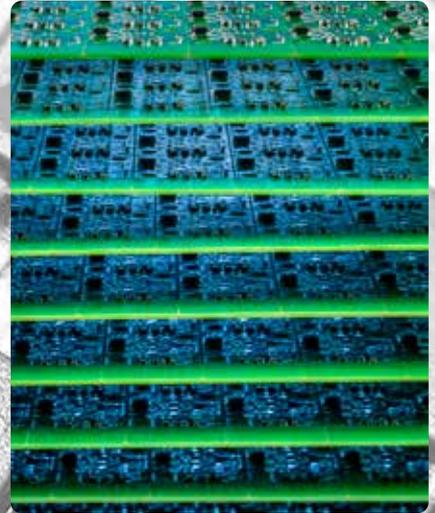
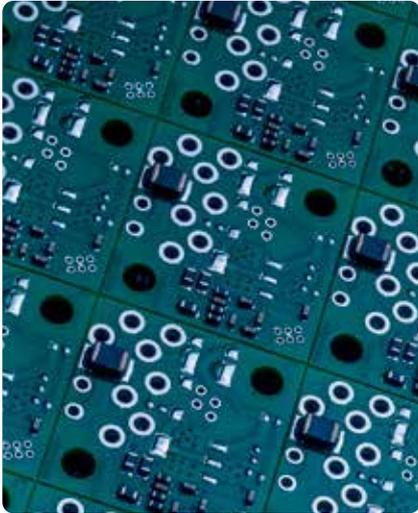


# Year-end Report 2020



# Year-end Report 2020

## Financial performance in January–December

- Sales increased by 6% to SEK 1,874 (1,760) million. Adjusted for currency effects, growth was approximately 7%.
- Operating profit was up by 20% to SEK 149 (124) million.
- Operating margin widened by 0.9 percentage points to 8.0% (7.1%).
- Profit after net financial items increased by 23% to SEK 143 (116) million.
- Profit after tax increased by 25% to SEK 116 (92) million, corresponding to SEK 4.11 (3.31) per share.
- Cash flow after investments amounted to SEK 172 (75) million, or SEK 6.06 (2.69) per share.

## 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 currently proposes that no dividend be paid for 2020. However, the Board may return later in the year and propose a dividend given the strong balance sheet NOTE has.

## Events in the year

### More successes on the market

NOTE has a clear growth agenda with the express target of increasing market shares and achieving stable growth of at least 10% per year. In the most recent three-year period, yearly organic growth has averaged 14%. In order to succeed, NOTE is working methodically to expand its business on existing accounts, while simultaneously winning new business customers in those technology and market segments where it is already strong. Major recent customer partnerships announced, which achieved strong volume growth in 2020, include Plejd, ChargeAmps, DeLaval, Maven Wireless and Micropower.

### Actions and consequences of covid-19

The global spread of covid-19 featured clearly in operations during 2020. As early as the first quarter, NOTE took a number of precautionary measures to limit the risk of spread of infection and ensure a good delivery capability to customers. The plant in China was kept closed for one week longer than normal for the Chinese New Year in January. 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. This closure qualified for UK government support, which included compensation for payroll expenses for furloughed staff. Production at Windsor resumed at the beginning of May.

The spread of covid-19 and extensive industrial shutdowns across several markets meant demand reduced periodically in many ongoing customer partnerships. Restrictions resulting from the pandemic also caused delays to several development and manufacturing projects. Overall, NOTE estimates that the

## Financial performance in October–December

- Sales decreased by 4% to SEK 466 (483) million. Adjusted for currency effects, sales were at the same level as the previous year.
- Operating profit was up by 8% to SEK 38 (35) million.
- Operating margin widened by 0.9 percentage points to 8.3% (7.4%).
- Profit after net financial items increased by 17% to SEK 40 (33) million.
- Profit after tax increased by 21% to SEK 32 (26) million, corresponding to SEK 1.12 (0.94) per share.
- Cash flow after investments amounted to SEK 44 (96) million, or SEK 1.55 (3.44) per share.

pandemic exerted a negative sales impact of the order of SEK 200 million, most apparent in the UK and China.

However, sales and profitability performance in Sweden, Finland and Estonia remained very positive, and was actually at record levels. Lower volumes in several sectors were offset by continued strong new business sales, the start-up of batch deliveries on several new projects, and increased volumes to customers in sectors including medtech. In the long term, NOTE thinks that the demand for EMS across Europe will grow sharply as an effect of customers increasingly demanding manufacture closer to home.

### Senior executives investing in NOTE shares

Senior executives acquired a total of 500,000 new shares in May under the terms of the three-year incentive programme launched in 2017. This raised the company a total of nearly SEK 12 million. The current incentive programme of 2018-2019 has a total of 611,000 share warrants, corresponding to about 2% of the number of outstanding shares.

## Events after year-end

### NOTE continues its growth in medtech

NOTE was recently appointed as a production partner in electronics by an international leader in advanced endoscopy. Batch production will start in the first quarter of 2021 at NOTE's plant in Estonia. The potential of this partnership is significant, and annualized sales are estimated at just over SEK 85 million.

# CEO's comments

## Focusing on profitable growth

NOTE has performed strongly for several years. The combination of sales growth and rationalisation on our cost side have been contributors to increased market shares and progressively expanding margins. The critical success factors are the company's capability to assure quality and delivery precision of the highest class to customers, and in these segments, we've secured a sector-leading position.

2020 was a disorienting year. Boosted by successful new business sales, we moved into the year with a high growth rate of about 20%. The spread of covid-19 drastically altered conditions in several sectors. In my view, we took on the challenges the pandemic presented professionally and responsibly. Despite extensive restrictions, and being compelled to close our plants in the UK and China for safety reasons periodically, we still achieved growth of 15% in the first half-year. After the summer, and due to shutdowns in several countries, we obviously saw more caution on the market, and inventory adjustments, which resulted in reduced volumes on several ongoing customer assignments. In addition, our growth was checked in the autumn, due to challenges completing development and manufacturing projects at the normal rate during the pandemic.

However, we have maintained the strong momentum of our business. Our business model builds on long-term customer relationships and partnerships. Our customer base is broad, and we already partner with several of the Nordic leaders across a broad spectrum of sectors. We have great growth potential to increase business within our strong customer base. In this way, we secured several of our biggest-ever deals in the year, mainly in industry and medtech.

We're still experiencing high interest in our 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 in the year in traditional industries, as well as in new, expansive application segments.

## Record progress in the year

For the full year, sales increased by 6% to SEK 1,874 million, our highest-ever sales level. Including exchange rate fluctuations, organic growth was 7%, which is below our growth target of at least 10%. However, our plants in Sweden, Finland and Estonia achieved record sales levels. Extensive shutdowns across the UK economy, which also impacted our operations in China, meant that sales in the UK and China were clearly down on the previous year.

It is pleasing that despite problematic market conditions, we succeeded in maintaining our positive earnings trend. Operating profit increased by 20% to SEK 149 million, and our operating margin widened by 0.9 percentage points to 8.0%, both our highest-ever levels. The profit increase has several sources, including increased sales, stable margins on customer assignments, efficiency programmes completed and the very robust progress of our operations in Sweden and Finland.

We invested in quality and performance enhancements in the year, and significantly increased the automation level of our plants. In 2021, we will also substantially expand our plant in Torsby, Sweden.



*2020 was a record year for NOTE, with continued good growth, a 20% increase in operating profit and very strong cash flow.*

We also devoted substantial energy to ensuring the efficient utilisation of working capital. In tandem with positive profit performance, this was a contributor to cash flow after investments increasing to SEK 172 million, or SEK 6.06 per share, also the highest-ever level. Our Balance Sheet is strong with an equity to assets ratio of over 50% and low net debt of SEK 28 million, excluding the estimated liability on rented properties (IFRS 16 Leases).

We also take a positive view of the rising priority of sustainability issues. Within NOTE, we've taken on the challenges in the sustainability segment methodically and responsibly. One of NOTE's strengths is that we were one of the first companies in our sector to join the UN Global Compact and adopt its ten principles on human rights, labour law, the environment and anti corruption, as early as 2011. In business terms, we are on the offensive, and actively participating in the green technology shift that is surging ahead in Sweden and internationally. Our intention is to highlight this progress clearly in our reporting through 2021.

## Future

In the wake of the pandemic, our growth slowed in the second half-year. However, our underlying business continued to perform positively. We are securing new customers and projects convincingly, and by year-end, our order books were about 20% larger than a year previously. Alongside the start-up of batch production on several major new customer projects, this gives cause for continued optimism for our future. Given the current market situation, I think we have very good prospects in 2021 of achieving our growth target of at least 10% and maintaining our positive earnings trend.

  
Johannes Lind-Widestam

# Sales and results of operations

## Sales, January–December

NOTE is a competitive electronics manufacturer in the Nordics, and a stable business partner for Swedish and international companies 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 across industry, communication, medtech, defence and high end consumer electronics. The customer base includes both large global corporations active worldwide, and local enterprises whose sales are mainly in northern Europe. Usually, customers outsource all EMS to one or several production partners. Another clear trend is for customers increasingly demanding the manufacture and direct shipment of box build products.

The spread of covid-19 resulted in a clear demand slowdown across several sectors and regions. However, overall demand for NOTE's services progressed positively in the year. Sales increased by 6% to SEK 1,874 (1,760) million. Growth was wholly organic, and the impact of altered exchange rates, mainly USD and EUR, was negative at about 1%.

The sales increase consisted of expanded partnerships with established customers, and the progressive impact of increased sales to 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 in Sweden and Finland was very strong in the year, especially from industrial and medtech customers. Extensive restrictions and shutdowns across UK industry due to the pandemic contributed to sales in the UK reducing by 20%, which was a contributor to restricting sales growth in Western Europe to 13%. Sales from the Estonian plant, which are mainly to northern European customers, made positive progress. Growth was 7%, primarily because of intensified customer partnerships across industry, and the start-up of several new customer assignments. Sales from the plant in China are to local and global customers. The extended production stoppage in Q1, and safety measures

against the pandemic, combined with some production transfer from China to Europe, resulted in sales reducing by 15%.

NOTE's healthy growth in Western Europe should be viewed against the background of a rapidly changing market. Previously, manufacturers were very keen to locate electronics manufacture in Asia. Accentuated by increasing restrictions to global trade, a sharper focus on sustainability issues, and not least the current pandemic, there is a clear trend for customers increasingly demanding development and manufacturing services closer to home. With more capacity and efficient plants in Europe, NOTE's organisation is well prepared to meet this progress.

NOTE's 15 largest customers in sales terms represented 47% (45%) of group sales. No single customer (group) represented more than about 6% (6%) of total sales.

The group's order backlog, which is a combination of fixed orders and customer forecasts, progressed positively. At year-end, the order backlog was some 20% (25%) above the previous year's level.

## Results of operations, January–December

In order to keep increasing competitiveness and create the potential for profitable sales growth, NOTE has been conducting methodical improvement work at all the group's units 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 and new business accounts, gross profit increased by 9% to SEK 225 (206) million. The gross margin widened somewhat to 12.0% (11.7%), essentially a result of increased productivity after completed rationalisation and a higher automation level in manufacture.

Sales and administration overheads increased by 3% to SEK 85 (82) million. As a share of sales, these overheads reduced to 4.5% (4.7%).

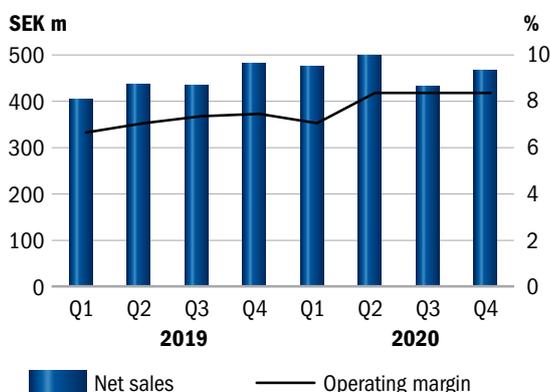
Other operating income/expenses, which mainly consist of the revaluation of assets and liabilities denominated in foreign currency, were SEK 9 (0) million.

Operating profit in the year improved by 20% to SEK 149 (124) million, and the operating margin widened by 0.9 percentage points to 8.0% (7.1%).

Largely as a result of positive cash flow and reduced net debt, net financial income/expense improved to SEK -6 (-8) million.

Profit after net financial items increased by 23% to SEK 143 (116) million, equivalent to a profit margin of 7.6% (6.6%).

Profit after tax was up by 25% to SEK 116 (92) million, or SEK 4.11 (3.31) per share. The tax expense for the year corresponded to 19% (20%) of profit before tax.



### **Sales and results of operations, October-December**

Consistent with progress in Q3, we saw continued caution on the market and inventory adjustments by customers. Demand varied significantly between sectors and regions, with for example, progress across industry and medtech remaining brisk, with slower activity apparent on several communication projects. Overall, sales in Q4 were down by 4% to SEK 466 (483) million. Adjusted for currency effects, primarily appreciation of the SEK against the EUR and USD, sales were at the same level as the previous year. Continued high demand was apparent in Sweden, from new and established customers, and especially from engineering industry customers. Accordingly, Sweden sustained its record level, with growth of 16%. But market conditions in the UK remained poor, due to shutdowns across several industries (covid-19). Sales in the UK were about 20% below the previous year's level. As a result, growth in Western Europe was limited to 6% in the fourth quarter. Sales from our plant in Estonia, which are mainly to customers in Scandinavia and the rest of Northern Europe, performed strongly in the year. However, a significant decline in project deliveries in the telecom segment was apparent in the fourth quarter. Volumes in China increased notably at

the end of the period, but sales in the fourth quarter were down by 14% on the previous year.

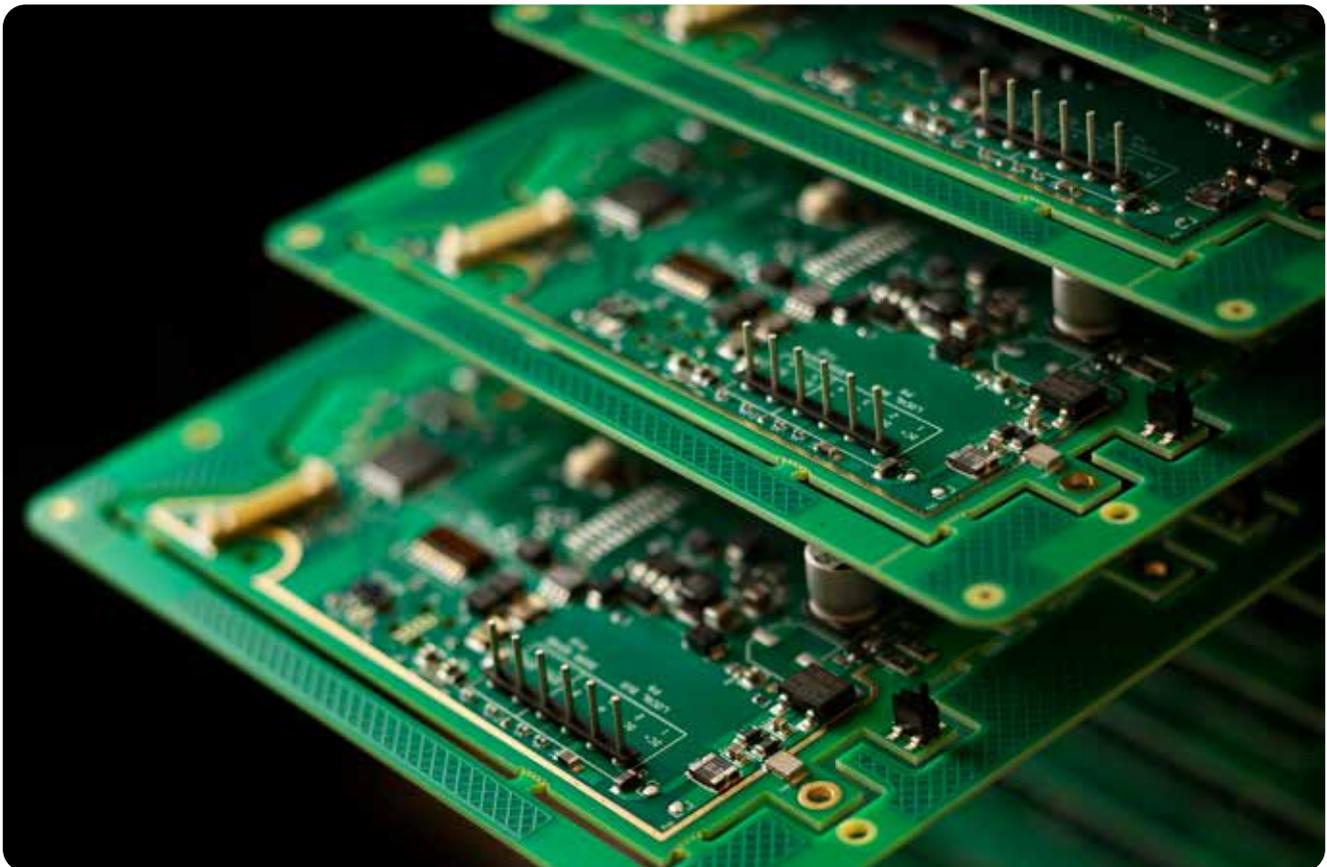
Mainly as a result of increased sales and continued stable margins on ongoing customer assignments, gross profit increased by 4% to SEK 59 (56) million. The gross margin widened by 1.0 percentage point to 12.6% (11.6%), essentially a result of an altered product mix on customer assignments, and continued improvements to cost-efficiency.

Sales and administration overheads for the period were unchanged at SEK 23 (23) million, or 4.9% (4.7%) of sales.

Other operating income/expenses, mainly consisting of revaluations of assets and liabilities denominated in foreign currency, were SEK 2 (2) million.

Mainly as a result of increased sales, combined with continued good progress of costs, operating profit increased by 8% to SEK 38 (35) million. NOTE's operating margin widened by 0.9 percentage points to 8.3% (7.4%).

Profit after financial items improved by 17% to SEK 40 (33) million, equating to a profit margin of 8.4% (6.9%).



## 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 faces a major challenge to continuously improve its business methods and internal processes in these segments.

Due to the global spread of covid-19 and a high share of electronic component manufacture being located in China, NOTE did a lot of work as early as Q1 to identify and overcome challenges in sourcing materials. Disruptions to incoming component shipments occurred throughout the year, but to a lesser extent than initially feared. Accordingly, NOTE was able to maintain delivery precision to customers at a high level. The progress of inventories was fairly stable in the year, and continued rationalisations helped reduce capital tied-up in inventory by just over 4%.

NOTE is making continuous efforts to monitor credit risks and limit the number of outstanding days of credit. A change in the factoring finance solution in Estonia meant that accounts receivable–trade decreased by just over SEK 30 million in Q1. This was a contributor to accounts receivable–trade being 11% lower at year-end than a year previously. The number of outstanding days of credit was at the same level as the previous year.

Against the background of adverse market conditions in several sectors, NOTE is concerned that credit risks may increase. NOTE adopts a conservative valuation methodology, and accordingly, its provisions for potential risks in accounts receivable and inventory increased in the year.

Accounts payable–trade mainly consist of purchases of electronic components and other production materials. NOTE works actively to evolve its partner model on the supplier side,

### Equity to assets ratio

**51.2%**

### Cash flow after investments (full year 2020)

**SEK 172 m**

which has outcomes including concentrating sourcing on fewer, quality-assured suppliers. This also helps rationalise the utilisation of working capital. Primarily because of inventory reduction, accounts payable–trade were 9% lower than at the previous year-end.

Continued positive earnings performance, combined with the more efficient utilisation of working capital, was a contributor to a significant improvement in cash flow. For the full year, cash flow was SEK 172 (75) million, or SEK 6.06 (2.69) per share.

### Equity to assets ratio

According to NOTE's externally communicated financial targets, its minimum equity to assets ratio should be 30%. The equity to assets ratio improved further in the year, to 51.2% (41.2%).

## Liquidity and investments

### Liquidity and net debt

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

At year-end, the group's available cash and cash equivalents, including unutilised overdraft facilities, were SEK 184 (189) million. Given NOTE's strong financial position, a decision was made to temporarily reduce the group's level of invoice factoring in Q4. This action reduced reported available cash and cash equivalents at year-end by about SEK 100 million, as reflected in financing activities in the cash flow statement. Factored accounts receivable–trade were approximately SEK 274 (224) million in the period. Disregarding estimated financial liabilities on the additional right-of-use assets resulting from IFRS 16 Leases, net debt at year-end was SEK 28 (138) million.

### Investments

Capital expenditure on fixed assets in the year was SEK 90 (44) million, of which SEK 20 (4) million consisted of additional investments in rented properties (IFRS 16 Leases). Adjusted for the latter, investments were 3.7% (2.2%) of sales. They mainly consisted of projects to increase efficiency and capacity.

Plan depreciation and amortisation increased to SEK 49 (44) million, of which SEK 17 (16) million was additional depreciation of right-of-use assets, mainly on rented properties, after the adoption of IFRS 16 Leases.

# 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 unchanged, SEK 38 (38) million, and mainly related to intra-group services. Operating profit was negatively affected by changes in exchange rates on loans to foreign subsidiaries. In the light of current restrictions linked to covid-19, no group contributions have been received. Net financial items therefore decreased sharply to SEK -1 (76) million. The parent company's profit after tax amounted to SEK -1 (44) 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 year.

In the ongoing incentive programme from 2018-2019, there are a total of 611,000 warrants corresponding to about 2% of the number of shares outstanding. In line with the decision of the AGM, 1,000,000 earlier repurchased NOTE shares were canceled in Q2.

## Dividend

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 per share for the financial year 2019.

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 currently proposes that no dividend be paid for 2020. However, the Board may return later in the year and propose a dividend given the strong balance sheet NOTE has.

# 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 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 are 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 sha-

res 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.

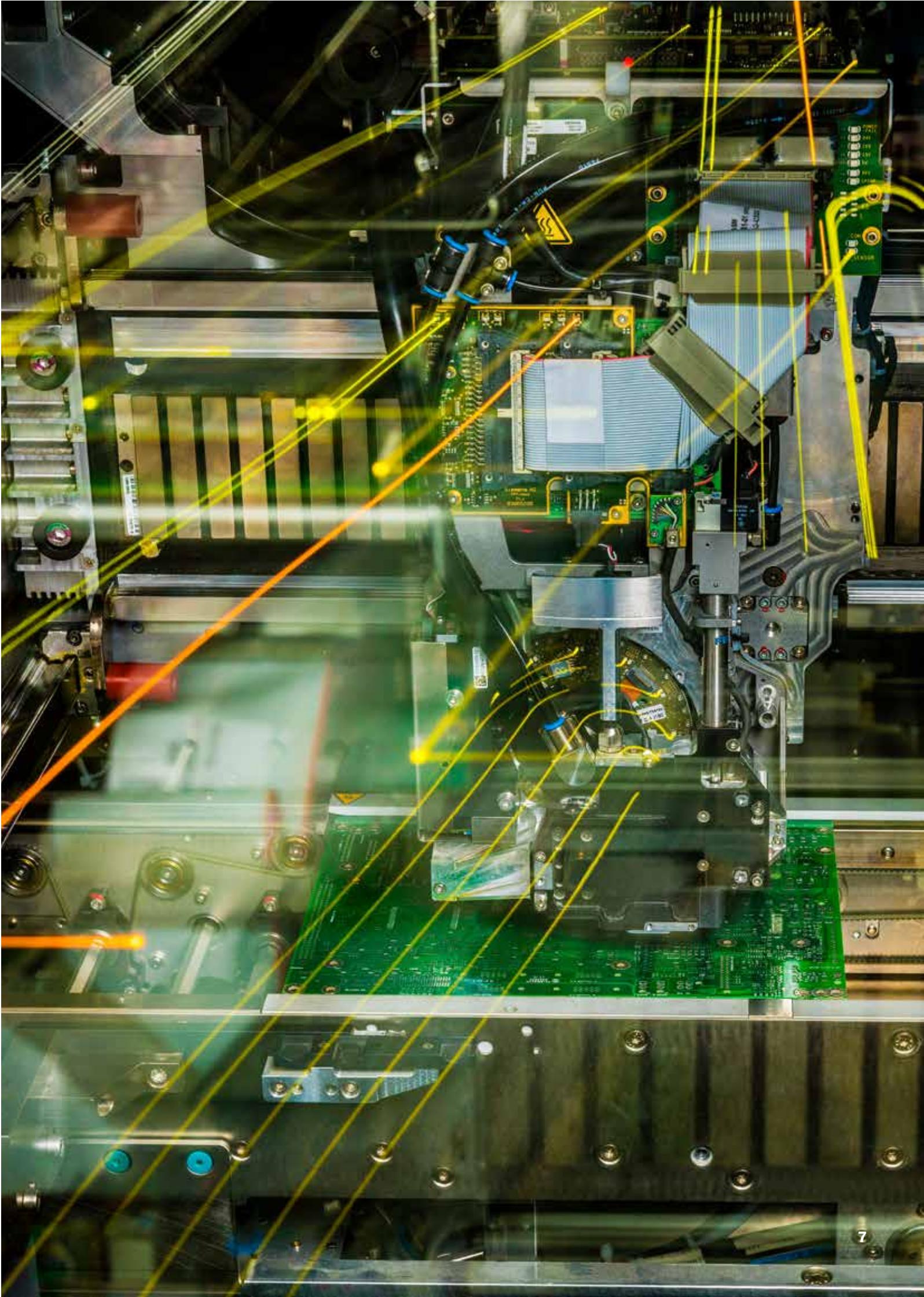
All amounts are in millions of Swedish kronor (SEK million) unless otherwise stated.

## **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.

Johannes Lind-Widestam  
CEO and President

Stockholm, Sweden, 27 January 2021



## Consolidated quarterly summary

SEK million	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Net sales	466	433	500	475	483	434	437	405
Gross margin	12.6%	11.2%	12.0%	12.1%	11.6%	11.5%	11.7%	12.1%
Operating margin	8.3%	8.3%	8.3%	7.0%	7.4%	7.3%	7.0%	6.6%
Profit margin	8.4%	7.8%	8.4%	5.8%	6.9%	6.8%	6.6%	6.1%
Cash flow after investing activities	44	1	64	63	96	1	-24	2
Cash flow per share, SEK	1.55	0.04	2.26	2.26	3.44	0.04	-0.85	0.07
Equity per share, SEK	20.0	19.5	18.6	18.1	16.7	15.9	14.9	14.9
Equity to assets ratio	51.2%	45.0%	42.9%	40.9%	41.2%	38.7%	36.7%	36.8%
Average number of employees	1,086	1,103	1,124	1,090	1,092	1,070	1,070	1,045
Net sales per employee, SEK 000	429	393	445	436	442	406	409	388

## Consolidated six-year summary

SEK million	2020	2019	2018	2017	2016	2015
Net sales	1,874	1,760	1,379	1,176	1,098	1,122
Gross margin	12.0%	11.7%	12.5%	11.9%	12.0%	10.9%
Operating margin	8.0%	7.1%	6.1%	7.9%	5.5%	4.0%
Profit margin	7.6%	6.6%	5.7%	7.6%	5.0%	3.5%
Cash flow after investing activities	172	75	-76	70	41	5
Cash flow per share, SEK	6.06	2.69	-2.63	2.41	1.42	0.18
Equity per share, SEK	20.0	16.7	13.3	12.8	11.0	9.9
Return on operating capital	22.7%	20.7%	17.8%	24.2%	16.1%	12.9%
Return on equity	22.5%	21.7%	17.1%	21.0%	14.9%	12.4%
Equity to assets ratio	51.2%	41.2%	39.8%	48.8%	45.8%	43.3%
Average number of employees	1,101	1,070	980	912	987	940
Net sales per employee, SEK 000	1,702	1,645	1,407	1,289	1,113	1,193

# Consolidated Income Statement

SEK million	2020 Q4	2019 Q4	2020 Full year	2019 Full year
Net sales	466	483	1 874	1 760
Cost of goods and services sold	-407	-427	-1 649	-1 554
<b>Gross profit</b>	<b>59</b>	<b>56</b>	<b>225</b>	<b>206</b>
Selling expenses	-13	-14	-51	-49
Administrative expenses	-10	-9	-34	-33
Other operating income/expenses	2	2	9	0
<b>Operating profit</b>	<b>38</b>	<b>35</b>	<b>149</b>	<b>124</b>
Net financial income/expenses	2	-2	-6	-8
<b>Profit after financial items</b>	<b>40</b>	<b>33</b>	<b>143</b>	<b>116</b>
Income tax	-8	-7	-27	-24
<b>Profit after tax</b>	<b>32</b>	<b>26</b>	<b>116</b>	<b>92</b>

# Consolidated Statement of Other Comprehensive Income

SEK million	2020 Q4	2019 Q4	2020 Full year	2019 Full year
<b>Profit after tax</b>	<b>32</b>	<b>26</b>	<b>116</b>	<b>92</b>
<b>Other comprehensive income</b>				
Items that can be subsequently reversed in the income statement:				
Exchange rate differences	-18	-5	-28	11
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>-17</b>	<b>-5</b>	<b>-25</b>	<b>9</b>
<b>Comprehensive income after tax</b>	<b>15</b>	<b>21</b>	<b>91</b>	<b>101</b>

# Earnings per share

	2020 Q4	2019 Q4	2020 Full year	2019 Full year
Number of shares at end of period (000)	28,373	27,873	28,373	27,873
Weighted average number of shares (000)*	28,373	27,873	28,178	27,873
Weighted average number of shares (000)**	28,677	28,141	28,548	27,973
Earnings per share, SEK*	1.12	0.94	4.11	3.31
Earnings per share, SEK**	1.11	0.93	4.05	3.30

\* Before dilution

\*\* After dilution

# Consolidated Balance Sheet

SEK million	2020 31 Dec	2019 31 Dec
<b>Assets</b>		
Goodwill	106	110
Intangible assets—customer relationships	9	13
Other intangible assets	11	14
Right of use assets—rented properties	55	54
Property, plant and equipment	137	96
Deferred tax assets	6	1
Other financial assets	1	0
<b>Total non-current assets</b>	<b>325</b>	<b>288</b>
Inventories	354	370
Accounts receivable—trade	338	380
Other current receivables	25	18
Cash and bank balances	68	73
<b>Total current asset</b>	<b>785</b>	<b>841</b>
<b>TOTAL ASSETS</b>	<b>1,110</b>	<b>1,129</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>568</b>	<b>465</b>
<b>Liabilities</b>		
Long-term interest-bearing liabilities	55	21
Long-term liabilities, right of use asset—rented properties	40	38
Deferred tax liabilities	15	12
Other long term provisions	-	-
<b>Total non-current liabilities</b>	<b>110</b>	<b>71</b>
Current interest-bearing liabilities	41	191
Short-term liabilities, right of use asset—rented properties	17	16
Accounts payable—trade	246	270
Other current liabilities	127	109
Other short term provisions	1	7
<b>Total current liabilities</b>	<b>432</b>	<b>593</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,110</b>	<b>1,129</b>

# Consolidated Change in Equity

SEK million	2020 Q4	2019 Q4	2020 Full year	2019 Full year
Opening equity	553	444	465	384
Comprehensive income after tax	15	21	91	101
New share issue	-	-	12	-
Payment warrants	-	-	-	0
Dividend	-	-	-	-20
<b>Closing equity</b>	<b>568</b>	<b>465</b>	<b>568</b>	<b>465</b>

# Consolidated Cash Flow Statement

SEK million	2020 Q4	2019 Q4	2020 Full year	2019 Full year
<b>Operating activities</b>				
Profit after financial items	40	33	143	116
Reversed depreciation and amortisation	13	11	49	44
Other non-cash items	11	5	13	1
Tax paid	-1	0	-18	-20
Change in working capital	-13	52	2	-45
<b>Cash flow from operating activities</b>	<b>50</b>	<b>101</b>	<b>189</b>	<b>96</b>
<b>Cash flow from investing activities</b>	<b>-6</b>	<b>-5</b>	<b>-17</b>	<b>-21</b>
<b>Cash flow from financing activities</b>	<b>-114</b>	<b>-64</b>	<b>-172</b>	<b>-33</b>
<b>Change in cash and cash equivalents</b>	<b>-70</b>	<b>32</b>	<b>0</b>	<b>42</b>
<b>Cash and cash equivalents</b>				
At beginning of period	145	42	73	31
Cash flow after investing activities	44	96	172	75
Cash flow from financing activities	-114	-64	-172	-33
Exchange rate difference in cash and cash equivalents	-7	-1	-5	0
<b>Cash and cash equivalents at end of period</b>	<b>68</b>	<b>73</b>	<b>68</b>	<b>73</b>
Un-utilised credits	116	116	116	116
<b>Available cash and cash equivalents</b>	<b>184</b>	<b>189</b>	<b>184</b>	<b>189</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 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.

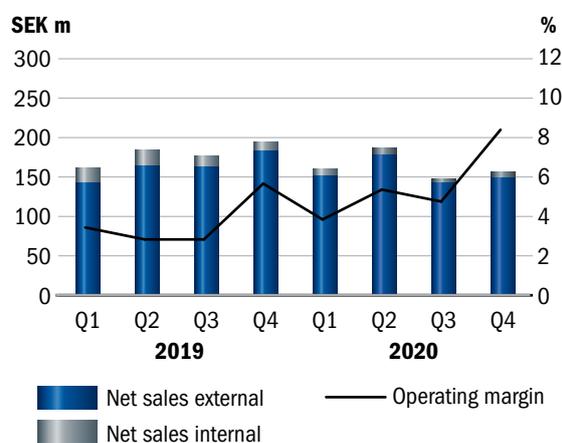
Intra-Group are group-wide business support functions in the parent company and for the sourcing operations in NOTE Components. The segment also includes group eliminations.

SEK million	2020 Q4	2019 Q4	2020 Full year	2019 Full year
<b>WESTERN EUROPE</b>				
External net sales	317	300	1,253	1,106
Internal net sales	1	0	4	4
Operating profit	30	23	121	102
Operating margin	9.4%	7.7%	9.6%	9.2%
Inventories	233	237	233	237
External accounts receivable—trade	246	238	246	238
Average number of employees	526	496	523	468
<b>REST OF WORLD</b>				
External net sales	149	183	621	654
Internal net sales	8	12	31	65
Operating profit	13	11	36	27
Operating margin	8.3%	5.6%	5.6%	3.8%
Inventories	121	133	121	133
External accounts receivable—trade	92	142	92	142
Average number of employees	541	577	559	585
<b>INTRA-GROUP</b>				
Internal net sales	-9	-12	-35	-69
Operating profit	-5	1	-8	-5
External accounts receivable—trade	0	0	0	0
Average number of employees	19	19	19	17

## Western Europe



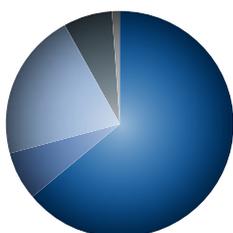
## Rest of World



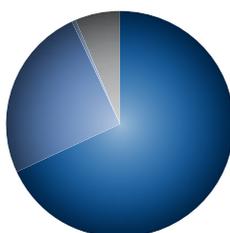
# Sales per customer segment

SEK million	2020 Q4	2019 Q4	2020 Full year	2019 Full year
<b>WESTERN EUROPE</b>				
Industrial	215	177	801	671
Communication	21	26	90	114
Medtech	60	57	263	181
Defence	16	38	87	133
High end consumer	5	2	12	7
<b>Total external sales</b>	<b>317</b>	<b>300</b>	<b>1,253</b>	<b>1,106</b>
<b>REST OF WORLD</b>				
Industrial	108	109	423	419
Communication	28	61	155	196
Medtech	4	0	4	0
Defence	0	0	0	0
High end consumer	9	13	39	39
<b>Total external sales</b>	<b>149</b>	<b>183</b>	<b>621</b>	<b>654</b>
<b>TOTAL</b>				
Industrial	323	286	1,224	1,090
Communication	49	87	245	310
Medtech	64	57	267	181
Defence	16	38	87	133
High end consumer	14	15	51	46
<b>Total external sales</b>	<b>466</b>	<b>483</b>	<b>1,874</b>	<b>1,760</b>

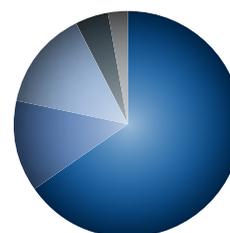
Western Europe Full year



Rest of World Full year



Total Full year



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

## Parent Company Income Statement

SEK million	2020 Q4	2019 Q4	2020 Full year	2019 Full year
Net sales	10	10	38	38
Cost of services sold	-4	-5	-14	-16
<b>Gross profit</b>	<b>6</b>	<b>5</b>	<b>24</b>	<b>22</b>
Selling expenses	-5	-5	-17	-18
Administrative expenses	-4	-3	-12	-11
Other operating income/expenses	-5	-1	-14	6
<b>Operating profit</b>	<b>-8</b>	<b>-4</b>	<b>-19</b>	<b>-1</b>
Net financial income/expenses	0	72	-1	76
<b>Profit after financial items</b>	<b>-8</b>	<b>68</b>	<b>-20</b>	<b>75</b>
Appropriations	19	-19	19	-19
<b>Profit before tax</b>	<b>11</b>	<b>49</b>	<b>-1</b>	<b>56</b>
Income tax	-3	-10	0	-12
<b>Profit after tax</b>	<b>8</b>	<b>39</b>	<b>-1</b>	<b>44</b>

## Parent Company Statement of Other Comprehensive Income

SEK million	2020 Q4	2019 Q4	2020 Full year	2019 Full year
<b>Profit after tax</b>	<b>8</b>	<b>39</b>	<b>-1</b>	<b>44</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>8</b>	<b>39</b>	<b>-1</b>	<b>44</b>

# Parent Company Balance Sheet

SEK million	2020 31 Dec	2019 31 Dec
<b>Assets</b>		
Intangible assets	3	4
Property, plant and equipment	1	1
Long-term receivables from group companies	106	149
Financial non-current assets	221	221
<b>Total non-current assets</b>	<b>331</b>	<b>375</b>
Receivables from group companies	11	19
Other current receivables	7	3
Cash and bank balances	11	25
<b>Total current assets</b>	<b>29</b>	<b>47</b>
<b>TOTAL ASSETS</b>	<b>360</b>	<b>422</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>251</b>	<b>240</b>
<b>Untaxed reserves</b>	<b>7</b>	<b>26</b>
<b>Liabilities</b>		
Liabilities to financial institutions	0	1
Liabilities to group companies	88	138
Other current liabilities and provisions	14	17
<b>Total current liabilities</b>	<b>102</b>	<b>156</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>360</b>	<b>422</b>

# Parent Company Change in Equity

SEK million	2020 Q4	2019 Q4	2020 Full year	2019 Full year
Opening equity	243	201	240	216
Comprehensive income after tax	8	39	-1	44
New share issue	-	-	12	-
Dividend	-	-	-	-20
<b>Closing equity</b>	<b>251</b>	<b>240</b>	<b>251</b>	<b>240</b>

# 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**

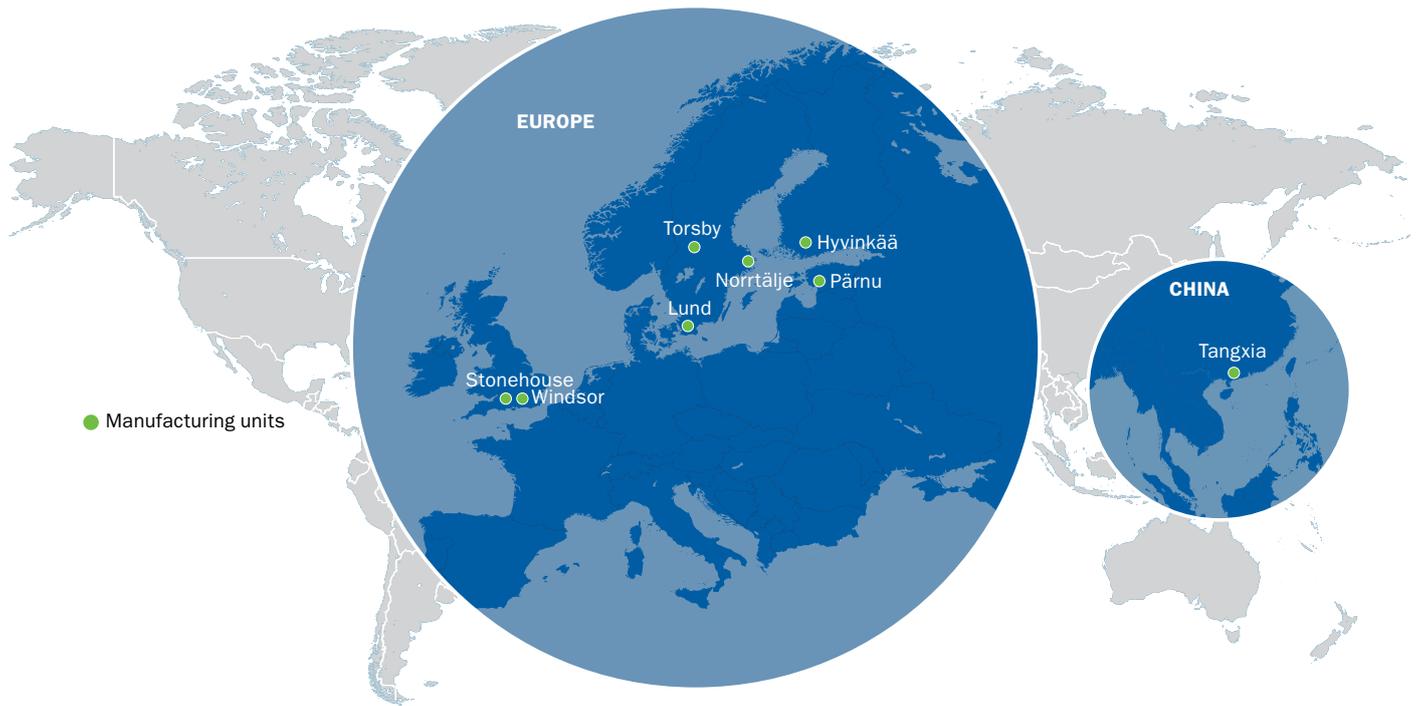
Profit after financial items as a percentage of net sales.

**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 Q1	19 Apr 2021
Interim Report Q2	13 Jul 2021
Interim Report Q3	19 Oct 2021

#### Annual Report

The Annual Report for 2020 will be published on NOTE's website, [www.note-ems.com](http://www.note-ems.com), week 13.

#### Annual General Meeting

The AGM will be held at Bonnier Magasinet, Sveavägen 53, Stockholm, Sweden, at 2 p.m. on 19 April 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/](http://www.note-ems.com/)

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

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

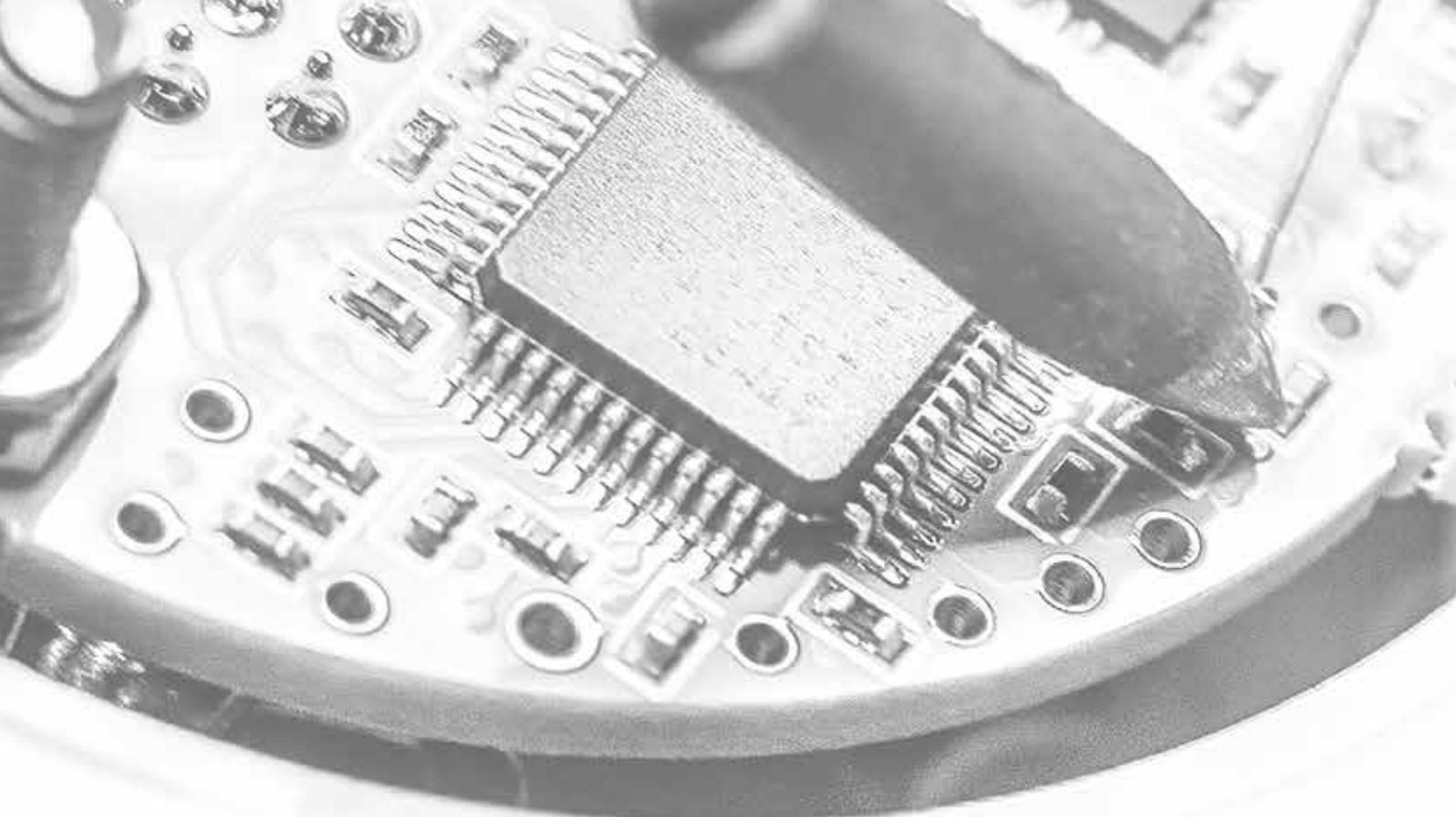
#### Investor Relations contact

Henrik Nygren

Chief Financial Officer

Tel: +46 (0)70 977 0686

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

**NOTE AB (publ)**

Sveavägen 52  
111 34 Stockholm  
Sweden

**NOTE Components AB**

Sveavägen 52  
111 34 Stockholm  
Sweden

**NOTE Hyvinkää Oy**

Avainkierto 3  
05840 Hyvinkää  
Finland

**NOTE Lund AB**

Maskinvägen 3  
227 30 Lund  
Sweden

**NOTE Norrtälje AB**

Vilhelm Mobergs gata 18  
761 46 Norrtälje  
Sweden

**NOTE Pärnu OÜ**

Laki 2  
80010 Pärnu  
Estonia

**NOTE Torsby AB**

Inova Park  
685 29 Torsby  
Sweden

**NOTE UK Ltd**

Stroudwater Business Park  
Brunel Way  
Stonehouse  
GL10 3SX Gloucestershire  
UK

**NOTE Electronics  
(Dongguan) Co Ltd**

No. 8 Ling Dong 3 Road  
Lincun Industrial Center  
Tangxia  
Dongguan  
China - 523710

**Speedboard Assembly  
Services Ltd**

1a Alma Road  
Windsor  
SL4 3HU  
UK

[www.note-ems.com](http://www.note-ems.com)  
[info@note-ems.com](mailto:info@note-ems.com)