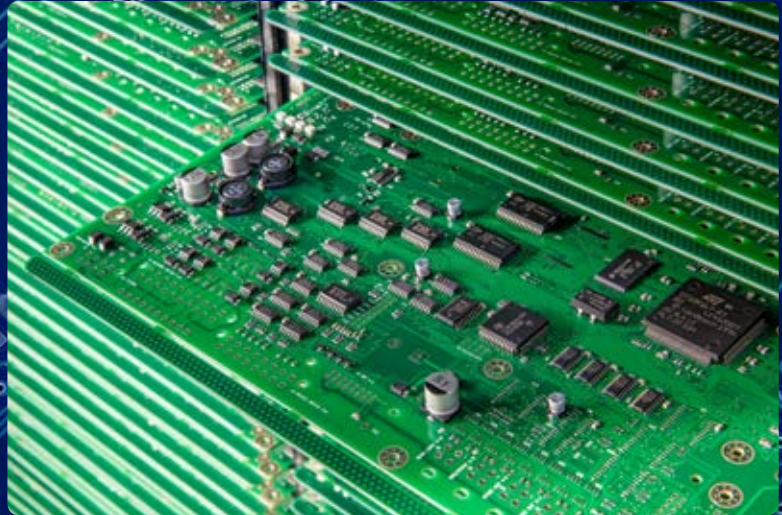
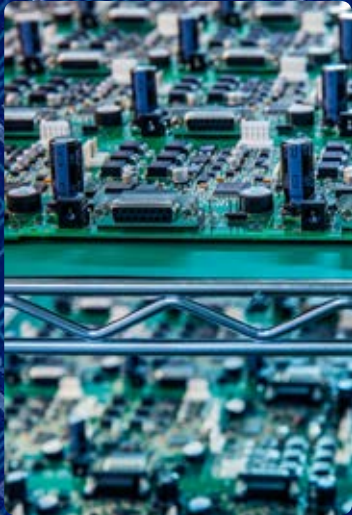


Interim Report January–September 2016



Interim Report Q3

Financial performance in Januari–September

- Sales were SEK 809.9 (816.3) million. Excluding divestments sales increased by just over 2%.
- Operating profit rose to SEK 43.7 (34.7) million.
- Operating margin expanded by 1.1 percentage points to 5.4% (4.3%).
- Profit after financial items increased to SEK 39.4 (30.6) million.
- Profit after tax was up to SEK 32.3 (27.6) million, corresponding to SEK 1.12 (0.96) per share.
- Cash flow after investments increased to SEK 37.7 (–20.3) million, or SEK 1.31 (–0.70) per share.

New appointment to group management

Stefan Hedelius became NOTE's CEO & President at the end of the first quarter. In order to further enhance competitiveness and cost-efficiency, Vice President of Sourcing Markus Norrbom joined group management.

Sale of Norwegian operation

As part of NOTE's streamlining process and continued focus on markets with good growth potential, the Norwegian subsidiary was sold in May. Last year, operations in Norway had sales of SEK 54 million, but made a negative contribution to NOTE's growth and operating profit. This transaction had a marginal impact on the NOTE group's operating profit in the second quarter.

Financial performance in July–September

- Sales were SEK 248.4 (261.5) million. Excluding divestments sales were in line with the previous year.
- Operating profit rose to SEK 14.1 (11.6) million.
- Operating margin expanded by 1.3 percentage points to 5.7% (4.4%).
- Profit after financial items increased to SEK 12.9 (10.4) million.
- Profit after tax was up to SEK 11.1 (9.8) million, corresponding to SEK 0.38 (0.34) per share.
- Cash flow after investments increased to SEK 6.5 (–24.0) million, or SEK 0.23 (–0.83) per share.

CEO's comments

Progress in the first three quarters

NOTE is one of the leading electronics manufacturers in the Nordics, and a stable business partner for Swedish and multi-national customers seeking advanced production and logistics solutions in industrial electronics.

Market conditions were relatively stable on many of our markets in the period. Demand for NOTE's services and solutions made positive progress in Sweden, Finland Estonia and China. Sales were weaker than expected on the Norwegian and UK markets, which we've approached via relatively small local units. In order to sharpen our focus on markets with positive sales growth, we divested the Norwegian subsidiary in the second quarter. We're currently reviewing our potential to progress further on the UK market.

Sales were SEK 809.9 million in the first three quarters, slightly down year-on-year. For comparable units and adjusted for the divestment of the Norwegian operation, sales growth reached just over 2%. To further improve the level of service to one of our largest international customers, we're introducing a new logistics setup with finished goods stored in close proximity to the customer's final assembly, which will temporarily decrease deliveries during the autumn.

However, we perceive good potential to increase our sales and market shares further over time, from existing and new customers alike. For example, our focus on the medtech sector in Sweden is already paying off. In the summer, we commenced batch deliveries under a substantial, advanced manufacturing assignment for an established global customer. Our plant in China also recently obtained certification for manufacture of medtech products. This means that more than half of our facilities are now certified for medtech production, which strengthens our position in the segment. In Sweden, an extensive prototyping partnership with a leading customer in the defence industry is also underway. The collaboration has significant potential. Furthermore, we're implementing several exciting industrialisation services in IOT (Internet of Things) with promising potential.

We've gradually improved profitability during the year. An increased service content in combination with a number of successful costs measures contributed to the profit improvement. Operating profit for the period increased to SEK 43.7 (34.7) million, corresponding to an operating margin of 5.4% (4.3%). In the third quarter, operating margin improved to 5.7% (4.4%).

NOTE has a sharp focus on ensuring first-class quality and delivery precision for customers. The efficient management of working capital is another critical success factor. This is why we're taking a focused approach to rationalising the utilisation of working capital. Intelligent, thought-through logistics setups are critical to NOTE's and its customers' financing and cash flow. Cash flow after investments improved to SEK 37.7 (-20.3) million in the period. In the last 12-month period, cash flow was SEK 63.2 million, corresponding to SEK 2.19 per share. NOTE's liquidity position is strong, and our Balance Sheet remains one of the sector's strongest, with low net debt and an equity to assets ratio of 44.7%.



We've increased profitability and strengthened cash flow in the first three quarters this year.

Future

We focus on sales growth and profitability and seek to actively develop our offering alongside our customers. We perceive continued positive potential for increasing our market share over time, both for existing and new customers. Taking into account ongoing new business discussions, the situation looks positive.

However, our firm ambition is to play a more active role in the future development of our sector, on the basis of our market stance and strong financial position. The outlook for achieving this is already positive, in Sweden and internationally.

Stefan Hedelius

Sales and results of operations

Sales, January–September

NOTE sells to a large customer base, essentially active in the engineering, communication and security industries in northern Europe, and to customers in medtech. An increasing sales share is also direct to customers in Asia and the US.

Demand for NOTE's services continued to progress positively in the period. The group's plants in Estonia and China made strong progress. Demand in Sweden and Finland was positive, while progress was slower in Norway and the UK. After a period of declining demand from a few major Norwegian customers, the subsidiary in Norway was divested during the second quarter of the year. Last year, the Norwegian operation had sales of approximately SEK 54 million, but made a negative contribution to NOTE's operating profit. This transaction had only a marginal impact on operating profit in the second quarter.

NOTE endeavours to secure long-term customer relations and partnerships. In the period, several closer collaborations on new product generations were established with customers within the strong customer base.

NOTE has also been working extensively for some time with the aim of expanding its customer base further, to lift sales and capacity utilisation in the group's units. As a result of these marketing initiatives, NOTE secured many new customer relationships. Most of these new customers are European and Asian SMEs. Several of these partnerships, which usually start with industrialisation services (service sales, prototyping and pilot series), have now resulted in batch production and higher volumes.

Sales decreased by 1% in the first three quarters of the year to SEK 809.9 (816.3) million, with the impact of exchange rate variations being fairly marginal. Adjusted for the sale of the Norwegian operation in the second quarter, sales growth for comparable units was just over 2%. Batch shipments to a leading multinational player in the medtech sector commenced in the period. NOTE sees substantial potential in this partnership.

Direct sales from Industrial Plants in Estonia and China continued to grow. These sales, mainly to customers in Europe, and other markets mainly in Asia and the US, maintained positive

progress, representing 41% (36%) of total sales. The increase was partly an effect of the transfer of account management responsibility from Near-sourcing Centres to Industrial Plants, a natural component of NOTE's business model.

NOTE's 15 largest customers in sales terms represented 58% (57%) of the group's sales. As in the previous year, no single customer (group) represented more than about 10% of total sales.

Results of operations, January–September

NOTE has been conducting methodical improvement work at all units for several years. Its aim is to sharpen competitiveness and create the potential for further profitable sales growth. This work is conducted locally at each unit and through a number of group-wide projects. Over and above initiatives to expand and develop its customer offering, its focus is on measures that improve delivery precision and quality, as well as cost and working capital rationalisation. In tandem with this process, NOTE is progressively implementing a business-specific ERP system in the group's units. The new system is now operational across all Swedish units, enabling further streamlining by harmonising internal processes and systems support.

Gross margin grew by 1.2 percentage points to 11.9% (10.7%), mainly as a result of an expanded service content and focused cost-cutting initiatives.

Sales and administration overheads for the period reduced by 7%, mainly as a result of the divestment of the Norwegian operations in the second quarter. Compared to the previous year, NOTE has conducted initiatives to reinforce its sales organisation. Overheads were 6.4% (6.8%) of sales.

Other operating expenses/income, which normally consist of revaluations of foreign currency assets and liabilities, were SEK -1.0 (2.5) million. NOTE conducts fairly extensive management of foreign currencies, primarily USD and EUR. Wide fluctuations on currency markets in the summer only had a marginal impact on NOTE's operating profit.

Operating profit in the period was SEK 43.7 (34.7) million, implying a 1.1 percentage point operating margin increase to 5.4% (4.3%).

Continued stable progress of working capital contributed to unchanged net financial income/expense of SEK -4.3 (-4.1) million.

Profit after financial items was SEK 39.4 (30.6) million, corresponding to a profit margin of 4.9% (3.7%).

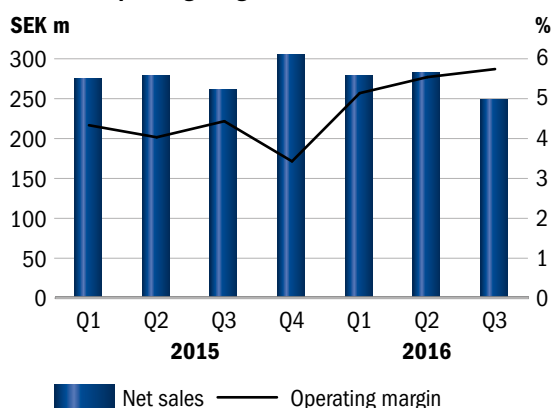
Profit after tax was SEK 32.3 (27.6) million, or SEK 1.12 (0.96) per share. The tax expense for the period corresponded to 18% (10%) of profit before tax.

Sales and results of operations, July–September

The demand for NOTE's services remained positive in the third quarter in Sweden, Finland and Estonia, while sales in the UK and China was slightly weaker.

Third-quarter sales are seasonally weaker than for other quarters. Sales decreased by 5% amounting to SEK 248.4 (261.5) million. The decrease, compared to previous year, was mainly due to the divestment of the Norwegian operations and

Sales and operating margin



Operating profit for the fourth quarter 2015 includes expenses related to the change of CEO of SEK 3.8 million—the underlying operating margin was 4.7%.

the introduction of a new customized logistics setup for a major international customer, which affects NOTE's sales negatively in the short term. Adjusted for these factors, sales were in line with last year. Sales from Industrial Plants were 42% (41%) of group sales.

Mainly as a result of an increased share of relatively new customer contracts, coupled with sustained positive costs progress, gross margin improved by 0.5 percentage points to 11.2% (10.7%).

Sales and administration overheads for the period decreased, mainly as a result of the divestment of the Norwegian operations,

amounting to SEK 14.1 (16.7) million, or 5.7% (6.4%) of sales.

Other operating income/expenses, which mainly consist of revaluations of foreign currency assets and liabilities, were SEK 0.3 (0.1) million.

Operating profit improved to SEK 14.1 (11.6) million in the third quarter, corresponding to an operating margin of 5.7% (4.4%). Profit after financial items improved to SEK 12.9 (10.4) million, corresponding to a profit margin of 5.2% (4.0%).

Cash flow and financial position

Cash flow

Competing successfully in the high mix/low to medium volume market segment sets high standards on flexible production, the effective supply of materials and the ability to deliver custom logistics solutions. Accordingly, NOTE faces a major challenge in continuously improving its business methods and internal processes in these segments. This challenge is especially apparent during new project start-ups and in rapid demand upturns and downturns, and relates mainly to the complexity of materials supply and changing lead-times of electronic components.

The global market for electronic components can be considered fairly cyclical. Progress in the first three quarters of the year, as in the previous year, was fairly stable, and with good access to electronics components. This benefitted NOTE's materials planning and logistics.

Expanded prototype manufacture and start-ups of new batch production continued to set challenging demands on flexibility at the sourcing and production stages. Stock levels have been relatively stable to date in the year. The implementation of new logistics solutions, including finished goods being stored in close proximity to customers' manufacture, led to some increase in stock after the summer. This contributed to increasing capital tied up in stock, including prepayments for materials, by 7% year-on-year.

For natural reasons, accounts receivable—trade have reduced since year-end, and were 3% down year-on-year at the end of the period. NOTE is conducting continuous initiatives to monitor its credit risk and the progress of customer credit terms. Despite increased international sales, and growing customer demand for extended credit terms, customer credit terms were comparable to the previous year.

Accounts payable—trade mainly relate to sourced electronic components and other production materials. NOTE is working actively to keep evolving its partnership model for suppliers, which involves changes including concentrating sourcing on fewer, quality-assured suppliers. This has contributed to more

Equity to assets ratio

44.7%

Cash flow after investments

+37.7 SEK million

efficient utilisation of working capital. At the end of the period, Accounts payable—trade were some 10% up on year end and year-on-year.

The combination of continued positive profit performance with rationalisation of working capital, contributed to cash flow after investments for the first three quarters of SEK 37.7 (-20.3) million, corresponding to SEK 1.31 (-0.70) per share.

Equity to assets ratio

According to NOTE's externally communicated financial targets, its equity to assets ratio should not fall below 30%. The equity to assets ratio at the end of the period was 44.7% (43.5%). The dividend of SEK 20.2 (14.4) million paid in the second quarter reduced the equity to assets ratio by some 3 percentage points.

Liquidity and investments

Liquidity and net debt

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

The group's available cash and cash equivalents, including unutilised overdraft facilities, were SEK 100.7 (58.4) million at the midpoint of the year. Factored accounts receivable—trade were some SEK 103 (121) million. Net debt at the end of the period was SEK 63.6 (100.5) million.

Investments

Capital expenditure on fixed assets amounted to SEK 7.6 (8.7) million in the first three quarters, corresponding to 0.9% (1.1%) of sales. The capital expenditure mainly consisted of projects to improve efficiency and quality.

To satisfy the increased demand for electronics manufacturing in China, NOTE brought another advanced surface mounting line on stream in the fourth quarter of the previous year. Largely as a result of this, depreciation and amortisation according to plan increased to SEK 10.6 (9.0) million.

Parent company

The parent company, NOTE AB (publ), is primarily focused on the management, coordination and development of the group. Revenue for the period was SEK 22.2 (22.8) million, and mainly related to intra-group services. The impairment of shares in subsidiaries, which resulted from the divestment of the Norwegian operations, had a negative impact on net financial income/expense in the second quarter. Net financial income/expense includes SEK 4.6 (7.0) million of dividends received from subsidiaries. Profit/loss after tax was SEK -24.6 (7.8) million.

AGM 2016

The Annual General Meeting (AGM) in April re-elected the whole Board of Directors, with Kristian Teär as Chairman. The AGM resolved to pay a dividend of SEK 0.70 (0.50) per share to shareholders, equivalent to SEK 20.2 (14.4) million.

Transactions with related parties

A subsidiary within the group sourced consulting services relating to operational improvements from a company owned by a related party.

Significant operational risks

NOTE is one of the leading manufacturing and logistics partners for production of electronics-based products in northern Europe. NOTE has especially strong market positioning in the high mix/low to medium volume market segment, i.e. products in small to mid-size batches that require a high level of technological competence and flexibility. NOTE produces PCBAs, sub-assemblies and box build products. NOTE's offering covers the complete product lifecycle, from design to after-sales.

NOTE's Nearsourcing initiative, which is intended to increase sales growth while limiting overheads and capital expenditure in high-cost countries, is one way to mitigate the risks in operations.

For a more detailed review of the group's operational and financial risks, refer to the Risks section on page 14, the Report of the Directors on page 26, as well as note 24, Financial risks and finance policy, on page 44 of NOTE's Annual Report for 2015.

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 34–36 of the Annual Report for 2015. 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 RFR2.

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.

The Board of Directors of NOTE AB (publ)

Danderyd, Sweden, 24 oktober 2016

Review report

Auditor's report on summary review of summary interim financial information (interim report) prepared in accordance with IAS 34 and chap. 9 of the Swedish Annual Accounts Act.

Introduction

We have reviewed the condensed interim financial information (interim report) of NOTE AB (publ) as of 30 September 2016 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*.

A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Niklas Renström

Authorised Public Accountant

Öhrlings PricewaterhouseCoopers AB

Stockholm, Sweden, 24 October 2016

Consolidated six-year summary

SEK million	Rolling 12 mth	2015	2014	2013	2012	2011
Net sales	1,115.1	1,121.5	964.0	907.0	1,029.2	1,208.8
Gross margin	11.8%	10.9%	10.6%	8.0%	9.0%	11.0%
Operating margin	4.9%	4.0%	3.3%	1.0%	2.5%	5.3%
Profit margin	4.4%	3.5%	3.0%	0.1%	1.9%	4.7%
Cash flow after investing activities	63.2	5.2	2.5	-2.0	97.0	56.5
Cash flow per share, SEK	2.19	0.18	0.09	-0.07	3.36	1.96
Equity per share, SEK	10.55	9.94	9.36	8.25	9.02	8.98
Return on operating capital	14.4%	12.9%	10.1%	3.1%	7.9%	17.7%
Return on equity	13.4%	12.4%	9.7%	0.3%	4.9%	16.5%
Equity to assets ratio	44.7%	43.3%	44.1%	44.0%	45.2%	41.0%
Average number of employees	1,003	940	893	847	884	939
Net sales per employee, SEK 000	1,112	1,193	1,080	1,071	1,164	1,287

Consolidated quarterly summary

SEK million	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1
Net sales	248.4	282.4	279.1	305.2	261.5	279.5	275.3
Gross margin	11.2%	12.6%	11.7%	11.5%	10.7%	10.9%	10.4%
Operating margin	5.7%	5.5%	5.1%	3.4%	4.4%	4.0%	4.3%
Profit margin	5.2%	4.8%	4.6%	3.0%	4.0%	3.3%	4.0%
Cash flow after investing activities	6.5	4.1	27.1	25.4	-24.0	-18.0	21.8
Cash flow per share, SEK	0.23	0.14	0.94	0.88	-0.83	-0.62	0.76
Equity per share, SEK	10.55	10.09	10.26	9.94	9.81	9.47	9.77
Equity to assets ratio	44.7%	44.4%	44.5%	43.3%	43.5%	43.4%	42.6%
Average number of employees	988	1,047	1,016	963	962	931	901
Net sales per employee, SEK 000	251	270	275	317	272	300	306

Financial definitions

Key figures, besides IFRS, published in this Interim Report

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 shares at end of the period.
Equity per share	Equity divided by the number of shares at end of the period.
Equity to assets ratio	Equity as a percentage of total assets.
Gross profit margin	Gross profit as a percentage of net sales.
Net debt	Interest-bearing liabilities and provisions less cash and cash equivalents.
Net sales per employee	Net sales divided by the average number of full-time employees.
Operating capital	Total assets less cash and cash equivalents, non-interest bearing liabilities and provisions.
Operating margin	Operating profit as a percentage of net sales.
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.

Consolidated Income Statement

SEK million	2016 Q3	2015 Q3	2016 Q1-Q3	2015 Q1-Q3	Rolling 12 mth.	2015 full year
Net sales	248.4	261.5	809.9	816.3	1,115.1	1,121.5
Cost of goods and services sold	-220.5	-233.4	-713.7	-728.9	-983.8	-999.0
Gross profit	27.9	28.1	96.2	87.4	131.3	122.5
Selling expenses	-7.5	-9.8	-29.6	-31.5	-44.9	-46.8
Administrative expenses	-6.6	-6.8	-21.9	-23.7	-30.2	-32.0
Other operating income/expenses	0.3	0.1	-1.0	2.5	-2.0	1.5
Operating profit	14.1	11.6	43.7	34.7	54.2	45.2
Net financial income/expenses	-1.2	-1.2	-4.3	-4.1	-5.6	-5.4
Profit after financial items	12.9	10.4	39.4	30.6	48.6	39.8
Income tax	-1.8	-0.6	-7.1	-3.0	-9.3	-5.2
Profit after tax	11.1	9.8	32.3	27.6	39.3	34.6

Consolidated Statement of Other Comprehensive Income

SEK million	2016 Q3	2015 Q3	2016 Q1-Q3	2015 Q1-Q3	Rolling 12 mth.	2015 full year
Profit after tax	11.1	9.8	32.3	27.6	39.3	34.6
Other comprehensive income						
Items that can be subsequently reversed in the income statement:						
Exchange rate differences	2.2	-0.1	5.5	0.4	2.1	-3.0
Cash flow hedges	0.0	0.1	0.0	-0.4	0.0	-0.4
Tax on hedges and exchange rate difference	-0.2	0.0	-0.2	-0.1	0.0	0.1
Total other comprehensive income after tax	2.0	0.0	5.3	-0.1	2.1	-3.3
Comprehensive income after tax	13.1	9.8	37.6	27.5	41.4	31.3

Earnings per share

	2016 Q3	2015 Q3	2016 Q1-Q3	2015 Q1-Q3	Rolling 12 mth.	2015 full year
Number of shares at end of period (000)	28,873	28,873	28,873	28,873	28,873	28,873
Weighted average number of shares (000)	28,873	28,873	28,873	28,873	28,873	28,873
Earnings per share, SEK	0.38	0.34	1.12	0.96	1.36	1.20

Consolidated Balance Sheet

SEK million	2016 30 Sep	2015 30 Sep	2015 31 Dec
Assets			
Goodwill	70.4	70.6	70.4
Other intangible assets	10.1	10.4	10.0
Property, plant and equipment	62.3	58.7	65.9
Deferred tax assets	5.4	12.9	8.9
Other financial assets	1.6	2.6	1.5
Total non-current assets	149.8	155.2	156.7
Inventories	225.7	211.9	189.8
Accounts receivable—trade	232.3	238.9	252.1
Other current receivables	19.5	21.6	17.3
Cash and bank balances	53.6	23.0	47.3
Total current assets	531.1	495.4	506.5
TOTAL ASSETS	680.9	650.6	663.2
Equity and liabilities			
Equity	304.5	283.3	287.1
Liabilities			
Long-term interest-bearing liabilities	9.6	10.1	9.7
Deferred tax liabilities	2.4	2.5	2.4
Total non-current liabilities	12.0	12.6	12.1
Current interest-bearing liabilities	107.6	113.4	119.4
Accounts payable—trade	192.5	173.2	175.1
Other current liabilities	64.3	68.1	69.5
Total current liabilities	364.4	354.7	364.0
TOTAL EQUITY AND LIABILITIES	680.9	650.6	663.2

Consolidated Change in Equity

SEK million	2016 Q3	2015 Q3	2016 Q1–Q3	2015 Q1–Q3	Rolling 12 mth.	2015 full year
Opening equity	291.4	273.5	287.1	270.2	283.3	270.2
Comprehensive income after tax	13.1	9.8	37.6	27.5	41.4	31.3
Dividend	-	-	-20.2	-14.4	-20.2	-14.4
Closing equity	304.5	283.3	304.5	283.3	304.5	287.1

Consolidated Cash Flow Statement

SEK million	2016 Q3	2015 Q3	2016 Q1-Q3	2015 Q1-Q3	Rolling 12 mth.	2015 full year
Operating activities						
Profit after financial items	12.9	10.4	39.4	30.6	48.6	39.8
Reversed depreciation and amortisation	3.6	3.0	10.6	9.0	14.4	12.8
Other non-cash items	0.3	-0.7	6.0	-3.6	8.5	-1.1
Tax paid	-1.2	-1.7	-8.1	-4.4	-7.8	-4.1
Change in working capital	-6.5	-31.9	-3.8	-43.2	10.7	-28.7
Cash flow from operating activities	9.1	-20.9	44.1	-11.6	74.4	18.7
Cash flow from investing activities	-2.6	-3.1	-6.4	-8.7	-11.2	-13.5
Cash flow from financing activities	1.3	20.2	-31.8	8.4	-32.9	7.3
Change in cash and cash equivalents	7.8	-3.8	5.9	-11.9	30.3	12.5
Cash and cash equivalents						
At beginning of period	45.3	27.0	47.3	35.2	23.0	35.2
Cash flow after investing activities	6.5	-24.0	37.7	-20.3	63.2	5.2
Cash flow from financing activities	1.3	20.2	-31.8	8.4	-32.9	7.3
Exchange rate difference in cash and cash equivalents	0.5	-0.2	0.4	-0.3	0.3	-0.4
Cash and cash equivalents at end of period	53.6	23.0	53.6	23.0	53.6	47.3
Un-utilised credits	47.1	35.4	47.1	35.4	47.1	57.4
Available cash and cash equivalents	100.7	58.4	100.7	58.4	100.7	104.7

Operating segments

Nearsourcing Centres consist of units located in geographical regions with high industrial activity and innovation standards in Sweden, Norway (until April 2016), 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 serial production.

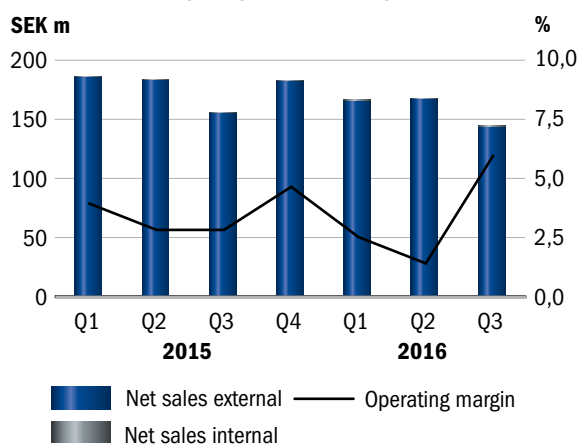
NOTE's Industrial Plants, located in Estonia and China, are

close to large final 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.

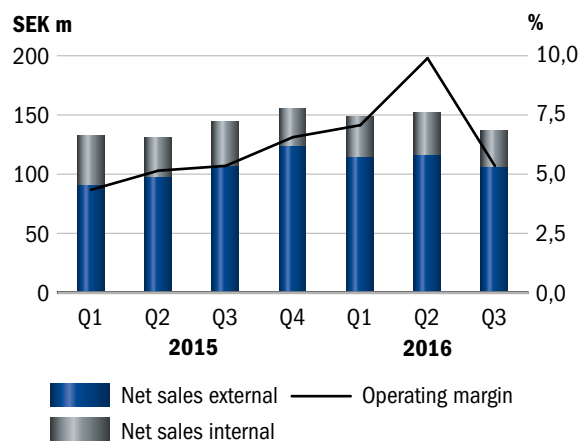
Other units are group-wide business support functions in the parent company and for the sourcing operations in NOTE Components.

SEK million	2016 Q3	2015 Q3	2016 Q1-Q3	2015 Q1-Q3	Rolling 12 mth.	2015 full year
NEARSOURCING CENTRES						
External net sales	143.2	154.8	475.1	522.7	657.1	704.7
Internal net sales	1.4	1.3	4.1	3.3	5.3	4.5
Operating profit	8.5	4.3	15.0	16.7	23.5	25.2
Operating margin	5.9%	2.8%	3.2%	3.2%	3.5%	3.5%
Inventories	117.0	110.3	117.0	110.3	117.0	94.6
External accounts receivable–trade	119.5	136.7	119.5	136.7	119.5	124.8
Average number of employees	295	349	313	356	317	350
INDUSTRIAL PLANTS						
External net sales	105.2	106.7	334.8	293.6	458.0	416.8
Internal net sales	31.4	37.9	101.8	114.6	134.3	147.1
Operating profit	7.2	7.7	32.4	20.0	42.5	30.1
Operating margin	5.3%	5.3%	7.5%	4.9%	7.2%	5.3%
Inventories	108.7	101.6	108.7	101.6	108.7	95.2
External accounts receivable–trade	112.5	101.6	112.5	101.6	112.5	126.9
Average number of employees	673	595	686	559	669	573
OTHER UNITS AND ELIMINATIONS						
Internal net sales	-32.8	-39.2	-105.9	-117.9	-139.6	-151.6
Operating profit	-1.6	-0.4	-3.7	-2.0	-11.7	-10.0
External accounts receivable–trade	0.3	0.6	0.3	0.6	0.3	0.4
Average number of employees	20	18	18	17	17	17

Sales and operating margin Nearsourcing Centres



Sales and operating margin Industrial Plants



Parent Company Income Statement

SEK million	2016 Q3	2015 Q3	2016 Q1-Q3	2015 Q1-Q3	Rolling 12 mth.	2015 full year
Net sales	7.3	6.9	22.2	22.8	29.3	29.9
Cost of services sold	-3.7	-3.7	-12.3	-13.2	-17.1	-18.0
Gross profit	3.6	3.2	9.9	9.6	12.2	11.9
Selling expenses	-2.4	-1.8	-5.4	-4.8	-11.4	-10.8
Administrative expenses	-2.6	-2.4	-7.9	-8.1	-10.7	-10.9
Other operating income/expenses	0.1	0.1	-4.2	0.0	-5.9	-1.7
Operating profit	-1.3	-0.9	-7.6	-3.3	-15.8	-11.5
Net financial income/expenses	0.3	0.4	-17.2	11.1	-1.4	26.9
Profit after financial items	-1.0	-0.5	-24.8	7.8	-17.2	15.4
Appropriations	-	-	-	-	-	-
Profit before tax	-1.0	-0.5	-24.8	7.8	-17.2	15.4
Income tax	0.1	-	0.2	-	-2.1	-2.3
Profit after tax	-0.9	-0.5	-24.6	7.8	-19.3	13.1

Parent Company Statement of Other Comprehensive Income

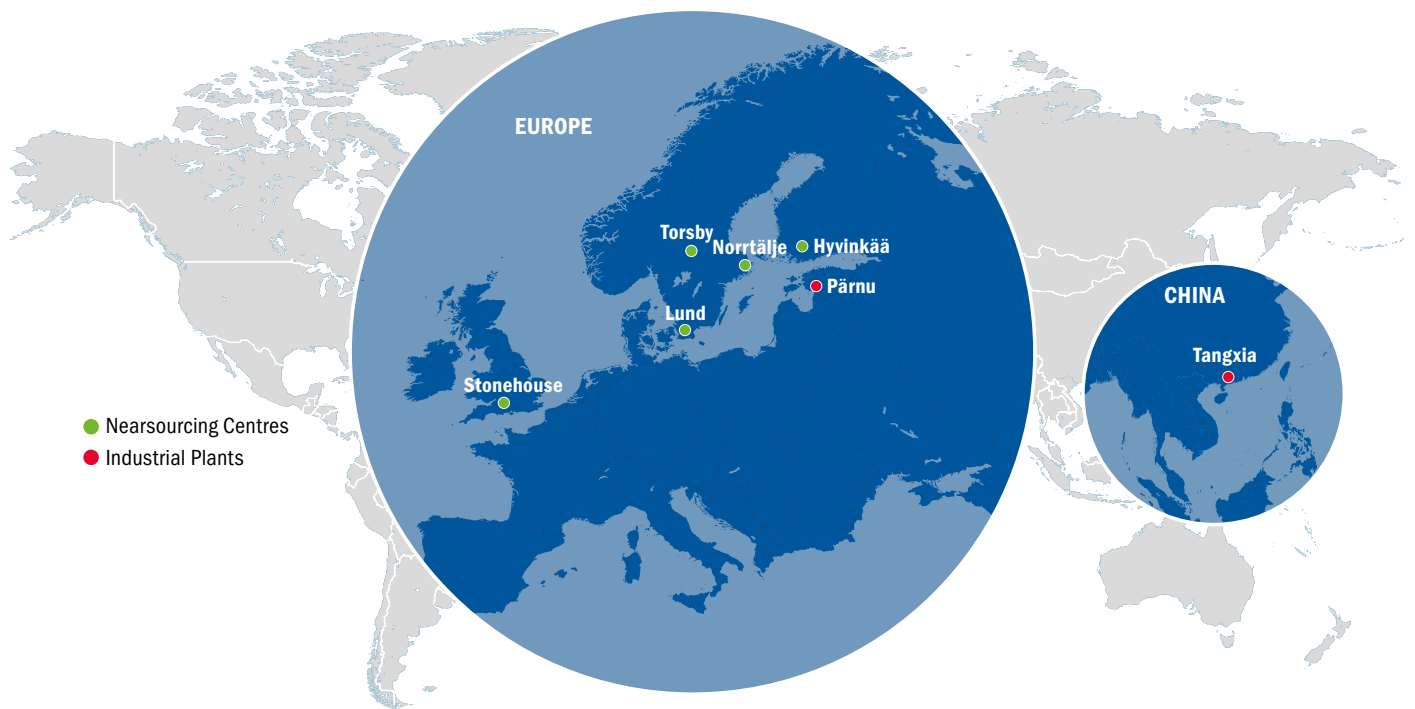
SEK million	2016 Q3	2015 Q3	2016 Q1-Q3	2015 Q1-Q3	Rolling 12 mth.	2015 full year
Profit after tax	-0.9	-0.5	-24.6	7.8	-19.3	13.1
Other comprehensive income						
Items that can be subsequently reversed in the income statement:						
Fair value reserve	0.1	0.0	0.5	0.0	-0.5	-1.0
Tax on fair value reserve	-0.1	0.0	-0.2	0.0	0.0	0.2
Total other comprehensive income after tax	0.0	0.0	0.3	0.0	-0.5	-0.8
Comprehensive income after tax	-0.9	-0.5	-24.3	7.8	-19.8	12.3

Parent Company Balance Sheet

SEK million	2016 30 Sep	2015 30 Sep	2015 31 Dec
Assets			
Intangible assets	1.3	0.8	0.8
Property, plant and equipment	0.3	0.1	0.1
Deferred tax assets	1.3	4.1	1.3
Long-term receivables from group companies	31.2	42.4	36.5
Financial non-current assets	221.4	243.7	248.6
Total non-current assets	255.5	291.1	287.3
Accounts receivable—trade	0.1	-	-
Receivables from group companies	44.4	45.6	35.6
Other current receivables	3.4	2.3	2.3
Cash and bank balances	0.2	0.7	28.4
Total current assets	48.1	48.6	66.3
TOTAL ASSETS	303.6	339.7	353.6
Equity and liabilities			
Equity	208.9	248.9	253.4
Liabilities			
Liabilities to credit institutions	8.5	21.9	-
Liabilities to group companies	76.3	59.6	86.8
Other current liabilities and provisions	9.9	9.3	13.4
Total current liabilities	94.7	90.8	100.2
TOTAL EQUITY AND LIABILITIES	303.6	339.7	353.6

Parent Company Change in Equity

SEK million	2016 Q3	2015 Q3	2016 Q1-Q3	2015 Q1-Q3	Rolling 12 mth.	2015 full year
Opening equity	209.8	249.4	253.4	261.0	248.9	261.0
Comprehensive income after tax	-0.9	-0.5	-24.3	7.8	-19.8	12.3
Dividend	-	-	-20.2	-14.4	-20.2	-14.4
Effect of change in accounting principle	-	-	-	-5.5	-	-5.5
Closing equity	208.9	248.9	208.9	248.9	208.9	253.4



+ This is NOTE

Vision

NOTE—the customer's obvious manufacturing and logistics partner.

Business concept

NOTE is a leading northern European manufacturing and logistics partner with an international platform for manufacturing electronics-based products that require high technology competence and flexibility through product lifecycles.

Business targets and strategy

NOTE will be the best collaboration partner in the industry with leading-edge delivery precision and quality for competitive total cost.

To make the market's most competitive offering, NOTE should actively contribute to safeguarding customers' value chains and sharpening their competitiveness through flexibility, competence, professionalism and good profitability.

Nearsourcing Centres and Industrial Plants

The business is organised to address the differing needs of its customers optimally.

NOTE's Nearsourcing Centres provide advanced production technology services in close collaboration with customers, such as component selection, developing test equipment, prototyping and serial production.

NOTE's Industrial Plants offer development-oriented services and cost-efficient volume production of PCBAs and box build products.

+ Financial information

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

Calendar

Year-end Report 2016 7 Feb 2017
Interim Report Q1 20 Apr 2017

Annual General Meeting

The AGM will be held at Spårvagnshallarna in Stockholm, Sweden, at 2 p.m. on 20 April 2017.

Ordering financial information

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

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