

# Interim Report

## July – September | 2016

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### High interest in portfolio companies Tata AutoComp of India acquires TitanX

#### Significant events during the third quarter

- Fouriertransform invested SEK 24.0 million in a new company in the environmental/recycling segment, Re:newcell AB of Kristinehamn, and SEK 27.8 million in five existing portfolio companies, totaling SEK 51.8 million
- In August, India's Tata AutoComp and Fouriertransform signed an agreement for Tata to acquire all the shares of Fouriertransform portfolio company TitanX Engine Cooling of Gothenburg. This sale generated a good return for Fouriertransform
- In September, Luxoft of the US, listed on the New York Stock Exchange, acquired all the shares of Fouriertransform portfolio company Pelagicore of Gothenburg. This sale generated a good return for Fouriertransform
- Since inception in 2009, Fouriertransform has invested a total of SEK 1,718 million in 29 companies in Sweden's automotive and manufacturing industries
- The market value of the 23 existing portfolio companies including realized value from sales and repaid capital from portfolio companies, equates to a value increase of approximately 2% on total invested capital since Fouriertransform's inception
- Profit/loss for the quarter after tax amounted to SEK 240 million (-33.4), including the revaluation of portfolio companies of SEK 231.5 million (-64.0), of which listed companies were SEK 252.4 million
- Cash flow for January – September amounted to SEK 32.6 million (4.7), of which investments in portfolio companies amounted to SEK -131.5 million (-150.7)
- Cash and cash equivalents and investments in securities amounted to SEK 1,775 million (1,850) at the end of the quarter



#### CEO's comments –

#### **A strong quarter for Fouriertransform, with new investment in environmental technology/recycling**

China's unprecedented growth, which sustained for many years, has now petered out, creating uncertainty regarding the country's future economic progress. Previously high investments in the country's infrastructure have been downscaled, mainly as a consequence of difficulties of raising capital. This downturn has hurt Swedish manufacturers like Sandvik, Atlas Copco, SKF and SSAB. Many manufacturers have low capacity utilization, are raising less borrowings and restraining investment. There is a weight-and-see sentiment for the present.

Europe is still featuring political and government finance problems, even if southern European countries have started to recover. How Brexit will affect Sweden's trade with the UK, our fourth-largest export market, remains to be seen, but the outcome of its referendum further exacerbates the political concerns within the EU and Europe.

Many Swedish automotive companies have made significant investments in the UK in recent years, and in all likelihood, Brexit will affect their business in the long term. Undoubtedly, the sector expected to take the biggest hit is the financial industry, with London, the world's financial center, at risk of being challenged by competitors like Frankfurt, Paris or Singapore.

Germany, Sweden's largest trade partner and Europe's powerhouse, is in a robust position with fairly healthy growth this year, even if it is expected to slow in the latter half of the year. Germany's strength lies in the country's manufacturing structure, which apart from a number of lodestars, not least in the automotive industry, extends to its collaborating small and medium-sized enterprises.

In the US, all eyes are on the approaching presidential election at present, which involves substantial political risks, not least in the form of greater trade protectionism. Monetary policy stimulus in recent years has supported the US economy, and successfully reduced unemployment to what are unusually low levels for the country.

Swedish businesses have a fairly positive view of future economic progress. The purchasing price index for September was 54.9%, up by over four percentage points on August. Meanwhile, Sweden's substantial export dependency is always the cause of some concern when key Swedish manufacturing markets such as China aren't really on top form.

For Fouriertransform's part, we are noting continued high interest in our business, despite the fact that we will become part of a new group structure for government venture capital from year-end. In the past quarter, we received more than 15 proposals for co-financing companies in segments like energy and technical services.

The progress of our portfolio companies evidences very positive sentiment. In the third quarter, Fouriertransform executed several important deals. The sale of TitanX to India's Tata AutoCom Systems Ltd. part of Tata Group, is an excellent example of how Fouriertransform served to complement the market, helping support a promising enterprise in the Swedish automotive sector. The sale of start-up Pelagicore involved Fouriertransform succeeding in securing the competence and survival of a company that Volvo had previously not shown any interest in. Pelagicore, active in infotainment in the automotive industry, is now part of US global operator Luxoft. The final major deal in the quarter was an investment in the environmental segment in Re:newcell, which intends to build the world's first production line for textile pulp from recycled textiles, in Kristinehamn, west of Stockholm.



Per Nordberg

The amounts in the tables below are for the investment company, implying that financial investments, investments in portfolio companies and investments in securities are measured at estimated fair value.

Fouriertransform highlights, SEK m	Q3	Q3	%	Q 1-3	Q 1-3	%
	2016	2015		2016	2015	
Net profit/loss for the period	240,7	-33,4	-	-34,7	-173,1	-
Investments in portfolio companies	53,0	34,7	53%	130,1	150,2	-13%
Cash flow for the period	-	-	-	32,6	4,7	-
Cash and cash equivalents and investments in securities	1 774,9	1 850,0	-4%	1 774,9	1 850,0	-4%
Equity <sup>1</sup>	3 008,8	2 918,9	3%	3 008,8	2 918,9	3%
Equity/assets ratio	97%	99%		97%	99%	

1) in May 2015 100 SEK m was paid as dividend to the owner

Value increase/decrease, total invested capital since inception, SEK m	2016-09-30	2015-09-30	2015-12-31	2014-12-31
Total number of investments in portfolio companies	29	26	28	25
Number of portfolio companies in current portfolio	23	22	24	22
<b>Total invested capital, all portfolio companies</b>	<b>1 718</b>	<b>1 517</b>	<b>1 587</b>	<b>1 366</b>
Realized value from exits	358	283	274	4
Repaid capital from portfolio companies	69	63	65	31
Estimated fair value, current portfolio	1 327	1 076	1 300	1 361
<b>Subtotal</b>	<b>1 754</b>	<b>1 422</b>	<b>1 639</b>	<b>1 396</b>
<b>Value increase/decrease, total invested capital</b>	<b>2%</b>	<b>-6%</b>	<b>3%</b>	<b>2%</b>

## Business environment and market—cyclical upturn but lower exports

The Swedish economy is in a cyclical upturn, but there is substantial uncertainty as to how sustainable this will be. Sweden is continuing to grow at a slower rate this year than the very brisk progress in 2015, which means that growth looks like progressing in line with the EU average.

Housing investments are the primary driver of economic growth, even if the previously high growth of household consumption has tapered off. Swedish exports continued to decrease in the second quarter, and the downward trend persisted through July and August, according to the most recent monthly statistics from SCB (Statistics Sweden).

The main decrease is in goods exports. Demand for Swedish goods appears to have deteriorated on most markets. Export values in Europe, Asia and America were lower in the first seven months of this year than the corresponding period last year, with the UK reporting the greatest percentage slowdown of Sweden's trade partners. However, goods imports and the trade balance deficit were at record levels in August.

However, the Business Tendency Survey for September was one positive sign, with several indicators turning up. A clear negative trend was broken, and the survey indicator is now at the highest level since April. SCB cites improved manufacturing sentiment as one of the reasons for the increase.

Global growth is continuing to head faintly upwards. But growth in the Eurozone was not as strong. The EU Commission's business survey for September indicated a recovery in the Eurozone after previous poor progress. Manufacturing sentiment made particular gains.

### ***Motor vehicle production down***

In the most recent three-month period May-July 2016, Swedish industrial production was down 3.2% on the previous three-month period, and quarter 3 is expected to be poor. Most of the main groups in manufacturing are reporting downturns.

The motor vehicle industry is down most, by 10.9% after several quarters of very high growth. SCB cites order intake slowing somewhat, simultaneous with wide fluctuations between months in the past year, as one underlying cause of lower production volumes.

### ***Vehicles set new records in Sweden***

New car registrations are continuing to increase—by 9% in September—the 33<sup>rd</sup> consecutive month of rising registrations. This September was the best September for over 40 years according to sector commentator BIL Sweden, which estimates that the Swedish car market will set new records this year. The reason for the great interest in new cars is high economic growth, a stable labor market, extremely low interest rates and growing interest in personal leasing.

Trucks also enjoy a bright outlook, with light trucks advancing 15% and their heavy counterparts 31%. One key reason for the big gains for new truck registrations is a growing transport need resulting from the construction of more housing and upscaled infrastructure investments.

Automotive markets across Europe are reporting positive progress. New car registrations in the EU were up by 10% in August compared to July, which saw the first decrease after a 34-month unbroken sequence, according to ACEA statistics. All the major markets make strong progress, with peaks reported in Spain and Italy, although Germany and France also reported good numbers.

After the first eight months of the year, European new car registration growth is 10%. The upturn for trucks is even more notable, at as much as 32% in August, which means that new registrations in the EU have increased for 20 consecutive months. The highest growth was achieved in Italy, at as much as 106%, followed by Germany (43) and Spain (19). After the first eight months of the year, the EU market for newly registered trucks had expanded by 14%.

## Quarter 3, 2016

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

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

In the third quarter, Fouriertransform

- received 13 investment applications
- rejected 6

As of September 30, the application portfolio contained

- some 25 applications
- of which 3 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 segments.

### *New investments*

Fouriertransform invested **SEK 24.0 million** in one new company in the quarter:

## re:newcell

In September, Fouriertransform invested **SEK 24.0 million** in Re:newcell AB of Kristinehamn.

Re:newcell has produced a patented process for recycling cellulose-based textiles like cotton and viscose. Re:newcell's recycling process would slash the environmental impact generated by the textile industry. The process will also reduce transportation, waste and increase access to water and cultivable land for food production.

### *Follow-on investments*

During the third quarter, Fouriertransform made follow-on investments totaling **SEK 27.8 million** in the following portfolio companies:

- SEK 15.0 million was invested in Norstel in Norrköping
- SEK 2.0 million was invested in Applied Nano Surfaces in Uppsala
- SEK 5.0 million was invested in AAC Microtec in Uppsala
- SEK 0.8 million was invested in CedeGroup in Malmö
- SEK 5.0 million was invested in TechRoi Fuelsystems in Bengtsfors

### *Divestments*

Fouriertransform agreed to sell all its shares of TitanX Engine Cooling of Gothenburg to Tata AutoComp of India. Fouriertransform's initial investment in this company was in March 2013, and it has invested a total of SEK 200.3 million. The sale generated a good return for Fouriertransform. Because, as of 30 September, Fouriertransform still holds shares in TitanX, TitanX is still part of its portfolio.

Fouriertransform sold all its shares of Pelagicore of Gothenburg to Luxoft of the US, which is listed on the New York Stock Exchange. Fouriertransform's initial investment in the company was in September 2011, and it has invested a total of 65.9 million. The sale generated a good return for Fouriertransform.

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

Fouriertransform continued its ongoing and extensive efforts to create value in its 23 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 ensure continued progress.

## Activities in the 23 portfolio companies in the third quarter

- **Powercell Sweden** of Gothenburg secured an order for Powercell's S2 fuel cell stack for use as a hydrogen-based range extender in electrified passenger vehicles from a Chinese company.
- **Norstel** of Norrköping continued its qualification process with leading power electronics customers, and is continuing its development process of producing six-inch power wafers.
- **Alelion Batteries** of Mölndal secured its first order outside Europe and is continuing to hire. It exhibited at the IMHX expo in Birmingham in September jointly with truck producer Crown.
- **Maxtruck** of Östersund successfully participated at the IMHX expo in Birmingham and signed a reseller agreement with TECNICA LIFT SA of Buenos Aires for the Argentinian market.
- **Applied Nano Surfaces** of Uppsala commenced a joint project with Linamar of Canada with a leading automotive OEM to process crankshafts for engine testing with McLaren.
- **Vicura** of Trollhättan had high order intake and continue to expand, hiring new staff at Trollhättan and Gothenburg.
- **Jobro Plåtkomponenter** of Ulricehamn had good order intake for prototypes and short production batches.
- **Inxide** of Trollhättan started new development projects in the automotive and manufacturing industries.
- **ArcCore** of Gothenburg experienced continued high demand for the company's products and services, driven by the trends towards greater electrification and self-driving in the vehicle segment.
- **CeDeGroup** of Malmö continued to experience a hesitant market in the mining and steel industries.
- **Smart Eye** of Gothenburg continued to enjoy strong demand for the company's products, driven by the trends towards greater focus on active safety and self-driving cars in the vehicle segment.
- **TitanX** of Gothenburg and its owners signed a contract in August involving Tata AutoComp taking over all the shares of TitanX Engine Cooling. The company exhibited at IAA in Hannover in September, and one of its employees was elected as Vice Chair of the SAE (Society of Automotive Engineers Cooling Systems Standards Committee).
- **Rototest International** of Rönninge successfully sold new test equipment to a Japanese technology consultant, and expanded its sales and support organization.
- **SciBase** of Stockholm continued to increase sales in Germany, and launched a new product with an integrated dermatoscope in October, and the facility for clinics to document images jointly with measurement results.
- **ÅAC Microtec** of Uppsala signed a key licensing deal for its avionics with York, a US-based New Space-focused vendor with a growing customer base.

- **Pelly** of Hillerstorp put a sharp focus on ramping up deliveries from a new major production line in its plant in Kaunas, Lithuania.
- **Ostell** of Gothenburg announced a partnership with W&H of Austria, involving Ostell's technology being integrated into a W&H product.
- **APR Automation** of Arvika did one of the company's largest deals with a new business customer in the quarter, and is experiencing generally increased market activity.
- **SMP Parts** of Ilsbo exhibited at the International Trade Fair for Transport Technology 2016 in Berlin in September.
- **Lamera AB** of Gothenburg opened its new production facility in Gothenburg.
- **OssDsign** of Uppsala received positive advance notification from the FDA of the US for its cranial product.
- **TechRoi FuelSystems** of Bengtsfors secured a major order from OEM.
- **Re:newcell** of Kristinehamn implemented a new share issue of SEK 48 million and is starting the assembly of a demo facility at Kristinehamn.

## Financial progress in Q3

### Investment company

#### **Results of operations**

The profit/loss for the quarter after tax was SEK 240.7 million (-33.4).

The profit/loss from investing activities was SEK 236.7 million (-9.5). Revaluation of portfolio companies at estimated fair value as of September 30 was conducted in accordance with IFRS, implying value increasing by 21.1% (-5.6), corresponding to SEK 231.5 million (-64.1), of which SEK 252.4 million is attributable to changes in the share price of Fouriertransform's three listed portfolio companies. Other revaluation relates to the companies' operational and financial progress.

Operating expenses totaling SEK 12.8 million (12.3) are mainly attributable to employee benefit expenses, as well as project and consulting expenses.

Profit/loss from financial items amounted to SEK 18.0 million (-10.3), including an effect of SEK 15.0 million (-11.3) for the revaluation of investments in securities in the quarter, in addition, mainly affected by a capital gain from the divestments of mutual and fixed income funds of SEK 1.1 million and dividends from fixed income and mutual funds of SEK 0.9 million.

Since its inception in autumn 2009, Fouriertransform has invested a total of SEK 1,718 million, which compared to the estimated fair value of the existing portfolio of SEK 1,327 million, accumulated capital gains/losses on divestments and accumulated repaid capital from portfolio companies, corresponds to a value increase on invested capital of some 2%.

#### **Balance Sheet**

In the third quarter, Fouriertransform invested SEK 24.0 million in one new portfolio company, and SEK 27.8 million in existing portfolio companies, totaling SEK 51.8 million.

The portfolio companies were measured at fair value as of September 30 totaling SEK 1,327 million (1,076).

Fouriertransform has undertaken to invest another SEK 22.5 million in existing portfolio companies, conditional on these companies achieving certain predefined development stages.

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

The company's cash and cash equivalents and estimated fair value of short-term investments in fixed income and mutual funds amounted to SEK 1,775 million (1,850) at the end of the quarter.

***Equity***

As of September 30, equity was SEK 3,008.8 million (2,918.9), of which profit/loss in the quarter was SEK 240.7 million (-33.4).

***Parent company Fouriertransform AB***

The parent company's profit/loss after tax was SEK 12.6 million. Capital gains from divested portfolio companies amount to SEK 13.4 million; impairment of shares in portfolio companies were SEK -2.2 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 24.0 million in one new portfolio company, and SEK 27.8 million in existing portfolio companies, totaling SEK 51.8 million. Fouriertransform has undertaken to invest another SEK 22.5 million in existing portfolio companies, conditional on these companies achieving certain predefined development stages.

The parent company's cash and cash equivalents and the value of investments in securities amounted to SEK 1,771 million as of September 30.

**Fouriertransform's investments and divestments to September 30*****All investments since inception in 2009***

- Since inception in autumn 2009, Fouriertransform has invested a total of **SEK 1,718 million** in a total of **29** companies as a new partner
- at present, the portfolio comprises **23 portfolio companies**

As of September 30, 2016, Fouriertransform has invested in a total of 29 companies as 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, TechRoi FuelSystems AB and Re:newcell AB.

***All divestments since inception in 2009***

The investments in NovaCast Technologies and Effpower were written down to zero, and the entire holdings in FlexProp, LeanNova Engineering, El-Forest AB and Pelagicore AB were divested.

***Total invested capital since inception in 2009***

Since inception in autumn 2009, Fouriertransform has invested a total of **SEK 1,718 million** in portfolio companies in Sweden's automotive industry and other areas of manufacturing and associated service sectors.

***Fouriertransform's portfolio as of September 30, 2016***

As of September 30, 2016, Fouriertransform's portfolio consists of **23 portfolio companies**. These companies have total sales of approximately SEK 2.9 billion, employ a total of around 1,600 people, and are geographically diversified nationwide in Sweden, with the 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 September 30, 2016**

	Location	Initial investment	% of votes <sup>1)</sup>
<b>Later stage venture</b>			
PowerCell Sweden AB	Gothenburg	Oct. 2009	21%
Norstel AB	Norrköping	Feb. 2010	100%
Alelion Batteries AB	Möndal	Jun. 2010	48%
Max Truck AB	Östersund	Jul. 2010	35%
Applied Nano Surfaces Sweden AB	Uppsala	Dec. 2010	40%
Pelagicore AB	Göteborg	Sep. 2011	98%
Inxide AB	Trollhättan	Dec. 2011	15%
SciBase AB	Stockholm	Dec. 2013	27%
Lamera AB	Gothenburg	Jun. 2015	16%
OssDsign AB	Uppsala	Nov. 2015	26%
<b>Estimated fair value SEK 530.9 m</b>			
<b>Growth</b>			
Vicura AB	Trollhättan	Jan. 2011	44%
Jobro Plåtkomponenter AB	Ulricehamn	May. 2011	71%
ArcCore AB	Gothenburg	Apr. 2012	45%
CeDe Group AB	Malmö	May. 2012	47%
Smart Eye AB	Gothenburg	Feb. 2013	17%
TitanX	Stockholm	Mar. 2013	40%
RotoTest International AB	Rönninge	Jul. 2013	50%
ÅAC Microtec AB	Uppsala	Mar. 2014	60%
Pelly AB	Hillerstorp	Mar. 2014	37%
Ostell AB	Göteborg	Mar. 2014	30%
APR Automation AB	Arvika	Maj. 2014	90%
SMP Parts AB	Ilso	Jun. 2014	27%
TechRoi Fuel Systems AB	Bengtstors	Nov. 2015	31%
<b>Estimated fair value SEK 598.5 m</b>			
<b>Total estimated fair value SEK 1 327.4 m</b>			

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

## Fouriertransform's 23 portfolio companies as of September 30, 2016



### PowerCell Sweden AB—a fuel cell that makes electricity from hydrogen (listed on Nasdaq First North)

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.  <i>www.powercell.se</i>
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.  <i>www.norstel.com</i>
Location	Norrköping	
Initial investment	Feb. 2010	
% of votes	100%	



### Alelion Batteries AB—energy storage systems for the automotive industry (listed on Nasdaq First North)

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.  <i>www.alelion.com</i>
Location	Mölndal	
Initial investment	Jun. 2010	
% of votes	48%	

**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.  <a href="http://www.maxtruck.se">www.maxtruck.se</a>
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.  <a href="http://www.appliednanosurfaces.com">www.appliednanosurfaces.com</a>
Location	Uppsala	
Initial investment	Dec. 2010	
% of votes	40%	



Vicura AB—SAAB's transmission developers		
Phase	Growth	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.  <a href="http://www.vicura.se">www.vicura.se</a>
Location	Trollhättan	
Initial investment	Jan. 2011	
% of votes	44%	



Jobro Plåtkomponenter AB—full-service supplier of complex sheet metal parts		
Phase	Growth	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. <a href="http://www.jobro.se">www.jobro.se</a>
Location	Ulricehamn	
Initial investment	May 2011	
% of votes	71%	



Inxide AB (formerly 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%	



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	45%	



**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	47%	



**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	Mar 2013	
% of votes	40%	



**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 hubmounted 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	Jul. 2013	
% of votes	50%	



SciBase AB—unique method for the detection of malignant melanomas (listed on Nasdaq First North)		
Phase	Later-stage venture	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>
Location	Stockholm	
Initial investment	Dec. 2013	
% of votes	15%	



ÅAC Microtec AB—develops and manufactures multi-functional 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	Mar. 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	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	30%	



**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	90%	



**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	Ilsbo	
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), which weighs around 50% less than conventional sheet metal but is just as strong. <a href="http://www.lamera.se">www.lamera.se</a>
Location	Jun. 2015	
Initial investment	27%	
% of votes		



**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**  
FUEL SYSTEMS

**TechROi FuelSystems AB—light-weight 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%	

**re:newcell**

**Re:newcell AB—a process for recycling textiles**

Phase	Later stage venture	Re:newcell has produced a patented process for recycling cellulose-based textiles such as cotton and viscose. Re:newcell's process would enable the environmental impact of the textile industry to be slashed. The process would also reduce transportation, waste and increase access to water and cultivable land for food production. <a href="http://www.renewcell.se">www.renewcell.se</a>
Location	Kristinehamn	
Initial investment	Sep. 2016	
% of votes	26%	

**Definitions of key ratios****Total invested (capital) in portfolio companies**

Fouriertransform's invested capital in all financial instruments; shares, options, convertible loans, shareholders' loans, shareholders' contributions, and where applicable, any other instruments.

**Estimated fair value of current portfolio**

In accordance with the definition in IFRS 13 *Fair Value Measurement*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in prevailing market conditions at the measurement date. The measurement date means the reporting date.

**Realized value from divestments**

Sales revenue from divestments of shares in portfolio companies, and where applicable, options in portfolio companies.

**Repaid capital from portfolio companies**

Repaid capital from portfolio companies; such as dividends, shareholders' contributions, shareholders' loans, convertible loans, interest on shareholders' loans and convertible loans, and where applicable, any other repayments.

**Value increase/decrease, total invested capital**

Accumulated realized value from divestments since inception + accumulated repaid capital from portfolio companies since inception + estimated fair value of existing portfolio on the reporting date

divided by

Total invested capital in portfolio companies since inception

**Invested in portfolio companies**

Fouriertransform's invested capital in all financial instruments; shares, options, convertible loans, shareholders' loans, conditional and unconditional shareholders' contributions, and where applicable, any other instruments.

**Equity/assets ratio**

Equity divided by total assets on the reporting date.

**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. Disclosures pursuant to IAS 34 *Interim Financial Reporting* are provided in the notes and elsewhere in the Interim Report.

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. The European Securities and Markets Authority (ESMA) guidelines on alternative performance measures (APM) are being applied effective July 3, 2016, and imply disclosure requirements regarding financial measures that are not defined pursuant to IFRS.

#### ***Risks and uncertainties***

Significant risks and uncertainties pertaining to the company are described in the Directors' Report in the 2015 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. A dividend of SEK 100 million was paid to the owner in May 2015. 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 for the financial year 2016**

Year-end Report, Q4 2016

February 15, 2017

## Condensed Statement of Comprehensive Income, investment company

Investment company, SEK 000s	Q3 2016	Q3 2015	%	Q 1-3 2016	Q 1-3 2015	%
<b>Portfolio companies</b>						
Realized profit/loss, portfolio companies	4 842	54 244	-91%	4 277	69 644	-94%
Unrealized profit/loss, portfolio companies	231 500	363	14%	-26 336	925	-16%
Interest income on receivables, portfolio companies	413	-64 083	-	773	-204 823	87%
<b>Profit/loss from portfolio companies</b>	<b>236 755</b>	<b>-9 476</b>	<b>-</b>	<b>-21 286</b>	<b>-134 254</b>	<b>84%</b>
<b>Operating expenses</b>						
Other external expenses	-4 206	-3 803	11%	-10 728	-15 121	-29%
Employee benefit expenses	-8 534	-8 298	3%	-28 438	-28 385	-
Depreciation of property, plant and equipment	-82	-168	-51%	-306	-604	-49%
Total operating expenses	-12 822	-12 269	5%	-39 472	-44 110	-11%
<b>Operating profit/loss</b>	<b>223 933</b>	<b>-21 744</b>	<b>-</b>	<b>-60 758</b>	<b>-178 364</b>	<b>-</b>
<b>Profit/loss from financial items</b>						
Financial income	18 123	2 526	-	27 322	40 877	-33%
Financial expense	-77	-12 821	-99%	-182	-35 727	-99%
Total profit/loss from financial items	18 047	-10 295	-	27 140	5 150	-
<b>Profit/loss after financial items</b>	<b>241 980</b>	<b>-32 039</b>	<b>-</b>	<b>-33 618</b>	<b>-173 214</b>	<b>81%</b>
Tax on profit/loss for the period	-1 292	-1 329	-3%	-1 051	137	-
<b>Net profit/loss for the period</b>	<b>240 688</b>	<b>-33 368</b>	<b>-</b>	<b>-34 669</b>	<b>-173 077</b>	<b>80%</b>
Other comprehensive income	-	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>240 688</b>	<b>-33 368</b>	<b>-</b>	<b>-34 669</b>	<b>-173 077</b>	<b>80%</b>
<b>Earnings per share, SEK</b>						
Before dilution	0,088	-0,012		-0,013	-0,064	
After dilution	0,088	-0,012		-0,013	-0,064	

## Condensed Cash Flow Statement, investment company

Investment company, SEK 000s	Q1-3 2016	Q1-3 2015
<b>Operating activities</b>		
Operating profit/loss	-60 758	-178 364
<i>Adjustments for items not affecting cash flow</i>		
Depreciation and amortization	306	576
Interest income, portfolio companies	-387	-472
Exchange differences from transactions portfolio companies	811	-
Realized profit/loss, portfolio companies	-4 277	-69 644
Unrealized profit/loss, portfolio companies	26 336	204 823
Interest received, bank balances	1	42
Interest paid	-182	-173
Income tax paid	-4 216	-11 229
<b>Cash flow from operating activities before changes in working capital</b>	<b>-42 366</b>	<b>-54 441</b>
<i>Changes in working capital</i>		
Increase/decrease in trade receivables	-276	-101
Increase/decrease in other current receivables	-3 724	4 059
Increase/decrease in accounts payable	-1 668	-2 026
Increase/decrease in other current liabilities	53 137	-3 731
<b>Cash flow from operating activities</b>	<b>5 103</b>	<b>-56 240</b>
<b>Investing activities</b>		
Investments in property, plant and equipment	-226	43
Investments in shares in portfolio companies	-54 844	-101 992
Divestment of shares in portfolio companies	84 167	270 111
Loans to portfolio companies	-76 679	-48 774
Repayment of loans from portfolio companies	4 000	30 000
Increase/decrease in other non-current receivables	-	140
Interest income, portfolio companies	-	1 086
Change in investments in securities	71 045	10 384
<b>Cash flow from investing activities</b>	<b>27 463</b>	<b>160 998</b>
<b>Financing activities</b>		
Dividend paid	-	-100 000
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-100 000</b>
<b>Cash flow for the period</b>	<b>32 566</b>	<b>4 759</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>58 764</b>	<b>42 989</b>
<b>Cash and cash equivalents at end of period</b>	<b>91 329</b>	<b>47 748</b>

## Condensed Balance Sheet, investment company

Investment company, SEK 000s	2016-09-30	2015-09-30	2015-12-31
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Equipment	708	590	788
<b>Financial non-current assets</b>			
<i>Investments in portfolio companies</i>			
Shares in portfolio companies	1 113 560	824 172	1 065 484
Receivables in portfolio companies	66 499	83 910	68 280
Convertible assets in portfolio companies	147 323	168 278	165 963
<i>Total investments in portfolio companies</i>	<i>1 327 382</i>	<i>1 076 359</i>	<i>1 299 727</i>
Other non-current receivables	-	-	-
<b>Total financial non-current assets</b>	<b>1 327 382</b>	<b>1 076 359</b>	<b>1 299 727</b>
<b>Total non-current assets</b>	<b>1 328 090</b>	<b>1 076 949</b>	<b>1 300 515</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Trade receivables	276	513	-
Other current receivables	3 250	3 932	5 946
Prepaid expenses and accrued income	1 531	1 263	675
<b>Total current receivables</b>	<b>5 057</b>	<b>5 708</b>	<b>6 621</b>
Investments in securities	1 683 618	1 802 267	1 727 818
Cash and cash equivalents	91 329	47 749	58 764
<b>Total current assets</b>	<b>1 780 004</b>	<b>1 855 723</b>	<b>1 793 203</b>
<b>Total assets</b>	<b>3 108 094</b>	<b>2 932 672</b>	<b>3 093 718</b>
<b>Equity and liabilities</b>			
Share capital	2 725 100	2 725 100	2 725 100
Retained earnings including net profit/loss for the period	283 686	193 838	318 357
<b>Total equity</b>	<b>3 008 786</b>	<b>2 918 938</b>	<b>3 043 457</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	8 496	106	798
Deferred tax liabilities	812	4 760	168
<b>Total non-current liabilities</b>	<b>9 308</b>	<b>4 866</b>	<b>966</b>
<b>Current liabilities</b>			
Accounts payable	1 261	1 967	2 930
Current tax liabilities	1 444	307	5 252
Other current liabilities	72 684	3 655	37 423
Accrued expenses	14 611	2 939	3 690
<b>Total current liabilities</b>	<b>90 000</b>	<b>8 868</b>	<b>49 295</b>
<b>Total liabilities</b>	<b>99 308</b>	<b>13 734</b>	<b>50 261</b>
<b>Total equity and liabilities</b>	<b>3 108 094</b>	<b>2 932 672</b>	<b>3 093 718</b>

**Condensed 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, 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>
<b>Opening equity, January 1, 2016</b>	<b>2 725 100</b>	<b>318 356</b>	<b>3 043 456</b>
Comprehensive income for the period	-	-34 669	-34 669
<b>Closing equity, September 30, 2016</b>	<b>2 725 100</b>	<b>283 686</b>	<b>3 008 786</b>

## Condensed Income Statement Parent Company, Fouriertransform AB

Parent company, SEK 000s	Q3 2016	Q3 2015	%	Q 1-3 2016	Q 1-3 2015	%
<b>Operating expenses</b>						
Other external expenses	-4 288	-3 853	11%	-11 170	-13 714	-19%
Employee benefit expenses	-8 534	-8 298	3%	-28 438	-28 385	-
Depreciation of property, plant and equipment	-82	-168	-51%	-306	-604	-49%
<b>Total operating expenses</b>	<b>-12 904</b>	<b>-12 319</b>	<b>5%</b>	<b>-39 914</b>	<b>-42 703</b>	<b>-7%</b>
<b>Operating profit/loss</b>	<b>-12 904</b>	<b>-12 319</b>	<b>5%</b>	<b>-39 914</b>	<b>-42 703</b>	<b>-7%</b>
<b>Profit/loss from financial items</b>						
<b>Portfolio companies</b>						
Realized profit/loss, portfolio companies	13 442	54 244	-75%	-20 034	258 844	-107%
Interest income, receivables, portfolio companies	413	363	14%	773	925	-16%
Reversal write-downs, portfolio companies	-	-	-	32 911	-	-
Write-downs, portfolio companies	-2 200	-56 925	-96%	-136 937	-184 325	-26%
<b>Profit/loss from portfolio companies</b>	<b>11 655</b>	<b>-2 318</b>	<b>-</b>	<b>-123 287</b>	<b>75 444</b>	<b>-</b>
Interest income and similar profit/loss items	14 432	-26 700	154%	24 401	40 877	-40%
Interest expense and similar profit/loss items	-77	-	-	-182	-173	5%
<b>Total profit/loss from financial items</b>	<b>14 355</b>	<b>-26 700</b>	<b>154%</b>	<b>24 219</b>	<b>40 704</b>	<b>-40%</b>
<b>Profit/loss after financial items</b>	<b>13 106</b>	<b>-41 337</b>	<b>132%</b>	<b>-138 982</b>	<b>73 445</b>	<b>-</b>
Tax on profit/loss for the period	-480	2 280	121%	-408	-7 685	95%
<b>Net profit/loss for the period <sup>1)</sup></b>	<b>12 626</b>	<b>-39 057</b>	<b>132%</b>	<b>-139 390</b>	<b>65 760</b>	<b>-</b>

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

**Condensed Balance Sheet Parent Company Fouriertransform AB**

Parent company, SEK 000s	2016-09-30	2015-09-30	2015-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Equipment	708	590	788
<b>Financial non-current assets</b>			
<i>Investments in portfolio companies</i>			
Shares in portfolio companies	710 972	772 868	777 850
Receivables in portfolio companies	66 499	83 910	68 280
Convertible assets in portfolio companies	141 711	145 980	147 930
<i>Total investments in portfolio companies</i>	<i>919 182</i>	<i>1 002 758</i>	<i>994 060</i>
Other non-current receivables	-	-	-
<b>Total financial non-current assets</b>	<b>919 182</b>	<b>1 002 758</b>	<b>994 060</b>
<b>Total non-current assets</b>	<b>919 890</b>	<b>1 003 348</b>	<b>994 848</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Trade receivables	276	513	-
Other current receivables	3 250	3 932	4 636
Prepaid expenses and accrued income	1 531	1 263	1 985
<b>Total current receivables</b>	<b>5 057</b>	<b>5 708</b>	<b>6 621</b>
Investments in securities	1 679 927	1 780 626	1 727 047
Cash and cash equivalents	91 329	47 748	58 764
<b>Total current assets</b>	<b>1 776 313</b>	<b>1 834 081</b>	<b>1 792 432</b>
<b>Total assets</b>	<b>2 696 203</b>	<b>2 837 429</b>	<b>2 787 280</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	2 725 100	2 725 100	2 725 100
<i>Non-restricted equity</i>			
Retained earnings	12 088	37 596	37 596
Net profit/loss for the period	-139 390	65 760	-25 508
Total non-restricted equity	-127 302	103 356	12 088
<b>Total equity</b>	<b>2 597 798</b>	<b>2 828 456</b>	<b>2 737 188</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	8 496	106	798
<b>Total non-current liabilities</b>	<b>8 496</b>	<b>106</b>	<b>798</b>
<b>Current liabilities</b>			
Accounts payable	1 261	1 966	2 930
Current tax liabilities	1 444	307	5 252
Other current liabilities	72 593	3 654	37 423
Accrued expenses	14 611	2 940	3 690
<b>Total current liabilities</b>	<b>89 909</b>	<b>8 867</b>	<b>49 295</b>
<b>Total liabilities</b>	<b>98 405</b>	<b>8 973</b>	<b>50 093</b>
<b>Total equity and liabilities</b>	<b>2 696 203</b>	<b>2 837 429</b>	<b>2 787 281</b>
Pledged assets for portfolio company bank loans	35 000	35 000	35 000
Contingent liabilities	40 327	47 177	33 427

### 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	2016-09-30			2015-12-31		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investment company, SEK 000s						
<b>Financial assets measured at fair value</b>						
<i>Shares in portfolio companies</i>						
Later-stage venture	592 700		117 108	396 568		331 021
Growth	0		403 753	0		337 894
<i>Total shares in portfolio companies</i>	592 700		520 861	396 568		668 915
Convertible assets, portfolio companies			147 323			165 963
Claims in portfolio companies			66 499			68 280
Investments in securities	1 683 618			1 727 818		
<b>Total financial assets measured at fair value</b>	<b>2 276 318</b>	<b>0</b>	<b>734 683</b>	<b>2 124 386</b>	<b>0</b>	<b>903 159</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 2016, 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, 2016</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>
Acquisition of shares in portfolio companies	43 000	42 301	85 301	-32 000	-4 500	48 801
Divestment of shares in portfolio companies	-69 412		-69 412			-69 412
Gains and losses recognized through profit or loss	-73 201	6 149	-67 052	4 173	-31 875	-94 754
Transfer from Level 3	-114 300		-114 300			-114 300
Reclassification		17 409	17 409	-5 409		12 000
New lending			0	14 596	38 594	53 190
Payment of claim			0		-4 000	-4 000
<b>Closing balance, September 30, 2016</b>	<b>117 108</b>	<b>403 753</b>	<b>520 861</b>	<b>147 323</b>	<b>66 499</b>	<b>734 683</b>

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
Reclassification			0			0
New lending			0		48 774	48 774
Payment of claim			0		-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>

#### *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*

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 (DCF) 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%, 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 DCF 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.

Phase / valuation method portfolio companies	% of vote	Valuation method
<b>Later stage venture</b>		
PowerCell Sweden AB	21%	PRI
Norstel AB	100%	PRIE
Alelion Batteries AB	48%	PRI
Max Truck AB	35%	PRIE / DCF
Applied Nano Surfaces Sweden AB	40%	PRIE/DCF
Pelagicore AB	98%	PRIE/DCF
Inxide AB	15%	PRI
SciBase AB	27%	PRIE
Lamera AB	16%	PRI
OssDsign AB	26%	PRI
<b>Estimated fair value SEK 530.9 m</b>		
<b>Growth</b>		
Vicura AB	44%	PRIE/PRI
Jobro Plåtkomponenter AB	71%	PRIE/PEER
ArcCore AB	45%	PEER/PRIE
CeDe Group AB	47%	PRIE/DCF
Smart Eye AB	17%	PRI
Titan X Holding AB	40%	PRIE/PEER
RotoTest International AB	50%	PRIE/DCF
ÅAC Microtec AB	60%	PRI/PRIE
Pelly AB	37%	PRIE/PEER
Osstell AB	30%	PRIE/PEER
APR Automation Ab	90%	PRIE/PEER
SMP Parts AB	27%	PRIE
TechRoi Fuel Systems AB	31%	PRI
<b>Estimated fair value SEK 598.5 m</b>		
<b>Total estimated fair value SEK 1 327.4 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		2016-09-30		2015-09-30		
		Carrying amount	Fair value	Carrying amount	Fair value	
<b>Parent company, SEK m</b>	<b>Level</b>					
<i>Shares in portfolio companies</i>						
Later-stage venture	1	245,9	592,7	1	126,6	137,0
Later-stage venture	3	111,2	117,1	3	309,1	342,0
Growth	3	354,0	403,7	3	337,1	345,2
<i>Total shares in portfolio companies</i>		<i>711,1</i>	<i>1113,5</i>		<i>772,8</i>	<i>824,2</i>
Convertible assets in portfolio comp:	3	141,7	147,3	3	146,0	168,3
Claims in portfolio companies	3	66,5	66,5	3	83,9	83,9
Investments in securities	1	1 679,9	1 683,6	1	1 780,6	1 802,3
<b>Total</b>		<b>2 599,1</b>	<b>3 010,9</b>		<b>2 783,3</b>	<b>2 878,7</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 7.9 million for a portfolio company loan from an external party.

Fouriertransform has undertaken to invest an additional SEK 22.5 million in two portfolio companies, providing that one of the companies achieves certain predefined development stages.

Fouriertransform has issued a parent company guarantee for a portfolio company's customer totaling SEK 8.7 million.

Fouriertransform has undertaken to provide ownership support of SEK 1.2 million to a portfolio company, which can be subject to demand by the portfolio company's bank.

#### **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, 2016 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 26, 2016

Sigrun Hjelmquist  
Chairman

Jan Bengtsson  
Director

Ulf Berg  
Director

Hasse Johansson  
Director

Richard Reinius  
Director

Charlotte Rydin  
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