

# Interim Report

## July – September | 2015

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## Healthy value growth for several portfolio companies

### Significant events during the third quarter

- Several portfolio companies performed positively during the quarter including Pelagicore, SmartEye and Alelion Batteries, which secured major orders from OEMs and leading manufacturers
- Fouriertransform invested a total of SEK 34.7 million in six existing portfolio companies in the quarter
- Fouriertransform received an additional purchase consideration of SEK 55.7 million for the sale of LeanNova Engineering to ÅF in February 2015, resulting in a total capital gain for Fouriertransform of SEK 260.3 million.
- Since inception, Fouriertransform has invested a total of SEK 1,517 million in 26 companies in Sweden's automotive and manufacturing sectors
- The market value of the existing portfolio of 22 companies including realized values on sales and amortized capital from portfolio companies, equates to a value decrease of appr 6 percent of total invested capital since Fouriertransform's inception
- Profit/loss after tax for the quarter amounted to SEK -33.4 million (-2.8), including the revaluation of investments in securities of SEK -11.3 million (4.9).
- Cash flow for January-September amounted to SEK 4.7 million (-13.5), of which investments in new and existing portfolio companies amounted to SEK -150.8 million (-342.5)
- Cash and bank balances and investments in securities at the end of the quarter amounted to SEK 1,850 million (1,895)



### CEO's comments

#### An uncertain global market and Swedish manufacturing migrating to foreign countries

Worrying signals from China shook the markets during the summer, the big question being whether the effects of a lower growth rate in China will continue and exacerbate in the form of falling commodity prices and volatile financial markets. Many commentators anticipate that this will be the case, due to the major challenges China faces in realigning her economy, deregulating financial markets and managing high debt levels. A declining growth rate in China, combined with interest rate hikes in the US, may have dramatic consequences for future confidence and global growth going forward.

Another major current source of uncertainty is that no one can really predict the actual consequences of ongoing problems related to Volkswagen's exhaust scandal. The manipulation has obviously reverberated throughout the automotive industry, creating concerns among

subcontractors especially, as was clearly apparent at a major Swedish suppliers' expo, Stora Leverantörssdagen, in Gothenburg recently.

The Swedish economy is progressing fairly well, but this is not helping Swedish manufacturing, despite the weak krona. Sweden stands out for her heavier downturn and slower recovery at the production level than other countries since the 2008 crisis. Research from Swedbank cites the total cost level in goods-producing sectors having increased far more than competing countries. Simply, Swedish companies and Swedish-based manufacturing are two different things. Companies take a global perspective to production and producing in Sweden is costlier than in other parts of the world. In our operations, we are seeing clear evidence of this, with industrial production migrating away from Sweden. Accordingly, capital must be allocated to productivity-boosting investments in Sweden, if the emigration of Swedish companies is to be stopped.

For Fouriertransform, the past quarter meant continued work on activities to prioritize the value growth of our portfolio companies. Several progressed very positively in the period, such as Powercell, whose share price has risen robustly recently. But others too, such as Pelagicore, SmartEye and Alelion Batteries, also have good prospects. ArcCore, which develops software platforms for the automotive industry, has now decided to open an office in India.

Our regular summer seminars in Västra Götaland—and especially those in Smögen and Lysekil—were well attended, this year attracting over 300 regional entrepreneurs. The theme was entrepreneurship and how companies can develop and gain funding for future growth, especially in the segments of the environment, maritime development and female entrepreneurship. Since the seminars began five years ago, some 50 companies have developed or started up in this region, and new business centers are now planned in Västra Götaland.

We are also still noting high interest in new transactions from companies seeking capital, and we have a lot of proposals under consideration. In anticipation of the government's final stance, which will include a more detailed review of the orientation of government business finance, Fouriertransform is continuing to work in accordance with our current mission.



Per Nordberg

*The amounts in the table below are for what is called the investment company, and accordingly, financial investments, investments in portfolio companies and investments in securities are valued at estimated fair value.*

Fouriertransform highlights, SEK m	Q3 2015	Q3 2014	%	Q1-3 2015	Q 1-3 2014	%
Net profit/loss for the period	-33.4	-2.9	-	-173.1	-9.3	-
Investments in portfolio companies	34.7	55.3	-37%	150.2	342.1	-55%
Cash flow for the period	-	-	-	4.7	-13.5	-
Cash and bank balances and investments in securities	1,850.0	1,895.5	-2%	1,850.0	1,895.5	-2%
Equity	2,918.9	3,273.6	-11%	2,918.9	3,273.6	-11%
Equity/assets ratio	99 %	99 %	-	99 %	99 %	-

## **Business environment and markets – growing uncertainty about China**

### *Sweden performing relatively well*

The Swedish economy appears to be continuing its recovery for the remainder of 2015, even if its growth rate remains low, with a temporary slowdown in the third quarter, according to KI (the Swedish National Institute for Economic Research). Accordingly, the growth forecast for the full year, which has fluctuated somewhat through the year, remains at some 3 percent.

In an international context, the OECD considers that a deterioration, with accentuating uncertainty, has occurred in recent months. Primarily, the OECD cites progress in China as one of the biggest risk factors facing the global economy at present. Some growth economies, such as Brazil, have already been heavily affected by falling commodity prices, due to declining demand in China.

The OECD also sees difficulties in understanding and clarifying what is happening in China and present, and the risk of the possible effects on mature economies, if the Chinese economy proves weaker than so far believed.

It will not be possible to compensate for such effects through better prospects in the US. The US economy is only considered strong enough to justify gradual interest rate easings by the Federal Reserve, and at a very cautious rate, and to drive demand, the OECD also thinks that continued stimulus is necessary in the rest of the world. This applies to the eurozone, for example, which is proceeding more slowly than hoped, despite the ECB's quantitative easing and a declining oil price, low interest rates and a depreciated euro.

The OECD's global growth forecast was notched down somewhat for 2015, to 3 percent and 3.8 percent for 2016. But the Organization simultaneously warned of growing uncertainty associated with future growth potential.

### *Conditions facing manufacturing hard to interpret*

SCB (Statistics Sweden) reports that the production volumes of Swedish manufacturing are varying, but overall, hovered around zero for the first seven months of 2015, compared to the corresponding period of the previous year.

Meanwhile, SCB also thinks that order intake was strong in the first seven months, and in all its measures apart from February, was above the corresponding period of the previous year. For the third consecutive month, KI's business tendency survey also continued to indicate a stronger than normal level in the Swedish economy in September. Manufacturing was the business sector making the biggest contribution to the gains, but at the same time, services, rather than goods, are making up a growing share of industrial company sales, and this also probably applies to exports, according to SCB. KI's forecast of overall export growth remains at just under 4 percent for 2015.

### *Suppliers finding it tougher*

Sector organization Teknikföretagen ("Technology Businesses") reports that the order intake of its member companies increased at an unchanged rate through the third quarter. Demand remains brisk in the transportation sector, and is increasing somewhat in the engineering sector. However, Teknikföretagen noted that progress for suppliers was in the opposite direction. Suppliers to the automotive industry are experiencing reduced order intake, and this applies still more to suppliers to the engineering sector.

### *Automotive heading for a record*

Progress on the Swedish automotive market remained strong in the third quarter, due to households with high purchasing power, low interest rates and a stable labor market, as reported by sector organization Bil Sweden. For cars, Bil Sweden reports that 2015 will be the highest sales year ever, with the same almost applying to trucks.

On the European automotive market, the recovery that started two years ago is also continuing, for cars and commercial vehicles. Growth in the southern European countries of Spain and Italy was especially strong, although the UK, France and Germany also posted high growth numbers, as reported by European sector organization the ACEA.

## Q3, 2015

### Fouriertransform's investment activities

#### *Investment applications*

In the third quarter, Fouriertransform

- received 27 investment applications
- rejected 12

As of September 30, the application portfolio contained

- some 50 applications
- of which six are under review pending an investment decision by Fouriertransform's Board of Directors

Applications in the third quarter are diversified across different segments, and in different investment phases within manufacturing industry segments.

#### *Divestments*

In the quarter, Fouriertransform received an additional purchase consideration of SEK 55.7 million for the divestment of LeanNova Engineering in February 2015, which implies that Fouriertransform's total capital gain amounts to SEK 260.3 million.

#### *Follow-on investments*

In the third quarter, Fouriertransform made follow-on investments totaling **SEK 34.7 million** in the following portfolio companies:

- SEK 18.0 million in Norstel in Norrköping
- SEK 5.0 million in APR Automation in Arvika
- SEK 0.7 million in MaxTruck in Östersund
- SEK 3.0 million in Inxide in Trollhättan
- SEK 1.6 million in CedeGroup in Malmö
- SEK 6.4 million in Alelion Batteries in Mölndal

#### *Fouriertransform's work on creating value growth in existing portfolio companies*

Fouriertransform continued its ongoing and extensive efforts to create value in its 22 portfolio companies, involving work on each company's strategic focus, the composition of Boards of Directors, and financing issues.

Several follow-on investments were executed in order for companies to secure the capital necessary to continue their development.

## Activities in portfolio companies during the third quarter

- **Powercell Sweden** of Gothenburg decided to start up a subsidiary in Germany.
- **Norstel** of Norrköping continued its qualification process with leading power electronics customers, and participated successfully at ICSCRM 2015.
- **Alelion Batteries** of Mölndal upscaled shipments to a major global forklift truck user through leading forklift OEMs, and a new CEO took up position in October.
- **Elforest** of Örnköldsvik is noting increasing interest in electric hybrid technology for mobile units, and has secured several new business accounts.
- **Maxtruck** of Östersund continues to attract high interest in its Maxtruck 2T model, and has consolidated its organizational resources by hiring on the marketing side.
- **Applied Nano Surfaces** Uppsala participated at the Aachen Colloquium Automobile & Engine trade event, demoing how fuel efficiency can increase using ANS Triboconditioning® jointly with Scania and Gnutti Carlo, as part of its sales and marketing efforts after signing licensing agreements early in the year.
- **Vicura** of Trollhättan experienced high demand for the company's services.
- **Jobro Plåtkomponenter** of Ulricehamn is still experiencing brisk demand for the company's products and services.
- **Pelagicore** of Gothenburg secured a major product contract in infotainment with a major tier 1 provider for a premium OEM, and is initiating a strategic partnership with the Qt Company, jointly delivering the Qt Automotive Suite.
- **Inxide** of Trollhättan has continued to develop its business for major automotive producers. Lightweight materials and composites are attracting greater interest, with the objective of securing significant weight and CO<sub>2</sub> savings.
- **ArcCore** of Gothenburg hired a new CEO and opened an office in India.
- **CeDeGroup of Malmö** operated in a still-hesitant market in the mining and steel industries, although demand in civil engineering machinery remains brisk. The company has recruited a new CEO.
- **SmartEye** of Gothenburg continued to enjoy very high demand for the company's products and services.
- **TitanX** of Gothenburg commenced production at its new plants in Mexico and China in the year, and is launching TitanXtend, a division focusing on aftermarket products on a global basis.
- **Rototest International** of Rönninge successfully demoed its system at the Aachen Colloquium Automobile & Engine expo in Shanghai, China.

- **SciBase** of Stockholm concluded a supplementary trial in the US for the FDA with very positive results demonstrating increased potential to accurately detect malignant melanoma using the company's product Nevisense.
- **ÅAC Microtec** of Uppsala entered a partnership on a new product in the smart download of Earth observation data from satellites, addressing a major and growing problem. Airbus is evaluating a key product, which potentially, would be involved in a project involving 900 satellites.
- **Pelly** of Hillerstorp enjoyed continued high demand for the company's products.
- **Ostell** of Gothenburg is continuing to experience growing demand for its products, and participated successfully at the EAO trade event in Stockholm.
- **APR Automation of Arvika** addressed a somewhat better market in the quarter, with the number of enquiries increasing.
- **SMP Parts** of Ilsbo appointed a new Marketing & Sales Director, and executed a very well attended customer event in Ilsbo.
- **Lamera** of Gothenburg invested in Fouriertransform in June 2015.

## Fouriertransform's other activities

### *Seminar in Lysekil*

Fouriertransform was the co-arranger of a seminar in Lysekil, with the Swedish Federation of Private Enterprises, The municipality of Lysekil, and the Västra Götaland regional board. This seminar dealt with the subjects of the sea and its future potential, as well as female entrepreneurship and finance.

### *Internal conferences and projects*

In the quarter, Fouriertransform held a conference to discuss and analyze the government working paper on the reorganization of government risk capital presented in July. Fouriertransform is a referral body for this bill, and submitted its response to the Swedish Ministry of Enterprise, Energy & Communications in September.

In the quarter, Fouriertransform continued its project involving Fouriertransform's and portfolio companies' sustainability work. Analyses of most portfolio companies' value chains for risks and opportunities were produced, based on each company's business plan. Proceeding from this analysis process of value chains, a number of segments, including risks and opportunities, were identified, which the companies' boards will discuss with the aim of producing the appropriate sustainability targets for each portfolio company.

Fouriertransform has initiated a project dealing with its risk management process, based on its previous risk management process. In its first phase, Fouriertransform's risks have been identified, categorized and measured. The next phase will involve the production of an action plan to address the risks based on the analysis conducted.

## Financial progress in Q3

### *Fouriertransform's transition to IFRS (International financial reporting standards)*

Fouriertransform started applying IFRS for the preparation of the financial statements of the Group effective the fourth quarter 2013. Fouriertransform satisfies the IFRS definition of an investment company, and accordingly, does not prepare consolidated accounts. Instead, Fouriertransform as an investment company (the Group) prepares a separate financial statement in accordance with IFRS, where the measurement of financial investments, i.e. investments in portfolio companies and investments in securities, is based on fair value, with value changes recognized in profit or loss.

The financial statements of parent company Fouriertransform AB are prepared in accordance with the Swedish Annual Accounts Act and RFR (the Swedish Financial Reporting Board) recommendation RFR 2 accounting for legal entities. Accordingly, measurement of the parent company's financial investments, investments in portfolio companies and investments in securities is based on cost according to the Swedish Annual Accounts Act. This means that these assets are measured at the lower of cost or market item by item.

### Investment company

#### *Results of operations*

The profit/loss for the quarter after tax was SEK -33.4 million (-2.8).

The profit/loss from investing activities was SEK -9.5 million (0.4), of which SEK 55.7 million consists of the additional purchase consideration from the divestment of LeanNova Engineering in February 2015. Revaluation of portfolio companies at estimated fair value as of September 30 was conducted in accordance with IFRS, implying value being reduced by -5.6%, or SEK -64.1 million (0.0). The revaluation relates to companies' operational and financial progress.

Expenses totaling SEK 12.3 million (11.8) are mainly to employee benefit expenses, as well as project and consulting expenses.

Net financial income amounted to SEK -10.3 million (7.9) including an effect of SEK -11.3 million (4.9) for the revaluation of investments in securities in the quarter, in addition, mainly affected by the capital loss of the divestments of mutual and fixed income funds of SEK -1.3 million and repaid administration fees of SEK 2.2 million.

Since its inception in autumn 2009, Fouriertransform has invested a total of SEK 1,517 million, which compares to the estimated fair value of the existing portfolio of SEK 1,076 million, realized value on divestments and repaid capital from portfolio companies, corresponding to a value decrease on invested capital of some 6%.

### *Balance Sheet*

In the quarter, Fouriertransform invested SEK 34.7 million in existing portfolio companies.

The existing portfolio, consisting of 22 companies, was valued at estimated fair value as of September 30 in accordance with IFRS, implying a value decrease of -5.6%, or SEK -64.1 million. The estimated market value after this revaluation is SEK 1,076 million.

The estimated fair value of investments in securities amounts to SEK 1,802 million including unrealized profit/loss of SEK 0.0 million (33.4).

Fouriertransform has undertaken to invest a further SEK 1.0 million in existing portfolio companies.

### *Cash and bank balances and investments in securities*

The company's cash and bank balances and estimated fair value of investments in fixed income and mutual funds amounted to SEK 1,850 million (1,895) at the end of the quarter.

### *Equity*

On September 30, the company's equity amounted to SEK 2,918.9 million (3,273.6), of which profit/loss for the quarter accounted for SEK -33.4 million (-2.8).



### **Parent company Fouriertransform AB**

The parent company's profit/loss after tax was SEK -39.0 million. Write-downs of shares in portfolio companies amounted to SEK -56.9 million and related to the companies' operational and financial progress. For more information, please refer to the comments on the investment company's results of operations.

In the quarter, Fouriertransform invested SEK 34.7 million in existing portfolio companies. The parent company's cash and bank balances and investments in securities amounted to SEK 1,828 million as of September 30.

## **Fouriertransform's investments as of September 30**

### ***All investments since inception***

- since inception, Fouriertransform has invested in **26 companies** as a new partner
- at present, the portfolio comprises of **22 portfolio companies**.

As of September 30, 2015, Fouriertransform has invested in 26 companies as a new partner: PowerCell Sweden AB, Norstel AB, NovaCast Technologies AB, FlexProp AB, EffPower AB, Alelion Batteries AB, El-Forest AB, MaxTruck AB, Applied Nano Surfaces AB, Vicura AB, Jobro Plåtkomponenter AB, Pelagicore AB, InXide AB, LeanNova Engineering AB, ArcCore AB, CeDe Group AB, Smart Eye AB, TitanX, Rototest International AB, SciBase AB, AAC Microtec AB, Ostell AB, Pelly AB, APR Automation AB, SMP Parts AB and Lamera AB.

The investments in NovaCast Technologies and Effpower have been written down to zero, and the whole holdings in FlexProp and LeanNova Engineering were divested, so that as of September 30, 2015, the portfolio consists of 22 companies.

### ***Total invested capital since inception***

Since inception in autumn 2009, Fouriertransform has invested a total of SEK 1,517 million

### ***Fouriertransform's portfolio as of today***

As of September 30, 2015, Fouriertransform's portfolio consists of 22 portfolio companies. These companies have total sales of approximately SEK 2.3 billion, employ a total of approximately 1,500 people, and are geographically diversified nationwide in Sweden, with their centre of gravity in the Västra Götaland region.

Fouriertransform works actively to create value in these companies from the point of its initial investment onwards.

## Investment company – portfolio as of September 30, 2015

	Location	Initial investment	% of votes <sup>1)</sup>
<b>Later stage venture</b>			
PowerCell Sweden AB (listed First North)	Gothenburg	Oct, 2009	23%
Norstel AB	Norrköping	Feb, 2010	100%
Alelion Batteries AB	Möndal	Jun, 2010	71%
Elforest AB	Örnsköldsvik	Jun, 2010	74%
Max Truck AB	Östersund	Jul, 2010	35%
Applied Nano Surfaces Sweden AB	Uppsala	Dec, 2010	40%
Pelagicore AB	Gothenburg	Sep, 2011	73%
Inxide AB	Trollhättan	Dec, 2011	98%
SciBase AB (listed First North)	Stockholm	Dec, 2013	15%
Lamera AB	Gothenburg	Jun, 2015	27%
<b>Estimated fair value SEK 506.7 million</b>			
<b>Growth</b>			
Vicura AB	Trollhättan	Jan, 2011	44%
Jobro Plåtkomponenter AB	Ulricehamn	Maj, 2011	45%
ArcCore AB	Gothenburg	Apr, 2012	44%
CeDe Group AB	Malmö	Maj, 2012	49%
Smart Eye AB	Gothenburg	Feb, 2013	17%
TitanX Holding AB	Stockholm	Mar, 2013	38%
RotoTest International AB	Rönninge	Jul, 2013	50%
ÅAC Microtec AB	Uppsala	Mar, 2014	60%
Pelly AB	Hillerstorp	Mar, 2014	37%
Osstell AB	Gothenburg	Mar, 2014	36%
APR Automation AB	Arvika	Maj, 2014	49%
SMP Parts AB	Ilsbo	Jun, 2014	43%
<b>Estimated fair value SEK 569.6 million</b>			
<b>Total estimated fair value, SEK 1,076.3 million</b>			

1) In portfolio companies that Fouriertransform holds more than 50 percent of the voting rights, the intention is to reduce this to below 50 percent over time.

## Fouriertransform's 22 portfolio companies as of September 30, 2015



### PowerCell Sweden AB – fuel cell makes electricity from hydrogen

Phase	Later-stage venture	The company develops and distributes advanced fuel cell systems for the transport industry and certain other high-tech markets. This company, which has its origins in the Volvo Group's fuel cell development project, aims to accelerate the launch of fuel cell systems on the market through development, production and sales. <a href="http://www.powercell.se">www.powercell.se</a>
Location	Gothenburg	
Initial investment	Oct. 2009	
% of votes	23%	



### Norstel AB – new technology for hybrid vehicles

Phase	Later-stage venture	The company develops SiC wafers which are an important component for the successful development and production of energy-efficient electric and hybrid vehicles. The results, combined with a modern development and production facility, provide a good basis for launching the products onto the market. <a href="http://www.norstel.com">www.norstel.com</a>
Location	Norrköping	
Initial investment	Feb. 2010	
% of votes	100%	



### Alelion Batteries AB - energy storage systems for the automotive industry

Phase	Later-stage venture	The company develops, manufactures and markets complete energy storage systems, primarily for the materials management industry, based on lithium ion batteries. <a href="http://www.alelion.com">www.alelion.com</a>
Location	Mölnadal	
Initial investment	June 2010	
% of votes	71%	



Elforest AB – modern technology to run vehicles more efficiently		
Phase	Later-stage venture	Elforest is an innovative company whose business concept is to use modern technology to run vehicles more efficiently. In recent years the company's focus has shifted from solutions to increase the productivity and efficiency of forestry machinery to an offering that adds value for customers and the environment in multiple industries. <i>www.el-forest.se</i>
Location	Örnsköldsvik	
Initial investment	June 2010	
% of votes	74%	

MAX TRUCK AB 

Max Truck AB - electric forklift offering unique maneuverability		
Phase	Later-stage venture	The company is developing an electric forklift that can maneuver in all four directions from a stationary position and rotate around its own axle. The forklift therefore requires significantly less space than a conventional one. The distances it travels are much shorter and warehouse space can be utilized more efficiently. <i>www.maxtruck.se</i>
Location	Östersund	
Initial investment	July 2010	
% of votes	35%	



Applied Nano Surfaces

Applied Nano Surfaces Sweden AB – unique technology for reduced friction losses		
Phase	Later-stage venture	The company has developed unique technology for creating surface coatings with properties that reduce friction and wear on steel and cast iron surfaces in mechanical systems. Applied Nano Surfaces' technology makes large-scale industrial production of coated components possible at a lower cost than for equivalent coatings. <i>www.appliednanosurfaces.com</i>
Location	Uppsala	
Initial investment	Dec. 2010	
% of votes	40%	



**Vicura AB – SAAB’s transmission developers**

Phase	Growth	<p>The company provides consulting services in the area of drivelines for the international automotive industry. Vicura develops complete systems or components from the concept stage to industrialization for the international automotive industry. The offering includes mechanical and electrical drive systems as well as control systems for them.</p> <p><a href="http://www.vicura.se">www.vicura.se</a></p>
Location	Trollhättan	
Initial investment	Jan. 2011	
% of votes	44%	



**Jobro Plåtkomponenter AB – full service supplier of complex sheet metal parts**

Phase	Growth	<p>The company manufactures and sells prototypes and short production runs of complex sheet metal parts for the engineering industry, with an emphasis on the automotive industry. The company is a full service supplier with expertise in press tempering, materials science, tool making and production engineering.</p> <p><a href="http://www.jobro.se">www.jobro.se</a></p>
Location	Ulricehamn	
Initial investment	May 2011	
% of votes	45%	



**Pelagicore AB – technology and product development for infotainment systems**

Phase	Later-stage venture	<p>Pelagicore is a technology and product development company specializing in open source software for infotainment systems in the automotive industry. The company develops and licenses software that reduces the time and cost involved in developing infotainment systems for vehicles. Its customers are primarily car manufacturers and their subcontractors.</p> <p><a href="http://www.pelagicore.com">www.pelagicore.com</a></p>
Location	Gothenburg	
Initial investment	Sept. 2011	
% of votes	73%	

## INXIDE

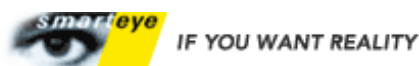
Inxide AB (f d EELCEE AB) – composite components for the automotive industry		
Phase	Later-stage venture	Inxide is a spin-off from the Swiss university of technology, École Polytechnique Fédérale de Lausanne (EPFL), and develops composite components primarily for the automotive industry. Production capacity is currently being built up to produce and market the components in large volumes. <a href="http://www.inxide.se">www.inxide.se</a>
Location	Trollhättan	
Initial investment	Dec. 2011	
% of votes	98%	

## ARC CORE

ArcCore AB – product development of AUTOSAR-compatible software		
Phase	Growth	ArcCore is a product development company specializing in AUTOSAR-compatible software for control units within the automotive industry. ArcCore AB was founded in 2009 by five entrepreneurs with many years of software development experience. <a href="http://www.arccore.com">www.arccore.com</a>
Location	Gothenburg	
Initial investment	April 2012	
% of votes	44%	

## CEDE GROUP AB

CeDe Group AB – full service supplier of customized heavy machinery		
Phase	Growth	CeDe Group is a leading supplier of customized heavy machinery. The company is a full service supplier with extensive expertise in production, applications, mechanics, hydraulics and electronics. <a href="http://www.cede-group.se">www.cede-group.se</a>
Location	Malmö	
Initial investment	May 2012	
% of votes	49%	



Smart Eye AB – develops and sells eye sensor systems		
Phase	Growth	Smart Eye develops and sells software and systems for eye sensors. The company has developed a safety and comfort product specifically for the automotive industry. <a href="http://www.smarteye.se">www.smarteye.se</a>
Location	Gothenburg	
Initial investment	Feb. 2013	
% of votes	17%	



**TitanX – supplier of cooling systems for the heavy vehicle industry**

Phase	Growth	TitanX is a leading supplier of cooling systems for the heavy vehicle industry and has the majority of major heavy vehicle manufacturers as customers, for example Daimler, Scania and Volvo. <a href="http://www.titanx.com">www.titanx.com</a>
Location	Gothenburg	
Initial investment	March 2013	
% of votes	38%	



**Rototest International AB – test equipment for the automotive industry**

Phase	Growth	Rototest develops, manufactures and markets test equipment, so-called hub-mounted dynamometers, for the automotive industry. The company's patented solutions for hub-mounted automotive dynamometers offer many times greater measurement accuracy than traditional technology. <a href="http://www.rototest.com">www.rototest.com</a>
Location	Rönninge	
Initial investment	July 2013	
% of votes	50%	



**SciBase AB – unique method for the detection of malignant melanoma**

Phase	Later-stage venture	SciBase has developed a unique method for detecting malignant melanoma. The method, which is based on research at Karolinska Institutet, sends electrical impulses at different frequencies through the area of skin under examination. <a href="http://www.scibase.com">www.scibase.com</a>
Location	Stockholm	
Initial investment	Dec. 2013	
% of votes	15%	



**ÅAC Microtec AB – develops and manufactures multifunctional electronic systems (MEMS)**

Phase	Growth	ÅAC develops and manufactures robust, microelectromechanical systems (MEMS). Through its network of partners, ÅAC delivers highly refined solutions and systems to private and public sector organizations in the aerospace industry. <a href="http://www.aacmicrotec.com">www.aacmicrotec.com</a>
Location	Uppsala	
Initial investment	March 2014	
% of votes	60%	



**Pelly AB – storage solutions for the furniture industry**

Phase	Growth	Pelly's operations focus on storage solutions. Through close cooperation with key customers, high-quality products and a highly automated production apparatus, Pelly has established itself as a leading supplier in the furniture industry in the Nordic region and elsewhere in Europe. <a href="http://www.pelly.se">www.pelly.se</a>
Location	Hillerstorp	
Initial investment	March 2014	
% of votes	37%	



**Osstell AB – instruments for measuring dental implant stability**

Phase	Growth	Osstell develops and sells instruments to measure the stability and osseointegration of dental implants. The method indicates when an implant is ready to be loaded. <a href="http://www.osstell.com">www.osstell.com</a>
Location	Gothenburg	
Initial investment	March 2014	
% of votes	36%	



**APR Automation AB – supplier of complete automation solutions**

Phase	Growth	APR Automation is an integrator that delivers complete automation solutions to customers in a number of industries in Sweden and internationally. The company has expertise in electrical design, PLC programming, robot programming, mechanical design, project management and installation. <a href="http://www.apr-automation.se">www.apr-automation.se</a>
Location	Arvika	
Initial investment	May 2014	
% of votes	49%	





**SMP Parts AB – supplier of excavator accessories**

Phase	Growth	SMP Parts is a high-quality supplier of excavator accessories such as couplers, tiltrotators, buckets and other specialist equipment for construction machinery. SMP Parts is one of the few suppliers to offer a complete range of excavator-related equipment.  <i>www.smpparts.com</i>
Location	Ilsbo	
Initial investment	March 2014	
% of votes	43%	



**Lamera AB – the latest technology in light-weight materials**

Phase	Later-stage venture	Lamera's product is based on the latest lamination technology and the result is a unique, patented and moldable composite (a sandwich material called "Hybrix"), which weighs around 50 percent less than conventional sheet metal but is just as strong.  <i>www.lamera.se</i>
Location	June 2015	
Initial investment	27%	
% of votes		

**Accounting principles**

Fouriertransform applies the International Financial Reporting Standards (IFRS) when preparing the financial statements for the Group. Fouriertransform meets the IFRS definition of an investment company, so it does not prepare consolidated financial statements. Fouriertransform as an investment company (the Group) instead prepares separate financial statements according to IFRS, where measurement of financial investments, (investments in portfolio companies and investments in securities) is based on fair value with changes in value recognized through profit or loss.

The financial statements of the parent company, Fouriertransform AB, are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Accordingly, measurement of the parent company's financial investments, investments in portfolio companies and in securities is based on the cost method according to the Swedish Annual Accounts Act.

This Interim Report for Fouriertransform as an investment company was prepared in accordance with IAS 34 *Interim Financial Reporting* and the Swedish Annual Accounts Act. The Interim Report for the parent company, Fouriertransform AB, was prepared in accordance with the Swedish Annual Accounts Act.

The accounting principles applied for the investment company and the parent company correspond to the accounting principles described in the most recent Annual Report.

This Interim Report has not been subject to specific review by the company's auditors.

**Risks and uncertainties**

Significant risks and uncertainties pertaining to the company are described in the Directors' Report in the 2014 Annual Report.

**Credit facilities and related party transactions**

Fouriertransform AB has no utilized credit facilities. No transactions with a significant effect on the company's financial position or earnings have taken place between Fouriertransform AB and related parties.

**Fouriertransform in brief**

Fouriertransform AB was founded in December 2008 following a parliamentary decision and was capitalized with equity of around SEK 3 bn. The company commenced operations in 2009.

Fouriertransform is a state-owned venture capital company tasked with increasing the international competitiveness of the Swedish automotive cluster and manufacturing industry in general on a commercial basis. Fouriertransform invests capital and is an active owner in enterprises with innovative and commercially viable products within the automotive and manufacturing industries.

For more information, please visit Fouriertransform's website, [www.fouriertransform.se](http://www.fouriertransform.se)

**Contacts for more information**

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**Financial calendar 2015**

Q4 Interim Report and Year-end Report 2015

February 16, 2016

## Statement of Comprehensive Income, investment company

Investment company, SEK 000s	Q3 2015	Q3 2014	%	Q1-3 2015	Q1-3 2014	%
<b>Portfolio companies</b>						
Realized profit/loss, portfolio companies	54,244	65	-	69,644	-263	-
Interest income, portfolio companies	363	323	12%	925	323	-
Unrealized profit/loss, portfolio	-64,083	-	-	-204,823	-21,093	-
<b>Profit/loss from portfolio companies</b>	<b>-9,476</b>	<b>388</b>	<b>-</b>	<b>-134,254</b>	<b>-21,032</b>	<b>-</b>
Income, consulting	-	9	-	-	889	-
<b>Operating expenses</b>						
Other external expenses	-3,803	-3,281	-16%	-15,121	-20,050	25%
Employee benefit expenses	-8,298	-8,256	-1%	-28,385	-26,654	-6%
Depreciation of property, plant and equipment	-168	-255	34%	-604	-744	19%
Total operating expenses	-12,268	-11,793	-4%	-44,110	-47,448	7%
<b>Operating profit/loss</b>	<b>-21,744</b>	<b>-11,395</b>	<b>-91%</b>	<b>-178,364</b>	<b>-67,591</b>	<b>-</b>
<b>Profit/loss from financial items</b>						
Financial income	2,526	7,887	-68%	40,877	62,257	-34%
Financial expense	-12,821	-	-	-35,727	-204	-
Total profit/loss from financial items	-10,295	7,887	-	5,150	62,053	-90%
<b>Profit/loss after financial items</b>	<b>-32,039</b>	<b>-3,508</b>	<b>-</b>	<b>-173,214</b>	<b>-5,538</b>	<b>-</b>
Tax on profit/loss for the period	-1,329	643	-	137	-3,748	-
<b>Net profit/loss for the period</b>	<b>-33,368</b>	<b>-2,865</b>	<b>-</b>	<b>-173,077</b>	<b>-9,286</b>	<b>-</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Comprehensive income for the period	-33,368	-2,865	-	-173,077	-9,286	-
<b>Earnings per share, SEK</b>						
<b>Before dilution</b>	<b>-0.012</b>	<b>-0.001</b>		<b>-0.064</b>	<b>-0.003</b>	
<b>After dilution</b>	<b>-0.012</b>	<b>-0.001</b>		<b>-0.064</b>	<b>-0.003</b>	

## Cash Flow Statement, investment company

Investment company, SEK 000s	Q1-3 2015	Q 1-3 2014
<b>Operating activities</b>		
<i>Operating profit/loss</i>	-178,364	-62,683
Adjustments for items not affecting cash flow		
Depreciation and write-downs	576	744
Interest income, portfolio companies	-472	-323
Realized profit/loss, portfolio companies	-69,644	309
Unrealized profit/loss, portfolio companies	204,823	21,093
Interest received, bank balances	42	179
Interest paid	-173	-204
Income tax paid	-11,229	-9,360
<b>Cash flow from operating activities before changes in working capital</b>	<b>-54,441</b>	<b>-50,245</b>
<i>Changes in working capital</i>		
Increase/decrease in trade receivables	-101	2,076
Increase/decrease in other current receivables	4,059	4,681
Increase/decrease in accounts payable	-2,026	-1,212
Increase/decrease in other current liabilities	-3,731	-42,246
<b>Cash flow from operating activities</b>	<b>-56,239</b>	<b>-86,946</b>
<b>Investing activities</b>		
Investments in property, plant and equipment	43	-224
Investments in shares in portfolio companies	-101,992	-120,763
Divestment of shares in portfolio companies	270,111	3,430
Loans to portfolio companies	-48,774	-221,730
Repayment of loans from portfolio companies	30,000	6,500
Increase/decrease in other non-current receivables	140	-
Interest income, portfolio companies	1,086	-
Change in investments in securities	10,384	406,235
<b>Cash flow from investing activities</b>	<b>160,998</b>	<b>73,448</b>
<b>Financing activities</b>		
Dividend paid	-100,000	-
<b>Cash flow from financing activities</b>	<b>-100,000</b>	<b>-</b>
<b>Cash flow for the period</b>	<b>4,759</b>	<b>-13,498</b>
<b>Cash and bank balances at beginning of period</b>	<b>42,989</b>	<b>60,270</b>
<b>Cash and bank balances at end of period</b>	<b>47,748</b>	<b>46,772</b>

## Balance Sheet, investment company

Investment company, SEK 000s	Sep. 30, 2015	Sep. 30, 2014	Dec. 31, 2014
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Equipment	590	1,432	1,208
<b>Financial non-current assets</b>			
<i>Investments in portfolio companies<sup>1)</sup></i>			
Shares in portfolio companies	824,172	1,111,975	1,099,463
Receivables in portfolio companies	83,910	79,266	89,386
Convertible assets in portfolio companies	168,278	199,093	172,024
<i>Total investments in portfolio companies</i>	<i>1,076,359</i>	<i>1,390,334</i>	<i>1,360,873</i>
Other non-current receivables	-	140	140
<b>Total financial non-current assets</b>	<b>1,076,359</b>	<b>1,390,474</b>	<b>1,361,013</b>
<b>Total non-current assets</b>	<b>1,076,949</b>	<b>1,391,906</b>	<b>1,362,221</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Trade receivables	513	424	413
Other current receivables	3,932	2,569	6,831
Prepaid expenses and accrued income	1,263	3,771	2,936
<b>Total current receivables</b>	<b>5,708</b>	<b>6,763</b>	<b>10,180</b>
Investments in securities	1,802,267	1,848,736	1,807,482
Cash and bank balances	47,749	46,772	42,989
<b>Total current assets</b>	<b>1,855,723</b>	<b>1,902,271</b>	<b>1,860,651</b>
<b>Total assets</b>	<b>2,932,672</b>	<b>3,294,177</b>	<b>3,222,872</b>
<b>Equity and liabilities</b>			
Share capital	2,725,100	3,000,100	2,725,100
Retained earnings including net profit/loss for the period	193,838	273,539	466,915
<b>Total equity</b>	<b>2,918,938</b>	<b>3,273,639</b>	<b>3,192,015</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	106	106	106
Deferred tax liabilities	4,760	5,605	12,582
<b>Total non-current liabilities</b>	<b>4,866</b>	<b>5,712</b>	<b>12,688</b>
<b>Current liabilities</b>			
Accounts payable	1,967	1,065	3,992
Current tax liabilities	307	7,428	6,100
Other current liabilities	3,655	3,711	4,108
Accrued expenses	2,939	2,622	3,969
<b>Total current liabilities</b>	<b>8,867</b>	<b>14,826</b>	<b>18,168</b>
<b>Total liabilities</b>	<b>13,734</b>	<b>20,538</b>	<b>30,857</b>
<b>Total equity and liabilities</b>	<b>2,932,672</b>	<b>3,294,177</b>	<b>3,222,872</b>

**Statement of Changes in Equity, investment company**

Investment company, SEK 000s	Share capital	Retained earnings including profit/loss for the period	Total equity
<b>Opening equity, January 1, 2014</b>	<b>3,000,100</b>	<b>282,826</b>	<b>3,282,926</b>
Comprehensive income for the period	-	-9,287	-9,287
<b>Closing equity, September 30, 2014</b>	<b>3,000,100</b>	<b>273,539</b>	<b>3,273,639</b>
<b>Opening equity, January 1, 2015</b>	<b>2,725,100</b>	<b>466,915</b>	<b>3,192,015</b>
Dividend		-100 000	-100,000
Comprehensive income for the period	-	-173,077	-173,077
<b>Closing equity, September 30, 2015</b>	<b>2,725,100</b>	<b>193,838</b>	<b>2,918,938</b>

## Income Statement Parent Company, Fouriertransform AB

Parent company, SEK 000s	Q3 2015	Q3 2014	%	Q1-3 2015	Q1-3 2014	%
Net sales, consulting	-	9	-		889	-
<b>Operating expenses</b>						
Other external expenses	-3,853	-3,049	-26%	-13,714	-12,100	-13%
Employee benefit expenses	-8,298	-8,256	-1%	-28,385	-26,654	-6%
Depreciation of property, plant and equipment	-168	-255	34%	-604	-744	19%
Total operating expenses	-12,319	-11,561	-7%	-42,703	-39,498	-8%
<b>Operating profit/loss</b>	<b>-12,319</b>	<b>-11,552</b>	<b>-7%</b>	<b>-42,703</b>	<b>-38,609</b>	<b>-11%</b>
<b>Profit/loss from financial items</b>						
<b>Portfolio companies</b>						
Capital gain/loss from divested portfolio companies	54,244	65	-	258,844	-263	-
Interest income, portfolio companies	363	323	12%	925	323	-
Reversal of write-downs, portfolio companies	-	-	-	-	24,454	-
Write-downs, portfolio companies	-56,925	-	-	-184,325	-41,579	-
<b>Profit/loss from portfolio companies</b>	<b>-2,318</b>	<b>388</b>	<b>-</b>	<b>75,444</b>	<b>-17,065</b>	<b>-</b>
Interest income and similar profit/loss items	-26,700	3,027	-	40,877	56,909	-28%
Interest expense and similar profit/loss items	-	-	-	-173	-204	15%
<b>Total profit/loss from financial items</b>	<b>-26,700</b>	<b>3,027</b>	<b>-</b>	<b>40,704</b>	<b>56,705</b>	<b>-28%</b>
<b>Profit/loss after financial items</b>	<b>-41,337</b>	<b>-8,136</b>	<b>-</b>	<b>73,445</b>	<b>1,032</b>	<b>-</b>
Tax on profit/loss for the period	2,280	1,662	-	-7,685	-4,320	-
<b>Net profit/loss for the period<sup>2)</sup></b>	<b>-39,057</b>	<b>-6,474</b>	<b>-</b>	<b>65,760</b>	<b>-3,288</b>	<b>-</b>

<sup>1)</sup> Net profit/loss for the period is also comprehensive income for the period of the parent company.

## Balance Sheet, parent company Fouriertransform AB

Parent company, SEK 000s	Sep. 30, 2015	Sep. 30, 2014	Dec. 31, 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Equipment	590	1,432	1,208
<b>Financial non-current assets</b>			
<i>Investments in portfolio companies</i>			
Shares in portfolio companies	772,868	865,025	838,301
Receivables in portfolio companies	83,910	79,266	89,386
Convertible assets in portfolio companies	145,980	141,880	148,480
<i>Total investments in portfolio companies</i>	<i>1,002,758</i>	<i>1,086,171</i>	<i>1,076,167</i>
Other non-current receivables	-	140	140
<b>Total financial non-current assets</b>	<b>1,002,758</b>	<b>1,086,311</b>	<b>1,076,307</b>
<b>Total non-current assets</b>	<b>1,003,348</b>	<b>1,087,743</b>	<b>1,077,515</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Trade receivables	513	424	413
Other current receivables	3,932	2,645	6,831
Prepaid expenses and accrued income	1,263	3,771	2,936
<b>Total current receivables</b>	<b>5,708</b>	<b>6,840</b>	<b>10,180</b>
Investments in securities	1,780,626	1,815,308	1,750,287
Cash and bank balances	47,748	46,772	42,989
<b>Total current assets</b>	<b>1,834,082</b>	<b>1,868,920</b>	<b>1,803,456</b>
<b>Total assets</b>	<b>2,837,429</b>	<b>2,956,663</b>	<b>2,880,971</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	2,725,100	3,000,100	2,725,100
<i>Non-restricted equity</i>			
Retained earnings	37,596	-55,083	219,917
Net profit/loss for the period	65,760	-3,288	-82,321
Total non-restricted equity	103,356	-58,371	137,596
<b>Total equity</b>	<b>2,828,456</b>	<b>2,941,729</b>	<b>2,862,696</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	106	106	106
<b>Total non-current liabilities</b>	<b>106</b>	<b>106</b>	<b>106</b>
<b>Current liabilities</b>			
Accounts payable	1,966	1,065	3,992
Current tax liabilities	307	7,428	6,100
Other current liabilities	3,654	3,713	4,108
Accrued expenses	2,940	2,622	3,969
<b>Total current liabilities</b>	<b>8,867</b>	<b>14,828</b>	<b>18,168</b>
<b>Current liabilities</b>	<b>8,973</b>	<b>14,934</b>	<b>18,275</b>
<b>Total equity and liabilities</b>	<b>2,837,429</b>	<b>2,956,663</b>	<b>2,880,971</b>
Pledged assets for portfolio company bank loans	35,000	35,000	35,000
Contingent liabilities for portfolio company bank loans	47,177	37,677	41,677



**Note 1 Fair value measurement**

Fair value according to the definition in IFRS 13 Fair Value Measurement is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date under prevailing market conditions, regardless of whether this price is directly observable or arrived at using another measurement technique. When assessing fair value, the characteristics of the asset or liability that the market participants would use when pricing the asset or liability are taken into account. Fouriertransform's measurement policy follows the International Private Equity and Venture (IPEV) Capital Guidelines.

Assets and liabilities that are measured at fair value are classified in Level 1, 2 or 3 in a fair value hierarchy based on the inputs used to establish fair value.

**Level 1** – Fair value is established based on observable (unadjusted) quoted prices on an active market for identical assets and liabilities. A market is considered active if quoted prices from an exchange, broker, industry group, pricing service or supervisory authority are readily and regularly available and these prices represent real and regularly occurring market transactions at arm's length.

**Level 2** – Fair value is established using valuation models based on observable data for the asset or liability other than quoted prices included in Level 1, either directly (i.e. as quoted prices) or indirectly (i.e. derived from quoted prices).

Examples of observable data in Level 2 are:

- Quoted prices for similar assets or liabilities.
- Inputs that can be used to estimate price, e.g. interest rates and yield curves.

**Level 3** – Fair value is established using measurement models where significant inputs are based on unobservable data.

**The investment company**

In the investment company, investments in portfolio companies and investments in securities are measured at fair value on each reporting date and changes in value are recognized through profit or loss in the period in which they arise. The table below shows the investment company's classifications of assets measured at fair value. The investment company has no liabilities that are measured at fair value.

Financial instruments—fair value Investment company, SEK 000s	2015-09-30			2014-12-31		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>						
<i>Shares in portfolio companies</i>						
Later-stage venture	137,023		341,968	53,400		499,498
Growth			345,181			546,566
<i>Total shares in portfolio companies</i>	<i>137,023</i>		<i>687,149</i>	<i>53,400</i>		<i>1,046,064</i>
Convertible assets, portfolio companies			168,278			172,024
Claims in portfolio companies			83,910			89,386
Investments in securities	1,802,267			1,807,482		
<b>Total financial assets measured at fair value</b>	<b>1,939,290</b>		<b>939,337</b>	<b>1,860,882</b>	<b>0</b>	<b>1,307,473</b>

Fouriertransform's financial instruments at Level 1 are investments in securities, which consist of equity funds and fixed-income funds with listed market prices, and holdings in portfolio companies, which are traded on a marketplace. The quoted market price used is the relevant bid price. Fouriertransform's financial instruments at Level 3 are shares in portfolio companies, convertible assets in portfolio companies and receivables in portfolio companies, which are unlisted investments.

The Group's policy is to report reclassifications to or from levels on the date the event or change in circumstances that necessitated the transfer takes place.

Fouriertransform divides its shares in portfolio companies into two groups based on different investment stages. Fouriertransform's portfolio companies are classified in the following two investment stages:

*Later-stage venture* – financing is provided to an operating company, which may, but does not need to, break even or show a positive operating profit.

*Growth* – a type of private equity investment—usually but not necessarily a minority investment—in relatively mature companies seeking capital to expand or restructure operations or to enter new markets.

The tables below show changes during the period for financial instruments at Level 3.

Changes in the period for financial instruments at Level 3 Investment company 2015, SEK 000s	Shares in portfolio companies			Convertible assets in portfolio companies	Claims in portfolio companies	Total
	Later-stage venture	Growth	Total			
<b>Opening balance, January 1, 2015</b>	<b>499,498</b>	<b>546,566</b>	<b>1,046,064</b>	<b>172,024</b>	<b>89,386</b>	<b>1,307,474</b>
Acquisition of shares in portfolio companies	102,499	26,300	128,799	-2,500	-24,250	102,049
Divestment of shares in portfolio companies		-199,200	-199,200			-199,200
Gains and losses recognized through profit or loss	-207,129	-28,485	-235,614	-1,246		-236,860
Transfer from Level 3	-52,900		-52,900			-52,900
New lending					48,774	48,774
Payment of claim					-30,000	-30,000
<b>Closing balance, September 30, 2015</b>	<b>341,968</b>	<b>345,181</b>	<b>687,149</b>	<b>168,278</b>	<b>83,910</b>	<b>939,337</b>
Change in unrealized gains and losses for the period related to assets held at the end of the period (included in the "Gains and losses recognized through profit or loss" line above)	-206,643	-28,273	-234,916	-1,830		

Changes in the period for financial instruments at Level 3 Investment company 2014, SEK 000s	Shares in portfolio companies			Convertible assets in portfolio companies	Claims in portfolio companies	Total
	Later-stage venture	Growth	Total			
<b>Opening balance, January 1, 2014</b>	<b>471,989</b>	<b>514,234</b>	<b>986,223</b>	<b>58,600</b>	<b>37,686</b>	<b>1,082,509</b>
Acquisition of shares in portfolio companies	105,866	141,381	247,247			247,247
Divestment of shares in portfolio companies	-1,071	-85,767	-86,838			-86,838
Gains and losses recognized through profit or loss	2,381	-28,041	-25,660	-384		-26,044
Reclassification of shares in portfolio companies to convertible assets	-1,344	-7,653	-8,997	8,997		0
Issue of claim			0	48,880	-32,770	16,110
New lending				83,000	80,850	163,850
Payment of claim			0		-6,500	-6,500
<b>Closing balance, September 30, 2014</b>	<b>577,821</b>	<b>534,154</b>	<b>1,111,975</b>	<b>199,093</b>	<b>79,266</b>	<b>1,390,334</b>
Change in unrealized gains and losses for the period related to assets held at the end of the period (included in the "Gains and losses recognized through profit or loss" line above)	2,381	-23,133	-20,752	-341	0	-21,093

***Valuation process for portfolio companies***

Fouriertransform's management judges which valuation method should be applied for the different portfolio companies based on the availability of observable input data at each reporting date. The valuation is then conducted according to the chosen valuation method described in the section below, and analyzed and compared with the previous valuation so that the new valuation reflects the company's progress and status, allowing changes to be monitored over time. Several parties are involved in the valuation process, and Fouriertransform's management, Investment Directors and the portfolio companies are all involved in verifying input data.

The valuation process is documented so that external stakeholders, e.g. auditors, will be able to easily follow how the value was arrived at.

***Valuation method – shares in portfolio companies, convertible assets in portfolio companies and receivables in portfolio companies***

During the fourth quarter of 2014 the valuation policy and valuation methods were reviewed and the company defined valuation methods for holdings in different investment phases. To the extent possible, the valuation methods are based on directly or indirectly observable data.

As in the past, Fouriertransform's valuation policy complies with IPEV Guidelines, whereby holdings are assigned a value depending on the maturity and development phase of the portfolio company:

For portfolio companies in the later-stage venture investment phase, where no income is generated and no income is expected to be generated in a short-term perspective, the following methods are used, in this order of priority:

- 1) Price of recent investment (PRI) or qualified bid
- 2) Price of recent investment enhanced (PRIE)
- 3) Discounted cash flow valuation as benchmark/cross-check

For portfolio companies in later-stage venture or growth investment phases, which generate income or have a positive cash flow, the following methods are used and weighed against each other:

- 1) Price of recent investment (PRI) or qualified bid
- 2) Price of recent investment enhanced (PRIE)
- 3) Multiples of income (suitable multiples exist for listed peer companies or unlisted companies from transactions or where such information can be found)
- 4) Discounted cash flow valuation

**Definitions:*****Price of recent investment:***

- valuation at Fouriertransform's initial investment during the subsequent 12-month period
- relevant valuation at rounds of financing after Fouriertransform's initial investment

***Price of recent investment enhanced:***

The company's progress is analyzed against the business plan Fouriertransform AB initially invested in and the most recent business plan including technological progress, market potential etc.

***Qualified bid:***

Qualified bid is a binding, unconditional bid, after deduction of transaction expenses.

***Discounted cash flow:***

The most significant unobservable input data used in the DCF model are described below:

*Annual sales growth* which takes into account the management's experience and knowledge of the market conditions in the automotive and manufacturing industries. Sales growth for the forecast

periods is estimated to be at least 6 percent with a higher growth rate for early stage portfolio companies. The higher the sales growth, the higher the fair value of the portfolio company.

*Long-term EBIT margin* which takes into account the management's experience and knowledge of the market conditions in the automotive and manufacturing industries. The long-term EBITDA margin is expected to be 11% and above. The higher the long-term operating margin, the higher the fair value of the portfolio company.

*WACC* (weighted average cost of capital) which is established using a capital asset pricing model. WACC is at least 15 percent, with a higher WACC for early stage companies. The higher the WACC, the lower the fair value of the portfolio company.

*Sensitivity in the assumptions*

The measurements are very sensitive to changes in unobservable input data. If any or all of the annual average sale growth, long-term EBIT margin and WACC were to change, this could result in a significantly lower or higher fair value measurement. A change in WACC in particular would have a significant effect on the measurement, especially on portfolio companies with positive cash flows far into the future.

Phase / Portfolio company	% of votes	Valuation method
<b>Later stage venture</b>		
PowerCell Sweden AB	23%	PRI (listed)
Norstel AB	100%	PRI/DCF
Alelion Batteries AB	71%	DCF/multiple peer
Elforest AB	74%	PRI/DCF
Max Truck AB	35%	PRI/DCF
Applied Nano Surfaces Sweden AB	40%	PRI/DCF
Pelagicore AB	73%	DCF/ multiple peer
Inxide AB (f d EELCEE AB)	98%	PRI/DCF
SciBase AB	15%	PRI (listed)
Lamera AB	27%	PRI
<b>Estimated fair value SEK 506.7 m</b>		
<b>Growth</b>		
Vicura AB	44%	PRI
Jobro Plåtkomponenter AB	45%	multiple peer
ArcCore AB	44%	PRI/DCF
CeDe Group AB	49%	PRI/DCF
Smart Eye AB	17%	PRI/multiple peer
TitanX Holding AB	38%	PRI/multiple peer
RotoTest International AB	50%	PRI/DCF
ÅAC Microtec AB	60%	PRI/PRI
Pelly AB	37%	PRI
Osstell AB	36%	PRI/multiple peer
APR Automation AB	49%	Multipel
SMP Parts AB	43%	PRI
<b>Estimated fair value SEK 569.6 m</b>		
<b>Total estimated fair value SEK 1,076.3 m</b>		

**Parent company**

The parent company's financial instruments are measured according to the cost method. The carrying amounts of shares in portfolio companies, convertible assets in portfolio companies, receivables in portfolio companies and investments in securities differ from their estimated fair value. The table below presents a comparison between carrying amounts and fair value for these items.

Comparison of carrying amount and fair value Parent company, SEK m	September 30, 2015			September 30, 2014		
	Level	Carrying amount	Fair value	Level	Carrying amount	Fair value
<i>Shares in portfolio companies</i>						
Later-stage venture	1	126.6	137.0			
Later-stage venture	3	309.1	342.0	3	489.3	577.8
Growth	3	337.1	345.2	3	375.7	534.1
<i>Total shares in portfolio companies</i>		<i>772.8</i>	<i>824.2</i>		<i>865.0</i>	<i>1,111.9</i>
Convertible assets in portfolio companies	3	146.0	168.3	3	141.2	199.1
Claims in portfolio companies	3	83.9	83.9	3	79.2	79.2
Investments in securities	1	1,780.6	1,802.3	1	1,815.3	1,848.7
<b>Total</b>		<b>2,783.3</b>	<b>2,878.7</b>		<b>2,900.7</b>	<b>3,238.9</b>

The valuation technique and input data used to measure fair value for these items is described under the heading "The investment company" above.

A measurement of fair value based on the discounted future cash flows where a discount rate that reflects the counterparty's credit risk is the most significant input data is not expected to make any material difference compared to the carrying amounts for the parent company's other financial assets and financial liabilities. Accordingly, for these financial assets and financial liabilities, carrying amount is considered to be a good approximation of fair value.

These assets and liabilities are classified in Level 2 in the fair value hierarchy.

**Note 2 Pledged assets and contingent liabilities**

Fouriertransform AB has deposited SEK 35.0 million in an escrow account as a guarantee for a portfolio company bank loan.

Fouriertransform AB has provided a guarantee of SEK 2.7 million for a portfolio company loan from an external party.

Fouriertransform has issued a parent company guarantee for a portfolio company purchase of products from suppliers amounting to a maximum of SEK 8.5 million.

Fouriertransform has undertaken to invest an additional SEK 1.0 million in a portfolio company.

**Declaration**

The Board of Directors and the Chief Executive Officer hereby provide an assurance that the Interim Report for the period July 1 – September 30, 2015 gives a true and fair view of the Group's and the parent company's operations, financial position and results of operations, and describes material risks and uncertainties faced by the Group and the parent company.

Stockholm, Sweden, October 28, 2015

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Chairman

Jan Bengtsson  
Director

Ulf Berg  
Director

Hasse Johansson  
Director

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