

# Interim Report January-March 2023

## Financial performance in January-March

- Sales increased by 28% to SEK 1,051 (821) million. Adjusted for acquisitions and currency effects, organic growth was 14%.
- Operating profit increased by 48% to SEK 112 (76) million.
- The operating margin widened by 1.4 percentage points to 10.7% (9.3%).
- Profit after financial items was up by 50% to SEK 104 (69) million.
- Profit after tax rose by 51% to SEK 85 (56) million, corresponding to SEK 2.92 (1.95) per share.
- Cash flow after investments amounted to SEK 49 (9) million, or SEK 1.69 (0.31) per share. Adjusted for acquisition-related payments in the period, operating cash flow after investments was SEK 72 (9) million.

## Events in the period

### • Acquisition of real estate for continued expansion in Sweden

In January, NOTE agreed to purchase the plant and surrounding land where NOTE Torsby conducts operations from its current owner. NOTE Torsby currently leases the site. The plant size is just over 7,000 m<sup>2</sup>, which was expanded as recently as 2021. The acquisition also includes land of just over 54,000 m<sup>2</sup>, enabling continued expansion of operations in Torsby to address increasing demand. The purchase consideration is SEK 41.5 million.

### • Sharply expanded partnership with well-established European industrial customer

Demand from a major industrial customer with high standards, who NOTE has been managing a successful partnership with for several years, made very strong progress. Consequently, NOTE faces a sharp increase in its production and shipments within the existing partnership. Last year, NOTE's sales in this partnership were approximately SEK 50 million. The production rate has increased sharply, and this year, NOTE estimate sales to this customer of at least SEK 200 million.

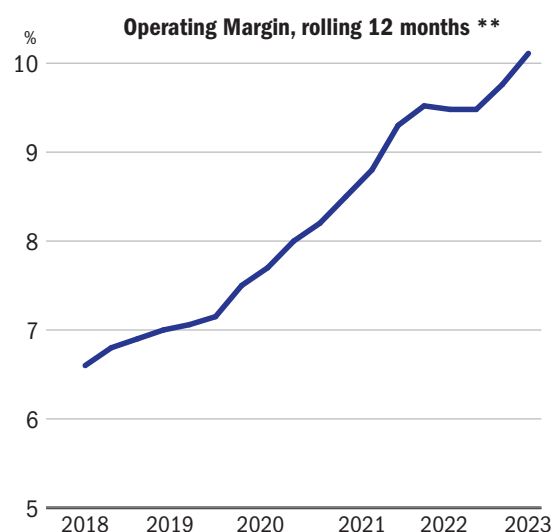
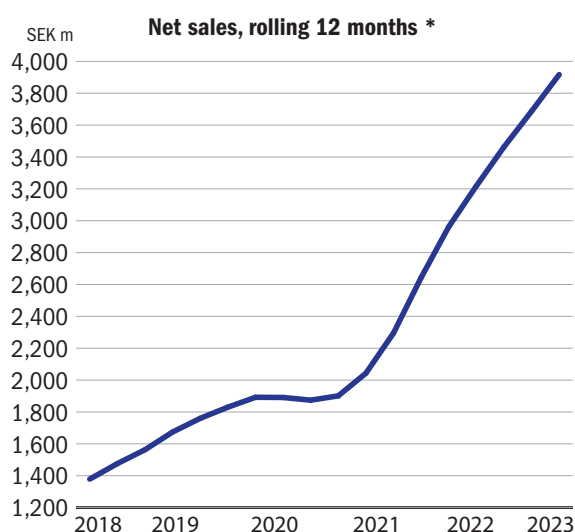
### • New Chairman proposed

The Nomination Committee has proposed Anna Belfrage as NOTE's new Chairman. Anna Belfrage has been a Board member of NOTE since 2019 and has broad financial and industrial experience with previous positions including serving as CFO of ABS Group, Beijer Electronics Group and Södra Skogsägarna. Claes Mellgren, NOTE's current Chairman, has declined re-election to the Board.

## Events after the end of the period

### • Acquisition of Bulgarian enterprise ATM Electronics OOD

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



\* The subsidiary iPRO is included from June 2021 onwards. The subsidiary NOTE Herrljunga is included from July 2022 onwards.

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

# CEO's comments

## Positive progress for the EMS sector

NOTE is one of the fastest-growing companies in the EMS sector and a stable EMS provider to customers with high standards. Over the last three years, NOTE has achieved organic growth (CAGR) of 20%. This is significantly higher than the European EMS sector generally, which has grown by around 3% in recent years. This is despite the market for electronic components being sharply limited, especially in terms of the availability of semiconductors. This shortage has increased purchasing prices of materials from suppliers, and caused exceptional cost increases on the spot market. Because cost increases are largely re-invoiced to customers, this has driven a portion of sector growth. However, it has had a negative impact on profitability performance because a high share of this re-invoicing has no margin added.

There are several indications that the lead-times on electronic components are reducing, even if some critical components still have major supply disruptions. Ultimately, shorter lead-times will result in lower order intake, which reflects a return to the shorter time horizon that customers need to place orders over to get access to materials rather than a lower growth rate going forward. Market commentators expect yearly growth for the European EMS sector of about 7% until 2030.

## Sales performance stays strong

NOTE's sales in the first quarter made brisk progress. Despite persistent challenges due to shortages on the component market, we achieved growth of 28% and sales of SEK 1,051 million in the period. A somewhat more positive situation for materials has meant that the growth driven by extraordinary cost increases on electronic components has slowed.

Despite us encountering progressively stronger comparative figures, we are growing on most of our domestic markets, with our Swedish and Estonian businesses performing with particular strength. On the UK market, we reported a slowdown back in the autumn, mainly associated with lower demand for electrical vehicle charging products. We expect this trend to continue during the first half-year 2023, and then gradually improve.

Greentech has been an expansive segment in recent years, but the removal of subsidies for chargepoints on the UK market is one of the explanations for the segment reporting negative growth in the first quarter. However, we anticipate positive growth numbers in the latter half of the year. Meanwhile, I'm delighted about the high growth numbers we're reporting in our other three customer segments: Medtech grew by 97%, and Industrial, which represents over half of the group's sales, grew by 21%.

## Focusing on profitable growth

NOTE's business is continuing to perform positively, and the operating margin (incl. currency revaluation gains) of 10.7% for the period is above the target we set for our business to achieve by 2025. Continued growth and rationalisation on our cost side has laid a base for the strong profitability performance we've achieved for some time. We have a business model that's working well, founded on long-term customer relationships, and do not hesitate to keep investing in our state-of-the-art plants to



*NOTE is reporting sales of over SEK 1 billion for the second consecutive quarter. Growth is driving profitability, and NOTE's operating margin is now 10.7%.*

increase growth, automation levels and efficiency. This benefits us and our customers.

## Acquisitions add a new market

NOTE's target of SEK 5 billion sales by 2025 will primarily be achieved organically, as well as through carefully screened acquisitions. Last year, we took over NOTE Herrljunga, which significantly increased our production capacity in Sweden, our largest market. NOTE Herrljunga is performing well above the estimates we set at acquisition.

In April this year, NOTE acquired Bulgarian EMS provider ATM Electronics OOD. Apart from another profitable plant for the NOTE group, this acquisition means another operation in Eastern Europe. We see great potential to keep developing this plant and growing its business with current customers, as well as NOTE's existing customers looking for more alternatives for cost-efficient manufacture in Europe.

## Positive cash flow

NOTE's high growth and the challenging situation on the market for electronic components has meant that NOTE's capital tied-up in inventory has increased. With this situation, we decided early to upscale our purchasing resources and inventories to ensure the best delivery capability possible for our customers. Naturally, the combination of this inventory increase and high growth put our cash flow under pressure. That's why I'm pleased that in Q1, we reported cash flow (after investments) of SEK +49 million. Adjusted for acquisition-related payments made, cash flow was SEK +72 million. NOTE's financial position remains very favourable.

## High order levels

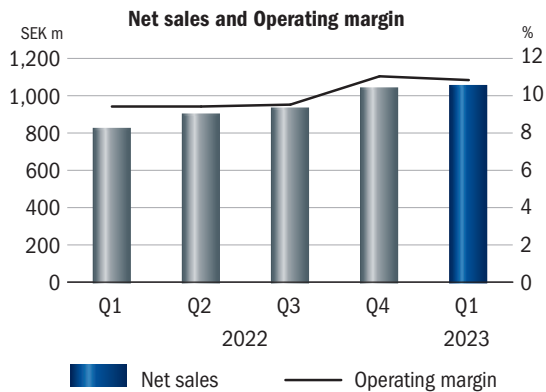
Our order backlog was over 20% higher than at the corresponding point of last year. With our high order levels and current market conditions, we see good potential to continue our positive progress. We expect to achieve growth of 20% for the second quarter, and sales of at least SEK 4.2 billion for the full year 2023. We anticipate a continued increase in operating profit, and improvement of our operating margin.

Johannes Lind-Widestam

# Comments on Q1

## Sales, January-March

### Group



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

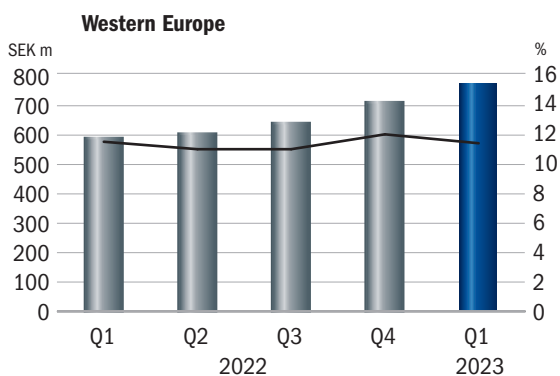
The demand for NOTE's services continued its brisk progress in the quarter. Sales increased by 28% to SEK 1,051 (821) million. Adjusted for extra sales from the acquisition of NOTE Herrljunga in July last year, and changed exchange rates, mainly the USD, EUR and GBP, growth was 14%. Re-invoicing of extraordinary cost increases on electronic components related to the market shortage still make up part of sales however, this share is lower than in previous year. Essentially, these sales are without margin.

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

NOTE's 15 largest customers in sales terms made up 47% (54%) of group sales. No single customer (group) represented more than about 6% (7%) of total sales.

Successful new sales to new and current business customers, and continued healthy demand from NOTE's customer segments, were contributors to continued high order intake. Right from the start of the shortage that still persists on the global electronic component market, and with the aim of safeguarding the availability of components and other production materials, NOTE has been working actively for customers to place fixed orders over longer periods than usual. In like-for-like terms (excluding Herrljunga), total order backlog at the end of the quarter was just over 20% above the corresponding point of the previous year. NOTE's strong order position indicates high sales growth continuing, simultaneous with the supply of electronic components being very significant to growth in the short term.

### Operating segment

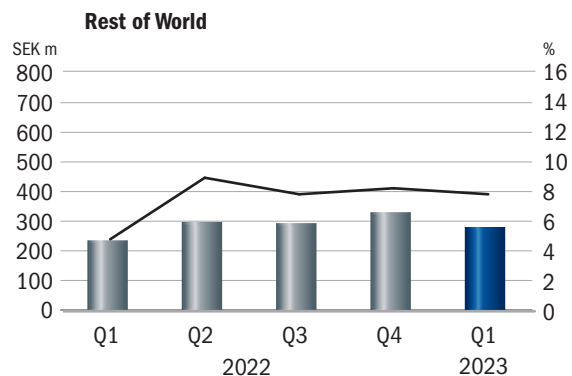


Operating margin in the above chart has been adjusted for non-recurring items, by SEK +30 m in Q3 2022 and SEK -15 m in Q4 2022.

#### Western Europe

Demand from the Western Europe segment was high in the first quarter, with growth of 18% adjusted for extra sales from NOTE Herrljunga, which was acquired last year. Growth in Sweden, NOTE's largest market, continued its robust progress, and excluding the acquisition of NOTE Herrljunga, growth for the period was 35%.

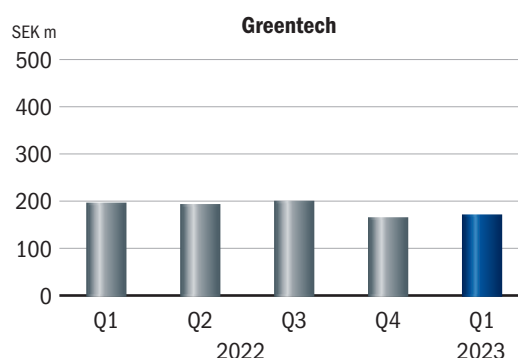
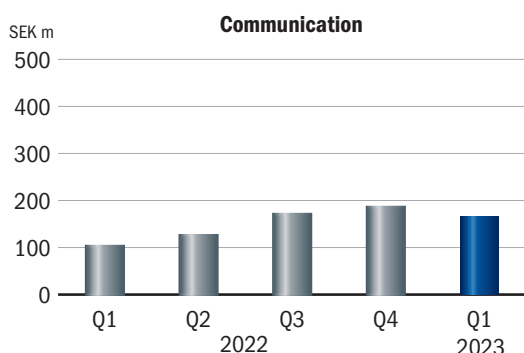
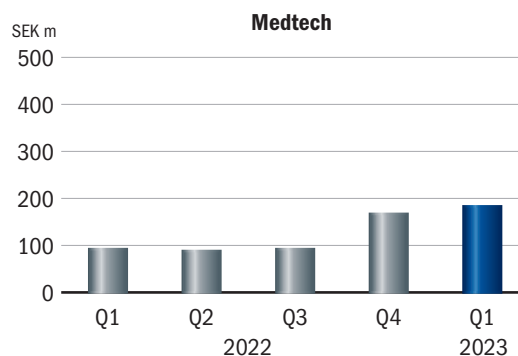
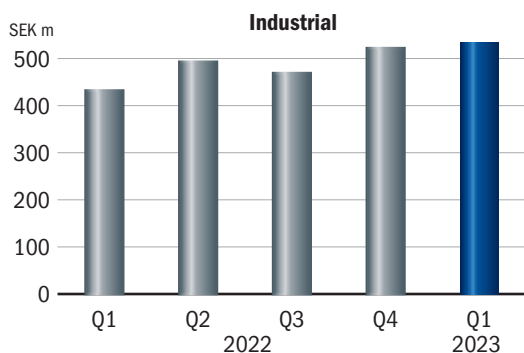
A demand slowdown was apparent on the UK market as early as late-2022, mainly linked to electric vehicle charging products. This market slowdown continued in the period, causing negative growth from NOTE's UK plants.



#### Rest of World

Sales growth from the Rest of World segment continued their positive progress, amounting to 20% for the first quarter of the year. In China, sales and order intake made stable progress, and growth for the period was 13%, while an internal relocation of the Chinese plant's largest customer last year to NOTE's European plants was completed. Sales from the Estonian plant, mainly to customers in northern Europe, was up 26% on the previous year's high level, mainly because of upscaled serial production on several new business deals.

## Customer segments



### Industrial

NOTE's largest customer segment returned to 21% growth for the period. Just over half of this growth was extra sales from the acquisition of NOTE Herrljunga in July last year. The sales increase was driven by increased sales to current business customers, and sales on several new business accounts.

### Communication

The Communication customer segment has been impacted by materials shortages for some time. In late-2022, several projects ramped up, a progress that continued in early-2023. Growth of 62% was reported in the period, gains sourced from established customer relationships and new business accounts.

### Medtech

Sales in Medtech made strong progress in late-2022, partly driven by extra sales from the July 2022 acquisition of NOTE Herrljunga. This progress continued in the first quarter of the year, with strong growth of 97%. Some one-third of growth in the quarter was sales from NOTE Herrljunga. The ramp-up of customer projects and upscaled customer orders had a further positive impact.

### Greentech

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

## Results of operations, January–March

Mainly because of increased sales and continued rationalisations on the cost side, gross profit increased by 32% to SEK 139 (106) million. Gross margin amounted to 13.2% (12.8%). The margin increase was mainly a consequence of sales gains, stable margins on current customer assignments, and continued positive progress on costs. A lower share of re-invoicing of extraordinary cost increases on materials compared to the previous year had a positive impact on gross margin, because a high share of this re-invoicing has no margin added.

Sales and administration overheads for the period were some SEK 3 million (13%) up on the previous year, essentially because of the extra expenses from NOTE Herrljunga, acquired in July last year. Compared to sales, overheads were 3.0% (3.5%).

Other operating income/expenses, usually consisting of the revaluation of operating assets and liabilities in foreign currencies, were SEK 5 (-1) million.

Operating profit in the period was SEK 112 (76) million. The operating margin expanded by 1.4 percentage points to 10.7% (9.3%). Adjusted for other operating income/expenses, the underlying operating margin was 10.2% (9.4%).

An increased need for financing, mainly for working capital, plus higher interest rate levels, contributed to financial expenses increasing to SEK -8 (-3) million net. Revaluations of financial assets and liabilities in foreign currencies, such as factoring liabilities in foreign currencies, amounted to SEK 0 (-4) million. In total, net financial items for the period were SEK -8 (-7) million.

Profit after net financial items was SEK 104 (69) million, equivalent to a profit margin of 9.9% (8.4%).

The tax expense for the period was 18% (19%) of profit before tax.

Profit after tax amounted to SEK 85 (56) million, or SEK 2.92 (1.95) per share.

### Cash flow

One of NOTE's key missions is to maintain good and cost-efficient supply of materials to customers. The shortage on the electronic components market, especially the supply of semiconductors, has been a major limiting factor on the industry in recent years. Accordingly, NOTE has done a lot of work on limiting disruptions and delays to the shipments of components it receives. As part of these efforts, NOTE has consciously up-scaled its inventories of critical components. To finance a portion of this inventory build-up, NOTE has been working actively on letting its customers part-finance inventory through consignment stock and advance payments for inventory.

The combination of high growth along with direct shipping delays to customers of the order of SEK 200 million caused by the shortage on the component market, were contributors to capital tied-up in inventory being 33% higher gross than the corresponding quarter of the previous year. Also allowing for the periods' customer advance payments, the net inventory increase is comparable, at 34%.

NOTE is making continuous efforts to monitor credit risks and limit the number of outstanding customer credit days. Accounts receivable—trade increased in the year as a consequence of a higher turnover, and were 25% higher than at the corresponding point of the previous year. Essentially, the number of outstanding customer credit days was in line with the previous year's level.

Accounts payable—trade mainly consist of purchases of electronic components and other production materials. NOTE is working actively on a partner model on the supplier side, which has implications including sourcing being concentrated on fewer, quality-assured suppliers as far as possible. This working method simultaneously helps rationalise the utilisation of working capital. Accounts payable—trade increased naturally in the period, and were 25% above the corresponding point of the previous year.

Continued positive profit performance generated positive cash flow in the first quarter of the year, despite an increased need for working capital mainly linked to growth and problems

on the component market. First-quarter net cash flow (after investments) was SEK +49 (+9) million, or SEK 1.69 (0.31) per share. Cash flow for the period includes a SEK -23 million contingent consideration payment for the acquisition of NOTE Herrljunga. Adjusted for acquisition-related payments, cash flow (after investments) for the period was SEK +72 (+9) million.

### Liquidity and net debt

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

The group's reported available cash and cash equivalents, including unused credit facilities, amounted to SEK 279 (275) million at the end of the period. Disregarding estimated financial liabilities on the additional right-of-use assets for leased properties under IFRS 16 (Leases), net debt at the end of the quarter was SEK 318 (254) million.

### Equity to assets ratio

NOTE has a strong financial position. According to NOTE's financial targets, its minimum equity to assets ratio should be 30%. At the end of the quarter, the equity to assets ratio was 40.0% (38.3%).

### Investments

Expenditure on property, plant and equipment, excluding right-of-use assets for leased properties (IFRS 16 Leases), was SEK 22 (11) million in the first quarter, corresponding to 2.1% (1.3%) of sales, and mainly consisted of projects to increase capacity, efficiency and quality. NOTE has not yet become the legal owner of the property in Torsby that NOTE signed an agreement in Q1 to acquire. During the first quarter, NOTE paid a down payment for the property of 10% of the purchase price. Until NOTE becomes the legal owner of the property, it is handled as Other short-term receivables.

Planned depreciation on property, plant and equipment, excluding right-of-use assets for leased properties (IFRS 16 Leases), increased to SEK 13 (11) million.

### Parent company

The parent company, NOTE AB (publ), is primarily focused on management, coordination and development of the group. Revenue was SEK 9 (10) million in the period, mainly from intra-group services. Profit before tax amounted to SEK 5 (6) million in the period.



## Other information

### Financial definitions

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

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

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

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

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

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

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

**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.

### Transactions with related parties

No transactions with related parties were made during the first quarter.

### Dividend

To ensure maximum financial freedom to act during the sector's current structural transformation, the Board of Directors is proposing that no dividend is paid for 2022.

### Significant operational risks

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

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

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

### Accounting and valuation principles

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

From 2021 onwards, NOTE is reporting sales in four customer segments—Industrial, Communication, Medtech, and Greentech. Reclassifications of customers are natural, which is reflected in quarterly and cumulative figures for the full period.

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

All amounts are in SEK million unless otherwise stated.

### Discrepancies between reports

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

### Audit review

As in previous years, the Interim Report for Q1 has not been subject to review by the company's auditor.

The Board of Directors in NOTE AB (publ)

Stockholm, Sweden, 18 April 2023

# Consolidated summary

## Quarterly summary

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

## Six-year summary

SEK million	Rolling 12 mth.	2022	2021	2020	2019	2018
Net sales	3,917	3,687	2,643	1,874	1,760	1,379
Gross margin	12.9%	12.8%	13.4%	12.0%	11.7%	12.5%
Operating margin	9.7%	9.3%	9.5%	8.0%	7.1%	6.1%
Profit margin	8.8%	8.4%	9.0%	7.6%	6.6%	5.7%
Cash flow after investing activities	9	-31	-142	172	75	-76
Cash flow per share, SEK	0.31	-1.07	-4.97	6.06	2.69	-2.63
Equity per share, SEK	41.1	37.9	28.0	20.0	16.7	13.3
Return on operating capital	23.6%	25.3%	27.6%	22.7%	20.7%	17.8%
Return on equity	27.4%	26.8%	28.4%	22.5%	21.7%	17.1%
Equity to assets ratio	40.0%	39.7%	37.0%	49.8%	40.5%	39.0%
Average number of employees	1,387	1,366	1,218	1,101	1,070	980
Net sales per employee, SEK 000	2,824	2,699	2,170	1,702	1,645	1,407

# Consolidated Financial Reports

## Income Statement

SEK million	2023 Q1	2022 Q1	Rolling 12 mth.	2022 Full year
Net sales	1,051	821	3,917	3,687
Cost of goods and services sold	-912	-715	-3,411	-3,214
<b>Gross profit</b>	<b>139</b>	<b>106</b>	<b>506</b>	<b>473</b>
Selling expenses	-18	-17	-70	-69
Administrative expenses	-14	-12	-49	-47
Other operating income/expenses	5	-1	-6	-12
<b>Operating profit</b>	<b>112</b>	<b>76</b>	<b>381</b>	<b>345</b>
Net financial income/expenses	-8	-7	-35	-34
<b>Profit after financial items</b>	<b>104</b>	<b>69</b>	<b>346</b>	<b>311</b>
Income tax	-19	-13	-63	-57
<b>Profit after tax</b>	<b>85</b>	<b>56</b>	<b>283</b>	<b>254</b>

## Other Comprehensive Income

SEK million	2023 Q1	2022 Q1	Rolling 12 mth.	2022 Full year
<b>Profit after tax</b>	<b>85</b>	<b>56</b>	<b>283</b>	<b>254</b>
<b>Other comprehensive income</b>				
Items that can be subsequently reversed in the income statement:				
Exchange rate differences	9	6	37	34
Cash flow hedges	0	0	0	0
Tax on hedges and exchange rate difference	-1	0	-3	-2
<b>Total other comprehensive income after tax</b>	<b>8</b>	<b>6</b>	<b>34</b>	<b>32</b>
<b>Comprehensive income after tax</b>	<b>93</b>	<b>62</b>	<b>317</b>	<b>286</b>

## Earnings per Share

	2023 Q1	2022 Q1	Rolling 12 mth.	2022 Full year
Number of shares at end of period (000)	28,984	28,984	28,984	28,984
Weighted average number of shares (000)*	28,984	28,690	28,984	28,911
Weighted average number of shares (000)**	28,984	28,938	28,984	28,972
Earnings per share, SEK*	2.92	1.95	9.76	8.79
Earnings per share, SEK**	2.92	1.94	9.76	8.78

\* Before dilution

\*\* After dilution



**Balance Sheet**

SEK million	2023 31 March	2022 31 March	2022 31 Dec
<b>Assets</b>			
Goodwill	167	141	166
Intangible assets—customer relationships	25	24	27
Other intangible assets	7	9	7
Right of use assets—rented properties	166	95	90
Property, plant and equipment	220	175	209
Deferred tax assets	7	5	8
Other financial assets	2	2	2
<b>Total non-current assets</b>	<b>594</b>	<b>451</b>	<b>509</b>
Inventories	1,359	1,025	1,254
Accounts receivable—trade	863	689	872
Other current receivables	61	53	43
Cash and bank balances	100	64	88
<b>Total current asset</b>	<b>2,383</b>	<b>1,831</b>	<b>2,257</b>
<b>TOTAL ASSETS</b>	<b>2,977</b>	<b>2,282</b>	<b>2,766</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>1,191</b>	<b>874</b>	<b>1,098</b>
<b>Liabilities</b>			
Long-term interest-bearing liabilities	88	76	84
Long-term liabilities, right of use asset—rented properties	144	74	69
Deferred tax liabilities	41	27	41
<b>Total non-current liabilities</b>	<b>273</b>	<b>177</b>	<b>194</b>
Current interest-bearing liabilities	330	241	377
Short-term liabilities, right of use asset—rented properties	25	23	23
Advance payment from customers	177	146	184
Accounts payable—trade	788	630	686
Other current liabilities	192	190	203
Other short term provisions	1	1	1
<b>Total current liabilities</b>	<b>1,513</b>	<b>1,231</b>	<b>1,474</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,977</b>	<b>2,282</b>	<b>2,766</b>

**Change in Equity**

SEK million	2023 Q1	2022 Q1	Rolling 12 mth.	2022 Full year
Opening equity	1,098	800	874	800
Comprehensive income after tax	93	62	317	286
New share issue	-	12	-	12
<b>Closing equity</b>	<b>1,191</b>	<b>874</b>	<b>1,191</b>	<b>1,098</b>

**Cash Flow Statement**

<b>SEK million</b>	<b>2023 Q1</b>	<b>2022 Q1</b>	<b>Rolling 12 mth.</b>	<b>2022 Full year</b>
<b>Operating activities</b>				
Profit after financial items	104	69	346	311
Reversed depreciation and amortisation	23	20	86	83
Other non-cash items	0	0	20	20
Tax paid	-41	-28	-68	-55
Change in working capital	-3	-43	-269	-309
<b>Cash flow from operating activities</b>	<b>83</b>	<b>18</b>	<b>115</b>	<b>50</b>
<b>Cash flow from investing activities</b>	<b>-34</b>	<b>-9</b>	<b>-106</b>	<b>-81</b>
<b>Cash flow from financing activities</b>	<b>-38</b>	<b>-45</b>	<b>22</b>	<b>15</b>
<b>Change in cash and cash equivalents</b>	<b>11</b>	<b>-36</b>	<b>31</b>	<b>-16</b>
<b>Cash and cash equivalents</b>				
At beginning of period	88	99	64	99
Cash flow after investing activities	49	9	9	-31
Cash flow from financing activities	-38	-45	22	15
Exchange rate difference in cash and cash equivalents	1	1	5	5
<b>Cash and cash equivalents at end of period</b>	<b>100</b>	<b>64</b>	<b>100</b>	<b>88</b>
Un-utilised credits	179	211	179	156
<b>Available cash and cash equivalents</b>	<b>279</b>	<b>275</b>	<b>279</b>	<b>244</b>

## 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 serial production as well as advanced production technology services in close collaboration with customers, such as component selection, developing test equipment and prototype manufacturing. Everything happens in close cooperation with the customers.

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. There, cost-effective volume manufacturing of PCBAs is offered and complete products (box build) as well as development-oriented production technical services.

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	2023 Q1	2022 Q1	Rolling 12 mth.	2022 Full year
<b>WESTERN EUROPE</b>				
External net sales	775	590	2,733	2,548
Internal net sales	5	1	15	11
Operating profit	88	67	295	274
Operating margin	11.3%	11.4%	10.7%	10.7%
Inventories	987	715	987	928
External accounts receivable—trade	659	499	659	626
Average number of employees	839	757	801	782
<b>REST OF WORLD</b>				
External net sales	276	231	1,184	1,139
Internal net sales	12	12	55	55
Operating profit	23	12	102	91
Operating margin	7.8%	4.8%	8.2%	7.6%
Inventories	372	310	372	326
External accounts receivable—trade	200	188	200	244
Average number of employees	544	546	571	569
<b>INTRA-GROUP</b>				
Internal net sales	-17	-13	-70	-66
Operating profit	1	-3	-16	-20
External accounts receivable—trade	4	2	4	2
Average number of employees	18	16	15	15

## 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 Greentech segment 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	2023 Q1	2022 Q1	Rolling 12 mth.	2022 Full year
<b>WESTERN EUROPE</b>				
Industrial	373	284	1,337	1,248
Communication	77	42	267	232
Medtech	164	91	484	411
Greentech	161	173	645	657
<b>Total external sales</b>	<b>775</b>	<b>590</b>	<b>2,733</b>	<b>2,548</b>
<b>REST OF WORLD</b>				
Industrial	160	148	680	668
Communication	89	61	382	354
Medtech	19	1	46	28
Greentech	8	21	76	89
<b>Total external sales</b>	<b>276</b>	<b>231</b>	<b>1,184</b>	<b>1,139</b>
<b>TOTAL</b>				
Industrial	533	432	2,017	1,916
Communication	166	103	649	586
Medtech	183	92	530	439
Greentech	169	194	721	746
<b>Total external sales</b>	<b>1,051</b>	<b>821</b>	<b>3,917</b>	<b>3,687</b>

# Parent Company Financial Reports

## Income Statement

SEK million	2023 Q1	2022 Q1	Rolling 12 mth.	2022 Full year
Net sales	9	10	37	38
Cost of services sold	-4	-4	-15	-15
<b>Gross profit</b>	<b>5</b>	<b>6</b>	<b>22</b>	<b>23</b>
Selling expenses	-4	-4	-16	-16
Administrative expenses	-3	-3	-12	-12
Other operating income/expenses	6	2	13	9
<b>Operating profit</b>	<b>4</b>	<b>1</b>	<b>7</b>	<b>4</b>
Net financial income/expenses	1	5	10	14
<b>Profit after financial items</b>	<b>5</b>	<b>6</b>	<b>17</b>	<b>18</b>
Appropriations	-	-	60	60
<b>Profit before tax</b>	<b>5</b>	<b>6</b>	<b>77</b>	<b>78</b>
Income tax	-1	-1	-16	-16
<b>Profit after tax</b>	<b>4</b>	<b>5</b>	<b>61</b>	<b>62</b>

## Other Comprehensive Income

SEK million	2023 Q1	2022 Q1	Rolling 12 mth.	2022 Full year
<b>Profit after tax</b>	<b>4</b>	<b>5</b>	<b>61</b>	<b>62</b>
<b>Other comprehensive income</b>				
Items that can be subsequently reversed in the income statement:	-	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income after tax</b>	<b>4</b>	<b>5</b>	<b>61</b>	<b>62</b>

**Balance Sheet**

SEK million	2023 31 March	2022 31 March	2022 31 Dec
<b>Assets</b>			
Intangible assets	2	2	2
Property, plant and equipment	0	0	0
Long-term receivables from group companies	257	220	251
Financial non-current assets	241	197	241
<b>Total non-current assets</b>	<b>500</b>	<b>419</b>	<b>494</b>
Receivables from group companies	60	21	55
Other current receivables	5	17	5
Cash and bank balances	0	4	1
<b>Total current assets</b>	<b>65</b>	<b>42</b>	<b>61</b>
<b>TOTAL ASSETS</b>	<b>565</b>	<b>461</b>	<b>555</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>343</b>	<b>282</b>	<b>339</b>
<b>Untaxed reserves</b>	<b>36</b>	<b>10</b>	<b>36</b>
<b>Liabilities</b>			
Liabilities to financial institutions	34	0	81
Liabilities to group companies	138	157	83
Other current liabilities and provisions	14	12	16
<b>Total current liabilities</b>	<b>186</b>	<b>169</b>	<b>180</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>565</b>	<b>461</b>	<b>555</b>

**Change in Equity**

SEK million	2023 Q1	2022 Q1	Rolling 12 mth.	2022 Full year
Opening equity	339	265	282	265
Comprehensive income after tax	4	5	61	62
New share issue	-	12	-	12
<b>Closing equity</b>	<b>343</b>	<b>282</b>	<b>343</b>	<b>339</b>



### This is NOTE

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

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

NOTE has a presence in Sweden, Finland, the UK, Estonia, Bulgaria and China. Sales over the last 12 months were SEK 3,917 million, and the group has approximately 1,400 employees. NOTE is listed on Nasdaq Stockholm.

### Financial information

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

#### Calendar

Interim Report Q2	13 Jul 2023
Interim Report Q3	17 Oct 2023

#### Ordering Financial Information

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

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