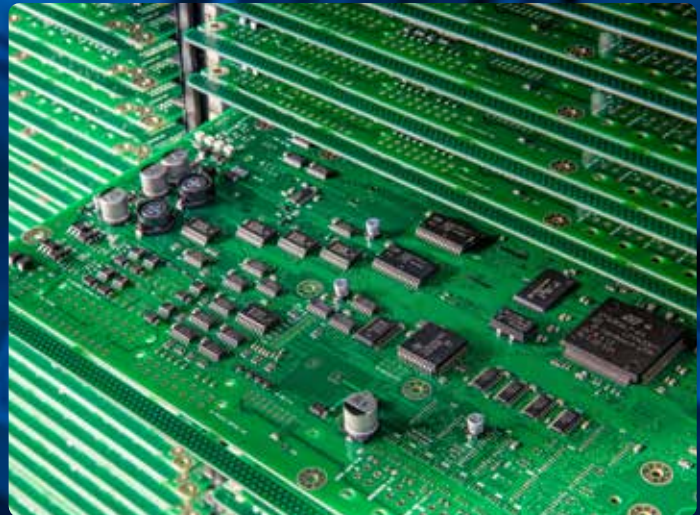


Interim Report January–September 2017



Interim Report Q3

Financial performance in January–September

- Sales amounted to SEK 850.7 (809.9) million. Excluding divestments, sales increased by 8%.
- Operating profit rose to SEK 70.8 (43.7) million, and adjusted for non-recurring items in the first quarter, operating profit increased to SEK 55.1 (43.7) million.
- Operating margin was 8.3% (5.4%), adjusted for non-recurring items in the first quarter, operating margin expanded by 1.1 percentage points to 6.5% (5.4%).
- Profit after financial items increased to SEK 67.2 (39.4) million.
- Profit after tax was up to SEK 54.3 (32.3) million, corresponding to SEK 1.88 (1.12) per share.
- Cash flow after investments increased to SEK 67.9 (37.7) million, or SEK 2.35 (1.31) per share.

Events in the year

Sale of property in Lund

NOTE's industrial premises in Lund, southern Sweden, were sold to Estancia Bostad AB in March. The purchase price, which has been paid in full, was SEK 44.0 million. Simultaneously, a multi-year lease contract was signed with NOTE Lund as tenant. The transaction had a SEK 20.6 million positive effect on NOTE's operating profit in the first quarter.

Incentive programme

From its own holdings, NOTE's largest shareholder Creades AB has issued call options to group management. These call options relate to some 2% of the total number of outstanding NOTE shares, and their term is until 8 November 2017 inclusive.

NOTE's Annual General Meeting (AGM) resolved to introduce a long-term incentive programme (three years) for group management and key individuals. The incentive program involves the issue of 600,000 share warrants, corresponding to approximately 2% of the number of outstanding NOTE shares.

The pricing of the incentive programmes is on market terms, and both programmes were fully subscribed.

Financial performance in July–September

- Sales increased by 7% to SEK 265.2 (248.4) million.
- Operating profit rose to SEK 20.1 (14.1) million.
- Operating margin expanded by 1.9 percentage points to 7.6% (5.7%).
- Profit after financial items increased to SEK 18.8 (12.9) million.
- Profit after tax rose to SEK 15.8 (11.1) million, corresponding to SEK 0.55 (0.38) per share.
- Cash flow after investments amounted to SEK -11.2 (6.5) million, or SEK -0.39 (0.23) per share.

Changes to group management

Per Ovrén became NOTE's CEO and President, effective in June and David Krantz was appointed as Sourcing Director and member of group management.

NOTE becomes myFC's volume manufacturing partner

NOTE signed an agreement on volume manufacture with Swedish innovator myFC in June. This company develops green energy solutions and is a world leader in micro fuel cells. Prototyping has been conducted at NOTE Lund, and volume manufacture will be at NOTE's unit in China.

CEO's comments

Focusing on profitable growth

With most curves pointing upwards, it's easy to get caught up in the euphoria in current economic conditions. If we can sustain the growth we've achieved this year over the business cycle, we will be one of the sector's fastest-growing companies. And so we should be. Our customer base already includes many of the customers we need for continued growth. Our offering of transparent full service close to the customer creates security in our relationships and is attracting more and more new business. High GDP forecasts on our key markets provide additional support going forward.

In the third quarter, we secured deeper partnerships with some of the largest companies in the Nordics. Several of them would prefer not to be named at present, because they are currently still producing with one of our competitors. But their effect should become visible in our numbers through next year, and we hope to be able to reveal their identities in time. Apart from this, our order books are currently expanding faster than we can ramp up our rate of production, which presents a problem because it means that some of our customers are currently experiencing longer delivery lead-times than desirable. But we have decided on capacity investments and are currently engaged in hiring to increase our tempo and reinforce our organisation for continued growth.

Progress in the first three quarters of the year

Year to date, we reported sales of SEK 850.7 million. Adjusted for the divestment of our Norwegian operation last year, sales growth was 8%. At present, our order books are 20% larger than last year, which suggests continued positive sales performance in the final months of the year, as well as going into the following quarter.

In Western Europe—especially Sweden and Finland—demand remained positive. To satisfy the growing need for electronics production in Estonia, we brought another advanced surface mounting line on stream last summer—our production rate there is now already 50% higher, but we still have more potential. In China, we lifted third-quarter sales by 14% year on year, indicating that the initial downturn at the beginning of the year was temporary.

We endeavour to secure long-term customer relations and partnerships. We have worked on continuing to expand our customer base for several years. In new customer projects, the lead-time from the industrialisation phase to high-volume batch production varies: sometimes it takes over a year, while in other cases, just a few months pass from contract signing to production. This combination means that our previous and new marketing initiatives should continue to pay off. At present, some 20% of our sales are from new business partnerships that have started in the past four years.

We also still see positive potential in our current and contracted customer portfolio, in the industrial and communication sectors, and in the medtech and defence industries. We are also following the progress of Sweden's 'start-up miracle' closely. Undoubtedly, the Internet of Things will create a need for electronics production.

The global electronic component market is cyclical. Exacerbating strain has been evident for some time, causing extended lead-times. Accordingly, a smaller number of scheduled deliveries were delayed in the quarter. However, this is not an unusual



In Q3 our sales growth was 7% with an operating margin of 7.6%.

situation for us, although we are being more demanding on ourselves in terms of proactivity, in our sourcing and planning functions, as well as in customer and supplier dialogues.

We reported an operating profit for the first three quarters of SEK 70.8 (43.7) million. Assuring a flexible and efficient cost structure requires us to keep our resources in constant balance. In Sweden, first-quarter operating profit exerted a negative impact of some SEK 5 million. We also sold our industrial property in Lund, which had an SEK 20 million-plus positive operating profit impact. Adjusted for these non-recurring items (SEK +16 million approx. in total), our underlying operating profit improved to SEK 55.1 (43.7) million, an operating margin improvement to 6.5% (5.4%). The profitability improvement was mainly driven by higher capacity utilisation, cost adaptation executed and the brisk progress of our Western European units. Our operating margin expanded to 7.6% (5.7%) in the third quarter.

Effective management of working capital is a success factor for our growth. Intelligent and thought-through logistics setups are vital to our own, and our customers', financing and cash flow. In the first three quarters of the year, cash flow after investments increased to SEK 67.9 (37.7) million, or SEK 2.35 (1.31) per share. NOTE is well placed financially for the future. Our Balance Sheet is one of the sector's strongest, with low net debt and an equity to assets ratio of 48.6%.

Future

We are pleased, if not completely satisfied, with our current tempo. We will retain our focus on growth, customer satisfaction and profitability. Our order status is strong, and the activity in current customer dialogues is brisk.

We intensified our strategy work over the summer. Our ambition is to deepen partnerships already in place, and seek new relationships with more, interesting companies. We are also reiterating our expressed ambition on the acquisition side, continuously screening acquisition candidates we consider suitable. We are retaining our internal cornerstones of developing our people, our cost situation and ensuring high utilisation of our working capital.

Per Ovrén

Sales and results of operations

Sales, January–September

NOTE sells to a large customer base, essentially active in the industrial, communication and security sectors, as well as the medtech and defence industries. Its customer base consists of global corporations active on the world market, as well as localised enterprises whose primary sales are in northern Europe.

Sales in the first three quarters of the year were SEK 850.7 (809.9) million. The effect of altered exchange rates is marginal, and adjusted for the previous year's divestment of the Norwegian operation, sales growth was 8%.

The demand for NOTE's services progressed positively in several domestic markets. In Western Europe, progress was good in Sweden and Finland, while sales in the UK remained at a low level. The demand for electronics manufacturing in our Estonian operation was also positive. In the first half-year last year, sales by the Chinese operation were very high as a result of firm demand from several major international customers. Although sales in China have progressively increased in the current year, for the period overall, they were down on the previous year.

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

NOTE has also been working intensively for some time on expanding its customer base further, to boost sales and capacity utilisation in the group's units. As a result of these initiatives, NOTE secured many new customer relationships. These new customers include major global corporations, as well as 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.

The 15 largest customers in sales terms represented 57% (58%) of group sales. Similar to the previous year, no single customer (group) generated more than about 9% of total sales.

The group's order book, consisting of a combination of fixed orders and customer forecasts, progressed well in the period, corroborating positive sales progress.

Results of operations, January–September

In order to keep sharpening competitiveness and create the potential for growth, NOTE has been conducting methodical improvement work at all the group's units for several years. 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, NOTE's 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 group-wide, business-specific ERP system. This new system is now operational at all Swedish units, and also went live at the unit in Estonia during the second quarter. The ambition is to enable further rationalisation by harmonising internal processes and systems support.

Gross margin in the period contracted to 11.8% (11.9%), essentially because of a lower service content in sales from China.

Sales and administration overheads for the period were SEK 53.9 (51.5) million, of which SEK 3.2 million were non-recurring, and associated with organisational changes in Sweden executed in the first quarter. Overheads were 6.3% (6.4%) of sales.

Other operating expenses/income, which normally consist of revaluations of foreign currency assets and liabilities, were SEK 24.4 (–1.0) million, of which the positive impact of the property sale in Lund was SEK 20.6 million.

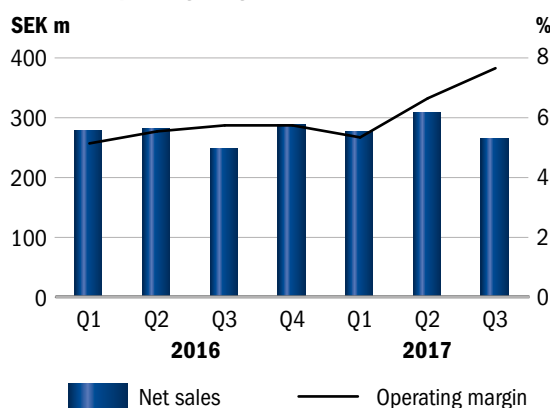
Operating profit in the period improved to SEK 70.8 (43.7) million. Underlying profit, adjusted for the property sale and other non-recurring items in the first quarter, which amounted to a combined total of SEK +15.7 million, improved to SEK 55.1 (43.7) million. Computed on the same basis, operating margin expanded by 1.1 percentage points to 6.5% (5.4%).

Positive progress of cash flow helped net financial income/expense improve, to SEK –3.6 (–4.3) million.

Profit after financial items was SEK 67.2 (39.4) million, corresponding to a profit margin of 7.9% (4.9%).

Profit after tax was SEK 54.3 (32.3) million, or SEK 1.88 (1.12) per share. The tax expense for the period corresponded to 19% (18%) of profit before tax.

Sales and operating margin



The table above illustrates the underlying operating margin 2017. In Q1 2017 operating profit has been adjusted downwards SEK 15.7 million reflecting non-recurring items.

Sales and results of operations, July–September

Sales in the third quarter are normally lower than other quarters for seasonal reasons. Sales were up by 7% to SEK 265.2 (248.4) million. The demand for NOTE's services remained positive in Western Europe, mainly in Sweden, as well as the unit in Estonia. Sales from China, which progressively increased through the year, saw growth of 14%.

Direct sales from China and Estonia made up 47% (42%) of the group total.

The gross margin expanded by 1.1 percentage points to 12.3% (11.2 %) mainly as a result of higher sales, a stable product mix and continued positive progress on costs.

Sales and administration overheads for the period increased somewhat, largely because of sales and marketing initiatives, amounting to SEK 15.4 (14.1) million, or 5.8% (5.7%) of sales.

Other operating income/expenses, which mainly consist of revaluations of assets and liabilities in foreign currencies, were SEK 3.0 (0.3) million.

Operating profit increased to SEK 20.1 (14.1) million in the third quarter, resulting in the operating margin expanding by 1.9 percentage points to 7.6% (5.7%).

Profit after financial items rose to SEK 18.8 (12.9) million, equating to a profit margin of 7.1% (5.2%).

Cash flow and financial position

Cash flow

Competing successfully in the high mix/low to medium volume market segment sets high standards on flexible manufacture, the effective supply of materials and the ability to deliver custom logistics solutions. Accordingly, NOTE faces a big challenge to continuously improve 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, which are largely linked to the complexity of materials supply and varying lead-times of electronic components.

The global market for electronic components can be considered fairly cyclical. Increasing strain became apparent on the component market through the year, with extending lead-times and rising prices resulting. This is not an unusual situation, but has demanded extra efforts by NOTE's sourcing and planning functions, as well as maintaining close dialogues with customers and suppliers.

NOTE maintains a sharp focus on continuous rationalisation of its utilisation of working capital. Capital tied up in stock, including customer advances for materials, was 17% higher at the end of the period than at the corresponding point of the previous year, mainly because of higher manufacturing and sales volumes.

Accounts receivable—trade decreased somewhat since year-end for natural reasons. Despite sales growth in the third quarter, at the end of the period, accounts receivable—trade were only 1% higher than a year previously. NOTE works continuously on monitoring credit risk and the number of outstanding days of credit. Through focused initiatives, and new, enhanced processes, especially in the Chinese operation, NOTE has been able to reduce the number of outstanding days of credit.

Accounts payable—trade are mainly sourced electronic components and other production materials. Accounts payable—trade increased significantly since year-end, and at the end of the period, were up 7% on the previous year. 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 efficient utilisation of working capital.

Equity to assets ratio

48,6%

Cash flow after investments

SEK +67,9 m

The combination of continued positive profit performance and the rationalisation of working capital, contributed to cash flow after investments in the first three quarters of SEK 67.9 (37.7) million, equivalent to SEK 2.35 (1.31) 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 48.6% (44.7%).

The dividend of SEK 20.2 (20.2) million paid to shareholders in the second quarter reduced the equity to assets ratio by some 3 percentage points.

Liquidity and investments

Liquidity and net debt

NOTE is continuing to put a sharp focus on measures that continue to improve the group's liquidity and cash flow.

The group's available cash and cash equivalents, including un-utilised overdraft facilities, were some SEK 99.4 (100.7) million at the end of the third quarter. Pledged accounts receivable–trade were approximately SEK 98 (103) million. Net debt at the end of the period was SEK 27.2 (63.6) million.

Investments

Capital expenditure on fixed assets in the first three quarters of the year was SEK 22.5 (7.6) million, or 2.6% (0.9%) of sales. The major investment was in a new advanced surface mounting line to satisfy higher demand at the unit in Estonia. Other investments were mainly to improve efficiency and quality.

Plan depreciation and amortisation increased somewhat to SEK 11.8 (10.6) 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 25.3 (22.2) million, and mainly related to intra-group services.

In the first quarter, operating profit was positively impacted by the property sale in Lund, southern Sweden.

In the second quarter of the previous year, net financial income/expense was negatively affected by the impairment of shares in subsidiaries, due to the sale of the Norwegian operation. Net financial income/expense includes SEK 2.3 (4.6) million of dividends received from subsidiaries. Profit after tax was SEK 28.6 (–24.6) million.

Transactions with related parties

Apart from the incentive programme for group management and key individuals that commenced in the first half-year, there have been no transactions with related parties in the year.

Shareholders' meetings 2017

An Extraordinary General Meeting (EGM) in January due to a change of control elected John Hedberg, Johan Hagberg and Per Ovrén, and re-elected Kjell-Åke Andersson and Bahare Hederstierna as Board members for the period until the Annual General Meeting (AGM). John Hedberg was elected Chairman of the Board.

The AGM in April elected Mikael Norin as a Board member and re-elected the rest of the board. The AGM resolved to pay a dividend to shareholders of SEK 0.70 (0.70) per share, or SEK 20.2 (20.2) million.

Significant operational risks

NOTE is one of northern Europe's leading manufacturing and logistics partners for electronics-based products. 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, subassemblies and box build products. NOTE's offering covers the complete product lifecycle, from design to after-sales.

NOTE's business model, which is designed to increase sales growth with limited 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 13, 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 2016.

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 2016. 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.

Per Ovrén
CEO and President

Kista, Sweden, 16 October 2017

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 2017 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, 16 October 2017

Consolidated six-year summary

SEK million	Rolling 12 mth.	2016	2015	2014	2013	2012
Net sales	1,138.9	1,098.1	1,121.5	964.0	907.0	1,029.2
Gross margin	11.9%	12.0%	10.9%	10.6%	8.0%	9.0%
Operating margin	7.7%	5.5%	4.0%	3.3%	1.0%	2.5%
Profit margin	7.2%	5.0%	3.5%	3.0%	0.1%	1.9%
Cash flow after investing activities	71.1	40.9	5.2	2.5	-2.0	97.0
Cash flow per share, SEK	2.46	1.42	0.18	0.09	-0.07	3.36
Equity per share, SEK	12.00	11.01	9.94	9.36	8.25	9.02
Return on operating capital	23.5%	16.1%	12.9%	10.1%	3.1%	7.9%
Return on equity	20.7%	14.9%	12.4%	9.7%	0.3%	4.9%
Equity to assets ratio	48.6%	45.8%	43.3%	44.1%	44.0%	45.2%
Average number of employees	903	987	940	893	847	884
Net sales per employee, SEK 000	1,261	1,113	1,193	1,080	1,071	1,164

Consolidated quarterly summary

SEK million	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1
Net sales	265.2	308.4	277.1	288.2	248.4	282.4	279.1
Gross margin	12.3%	11.8%	11.3%	12.3%	11.2%	12.6%	11.7%
Operating margin	7.6%	6.6%	11.0%	5.7%	5.7%	5.5%	5.1%
Profit margin	7.1%	6.3%	10.5%	5.2%	5.2%	4.8%	4.6%
Cash flow after investing activities	-11.2	1.3	77.8	3.2	6.5	4.1	27.1
Cash flow per share, SEK	-0.39	0.05	2.70	0.11	0.23	0.14	0.94
Equity per share, SEK	12.00	11.54	11.91	11.01	10.55	10.09	10.26
Equity to assets ratio	48.6%	46.4%	45.2%	45.8%	44.7%	44.4%	44.5%
Average number of employees	943	886	870	916	988	1,047	1,016
Net sales per employee, SEK 000	281	348	319	315	251	270	275

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 shares at end of the period (before dilution).

Equity per share

Equity divided by the number of 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.

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	2017 Q3	2016 Q3	2017 Q1-Q3	2016 Q1-Q3	Rolling 12 mth.	2016 full year
Net sales	265.2	248.4	850.7	809.9	1,138.9	1,098.1
Cost of goods and services sold	-232.7	-220.5	-750.4	-713.7	-1,003.1	-966.4
Gross profit	32.5	27.9	100.3	96.2	135.8	131.7
Selling expenses	-9.0	-7.5	-33.7	-29.6	-46.4	-42.3
Administrative expenses	-6.4	-6.6	-20.2	-21.9	-27.8	-29.5
Other operating income/expenses	3.0	0.3	24.4	-1.0	25.7	0.3
Operating profit	20.1	14.1	70.8	43.7	87.3	60.2
Net financial income/expenses	-1.3	-1.2	-3.6	-4.3	-5.0	-5.7
Profit after financial items	18.8	12.9	67.2	39.4	82.3	54.5
Income tax	-3.0	-1.8	-12.9	-7.1	-15.1	-9.3
Profit after tax	15.8	11.1	54.3	32.3	67.2	45.2

Consolidated Statement of Other Comprehensive Income

SEK million	2017 Q3	2016 Q3	2017 Q1-Q3	2016 Q1-Q3	Rolling 12 mth.	2016 full year
Profit after tax	15.8	11.1	54.3	32.3	67.2	45.2
Other comprehensive income						
Items that can be subsequently reversed in the income statement:						
Exchange rate differences	-2.6	2.2	-6.1	5.5	-5.5	6.1
Cash flow hedges	0.0	0.0	0.0	0.0	0.0	0.0
Tax on hedges and exchange rate difference	0.0	-0.2	0.0	-0.2	0.0	-0.2
Total other comprehensive income after tax	-2.6	2.0	-6.1	5.3	-5.5	5.9
Comprehensive income after tax	13.2	13.1	48.2	37.6	61.7	51.1

Earnings per share

	2017 Q3	2016 Q3	2017 Q1-Q3	2016 Q1-Q3	Rolling 12 mth.	2016 full year
Number of shares at end of period (000)*	28,873	28,873	28,873	28,873	28,873	28,873
Number of shares at end of period (000)**	29,473	28,873	29,473	28,873	29,473	28,873
Weighted average number of shares (000)*	28,873	28,873	28,873	28,873	28,873	28,873
Weighted average number of shares (000)**	29,473	28,873	29,073	28,873	29,023	28,873
Earnings per share, SEK*	0.55	0.38	1.88	1.12	2.33	1.57
Earnings per share, SEK**	0.54	0.38	1.87	1.12	2.32	1.57

* Before dilution
** After dilution

Consolidated Balance Sheet

SEK million	2017 30 Sep	2016 30 Sep	2016 31 Dec
Assets			
Goodwill	70.2	70.4	70.4
Other intangible assets	9.9	10.1	10.0
Property, plant and equipment	64.2	62.3	65.3
Deferred tax assets	1.2	5.4	5.0
Other financial assets	1.0	1.6	1.6
Total non-current assets	146.5	149.8	152.3
Inventories	263.8	225.7	206.3
Accounts receivable—trade	233.8	232.3	249.8
Other current receivables	19.1	19.5	14.5
Cash and bank balances	50.5	53.6	71.6
Total current assets	567.2	531.1	542.2
TOTAL ASSETS	713.7	680.9	694.5
Equity and liabilities			
Equity	346.5	304.5	318.0
Liabilities			
Long-term interest-bearing liabilities	13.0	9.6	6.8
Deferred tax liabilities	1.4	2.4	2.5
Total non-current liabilities	14.4	12.0	9.3
Current interest-bearing liabilities	64.7	107.6	125.2
Accounts payable—trade	205.8	192.5	171.3
Other current liabilities	82.3	64.3	70.7
Total current liabilities	352.8	364.4	367.2
TOTAL EQUITY AND LIABILITIES	713.7	680.9	694.5

Consolidated Change in Equity

SEK million	2017 Q3	2016 Q3	2017 Q1–Q3	2016 Q1–Q3	Rolling 12 mth.	2016 full year
Opening equity	333.3	291.4	318.0	287.1	304.5	287.1
Comprehensive income after tax	13.2	13.1	48.2	37.6	61.7	51.1
Payment warrants	–	–	0.5	–	0.5	–
Dividend	–	–	–20.2	–20.2	–20.2	–20.2
Closing equity	346.5	304.5	346.5	304.5	346.5	318.0

Consolidated Cash Flow Statement

SEK million	2017 Q3	2016 Q3	2017 Q1-Q3	2016 Q1-Q3	Rolling 12 mth.	2016 full year
Operating activities						
Profit after financial items	18.8	12.9	67.2	39.4	82.3	54.5
Reversed depreciation and amortisation	4.3	3.6	11.8	10.6	16.0	14.8
Other non-cash items	-0.4	0.3	-17.3	6.0	-25.1	-1.8
Tax paid	-1.1	-1.2	-5.2	-8.1	2.5	-0.4
Change in working capital	-32.3	-6.5	-24.2	-3.8	-38.9	-18.5
Cash flow from operating activities	-10.7	9.1	32.3	44.1	36.8	48.6
Cash flow from investing activities	-0.5	-2.6	35.6	-6.4	34.3	-7.7
Cash flow from financing activities	-20.3	1.3	-87.9	-31.8	-73.1	-17.0
Change in cash and cash equivalents	-31.5	7.8	-20.0	5.9	-2.0	23.9
Cash and cash equivalents						
At beginning of period	82.1	45.3	71.6	47.3	53.6	47.3
Cash flow after investing activities	-11.2	6.5	67.9	37.7	71.1	40.9
Cash flow from financing activities	-20.3	1.3	-87.9	-31.8	-73.1	-17.0
Exchange rate difference in cash and cash equivalents	-0.1	0.5	-1.1	0.4	-1.1	0.4
Cash and cash equivalents at end of period	50.5	53.6	50.5	53.6	50.5	71.6
Un-utilised credits	48.9	47.1	48.9	47.1	48.9	55.5
Available cash and cash equivalents	99.4	100.7	99.4	100.7	99.4	127.1

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 serial production.

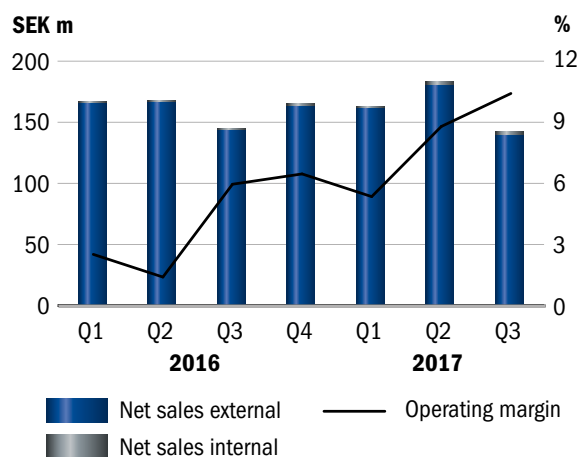
Operating segment Rest of World, located in Estonia and China, are close to large end markets and in regions with strong

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.

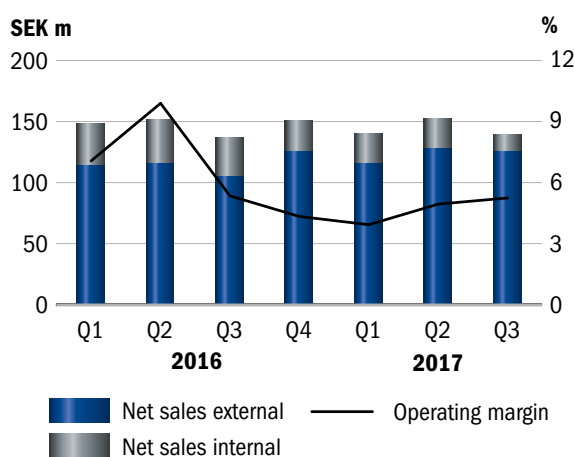
Intra-Group are group-wide business support functions in the parent company and for the sourcing operations in NOTE Components.

SEK million	2017 Q3	2016 Q3	2017 Q1-Q3	2016 Q1-Q3	Rolling 12 mth.	2016 full year
WESTERN EUROPE						
External net sales	139.4	143.2	481.4	475.1	644.4	638.1
Internal net sales	2.9	1.4	6.9	4.1	9.0	6.2
Operating profit	14.7	8.5	39.3	15.0	49.9	25.6
Operating margin	10.3%	5.9%	8.0%	3.2%	7.6%	4.0%
Inventories	142.5	117.0	142.5	117.0	142.5	106.6
External accounts receivable—trade	115.9	119.5	115.9	119.5	115.9	126.2
Average number of employees	287	295	280	313	279	298
REST OF WORLD						
External net sales	125.8	105.2	369.3	334.8	494.5	460.0
Internal net sales	13.7	31.4	63.1	101.8	88.5	127.2
Operating profit	7.2	7.2	20.2	32.4	26.8	39.0
Operating margin	5.2%	5.3%	4.7%	7.5%	4.6%	6.6%
Inventories	121.3	108.7	121.3	108.7	121.3	99.7
External accounts receivable—trade	117.5	112.5	117.5	112.5	117.5	123.2
Average number of employees	638	673	600	686	606	670
INTRA-GROUP						
Internal net sales	-16.6	-32.8	-70.0	-105.9	-97.5	-133.4
Operating profit	-1.8	-1.6	11.3	-3.7	10.6	-4.4
External accounts receivable—trade	0.4	0.3	0.4	0.3	0.4	0.4
Average number of employees	18	20	18	18	18	19

Sales and operating margin Western Europe



Sales and operating margin Rest of World



Parent Company Income Statement

SEK million	2017 Q3	2016 Q3	2017 Q1-Q3	2016 Q1-Q3	Rolling 12 mth.	2016 full year
Net sales	6.2	7.3	25.3	22.2	34.9	31.8
Cost of services sold	-3.4	-3.7	-12.5	-12.3	-16.3	-16.1
Gross profit	2.8	3.6	12.8	9.9	18.6	15.7
Selling expenses	-3.9	-2.4	-11.8	-5.4	-17.4	-11.0
Administrative expenses	-2.7	-2.6	-8.7	-7.9	-12.0	-11.2
Other operating income/expenses	0.5	0.1	33.7	-4.2	22.8	-15.1
Operating profit	-3.3	-1.3	26.0	-7.6	12.0	-21.6
Net financial income/expenses	0.0	0.3	2.6	-17.2	27.0	7.2
Profit after financial items	-3.3	-1.0	28.6	-24.8	39.0	-14.4
Appropriations	-	-	-	-	-	-
Profit before tax	-3.3	-1.0	28.6	-24.8	39.0	-14.4
Income tax	-	0.1	-	0.2	-4.0	-3.8
Profit after tax	-3.3	-0.9	28.6	-24.6	35.0	-18.2

Parent Company Statement of Other Comprehensive Income

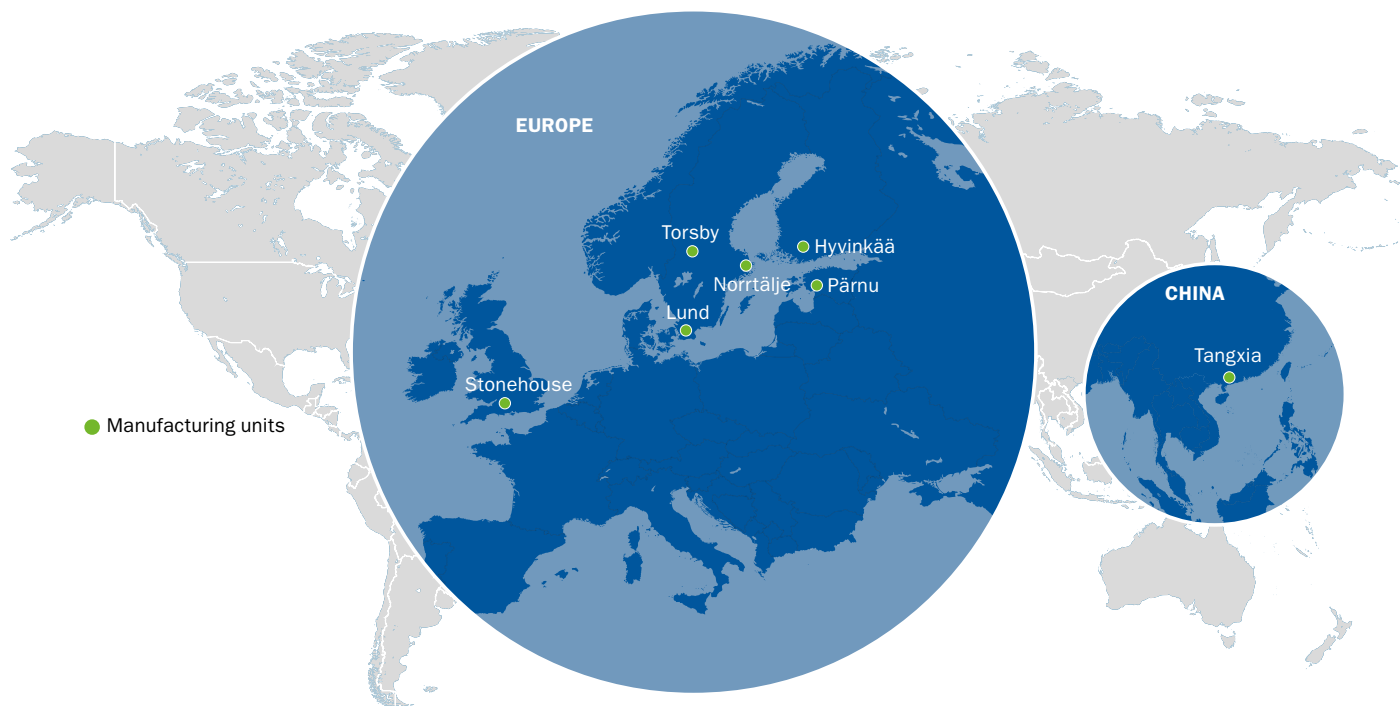
SEK million	2017 Q3	2016 Q3	2017 Q1-Q3	2016 Q1-Q3	Rolling 12 mth.	2016 full year
Profit after tax	-3.3	-0.9	28.6	-24.6	35.0	-18.2
Other comprehensive income						
Items that can be subsequently reversed in the income statement:						
Exchange rate revaluations	0.1	0.0	0.0	0.3	0.1	0.4
Total other comprehensive income	0.1	0.0	0.0	0.3	0.1	0.4
Comprehensive income after tax	-3.2	-0.9	28.6	-24.3	35.1	-17.8

Parent Company Balance Sheet

SEK million	2017 30 Sep	2016 30 Sep	2016 31 Dec
Assets			
Intangible assets	1.1	1.3	1.2
Property, plant and equipment	0.5	0.3	0.2
Deferred tax assets	–	1.3	–
Long-term receivables from group companies	4.8	31.2	9.6
Financial non-current assets	221.4	221.4	221.4
Total non-current assets	227.8	255.5	232.4
Accounts receivable—trade	–	0.1	–
Receivables from group companies	50.5	44.4	43.9
Other current receivables	1.7	3.4	1.5
Cash and bank balances	37.1	0.2	34.9
Total current assets	89.3	48.1	80.3
TOTAL ASSETS	317.1	303.6	312.7
Equity and liabilities			
Equity	223.8	208.9	215.4
Liabilities			
Liabilities to credit institutions	–	8.5	–
Liabilities to group companies	80.2	76.3	79.5
Other current liabilities and provisions	13.1	9.9	17.8
Total current liabilities	93.3	94.7	97.3
TOTAL EQUITY AND LIABILITIES	317.1	303.6	312.7

Parent Company Change in Equity

SEK million	2017 Q3	2016 Q3	2017 Q1–Q3	2016 Q1–Q3	Rolling 12 mth.	2016 full year
Opening equity	227.0	209.8	215.4	253.4	208.9	253.4
Comprehensive income after tax	–3.2	–0.9	28.6	–24.3	35.1	–17.8
Dividend	–	–	–20.2	–20.2	–20.2	–20.2
Closing equity	223.8	208.9	223.8	208.9	223.8	215.4



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.

Geographical presence

NOTE is organised to address its customers' varying needs optimally.

Operations in Sweden, Finland and the UK deliver sophisticated production technologies services in close collaboration with customers, such as component selection, developing test equipment, prototyping and serial production.

NOTE offers development-oriented services and cost-efficient volume manufacture of PCBAs and box build products in Estonia and China.

Financial information

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

Calendar

Year-end Report 2017 6 Feb 2018
Interim Report Q1 26 Apr 2018

Annual General Meeting

The AGM will be held at Spårvagnshallarna in Stockholm, Sweden, at 2 p.m. on 26 April 2018.

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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