

Interim Report

January – March | 2016

Interim Report January – March 2016

Positive progress in portfolio companies

Significant events during the first quarter

- Fouriertransform invested a total of SEK 21.9 million in five existing portfolio companies
- Since inception, Fouriertransform has invested a total of SEK 1,609 million in 28 companies in Sweden's automotive and manufacturing sectors
- The market value of the existing portfolio of 23 companies including realized value on sales and amortized capital from portfolio companies, equates to a value decrease of approximately 7 percent of total invested capital since Fouriertransform's inception
- Profit/loss after tax for the quarter amounted to SEK -178.9 million (-46.9), including the revaluation of portfolio companies of SEK -163.4 million (-71.7).
- Cash flow for January – March amounted to SEK -13.9 million (4.3), of which investments in existing portfolio companies amounted to SEK -21.9 million (-50.7)
- Cash and cash equivalents and investments in securities amounted to SEK 1,750 million (2,044) at the end of the quarter



CEO's comments –

Continuing strong interest in our investments

2016 began with continued uncertainty about global economic progress. The risk of a significant slowdown in China remains and falling commodities prices contributed to clouding the outlook for other growth economies too. The real economy in the US and the Eurozone looks set to improve, although at a sluggish pace in Europe. The slow growth raises questions about how central banks will control monetary policy looking ahead.

For Sweden's part, the outlook remains fairly bright, with an economic boom in sight. However, the outlook for the Swedish manufacturing industry is rather mixed, both in terms of order intake and exports. Many of Fouriertransform's portfolio companies are associated with the automotive industry, and it's pleasing that this sector continues to make very positive progress.

For many of the small and medium-sized companies Fouriertransform works with, it's not enough to simply wait for economic recovery to unfold. They need competent and long-term equity to support innovation and expansion onto new markets, and to provide valuable contacts in manufacturing, in other networks and amongst co-investors.

This is how Fouriertransform operates. Our aim is to contribute to the value growth of our portfolio companies and to the renewal of Sweden's manufacturing industry through a business-oriented approach. The very positive progress made by our portfolio companies confirms the favorable outlook for improving Sweden's standing as a manufacturing nation, with the help of long-term, active state and private equity capital. This is also clear from the sustained significant interest in our investments.

In mid-March, the government submitted a bill to the Swedish parliament. The bill proposes a new structure for state-owned venture capital initiatives aimed at improving financing

opportunities for companies at the development stage. I look forward to the proposed new structure. While awaiting the parliamentary decision, we're continuing to pursue our existing assignments, through investments and financing of companies in the manufacturing industry and associated service providers who carry out research, development and production, and who have the potential to become competitive global operators.



Per Nordberg

The amounts in the table below relate to the investment company, implying that financial investments, investments in portfolio companies and investments in securities are valued at estimated fair value.

Fouriertransform highlights, SEK m	Q1	Q1	%
	2016	2015	
Net profit/loss for the period	-178,9	-46,9	-
Investments in portfolio companies	21,9	50,7	-57%
Cash flow for the period	-13,9	4,3	-
Cash and cash equivalents and investments in securities	1 749,9	2 044,4	-14%
Equity	2 864,6	3 145,1	-9%
Equity/assets ratio	98%	99%	-1%

Business environment and the market—uncertainty about China remains

Economic upturn in Sweden

The Swedish economy looks set to be heading for an economic upturn in 2016, even if the growth rate is expected to be slightly more subdued in the first half-year compared to earlier forecasts, according to KI, the National Institute of Economic Research's report from March this year. However, the latest forecast for GDP growth for the full year 2016 remains just above 3 percent.

Internationally, the beginning of the year was characterized by growing uncertainty and increased volatility on the financial markets. This was caused by factors including falling oil prices that generated concern that the US is heading for recession. The concerns were subdued towards the end of the quarter, and the US recovery now looks set to continue according to KI. However, the outlook is considerably worse for commodity-producing growth economies such as Brazil and Russia where GDP fell sharply last year and the decline is expected to continue this year.

The OECD's interim report from February 2016 concludes that stronger global economic growth appears to remain out of reach. The reasons include weak global trade, low investments and a sustained fall in commodities prices.

The OECD continues to point to China as a major uncertainty factor in the global economy. The rebalancing of the Chinese economy from manufacturing to services increases the financial vulnerability, with a falling exchange rate and shrinking currency reserves. On other major growth markets, falling currencies are also contributing to volatile cash flows and rising costs of borrowing.

Overall, the OECD has downgraded its global growth forecast for 2016 and 2017 to 3 percent and 3.3 percent respectively. US growth is estimated at 2 percent this year, while the Eurozone is still expected to settle at around a modest 1.5 percent this year and next.

Transport behind manufacturing growth

In the first quarter, order intake from Sweden's manufacturing industry increased at around the same rate as in the preceding quarter. In its first economic survey of the year, sector organization Teknikföretagen concluded that a high proportion of the demand increase was provided by the transport industry, while conditions deteriorated for the machinery and metal goods industry and for all suppliers. In the transport industry, order intake increased on export and domestic markets alike, while sector suppliers are experiencing a downturn on export markets, but growth on the domestic market.

New car registrations remain strong

Following a record 2015, new car registrations in Sweden continued to make strong progress in the first quarter of the year. Sector organization Bil Sweden cited optimism regarding consumer finances and the sharp increase in leasing of private cars. New car registrations increased by close to 10 percent in the quarter. Trucks also performed strongly in the first three months of the year, reflecting positive growth in the Swedish economy. Total new car registrations increased by just over 16 percent.

The automotive markets in the rest of Europe also continued to recover. All major car markets returned growth in the first two months of the year, some double digits. Commercial vehicles also made positive progress, particularly in Italy, Spain, Germany and France, according to European sector organization ACEA.

Q1, 2016

Fouriertransform's investment activities

Investment applications

In the first quarter, Fouriertransform

- received 19 investment applications
- rejected 8

As of March 31, the application portfolio contained

- some 40 applications
- of which 5 are under review pending an investment decision by Fouriertransform's Board of Directors

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

Divestments

In the first quarter, Fouriertransform divested all the shares in El-Forest AB in Örnköldsvik to the founder families for a nominal amount. The new owners will continue to run and develop the company operations.

Fouriertransform made its initial investment in the company in June 2010 and invested a total of SEK 32.6 million.

Fouriertransform's ownership has allowed the company to invest in areas such as product development and marketing over the last few years.

Fouriertransform estimates the fair value at zero, meaning that profit is not affected by the divestment.

Follow-on investments

During the first quarter, Fouriertransform made follow-on investments totaling SEK **21.9 million** in the following portfolio companies:

- SEK 5.0 million was invested in Norstel in Norrköping
- SEK 5.4 million was invested in AAC Microtec in Uppsala
- SEK 3.0 million was invested in Inxide in Trollhättan
- SEK 1.5 million was invested in CedeGroup in Malmö
- SEK 7.0 million was invested in Alelion Batteries in Mölndal

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

Fouriertransforms 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 portfolio companies in the first quarter

- **Powercell Sweden** of Gothenburg signed an agreement with Powertech System Integrators Ltd regarding the distribution of Powercell's products in Africa.
- **Norstel** of Norrköping continued its qualification process with leading power electronics customers, and the company is evaluating possibilities of bringing in new external capital.
- **Alelion Batteries** of Mölndal upscaled shipments to a major global forklift truck user through leading forklift OEMs, and is expanding its organization in order to support growth.
- **Maxtruck** of Östersund signed an exclusive partnership agreement with distributor LINDIG Fördertechnik GmbH for the German market.
- **Applied Nano Surfaces** of Uppsala obtained excellent results with several leading customers and expanded its applications to include several new projects.
- **Vicura** of Trollhättan continued to experience very high demand, particularly from the automotive industry in western Sweden. Accordingly, Vicura is stepping up its presence in the region. Focusing on Gothenburg.
- **Jobro Plåtkomponenter** of Ulricehamn began delivering to a number of new customers for batch manufacture in the quarter.
- **Pelagicore** of Gothenburg secured a major new development project for a premium OEM.
- **Inxide** of Trollhättan won a strategic initial reference project with a leading OEM, with the objective of starting production in 2016.
- **ArcCore** of Gothenburg appointed one of its founders, Michael Svenstam, as new CEO.
- **CeDeGroup** of Malmö recruited a new CFO and implemented a cost savings package as a result of the continued slowdown in the mining and steel industry.
- **Smart Eye** of Gothenburg signed a contract relating to batch manufacture with a leading Tier 1 supplier in the automotive industry.
- **TitanX** of Gothenburg was nominated from 2,700 suppliers for the Volvo Group Purchasing Supplier Award as one of 20 companies.
- **Rototest International** of Rönninge successfully sold new test equipment to distributors and universities, and is expanding its sales and support organization.
- **SciBase** of Stockholm increased sales in Germany and signed a contract with a distributor in Switzerland.
- **ÅAC Microtec** of Uppsala experienced very positive feedback from the US market, with a number of new offer inquiries.
- **Pelly** of Hillerstorp started deliveries from a new major production line in its plant in Kaunas, Lithuania.

- **Ostell** of Gothenburg experienced strong demand and high growth compared to the previous quarter and year. China and South East Asia remain strong and the company has also signed a number of new global distributor agreements.
- **APR Automation** of Arvika completed a sustained major marketing initiative.
- **SMP Parts** of Ilsbo made positive sales progress for all product segments and participated at trade fair Hindersmässan in Örebro.
- **Lamera AB** of Gothenburg completed the installation of its machinery and the first production tests have now been completed with satisfactory results.
- **OssDsign** of Uppsala was granted approval for sales of a new product, Cranioplug, in the EU.
- **TechRoi FuelSystems** of Bengtsfors has been in promising talks with a number of OEMs regarding development projects.

Fouriertransform's other activities

33-listan



In the quarter, Fouriertransform acted as a partner to 33-listan, an annual list of the most innovative young companies in Sweden produced in collaboration between Affärsvärlden, Ny Teknik and other partners. Fouriertransform presented one of the nominated companies, CELLINK, with the 'Diamond of the Year' award and SEK 100,000 worth of advice from Fouriertransform.

CELLINK has developed functional 3D technology able to print stable structures using living cells, and provides an example of Swedish cutting-edge expertise in two areas, cell biology and 3D printing technology.

Financial progress in Q1

Investment company

Results of operations

The profit/loss for the quarter after tax was SEK -178.9 million (-46.9).

The profit/loss from investing activities was SEK -163.3 million (-70.5). Revaluation of portfolio companies at estimated fair value as of March 31 was conducted in accordance with IFRS, implying value being reduced by -12.4 percent (-6.1), corresponding to SEK -163.4 million (-71.7), of which SEK -110.9 million is attributable to changes in the share price of Fouriertransform's two

listed portfolio companies. Other revaluation relates to the companies' operational and financial progress.

Expenses totaling SEK 13.2 million (14.2) are mainly attributable to employee benefit expenses, as well as project and consulting expenses.

Net financial income amounted to SEK -2.6 million (44.4), including an effect of SEK -24.5 million (15.9) for the revaluation of investments in securities in the quarter, in addition, mainly affected by the capital loss of the divestments of mutual and fixed income funds of SEK -8.3 MSEK and dividends from fixed income and mutual funds of SEK 30.1 million.

Since its inception in autumn 2009, Fouriertransform has invested a total of SEK 1,609 million, which compares to the estimated fair value of the existing portfolio of SEK 1,158 million, capital gains/losses on divestments and repaid capital from portfolio companies, corresponding to a value decrease on invested capital of some 7 percent

Balance Sheet

In the quarter, Fouriertransform invested SEK 21.9 million in existing portfolio companies.

The portfolio companies were measured at estimated fair value as of March 31 totaling SEK 1,158 million (1,109).

Fouriertransform has undertaken to invest a further SEK 5.0 million in existing portfolio companies.

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 1,750 million (2,044) at the end of the quarter.

Equity

As of March 31, equity was SEK 2,864.6 million (3,145.1), of which fourth quarter profits were SEK -178.9 million (-46.9).

Parent company Fouriertransform AB

The parent company's profit/loss after tax was SEK -93.4 million. Write-downs of shares in portfolio companies were SEK -78.2 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 21.9 million in five existing portfolio companies. The parent company's cash and cash equivalents and the value of investments in securities amounted to SEK 1,750 million as of March 31.

Fouriertransform's investments as of March 31

All investments since inception

- since inception in autumn 2009, Fouriertransform has invested a total of **SEK 1,609 million** in a total of **28 companies as a new partner**
- at present, the portfolio comprises **23 portfolio companies**

As of March 31, 2016, Fouriertransform has invested in a total of 28 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 and TechRoi FuelSystems AB .

The investments in NovaCast Technologies and Effpower have been written down to zero, and the entire holdings in FlexProp, LeanNova Engineering and El-Forest AB were divested, so that as of March 31, 2016, the portfolio consists of 23 companies.

Total invested capital since inception

Since inception in autumn 2009, Fouriertransform has invested a total of **SEK 1,609 million** in the Swedish automotive industry and other areas of manufacturing and associated service sectors.

Fouriertransform's portfolio as of March 31, 2016

As of March 31, 2016, Fouriertransform's portfolio consists of **23 portfolio companies**. These companies have total sales of approximately SEK 2.7 billion, employ a total of around 1,500 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 March 31, 2016

	Location	Initial investment	% of votes ¹⁾
Later stage venture			
PowerCell Sweden AB	Gothenburg	Oct. 2009	21%
Norstel AB	Norrköping	Feb. 2010	100%
Alelion Batteries AB	Möndal	Jun. 2010	71%
Max Truck AB	Östersund	Jul. 2010	35%
Applied Nano Surfaces Sweden AB	Uppsala	Dec. 2010	40%
Pelagicore AB	Göteborg	Sep. 2011	73%
Inxide AB	Trollhättan	Dec. 2011	98%
SciBase AB	Stockholm	Dec. 2013	15%
Lamera AB	Gothenburg	Jun. 2015	27%
OssDsign AB	Uppsala	Nov. 2015	15%
Estimated fair value SEK 593.7 m			
Growth			
Vicura AB	Trollhättan	Jan. 2011	44%
Jobro Plåtkomponenter AB	Ulricehamn	May. 2011	45%
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%
Osstell AB	Göteborg	Mar. 2014	36%
APR Automation AB	Arvika	Maj. 2014	49%
SMP Parts AB	Ilso	Jun. 2014	43%
TechRoi Fuel Systems AB	Bengtsfors	Nov. 2015	31%
Estimated fair value SEK 564.1 m			
Total estimated fair value SEK 1,157.8 m			

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 March 31, 2016



PowerCell Sweden AB—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. <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

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	Möndal	
Initial investment	Jun. 2010	
% of votes	71%	

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. www.maxtruck.se
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. www.appliednanosurfaces.com
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. www.vicura.se
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. www.jobro.se
Location	Ulricehamn	
Initial investment	May 2011	
% of votes	45%	



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



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. www.inxide.se
Location	Trollhättan	
Initial investment	Dec. 2011	
% of votes	98%	

ARC CORE

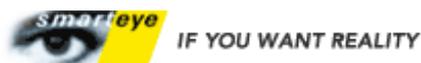
ArcCore AB—product development of AUTOSAR-compatible software

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. www.arccore.com
Location	Gothenburg	
Initial investment	April, 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. www.cede-group.se
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. www.smarteye.se
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. <i>www.titanx.com</i>
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. <i>www.rototest.com</i>
Location	Rönninge	
Initial investment	Jul. 2013	
% of votes	50%	



SciBase AB—unique method for the detection of malignant melanomas

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. <i>www.scibase.com</i>
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. <i>www.aacmicrotec.com</i>
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. www.pelly.se
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. www.osstell.com
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. www.apr-automation.se
Location	Arvika	
Initial investment	May 2014	
% of votes	49%	



SMP Parts AB—supplier of excavator accessories

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



Lamera AB—the latest technology in light-weight materials

Phase	Later-stage venture	Lamera's product is based on the latest lamination technology and the result is a unique, patented and moldable composite (a sandwich material), which weighs around 50 percent less than conventional sheet metal but is just as strong. <i>www.lamera.se</i>
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. <i>www.ossdsign.com</i>
Location	Uppsala	
Initial investment	Nov. 2015	
% of votes	15%	



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. <i>www.techroifuel.com</i>
Location	Bengtfors	
Initial investment	Nov. 2015	
% of votes	31%	

Accounting principles

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

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

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

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

This Interim Report has not been reviewed by the company's Auditor.

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. 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

Contacts for more information

CEO, Per Nordberg, +46 (0) 8 410 40 601
CFO, Ulf Järvenäs, +46 (0) 8 410 40 603

Financial calendar for the financial year 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

Statement of Comprehensive Income, investment company - summary

Investment company, SEK 000s	Q1 2016	Q1 2015	%
Portfolio companies			
Realized profit/loss, portfolio companies	91	1 186	-92%
Unrealized profit/loss, portfolio companies	-163 394	-71 740	-128%
Value adjustment on receivables, portfolio companies	-	-	-
Interest income on receivables, portfolio companies	45	-	-
Dividend from portfolio companies	-	-	-
Profit/loss from portfolio companies	-163 259	-70 554	-131%
Income, advisory service	-	-	-
Operating expenses			
Other external expenses	-3 079	-4 656	34%
Employee benefit expenses	-10 021	-9 256	-8%
Depreciation of property, plant and equipment	-134	-258	48%
Total operating expenses	-13 234	-14 170	7%
Operating profit/loss	-176 493	-84 724	-108%
Profit/loss from financial items			
Financial income	-2 597	44 405	-106%
Financial expense	-	-2	-
Total profit/loss from financial items	-2 597	44 403	-106%
Profit/loss after financial items	-179 090	-40 321	-
Tax on profit/loss for the period	195	-6 634	103%
Net profit/loss for the period	-178 896	-46 955	-
Other comprehensive income	-	-	-
Comprehensive income for the period	-178 896	-46 955	-
Earnings per share, SEK			
Before dilution	-0,066	-0,017	
After dilution	-0,066	-0,017	

Cash Flow Statement, investment company - summary

Investment company, SEK 000s	Q1 2016	Q1 2015
Operating activities		
Operating profit/loss	-176 493	-84 724
<i>Adjustments for items not affecting cash flow</i>		
Depreciation and amortization	134	230
Interest income, portfolio companies	-45	1 086
Realized profit/loss, portfolio companies	-90	-1 186
Unrealized profit/loss, portfolio companies	163 394	71 740
Interest received, bank balances	-	2
Interest paid	-	-2
Income tax paid	-1 054	-13 077
Cash flow from operating activities before changes in working capital	-14 154	-25 931
<i>Changes in working capital</i>		
Increase/decrease in trade receivables	-274	-
Increase/decrease in other current receivables	414	1 223
Increase/decrease in accounts payable	-970	-2 304
Increase/decrease in other current liabilities	2023	-2 319
Cash flow from operating activities	-12 961	-29 331
Investing activities		
Investments in property, plant and equipment	-171	43
Investments in shares in portfolio companies	-5 000	-50 791
Divestment of shares in portfolio companies	500	201 732
Loans to portfolio companies	-16 462	-
Repayment of loans from portfolio companies	-	30 000
Increase/decrease in other non-current receivables	-	140
Change in investments in securities	20 158	-147 481
Cash flow from investing activities	-974	33 644
Financing activities	-	-
Cash flow from financing activities	-	-
Cash flow for the period	-13 935	4 313
Cash and cash equivalents at beginning of period	58 764	42 989
Cash and cash equivalents at end of period	44 829	47 302

Balance Sheet, investment company - summary

Investment company, SEK 000s	2016-03-31	2015-03-31	2015-12-31
Assets			
Non-current assets			
Property, plant and equipment			
Equipment	824	936	788
Financial non-current assets			
<i>Investments in portfolio companies</i>			
Shares in portfolio companies	907 524	877 225	1 065 484
Receivables in portfolio companies	62 742	60 275	68 280
Convertible assets in portfolio companies	187 546	172 024	165 963
<i>Total investments in portfolio companies</i>	<i>1 157 812</i>	<i>1 109 524</i>	<i>1 299 727</i>
Other non-current receivables	-	-	-
Total financial non-current assets	1 157 812	1 109 524	1 299 727
Total non-current assets	1 158 636	1 110 460	1 300 515
Current assets			
Current receivables			
Trade receivables	274	413	-
Other current receivables	4 498	6 809	5 946
Prepaid expenses and accrued income	1 345	2 754	675
Total current receivables	6 118	9 976	6 621
Investments in securities	1 705 062	1 997 135	1 727 818
Cash and cash equivalents	44 829	47 302	58 764
Total current assets	1 756 008	2 054 413	1 793 203
Total assets	2 914 644	3 164 873	3 093 718
Equity and liabilities			
Share capital	2 725 100	2 725 100	2 725 100
Retained earnings including net profit/loss for the period	139 460	419 961	318 357
Total equity	2 864 560	3 145 061	3 043 457
Non-current liabilities			
Other non-current liabilities	798	106	798
Deferred tax liabilities	-	16 084	168
Total non-current liabilities	798	16 190	966
Current liabilities			
Accounts payable	1 960	1 688	2 930
Current tax liabilities	4 172	-4 247	5 252
Other current liabilities	38 493	2 759	37 423
Accrued expenses	4 661	3 422	3 690
Total current liabilities	49 286	3 622	49 295
Total liabilities	50 084	19 812	50 261
Total equity and liabilities	2 914 644	3 164 873	3 093 718

Statement of Changes in Equity, investment company – summary

Investment company, SEK 000s	Share capital	Retained earnings including profit/loss for the period	Total equity
Opening equity, January 1, 2015	2 725 100	466 915	3 192 015
Comprehensive income for the period	-	-46 954	-46 954
Closing equity, March 31, 2015	2 725 100	419 961	3 145 061
Opening equity, January 1, 2016	2 725 100	318 357	3 043 457
Comprehensive income for the period	-	-178 896	-178 896
Closing equity, March 31, 2016	2 725 100	139 460	2 864 560

Income Statement Parent Company, Fouriertransform AB - summary

Parent company, SEK 000s	Q1 2016	Q1 2015	%
Operating expenses			
Other external expenses	-3 371	-4 184	19%
Employee benefit expenses	-10 021	-9 256	-8%
Depreciation of property, plant and equipment	-134	-258	48%
Total operating expenses	-13 526	-13 698	1%
Operating profit/loss	-13 526	-13 698	1%
Profit/loss from financial items			
Portfolio companies			
Realized profit/loss, portfolio companies	-32 820	190 386	-
Interest income, receivables, portfolio companies	45	-	-
Reversal of write-downs, portfolio companies	32 911	-	-
Write-downs, portfolio companies	-78 246	-71 700	-9%
Profit/loss from portfolio companies	-78 111	118 686	-9%
Interest income and similar profit/loss items	-1 828	28 488	-
Interest expense and similar profit/loss items	-	-2	-
Total profit/loss from financial items	-1 828	28 486	-
Profit/loss after financial items	-93 464	133 474	-
Tax on profit/loss for the period	26	-3132	-
Net profit/loss for the period 1)	-93 439	130 342	-

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

Balance Sheet Parent Company Fouriertransform AB - summary

Parent company, SEK 000s	2016-03-31	2015-03-31	2015-12-31
ASSETS			
Non-current assets			
Property, plant and equipment			
Equipment	824	936	788
Financial non-current assets			
<i>Investments in portfolio companies</i>			
Shares in portfolio companies	708 920	805 775	777 850
Receivables in portfolio companies	62 742	60 275	68 280
Convertible assets in portfolio companies	165 339	148 480	147 930
<i>Total investments in portfolio companies</i>	<i>937 001</i>	<i>1 014 530</i>	<i>994 060</i>
Other non-current receivables	-	-	-
Total financial non-current assets	937 001	1 014 530	994 060
Total non-current assets	937 825	1 015 466	994 848
Current assets			
Current receivables			
Trade receivables	274	413	-
Other current receivables	4 498	6 809	4 636
Prepaid expenses and accrued income	1 345	2 754	1 985
Total current receivables	6 118	9 976	6 621
Investments in securities	1 705 062	1 924 023	1 727 047
Cash and cash equivalents	44 829	47 302	58 764
Total current assets	1 756 008	1 981 301	1 792 432
Total assets	2 693 833	2 996 767	2 787 280
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	2 725 100	2 725 100	2 725 100
<i>Non-restricted equity</i>			
Retained earnings	12 088	137 596	37 596
Net profit/loss for the period	-93 439	130 343	-25 508
Total non-restricted equity	-81 351	267 939	12 088
Total equity	2 643 749	2 993 039	2 737 188
Non-current liabilities			
Other non-current liabilities	798	106	798
Total non-current liabilities	798	106	798
Current liabilities			
Accounts payable	1 960	1 688	2 930
Current tax liabilities	4 172	-4 247	5 252
Other current liabilities	38 493	2 759	37 423
Accrued expenses	4 661	3 422	3 690
Total current liabilities	49 286	3 622	49 295
Total liabilities	50 084	3 728	50 093
Total equity and liabilities	2 693 833	2 996 767	2 787 281
Pledged assets for portfolio company bank loan	35 000	35 000	35 000
Contingent liabilities	29 677	41 677	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 Investment company, SEK 000s	2016-03-31			2015-12-31		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
<i>Shares in portfolio companies</i>						
Later-stage venture	285 700		284 429	396 568		331 021
Growth	0		337 394	0		337 894
<i>Total shares in portfolio companies</i>	<i>285 700</i>		<i>621 823</i>	<i>396 568</i>		<i>668 915</i>
Convertible assets, portfolio companies			187 546			165 963
Claims in portfolio companies			62 742			68 280
Investments in securities	1 705 062			1 727 818		
Total financial assets measured at fair value	1 990 762	0	872 111	2 124 386	0	903 158

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			
Opening balance, January 1, 2016	331 021	337 894	668 915	165 963	68 280	903 158
Acquisition of shares in portfolio companies	5 000	0	5 000	17 409	-12 000	10 409
Divestment of shares in portfolio companies	-33 321	0	-33 321			-33 321
Gains and losses recognized through profit or loss	-18 271	-499	-18 770	4 173	-5 000	-19 597
Transfer from Level 3			0			0
Reclassification			0			0
New lending			0		11 462	11 462
Payment of claim			0			0
Closing balance, March 31, 2016	284 429	337 395	621 824	187 545	62 742	872 111

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	29 952	12 450	42 402		-7 900	34 502
Divestment of shares in portfolio companies						0
Gains and losses recognized through profit or loss	-62 437	-201 004	-263 441			-263 441
Transfer from Level 3			0			0
Reclassification			0			0
New lending			0		8 789	8 789
Payment of claim			0		-30 000	-30 000
Closing balance, March 31, 2015	467 013	358 012	825 025	172 024	60 275	1 057 324

Valuation process for portfolio companies

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

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

Valuation method - shares in portfolio companies, convertible assets in portfolio companies and receivables in portfolio companies

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

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

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

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

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

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

Definitions:

Price of recent investment:

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

Price of recent investment enhanced:

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

Qualified bid:

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

Discounted Cash Flow 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.

Phase / valuation method portfolio companies	% of vote	Valuation method
Later stage venture		
PowerCell Sweden AB	21%	PRI
Norstel AB	100%	PRIE
Alelion Batteries AB	71%	PRIE/DCF/Multiple
Max Truck AB	35%	PRIE
Applied Nano Surfaces Sweden AB	40%	PRIE/DCF
Pelagicore AB	73%	PRIE/DCF/Multiple
Inxide AB	98%	PRIE/DCF
SciBase AB	15%	PRI
Lamera AB	27%	PRI
OssDsign AB	15%	PRI
Estimated fair value SEK 593.7 m		
Growth		
Vicura AB	44%	PRI/PRIE
Jobro Plåtkomponenter AB	45%	Multiple
ArcCore AB	45%	PRIE/DCF/Multiple
CeDe Group AB	47%	PRIE/DCF
Smart Eye AB	17%	PRIE/Multiple
Titan X Holding AB	40%	PRIE/Multiple
RotoTest International AB	50%	PRIE/DCF
ÅAC Microtec AB	60%	PRI/PRIE
Pelly AB	37%	PRI/PRIE
Osstell AB	36%	PRIE/Multiple
APR Automation Ab	49%	PRIE/Multiple
SMP Parts AB	43%	PRI/PRIE
TechRoi Fuel Systems AB	31%	PRI
Estimated fair value SEK 564.1 m		
Total estimated fair value SEK 1,157.8 m		

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		2016-03-31		2015-03-31		
Parent company, MSEK	Level	Carrying amount	Fair value	Level	Carrying amount	Fair value
<i>Shares in portfolio companies</i>						
Later-stage venture	1	126,3	285,7	1	4,5	52,2
Later-stage venture	3	268,1	284,4	3	449,7	466,7
Growth	3	314,6	337,4	3	351,5	358,0
<i>Total shares in portfolio companies</i>		<i>708,9</i>	<i>907,5</i>		<i>805,7</i>	<i>876,9</i>
Convertible assets in portfolio comp:	3	165,3	187,5	3	148,5	172,0
Claims in portfolio companies	3	62,7	62,7	3	60,3	60,3
Investments in securities	1	1 705,1	1 705,1	1	1 924,0	1 997,1
Total		2 642,1	2 862,9		2 938,5	3 106,3

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 capital guarantee of SEK 12.0 million for a portfolio company. Fouriertransform has undertaken to invest an additional SEK15.0 million in two portfolio companies, of which SEK 10.0 million providing that one of the companies achieves certain predefined development stages.

Declaration

The Board of Directors and the Chief Executive Officer hereby provide an assurance that the Interim Report for the period January 1 – March 31, 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, April 28, 2016

Sigrun Hjelmquist
Chairman

Jan Bengtsson
Director

Ulf Berg
Director

Hasse Johansson
Director

Richard Reinius
Director

Charlotte Rydin
Director

Per Nordberg
CEO

Fouriertransform AB
Sveavägen 17, 10th floor
111 57 Stockholm
Sweden

+46 (0) 8 410 40 600

info@fouriertransform.se
www.fouriertransform.se

Fouriertransform AB
Kaserntorget 6, 3rd floor
411 18 Gothenburg
Sweden

+46 (0) 31 761 91 40