand business here remains very substantial. At the same time, we're 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've successfully secured a large number of new accounts in traditional industries, as well as in new, expansive application segments recently.



After the uncertainties and inventory adjustments associated with the pandemic in the autumn, we're seeing a strong demand recovery. Order intake in the quarter was very strong, and our highest level ever. By the end of the quarter, our order a backlog was over 30% larger than the previous year, giving cause for continued optimism for our future.

Despite sales in the first half of last year remaining at record levels, I'm delighted that sales in the first quarter were up by 6% to SEK 502 million, our highest-ever level. Adjusted for the effects of exchange rate fluctuations, organic growth was 11%, and thus in line with our long-term target. In the wake of extensive shutdowns across UK industry, sales in the UK were down significantly on the previous year, albeit with clear signs of recovery. Mainly driven by sustained very strong progress in Sweden, growth in Western Europe, adjusted for currency effects, was still in line with our growth target. The demand for EMS at our plant in Estonia remained very high despite the pandemic. I'm also pleased that sales and order intake at our plant in China progressed very positively, and exceeded our expectations in the period.

Now, as many of NOTE's customers are active in the green technology shift, we have decided to clarify this in our customer segment reporting, which effective the first quarter, consists of the Industrial, Communication, Medtech and Greentech segments. We see great potential, and are participating actively, in the green technology shift currently ongoing across manufacturing, in Sweden and internationally. Greentech includes sales to customers with products that clearly contribute to energy optimisation or the transition from fossil to renewable energy.

I'm also really delighted that we continued our positive earnings trend. Operating profit increased by 21% to SEK 40 million, and our operating margin widened by 1.0 percentage point to 8.0%. Our profit improvement was enabled by growth, stable margins on customer assignments, continued good progress on costs, and very strong performance, especially in Sweden.



Strong new business sales and a robust demand recovery are paving the way for a higher growth rate

We're also seeing how our rationalisation measures in Estonia and China are helping boost profitability.

NOTE has a strong Balance Sheet with an equity to assets ratio of nearly 50% and low net debt. With the problematic current status of the electronic components market, not least in terms of the supply of semiconductors, we deliberately increased our inventories to ensure the supply of materials to customers wherever possible. In the short term, this meant that cash flow after investments in the period was limited to SEK 4 (63) million. For the past 12 months, cash flow was SEK 113 million, or SEK 3.98 per share.

Our business model is working well, and we operate modern and effective plants. We are continuing to invest to increase growth and are running several projects to further expand our capacity and automation levels. These include the substantial expansion of our plant at Torsby, Sweden. Additionally, and proceeding from our strong financial situation, we're working actively to exploit new acquisition and growth opportunities on the market.

#### **Future**

We lost significant headway in the second half-year 2020 in the wake of the pandemic. But we're now witnessing a very robust demand recovery, from our existing customer base, and new customer partnerships.

Our order status is really strong, and with the current market situation, I think we have good prospects of achieving growth of 10%-20% for the full year, and continuing our positive profitability performance with rising operating profit and higher operating margins.

Johannes Lind-Widestam

## Comments on Q1

#### Sales, January-March

NOTE is a competitive electronics manufacturer in Northern Europe, and a stable business partner for Swedish and international customers that need advanced EMS. NOTE's business model is based on long-term customer relationships and partnerships. NOTE sells to a large customer base, essentially active in the Industrial, Communication, Medtech and Greentech segments. The customer base includes both global corporations active worldwide, and local enterprises whose main sales are in northern Europe. Usually, customers outsource all EMS to one or several production partners. Another clear trend is for customers demanding more manufacture of box build products.

Despite the current pandemic, demand for NOTE's services rose strongly in the first quarter. Sales increased by 6% to SEK 502 (475) million. Growth was wholly organic, and adjusted for altered exchange rates, mainly the USD, EUR and GBP, growth was 11%.

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 businesses 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 remained very strong in Sweden, and mainly to Greentech customers, including several high-growth companies in the energy and environmental segment. Extensive restrictions and closures across UK industry in response to the pandemic contributed to sales in the UK being down by some 20% on the previous year. Overall, sales in Western Europe increased by 5%—adjusted for exchange rate fluctuations, growth in Western Europe was some 10%. Sales from NOTE's plant in China are to local and global customers. Sales and order intake in China made strong progress. Including the extended production stoppage in Q1 last year because of the Covid-19 situation, growth in China was nearly 30%, which was above estimate. Sales from the plant in Estonia, mainly to customers in northern Europe, were just above the previous year's strong level, with several new customer partnerships in ramp-up.

NOTE's growth and robust new business customer sales in recent years should be viewed against the background of a market evolving rapidly. Previously, manufacturers were keen to locate electronics manufacture in Asia. Amplified by increasing restrictions to global trade, and a sharper focus on sustainability issues, there is a clear trend for European customers increasingly demanding development and manufacturing services closer to home. With expanded capacity and several efficient plants in Europe, NOTE's organisation is well prepared to address this progress.

NOTE's 15 largest customers in sales terms represented 55% (52%) of group sales. No single customer (group) represented more than about 7% of total sales.

A sustained high level of new business sales and clear demand recovery across industry were contributors to high order intake in the period. The group's order backlog, which is a combination of fixed orders and customer forecasts, was just over 30% above the previous year's level at the end of the first quarter, supporting continued positive sales performance.

#### Results of operations, January-March

In order to keep sharpening competitiveness and create the potential for profitable 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. An obvious result of the improvement work is the company's positive trend of sales per employee over time.

Mainly as a consequence of increased sales and stable margins on current customer assignments, gross profit increased by 10% to SEK 63 (58) million. The gross margin increased by 0.5 percentage points to 12.6% (12.1%).

Sales and administration overheads for the period reduced somewhat, and as a share of sales, were 4.1% (4.5%).

Other operating income/expenses, essentially consisting of the revaluation of operating assets and liabilities denominated in foreign currency, were SEK -3 (-3) million.

Operating profit in the first quarter improved by 21% to SEK 40 (33) million, and the operating margin increased by 1.0 percentage point to 8.0% (7.0%).

Against the background of NOTE's strong financial position and good liquidity, invoice factoring reduced significantly on the previous year. Net financial income/expenses increased to SEK -2 (-5) million in the period.

Profit after net financial items increased by 35% to SEK 38 (28) million, which means the profit margin increased to 7.5% (5.8%).

Profit after tax was up by 39% to SEK 31 (22) million, or SEK 1.08 (0.80) per share. The tax expense for the year corresponded to 18% (19%) of profit before tax.

#### **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 lot of focus on continuously improving its business methods and internal processes in these segments.

The global market for electronics components is generally considered fairly volatile, with limited supply of various types of component from time to time. One of NOTE's key missions is to ensure the supply of materials to customers. The supply of semiconductors has been a limiting factor in the industry for some time, and accordingly, NOTE has put a lot of work into limiting disruptions and delays to inward shipments of components. As part of these efforts, the inventory of critical components was deliberately increased during the first quarter. As a consequence of this and other factors, capital tied up in inventory increased

by 20% since year-end.

NOTE is making continuous efforts to limit the number of outstanding days of credit. Naturally, accounts receivable—trade increased on year-end, and were 8% higher than the corresponding point of the previous year. The number of outstanding days of credit was consistent 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 as far as possible. This working method simultaneously helps rationalise the utilisation of working capital. Accounts payable—trade increased significantly on yearend, and were approximately 6% higher than the corresponding point of the previous year.

Cash flow in the first quarter of the previous year was positively impacted by just over SEK 30 million due to a changed factoring solution in Estonia. Despite continued positive profit performance, the increased need for working capital, mainly associated with growth, limited first-quarter cash flow after investments to SEK 4 (63) million, corresponding to SEK 0.14 (2.26) per share. Viewed over the past 12 months, cash flow was SEK 113 million, or SEK 3.98 per share.

#### **Equity to assets ratio**

NOTE has a strong financial position. According to NOTE's externally communicated financial targets, its minimum equity to assets ratio should be 30%. At the end of the first quarter, the equity to assets ratio was 47.7% (40.9%).

#### 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 strong cash flow over the past one year-plus, from the first quarter of the previous year, invoice factoring reduced by just over SEK 100 million. The group's reported available cash and cash equivalents including unused credit facilities, then amounted to SEK 195 (243) million. Disregarding estimated financial liabilities on the additional right-of-use assets under IFRS 16 (Leases), net debt at year-end was SEK 31 (82) million.

#### **Investments**

Capital expenditure on fixed assets in the first quarter was SEK 24 (6) million, of which SEK 15 (-) million consisted of additional investments in leasehold properties (IFRS 16 Leases). Adjusted for the latter, investments were 1.8% (1.3%) of sales, and mainly consisted of projects to increase capacity, efficiency and quality.

Plan depreciation and amortisation increased to SEK 13 (11) million, of which SEK 4 (4) million was depreciation measured under IFRS 16, mainly on leasehold properties.

#### **Parent company**

The parent company, NOTE AB (publ), is primarily focused on the management, coordination and development of the group. Revenue in the period was SEK 8 (10) million, mainly from intra-group services. Profit after tax amounted to SEK 6 (2) million.

### Other information

#### **Transactions with related parties**

There were no transactions with related parties in the first quarter. In the ongoing incentive programme from 2018-2019, there are a total of 611,000 warrants corresponding to 2% of the number of outstanding shares.

#### **Dividend**

To ensure maximum financial freedom of action during the beginning of 2021 and to be able to actively participate in the ongoing structural transformation of the industry, the Board proposed that no dividend be paid for 2020. However, given NOTE's strong balance sheet, the Board may return later in the year and propose a dividend.

#### 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 2020, more specifically to the Risks section on page 13, the Report of the Directors on page 43, 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 2020. 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.

Earnings per share are reported in accordance with IAS 33 Earnings per share. NOTE has two incentive programmes that were initiated during the period 2018–2019, all of which run for a 3-year period. These warrants have a dilution effect when the stock price exceeds the exercise price. Purchase of all of the 500.000 shares from the incentive programme established in 2017 was made in the second quarter 2020.

All amounts are in millions of Swedish kronor (SEK million) unless otherwise stated.

#### **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.

#### 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 quarter has not been subject to review by the company's auditor.

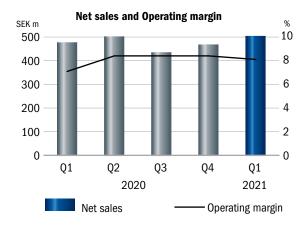
Johannes Lind-Widestam CEO and President

Stockholm, Sweden, 18 April 2021

# Consolidated summary

**Quarterly summary** 

SEK million	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1
Net sales	502	466	433	500	475
Gross margin	12.6%	12.6%	11.2%	12.0%	12.1%
Operating margin	8.0%	8.3%	8.3%	8.3%	7.0%
Profit margin	7.5%	8.4%	7.8%	8.4%	5.8%
Cash flow after investing activities	4	44	1	64	63
Cash flow per share, SEK	0.14	1.55	0.04	2.26	2.26
Equity per share, SEK	21.7	20.0	19.5	18.6	18.1
Equity to assets ratio	47.7%	51.2%	45.0%	42.9%	40.9%
Average number of employees	1,091	1,086	1,103	1,124	1,090
Net sales per employee, SEK 000	460	429	393	445	436



Six-year summary

SEK million	Rolling 12 mth.	2020	2019	2018	2017	2016
Net sales	1,901	1,874	1,760	1,379	1,176	1,098
Gross margin	12.1%	12.0%	11.7%	12.5%	11.9%	12.0%
Operating margin	8.2%	8.0%	7.1%	6.1%	7.9%	5.5%
Profit margin	8.0%	7.6%	6.6%	5.7%	7.6%	5.0%
Cash flow after investing activities	113	172	75	-76	70	41
Cash flow per share, SEK	3.98	6.06	2.69	-2.63	2.41	1.42
Equity per share, SEK	21.7	20.0	16.7	13.3	12.8	11.0
Return on operating capital	23.1%	22.7%	20.7%	17.8%	24.2%	16.1%
Return on equity	22.3%	22.5%	21.7%	17.1%	21.0%	14.9%
Equity to assets ratio	47.7%	51.2%	41.2%	39.8%	48.8%	45.8%
Average number of employees	1,101	1,101	1,070	980	912	987
Net sales per employee, SEK 000	1,727	1,702	1,645	1,407	1,289	1,113

# **Consolidated Financial Reports**

#### **Income Statement**

SEK million	2021 Q1	2020 Q1	Rolling 12 mth.	2020 Full year
Net sales	502	475	1,901	1,874
Cost of goods and services sold	-439	-417	-1,671	-1,649
Gross profit	63	58	230	225
Selling expenses	-12	-14	-49	-51
Administrative expenses	-8	-8	-34	-34
Other operating income/expenses	-3	-3	9	9
Operating profit	40	33	156	149
Net financial income/expenses	-2	-5	-3	-6
Profit after financial items	38	28	153	143
Income tax	-7	-6	-28	-27
Profit after tax	31	22	125	116

**Other Comprehensive Income** 

SEK million	2021 Q1	2020 Q1	Rolling 12 mth.	2020 Full year
Profit after tax	31	22	125	116
Other comprehensive income				
Items that can be subsequently reversed in the income statement:				
Exchange rate differences	19	16	-25	-28
Cash flow hedges	0	0	0	0
Tax on hedges and exchange rate difference	-2	0	1	3
Total other comprehensive income after tax	17	16	-24	-25
Comprehensive income after tax	48	38	101	91

**Earnings per Share** 

g. p	2021 Q1	2020 Q1	Rolling 12 mth.	2020 Full year
Number of shares at end of period (000)	28,373	27,873	28,373	28,373
Weighted average number of shares (000)*	28,373	27,873	28,301	28,178
Weighted average number of shares (000)**	28,726	28,217	28,653	28,548
Earnings per share, SEK*	1.08	0.80	4.38	4.11
Earnings per share, SEK**	1.07	0.79	4.32	4.05

<sup>\*</sup> Before dilution \*\* After dilution

#### **Balance Sheet**

Assets   Goodwill   109	SEK million	2021 31 Mar	2020 31 Mar	2020 31 Dec
Intangible assets—customer relationships         9         13         9           Other intangible assets         11         13         11           Right of use assets—rented properties         67         50         55           Property, plant and equipment         140         98         137           Deferred tax assets         5         1         6           Other financial assets         1         1         1           Total non-current assets         342         286         325           Inventories         428         420         354           Accounts receivable—trade         408         377         338           Other current receivables         35         22         25           Cash and bank balances         79         126         68           Total current asset         950         945         785           TOTAL ASSETS         1,292         1,231         1,110           Equity and liabilities         56         21         55           Long-term interest-bearing liabilities         56         21         55           Long-term liabilities, right of use asset—rented properties         51         34         40           Deferred tax liabilities <td>Assets</td> <td></td> <td></td> <td></td>	Assets			
Other intangible assets         11         13         11           Right of use assets—rented properties         67         50         55           Property, plant and equipment         140         98         137           Deferred tax assets         5         1         6           Other financial assets         1         1         1           Total non-current assets         342         286         325           Inventories         428         420         354           Accounts receivable—trade         408         377         338           Other current receivables         35         22         25           Cash and bank balances         79         126         68           Total current asset         950         945         785           TOTAL ASSETS         1,292         1,231         1,110           Equity and liabilities         56         21         55           Long-term interest-bearing liabilities         56         21         55           Long-term liabilities, right of use asset—rented properties         51         34         40           Deferred tax liabilities         15         11         15           Other long term provisions <t< td=""><td>Goodwill</td><td>109</td><td>110</td><td>106</td></t<>	Goodwill	109	110	106
Right of use assets—rented properties         67         50         55           Property, plant and equipment         140         98         137           Deferred tax assets         5         1         6           Other financial assets         1         1         1           Total non-current assets         342         286         325           Inventories         428         420         354           Accounts receivable—trade         408         377         338           Other current receivables         35         22         25           Cash and bank balances         79         126         68           Total current asset         950         945         785           TOTAL ASSETS         1,292         1,231         1,110           Equity and liabilities         56         21         55           Long-term interest-bearing liabilities         56         21         55           Long-term liabilities, right of use asset—rented properties         51         34         40           Deferred tax liabilities         15         11         15           Other long term provisions         0         0         -           Total non-current liabilities	Intangible assets—customer relationships	9	13	9
Property, plant and equipment         140         98         137           Deferred tax assets         5         1         6           Other financial assets         1         1         1           Total non-current assets         342         286         325           Inventories         428         420         354           Accounts receivable—trade         408         377         338           Other current receivables         35         22         25           Cash and bank balances         79         126         68           Total current asset         950         945         785           TOTAL ASSETS         1,292         1,231         1,110           Equity and liabilities         56         21         55           Long-term interest-bearing liabilities         56         21         55           Long-term liabilities, right of use asset—rented properties         51         34         40           Deferred tax liabilities         15         11         15           Other long term provisions         0         0         -           Total non-current liabilities         122         66         110           Current interest-bearing liabilities	Other intangible assets	11	13	11
Deferred tax assets         5         1         6           Other financial assets         1         1         1           Total non-current assets         342         286         325           Inventories         428         420         354           Accounts receivable—trade         408         377         338           Other current receivables         35         22         25           Cash and bank balances         79         126         68           Total current asset         950         945         785           TOTAL ASSETS         1,292         1,231         1,110           Equity and liabilities         56         21         55           Long-term interest-bearing liabilities         56         21         55           Long-term liabilities, right of use asset—rented properties         51         34         40           Deferred tax liabilities         15         11         15           Other long term provisions         0         0         -           Total non-current liabilities         122         66         110           Current interest-bearing liabilities         54         187         41           Short-term liabilities, right of use asset	Right of use assets—rented properties	67	50	55
Other financial assets         1         1         1           Total non-current assets         342         286         325           Inventories         428         420         354           Accounts receivable—trade         408         377         338           Other current receivables         35         22         25           Cash and bank balances         79         126         68           Total current asset         950         945         785           TOTAL ASSETS         1,292         1,231         1,110           Equity and liabilities         56         21         55           Long-term interest-bearing liabilities         56         21         55           Long-term liabilities, right of use asset—rented properties         51         34         40           Deferred tax liabilities         15         11         15           Other long term provisions         0         0         -           Total non-current liabilities         54         187         41           Current interest-bearing liabilities         54         187         41           Current liabilities, right of use asset—rented properties         18         16         17           Ac	Property, plant and equipment	140	98	137
Total non-current assets   342   286   325     Inventories   428   420   354     Accounts receivable—trade   408   377   338     Other current receivables   35   22   25     Cash and bank balances   79   126   68     Total current asset   950   945   785     TOTAL ASSETS   1,292   1,231   1,110     Equity and liabilities     Equity   616   503   568     Liabilities     Liabilities   56   21   55     Long-term interest-bearing liabilities   56   21   55     Long-term liabilities, right of use asset—rented properties   51   34   40     Deferred tax liabilities   15   11   15     Other long term provisions   0   0   0     Total non-current liabilities   122   66   110     Current interest-bearing liabilities   54   187   41     Short-term liabilities, right of use asset—rented properties   18   16   17     Accounts payable—trade   359   339   246     Other current liabilities   122   113   127     Other short term provisions   1   7   1     Total current liabilities   554   662   432     Total current liabilities   554   66	Deferred tax assets	5	1	6
Inventories	Other financial assets	1	1	1
Accounts receivable—trade       408       377       338         Other current receivables       35       22       25         Cash and bank balances       79       126       68         Total current asset       950       945       785         TOTAL ASSETS       1,292       1,231       1,110         Equity and liabilities       Equity       616       503       568         Liabilities       Equity       616       503       568         Liabilities       Cong-term interest-bearing liabilities       56       21       55         Long-term liabilities, right of use asset—rented properties       51       34       40         Deferred tax liabilities       15       11       15         Other long term provisions       0       0       -         Total non-current liabilities       122       66       110         Current interest-bearing liabilities       54       187       41         Short-term liabilities, right of use asset—rented properties       18       16       17         Accounts payable—trade       359       339       246         Other current liabilities       122       113       127         O	Total non-current assets	342	286	325
Other current receivables         35         22         25           Cash and bank balances         79         126         68           Total current asset         950         945         785           TOTAL ASSETS         1,292         1,231         1,110           Equity and liabilities         Equity         616         503         568           Liabilities         Long-term interest-bearing liabilities         56         21         55           Long-term liabilities, right of use asset—rented properties         51         34         40           Deferred tax liabilities         15         11         15           Other long term provisions         0         0         -           Total non-current liabilities         122         66         110           Current interest-bearing liabilities         54         187         41           Short-term liabilities, right of use asset—rented properties         18         16         17           Accounts payable—trade         359         339         246           Other current liabilities         122         113         127           Other short term provisions         1         7         1           Total current liabilities<	Inventories	428	420	354
Cash and bank balances         79         126         68           Total current asset         950         945         785           TOTAL ASSETS         1,292         1,231         1,110           Equity and liabilities         Equity         616         503         568           Liabilities         Equity         616         503         568           Liabilities         55           Long-term interest-bearing liabilities         56         21         55           Long-term liabilities, right of use asset—rented properties         51         34         40           Deferred tax liabilities         15         11         15         11         15           Other long term provisions         0         0         -         -         -         Total non-current liabilities         122         66         110           Current interest-bearing liabilities         54         187         41         41         41         41         42         43         44         44         44         44         44         44         44         44         44         44         44         44         44         44         44         44         44	Accounts receivable—trade	408	377	338
Total current asset         950         945         785           TOTAL ASSETS         1,292         1,231         1,110           Equity and liabilities         Equity         616         503         568           Liabilities         Long-term interest-bearing liabilities         56         21         55           Long-term liabilities, right of use asset—rented properties         51         34         40           Deferred tax liabilities         15         11         15           Other long term provisions         0         0         -           Total non-current liabilities         122         66         110           Current interest-bearing liabilities         54         187         41           Short-term liabilities, right of use asset—rented properties         18         16         17           Accounts payable—trade         359         339         246           Other current liabilities         122         113         127           Other short term provisions         1         7         1           Total current liabilities         554         662         432	Other current receivables	35	22	25
TOTAL ASSETS         1,292         1,231         1,110           Equity and liabilities         616         503         568           Liabilities         Long-term interest-bearing liabilities         56         21         55           Long-term liabilities, right of use asset—rented properties         51         34         40           Deferred tax liabilities         15         11         15           Other long term provisions         0         0         -           Total non-current liabilities         122         66         110           Current interest-bearing liabilities         54         187         41           Short-term liabilities, right of use asset—rented properties         18         16         17           Accounts payable—trade         359         339         246           Other current liabilities         122         113         127           Other short term provisions         1         7         1           Total current liabilities         554         662         432	Cash and bank balances	79	126	68
Equity and liabilities  Equity 616 503 568  Liabilities  Long-term interest-bearing liabilities 56 21 55  Long-term liabilities, right of use asset—rented properties 51 34 40  Deferred tax liabilities 15 11 15  Other long term provisions 0 0 0 -  Total non-current liabilities 122 66 110  Current interest-bearing liabilities 54 187 41  Short-term liabilities, right of use asset—rented properties 18 16 17  Accounts payable—trade 359 339 246  Other current liabilities 122 113 127  Other short term provisions 1 7 1  Total current liabilities 554 662 432	Total current asset	950	945	785
Equity616503568LiabilitiesLong-term interest-bearing liabilities562155Long-term liabilities, right of use asset—rented properties513440Deferred tax liabilities151115Other long term provisions00-Total non-current liabilities12266110Current interest-bearing liabilities5418741Short-term liabilities, right of use asset—rented properties181617Accounts payable—trade359339246Other current liabilities122113127Other short term provisions171Total current liabilities554662432	TOTAL ASSETS	1,292	1,231	1,110
Liabilities  Long-term interest-bearing liabilities 56 21 55  Long-term liabilities, right of use asset—rented properties 51 34 40  Deferred tax liabilities 15 11 15  Other long term provisions 0 0 -  Total non-current liabilities 122 66 110  Current interest-bearing liabilities 54 187 41  Short-term liabilities, right of use asset—rented properties 18 16 17  Accounts payable—trade 359 339 246  Other current liabilities 122 113 127  Other short term provisions 1 7 1  Total current liabilities 554 662 432	Equity and liabilities			
Long-term interest-bearing liabilities 56 21 55 Long-term liabilities, right of use asset—rented properties 51 34 40 Deferred tax liabilities 15 11 15 Other long term provisions 0 0 - Total non-current liabilities 122 66 110  Current interest-bearing liabilities 54 187 41 Short-term liabilities, right of use asset—rented properties 18 16 17 Accounts payable—trade 359 339 246 Other current liabilities 122 113 127 Other short term provisions 1 7 1 Total current liabilities 554 662 432	Equity	616	503	568
Long-term liabilities, right of use asset—rented properties  51 34 40  Deferred tax liabilities 15 11 15  Other long term provisions 0 0 -  Total non-current liabilities 122 66 110  Current interest-bearing liabilities 54 187 41  Short-term liabilities, right of use asset—rented properties 18 16 17  Accounts payable—trade 359 339 246  Other current liabilities 122 113 127  Other short term provisions 1 7 1  Total current liabilities 554 662 432	Liabilities			
Deferred tax liabilities 15 11 15 Other long term provisions 0 0 0 -  Total non-current liabilities 122 66 110  Current interest-bearing liabilities 54 187 41 Short-term liabilities, right of use asset—rented properties 18 16 17 Accounts payable—trade 359 339 246 Other current liabilities 122 113 127 Other short term provisions 1 7 1 Total current liabilities 554 662 432	Long-term interest-bearing liabilities	56	21	55
Other long term provisions00-Total non-current liabilities12266110Current interest-bearing liabilities5418741Short-term liabilities, right of use asset—rented properties181617Accounts payable—trade359339246Other current liabilities122113127Other short term provisions171Total current liabilities554662432	Long-term liabilities, right of use asset—rented properties	51	34	40
Total non-current liabilities12266110Current interest-bearing liabilities5418741Short-term liabilities, right of use asset—rented properties181617Accounts payable—trade359339246Other current liabilities122113127Other short term provisions171Total current liabilities554662432	Deferred tax liabilities	15	11	15
Current interest-bearing liabilities 54 187 41 Short-term liabilities, right of use asset—rented properties 18 16 17 Accounts payable—trade 359 339 246 Other current liabilities 122 113 127 Other short term provisions 1 7 1  Total current liabilities 554 662 432	Other long term provisions	0	0	
Short-term liabilities, right of use asset—rented properties 18 16 17 Accounts payable—trade 359 339 246 Other current liabilities 122 113 127 Other short term provisions 1 7 1 Total current liabilities 554 662 432	Total non-current liabilities	122	66	110
Accounts payable—trade         359         339         246           Other current liabilities         122         113         127           Other short term provisions         1         7         1           Total current liabilities         554         662         432	Current interest-bearing liabilities	54	187	41
Other current liabilities         122         113         127           Other short term provisions         1         7         1           Total current liabilities         554         662         432	Short-term liabilities, right of use asset—rented properties	18	16	17
Other short term provisions171Total current liabilities554662432	Accounts payable—trade	359	339	246
Total current liabilities 554 662 432	Other current liabilities	122	113	127
	Other short term provisions	1	7	1
TOTAL EQUITY AND LIABILITIES 1,292 1,231 1,110	Total current liabilities	554	662	432
	TOTAL EQUITY AND LIABILITIES	1,292	1,231	1,110

### **Change in Equity**

SEK million	2021 Q1	2020 Q1	Rolling 12 mth.	2020 Full year
Opening equity	568	465	503	465
Comprehensive income after tax	48	38	101	91
New share issue	-	-	12	12
Closing equity	616	503	616	568

#### **Cash Flow Statement**

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SEK million	2021 Q1	2020 Q1	Rolling 12 mth.	2020 Full year
Operating activities				
Profit after financial items	38	28	153	143
Reversed depreciation and amortisation	13	11	51	49
Other non-cash items	1	5	9	13
Tax paid	-9	-6	-21	-18
Change in working capital	-35	30	-63	2
Cash flow from operating activities	8	68	129	189
Cash flow from investing activities	-4	-5	-16	-17
Cash flow from financing activities	4	-13	-155	-172
Change in cash and cash equivalents	8	50	-42	0
Cash and cash equivalents				
At beginning of period	68	73	126	73
Cash flow after investing activities	4	63	113	172
Cash flow from financing activities Exchange rate difference in cash and cash	4	-13	-155	-172
equivalents	3	3	-5	-5
Cash and cash equivalents at end of period	79	126	79	68
Un-utilised credits	116	117	116	116
Available cash and cash equivalents	195	243	195	184

#### **Operating Segments**

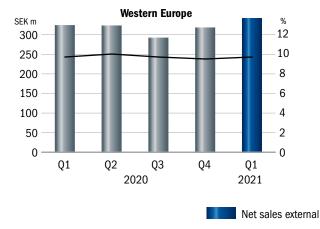
NOTE's operating segment Western Europe consist of units located in geographical regions with high industrial activity and innovation standards in Sweden, Finland and the UK. These units provide advanced production technology services in close collaboration with customers, such as component selection,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

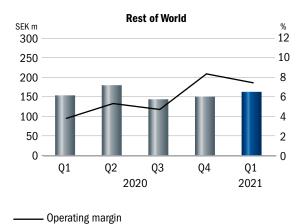
Operating segment Rest of World, located in Estonia and

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	2021 01	2020 01	Rolling 12 mth.	2020 Full year
WESTERN EUROPE		,-		
External net sales	341	323	1,271	1,253
Internal net sales	1	1	4	4
Operating profit	33	31	123	121
Operating margin	9.7%	9.6%	9.6%	9.6%
Inventories	277	256	277	233
External accounts receivable—trade	298	268	298	246
Average number of employees	549	511	532	523
REST OF WORLD				
External net sales	161	152	630	621
Internal net sales	9	8	32	31
Operating profit	13	6	43	36
Operating margin	7.4%	3.8%	6.5%	5.6%
Inventories	151	164	151	121
External accounts receivable—trade	109	108	109	92
Average number of employees	525	561	551	559
INTRA-GROUP				
Internal net sales	-10	-9	-36	-35
Operating profit	-6	-4	-10	-8
External accounts receivable—trade	1	1	1	0
Average number of employees	17	18	18	19





#### **Sales per Customer Segment**

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

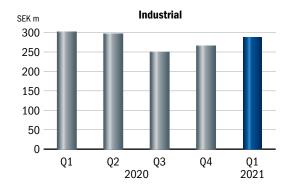
Industrial: With high quality and flexibility, products are manufactured in areas such as automation, control, infrastructure, energy and construction technology.

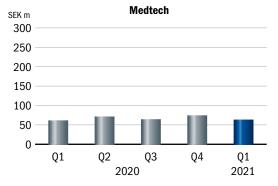
Communication: One of NOTE's core areas since the company was founded. The extensive and rapid development requires technical competence and equipment at the forefront.

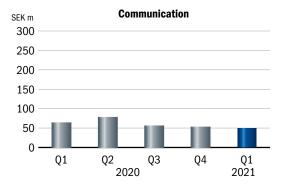
Medtech: Medical technology products in diagnostics, treatment and X-ray are the basis in the segment. Medtech has been part of NOTE for many years.

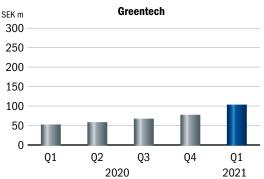
Greentech: The new segment Greentech consists of customers active in the fast-growing green technology shift. Here you will find customers with products that contribute positively to increased sustainability, for example to the transition from fossil to renewable energy or to optimisation of energy consumption.

SEK million	2021 Q1	2020 Q1	Rolling 12 mth.	2020 Full year
WESTERN EUROPE				
Industrial	178	205	695	722
Communication	20	24	91	95
Medtech	58	60	259	261
Greentech	85	34	226	175
Total external sales	341	323	1,271	1,253
REST OF WORLD				
Industrial	110	96	403	389
Communication	30	39	143	152
Medtech	4	0	9	5
Greentech	17	17	75	75
Total external sales	161	152	630	621
TOTAL				
Industrial	288	301	1,098	1,111
Communication	50	63	234	247
Medtech	62	60	268	266
Greentech	102	51	301	250
Total external sales	502	475	1,901	1,874









# Parent Company Financial Reports

Income	<b>Statement</b>

	0004	0000	D - 111	0000
SEK million	2021 Q1	2020 Q1	Rolling 12 mth.	2020 Full year
Net sales	8	10	36	38
Cost of services sold	-3	-3	-14	-14
Gross profit	5	7	22	24
Selling expenses	-3	-4	-16	-17
Administrative expenses	-3	-3	-12	-12
Other operating income/expenses	8	2	-8	-14
Operating profit	7	2	-14	-19
Net financial income/expenses	1	1	-1	-1
Profit after financial items	8	3	-15	-20
Appropriations	-	-	19	19
Profit before tax	8	3	4	-1
Income tax	-2	-1	-1	0
Profit after tax	6	2	3	-1

### **Other Comprehensive Income**

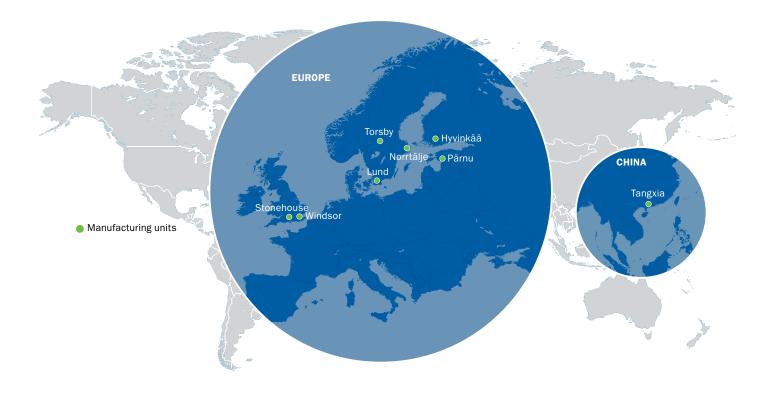
SEK million	2021 Q1	2020 Q1	Rolling 12 mth.	2020 Full year
Profit after tax	6	2	3	-1
Other comprehensive income				
Items that can be subsequently reversed in the income statement:	-	-	-	-
Total other comprehensive income		-		-
Comprehensive income after tax	6	2	3	-1

#### **Balance Sheet**

Dalance Sheet	2021	2020	2020
SEK million	31 Mar	31 Mar	31 Dec
Assets			
Intangible assets	3	3	3
Property, plant and equipment	1	1	1
Long-term receivables from group companies	115	152	106
Financial non-current assets	221	221	221
Total non-current assets	340	377	331
Receivables from group companies	14	14	11
Other current receivables	14	5	7
Cash and bank balances	22	56	11
Total current assets	50	75	29
TOTAL ASSETS	390	452	360
Equity and liabilities			
Equity	257	242	251
Untaxed reserves	7	26	7
Liabilities			
Liabilities to financial institutions	0	1	0
Liabilities to group companies	115	170	88
Other current liabilities and provisions	11	13	14
Total current liabilities	126	184	102
TOTAL EQUITY AND LIABILITIES	390	452	360

**Change in Equity** 

SEK million	2021 Q1	2020 Q1	Rolling 12 mth.	2020 Full year
Opening equity	251	240	242	240
Comprehensive income after tax	6	2	3	-1
New share issue	-	-	12	12
Closing equity	257	242	257	251



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 the Industrial, Communication, Medtech and Greentech segments. 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.

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

#### Calendar

Interim Report Q2 13 Jul 2021 Interim Report Q3 19 Oct 2021

#### **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.

Website: www.note-ems.com E-mail: info@note-ems.com Tel: +46 (0)8-568 990 00

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