

Year-end Report

| 2016

Year-end Report 2016

Strong profit and positive value growth - 21 companies with good potential

Significant events in the full year 2016 and the fourth quarter



- Profit/loss after tax for the year was SEK 142.6 million (-48.6) including unrealized profit/loss from portfolio companies of SEK 8.9 million (-51.7) and realized profit/loss from portfolio companies of SEK 197.9 million (69.6). Restructuring costs of SEK 19.6 million are included in profit for the year. Profit/loss after tax for the quarter was SEK 177.2 million (124.5) including unrealized profit/loss from portfolio companies of SEK 35.2 million (153.1).
- In the year, Fouriertransform invested a total of SEK 158.3 million, of which SEK 24.0 million in a new company; re:newcell AB in Kristinehamn and SEK 134.3 million in 14 existing portfolio companies.
- Three portfolio companies were listed on Nasdaq First North in the year. All new issues were heavily oversubscribed by institutional investors and members of the public:
 - Alelion Batteries raised some SEK 103 million in June
 - SmartEye raised some SEK 80 million in December
 - AAC Microtec raised some SEK 120 million in December
- In September, US company Luxoft, listed on the New York Stock Exchange, acquired all the shares in Fouriertransform's portfolio company Pelagicore in Gothenburg. The divestment generated good returns for Fouriertransform.
- In December, Indian company Tata AutoComp acquired all the shares in Fouriertransform's portfolio company TitanX in Gothenburg. The divestment generated good returns for Fouriertransform.
- Since inception in 2009, Fouriertransform has invested a total of SEK 1,746 million in 29 companies in the Swedish automotive and manufacturing industry.
- The market value of the 21 existing portfolio companies, including capital gains/losses on divestments and amortized capital from portfolio companies, corresponds to value growth of some 14% on total capital invested since operations began.
- Fouriertransform's owner, the Swedish government, has provided SEK 3,000 million in capital since inception, and received SEK 100 million in dividends in 2015. Fouriertransform's equity was SEK 3,186 million as of December 31, 2016, corresponding to a value increase of some 10% on the capital provided.
- Total cash flow for the year was SEK 114.7 million (15.8), of which investments in new and existing portfolio companies was SEK -171.6 million (-220.0).
- Cash and cash equivalents and investments in securities at year end were SEK 1,823 million (1,786).
- Since January 1, 2017, Fouriertransform is an administrative organization and a subsidiary of recently established government-owned company Saminvest. Fouriertransform will continue the responsible value management of its 21 existing portfolio companies until exit.

CEO's comment – a portfolio exuding optimism

After eight business years Fouriertransform is now entering a new phase as a result of the reorganization of Sweden's government-sponsored venture capital. Our portfolio holdings returned value growth last year, evidencing the importance of taking a long-term view, and that it's possible to use competence and capital to boost Swedish manufacturing even in a tough business climate.

The Swedish manufacturing industry faced some tough challenges following the financial crisis in 2008-2009. Automotive industry operators in western Sweden were particularly affected. Many saw order levels almost disappear, with staff facing very bleak prospects - in some cases, two members of the same family faced redundancy at short notice.

This critical situation led the Swedish government to establish Fouriertransform to provide venture capital as a complement to other funding sources for promising businesses and projects with growth potential. After eight business years, we can now see that our long-term efforts have paid off.

Owners like Fouriertransform were needed to ensure business growth, new recruitments and maintaining Sweden's strong manufacturing industry. We've supported innovation and expansion on new markets and have provided valuable contacts through our industrial network and amongst other investors.

Positive value growth

Since inception in 2009, Fouriertransform has acted as a complementary owner of a total of 28 companies, mainly active in the manufacturing and automotive industries. The portfolio has also included medtech, IT and telecom companies in recent years. The value growth of our portfolio companies demonstrates that Swedish industry can be strengthened through long term and active collaboration between state-sponsored and private ownership capital. This is also evidenced by sustained significant interest in our investments.

In addition to follow-on investments in 14 portfolio companies in 2016, intended to support their continued expansion in Sweden and internationally, Fouriertransform also completed a number of important transactions. One example of Fouriertransform's complementary role in supporting a promising Swedish automotive industry operator is provided by Titan X, which was sold to Indian company Tata AutoComp Systems Limited, a part of the Tata Group. For start-up project Pelagicore, active in the infotainment segment of the automotive industry, Fouriertransform successfully provided the right competence and ensured survival of the company. Pelagicore was sold to global operator Luxoft of the US in the year. The final major transaction last year was an investment in recycling company re:newcell. Fouriertransform is contributing to the construction of the world's first production line for textile pulp derived from recycled textiles in Kristinehamn, Sweden.

Five of Fouriertransform's portfolio companies have been listed on the stock market over the last three years, all on Nasdaq First North. First out was fuel cell manufacturer PowerCell, followed by medtech company SciBase, which has developed a unique method for detecting malignant melanoma. Technology player Alelion Batteries followed suit in June 2016, with a heavily oversubscribed new issue. This company develops, manufactures and markets complete energy storage systems based on lithium ion technology. Smart Eye, which develops and markets eyetracking systems was listed at the beginning of December, eight times oversubscribed. Fouriertransform's fifth portfolio company, AAC Microtec, headed for the stock market just before Christmas. The company develops high tech components for small satellites, a market where considerable growth is predicted over the coming years.

Fouriertransform enters a new phase

As a result of the government's decision to reorganize Sweden's state-sponsored venture capital, Fouriertransform has entered a new phase after eight business years, and has been an administrative organization and a subsidiary of newly established company Saminvest since the end of last year.

Despite the challenging climate, we've succeeded in keeping the portfolio companies and secured the technology cluster in Trollhättan. We've taken over and worked with businesses and projects the automotive industry was unable to support, and have contributed to creating the competitive climate and employment prospects Sweden needs.

The portfolio companies are now starting to return positive results after five to six years, and interest in them has never been greater. The portfolio exudes optimism and Fouriertransform's task over the next few years will be to continue to manage these companies with the same diligent care we've always shown.



Per Nordberg

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

Fouriertransform highlights, SEK m	Q4 2016	Q4 2015	%	Full year 2016	Full year 2015	%
Net profit/loss for the period	177,2	124,5	42%	142,6	-48,5	
Investments in portfolio companies	27,6	70,4		158,4	220,5	
Cash flow for the period 1)				114,7	15,8	
Cash and cash equivalents and investments in securities 1)	1 823,4	1 786,6	2%	1 823,4	1 786,6	2%
Equity 1)	3 186,0	3 043,5	5%	3 186,0	3 043,5	5%
Equity/assets ratio	99%	98%		99%	98%	

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

Value increase, total invested capital since inception, SEK m	2016-12-31	2015-12-31
Total number of investments in portfolio companies	29	28
Number of portfolio companies in current portfolio	21	24
Total invested capital, all portfolio companies	1 746	1 587
Realized value from exits	770	274
Repaid capital from portfolio companies	87	65
Estimated fair value, current portfolio	1 139	1 300
Subtotal	1 996	1 639
Value increase, total invested capital	14%	3%

Business environment and the market - Swedish automotive industry firing on all cylinders

Expectations on manufacturing output growth are running high, and Sweden's export industry experienced record order intake towards the end of 2016, which bodes well for 2017. Sweden's automotive industry is making particularly positive progress.

Swedish economic growth fell slightly in 2016 year on year. Sweden's GDP settled at 3.3%, against 3.9% in 2015. Despite the minor setback, growth was far stronger than in other comparable western economies. Eurozone only averaged 1.7%, the same as Germany, and the US saw unexpectedly modest growth of 1.5% in the year.

Global growth of 2.9% is naturally above that of the western economies. While a number of growth economies such as Brazil and Russia have lost momentum, the biggest impact on the global economy comes from China's slowdown, which saw GDP growth of 6.7% in 2016. Of the major growth economies, India made the strongest progress with growth of 7.4%.

US growth rebounds

Over the coming two years, 2017 and 2018, the OECD foresees a slight increase in global growth to 3.3% and 3.6% respectively. The US is expected to rebound, contributing an increase of 2.3% and 3% respectively. The Indian economy is also continuing to expand slightly, reaching growth of 7.7% in 2017. China is expected to head in the opposite direction, slowing a little further to 6.4% and 6.1% respectively.

The forecast for Eurozone suggests continued modest GDP growth of around 1.7%. Even if Sweden is slightly above this level, the OECD will experience reduced economic activity over the coming two years with growth settling at 2.7% and 2.2% respectively.

The IMF considers the Swedish economy to be sound with robust growth. The particularly strong growth of 4.1% in the first half of 2016 was mainly driven by significant domestic demand fueled by monetary policy stimulus, which resulted in substantial private consumption and private investments in house construction. In addition, public expenditure relating to immigration also increased. The IMF foresees solid growth of 2.4% in 2017, but is also issuing a sharp warning against the high levels of household debt.

Fluctuating manufacturing output

Industrial production in Sweden, measured monthly by Statistics Sweden (SCB), fluctuated in 2016. After the first ten months of the year, production volumes had increased by 2.2% compared to the corresponding period in 2015. The automotive segment made the most positive progress, with output up by 17%. Other segments also performed well, including steel and metal works, durable consumer goods, electronics, wood products and mining and metal extraction.

Manufacturing order intake declined by 0.5% in the period January – October 2016 year on year. The domestic market made hesitant progress while export order intake fell by 1.2%. Nevertheless a number of segments presented very positive figures, including automotive, durable consumer goods and semi-finished products. In October, export order intake was 12.5% up on the corresponding period in the previous year, indicating an upturn for future industrial production.

High expectations from KI

The monthly indicator published by the National Institute of Economic Research (KI) climbed month by month towards the end of last year, reaching high levels and painting a bright picture for the Swedish economy. Manufacturing industry forecasts have been increased and indicate significantly stronger production growth than normal. We've not seen such high expectations for production volumes since May 2011.

Tech industry production increased by 3% in 2016 according to employer organization Teknikföretagen, which expects output to remain unchanged in 2017. Teknikföretagen considers that the international growth prospects for the Swedish tech industry remain unsatisfactory. Trade-weighted GDP growth on the 50 biggest export markets for Swedish tech industry will be restricted to 1.7% in 2016 and is only expected to increase marginally in 2017, which would result in the sixth consecutive year with export-weighted growth below 2%.

The automotive industry is making a substantial contribution to Swedish tech industry output in 2016 and 2017. Growth was high in the first six months of the year, although this has subsequently slowed. Nevertheless, Teknikföretagen expects production to increase once more in the first half of 2017 as production adjustments are gradually completed. Although other tech segments such as manufacturers of capital goods, engineering products, metal goods and electronics saw slightly lower production volumes in 2016, growth of around one percent is forecast for 2017.

According to the IMF, Sweden's total export growth amounted to 4% in 2016, which was characterized as modest but acceptable considering the position of Sweden's trading partners.

New records for automotive in Sweden

The Swedish automotive market is continuing to set new records. New car registrations increased by 7.5% in the period January – November year on year, according to statistics from sector organization BIL Sweden. The evidence points to continued positive progress: a strong economy, low interest rates, increased disposable income for households and a stable labor market with few redundancies.

Growing demand for transportation as a result of the strong economy and rising investments in infrastructure and housing have been favorable for the truck market, which is also making positive progress. New registrations for lightweight trucks increased by 15.5% in the period up until November 30, while heavy trucks grew by 22.3%.

New car registrations in the EU continued to impress in 2016. With the exception of a marginal downturn in October, which temporarily interrupted the positive trend, the increase on 2016 was 7.1% according to European sector organization ACEA. Italy and Spain saw the biggest increases.

New registrations of commercial vehicles in the EU also saw a 21-month positive trend interrupted in October, declining by 2.4%. All major EU markets with the exception of Italy fell back. However, the figure rose by 11.6% in the first ten months of the year, with major increases in Italy and Spain.

Q4, 2016

Fouriertransform's investment activities

Investment applications

In the quarter, Fouriertransform

- received 9 investment applications
- rejected 15

Divestments

Fouriertransform has divested all the shares in **TitanX Engine Cooling in Gothenburg** to Tata AutoComp of India, a leading conglomerate in automotive components spanning the entire value chain—engineering, manufacturing and supply chain. Fouriertransform initially invested in the company in March 2013 and has invested a total of SEK 200.3 million. The divestment generated good returns for Fouriertransform.

Fouriertransform has divested all the shares in **Norstel in Norrköping** to Chinese investment fund An Xin Capital LLP which focuses on semiconductors, and especially compound semiconductor technologies. Fouriertransform's initial investment in the company took place in February 2010, with total investments of SEK 370.6 million.

Follow-on investments in the fourth quarter

Fouriertransform completed follow-on investments totaling **SEK 27.6 million** in the following eight portfolio companies in the quarter:

- SEK 8.7 million in **Norstel** in Norrköping
- SEK 1.6 million in **MaxTruck** in Östersund
- SEK 0.2 million in **Vicura** in Trollhättan
- SEK 5.0 million in **Inxide** in Trollhättan
- SEK 0.8 million in **CedeGroup** in Malmö
- SEK 6.1 million in **SmartEye** in Gothenburg
- SEK 0.2 million in **ÅAC Microtec** in Uppsala
- SEK 5.0 million in **TechRoi FuelSystems** in Bengtsfors

Fouriertransform's value creation in existing portfolio companies

Fouriertransform's ongoing and extensive efforts to create value in its 21 portfolio companies continued, involving work on each company's strategic focus, the composition of Boards of Directors and financing.

Several follow-on investments were executed to provide the capital required for the companies to continue to progress.

Activities in the 21 portfolio companies in the fourth quarter

- **Powercell Sweden** of Gothenburg joined a consortium granted EU funding to develop fuel cell systems that will be integrated and tested by Volvo Car Group.
- **Alelion Batteries** of Mölndal strengthened the team in development, service and after market, planning and in several Key Account positions.
- **MaxTruck** of Östersund sold two trucks in the quarter.
- **Applied Nano Surfaces** of Uppsala started engine tests with an automotive OEM alongside supplier Linamar, and received advance notice that the Swedish patent for the new product TriboNite will gain approval.
- **Vicura** of Trollhättan had high order intake and continued to expand, hiring new staff at Trollhättan and Gothenburg.
- **Jobro Plåtkomponenter** of Ulricehamn enjoyed continued positive market conditions and positive order intake for prototypes and short production batches.
- **Inxide** of Trollhättan started new development projects in the automotive and manufacturing industries.
- **ArcCore** of Gothenburg was ranked in Deloitte's Fast50 Sweden and Fast500 EMEA lists for the fastest growing tech companies.
- **CeDeGroup** of Malmö experienced positive market trends resulting in increased order intake.

- **Smart Eye** of Gothenburg was listed on Nasdaq First North in December and demand remains strong for the company's products, driven by the increased focus on active safety and driverless cars in the vehicle segment.
- **Rototest International** of Rönninge successfully sold new test equipment to leading OEMs and suppliers, and extended the 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 was listed on Nasdaq First North in December and has established a sales company in the UK.
- **Pelly** of Hillerstorp acquired LG Collection, which markets and manufactures kitchen countertops.
- **Ostell** of Gothenburg signed an agreement with W&H of Austria relating to distribution in Spain, Portugal, France and Italy.
- **APR Automation** of Arvika entered new markets with new customers, resulting in a record order backlog at year end.
- **SMP Parts** of Ilsbo initiated a collaboration with Linköping University alongside other companies in Hudiksvall's hydraulics cluster. In order to more effectively meet demand for shorter lead times, the company has started to stockpile its most in-demand products.
- **Lamera** of Gothenburg delivered a pre-series of panels to a consumer electronics customer.
- **OssDsign** of Uppsala gained FDA approval for US sales of its main product for cranial implants.
- **TechRoi FuelSystems** of Bengtsfors secured a major order from a leading car manufacturer and orders for new hybrid fuel tanks.
- **re:newcell** of Kristinehamn raised a further SEK 10 m in a new issue and is continuing the assembly of its demo facility in Kristinehamn.

Financial progress in Q4

Investment company

Results of operations

Fourth quarter profit/loss after tax was SEK 177.2 million (124.5).

The profit/loss from investing activities was SEK 231.4 million (119.8), of which SEK 193.6 million comprised realized capital gains/losses from divestments of portfolio companies. Revaluation of portfolio companies at estimated fair value as of December 31 was conducted in accordance with IFRS, implying value increasing by 3.2% (13.3), corresponding to SEK 35.2 million (153.1), of which SEK 16.8 million is attributable to changes in the share price of Fouriertransform's five listed portfolio companies. Other revaluation relates to the companies' operational and financial progress.

Operating expenses totaling SEK 52.9 million (17.4) are attributable to restructuring expenses of SEK 20.0 million, transaction costs in connection with divestments of SEK 14.8 million, as well as personnel expenses and project and consulting expenses.

Profit/loss from financial items amounted to SEK -1.7 million (16.7) including an effect of SEK -2.1 million (-20.9) for the revaluation of investments in securities in the quarter. Since its inception in fall 2009, Fouriertransform has invested a total of SEK 1,746 million in portfolio companies, which compared to the estimated fair value of the existing portfolio of SEK 1,139 million, accumulated capital gains/losses on divestments and accumulated repaid capital from portfolio companies, corresponds to a value increase on invested capital of some 14%.

Balance sheet

In the fourth quarter, Fouriertransform invested SEK 27.6 million (70.4) in existing portfolio companies.

The portfolio companies were measured at fair value as of December 31 totaling SEK 1,139 million (1,300).

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 1,823 million (1,786) at the end of the quarter.

Equity

As of December 31, equity was SEK 3,186.0 million (3,043.5), of which profit/loss in the quarter was SEK 177.2 million (124.5).

Parent company Fouriertransform AB

The parent company's profit/loss after tax was SEK 157.3 million (-91.3), of which SEK 195.3 (-113.1) comprised capital gains/losses from divested portfolio companies, reversals of write-downs of portfolio companies and impairment of shares in portfolio companies. For more information, please refer to the comments on the investment company's results of operations.

In the quarter, Fouriertransform invested SEK 27.6 million in existing portfolio companies. 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 1,821 million (1,786) as of December 31.

Full year 2016

Fouriertransform's investment activities

Investment applications

In the year, Fouriertransform

- received 54 investment applications
- rejected 36

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

Divestments in 2016

Fouriertransform divested all the shares in **Pelagicore in Gothenburg** to US company Luxoft, listed on the New York Stock Exchange. Fouriertransform initially invested in the company in September 2011 and has invested a total of SEK 65.9 million. The divestment generated a good return for Fouriertransform.

Fouriertransform divested all the shares in **TitanX Engine Cooling in Gothenburg** to Tata AutoComp of India, a leading conglomerate in automotive components spanning the entire value chain—engineering, manufacturing and supply chain. Fouriertransform initially invested in the company in March 2013 and has invested a total of SEK 200.3 million. The divestment generated a good return for Fouriertransform.

Fouriertransform divested all the shares in **Norstel in Norrköping** to Chinese investment fund An Xin Capital LLP focusing on the semiconductor industry and especially compound semiconductor technologies. Fouriertransform initially invested in the company in February 2010 and has invested a total of SEK 370.6 million.

New investments in 2016

Fouriertransform invested a total of **SEK 24.0 million** in a new company:

re:newcell

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

re:newcell has developed a patented process for recycling cellulose-based textiles such as cotton and viscose. re:newcell's recycling process dramatically reduces the environmental impact of the textile industry. The process also reduces transports and waste, and improves the supply of water and arable land for food cultivation.

Follow-on investments in 2016

In the year, Fouriertransform completed follow-on investments totaling **SEK 134.3 million** in the following 14 portfolio companies:

- SEK 38.7 million in **Norstel** in Norrköping
- SEK 17.5 million in **Alelion Batteries** in Mölndal
- SEK 2.4 million in **MaxTruck** in Östersund
- SEK 2.0 million in **Applied Nano Surfaces** in Uppsala
- SEK 0.2 million in **Vicura** in Trollhättan
- SEK 11.0 million in **InXide** in Trollhättan
- SEK 4.9 million in **CedeGroup** in Malmö
- SEK 7.5 million in **SmartEye** in Gothenburg

- SEK 15.0 million in **TitanX** in Gothenburg
- SEK 15.0 million in **ÅAC Microtec** in Uppsala
- SEK 15.0 million in **APR Automation** in Arvika
- SEK 15.0 million in **TechRoi FuelSystems** in Bengtsfors

Fouriertransform's other activities in 2016

33-listan (the '33 list')



In April, Fouriertransform was a partner of the 33 list, a collaboration between business periodical *Affärsvärlden*, technology magazine *Ny Teknik* and partners. The 33 list showcases new tech companies and Fouriertransform awarded one of the nominees, CELLINK, the “Diamond of the Year” prize, and donated SEK 100,000 of consulting services on account.

CELLINK has developed a fully functional 3D technology that is able to print stable structures using living cells, and is an example of Swedish leading edge expertise in two areas, cellular biology and 3D printing.

Seminars

In partnership with the Municipality of Sotenäs and entrepreneurs' organization Företagarna, Fouriertransform was co-arranger of a seminar in Smögen in June, which attracted 180 participants, including entrepreneurs from the Västra Götaland region. The seminar continues a series held in 2010, 2011, 2012, 2014 and 2015. The seminar dealt with the marine environment, including recycling of marine waste, food supply, fishing and marine raw materials.

Internal strategy conference

In June, Fouriertransform held an internal strategy conference to review the prospects and potential off existing portfolio companies, deal-flow and the ongoing realignment of government-sponsored venture capital.

CEO networking event

In November, Fouriertransform arranged its annual conference for its portfolio companies, where CEOs and Chairmen of Fouriertransform's portfolio companies participated alongside Fouriertransform's staff and Chairman. The aims of the conference included to present the portfolio companies' strategic focus and operations to each other, and to create the potential for discussing joint business opportunities and potential collaborations.

Fouriertransform's investments and divestments as of December 31

All investments since inception 2009

- Since inception in fall 2009, Fouriertransform has invested a total of SEK **1,746 million** in a total of **29 companies** as a new partner
- At present, the portfolio consists of **21 portfolio companies**

As of December 31, 2016, Fouriertransform has invested in a total of 29 companies as a new partner:

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|-----------------------------|----------------------------|----------------------------|
| ◦ PowerCell Sweden AB | ◦ Norstel AB | ◦ NovaCast Technologies AB |
| ◦ FlexProp AB | ◦ EffPower AB | ◦ Alelion Batteries AB |
| ◦ EI-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 | ◦ re:newcell AB | |

All divestments since inception 2009

The investments in NovaCast Technologies and Effpower were written off in their entirety, and the entire holdings in FlexProp, LeanNova Engineering EI-Forest AB, Pelagicore AB, Norstel AB and TitanX have been divested.

Total invested capital since inception 2009

Since its inception in fall 2009, Fouriertransform has invested a total of **SEK 1,746 million** in Sweden's automotive industry and other parts of the manufacturing industry and associated service sectors.

Fouriertransform's portfolio as of December 31, 2016

As of 31 December, 2016, Fouriertransform's portfolio consists of **21 portfolio companies**. These companies have total sales of some SEK 1.2 billion, employ a total of approximately 700 people, and are geographically diversified nationwide in Sweden, with their center of gravity in the Västra Götaland region.

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

Investment Company - Portfolio as of December 31, 2016

	Location	Initial investment	% of votes ¹
Later stage venture			
PowerCell Sweden AB (listed Nasdaq First North Dec 2014)	Göteborg	okt-09	21%
Aelion Batteries AB (listed Nasdaq First North Jun 2016)	Mölnadal	jun-10	48%
Max Truck AB	Östersund	jul-10	35%
Applied Nano Surfaces Sweden AB	Uppsala	dec-10	40%
Inxide AB	Trollhättan	dec-11	98%
SciBase AB (listed Nasdaq First North Jun 2015)	Stockholm	dec-13	15%
Lamera AB	Göteborg	jun-15	27%
OssDsign AB	Uppsala	nov-15	16%
re:newcell AB	Kristinehamn	sep-16	24%
Estimated fair value SEK 625.9 m			
Growth			
Vicura AB	Trollhättan	jan-11	44%
Jobro Plåtkomponenter AB	Ulricehamn	maj-11	71%
ArcCore AB	Göteborg	apr-12	45%
CeDe Group AB	Malmö	maj-12	47%
Smart Eye AB (listed Nasdaq First North Dec 2016)	Göteborg	feb-13	16%
RotoTest International AB	Rönninge	jul-13	49%
ÅAC Microtec AB (listed Nasdaq First North Dec 2016)	Uppsala	mar-14	31%
Pelly AB	Hillerstorp	mar-14	37%
Ostell AB	Göteborg	mar-14	30%
APR Automation AB	Arvika	maj-14	90%
SMP Parts AB	Ilso	jun-14	27%
TechRoi Fuel Systems AB	Bengtstors	nov-15	31%
Estimated fair value SEK 513.6 m			
Total estimated fair value SEK 1,139.5 m			

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

Fouriertransform's 21 portfolio companies as of December 31, 2016



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

Phase Location Initial investment % of votes	Later-stage venture Gothenburg Oct. 2009 21%	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. www.powercell.se
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Alelion Batteries AB—energy storage systems for the automotive industry (listed on Nasdaq First North)

Phase Location Initial investment % of votes	Later-stage venture Mölnådal Jun. 2010 48%	The company develops, manufactures and markets complete energy storage systems, primarily for the materials management industry, based on lithium ion batteries. www.alelion.com
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Max Truck AB—electric forklift offering unique maneuverability

Phase Location Initial investment % of votes	Later-stage venture Östersund Jul. 2010 35%	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
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Applied Nano Surfaces

Applied Nano Surfaces Sweden AB—unique technology for reduced friction losses

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

Phase Location Initial investment % of votes	Growth Trollhättan Jan. 2011 44%	The company provides consulting services in the area of drivelines for the international automotive industry. Vicura develops complete systems or components from the concept stage to industrialization for the international automotive industry. The offering includes mechanical and electrical drive systems as well as control systems for them. <i>www.vicura.se</i>
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Jobro Plåtkomponenter AB – full service supplier of complex sheet metal parts

Phase Location Initial investment % of votes	Growth Ulricehamn May 2011 71%	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. <i>www.jobro.se</i>
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INXIDE**Inxide AB (f d EELCEE AB)—composite components for the automotive industry**

Phase Location Initial investment % of votes	Later-stage venture Trollhättan Dec. 2011 98%	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
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ARC CORE**ArcCore AB—product development of AUTOSAR-compatible software**

Phase Location Initial investment % of votes	Growth Gothenburg Apr. 2012 45%	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
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 **CEDE GROUP AB****CeDe Group AB—full service supplier of customized heavy machinery**

Phase Location Initial investment % of votes	Growth Malmö May 2012 47%	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
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**Smart Eye AB—develops and sells eye sensor systems
(listed on Nasdaq First North)**

Phase Location Initial investment % of votes	Growth Gothenburg Feb. 2013 16%	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
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**Rototest International AB—test equipment for the automotive industry**

Phase Location Initial investment % of votes	Growth Rönninge Jul. 2013 49%	Rototest develops, manufactures and markets test equipment, termed dynamometers, for the automotive industry. The company's patented solutions for hub-mounted automotive dynamometers offer many times greater measurement accuracy than traditional technology. www.rototest.com
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**SciBase AB—unique method for the detection of malignant melanoma (listed on Nasdaq First North)**

Phase Location Initial investment % of votes	Later-stage venture Stockholm Dec. 2013 15%	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. www.scibase.com
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**ÅAC Microtec AB—develops and manufactures multifunctional electronic systems (MEMS) (listed on Nasdaq First North)**

Phase Location Initial investment % of votes	Growth Uppsala Mar. 2014 31%	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. www.aacmicrotec.com
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**Pelly AB—storage solutions for the furniture industry**

Phase	Growth	Pelly's operations focus on storage solutions. Through close cooperation with key customers, high-quality products and a highly auto-mated production apparatus, Pelly has established itself as a leading supplier in the furniture industry in the Nordic region and elsewhere in Europe. 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	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. www.apr-automation.se
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. www.smpparts.com
Location	Ilso	
Initial investment	Mar. 2014	
% of votes	27%	


Lamera AB—the latest technology in lightweight materials

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


OssDsign AB—regenerative implants

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


TechROi FuelSystems AB—lightweight steel fuel tanks

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


re:newcell AB—process for recycling textiles

Phase	Later stage venture	re:newcell has developed a patented process for recycling cellulose-based textiles such as cotton and viscose. re:newcell's recycling process dramatically reduces the environmental impact of the textile industry. The process also reduces transportation and waste, and improves the supply of water and arable land for food production. www.renewcell.se
Location	Kristinehamn	
Initial investment	Sep. 2016	
% of votes	24%	

Financial progress in the full year 2016

Investment Company

Results of operations

Profit/loss after tax for the year was SEK 142.6 million (-48.6).

The profit/loss from investing activities was SEK 210.1 million (-14.5), of which SEK 197.9 million comprised capital gains/losses on divestments of portfolio companies. Revaluation of portfolio companies at estimated fair value as of December 31 was conducted in accordance with IFRS, implying value increasing by 0.8% (-3.8), corresponding to SEK 8.9 million (-51.7). The revaluation is attributable to changes in the share price of Fouriertransform's five listed portfolio companies, and to the companies' operational and financial progress.

Operating expenses totaling SEK 92.3 million (61.5) relate to factors including restructuring expenses of SEK 20.0 million, transaction costs associated with divestments of SEK 21.3 million, and personnel costs as well as project and consulting expenses.

Profit/loss from financial items amounted to SEK 25.4 million (21.8), including an effect of SEK 1.2 million (-56.4) for the revaluation of investments in securities in the year. Since its inception in fall 2009, Fouriertransform has invested a total of SEK 1,746 million in portfolio companies, which compared to the estimated fair value of the existing portfolio of SEK 1,139 million, accumulated capital gains/losses on divestments and accumulated repaid capital from portfolio companies, corresponds to a value increase on invested capital of some 14%.

Balance sheet

In the year, Fouriertransform invested a total of SEK 158.3 million (220.5), of which SEK 24.0 million in a new company and SEK 134.3 million in existing portfolio companies.

The portfolio companies were measured at fair value as of December 31 totaling SEK 1,139 million (1,300).

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 1,823 million (1,786) at year end.

Equity

As of December 31, equity was SEK 3,186.0 million (3,043.5), of which profit/loss in the quarter was SEK 177.2 million (124.5).

Parent Company Fouriertransform AB

The parent company's profit/loss after tax was SEK 18.0 million (-25.5), of which SEK 72.0 million (-37.7) comprised capital gains/losses from divested portfolio companies, reversals of write-downs of portfolio companies and impairment of shares in portfolio companies. For more information, please refer to the comments on the investment company's results of operations.

In the year, Fouriertransform invested a total of SEK 158.3 million, of which SEK 24.0 million in one new portfolio company, and SEK 134.3 million in existing portfolio companies. 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 1,821 million (1,786) as of December 31.

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 existing 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

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. Information according to IAS 34 *Interim Financial Reporting* is provided in the notes to the financial statements and elsewhere in the Report

The Year-end 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) was applied from July 3, 2016, and imply disclosure requirements regarding financial measures that are not 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. A parliamentary decision in June 2016 means that Fouriertransform is now an administrative organization and a subsidiary of government-owned company Saminvest, effective from January 1, 2017. The responsible value management of the existing portfolio companies will continue until exit.

For more information, please visit Fouriertransform's website, www.fouriertransform.se

Contacts for more information

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Summary Statement of comprehensive Income, Investment Company

Investment company, SEK 000s	Q4 2016	Q4 2015	%	Full year 2016	Full year 2015	%
Portfolio companies						
Realized profit/loss, portfolio companies	193 614	-	-	197 890	69 644	184%
Unrealized profit/loss, portfolio companies	35 202	153 107	-77%	8 866	-51 716	117%
Value adjustment on receivables, portfolio companies	-	-35 000	-	-	-35 000	-
Interest income on receivables, portfolio companies	2 600	1 668	56%	3 373	2 593	30%
Dividend from portfolio companies	-	-	-	-	-	-
Profit/loss from portfolio companies	231 416	119 775	93%	210 129	-14 479	-
Operating expenses						
Other external expenses	-26 282	-9 579	174%	-37 010	-24 701	50%
Employee benefit expenses	-26 499	-7 637	-	-54 937	-36 022	53%
Depreciation of property, plant and equipment	-82	-153	-46%	-388	-757	-49%
Total operating expenses	-52 862	-17 369	-	-92 334	-61 480	50%
Operating profit/loss	178 554	102 406	74%	117 795	-75 959	255%
Profit/loss from financial items						
Financial income	-	16 666	-90%	25 589	21 988	16%
Financial expense	-1 704	-	-	-153	-173	12%
Total profit/loss from financial items	-1 704	16 666	-90%	25 436	21 815	17%
Profit/loss after financial items	176 851	119 072	49%	143 231	-54 144	365%
Tax on profit/loss for the period	384	5 448	-	-667	5 585	-
Net profit/loss for the period	177 234	124 520	42%	142 564	-48 559	394%
Other comprehensive income	-	-	-	-	-	-
Comprehensive income for the period	177 234	124 520	42%	142 564	-48 559	394%
Earnings per share, SEK						
Before dilution	0,065	0,046		0,052	-0,018	
After dilution	0,065	0,046		0,052	-0,018	

Summary Cash Flow Statement, Investment Company

Investment company, SEK 000s	Full year 2016	Full year 2015
Operating activities		
Operating profit/loss	117 795	-75 959
<i>Adjustments for items not affecting cash flow</i>		
Depreciation and write-downs	388	757
Interest income, portfolio companies	-1 920	-2 212
Realized profit/loss, portfolio companies	-197 890	-69 644
Value adjustment on receivables, portfolio companies	-	35 000
Unrealized profit/loss, portfolio companies	-8 866	51 716
Interest received, bank balances	0,64	87
Interest paid	-536	-173
Income tax paid	-5 523	-7 677
Cash flow from operating activities before changes in working capital	-96 551	-68 105
<i>Changes in working capital</i>		
Increase/decrease in trade receivables	-274	412
Increase/decrease in other current receivables	-201 142	4 572
Increase/decrease in accounts payable	-1 799	-1 062
Increase/decrease in other current liabilities	-3 357	-1 180
Cash flow from operating activities	-303 122	-65 363
Investing activities		
Investments in property, plant and equipment	-321	-336
Investments in shares in portfolio companies	-79 262	-166 529
Loans to portfolio companies	-92 392	-53 478
Divestment of shares in portfolio companies	495 822	270 111
Repayment of loans from portfolio companies	47 909	30 000
Increase/decrease in other non-current receivables	-59 046	140
Interest income, portfolio companies	1 498	1 086
Change in investments in securities	103 645	100 144
Cash flow from investing activities	417 854	181 138
Financing activities		
Dividend paid		-100 000
Cash flow from financing activities		-100 000
Cash flow for the period	114 732	15 775
Cash and bank balances at beginning of period	58 764	42 989
Cash and bank balances at end of period	173 495	58 764

Summary Balance Sheet, Investment Company

Investment company, SEK 000s	2016-12-31	2015-12-31
Assets		
Non-current assets		
Property, plant and equipment		
Equipment	720	788
Financial non-current assets		
<i>Investments in portfolio companies</i>		
Shares in portfolio companies	953 733	1 065 484
Receivables in portfolio companies	42 267	68 280
Convertible assets in portfolio companies	143 500	165 963
<i>Total investments in portfolio companies</i>	<i>1 139 500</i>	<i>1 299 727</i>
Other non-current receivables	59 046	0
Total financial non-current assets	1 198 546	1 299 727
Total non-current assets	1 199 266	1 300 515
Current assets		
Current receivables		
Trade receivables	274	0
Other current receivables	33 346	4 636
Prepaid expenses and accrued income	173 190	1 985
Total current receivables	206 810	6 621
Investments in securities	1 649 873	1 727 818
Cash and bank balances	173 496	58 764
Total current assets	2 030 179	1 793 203
Total assets	3 229 445	3 093 718
Equity and liabilities		
Share capital	2 725 100	2 725 100
Retained earnings including net profit/loss for the period	460 920	318 357
Total equity	3 186 020	3 043 457
Non-current liabilities		
Other non-current liabilities	8 372	798
Deferred tax liabilities	-	168
Total non-current liabilities	8 372	966
Current liabilities		
Accounts payable	1 131	2 930
Current tax liabilities	291	5 252
Other current liabilities	24 739	37 423
Accrued expenses	8 892	3 690
Total current liabilities	35 053	49 295
Total liabilities	43 425	50 261
Total equity and liabilities	3 229 445	3 093 718

Summary Statement of Changes in Equity, Investment Company

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
Decrease in share capital to non-restricted reserves	-	-100 000	-100 000
Comprehensive income for the period	-	-48 558	-48 558
Closing equity, December 31 2015	2 725 100	318 357	3 043 457
Opening equity, January 1 2016	2 725 100	318 357	3 043 457
Comprehensive income for the period	-	142 564	142 564
Closing equity, December 31 2016	2 725 100	460 920	3 186 020

Summary Income Statement, Parent Company Fouriertransform AB

Parent company, SEK 000s	Q4 2016	Q4 2015	%	Full year 2016	Full year 2015	%
Net sales, consulting	-	-	-	-	-	-
Operating expenses						
Other external expenses	-11 389	-8 738	30%	-22 560	-22 453	-
Employee benefit expenses	-26 499	-7 637	-	-54 936	-36 022	34%
Depreciation of property, plant and	-82	-153	-46%	-388	-757	-49%
Total operating expenses	-37 969	-16 528	130%	-77 883	-59 232	31%
Operating profit/loss	-37 969	-16 528	130%	-77 883	-59 232	31%
Profit/loss from financial items						
Portfolio companies						
Realized profit/loss, portfolio companies	-164 128	-	-	-184 162	258 844	-
Interest income, receivables, portfolio companies	2 600	1 668	56%	3 373	2 593	30%
Value adjustment on receivables, portfolio companies	-	-35 000	-	-	-35 000	-
Reversal of write-downs, portfolio companies	294 614	-	-	327 524	-	-
Write-downs, portfolio companies	62 194	-79 800	-178%	-74 742	-264 125	-72%
Profit/loss from portfolio companies	195 280	-113 132	273%	71 993	-37 688	91%
Interest income and similar profit/loss items	396	37 536	-99%	24 414	78 413	-69%
Interest expense and similar profit/loss items	-353	-	-	-153	-173	-12%
Total profit/loss from financial items	42	37 536	-100%	24 261	78 240	-69%
Profit/loss after financial items	157 353	-92 124	271%	18 371	-18 680	198%
Tax on profit/loss for the period	-	856	-	-408	-6 829	-94%
Net profit/loss for the period ¹⁾	157 353	-91 268	272%	17 963	-25 509	170%

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

Summary Balance Sheet, Parent Company Fouriertransform AB

Parent company, SEK 000s	2016-12-31	2015-12-31
ASSETS		
Non-current assets		
Property, plant and equipment		
Equipment	720	788
Financial non-current assets		
<i>Investments in portfolio companies</i>		
Shares in portfolio companies	548 578	777 850
Receivables in portfolio companies	42 267	68 280
Convertible assets in portfolio companies	119 302	147 930
<i>Total investments in portfolio companies</i>	<i>710 147</i>	<i>994 060</i>
Other non-current receivables	59 046	0
Total financial non-current assets	769 193	994 060
Total non-current assets	769 913	994 848
Current assets		
Current receivables		
Trade receivables	274	-
Current tax receivables	137	-
Other current receivables	33 346	4 636
Prepaid expenses and accrued income	173 190	1 985
Total current receivables	206 947	6 621
Investments in securities	1 647 928	1 727 047
Cash and bank balances	173 496	58 764
Total current assets	2 028 371	1 792 432
Total assets	2 798 284	2 787 280
EQUITY AND LIABILITIES		
Equity		
<i>Restricted equity</i>		
Share capital	2 725 100	2 725 100
<i>Non-restricted equity</i>		
Retained earnings	12 088	37 596
Net profit/loss for the period	17 963	-25 508
Total non-restricted equity	30 050	12 088
Total equity	2 755 150	2 737 188
Non-current liabilities		
Other non-current liabilities	8 372	798
Total non-current liabilities	8 372	798
Current liabilities		
Accounts payable	1 131	2 930
Current tax liabilities	-	5 252
Other current liabilities	24 739	37 423
Accrued expenses	8 892	3 690
Total current liabilities	34 762	49 295
Total liabilities	43 134	50 093
Total equity and liabilities	2 798 284	2 787 281
Pledged assets for portfolio company bank loans	-	35 000
Contingent liabilities	83 098	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	2016-12-31			2015-12-31		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investment company, SEK 000s						
Financial assets measured at fair value						
Shares in portfolio companies						
Later-stage venture	501 000		103 135	396 568		331 021
Growth	182 633		166 965	0		337 894
<i>Total shares in portfolio companies</i>	<i>683 633</i>		<i>270 100</i>	<i>396 568</i>		<i>668 915</i>
Convertible assets, portfolio companies			143 500			165 963
Claims in portfolio companies	667		41 600			68 280
Investments in securities	1 649 873		-	1 727 818		-
Total financial assets measured at fair value	2 334 173	0	455 200	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 20156	331 021	337 894	668 915	165 963	68 280	903 158
Acquisition of shares in portfolio companies	49 620	72 345	121 965	-4 591	-30 066	87 308
Divestment of shares in portfolio companies	-135 500	-185 273	-320 773		-15 000	-335 773
Gains and losses recognized through profit or loss	-27 706	22 244	-5 462	-1 805	-242	-7 509
Transfer from Level 3	-114 300	-74 095	-188 395			-188 395
Reclassification		-6 150	-6 150	1 342	-1 316	-6 124
New lending			0		19 944	19 944
Payment of claim			0	-17 409		-17 409
Closing balance, December 31 2016	103 135	166 965	270 100	143 500	41 600	455 200

Changes in the period for financial instruments at Level 3 Investment company 2015, SEK 000s	Shares in portfolio companies			Convertible assets in portfolio companies	Claims in portfolio companies	Total
	Later-stage venture	Growth	Total			
Opening balance, January 1 2015	499 498	546 566	1 046 064	172 024	89 386	1 307 474
Acquisition of shares in portfolio companies	162 375	41 300	203 843	0	-45 196	158 647
Divestment of shares in portfolio companies	0	-199 200	-199 200			-199 200
Gains and losses recognized through profit or loss	-277 952	-50 772	-328 724	-8 011		-336 735
Transfer from Level 3	-52 900		-52 900			-52 900
Reclassification			0			0
New lending			0	1 950	54 090	56 040
Payment of claim			0		-30 000	-30 000
Closing balance, December 31 2015	331 021	337 894	668 915	165 963	68 280	903 158

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 valuation (DCF):

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 portfoliocompanies	% of vote	Valuation method
Later stage venture		
PowerCell Sweden AB	21%	PRI
Alelion Batteries AB	48%	PRI
Max Truck AB	35%	PRI/DCF
Applied Nano Surfaces Sweden AB	40%	PRI/PRIE
Inxide AB	98%	PRIE/DCF
SciBase AB	15%	PRI
Lamera AB	27%	PRIE
OssDesign AB	16%	PRIE
re:newcell AB	24%	PRI
Estimated fair value SEK 625.9 m		
Growth		
Vicura AB	44%	PRI/PRIE
Jobro Plåtkomponenter AB	71%	PRI/PRIE
ArcCore AB	45%	PRIE/Multipel
CeDe Group AB	47%	PRIE/DCF
Smart Eye AB	16%	PRI
RotoTest International AB	49%	PRIE/DCF
ÅAC Microtec AB	31%	PRI
Pelly AB	37%	PRI/PRIE
Osstell AB	30%	PRI/PRIE
APR Automation Ab	90%	PRI/PRIE
SMP Parts AB	27%	PRI/PRIE
TechRoi Fuel Systems AB	31%	PRIE
Estimated fair value SEK 513.6 m		
Total estimated fair value SEK 1,139.5m		

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		2016-12-31		2015-12-31		
Parent company, MSEK	Level	Carrying amount	Fair value	Level	Carrying amount	Fair value
<i>Shares in portfolio companies</i>						
Later-stage venture	1	248,6	501,0	1	135,2	396,6
Later-stage venture	3	101,9	103,1	3	317,1	331,0
Growth	1	75,3	182,6	1	-	-
Growth	3	122,9	167,0	3	325,5	337,9
<i>Total shares in portfolio companies</i>		548,6	953,7		777,8	1 065,5
Convertible assets in portfolio companies	3	119,3	143,5	3	147,9	166,0
Convertible assets in portfolio companies	1	0,7	0,7	1	-	-
Claims in portfolio companies	3	41,6	41,6	3	68,3	68,2
Investments in securities	1	1 647,9	1 649,9	1	1 727,0	1 727,8
Total		2 358,1	2 789,4		2 721,0	3 027,5

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

Contingent liabilities

Fouriertransform AB has provided a guarantee of SEK 9.8 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, provided that the companies achieve certain predefined development stages.

Fouriertransform has issued a parent company guarantee for a portfolio company’s customer totaling SEK 21.7 million.

Fouriertransform has undertaken to provide ownership support of SEK 0.4 million to a portfolio company, which can be subject to demand by the portfolio company’s bank.

Fouriertransform paid indemnification compensation of SEK 28.7 million to the buyer of one of the divested portfolio companies.

Declaration

The Board of Directors and the Chief Executive Officer hereby provide an assurance that the Year-end Report for the full year 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, February 15, 2017

Sigrun Hjelmquist
Chairman

Jan Bengtsson
Director

Ulf Berg
Director

Hasse Johansson
Director

Richard Reinius
Director

Charlotte Rydin
Director

Per Nordberg
CEO

Auditor's Review Report

We have conducted a review of the Year-end Report for Fouriertransform AB for 2016. The Board of Directors and CEO are responsible for the preparation and presentation of this Year-end Report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on the Year-end Report based on our review.

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

Conclusion

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

Stockholm, Sweden, February 15, 2017

Deloitte AB

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Authorized Public Accountant

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