

# Year-end Report

| 2015

# Year-end Report 2015

## Sustainable value creation in portfolio companies

### Significant events in the full year 2015 and the fourth quarter

- In the year, Fouriertransform invested a total of SEK 220.5 million, of which SEK 63.7 million in three new companies: Lamera AB of Gothenburg, OssDsign AB of Uppsala and TechRoi Fuel Systems AB of Bengtsfors, as well as SEK 156.8 million in existing portfolio companies.
- In February 2015, ÅF AB (publ), listed on Nasdaq Stockholm, acquired all the shares of Fouriertransform's portfolio company LeanNova Engineering of Trollhättan. This sale generated a capital gain of SEK 259.4 million for Fouriertransform.
- Portfolio company SciBase had its IPO on Nasdaq First North in June 2015, and raised approx. SEK 165 million in its new issue.
- Since inception, Fouriertransform has invested a total of SEK 1,587 million in 28 companies in Sweden's automotive and manufacturing sectors.
- The market value of the existing portfolio, including realized value on sales and amortized capital from portfolio companies, corresponds to a value increase of just over 3% of total invested capital since Fouriertransform's operations started.
- In May 2015, Fouriertransform paid a dividend of SEK 100 million to its owner in accordance with a resolution of its AGM on 22 April 2015.
- Profit/loss after tax for the year was SEK -48.6 million (-90.9), including unrealized profit/loss from portfolio companies of SEK -51.7 million (-112.0) and realized profit/loss from portfolio companies of SEK 69.6 million (-3.2). Profit/loss after tax for the quarter was SEK 124.5 million (-81.6) including unrealized profit/loss from portfolio companies of SEK 153.1 million (-90.9).
- Total cash flow for the year was SEK 15.8 million (-17.3), of which investments in new and existing portfolio companies were SEK -220.0 million (-398.7).
- Cash and cash equivalents and investments in securities at year-end were SEK 1,786 million (1,850).



### CEO's comments - a successful year for our investments

Fouriertransform's value creation work in portfolio companies paid off well in the year. Several of them gained new owners and new capital, one through an IPO. Several also took momentous steps into new markets. We view this as corroboration that we can help build Swedish industry with our competence and capital.

The Swedish economy progressed better than expected in 2015, and at year-end, KI (the Swedish National Institute for Economic Research) forecast this trend to continue in 2016. If so, this would mean that Sweden is heading towards an economic boom. However, there are also

risks in the external environment, which are dominating future scenarios. Obviously, the impending concern is what's happening in China, and how China will address the major challenges the country faces in realigning her economy, deregulating financial markets, and managing high debt levels. The global markets were shaken by this uncertainty several times in the year.

The recovery of Sweden's important export markets in Europe is also slow, but the rate of investment and exports of Swedish companies is increasing despite this, at least in several sectors, which to an extent, is clearly a consequence of a weak Swedish krona. However, research produced by Swedbank in the year stated that the total cost level in Sweden's goods-producing sectors had increased far more than competing countries. Simply, Swedish companies and Swedish-based manufacturing are two different things. The companies in question take a global perspective on 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, and with it, jobs. Accordingly, capital must be allocated to productivity-boosting investments in Sweden, if the emigration of Swedish companies is to be stopped.

### ***Reindustrializing Sweden***

Moreover, for many of the early stage small and mid-sized enterprises that Fouriertransform works with, there is a long way to go before recovery from the consequences of the 2008 crisis. The critical cause for their slow progress is that they have significant customer and market concentration within Sweden, and accordingly, are unable to benefit from the demand that exists outside the country.

If these companies are to be able to grow, hire and contribute to the continued strength of Sweden's industrial base, waiting for an economic recovery will not be sufficient. Primarily, they need competent and long-term equity capital, an owner that works to complement their markets, can support innovation and expansion into new markets, as well as conveying valuable contacts with trade and other networks, and coinvestors.

This is how we have decided to operate at an Fouriertransform, contributing to the value growth of our portfolio companies in a business-oriented manner. Over the past half-year-plus, we have witnessed several successful contributions of this kind, in companies such as Vicura, PowerCell, LeanNova and SciBase.

The aim of Fouriertransform and other private and government venture capital has to be to create the potential for reinvestment in Sweden to ensure our companies' international growth, by applying competence and capital. This generates strength and a base in Sweden to focus sustainably on innovation, enterprise and an effective link between the academic and industrial communities. In this way, we can reindustrialize Sweden, create a base of vigorous and growing small enterprises, and strengthen the industrial base that is critical to the country's prosperity.

### ***Optimism in portfolio companies***

In many senses, 2015 was an eventful year, when we worked intensively on creating value growth in our portfolio companies. Several of them made really positive progress in the year, including PowerCell, whose IPO was in late-2014, and whose share price made robust progress in the second half-year 2015. Diagnostics company SciBase was also listed on Nasdaq First North in the year. The related new issue raised the company approximately SEK 165 million of new equity capital.

The prospects of other companies like Alelion Batteries, ArcCore, Pelagicore, SmartEye and TitanX are also bright, with several major orders from the important European and American markets. ArcCore, which develops software platforms for the automotive industry, also decided to open an office in India, and TitanX took a decision to open up a manufacturing unit in Mexico to deliver to Daimler Trucks, involving a USD 10 million investment.

At the beginning of the year, ÅF AB acquired all the shares of LeanNova Engineering of Trollhättan, which Fouriertransform was a co-founder of in 2012. Our majority stake in Vicura AB, also of Trollhättan, transferred to Austrian consulting firm AVL in the first quarter. We're delighted to see how our investments since 2009 during the automotive and manufacturing crisis have

contributed to important technological know-how and employment staying and developing in Sweden.

Apart from investments we made in existing portfolio companies in the year, we also executed new investments in three companies in 2015. Lamera AB, a pioneering technology enterprise in Gothenburg specializing in lightweight materials, and TechROi FuelSystems AB, a system vendor specializing in lightweight tanks for the automotive industry. This latter company is another example of the in-depth system competence within the former Saab Automobile, where many of the staff have their roots.

We also invested in OssDsign in Uppsala jointly with SEB Venture Capital and Karolinska Development, to enable international expansion of the company's technology platform for regenerative implants in facial surgery and bone reconstructions.

Since inception, Fouriertransform has invested a total of SEK 1,587 million in 28 companies in the Swedish automotive and manufacturing sectors. The value increase of our invested capital is some 3% since inception in 2009, and we think that the portfolio has the potential for significant value growth if owner agendas are realized in portfolio companies.

### ***Sustainable value creation***

Many of the technological innovations of the future are in segments that address global challenges like population growth, climate impact and water shortage. By investing competence and capital in enterprises with products that save resources and reduce adverse environmental impact, we can make a genuine contribution to climate adaptation, for example, and demonstrate that our targets of sustainability, growth and profitability are reconcilable, and indeed, mutually supportive. We also view this as another contribution to sharpening the competitiveness of Swedish industry.

As a Government player, we are subject to special standards in terms of conducting active sustainability work, particularly in the management of our portfolio companies. In 2015, we started by analyzing our companies' preparations for sustainability issues, and on increasing awareness of their unique challenges and opportunities in the sustainability segment. We engaged in deeper dialogue with them to identify measurable sustainability targets that can become a part of their regular business operations. This work is continuing in 2016.

### ***Outlook***

Government venture capital is being restructured in Sweden. Last year, there was a broad review of central Government initiatives in business finance. Its authors emphasized the need to strengthen the supply of risk capital in the expansion and early development phases, and also proposed structural changes for a more integrated structure of players, without long-term lock-ins in investment mandates. Collaboration and cofinancing with private finance players was also proposed. The Government has announced its intention to return to Parliament on this question.

Fouriertransform is continuing to see high interest in new transactions from companies seeking capital, and we have a lot of proposals under consideration. In anticipation of a definitive Parliamentary stance, we are continuing to work in accordance with our current mission of investing in or funding companies in manufacturing and associated service businesses that conduct research, development and production, and have the potential to also become competitive internationally.



Per Nordberg

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

Fouriertransform highlights, SEK m	Q4	Q4	%	Full year	Full year	%
	2015	2014		2015	2014	
Net profit/loss for the period	124,5	-81,6	-	-48,5	-90,9	47%
Investments in portfolio companies	70,4	56,6	24%	220,5	398,3	-45%
Cash flow for the period 1)				15,8	-17,3	-
Cash and cash equivalents and investments in securities 1)	1 786,6	1 850,5	-3%	1 786,6	1 850,5	-3%
Equity 1)	3 043,5	3 192,0	-5%	3 043,5	3 192,0	-5%
Equity/assets ratio	98%	99%	-1%	98%	99%	-1%

1) a dividend of SEK 100 m was paid to the owner in May

Value increase, total invested capital since inception, SEK m	2015-12-31	2014-12-31
Total invested capital, all portfolio companies	1 587	1 366
Realized value	274	4
Repaid capital	65	31
Estimated fair value, current portfolio	1 300	1 361
<b>Value increase, total invested capital</b>	<b>3%</b>	<b>2%</b>

## Business environment and the market - China concerns featured in 2015

### *An unexpectedly strong year for Sweden*

Overall, the Swedish economy expanded with unexpected strength in 2015, and at year-end, GDP had grown by 3.9% annualized, with households being a key contributor to this high growth. This growth number puts Sweden in the top tier of OECD countries. The forecast for 2016, of continued growth of nearly 4%, suggests that the Swedish economy is heading for an economic boom, according to KI, the Swedish National Institute for Economic Research.

In an international context, the IMF has notched down its global growth forecast for 2016, primarily because of a weaker outlook in several growth economies like Brazil and Russia, which are both struggling with severe recessions. The slowdown in China, as well as falling commodity prices, are contributors to this slowdown. Overall, the IMF thinks global growth will be 3.4% in 2016. US GDP growth is estimated to have made good progress, and will be at 2.6% for 2016, which caused the Federal Reserve to raise its benchmark rate in December, for the first time since the outbreak of the financial crisis. In the Eurozone, the recovery is still slow, with fairly modest growth persisting in 2016.

The OECD drew a similar conclusion in its growth forecast for 2016. The Organization also raised a warning flag about the increasing uncertainty of future global growth potential, not least due to persistent concerns over developments in China, where there is risk that restrained demand will spill over to the country's trading partners.

### ***A boost for manufacturing***

But according to statistics Sweden, SCB, Swedish industrial production volumes moved up and down through the year, although a yearly rate of over 6% in calendar-adjusted terms beat most estimates. But progress did vary widely between months and segments, with the highest numbers for wood raw materials, electronics and motor vehicles.

Order intake in manufacturing, which has been trending down since 2010, with 2014 being the weakest year of the current century, now appears to have stabilized, and most sectors made positive progress. Order statistics traced an increasing trend from April onwards, which is an important indicator of forthcoming industrial production. SCB also stated that overall, progress in the year represents a real boost for Swedish manufacturing overall.

KI's business tendency survey increased month on month late in the year, which also indicated stronger than normal conditions in the Swedish economy, and confidence in the future above normal levels. Manufacturing was the business sector making the greatest contribution to the upturn, and its confidence indicator was above the historical average from May onwards. Swedish export order intake also traced an upward trend, which accentuated through the autumn, which SCB thinks, translates into a positive outlook for 2016.

### ***A record year for cars***

Automotive sector organization Bil Sweden reported that the Swedish vehicle market made strong progress in 2015, and the full-year numbers revealed that new car registrations were the highest ever at just over 345,000. This increase is explained by households with high purchasing power, record low interest rates, a stable labor market with low redundancies and increased personal leasing. The light truck market also progressed well, with the second-highest number of new registrations ever.

The European vehicle market also continued its recovery, with uninterrupted growth for cars for 28 consecutive months, up to and including December 2015. However, the volumes remain low in absolute terms, only just above the number of new registrations in 2010, post global financial crisis, according to European sector organization the ACEA. Growth in the southern European countries Spain and Italy was especially strong, followed by France, the UK and Germany, which also reported robust growth numbers. The commercial vehicle market also expanded for the third consecutive year.

## Q4, 2015

### **Fouriertransform's investment activities**

#### ***Evaluation of investment opportunities***

In the quarter, Fouriertransform held a large number of meetings with companies needing capital and a long-term owner able to contribute to their value growth. Evaluation of investment opportunities was conducted right across manufacturing, in sectors including engineering, electronics, cleantech, high-tech and IT/telecom.

Fouriertransform also focused on meeting potential coinvestors to examine opportunities for joint investments in interesting companies.

#### ***Investment applications***

In the quarter, Fouriertransform

- received 39 investment applications
- rejected 15

At year-end, the application portfolio contained

- some 60 applications
- of which 11 are under review pending an investment decision by Fouriertransform's Board of Directors

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

#### *New investments in the fourth quarter*

Fouriertransform invested a total of **SEK 35.0 million** in two new companies in the quarter:

## OSS

In November, Fouriertransform invested **SEK 20.0 million** in OssDsign AB of Uppsala.

OssDsign is a Swedish medtech enterprise focused on developing regenerative implants that improve healing of skeletal injuries, cranial conditions, facial reconstruction and similar types of surgical procedure. OssDsign has sales and marketing permits for specific individual implants in Europe, and its treatments are highly successful. By combining the latest clinical insights and implants with its proprietary technology, OssDsign offers a growing selection of tailored solutions for cranial, facial and skeletal reconstruction procedures. The company has developed a unique composition of ceramics with a demonstrably better balance between the formation and resorption of bone compared to competing materials.

## TechROi

FUEL SYSTEMS

In November, Fouriertransform invested **SEK 15.0 million** in TechRoi FuelSystems AB of Bengtsfors.

TechROi Fuel Systems is an independent vendor with complete system competence of lightweight stainless steel fuel tanks. Its product is based on a highly competitive steel grade, with well-considered design, which is lighter and more cost-efficient than existing plastic implementations at low volumes. TechROi Fuel Systems' products are especially competitive in pressurized tanks used in hybrid vehicles.

#### *Follow-on investments in the fourth quarter*

Fouriertransform made follow-on investments totaling **SEK 35.4 million** in the following portfolio companies in the fourth quarter:

- SEK 8.6 million in **Powercell** of Gothenburg
- SEK 15.0 million in **Norstel** of Norrköping
- SEK 3.9 million in **Alelion Batteries** of Mölndal
- SEK 2.6 million in **Applied Nano Surfaces** of Uppsala
- SEK 4.0 million in **Pelagicore** of Gothenburg
- SEK 1.3 million in **Osstell** of Gothenburg

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

Fouriertransform continued its ongoing and extensive efforts to create value in its 24 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 in the fourth quarter

- **Powercell Sweden** of Gothenburg secured several new orders in the quarter.
- **Norstel** of Norrköping continued its qualification process with leading power electronics customers, and the company is examining its prospects of raising new external capital.
- **Alelion Batteries** of Mölndal has upscaled shipments to a major global forklift truck user, through leading forklift truck OEMs, and is building its organization to support this growth.
- **Elforest** of Örnsköldsvik has signed agreements with Husqvarna and Engbergs Transportsystem to develop electrical drive systems and is investigating its financial position.
- **Maxtruck** of Östersund has appointed a new President, and through digital marketing, is experiencing rapidly growing interest in its Maxtruck2T product.
- **Applied Nano Surfaces** of Uppsala signed another licensing agreement with Bodycote to commercialize a new product addressing components with complex geometries. In tandem with this process, the company is negotiating with other leaders regarding several licensing agreements on ANS Triboconditioning®.
- **Vicura** of Trollhättan expanded its collaboration with its new owner, AVL of Austria, and is experiencing strong demand for its services.
- **Jobro Plåtkomponenter** of Ulricehamn is continuing its international expansion, with new business secured in countries including Germany and the UK.
- **Pelagicore** of Gothenburg initiated a strategic partnership with HERE, announced at the CES trade show in Las Vegas.
- **Inxide** of Trollhättan secured its first strategic reference development project with a leading OEM, with the aim of going into production in 2016.
- **ArcCore** of Gothenburg made appointments to its Board of Directors: a new Chairman and new Director, and secured another key strategic project.
- **CeDeGroup** of Malmö has had a new President in place since November, and is still experiencing hesitant demand in the mining and steel industry, but healthy demand in civil engineering machinery.
- **Smart Eye** of Gothenburg continued to enjoy very high demand for the company's products across all segments.
- **TitanX** of Gothenburg started production at its new plants in Mexico and China, and is launching TitanXtend, a division focusing on aftermarket products on a global basis.

- **Rototest International** of Rönninge successfully sold new dynamometer systems for driveline tests, and is expanding its sales & support organization.
- **SciBase** of Stockholm has filed a complete application with the FDA in the US for approval to sell the company's product Nevisense.
- **ÅAC Microtec** of Arvika entered a new partnership on a new product in smart download of Earth observation data from satellites.
- **Pelly** of Hillerstorp started up a new, upscaled production line at its factory in Kaunas, Lithuania, and is continuing its positive growth.
- **Ostell** of Gothenburg is continuing to experience growing demand for its products, and participated successfully at the EAO trade event in Stockholm.
- **APR Automation** saw increased activity on its market at the end of the fourth quarter, with a growing number of transactions.
- **SMP Parts** of Ilsbo released a number of new products in its various segments, including SMP's HardLock® and a facelift for its tilt rotators, as well as opening up a new tilt rotator assembly line.
- **Lamera AB** started to install machinery at its new Gothenburg production facility, thus expanding its production capacity.
- **OssDsign** raised new capital from Karolinska Development, SEB Venture Capital and Fouriertransform.
- **TechRoi FuelSystems** secured two new owners—Fouriertransform and Ekoväst Invest, and is experiencing high demand for its products.

## Fouriertransform's other activities

### *Seminars*

In October, Fouriertransform participated at Scandinavian automotive subcontractor sector organization FKG's annual Suppliers' Day in Gothenburg, which dealt with sustainable development and growth for subcontractors at the society-human-vehicle interface.

Fouriertransform participated at the "Entrepreneurship & Development" seminar at a business event in the Gnosjö region of south-central Sweden, arranged by the Forum Finnveden Foundation. This seminar dealt with conditions facing entrepreneurs, and how they could be improved.

### *Visits to portfolio companies*

Coincident with a Board meeting in September, Fouriertransform's Board of Directors visited three portfolio companies. The companies presented their operations, strategies and managements.

### *Symbiosis Centre*

Jointly with Innovatum, the County of Västra Götaland at the Municipality of Sotenäs, Fouriertransform opened a Symbiosis Centre in December designed to support the growth of early phase enterprises in this region.

## Financial progress in Q4

### Investment company

#### **Results of operations**

The fourth quarter profit/loss after tax was SEK 124.5 million (-81.6).

Expenses totaling SEK 17.4 million (15.2) relate mainly to employee benefit expenses, as well as project and consulting expenses.

Net financial income amounted to SEK 16.7 million (29.6) including an effect of SEK -20.9 million (23.8) for the revaluation of investments in securities in the quarter, in addition, mainly affected by the capital gain on the divestments of mutual and fixed income funds of SEK 34.0 million and repaid administration fees of SEK 3.4 million.

The current portfolio of 24 companies was measured at estimated fair value as of 31 December in accordance with IFRS, implying value increasing by 13.3% (-5.9), or SEK 153.1 million (-86.0). The revaluation relates to the company's operational and financial progress.

Since its inception in autumn 2009, Fouriertransform has invested a total of SEK 1,587 million in 28 portfolio companies, which compares to the estimated fair value of the existing portfolio of SEK 1,300 million, realized value on divestments and repaid capital from portfolio companies, corresponding to a value increase on invested capital of some 3%.

#### **Balance Sheet**

In the quarter, Fouriertransform invested SEK 35.0 million in two new portfolio companies and SEK 35.4 million in existing portfolio companies, totaling SEK 70.4 million.

Portfolio companies were measured at estimated fair value as of December 31, which amounted to SEK 1,300 million (1,361) as of year-end.

#### **Cash and cash equivalents and investments in securities**

The company's cash and bank balances amounted to SEK 59 million (43), and the estimated fair value of investments in fixed income and mutual funds amounted to SEK 1,728 million (1,807) including unrealized profits of SEK 1 million (57).

#### **Equity**

In May 2015, Fouriertransform paid a dividend of SEK 100 million to its owner in accordance with a resolution of its AGM on April 22 2015.

As of December 31, equity was SEK 3,043.5 million (3,192.0), of which fourth-quarter profits were SEK 124.5 million.

### Parent company Fouriertransform AB

The parent company's profit/loss after tax was SEK -91.3 million (-79.0). Write-downs on shares in portfolio companies amounted to SEK -79.8 million (-66.6) 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 35.0 million in two new portfolio companies and SEK 35.4 million in existing portfolio companies, totaling SEK 70.4 million.

The parent company's cash and cash equivalents and the value of investments in securities amounted to SEK 1,786 million (1,793) as of 31 December 2015.

In May 2015, Fouriertransform paid a dividend of SEK 100 million in to its owner accordance with a resolution of its AGM on April 22 2015.

## Full year 2015

### Fouriertransform's investment activities

#### *Evaluation of investment opportunities*

In the year, Fouriertransform held a large number of meetings with companies needing capital and a long-term owner able to contribute to their value growth. Evaluation of investment opportunities was conducted right across manufacturing, in engineering, electronics, cleantech, high-tech and IT/telecom.

Fouriertransform also focused on meeting potential coinvestors to examine opportunities for joint investment in interesting companies.

#### *Investment applications*

In the year, Fouriertransform

- received 118 investment applications
- rejected 50

At year-end, the application portfolio contained

- some 60 applications
- of which 11 are under review pending an investment decision by Fouriertransform's Board of Directors

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

#### *Sale*

In February 2015, ÅF AB (publ), listed on Nasdaq Stockholm, acquired all the shares of Fouriertransform's portfolio company LeanNova Engineering of Trollhättan. Fouriertransform's initial investment in the company was in January 2012, and this sale meant a total capital gain of SEK 259.4 million for Fouriertransform, which is mainly reported in profit via revaluations of the years 2013 and 2014, as well as SEK 69.6 million for 2015.

#### *New investments in 2015*

In the year, Fouriertransform invested a total of **SEK 63.7 million** in three new companies:

### Lamera

In June, Fouriertransform invested SEK **28.7 million** in Lamera AB of Gothenburg.

Over the past decade, Lamera has been developing and improving an idea sourced from Volvo, into a commercially viable product. This product is based on the latest lamination technology, and the result is a unique patented and malleable composite (sandwich material) that weighs about 50% less than conventional steel, but has the same strength. Hybrix has 16% less environmental impact than stainless steel and aluminum, and 40% less environmental impact than copper, viewed from a lifecycle perspective.

## OSS

In November, Fouriertransform invested **SEK 20.0 million** in OssDsign AB of Uppsala.

OssDsign is a Swedish medtech enterprise focused on developing regenerative implants that improve healing of skeletal injuries, cranial conditions, facial reconstruction and similar types of surgical procedure. OssDsign has sales and marketing permits for specific individual implants in Europe, and its treatments are highly successful. By combining the latest clinical insights and implants with its proprietary technology, OssDsign offers a growing selection of tailored solutions for cranial, facial and skeletal reconstruction procedures. The company has developed a unique composition of ceramics with a demonstrably better balance between the formation and resorption of bone compared to competing materials.

## TechROi

FUELSYSTEMS

In November, Fouriertransform invested **SEK 15.0 million** in TechRoi FuelSystems AB of Bengtsfors.

TechROi Fuel Systems is an independent vendor with complete system competence of lightweight stainless steel fuel tanks. Its product is based on a highly competitive steel grade, with well-considered design, which is lighter and more cost-efficient than existing plastic implementations at low volumes. TechROi Fuel Systems' products are especially competitive in pressurized tanks used in hybrid vehicles.

### *Follow-on investments in 2015*

Fouriertransform made follow-on investments totaling **SEK 156.8 million** in the following 16 portfolio companies in the year:

- SEK 8.6 million in **Powercell** of Gothenburg
- SEK 51.0 million in **Norstel** of Norrköping
- SEK 24.8 million in **Alelion Batteries** of Mölndal
- SEK 8.5 million in **Applied Nano Surfaces** of Uppsala
- SEK 3.4 million in **Vicura** of Trollhättan
- SEK 6.0 million in **Pelagicore** of Gothenburg
- SEK 4.0 million in **ArcCore** of Gothenburg
- SEK 7.5 million in **LeanNova Engineering** of Trollhättan (sold in Feb. 2015)
- SEK 18.1 million in **ÅAC Microtec** of Uppsala
- SEK 0.7 million in **SmartEye** of Gothenburg
- SEK 12.6 million in **SciBase** of Stockholm
- SEK 5.0 million in **APR Automation** of Arvika
- SEK 0.7 million in **MaxTruck** of Östersund
- SEK 3.0 million in **InXide** of Trollhättan
- SEK 1.6 million in **CedeGroup** of Malmö
- SEK 1.3 million in **Osstell** of Gothenburg

## Fouriertransform's other activities

### *33-listan (the '33 list')*

In the first quarter, Fouriertransform became a partner of the 33 list, a collaboration between business periodical *Affärsvärlden*, technology magazine *Ny Teknik* and partners. The 33 list showcases new tech companies and Fouriertransform named one of the nominees, Disruptive Materials of Uppsala, as "Diamond of the Year", and donated SEK 100,000 of consulting services on account.

Disruptive Materials has discovered a new and revolutionary material that can be used to filter gases and liquids, which is completely non-hazardous.



#### *Internal strategy conferences*

In the first quarter, Fouriertransform held an internal strategy conference, where its employees and Board of Directors participated to discuss the challenges facing Swedish manufacturing, the supply of public venture capital and Fouriertransform's business focus.

In June, Fouriertransform held a conference with its employees to discuss issues including existing portfolio company strategies, the composition of the Board of Directors and management, and capital requirements.

#### *Seminars*

In partnership with the Municipality of Sotenäs and entrepreneurs' organization Företagarna, Fouriertransform was coarranger of a seminar in Smögen in June, which attracted 160 participants, including entrepreneurs from the Västra Götaland region. The seminar continues a series held in 2010, 2011, 2012 and 2014. It dealt with a view of the Swedish economy, the flow of resources and global transition from a linear to circular economy.

In October, Fouriertransform participated at Scandinavian automotive subcontractor sector organization FKG's annual Suppliers' Day in Gothenburg, which dealt with sustainable development and growth for subcontractors at the society-human-vehicle interface.

Fouriertransform participated at the "Entrepreneurship & Development" seminar at a business event in the Gnosjö region of south-central Sweden, arranged by the Forum Finnveden Foundation. This seminar dealt with conditions facing entrepreneurs, and how they could be improved.

#### *Visits to portfolio companies*

Coincident with a Board meeting in September, Fouriertransform's Board of Directors visited three portfolio companies. The companies presented their operations, strategies and managements.

## **Fouriertransform's investments as of December 31**

#### *All investments since inception*

- Since inception in autumn 2009, Fouriertransform has invested a total of **SEK 1,587 million** in a total of **28 companies** as a new partner
- At present, the portfolio consists of **24 portfolio companies**

As of December 31 2015, Fouriertransform has invested in a total of 28 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, Lamera AB, OssDsign AB and TechRoi FuelSystems 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 31 December, 2015, the portfolio consists of 24 companies.

***Total invested capital since inception***

Since inception in autumn 2009, Fouriertransform has invested a total of **SEK 1,587 million** in Sweden's automotive industry and other parts of the manufacturing and associated service sectors.

***Fouriertransform's portfolio as of December 31 2015***

As of 31 December 2015, Fouriertransform's portfolio consists of **24 portfolio companies**.

These companies have total sales of approximately SEK 2.7 billion, employ a total of approximately 1,500 people, and are geographically diversified nationwide in Sweden, with their center 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 December 31 2015

	Location	Initial investment	% of votes <sup>1</sup>
<b>Later stage venture</b>			
PowerCell Sweden AB	Gothenburg	okt-09	21%
Norstel AB	Norrköping	feb-10	100%
Alelion Batteries AB	Möndal	jun-10	82%
Elforest AB	Örnsköldsvik	jun-10	74%
Max Truck AB	Östersund	jul-10	35%
Applied Nano Surfaces Sweden AB	Uppsala	dec-10	40%
Pelagicore AB	Gothenburg	sep-11	73%
Inxide AB	Trollhättan	dec-11	98%
SciBase AB	Stockholm	dec-13	16%
Lamera AB	Gothenburg	jun-15	27%
OssDsign AB	Uppsala	nov-15	16%
<b>Estimated fair value SEK 741.2 m</b>			
<b>Growth</b>			
Vicura AB	Trollhättan	jan-11	44%
Jobro Plåtkomponenter AB	Ulricehamn	maj-11	45%
ArcCore AB	Gothenburg	apr-12	45%
CeDe Group AB	Malmö	maj-12	49%
Smart Eye AB	Gothenburg	feb-13	17%
TitanX Holding AB	Stockholm	mar-13	40%
RotoTest International AB	Rönninge	jul-13	50%
ÅAC Microtec AB	Uppsala	mar-14	61%
Pelly AB	Hillerstorp	mar-14	37%
Osstell AB	Gothenburg	mar-14	36%
APR Automation AB	Arvika	maj-14	49%
SMP Parts AB	Ilso	jun-14	27%
TechRoi Fuel Systems AB	Bengtstors	nov-15	31%
<b>Estimated fair value SEK 558.6 m</b>			
<b>Total estimated fair value SEK 1,299.8 m</b>			

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

## Fouriertransform's 24 portfolio companies as of December 31 2015



### PowerCell Sweden AB (listed on Nasdaq First North) - a fuel cell that 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	21%	



### 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	Mölnådal	
Initial investment	Jun. 2010	
% of votes	82%	



#### 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	Jun. 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	Jul. 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 auto-motive 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	Sep. 2011	
% of votes	73%	

## INXIDE

### Inxide 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	Apr. 2012	
% of votes	45%	

## 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 Location Initial investment % of votes	Growth Gothenburg Mar. 2013 40%	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>
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**Rototest International AB - test equipment for the automotive industry**

Phase Location Initial investment % of votes	Growth Rönninge Jul. 2013 50%	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>
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**SciBase AB (listed on Nasdaq First North) - unique method for the detection of malignant melanoma**

Phase Location Initial investment % of votes	Later-stage venture Stockholm Dec. 2013 16%	SciBase has developed a unique method for detecting malignant melanoma. The method, which is based on research at the Karolinska Institute, sends electrical impulses at different frequencies through the area of skin under examination. <a href="http://www.scibase.com">www.scibase.com</a>
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**ÅAC Microtec AB - develops and manufactures multifunctional electronic systems (MEMS)**

Phase Location Initial investment % of votes	Growth Uppsala Mar. 2014 61%	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>
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#### 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 auto-mated 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	Mar. 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	Mar. 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. <a href="http://www.smpparts.com">www.smpparts.com</a>
Location	llsbo	
Initial investment	Mar. 2014	
% of votes	27%	



### 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. <a href="http://www.lamera.se">www.lamera.se</a>
Location	Gothenburg	
Initial investment	Jun. 2015	
% of votes	27%	



### OssDsign AB - regenerative implants

Phase	Later stage venture	OssDsign is a Swedish medtech enterprise focused on developing regenerative implants that improve healing of skeletal injuries, cranial conditions, facial reconstruction and similar types of surgical procedure. <a href="http://www.ossdsign.com">www.ossdsign.com</a>
Location	Uppsala	
Initial investment	Nov. 2015	
% of votes	16%	



### TechROi FuelSystems AB - lightweight steel fuel tanks

Phase	Growth	TechROi Fuel Systems is an independent vendor with complete system competence of lightweight stainless steel fuel tanks. TechROi Fuel Systems' products are especially competitive in pressurized tanks used in hybrid vehicles. <a href="http://www.techroifuel.com">www.techroifuel.com</a>
Location	Bengtsfors	
Initial investment	Nov. 2015	
% of votes	31%	

## Financial progress in the full year 2015

### Investment company

#### **Results of operations**

Profit/loss after tax for the year was SEK -48.6 million (-90.9).

Expenses totaling SEK 61.5 million (62.7) relate mainly to employee benefit expenses, as well as project and consulting expenses.

Net financial income amounted to SEK 21.8 million (91.7) including an effect of SEK -56.4 million (29.1) for the revaluation of investments in securities, in addition, mainly affected by a dividend from fixed income and mutual funds of SEK 40.9 million, the capital gain on the divestments of mutual and fixed income funds of SEK 29.5 million and repaid administration charges of SEK 7.9 million.

The portfolio companies were measured at estimated fair value as of 31 December in accordance with IFRS, implying value decreasing by -3.8% (-7.3), or SEK -51.7 million (-107.1). The revaluation relates to the company's operational and financial progress. Realized earnings from portfolio companies of SEK 69.6 million consist of capital gains from the sale of portfolio companies.

Since its inception in autumn 2009, Fouriertransform has invested a total of SEK 1,587 million, which compares to the estimated fair value of the existing portfolio of SEK 1,300 million, realized value on divestments and repaid capital from portfolio companies, corresponding to a value increase on invested capital of some 3%.

#### **Balance Sheet**

In the quarter, Fouriertransform invested SEK 63.7 million in three new portfolio companies and SEK 156.8 million in existing portfolio companies, totaling SEK 220.5 million.

Portfolio companies were measured at estimated fair value as of December 31, which amounted to SEK 1,300 million (1,361) as of year-end.

#### **Cash and cash equivalents and investments in securities**

The company's cash and bank balances amounted to SEK 59 million (43), and the estimated fair value of investments in fixed income and mutual funds amounted to SEK 1,728 million (1,807) including unrealized profits of SEK 1 million (57).

#### **Equity**

In May 2015, Fouriertransform paid a dividend of SEK 100 million to its owner in accordance with a resolution of its AGM on 22 April 2015.

As of December 31, equity was SEK 3,043.5 million (3,192.0), of which profit/loss for the year was SEK -48.6 million.

### Parent company Fouriertransform AB

The parent company's profit/loss after tax was SEK -25.5 million (-82.3). Write-downs of shares in portfolio companies amounted to SEK -264.1 million (-108.2) and related to the companies' operational and financial progress. Realized earnings from portfolio companies of SEK 258.8 million consist of capital gains from the sale of holdings in portfolio companies. For more information, please refer to the comments on the investment company's results of operations.

In the year, Fouriertransform invested SEK 63.7 million in three new portfolio companies and SEK 156.8 million in existing portfolio companies, totaling SEK 220.5 million.

The parent company's cash and cash equivalents and the value of investments in securities amounted to SEK 1,786 million (1,793) as of December 31 2015.

In May 2015, Fouriertransform paid a dividend of SEK 100 million to its owner in accordance with a resolution of its AGM on April 22 2015.

**Accounting principles**

Fouriertransform applies the International Financial Reporting Standards (IFRS) as endorsed by the EU 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.

**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 billion. 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)

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**Financial calendar for the financial year 2016**

Q1 Interim Report 2016	April 28 2016
Half-year, Q2 Interim Report 2016	July 21 2016
Q3 Interim Report 2016	October 26 2016
Year-end Report, Q4 2016	February 15 2017

## Summary Statement of Comprehensive Income, investment company

Investment company, SEK 000s	Q4 2015	Q4 2014	%	Full year 2015	Full year 2014	%
Portfolio companies						
Realized profit/loss, portfolio companies	-	-3 000	-	69 644	-3 263	-
Unrealized profit/loss, portfolio companies	153 107	-90 926	-	-51 716	-112 019	54%
Value adjustment on receivables, portfolio comp:	-35 000	-	-	-35 000	-	-
Interest income on receivables, portfolio compar	1 668	4 991	-67%	2 593	5 314	-51%
Dividend from portfolio companies	-	-	-	-	-	-
<b>Profit/loss from portfolio companies</b>	<b>119 775</b>	<b>-88 935</b>	<b>-</b>	<b>-14 479</b>	<b>-109 968</b>	<b>87%</b>
Intäkter, rådgivning	-	-	-	-	889	-
<b>Operating expenses</b>						
Other external expenses	-9 579	-4 874	-96%	-24 701	-24 924	1%
Employee benefit expenses	-7 637	-10 123	25%	-36 022	-36 777	2%
Depreciation of property, plant and equipment	-153	-256	40%	-757	-999	24%
Total operating expenses	-17 369	-15 253	14%	-61 480	-62 700	2%
<b>Operating profit/loss</b>	<b>102 406</b>	<b>-104 188</b>	<b>-2%</b>	<b>-75 959</b>	<b>-171 779</b>	<b>56%</b>
<b>Profit/loss from financial items</b>						
Financial income	16 666	29 651	-44%	21 988	91 909	-76%
Financial expense	-	-	-	-173	-204	15%
Total profit/loss from financial items	16 666	29 651	-44%	21 815	91 705	-76%
<b>Profit/loss after financial items</b>	<b>119 072</b>	<b>-74 537</b>	<b>-</b>	<b>-54 144</b>	<b>-80 074</b>	<b>-32%</b>
Tax on profit/loss for the period	5 448	-7 087	-	5 585	-10 835	-
<b>Net profit/loss for the period</b>	<b>124 520</b>	<b>-81 624</b>	<b>-</b>	<b>-48 559</b>	<b>-90 909</b>	<b>-47%</b>
Other comprehensive income	-	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>124 520</b>	<b>-81 624</b>	<b>-</b>	<b>-48 559</b>	<b>-90 909</b>	<b>-47%</b>
<b>Earnings per share, SEK</b>						
Before dilution	0,045	-0,030	-	-0,018	-0,033	-
After dilution	0,045	-0,030	-	-0,018	-0,033	-

## Summary Cash Flow Statement, investment company

Investment company, SEK 000s	Full year 2015	Full year 2014
<b>Operating activities</b>		
Operating profit/loss	-75 959	-171 780
<i>Adjustments for items not affecting cash flow</i>		
Depreciation and write-downs	757	999
Interest income, portfolio companies	-2 212	-5 314
Realized profit/loss, portfolio companies	-69 644	3 263
Value adjustment on receivables, portfolio companies	35 000	-
Unrealized profit/loss, portfolio companies	51 716	112 019
Interest received, bank balances	87	282
Interest paid	-173	-204
Income tax paid	-7 677	-19 710
<b>Cash flow from operating activities before changes in working capital</b>	<b>-68 105</b>	<b>-80 445</b>
<i>Changes in working capital</i>		
Increase/decrease in trade receivables	412	2 088
Increase/decrease in other current receivables	4 572	4 639
Increase/decrease in accounts payable	-1 062	1 714
Increase/decrease in other current liabilities	-1 180	-31 544
<b>Cash flow from operating activities</b>	<b>-65 363</b>	<b>-103 548</b>
<b>Investing activities</b>		
Investments in property, plant and equipment	-336	-256
Investments in shares in portfolio companies	-166 529	-140 171
Loans to portfolio companies	-53 478	-258 530
Divestment of shares in portfolio companies	270 111	3 430
Repayment of loans from portfolio companies	30 000	6 500
Increase/decrease in other non-current receivables	140	475 295
Interest income, portfolio companies	1 086	-
Change in investments in securities	100 144	-
<b>Cash flow from investing activities</b>	<b>181 138</b>	<b>86 268</b>
<b>Financing activities</b>		
Dividend paid	-100 000	-
<b>Cash flow from financing activities</b>	<b>-100 000</b>	<b>0</b>
<b>Cash flow for the period</b>	<b>15 775</b>	<b>-17 280</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>58 764</b>	<b>42 990</b>

## Summary Balance Sheet, investment company

Investment company, SEK 000s	2015-12-31	2014-12-31
<b>Assets</b>		
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Equipment	788	1 208
<b>Financial non-current assets</b>		
<i>Investments in portfolio companies</i>		
Shares in portfolio companies	1 065 484	1 099 463
Receivables in portfolio companies	68 280	89 386
Convertible assets in portfolio companies	165 963	172 024
<i>Total investments in portfolio companies</i>	<i>1 299 727</i>	<i>1 360 873</i>
Other non-current receivables	0	140
<b>Total financial non-current assets</b>	<b>1 299 727</b>	<b>1 361 013</b>
<b>Total non-current assets</b>	<b>1 300 515</b>	<b>1 362 221</b>
<b>Current assets</b>		
<b>Current receivables</b>		
Trade receivables	0	413
Other current receivables	4 636	6 831
Prepaid expenses and accrued income	1 985	2 936
<b>Total current receivables</b>	<b>6 621</b>	<b>10 180</b>
Investments in securities	1 727 818	1 807 482
Cash and bank balances	58 764	42 989
<b>Total current assets</b>	<b>1 793 203</b>	<b>1 860 651</b>
<b>Total assets</b>	<b>3 093 718</b>	<b>3 222 872</b>
<b>Equity and liabilities</b>		
Share capital	2 725 100	2 725 100
Retained earnings including net profit/loss for the period	318 357	466 915
<b>Total equity</b>	<b>3 043 457</b>	<b>3 192 015</b>
<b>Non-current liabilities</b>		
Other non-current liabilities	798	106
Deferred tax liabilities	168	12 582
<b>Total non-current liabilities</b>	<b>966</b>	<b>12 688</b>
<b>Current liabilities</b>		
Accounts payable	2 930	3 992
Current tax liabilities	5 252	6 100
Other current liabilities	37 423	4 108
Accrued expenses	3 690	3 969
<b>Total current liabilities</b>	<b>49 295</b>	<b>18 169</b>
<b>Total liabilities</b>	<b>50 261</b>	<b>30 857</b>
<b>Total equity and liabilities</b>	<b>3 093 718</b>	<b>3 222 872</b>

## Summary Statement of Changes in Equity, investment company

Investment company, SEK 000s	Share capital <sup>1)</sup>	Retained earnings including profit/loss	Total equity
<b>Opening equity, January 1 2014</b>	<b>3 000 100</b>	<b>282 825</b>	<b>3 282 925</b>
Decrease in share capital to non-restricted reserves	-275 000	275 000	-
Comprehensive income for the period	-	-90 910	-90 910
<b>Closing equity, December 31 2014</b>	<b>2 725 100</b>	<b>466 915</b>	<b>3 192 015</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	-	-48 558	-48 558
<b>Closing equity, December 31 2015</b>	<b>2 725 100</b>	<b>318 357</b>	<b>3 043 457</b>

1) in accordance with a resolution by an EGM on October 17 2014, share capital was reduced by SEK 275,000,000, of which SEK 51,897,000 was to cover losses and SEK 223,103,000 was an allocation to non-restricted reserves.

## Summary Income Statement Parent Company, Fouriertransform AB

Parent company, SEK 000s	Q4 2015	Q4 2014	%	Full year 2015	Full year 2014	%
Net sales, consulting	-	-	-	-	889	-
<b>Operating expenses</b>						
Other external expenses	-8 738	-9 782	11%	-22 453	-21 882	-3%
Employee benefit expenses	-7 637	-10 123	25%	-36 022	-36 777	2%
Depreciation of property, plant and	-153	-256	40%	-757	-999	32%
Total operating expenses	-16 528	-20 161	18%	-59 232	-59 659	1%
<b>Operating profit/loss</b>	<b>-16 528</b>	<b>-20 161</b>	<b>18%</b>	<b>-59 232</b>	<b>-58 770</b>	<b>-1%</b>
<b>Profit/loss from financial items</b>						
Portfolio companies						
Realized profit/loss, portfolio companies	-	-3 000	-	258 844	-3 263	-
Interest income, receivables, portfolio companies	1 668	4 991	-67%	2 593	5 314	-51%
Value adjustment on receivables, portfolio companies	-35 000	-	-	-35 000	-	-
Reversal of write-downs, portfolio companies	-	-	-	-	24 454	-
Write-downs, portfolio companies	-79 800	-66 637	-20%	-264 125	-108 216	-
<b>Profit/loss from portfolio companies</b>	<b>-113 132</b>	<b>-64 646</b>	<b>-20%</b>	<b>-37 688</b>	<b>-81 711</b>	<b>97%</b>
Interest income and similar profit/loss items	37 536	5 884	-	78 413	62 794	25%
Interest expense and similar profit/loss items	-	-	-	-173	-204	-
<b>Total profit/loss from financial items</b>	<b>37 536</b>	<b>5 884</b>	<b>-57%</b>	<b>78 240</b>	<b>62 590</b>	<b>-31%</b>
<b>Profit/loss after financial items</b>	<b>-92 124</b>	<b>-78 923</b>	<b>-17%</b>	<b>-18 680</b>	<b>-77 891</b>	<b>76%</b>
Tax on profit/loss for the period	856	-110	-	-6 829	-4 430	-54%
<b>Net profit/loss for the period <sup>1)</sup></b>	<b>-91 268</b>	<b>-79 033</b>	<b>-15%</b>	<b>-25 509</b>	<b>-82 321</b>	<b>69%</b>

1) net profit/loss for the period is also comprehensive income for the period of the parent company.

## Summary Balance Sheet, parent company Fouriertransform AB

Parent company, SEK 000s	2015-12-31	2014-12-31
<b>ASSETS</b>		
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Equipment	788	1 208
<b>Financial non-current assets</b>		
<i>Investments in portfolio companies</i>		
Shares in portfolio companies	777 850	838 301
Receivables in portfolio companies	68 280	89 386
Convertible assets in portfolio companies	147 930	148 480
<i>Total investments in portfolio companies</i>	<i>994 060</i>	<i>1 076 167</i>
Other non-current receivables	0	140
<b>Total financial non-current assets</b>	<b>994 060</b>	<b>1 076 307</b>
<b>Total non-current assets</b>	<b>994 848</b>	<b>1 077 515</b>
<b>Current assets</b>		
<b>Current receivables</b>		
Trade receivables	-	413
Other current receivables	4 636	6 831
Prepaid expenses and accrued income	1 985	2 936
<b>Total current receivables</b>	<b>6 621</b>	<b>10 180</b>
Investments in securities	1 727 047	1 750 287
Cash and bank balances	58 764	42 989
<b>Total current assets</b>	<b>1 792 432</b>	<b>1 803 456</b>
<b>Total assets</b>	<b>2 787 280</b>	<b>2 880 971</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<i>Restricted equity</i>		
Share capital	2 725 100	2 725 100
<i>Non-restricted equity</i>		
Retained earnings	37 596	219 917
Net profit/loss for the period	-25 508	-82 321
Total non-restricted equity	12 088	137 596
<b>Total equity</b>	<b>2 737 188</b>	<b>2 862 696</b>
<b>Non-current liabilities</b>		
Other non-current liabilities	798	106
<b>Total non-current liabilities</b>	<b>798</b>	<b>106</b>
<b>Current liabilities</b>		
Accounts payable	2 930	3 992
Current tax liabilities	5 252	6 100
Other current liabilities	37 423	4 108
Accrued expenses	3 690	3 969
<b>Total current liabilities</b>	<b>49 295</b>	<b>18 169</b>
<b>Total liabilities</b>	<b>50 093</b>	<b>18 275</b>
<b>Total equity and liabilities</b>	<b>2 787 281</b>	<b>2 880 971</b>
Pledged assets for portfolio company bank loans	35 000	35 000
Contingent liabilities	33 427	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.

**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	2015-12-31			2014-12-31		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Investment company, SEK 000s</b>						
Financial assets measured at fair value						
Shares in portfolio companies						
Later-stage venture	396 568		331 021	53 400		499 498
Growth	0		337 894			546 566
<i>Total shares in portfolio companies</i>	396 568		668 915	53 400		1 046 064
Convertible assets, portfolio companies			165 963			172 024
Claims in portfolio companies			68 280			89 386
Investments in securities	1 727 818			1 807 482		
<b>Total financial assets measured at fair value</b>	<b>2 124 386</b>	<b>0</b>	<b>903 158</b>	<b>1 860 882</b>	<b>0</b>	<b>1 307 474</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			
Opening balance, January 1 2015	499 498	546 566	1 046 064	172 024	89 386	1 307 474
Acquisition of shares in portfolio companies	162 375	41 300	203 675	0	-45 196	158 479
Divestment of shares in portfolio companies	0	-199 200	-199 200			-199 200
Gains and losses recognized through profit o	-277 952	-50 772	-328 724	-8 011		-336 735
Transfer from Level 3	-52 900		-52 900			-52 900
Reclassification			0			0
New lending			0	1 950	54 090	56 040
Payment of claim			0		-30 000	-30 000
<b>Closing balance, December 31 2015</b>	<b>331 021</b>	<b>337 894</b>	<b>668 915</b>	<b>165 963</b>	<b>68 280</b>	<b>903 158</b>

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			
Opening balance, January 1 2014	471 989	514 234	986 223	58 600	37 686	1 082 509
Acquisition of shares in portfolio companies	118 907	168 085	287 160	-	-13 500	273 660
Divestment of shares in portfolio companies	-1 071	-2 767	-3 838			-3 838
Gains and losses recognized through profit o	-52 915	-25 169	-78 084	-34 053		-112 137
Transfer from Level 3	-53 400		-53 400	0		-53 400
Reclassification	15 988	-107 817	-91 829	91 997		0
New lending			0	55 480	71 700	127 180
Payment of claim			0		-6 500	-6 500
<b>Closing balance, December 31 2014</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>

#### *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 sub-sequent 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 valuation:*

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 market conditions in the automotive and manufacturing industries. Sales growth for the forecast periods is higher 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 market conditions in the automotive and manufacturing industries. 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 of a discounted cash flow valuation*

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.

<b>Phase / valuation method portfoliocompanies</b>	<b>% of vote</b>	<b>Valuation method</b>
<b><u>Later stage venture</u></b>		
PowerCell Sweden AB	21%	PRI
Norstel AB	100%	PRIE
Alelion Batteries AB	82%	PRIE/DCF/Multiple
Elforest AB	74%	PRI
Max Truck AB	35%	PRIE
Applied Nano Surfaces Sweden AB	40%	PRIE/DCF
Pelagicore AB	73%	PRIE/DCF/Multiple
Inxide AB (f d EELCEE AB)	98%	PRIE/DCF
SciBase AB	16%	PRI
Lamera AB	27%	PRI
OssDsign AB	16%	PRI
<b>Estimated fair value SEK 741.2 m</b>		
<b><u>Growth</u></b>		
Vicura AB	44%	PRI/PRIE
Jobro Plåtkomponenter AB	45%	Multiple
ArcCore AB	45%	PRIE/DCF/Multiple
CeDe Group AB	49%	PRIE/DCF
Smart Eye AB	17%	PRIE/Multiple
Titan X Holding AB	40%	PRIE/Multiple
RotoTest International AB	50%	PRIE/DCF
ÅAC Microtec AB	61%	PRI/PRIE
Pelly AB	37%	PRI/PRIE
Osstell AB	36%	PRIE/Multiple
APR Automation Ab	49%	PRIE/Multiple
SMP Parts AB	27%	PRI/PRIE
TechRoi Fuel Systems AB	31%	PRI
<b>Estimated fair value SEK 558.6 m</b>		
<b>Total estimated fair value SEK 1,299.8 m</b>		

**Parent company**

The parent company's financial instruments are measured according to the cost method. Accordingly, 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		2015-12-31		2014-12-31		
		Level	Carrying amount	Fair value	Level	Carrying amount
<i>Shares in portfolio companies</i>						
Parent company, MSEK						
Later-stage venture	1	135,2	396,6	1	54,3	53,4
Later-stage venture	3	317,1	331,0	3	432,4	499,5
Growth	3	325,5	337,9	3	351,6	546,6
<i>Total shares in portfolio companies</i>		<i>777,8</i>	<i>1 065,5</i>		<i>838,3</i>	<i>1 099,5</i>
Convertible assets in portfolio comp:	3	147,9	166,0	3	148,5	172,0
Claims in portfolio companies	3	68,3	68,2	3	89,4	89,4
Investments in securities	1	1 727,0	1 727,8	1	1 750,3	1 807,5
<b>Total</b>		<b>2 721,0</b>	<b>3 027,5</b>		<b>2 826,5</b>	<b>3 168,4</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**

##### *Pledged assets*

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

##### *Contingent liabilities*

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 8.7 million.

Fouriertransform has issued a capital guarantee of SEK 12.0 million for a portfolio company.

Fouriertransform has undertaken to invest an additional SEK 10.0 million in a portfolio company, providing that company achieves certain predefined development stages.

Fouriertransform has issued a loss coverage guarantee for a portfolio company for the financial year 2015, which it considers to be covered by Fouriertransform's existing shareholder loan of SEK 6.7 million.

**Declaration**

The Board of Directors and the Chief Executive Officer hereby provide an assurance that the Year-end Report for the full year 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, February 16 2016

Sigrun Hjelmquist  
Chairman

Jan Bengtsson  
Director

Ulf Berg  
Director

Hasse Johansson  
Director

Richard Reinius  
Director

Charlotte Rydin  
Director

Per Nordberg  
CEO

**Auditor's review report**

We have conducted a review of the Year-end Report for Fouriertransform AB for 2015. The Board of Directors and CEO are responsible for the preparation and presentation of this Year-end Report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on the Year-end Report based on our review.

We have conducted our review in accordance with the Swedish Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information 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 has a different focus and is significantly limited in scope compared to the focus and scope of an audit conducted in accordance with the International Standards on Accounting (ISA) and generally accepted auditing standards in Sweden. The procedures performed in a review do not allow us to obtain a level of assurance that would make us aware of all significant matters that might have been identified in an audit. Therefore, the conclusion expressed based on a review does not provide the same level of assurance as a conclusion expressed on the basis of an audit.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the Year-end Report has not been prepared, in all material respects, for the investment company in accordance with IAS 34 and the Swedish Annual Accounts Act and for the parent company in accordance with the Annual Accounts Act.

Stockholm, Sweden, February 16 2016

Deloitte AB

Birgitta Lööf  
Authorized Public Accountant

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