

RISE Research Institutes
of Sweden

A man and a robot head in profile facing each other, set against a dark purple background with a grid of small yellow dots. The man is on the right, looking towards the left. The robot head is on the left, looking towards the right.

Annual and Sustainability Report

2018

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RISE Research Institutes of Sweden is Sweden's research institute and innovation partner. Through international collaboration with the business community, academia and the public sector, we work to ensure the competitiveness of Swedish commerce and industry and contribute to a sustainable society.



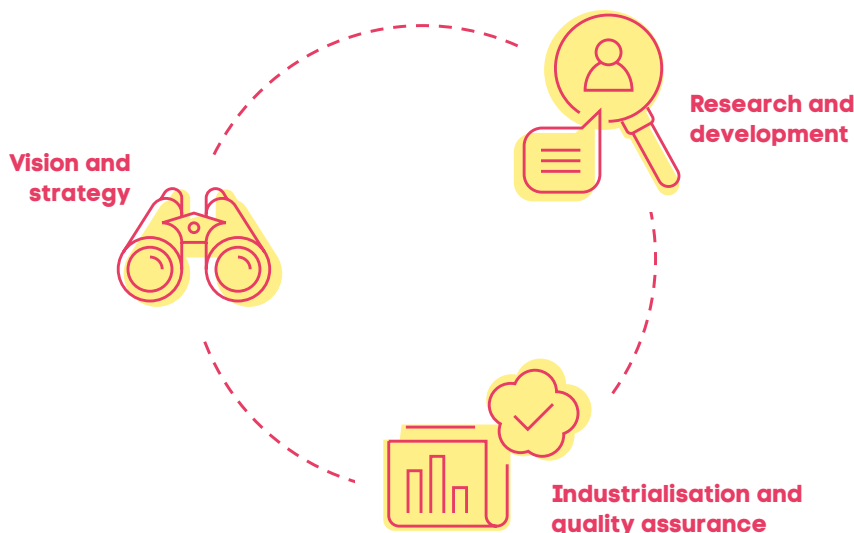
RISE RESEARCH INSTITUTES OF SWEDEN

A leading innovation partner

Our 2,700 employees drive and support innovation processes of all kinds. RISE is an independent, State-owned research institute offering unique expertise and hundreds of test and demonstration environments for future-proof technologies, products and services.

We at RISE can support our customers from strategy to market. Together we cultivate good ideas into value-creating and sustainable materials, products, processes and services. Always in cooperation.

Our offer



Our challenge-driven business and innovation areas

- | | |
|---------------------------------------|----------------------------|
| 1. Digitalisation | 4. Health and Life Science |
| 2. Energy and Bio-based Economy | 5. Material Transition |
| 3. Sustainable Cities and Communities | 6. Mobility |

Passionate problem solvers

Researchers, technicians, engineers and project managers – to mention a few of all of the roles – all work at RISE. Thanks to the scope of our organisation, our employees are drawn from almost every engineering study programme as well as psychology and behavioural sciences. The result? A broad palette of skills and individuals, working together to make a difference.



Lisa Andersson

Global studies with a specialisation in human ecology, environmental management, strategic communication and CSR

“At university, I studied how our social challenges are linked together. Here, I get to work together with people from business, the public sector and civil society to develop knowledge and methods on how we can address the challenges. I get to work with global issues, but in a local context, close to the people affected, which I think is really exciting.”

Carl Heath

Political science, social sciences and digitalisation

“Both within the educational activities that RISE conducts and applied research in education, we have a large number of exciting projects from preschool to academia and in business. We contribute to the Swedish innovation system.”





Yalda Bogestål

PhD in Biomedicine, two post-doctoral fellowships in cellular and molecular biology

"In my job, I have the possibility of working not just with a specific research project, but several. I think it's exciting and developing. And the breadth – I am working with everything from food diagnostics to new therapies for cancer."

Gunnar Oledal

Master of Science in Computer Engineering and Master of Fine Arts in Interaction Design

"In that we're a State-owned organisation, our work is mainly about developing society. For me, it's exciting to work with projects that develop technology for mankind and society."



Haben Tekie

Economist specialising in the environment

"What I like about RISE is that we contribute to creating benefit to society in everything we do – such as research, innovation, digitalisation of healthcare, social sustainability, the transition to renewable sources of energy and a circular economy."

Charlotte Strandlund

Energy and installation engineer training

"My work is based on achieving as safe a workplace as possible. Everything being in proper order is important, for example, so that the people running the machinery can feel secure and be safe."



YEAR IN BRIEF

Events and figures from the past year

Acquisition of the Swerea research group

Through the acquisition of two thirds of the research group Swerea, we strengthened our position as Sweden's hub for industrial research. Our total research capacity within digitalisation, smart industry, production technology, recycling and materials development was increased. This provides us with more expertise and capacity to further be able to contribute to Swedish competitiveness and sustainable development.



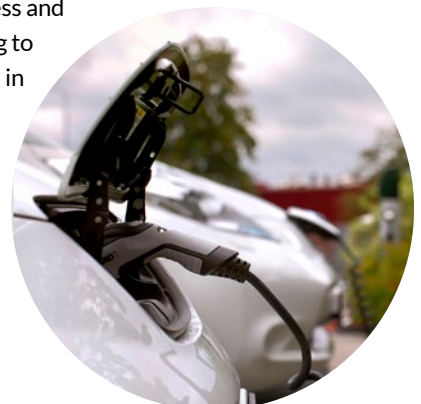
Specialist and broad education strengthens Swedish enterprise

In Sweden, there is an extensive need for actors that drive the development of lifelong learning in the form of continuing professional development programmes for those who are professionally active in business and the public sector. We now want to take the leading role by gathering and developing all of our expertise in education in a Group-wide offering called "Professional Education". This can involve everything from individual courses and lectures to conferences, online training and facilitating complex change processes. The subjects extend across all of our divisions and business and innovation areas. This provides us with the opportunity to offer training programmes with both specialisation and breadth in areas that will be important to Swedish enterprise and the public sector in the future.

Testbed for electro-mobility

With support from the Government and in collaboration with multiple industry actors, RISE and Chalmers University of Technology plan to establish a testbed for electro-mobility. It will primarily be placed in Gothenburg with a small element in Nykvarn.

The initiative is intended to strengthen the Swedish automotive industry's competitiveness and contribute to Sweden continuing to be at the forefront of innovation in the transport sector. The goal is to accelerate the Swedish transition to a fossil-free society. Taken together, the Government's appropriation and the commitments made by industry parties will see an investment of SEK 1 billion in the initiative.





Important test facility for vehicles of the future inaugurated

In order to meet the automotive industry's new needs, RISE made a significant investment in a new test facility in Borås at the beginning of 2018. Awitar (Automotive Wireless Test and Research Facility) has been designed in close cooperation with the Swedish automotive industry. The results are a world-leading facility and one of RISE more than 100 testing and demonstration environments. RISE already operates the AstaZero test track with Chalmers, where research and tests in advanced road safety are conducted, primarily with self-driving cars.



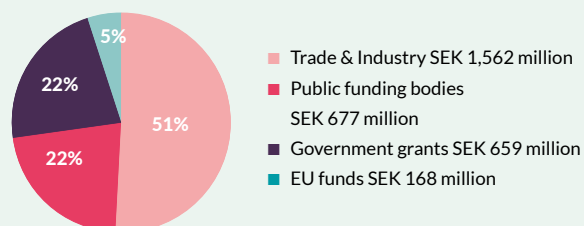
Triple F helps Sweden achieve the climate targets

The Swedish Transport Administration has commissioned a broad consortium, Triple F, to create a research and innovation platform for fossil-freedom in the freight transport system. The Swedish Transport Administration's funding amounts to SEK 290 million. Triple F focuses on three challenges: a more transport-efficient society, energy-efficient and fossil-free vehicles and vessels, and a larger share of renewable fuels. RISE is on the consortium's Board of Directors and will contribute research leadership and technical expertise. The goal of Triple F is, at the end of the programme in 2030, to have concretely contributed to Sweden achieving the set climate targets and at the same time to have developed Sweden's competitiveness.

The year in figures

Key performance indicators	2018	2017
Net sales, SEK m	3,066	2,696
Operating profit, SEK m	34	14
Profit after financial items, SEK m	25	27
Net profit for the year	11	27
Equity, SEK m	991	980
Total assets, SEK m	3,064	2,518
Equity/assets ratio, %	32	39
Electricity consumption per employee (kWh)	12,673	12,953
CO2 emissions from business travel per employee (kg)	1,794	2,419

Distribution of net sales



A WORD FROM THE CEO

“We have a strong brand”

Pia Sandvik had a hectic, but rewarding year in 2018. RISE has grown and broadened its industry know-how, and she is pleased that customers and cooperative partners provide accolades for all of the skilled employees and partners the company has.

Looking back on 2018, how did the year go for RISE?

It was a good year for RISE! There is extensive demand for our services and our expertise. We increased our sales, which have now reached SEK 3,066 million, and it's pleasing to see that every division in the Company contributed to the higher sales. The operating profit was SEK 34 million, and we have taken steps to improve profitability. For RISE, it's crucial to contribute to the social mission and thereby to sustainable development. There are many examples of projects and assignments we carried out in 2018. You can read about some of them on pages 26-37.

It's clear that our customers and cooperative partners appreciate our work. The customer survey conducted during the year shows that our customers rank our specialist expertise, availability and problem-solving ability, as well as our staff and their professionalism, very highly.

For me, it also became clear during the year what a strong brand RISE has. We see many indications that RISE is perceived as an attractive and exciting workplace and we are increasingly mentioned in the media.

On 1 October 2018, two thirds of Swerea merged with RISE. What are the implications of this for Swerea's and RISE customers and partners?

I would like to begin by saying what it means for Sweden: that we have now finally obtained a strong, cohesive institute that can contribute to a more innovative and

competitive Sweden. In order to meet the major social challenges, especially the transition to greater sustainability, we need to work across research boundaries. It is in the interface between different technologies and competencies that the new gains will be made. The broader the industry know-how we have, the more attractive we are as a cooperative partner for industry.

What are you doing to be relevant both to the small companies and the large multinational corporations you work with?

Innovation can take many different shapes. We will be there for every industry and every kind of customer. Today, small and medium-sized enterprises account for 29 per cent of our business sector revenues. This shows that it's valuable for them to work with RISE. The extra support that SMEs can sometimes need are door-openers, people who can guide them to the right expertise within RISE. We've established regional nodes throughout Sweden to shoulder this role, and in 2019, we will continue this work, and establish nodes in more locations around the country.

In order to reach out to even more SMEs (Small and Medium sized Enterprises), we've established collaboration with strategically important actors, such as IUC Sweden (industrial development centres) and SISP (Swedish Incubators & Science Parks).

One of the initiatives you have taken to develop RISE is to create an organisation for education. Why did you do that?

In Sweden, there's an extensive need for actors that drive the development of lifelong learning in the form of continuing professional development programmes for those who are professionally active. We now want to take the leading role by gathering and developing all of our expertise in education in a Group-wide offering called “Professional

Education”. This provides us the opportunity to offer training programmes with both specialisation and breadth in areas that are important to Swedish enterprise and the public sector in the future.

In several European contexts, you’ve highlighted the significance to Europe of the research institutes and their testbeds. Why?

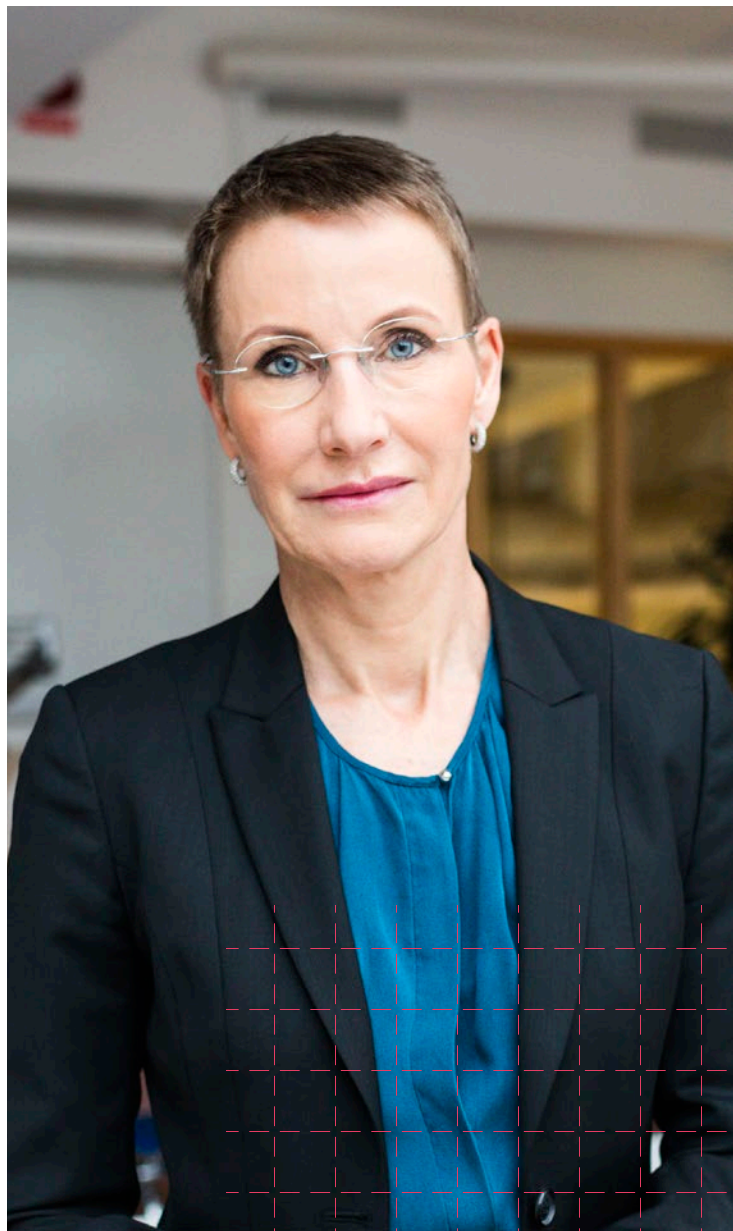
Looking at the business community’s investments in research and development, or the number of patents filed in new technologies, Europe is risking falling behind. In order to make sure that we fully utilise the resource that Europe’s testbeds provide, a strategy within the EU is needed. The investments that need to be made have to be prioritised, and small and medium-sized enterprises have to be ensured access to these test environments. The strategy also needs to include funding from the EU in line with planned spending on research infrastructure in Europe. This is necessary in order for Europe to be able to convert breakthroughs in basic research into new products and services.

What did the development and access to testbeds and demonstration environments look like in 2018?

The need is still extensive. The capacity utilisation at our testbeds remained high in 2018. Businesses and public sector organisations have to experiment more. Here, the testbeds play a key role in the innovation system with their equipment, their expertise and their experience of designing good experiments. I believe that growing numbers of experiments will take place in the intersection between different value chains and industries, which is where testbeds are a perfect, independent meeting place.

“In order to meet the major social challenges, especially the transition to greater sustainability, we need to work across research boundaries.”

Pia Sandvik, CEO, RISE



EXTERNAL ENVIRONMENT AND TRENDS

Global trends are creating new conditions

The world is changing and global trends are changing the conditions for countries, communities and markets around the world. The need to transition to a sustainable development entails challenges – as well as opportunities – for both businesses and society. We need to think and act differently than before.

The global economy is expected to double in size by the year 2050. Economic growth is driven by the increased productivity made possible by technological development and is significantly outpacing population growth. Growing economies in coun-

tries such as China, India, Indonesia and Brazil continue to be the driving forces in the global economy, while Europe's share of the world's GNP is expected to decrease significantly. At the same time, there is an increased relocation of research and innovation initiatives towards Asia, but both the EU and Sweden continue to be important actors through several international cooperative arrangements.

Challenge for Sweden

The global changes entail both challenges and opportunities for Sweden, which is an export-dependent country. In order to create renewal and growth, Sweden's innovative capacity has to be strengthened. A strong, coordinated research institute such as RISE can contribute to strengthening the entire Swedish innovation

“RISE shall be a part of the solution, a catalyst in the development that will contribute to finding new sustainable solutions.”

system. RISE shall be a part of the solution, a catalyst in the development that will contribute to finding new sustainable solutions.

Our customers are impacted

The major global changes also affect our customers and cooperative partners. For example, the public sector is facing major challenges, such as increased digitalisation of healthcare, the development towards a fossil-independent transport system and increased urbanisation, all of which bring with them new requirements, including the need for sustainable increases to development density and healthcare planning. Basic industry needs to be servicified and change its business models in the wake of rapid technical change. The service sector will develop and expand. For small and medium-sized enterprises, renewal and innovation will be crucial.

RISE Research Council provides guidance

To provide guidance for RISE future research investments, a research council was formed in 2017, composed of representatives from trade and industry and academia. The research council is tasked with providing advice on strategic issues regarding the direction of the research and the issues prioritised by trade and industry.

Trends and global challenges of strategic significance to RISE

Like all other actors, RISE is affected by the prevailing global megatrends. To link them to our reality, we have tried to briefly illustrate the trends below, based on our expertise and collaboration ambition.

Globalisation

The rapid development of globalisation increases the need for standards and requirements of traceability, and opens an international market for research and development.

Urbanisation

Growing numbers of people live in cities, which increases the need for social and citizen-driven innovation focused on sustainable city districts, infrastructure and supply systems.

Climate change

Society and enterprise have to make major changes in order for the climate targets to be achieved. This involves both energy and transport, as well as how we use our natural resources. Renewable energy, energy storage and energy optimisation are central issues.

AI and digitalisation

Digitalisation affects everyone and everything. The need for smart, secure and robust digital infrastructure, new business models and data-driven innovation is growing strongly. Particular focus is on AI, data security and skills development.

Changing demographics

We are getting ever older and the proportion of people with chronic illnesses is growing, which increases the need for healthcare. Focus is on more effective, individualised healthcare solutions, and shifting focus from reactive care to proactive health, new business models and funding solutions.

Impact of the trends

The above trends have the following impact on society and business:

Transition

The goal of the transition processes is sustainable development. This is a challenge for large structures in society and business. It involves policy, economic structures, standards and the division of responsibility. Central issues include servicification, innovation, economic incentives, procurement, and environmental and social responsibility.

Risk and security

With more interacting systems and complicated value chains, vulnerability increases. Added to this are effects from climate change and digital and physical terror attacks. Taken together, the need for security and resilience in society is growing.

Environmental impact and resource extraction

Sustainable resource use and circularity are necessary for industrial and social transformation. Greater focus is on sustainable production, system analysis, lifecycle analysis and resource origin.



UN 17 Global Goals

An important premise for our strategic focus is the UN resolution for a sustainable future with 17 global sustainable development goals that influence the conditions for all operations in the future. The Government has set the target that Sweden is to achieve zero net emissions of greenhouse gases by 2045. RISE operations will be of major importance if this and other goals for a sustainable society are to be achieved.

EVELINA HÖGLUND
Associate
Researcher



RISE mission as a research institute is formulated in the Government research bill and the owner instructions from the Government.

The research bill states that:

“The overarching goal for the research institutes gathered under the RISE AB umbrella is proposed as being internationally competitive and facilitating sustainable growth in Sweden by strengthening competitiveness and innovation in the business community.”

We do this by:

- Increasing our own and our customers' international presence and competitiveness.
- Strengthening regional industries and industry clusters.
- Creating a strong innovation infrastructure for business and society.
- Contributing to innovative, sustainable solutions to social challenges.
- Supporting small and medium-sized enterprises nationwide.



**For a better
future and
how we get
there**

An important actor in the work on sustainable development

There are now conditions and the capacity to work across research boundaries and cross-functionally. Four defined strategic focus areas are to guide the work forward.

Sweden needs a nationwide, substantial innovation capacity to compete on the international arena for jobs and welfare, and to meet global challenges. RISE aims to build a stronger Swedish institute sector which benefits trade and industry, as well as society.

The way here and forward – a journey of change

Historically, Swedish companies and organisations have owned their institutes within various industrial sectors and material areas. Research institutes primarily conduct applied research, in contrast to universities,

which conduct basic research. They are operated in the form of limited companies and are owned in part or in whole by the State.

From the mid-1980s, political work has been conducted to strengthen the entire sector. Today, there is a coordinated institute sector.

In 2016, the institutes Innventia, SP and Swedish ICT merged with RISE, with a total of 2,300 employees. In 2018, two thirds of Swerea were acquired, and the Group has now reached 2,700 employees. There are now even better conditions and the capacity to work across research boundaries and cross-functionally.

The mission is our driving force

We contribute to sustainable development in business and society by creating innovation infrastructure with international competitiveness throughout the value chain.

Our objectives

The premise for RISE objectives is that we are to be an internationally competitive research institute and shall facilitate sustainable growth in Sweden by strengthening competitiveness and renewal in the business community.

In 2018, the Government Offices of Sweden carried out a goal project together with RISE. The project resulted in a number of goals for follow-up of how well we succeeded in performing our social mission. Financial targets were also set, which are intended to measure the operations' financial outcomes. The Board of Directors has identified its own targets for sustainable business.

Financial targets

RISE is for profit, but does not distribute profit. The financial targets aim to guide RISE towards a high degree of efficiency and professionalism.

From 2020, the operating margin is to be at least 3%.

From 2019, the net debt/equity ratio is to be no more than 30%.

Goals for sustainable business

The Board of RISE has identified and prioritised areas in which we have the greatest opportunity to influence our environment: Based on these areas, RISE Board has formulated goals that address the UN global sustainability goals and clarify RISE contribution to sustainable development.

Attraction objective

By 2020, RISE is to be one of the ten most attractive employers in the category of young professionally active engineers and students nationwide.

Business objective

By 2020, 10% of turnover shall be generated as a direct result of sustainability work.

Responsibility objective

By 2020, 100% of RISE customer assignments are to be sustainability-declared and linked to one or more of the global development goals.

Objectives for the social mission

The purpose of the assignment goals is to measure how well RISE carries out its social mission.

Turnover of competitively acquired research funding

The aim of this objective is to measure RISE ability to obtain research funding from competitively acquired research funding. The objective is formulated based on the assumption that, to be successful with applications, RISE must be successful in the publication and citation of articles.

Turnover of business revenues from SMEs

Growing small and medium-sized enterprises to larger new companies is important to Sweden's long-term competitiveness internationally. RISE turnover of operations towards SMEs (Small and Medium sized Enterprises) provides a measurement of RISE contribution to the transformation of Swedish enterprise.

Collaboration through interdisciplinary projects

Measuring the proportion of collaborative projects that are staffed with interdisciplinary competencies provides an illustration of RISE ability to address interdisciplinary challenges in Swedish business.

Utilisation of testbeds and demonstration facilities

A high utilisation of the testbeds and demonstration facilities is considered to measure both the utilisation ratio of the facilities and indicate that the facilities are of relevance to the operations.

Innovation partner capacity

RISE overarching mission includes being an innovation partner to Swedish enterprise. RISE innovation partner capacity is measured through a compilation of questions from RISE annual customer survey.

Satisfied customer index

The expectations of RISE broad offering and the operations vary in the business community. A standardised satisfied customer index (SCI) measures RISE collective ability to meet the business community's expectations of and need for a research institute.

STRATEGIC FOCUS

For a stronger customer offering

In order to achieve our goals, we work intensively to create common approaches and values. At the end of 2018, an initiative began under the name “Redesigning RISE”, aimed at improving efficiency in the organisation in terms of cross-functional cooperation. The goal is to create an organisation with a stronger customer focus and a more flexible and dynamic approach. This work will be implemented in 2019 through our four identified strategic focus areas.

1 Expanding interdisciplinary innovation for increased growth

Our ambitions in this area are to be a leading innovation partner with specialist expertise in strategic areas of technology. We shall deliver high customer value through challenge-driven focus and leading interdisciplinary work processes.

In 2018, we launched a strategy for SMEs (Small and Medium sized Enterprises) and positioned ourselves by developing the research areas, system competencies and interdisciplinary deliveries to business and the public sector. In 2019, our ambition is to continue to build cross-functional expertise that drives collaboration and enables a broadening of the customer offering.

2 Developing our employee ship and leadership

A vision of being an internationally leading innovation partner entails requirements and expectations. The key to meeting them is the employees and their commitment.

In 2018, we created conditions for dialogue beginning in the present. We also launched initiatives for leadership development and management group development, and established a common base regarding the inclusion policy, Code of Conduct and whistle-blower process. In 2019, we will focus on our employees, our managers and the culture that characterises how we behave in our daily work.

3 Ensuring one RISE

Developing efficiency in the organisation is a natural part of our continuous development. By integrating Swerea, we are creating conditions for effective collaboration all the way across the Group and for a broadening of our offering.

In 2018, we began introducing a common project model and continued the implementation of common customer and tendering processes. In 2019, we are implementing a common system to be able to fully analyse and follow up our operations financially in 2020.

4 Strengthening the brand

The goal of a strong brand is greater opportunities for business and partnerships, as well as an internal sense of community. We will get there by further developing our external website (ri.se), efforts for greater digitalisation, and investments in dialogue and interaction, as well as by strengthening our position as an attractive employer for both current and future employees.

In 2018, we launched a new joint external website: ri.se. We have established RISE employer offering, created clear communication strategies and developed the managers' communication skills.



Sandra Pantzare, Development Engineer, and Roman Lassnig, Development Engineer. Both work with printed electronics.

Targets

The targets defined are prospective, and 2018 is given as the reference year.

Financial targets	Outcome 2018	Target 2019	Target 2020
Operating margin	1.1%		>3%
Net debt/equity ratio	-53%*	0-30%	

Goals for sustainable business	Outcome 2018	Target 2019	Target 2020
Sustainability-declared projects	16%	50%	100%
Business goals under revision	To be decided in 2019		
Attractive employer**	28	<20	<10

Social mission	Outcome 2018	Target 2019	Target 2020
Turnover of competitively acquired research funding****	28%		>30%
Turnover of business revenues from SMEs	To be decided in 2019 by the Government Offices		
Collaboration through interdisciplinary projects	To be decided in 2019 by the Government Offices		
Utilisation of testbeds and demonstration facilities	To be decided in 2019 by the Government Offices		
Innovation partner capacity***			78
Customer satisfaction (CSI)			75

* Negative value as cash and cash equivalents are higher than interest-bearing liabilities. For definition and calculation, see Alternative key performance indicators, page 131.

** See definition on page 17.

*** A combined assessment of several questions in our customer survey

**** Calculated as turnover from public financing bodies divided by net sales less Government grants

The vision is our guide

Our vision of being “A leading international innovation partner” guides us towards the goal of becoming a distinct and distinguished part of the Swedish innovation system, working in an international market.

Our core values

Our core values, value-creation, collaboration and independence, serve as guides for how we want to act and be perceived by the world around us. We carry these values with us and express them in our actions and in our relationships with our customers, partners and each other.

SUSTAINABILITY WORK

Innovative strength permeates the sustainability work

RISE provides inspiration by acting with coordinated strength for sustainable business and society. The high level of ambition also applies to the operations' internal processes. During the year, a pilot project for the sustainability declaration was carried out and a Code of Conduct was established.

What will RISE sustainability work be characterised by?

"Our sustainability work is to be permeated by innovative strength and shall focus on the opportunities that exist at our customers and clients in terms of the next steps in the development towards a sustainable society. We must always ask ourselves: Is there an entirely different, more sustainable solution to the problem? What do we have to do here and now to take a long-term step in the right direction?"

What was the most important activity in 2018 that has the greatest impact on sustainability?

"That we carried out our pilot project for sustainability declarations of our projects and services, which paves the way for broader collaboration and changes the perspective on the external environment. Here, it's important to have a good impact and to create the conditions to identify new sustainability issues that can further develop the projects. After all, it's through all of our projects that we can be

involved in making the biggest difference. Have a look at pages 26-37 for various stories from the customers we cooperate with."

RISE also prepared a Code of Conduct during the year. What are the concrete implications of this?

"It means that we now have a common framework for how our employees should act in their daily work in order for us to fulfil our own policies and legal requirements. In connection with this, we also created a whistle-blower function in January 2019, which is to handle violations of the Code."

A new sustainability strategy and new takes on the stakeholder dialogue await in 2019. Tell us about it.

"That's right. In 2019, we will be launching RISE sustainability strategy – a six-year sustainability plan that will clearly support our vision, mission and desired position for a sustainable and competitive Sweden. In 2018, we worked to prepare the strategy and establish support for it in the organisation.

"We are also revisiting our stakeholder dialogue and materiality analysis. We are redesigning the stakeholder dialogue from the ground up with the aim of also reaching new stakeholder groups. We will link the 17 global sustainable development goals to the materiality analysis to prioritise what is closest to our strategy, ambition and stakeholder requirements."

A portrait of Magnus Rignell, a middle-aged man with short brown hair, smiling. He is wearing a dark blue blazer over a light blue button-down shirt. The background is a blurred red and white striped pattern.

“Our sustainability work is to be permeated by innovative strength and focus on the opportunities that exist at our customers and clients in terms of the next steps in the development towards a sustainable society.”

Magnus Rignell, Sustainability and Quality Manager

Comments on the work on RISE goals for sustainable business 2020

100% of all customer assignments are declared for sustainability

We have prepared a sustainability declaration for our projects and services that is to be carried out by the lead researcher prior to the beginning of each project, which means that the sustainability issues will come into the funding and sales process early on. In 2018, 74 projects were sustainability-declared during the project's test period.

10% increase in sales generated by sustainability work

In the future, we will measure the growth of sustainable business by analysing the contribution to sustainable development in our projects. To support us in this work, we

have identified a follow-up tool based on artificial intelligence (AI) that can quality assure our applications and tenders through text analysis – without personal evaluation. In 2019, the work of following up the goal began.

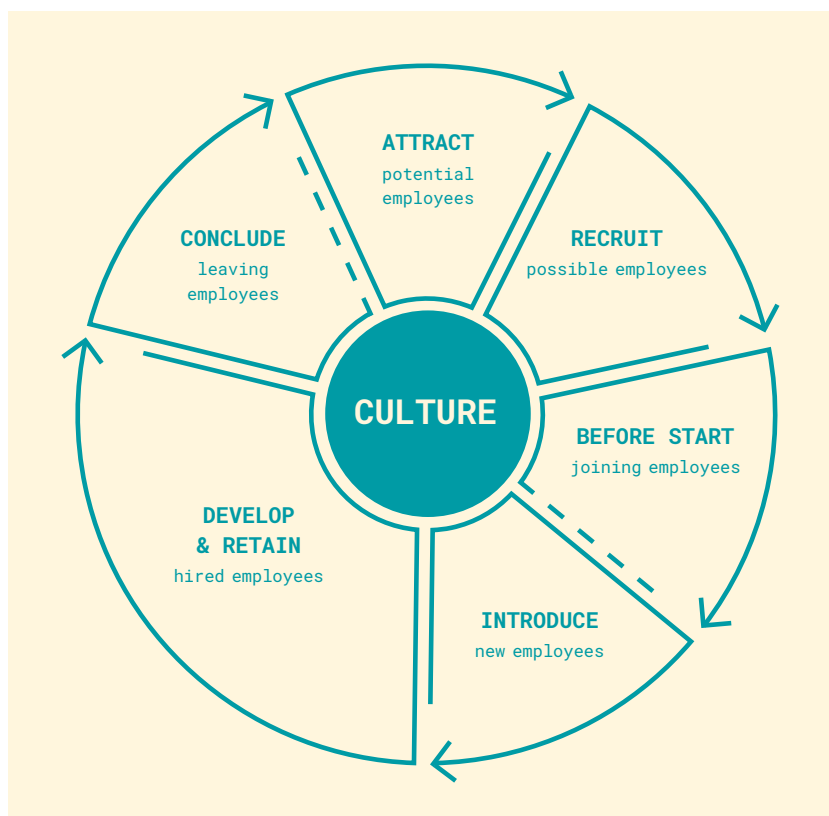
Top 10 of Sweden's most attractive employers

We have prepared a new HR strategy, a model for the employee experience and prospective processes that support an innovation culture. In 2018, RISE ranked 17th in the Career Barometer among young professionally active engineers, and 38th in the Company Barometer among engineering students (the outcome is calculated based on an average of these values), which shows that we are well on our way towards the goal.

ATTRACTIVE EMPLOYER

We want to recruit and retain the sharpest minds

RISE employees are our most valuable assets and most important ambassadors. Our long-term success and the possibility of delivering according to our mission are largely dependent on the ability to attract, recruit, develop and retain the right employees. During the year, we took a comprehensive grasp of the operations and introduced a model that will build commitment, ambassadorship and innovation.



Attract

– strategic work for the right expertise

Our ability to convert business intelligence, strategies and operating plans into competency needs is absolutely crucial in the long term for strategic work on skills sourcing. For a research institute such as RISE, this is done as a part of our research, but we also need to create a common strategic skills plan for the whole of RISE and for each division, business, and innovation area and region.

We therefore began an effort in 2018 to map RISE strategic competency needs. Management for each division carried out the workshop work with a particular focus on this, which showed that we need to strengthen our expertise in e.g. AI, the maritime sector and project management.



Maria Sundin,
Research Engineer
Works with paper
production and
packaging

Recruit

– every recruitment is unique

RISE is growing and, in 2018, we recruited 401 employees to secure our growth and, at the same time, replace employees who had moved on. Our growth in numbers is positive and indicates a high demand for our services, but also entails extensive pressure on the operations, particularly the managers in charge of the recruitment.

A distinguishing factor for our recruitment is that we solely need specialist expertise, which means that each recruitment is unique and takes more time than traditional recruitment. We therefore devote a great deal of commitment in our recruitment process, where we place great value on potential and competence.

In 2018, to improve efficiency and facilitate the recruitment process, we established our own recruitment function, which provides support to managers throughout the process – from formulation of the requirement profile to feedback to the recruiting manager.

Introduce

– an effective introduction is vital

In order to create committed and motivated employees, it is important to have a positive perception of RISE from the very beginning. In 2018, we therefore began the work of developing a digital platform for introduction to RISE, which begins as early as the signing of the employment contract.

Develop and retain

– more dialogue and involvement

Improved availability, usability and general employee perception are in focus when we develop internal processes, tools and structures in the employee area. We also work intensively to establish a common corporate culture based on our core values: value creation, collaboration and independence.

In 2018, we established an involving approach which focused on the dialogue with the employees. The employee should feel that he or she can really make a difference.

Conclude

– a positive conclusion creates ambassadors

When employees choose to leave RISE, it should take place in a manner that makes them want to continue being our committed ambassadors. Regardless of the reason – whether the employee retires, moves on to a different employer or otherwise – the conclusion should be positive.

We follow up resignation reasons every month and, in 2018, we identified areas that we need to develop. One area for improvement is skills development, and another is leadership with a focus on dialogue.

CLAUS POPP LARSEN,
Project Manager
Urban Environments



We at RISE can support our customers from strategy to market. Together we cultivate good ideas into value-creating and sustainable materials, products, processes and services. Always in cooperation.

Sweden's innovation partner – from vision to market

OFFER

Solutions for our era's problem solvers

RISE is a gathering of resources for society's problem solvers. As an independent innovation partner, we help both companies and the public sector refine good ideas for sustainable materials, products, processes and services. Solutions that contribute to a sustainable world and a competitive business sector.

RISE has gathered several research institutes and over 100 unique testbeds and demonstration environments within a single organisation. As an innovation partner, we can contribute everything from vision to research, testing and launching. By combining applied research with industry experience, we can provide crucial pieces of the puzzle in the innovation work – or be there for the whole journey.

In order to address society's challenges, we have gathered our expertise and innovation infrastructure in six challenge-driven areas. This also gives our customers and partners access to both specialisation and breadth, national and international innovation networks and relevant testbeds. Our collective offering is divided into three service areas that can be combined and cross-pollinated in various ways – vision and strategy, research and development, and industrialisation and quality assessment.



Frida Højvall, Project Manager.
Works with Certification

Our full portfolio of services

Vision and strategy

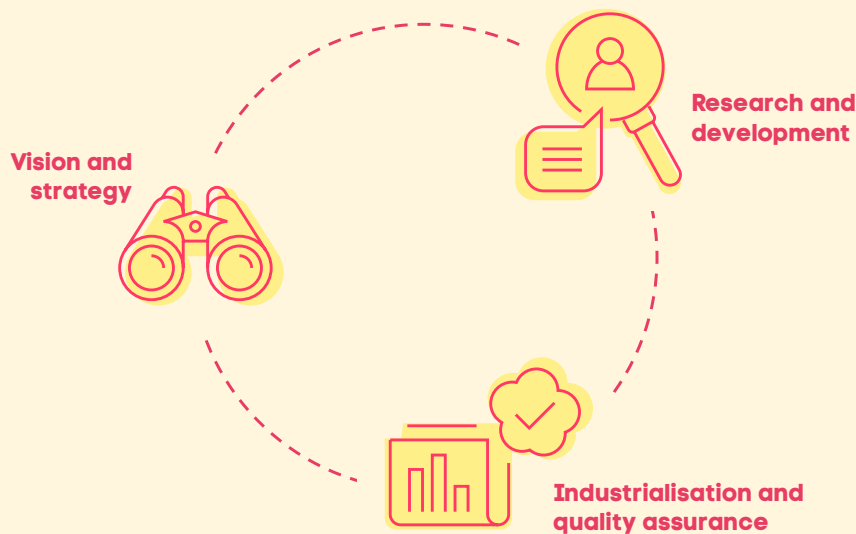
Trend spotting and external environment analysis combined with structured and systematic innovation work are increasingly important to the ability to handle a complex market. This is why we offer everything from innovation partnership to innovation support services and market intelligence through future scenarios and road maps.

Research and development

Needs-driven, applied research is our core business. The work is always conducted in cooperation with customers and partners, either in publicly funded consortia or in direct industry assignments. We also offer competence development and specific support for small and large businesses.

Industrialisation and quality assurance

Testing, measuring, verification and quality assurance are important elements in any successful and efficient technical development and innovation work. We offer testbeds and specialist competence in advanced measurement techniques, certification, calibration, standards and quality control.



Our business and innovation areas

Digitalisation

Applications in industry and public sector / E-health / Connected cities / The connected individual

Health and Life Science

E-health / Infection control / New therapies / Preventive health

Energy and Bio-based Economy

Circular transformation / Fossil-free transports / Future energy systems / Industrial transformation

Material Transition

Circular transformation / Material and process development / Life-cycle analyses / Raw material refinement

Sustainable Cities and Communities

Integrated infrastructure / Resilient cities / Vital city districts / Cities and communities in change / Connected cities / Urban mobility

Mobility

Automation / Servicification / Energy and environment / ICT and mobility / Manufacturing

BUSINESS AND INNOVATION AREAS

Facing challenges with collaboration

We are convinced that complex challenges are best solved by observing them from different perspectives. We have therefore gathered our innovation infrastructure in six challenge-driven business and innovation areas.

Digitalisation

Digitalisation is a transformation of business, societal functions and the daily lives of individuals that is unparalleled in modern times. With a focus on data-driven innovation and applied research, we support industry and the public sector in gaining a better understanding of digital solutions and the applications thereof.

The business area combines technical know-how with industry knowledge, innovation management skills, national and international networks, and unique testbeds and demonstration facilities. Together with our customers and partners, we develop new technologies, new working methods and new business models for digital reform and sustainable transformation.

Read more on page 26.



Energy and Bio-based Economy

Energy efficiency and a bio-based economy are keys to reducing climate impact and to achieving more sustainable trade and industry. Smart electricity grids, wind power in cold climates, fossil-free fuel and green chemicals – as well as wave power, system analysis, nanocellulose, resource efficiency, solar cells, service design, and new business models and policy issues. These are challenges and opportunities that we have been working on for many years at RISE.

The business area provides access to our collective expertise, tools, national and international networks and innovation infrastructure for a sustainable transition.

Read more on page 28.





Sustainable Cities and Communities

The sustainable cities and communities of the future are vibrant.

They are equipped for a changed climate where green and blue spaces dampen the effect of large volumes of water, and contribute to biodiversity, better health and greener urban environments. They are online and promote integration, interaction and experiences. In the business and innovation area Sustainable Cities and Communities, we gather expertise in construction engineering, energy systems, circular transformation, infrastructure, ICT, urban mobility, citizen-driven innovation processes and service innovation.

We strengthen the capacity of cities and communities for development and innovation for a sustainable transformation.

Read more on page 30.

Health and Life Science

Sweden's healthcare and medical costs are expected to increase by 30 per cent leading up to 2050. With digitalisation, new therapies, infectious disease control and preventive health, we can both streamline and improve healthcare and increase quality of life for the ill and the elderly.

With digital solutions, we can also create conditions for the individual to take greater responsibility for his or her own health and lifestyle. In the business area Health and Life Science, there are unique specialist expertise and innovation environments in all of these areas. This is to provide businesses and the public sector with the best possible conditions to manage the journey of renewal required to ensure sustainability and competitiveness.

Read more on page 32.



Material Transition

In order to reduce the climate impact and depletion of the Earth's resources, both Sweden and the rest of the world have to switch to sustainable materials and circular production processes. We have expertise in many different kinds of materials, such as polymers, minerals, cement, glass, biomaterials, food, pharmaceuticals, metals and electronics, and we support development and innovation in every part of the value chain. From raw materials to refinement, production and re-use. We also have a broad range of services in material development, process technology, life-cycle analysis, material perception and durability.

Read more on page 34.



Mobility

Climate change and urbanisation are placing new demands on the sustainable, fossil-free and safe transport of people and goods. Now that more vehicles are connected, electric, autonomous and shared, established business models and user behaviours are also changing radically.

The business area brings together RISE expertise and unique testbeds in the field of transport and mobility. We offer services in everything from transport system issues to smart materials, from surface chemistry to machine learning, from research to testing and industrial product development. We also work with long-term strategies regarding skills development and a sustainable system change in transport and mobility.

Read more on page 36.



DIGITALISATION

Virtual training provides safer and more effective training

Training new personnel in industry can entail risks, operational outages and inefficiency. Using virtual training programmes, virtually all training on the factory floor can be eliminated.

Training new workers in heavy industry is expensive, and can also be risky and entail production stops and ineffective time. A large amount of knowledge has to be transferred.

In the Handcode project, RISE and Gleechi, which has extensive experience of software for the gaming industry, have cooperated to create a fully adequate virtual training environment. In the project, technology for educational games and apps was combined with Gleechi's ability to write software so that hands look natural when they grip various objects, for example.

This resulted in a simulator for factory workers, on which an operator can practise manoeuvring the machinery they are to use, as if they would on the factory floor, without losing time or money. With this technology, the operators will be able to acquire all of the experience without exposing

themselves or the workplace to mistakes that can be risky. In the tool, one can test, fail and test again until the knowledge becomes second nature.

This technology has the possibility of being developed so that companies of various sizes will be able to use VR-based training that is easy to implement.

“Research and user cases have shown the positive effect of Virtual Reality for educational purposes. This project has shown that we have capacity to utilise the new technology and solve industry’s skills challenges in a scalable fashion.”

Jakob Johansson, Gleechi

DIGICORE

Digicore is a testbed that RISE operates together with Automation Region in Västerås. The testbed is a physical and digital environment that includes technology, competencies and approaches that organisations need to implement, and be strengthened in, a digital transformation. Here, everything is offered from open workshops to tailor-made training packages and project collaboration.



Petter Wannerberg, Developer.
Works with AR and VR

About the project:

The challenge

Accidents, incorrect handling and production outages are a problem in the paper industry, and hands are especially vulnerable when paper rollers are to be replaced. It is also difficult to simulate the hand's movements.

The solution

A VR-based training tool to minimise workplace accidents and incorrect handling. It is a standard platform that can be used in various applications where the hand's movements are to be visualised for training purposes. Handcode contributes to safer working environments and fewer production outages.

RISE contributions to the project

RISE is the project manager, and accounted for large parts of the implementation of the training environment, in which software from Gleechi and CEA were implemented.

Collaboration and funding

- Partners in the project are Gleechi, which was named Super Startup of the Year by the business weekly Veckans Affärer, and the French Alternative Energies and Atomic Energy Commission (CEA)
- Funded by EIT Digital.

Contributions to national targets

Sweden is to be the best in the world at using the possibilities of digitalisation. Handcode leads to opportunities to use VR in industrial applications.

Contributing to the following global sustainability goals



ENERGY AND BIO-BASED ECONOMY

Electrofuel for a fossil-free process industry

The Government's Industry Leap initiative is driving Swedish industry to take the leap towards zero greenhouse gas emissions by 2040. The emissions from industry combustion and processes currently account for around one third of the collective emissions of greenhouse gases in Sweden, which means that industry needs to make major changes. This is especially true in energy and carbon dioxide intensive sectors, such as the pulp, paper and chemical industries.

To succeed in this major challenge, new untried technology must be developed. An important piece of the puzzle may be the highly interesting electrofuels. These are liquid or gas fuels that are produced by surplus electricity, water and sometimes carbon dioxide from existing processes.

RISE is therefore conducting a pioneering research project on electrofuels together with the pulp and paper companies Södra and BillerudKorsnäs and the chemicals company AkzoNobel Specialty Chemicals.

The project has two objectives. The first is to investigate that possibilities for Swedish process industry to

increase the production of renewable fuels. The second is to take a more active role in the electricity market by itself producing electrofuels – and also selling them in the event of surpluses. In extension, this can create a more secure electricity supply for energy-intensive industries, at the same time that the proportion of renewable fuels increases.

Today, there are some 40 demonstration and pilot facilities in operation or under construction for the concept with electrofuels in Europe. Soon, Sweden will also have its first testbed for this (read more in the fact box).

SWEDISH HYDROGEN COMPETENCE CENTER

Together with Swerim, RISE is developing Sweden's first test and demonstration environment for hydrogen gas, the Swedish Hydrogen Competence Center, in Luleå. The testbed, funded by Vinnova, provides a unique possibility to accelerate the development and introduction of the hydrogen gas technology to several industries and society.

About the project:

The challenge

Heavy process industry in Sweden needs to switch over from fossil to entirely renewable electricity production with zero greenhouse gas emissions.

The solution

The process industry is being electrified through electrolysis and renewable hydrogen gas produced from electricity and water. This creates self-sufficient, innovative and stable energy systems for industry.

RISE contributions to the project

The project is being led and coordinated by RISE. We contribute technical expertise, experimental infrastructure and networks in both individual system components and value chains in the production of biofuels and green chemicals. We conduct life-cycle analyses and supply system expertise on scenarios in the electricity market.

Collaboration and funding

- Swedish Energy Agency
- Södra
- BillerudKorsnäs
- AkzoNobel Specialty Chemicals

Contributions to national targets

- The Climate Leap – for a fossil-free Sweden by 2045
- The Industry Leap – for zero greenhouse gas emissions by 2040

Contributing to the following global sustainability goals



“With electrofuels, we hope to be able to further reduce our need for fossil fuels at the same time that our electricity business is strengthened for the future electrical power system.”

Catrin Gustavsson,
Head of Innovation and New Business at Södra

SUSTAINABLE CITIES AND COMMUNITIES

An intelligent building for offices and innovation

Growing numbers of people are moving into cities at the same time that climate change needs to be tackled. Consequently, the city of the future needs to be equipped with smart integrated systems for mobility, energy and resources. In Sweden and other parts of the world, many different initiatives are under way with the aim of developing sustainable cities and communities.

As a step on the way towards the future sustainable city, the property company Akademiska Hus has taken a comprehensive grasp in the construction of A Working Lab in Gothenburg, where RISE is the largest collaborative partner in the innovation projects being carried out in the building. It will be an innovation arena full of digital infrastructure where lab work can be done with both technology and working methods in focus. Most of the RISE Gothenburg office and Akademiska Hus' head office is moving there in summer 2019, when it is scheduled for completion.

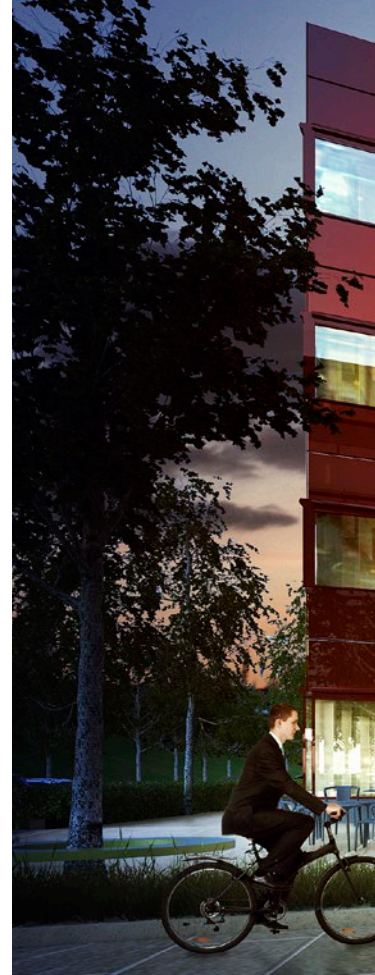
With A Working Lab, Akademiska Hus wants to pave the way to make it more fun, more efficient and more attractive to be in their premises. It will

house a Learning Lab – an arena for research on learning – in direct connection to spaces for collaboration, a café and restaurant. Environments for both spontaneous and planned creative meetings that, together with the outdoor environment, create conditions to enrich one another.

As sustainability constitutes a vital part of the building's DNA, high environmental standards are also set. The building is being built of wood and with energy efficiency in mind. The electricity is largely generated by its own solar cells, where it is stored in a unique battery that makes it possible to get electricity even when the sun is not shining. The plan is for the building to be certified under the Swedish Environmental Building system at the Gold level.

THE ACTUAL BUILDING – A TESTBED IN ITSELF

A Working Lab in Gothenburg is Akademiska Hus' most intelligent building ever, with its own innovation programme for both the building process and the finished arena. With the building as a lab bench, new sustainable products, services and business models are tested and developed in everything from energy efficient construction to the learning environments and digital infrastructure of the future.





“We need to learn more about how we develop buildings and campuses for the future based on the possibilities of digitalisation and new kinds of education. In A Working Lab, we will test this in practice in order to use it at a national level.”

Birgitta van Dalen, Market Area
Director at Akademiska Hus

About the project:

The challenge

Urbanisation and climate change are placing entirely new demands on urban development, especially in our densest cities.

The solution

Developing a model for the future's intelligent offices and learning environments in Sweden – A Working Lab – at the same time that it is being built on-site in Johanneberg Science Park, Gothenburg.

RISE contributions to the project

RISE is providing expertise in energy- and resource-efficient buildings, digital infrastructure, acoustics, wood building construction, learning environments of the future and circular furniture flows.

Collaboration and funding

- Akademiska Hus (financier)
- Chalmers University of Technology
- Johanneberg Science Park
- IVL
- ÅF
- Chalmersfastigheter
- ByggDialog

Contributions to national targets

RISE is active in the strategic innovation programmes Viable Cities, Smart and Sustainable Cities and IoT Sweden, as well as the Government's collaboration programme for Smart Cities.

Contributing to the following global sustainability goals



HEALTH AND LIFE SCIENCE

In-depth knowledge of biological medicines

Biomedicines are necessary for many patients with lifelong diseases. But there are many challenges in product development, including developing stable products. NextBioForm is a knowledge centre that enables new and improved formulations, which ultimately lead to higher quality of life for the patient.

COLLABORATION WITH MAX IV

In NextBioForm, collaboration with MAX IV is an important step in utilising the research infrastructure for industrial needs. MAX IV is a globally unique facility for experiments with X-ray radiation in imaging, dispersion technology and spectroscopy. Thanks to a close cooperation between researchers tied to NextBioForm and method experts at the facility, new research findings are made that provide in-depth knowledge about the formulation of biomedicines.

Biomedicines are produced in biological systems, meaning the active substance comes, for example, from a cell or tissue. This creates new possibilities to treat diseases for which no cure has previously been available. Biomedicines are traditionally taken as injections or an IV, which must often be performed in healthcare institutions, limiting the patient's quality of life. This is why innovative solutions for the preparation and administration of biomedicines are needed.

NextBioForm is a centre for competence development, innovation and development of formulations and process technologies for biologically based pharmaceuticals. In this project, RISE works together with partners from both industry and academia with the aim of creating knowledge and methods that are needed to develop medicines that are easier for the patient to use, and thereby improve quality of life.

The goal is to become an internationally leading centre in this area. The centre works on developing technology to be able to measure the stability of various approaches, investigates what triggers destabilisation and develops new formulation platforms. NextBioForm is operated in active collaboration, which offers a platform where several methodologies and techniques can be verified against each other through studies with well-known proteins.

For example, one of the partners, Solve, has had the possibility to analyse to a greater extent than before how antibodies and other therapeutic proteins behave in the patient. This kind of analysis has long been sought after, and Solve has now succeeded in carrying them out both within NextBioForm and for international customers.

A model is also being developed for sustainable collaboration between different actors in the form of a hub that will serve as a competence bank in the area of biomedicine formulation. Through the hub, results, methods and knowledge will be made available to actors in the area, and various kinds of services will be provided by partners affiliated with the hub. The intention is for the hub to also serve as a meeting place for various actors.

About the project:

The challenge

There are difficulties in finding stable and patient-friendly formulations in the development of biomedicines. Success provides greater quality of life to the patient.

The solution

An internationally leading centre that will develop new platforms for formulation and characterisation, and disseminate knowledge about formulations of biomedicines and products.

RISE contributions to the knowledge centre

RISE is coordinating NextBioForm and conducts research in the area.

Collaboration and funding

18 partners, including Lund University, Malmö University, Swedish Orphan Biovitrum, BioGaia, Ferring, Vironova and SOLVE. Financiers are Vinnova and the Swedish Research Council. RISE, the academic partners and the companies are also co-financiers, providing a total of SEK 112 million over six years.

Contributions to national targets

The programme is a part of the Government's strategic initiative on health that collectively is to contribute to better health, addressing social challenges, strengthening Sweden's position as a leading country in research and development, and increasing Sweden's competitiveness from an international perspective.

Contributing to the following global sustainability goals



“We are dependent on expertise, services and technologies in pharmaceutical formulation in order to develop innovative and successful therapies. In biomedicine, this has been in short supply and we look very positively on NextBioForm with RISE at the forefront now focusing on this area.”

Jonas Fransson, Director Drug Product Development at Sobi and Chairman of the Steering Committee in NextBioForm



Maria Badal Tejedor,
Engineer.

MATERIAL TRANSITION

Recycled consumer plastic becomes new packaging

Today, the use of recycled plastic in packaging is low, but there is potential here for more areas of use and less environmental impact. With the right methods, plastic can be recycled up to seven times, and, for example, emerge again as a soft soap bottle made of 100 per cent recycled consumer plastic.

Plastic packaging accounts for around 40 per cent of Europe's plastic use. At the same time, the degree of recycling of the packages is low. Even if we in Sweden have a statutory consumer responsibility for plastic packaging, and currently collect just over 40 per cent of the produced amount, collection is not enough.

Sales of the material gathered must also be achieved.

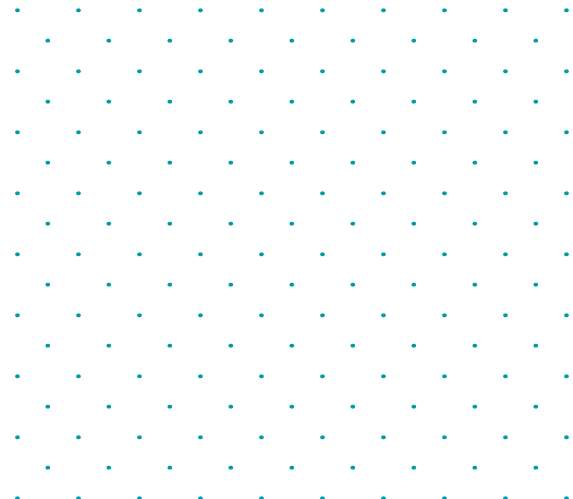
One of the challenges of recycling and creating new products from plastic is that the quality of the recycled plastic differs widely from the original plastic. Today, plastic from recycled plastic packaging is often used for garbage bags, plant pots or plastic

TESTBED FOR PLASTIC RECYCLING

In Gothenburg, RISE operates a testbed for material recycling of plastic. Here, sustainability and product flow analyses, training and support in sustainability issues, and work with technical issues on design, materials and recycling methods are performed. The testbed is funded by Västra Götaland Region.

“Today, a large part of recycled plastic goes to energy recovery, as the demand and areas of use for recycled plastic have been limited. The process description that ICA and RISE are preparing will be able to benefit the entire industry.”

Louise Nilsson, Product Innovation Manager, ICA Sweden



profiles, but rarely for new plastic packaging. This is partly because it is difficult to achieve a quality approved for food, and partly because colour and odour are not as attractive as the consumer is used to.

In this project, which RISE initiated and leads in cooperation with actors from the recycling industry, the packaging industry and ICA, it has been possible to demonstrate the possibilities of recycled consumer plastic by developing a soft soap bottle made of 100 per cent recycled materials. Besides demonstrating a successful example, the process description developed will be able to benefit the whole industry. The objective of the project is to show that it is possible to manufacture packaging from recycled plastic, increase demand for recycled materials and thereby change the entire packaging industry in the long term.

About the project:

The challenge

The use of recycled plastic must increase, but there are several challenges in producing packaging from recycled plastic, such as ensuring adequately high quality and aesthetics.

The solution

In order to manufacture a product that meets all of the mechanical requirements set on a package, it must be processed. In this case, the plastic raw material is washed in hot water and melt-filtered to remove impurities from the material.

RISE contributions to the project

RISE manages the project and initiated the material development that led to the end product, and contributed knowledge in mechanical recycling of plastic and plastic processing.

Collaboration and funding

In the project, RISE collaborated with Swerec, Novoplast, Emballator and ICA. Plastkretsen AB's research foundation funded the project.

Contributions to national targets

Sweden has both its own national targets for recycling and targets shared within the EU. The material recycling targets for packaging will be raised in 2020.

Contributing to the following global sustainability goals



Henrik Oxfall,
Group Leader
in Polymer
Materials

MOBILITY

Strategic initiative for electric roads on a large scale

By 2045, the transport sector in Sweden is to be climate-neutral and fossil-free. One conceivable solution to achieve the goal is electric roads. Electric road technology is already being tested on public roads in Sweden. We are now investigating the possibility of taking the step to large-scale operation.

Today, there are primarily three kinds of systems for electrified roads: overhead lines above the road, a rail in the road, or wireless operation from the road. Overhead lines are the most developed, a technology that is well-suited to trucks. In the short term, it is mainly heavy transports that are in need of electric roads.

We know that electric roads would provide a major climate benefit. The technology already exists, and financial estimates of a complete electric road system have shown that electric roads are profitable in the long term. Being able to show profitability in a country like Sweden, with relatively low transport flows, indicates the system's potential in a global perspective.

Research in electric roads has come far, but the need for further development work still remains. The objective of the new Research and Innovation Platform for Electric Roads project is to gather and build knowledge to be able to answer some of the big questions that remain prior to scaling up, such as business ecosystems, legislative requirements, electricity infrastructure and standardisation of interfaces. Shared knowledge is being built in cooperation between institutes, universities, authorities, companies and demonstration arenas. The objective of the project, which will be under way throughout 2019, is to clarify socio-economic conditions, benefits and other factors that electric roads entail.

ELECTRIC ROAD DEMONSTRATORS

RISE research project in electric roads has close cooperation with on-going electric road demonstrations at testbeds in Sandviken and Arlanda. The results from construction and operation of the electric roads provide important information for the research.

“Dynamic electric charging of vehicles is one of the most interesting contributions to a fossil-free transport sector. If we are able to begin the roll-out of electric roads in the near future, it can contribute to reducing emissions, and creating new jobs.”

Jan Pettersson, Swedish Transport Administration.

About the project:

The challenge

By 2045, the Swedish transport sector is to be climate-neutral and fossil-free, at the same time that heavy transports are gradually increasing both in Sweden and the rest of the world. Electric roads are a part of the solution, regarding which extensive technical progress has been made, but many questions remain.

The solution

RISE has worked systematically with electric roads since 2011 and is conducting and participating in several electrical road projects. We are developing and evaluating technologies, business models and policies for electrical roads on a national, Nordic and European level. We are also strengthening research and innovation in electric roads.

RISE contributions to the project

The project is being led and coordinated by RISE. We are responsible for the work package on socioeconomic and business administration effects, business models and payment systems, as well as financing and strategy.

Collaboration and funding

A number of regions, as well as the KTH Royal Institute of Technology, Chalmers University of Technology, Lund University, VTI, the Swedish Electromobility Centre and the Swedish Transport Administration. AB Volvo, Scania, Vattenfall, Fortum and Profu are among the industrial partners. The Swedish Transport Administration is the financier together with Vinnova, and the programme is called Strategic Automotive Research and Innovation.

Contributions to national targets

Greenhouse gas emissions from the transport sector must decrease by at least 70 per cent by 2030. The sector is to be climate-neutral by 2045.

Contributing to the following global sustainability goals



Image: NCC Sten Jansin

TESTBEDS AND DEMONSTRATION FACILITIES

We are creating a highway for new sustainable business

RISE involvement in a hundred unique testbeds constitutes a central cog in the construction of a sustainable business community and society. Jon Haag, Head of the Test & Demo Office at RISE wants to get various industries, cities and end-users to conduct innovative experiments together to more quickly achieve the sustainable solutions and business models of tomorrow.

Why are testbeds important to Sweden?

“We want to improve the innovation capacity in Sweden by making it easier for Swedish and foreign companies in Sweden to grow here in particular. As a strongly export-dependent country, we need to be able to offer a good innovation infrastructure to keep expertise and development in Sweden.”

What part do the testbeds play in the innovation process?

“There are testbeds in everything from basic research to pure pilot research environments. The testbeds are to help throughout the innovation process – from concept to finished product, service, technology or process. The ‘death valley’ that many ideas get stuck in can be avoided by testbeds accelerating knowledge building, customer tests and market introduction.”

Which actors use RISE testbeds?

“We target all kinds of companies and the public sector. We need to get better at talking about and providing guidance on the possibilities that are available, especially for newly founded SMEs (Small and Medium sized Enterprises).



In 2018, RISE began a testbed for digitalised agriculture in Uppsala.

X-ray equipment that protects high-risk patients in healthcare

Three entrepreneurs had an idea of creating mobile X-ray equipment to avoid having to move sensitive patients. Thanks to RISE testbeds, the equipment is now in hospitals in 17 countries.

The small medical technology company from Småland, Solutions for tomorrow, competes on a market with such giants as Siemens, Philips and Samsung. The founders Jan Bååt, Martin Yngvesson and Mattias Guldstrand all have a medical technology background.

“We were looking at batteries for electric vehicles, but lacked the expertise ourselves. RISE did have it, however, and they helped us both to develop the project and during the approval phase. RISE also supported us when we applied for and were awarded ‘Research & Grow’ funding from Vinnova,” says Mattias Guldstrand.

Mattias describes the technology in the lithium battery system as the heart of their X-ray equipment. The battery has cut the equipment’s weight in half and thereby enabled performance that the competitors do not come close to.

“Over the last two years we have had our hands full expanding and building a factory. Last year, we had turnover of



SEK 14 million and, this year, we will end up at around twice that,” says Mattias Guldstrand.

The testbed that Solutions for tomorrow used to develop the battery is called Testbed for Battery, Electric Hybrid Systems, Fuel Cells and Hydrogen Gas Applications, and is located in Borås.

RISE helped us develop the product and during the approval phase, but also when we applied for and were awarded ‘Research & Grow’ funding from Vinnova.”

Mattias Guldstrand, Founder of Solutions for tomorrow

As a step in that direction, we have developed the testbedsweden.se digital service.”

How is RISE involved in the EU’s work on testbeds?

“Together with the Association of Swedish Engineering Industries, we have long driven the issue of a need for a testbed strategy for Europe. Better coordination, more cooperation in the EU and realistic funding possibilities are needed to create a truly competitive infrastructure for innovation. Our work has contributed to an initiative currently underway in

the European Commission to prepare a proposal on a testbed strategy. We continue to be involved in this work, together with the Association of Swedish Engineering Industries and the EARTO institutes’ European organisation.”

How do the testbeds address the challenges in the UN’s 17 sustainable development goals?

“The various institutes previously worked somewhat unilaterally towards their industry customers, but in recent years, we are facing entirely new challenges to achieve the global

targets. In order to succeed, we need to work with innovation in a new way – ‘Experiment & Scale’ – since it is whole systems, cities, communities and regions that need to change: smarter transports, schools, health-care and so on. This requires that different disciplines work together at the same time towards achieving the 17 goals.

Governance structure of the organisation

RISE RESEARCH INSTITUTES OF SWEDEN AB

Corp. ID no. 556464-6874

RISE Research Institutes of Sweden AB (RISE AB) is a limited company wholly owned by the Swedish State. Every year, the Company prepares a Corporate Governance Report that is approved by RISE Board of Directors.

The State's corporate governance has the aim of the State-owned companies acting exemplary in the area of sustainable business by balancing and combining a financially, socially and environmentally sustainable development.

A word from the Chairman

How would you describe RISE role in society?

RISE has a unique role. RISE mission, to strengthen companies' competitiveness and to create innovations that contribute to sustainable development, means that we always work with customer benefit and societal benefit as our impetus. Our work is driven by challenges and focuses on the major challenges to society. I think that the extensive demand that exists for RISE expertise and services shows what an important role we play in society. Sweden needs a strong research institute.

If you put 2018 into a little longer historical perspective, what can you say about the past year?

The Swedish institute sector's roots extend back to the last turn of the century when many research institutes were established with a specialisation on specific industries. In the past decade, a consolidation has been under way. In 2018, RISE took another important step towards becoming a strong, cohesive institute when we welcomed two thirds of the Swerea research group to become a part of RISE. For Swerea's and RISE customers, the merger means that they gain access to an institute with an even greater potential to deliver cross-functional synergies.

In 2018, RISE also strengthened its role in the innovation system through strategic collaboration agreements with universities and by shouldering the role of innovation partner for growing numbers of customers. I view the new research and innovation strategy prepared in dialogue with RISE Research Council as an important step forward in the development of RISE.

How did the Board work with sustainability issues in 2018?

Working for sustainable development is a core mission for RISE. For the Board, it has been important to ensure that RISE works to achieve the highly set goal of 100 per cent of the customer assignments being sustainability declared and linked to one or more of the UN global sustainable development goals by 2020. One example is the research project "Glass dumps – from waste to resource" which developed a technology to remove lead, arsenic and antimony from dumped lead crystal glass. The result is glass and metal that can be re-used for new products. The project is



contributing to several of the global development goals, including number 9, industry, innovation and infrastructure, and number 12, responsible consumption and production.

How do you view the annual results?

Sales increased by 9 per cent and it is pleasing to see that there is a greater demand for RISE services and expertise. The operating margin of 1.1 per cent is not on a par with our financial ambitions, which is why steps have been taken to improve profitability. Considering the extensive integration that was under way during the year, I still think that the organisation did a fantastic job.

Is there any issue that RISE Board had extra focus on in 2018?

For the Board of Directors, the issues of expertise were important. RISE being able to attract and retain competent employees is a prerequisite for rendering high-quality services and being able to grow organically in pace with growing demand.

Jan Wäreby

Chairman of the Board of Directors

Corporate Governance Report

Corporate Governance Report 2018

RISE Research Institutes of Sweden AB, corporate identity number 556464-6874

In June, a downstream merger was performed, which meant that the former Parent Company RISE Research Institutes of Sweden Holding AB (RISE Holding AB), corporate ID number 556179-8520, was merged with RISE Research Institutes of Sweden AB (RISE AB), which is now the Parent Company of the Group. This Corporate Governance Report presents how corporate governance was conducted during the 2018 financial year and follows the senior Board of Directors in the Group from RISE Holding AB and then RISE AB.

Corporate governance of RISE AB is based on the Swedish Government's owner policy and guidelines for State-owned enterprises, the Swedish Companies Act and the Swedish Corporate Governance Code (the Code). The guidelines state that the Code is applied in accordance with the principle of 'comply or explain', which means that any failure on the part of RISE AB to comply with the Code must be explained. According to the Swedish Companies Act, the Board of Director is responsible for the Company's organisation and the management of the Company's affairs. Corporate governance includes maintaining transparency with regard to the owners so that they are able to follow the Company's

development, as well as the development of any companies that the State owns or has influence over via RISE AB.

The Swedish Government's ownership policy aims to ensure that state-owned enterprises act in an exemplary manner in the area of sustainable business and states that, "the fundamental premise of sustainable business is that companies should operate in a manner that promotes sustainable development". This is to be achieved by balancing and reconciling economically, socially and environmentally sustainable development.

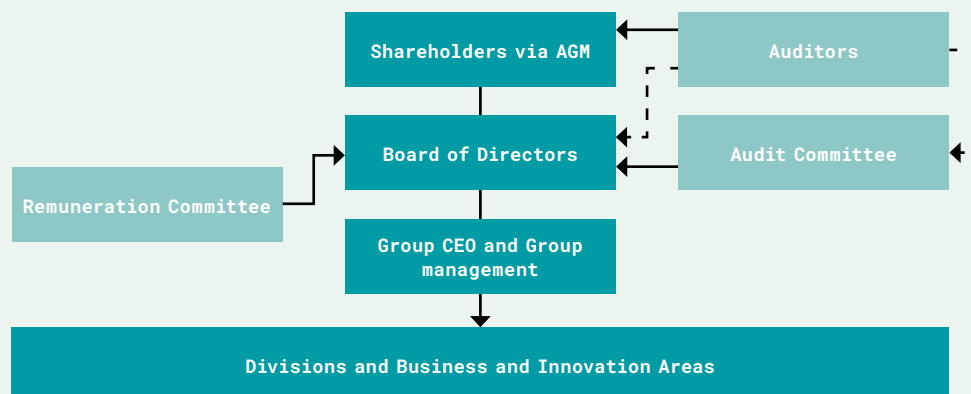
Deviations from the Code

Rule 2 on the appointment of Board members and auditors

The stipulations of the Code are primarily intended for public companies with a wide ownership base. RISE AB deviates from the Code as its nomination process complies with the directives stated in the State Ownership Policy. Refer to the Nomination process section below.

Rule 4 on the Board of Directors' independence

Rule 4.5 states that a majority of the members of the Board are to be independent in relation to the Company's major



shareholders. In companies wholly-owned by the State, there are no grounds to report independence in relation to the owner. Refer to the Nomination process section below.

Mission

RISE AB's mission is set out in the research and innovation bills presented by the Government that were passed by the Swedish Parliament. In both the previous Research and Innovation Bill for 2013-2016 and the most recent bill covering the period 2017-2020, titled Collaborating for knowledge – for society's challenges and strengthened competitiveness (bill no. 2016/17:50), the overarching goal for the research institutes gathered under the RISE umbrella is proposed as being internationally competitive and facilitating sustainable growth in Sweden by strengthening competitiveness and innovation in the business community.

The latest bill proposes the development of RISE mission; among other things, the Swedish institute sector will become more coherent. The bill also proposes the continued reinforcement of RISE role as a developer of testbeds and demonstration environments, as well as increased collaboration with academia, industry and the public sector.

RISE will continue to develop expertise within strategically important areas of industrial transformation while further developing support to small and medium-sized companies.

No distribution of profits from the Company to shareholders is set to take place.

RISE AB belongs to the group of State-owned companies whose mission in society is specifically designated by Parliament.

The owner instructions adopted at an extraordinary general meeting on 5 July 2018 set out the Company's mission based on the specially decided social mission and the reporting requirements set on RISE AB regarding operations funded by strategic competence funding. A report is to be submitted to the Government offices on 31 March 2019. The objective of the mission goals is to, together and in a balanced manner, set targets and measure the various aims that RISE specially decided social mission is intended to achieve.

Annual General Meeting (AGM)

In addition to the relevant rules in the Companies Act and the Code, the following principles apply to general meetings of shareholders in State-owned companies pursuant to the State Ownership Policy. These principles state that the annual general meeting is to be held no later than four months after the closing date. According to RISE Articles of Association, notice of the meeting is to be provided via letter to shareholders and through an announcement in the Swedish National Gazette and on the Company's website, www.ri.se.

Information that the convening notice has been issued is to be announced in Dagens Industri.

Members of Parliament are entitled to attend general meetings of shareholders and, when doing so, to pose questions. Information regarding the time and location of general meetings of shareholders is to be sent by post to Parliament's Central Bureau in conjunction with the notice of the meeting. The general public should also be invited to attend general meetings of shareholders in State-owned companies. The 2019 AGM will take place on 25 April.

Nomination process and composition of the Board of Directors

The nomination process for members of the Board of Directors is coordinated by the Ministry of Enterprise and Innovation and replaces the standard Nomination Committee (deviation from the Code, see above). The nomination process in its entirety is detailed in the Government's State Ownership Policy. The election of auditors also follows the principles stated in the State Ownership Policy.

The objective of the Government is that the composition of Boards of Directors in State-owned companies shall be appropriate to the Company's operations, phase of development and other relevant circumstances. The Board members elected at general meetings of shareholders are collectively to exhibit diversity and breadth of qualifications, experience and background. Diversity aspects such as ethnic and cultural background are also to be considered. Sustainable operations are a key issue for the State as owner, and the Board of Directors is required to have the capacity to work strategically in this area.

The Articles of Association for RISE AB stipulate that the Board of Directors and Chairman are to be elected at the annual general meeting of shareholders. The Board of Directors shall be composed of a minimum of five and a maximum of nine elected members, with no deputy members. The Articles of Association also stipulate that, in the event that the Chairman relinquishes his/her position during the mandate period, the Board of Directors shall select the new Chairman to assume the position until such time as a new Chairman is elected at the annual general meeting of shareholders.

A resolution to amend the Articles of Association shall be passed at the annual general meeting of shareholders in accordance with applicable law.

No further rules are applicable with regard to the Articles of Association.

All elected Board members are independent in relation to the Company. The Board members' independence in relation to the State as majority owner is not reported (deviation from the Code, see above).

The Board of Directors



STANDING FROM LEFT: Klas Bendrik, Sven Wird, Magnus Naesman, Hanna Lagercrantz, Torbjörn Holmström, Jonas Söderberg, Ulf Nordberg, Sara Mazur, Anna-Karin Stenberg, Linda Ikatti. **SITTING FROM LEFT:** Johan Berglund, Pia Sandvik, Jan Wäreby, Fredrik Winberg

The Board of Directors is elected at the meeting for a mandate period of one year. At the annual general meeting of RISE Holding AB on 19 April 2018, eight AGM-elected Board members were appointed, three women and five men.

The Board of Directors includes three ordinary Employee Representatives and three deputies. The CEO is not a member of the Board of Directors.

Members of the Board of Directors elected at the annual general meeting of shareholders:

Jan Wäreby (born 1956)

Chairman of the Board since January 2017, Chairman of the Remuneration Committee, member of the Audit Committee. Previously Senior Vice President and Head of Group Function Sales at Ericsson, before which he served as Senior Vice President and Head of the Multimedia Business Unit, and Executive Vice President and Head of Sales and Marketing at Sony Ericsson Mobile Communications. Degree of Master of Science from Chalmers University of Technology. Member of the Boards of Tobii AB, Gapwaves AB, Incell International AB, Agapi Boating AB and Defentry AB.

Anna-Karin Stenberg (born 1956)

Board member since 2015, Chair of the Audit Committee. Business Area Controller Vattenfall BA Markets, Vice President Head of Corporate Control, Telia Company AB. Former CFO Praktikertjänst AB, CFO Vattenfall Nordic, Business Area Controller Atlas Copco and Head of Global Shared Services, Business Controller ABB (Corporate Research). Master of Business Administration specialising in international economics, Linköping University.

Fredrik Winberg (born 1949)

Board member since 2015, member of the Audit Committee. Independent consultant. Former CEO of CEMENTA, Director of Marketing HeidelbergCement Northern Europe. Chair of the Board of Bygghandelsindustrierna, director of SP Technical Research Institute of Sweden and alternate director of the Confederation of Swedish Enterprise. Various positions in Avesta AB and Ratos AB. Master of Business Administration specialising in marketing, Master of Political Science from Uppsala University. Chairman and cofounder of Biteam AB and Fureho AB and member of the Board and cofounder of Oxeon AB. Advisory Board in Echostonehousing in the USA. Member of the IVA Business Executives Council.

Hanna Lagercrantz (born 1970)

Member of the Board since April 2018, member of the Audit Committee. Deputy Director, Ministry of Enterprise and Innovation. Previously Corporate Finance at S.G. Warburg, UBS, Brunswick-Warburg. Share Analyst and Investor Relations at SEB. Other directorships include Almi Företagspartner AB, AB Svensk Exportkredit and Swedfund International AB. Master of Business Administration from Stockholm School of Economics, Master of Philosophy in Economics, Cambridge University.

Klas Bendrik (born 1969)

Member of the Board since April 2018, member of the Audit Committee. Chief Digital Transformation Officer in DNV GL, Former Vice President and Executive Partner, Gartner. Previous Senior Vice President and Group CIO Volvo Car Group AB, director of Volvo Cars, independent director of CAB AB since 2012. Previous positions include Mölnlycke Health Care, Accenture

and ASSA ABLOY in the field of Innovation, IT and Digitalisation. Bachelor of Science from the Gothenburg School of Business, Economics and Law at the University of Gothenburg, and the Swedish Naval Academy (Reserve officer, Captain).

Sara Mazur (born 1966)

Board member since April 2018, member of the Remuneration Committee. Vice Chair of Wallenberg Artificial Intelligence, Autonomous Systems and Software Program (WASP). Previously Vice President and Head of Ericsson Research, Ericsson AB, and Vice President System Management and R&D Operations, Business Unit Networks, Ericsson AB. MSc in Electrical Engineering from KTH Royal Institute of Technology, PhD and Associate Professor in Fusion Plasma Physics at KTH. Honorary doctor at Luleå University of Technology. Director of Saab AB, Investor AB, Combient AB, Nobel Media AB and member of the Royal Swedish Academy of Engineering Sciences Division XI Education and Research Policy.

Sven Wird (born 1951)

Board member since 2015, member of the Remuneration Committee. Owner of S Wird Consulting AB. Former Senior Vice President of Holmen AB, and senior positions in Modo Paper AB, Norske Skog AS and SCA. Master of Science Chemistry, Chalmers University of Technology. Chairman of the Board of Nordiska Virkesbörsen AB and member of the Board of Sveaskog AB.

Torbjörn Holmström (born 1955)

Board member since 2017, member of the Remuneration Committee. Senior Advisor (R&D) to the CEO, Volvo Group. Previously Executive Vice President Volvo Group Trucks Technology and CTO, Volvo Group. Director of a number of Volvo companies, formerly in Deutz AG, Vice Chair of Chalmers University of Technology since 2013, member of the Volvo Research and Educational Foundation since 2017, the Association of Swedish Engineering Industries Production 2030 and RISE since 2017. Master of Science Mechanical Engineering, Chalmers University of Technology.

Employee representatives – ordinary:

Linda Ikatti (born 1972)

Board member since 2010 (ordinary), former Board member of SP AB and RISE Holding AB. Test engineer in the field of building physics at RISE Built Environment, chair of the Unionen club at RISE. Engineering at the Sven Eriksson Upper Secondary School in Borås. Studied Chemistry at the University of Borås. Board member of Borås Stad Textile Fashion AB and 2nd Vice Chair of the City of Borås Preschool Committee.

Magnus Naesman (born 1955)

Board member since 2013, member of the Audit Committee. Senior investigator at RISE CBI Swedish Cement and Concrete Research Institute. Formerly a board member of BLOCO AB, FFNS Gruppen AB (publ), SWECO AB (publ) and CBI AB. Master of Science in Civil Engineering from KTH Royal Institute of Technology.

Ulf Nordberg (born 1959)

Member since 2018 (ordinary), member of the Remuneration Committee, previously a board member of SP AB (alternate) before transferring to RISE AB. Senior project manager within Agrifood and Bioscience, Bioscience and Materials. Board member of SACO RISE. Master of Science in Civil Engineering in Built Environment from Luleå University of Technology.

Employee Representatives, deputies:

Johan Berglund (born 1978)

Board member since 2018. Research scientist and project manager in the field of manufacturing technology at RISE IVF. Master of Science in Production Engineering from Luleå University of Technology. PhD in Manufacturing Engineering from Chalmers University of Technology. Board member (alternate) of Swerea AB since 2017.

Jonas Söderberg (born 1959)

Board member since 2018. Researcher in the field of human-machine interaction specialising in virtual reality, interactive media and "smart homes" at RISE SICS since 1998. Active board member of the SACO club at RISE SICS since 2010. Previous positions include the City of Stockholm Culture Administration, Folkoperan and the Swedish History Museum. First-cycle education: Degree in the composition of electro-acoustic music from the Royal College of Music in Stockholm 1980-83.

Magnus Hillergren (born 1974)

Employee representative, Board member (deputy) since 2018. Research engineer at RISE Innventia AB since 2000. Active in the local Unionen trade union club.

Formal work plan for the Board of Directors

The Board of Directors is to manage the affairs of the Company in the interests of the Company and its owners.

In addition to applicable laws and recommendations, the work of the Board of Directors is governed by the formal work plan for the Board of Directors. The formal work plan is reviewed on an annual basis and adopted by means of a Board resolution.

The formal work plan regulates the division of responsibilities between the owner and the Board of Directors, between the Board of Directors and the CEO, and the form of Board work, the number of meetings, authorised signatories, authorisation hierarchy and information pertaining to the Board Committees.

Scheduled Board meetings are to be held in accordance with the outline plan stipulated in the formal work plan. This plan states the periods during which meetings are to be held, as well as the matters to be addressed at each respective meeting, such as the annual financial statements, interim financial statements, strategy issues, allocation principles for strategic competence funds, business plan and budget, as well as the overview and appointment of members of RISE Research Council.

Other matters to be addressed by the Board on an annual basis are HR issues and an overview of policy documents resolved on by the Board.

At least one ordinary Board meeting should, pursuant to the formal work plan, be convened at one of the operating facilities within RISE, and is to be combined with a visit to that facility.

Prior to the start of each calendar year, the Board of Directors is to establish a preliminary programme of meeting dates and locations. An initial meeting is held after the annual gen-

eral meeting at which resolutions are passed on authorised signatories, the formal work plan for the Board of Directors, the terms of reference to the CEO, authorisation instructions and a plan for ordinary Board meetings during the year.

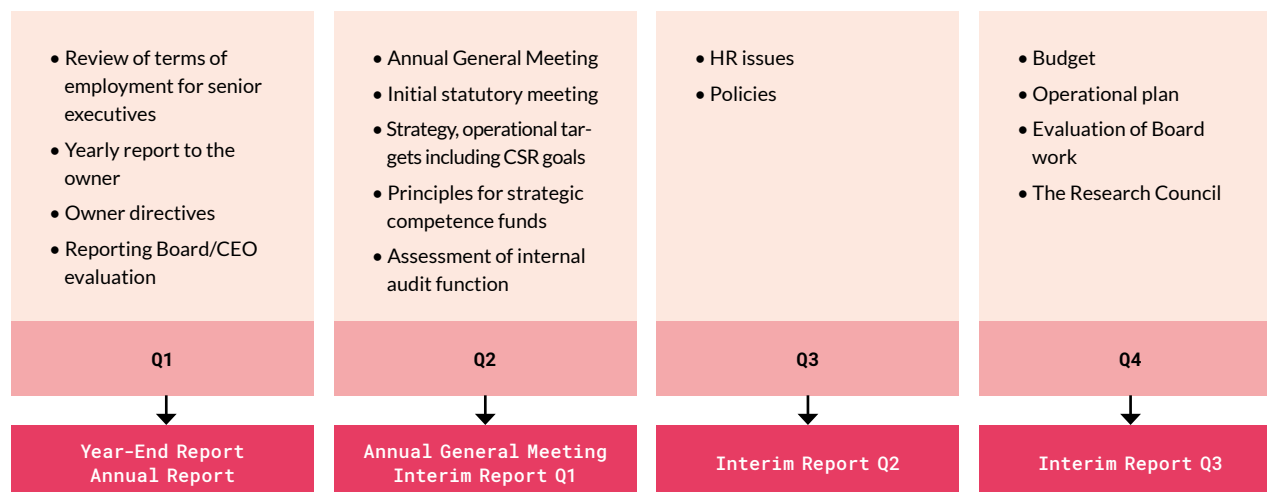
The Board of Directors is to propose to the annual general meeting guidelines for remuneration and other terms of employment for the CEO and senior executives. Any significant engagements held by the CEO outside the Company are subject to the approval of the Board of Directors. The CEO is responsible for ensuring that the Board of Directors is notified of any such engagements.

Work of the Board of Directors

The Board of Directors convened 11 times during the year. Three of these were telephone meetings. In accordance with the formal work plan for the Board of Directors, members are provided with printed supporting material concerning the matters to be addressed prior to every Board meeting. The material includes the CEO's report on current operations. Executives within RISE AB participate in Board meetings to report on specific points and as secretary.

In 2018, the work of the Board of Directors comprised:

- Strategy 2019-2021
- Sustainability work
- External environment analysis
- Sales strategy
- Test and demo
- Communication strategy
- Brand strategy
- Risk analysis
- Organisational development



Attendance and Board fees

Remuneration to the Board of Directors as resolved by the 2018 annual general meeting is SEK 350,000 per year to the Chairman and SEK 175,000 per year to other members. The Chairman of the Audit Committee is paid a fee of SEK 30,000 per year and SEK 20,000 per year is paid to other members. No fees are payable to the members of the Remuneration Committee. No fees are payable to employees of the Government Offices or to Employee Representatives.

The total remuneration to the Board of Directors is presented in the Company's annual report. Attendance at Board and Committee meetings is presented in the table below.

The former Parent Company RISE Research Institutes of Sweden Holding AB (RISE Holding AB) was merged with RISE AB, which is now the Parent Company of the Group, through a downstream merger in June. The tables below monitor the Board fees and meeting attendance for the highest decision-making Board in the Group from RISE Holding AB and thereafter RISE AB.

Attendance and Board fees for the Board of Directors 2018

Board of Directors

Name	Function in the Board of Directors	Attendance	Fee
Jan Wäreby	Chairman	11/11	350,000
Sven Wird	Member	10/11	175,000
Anna Hultin Stigenberg	Member, Jan-Apr 2018	3/3	43,750
Klas Bendrik	Member from April 2018	7/8	131,250
Torbjörn Holmström	Member	10/11	175,000
Richard Reinius ¹⁾	Member, Jan-Apr 2018	2/3	-
Hanna Lagercrantz ¹⁾	Member from April 2018	6/8	-
Anna-Karin Stenberg	Member	9/11	175,000
Marie Westrin	Member, Jan-Apr 2018	3/3	43,750
Sara Mazur	Member from April 2018	6/8	131,250
Fredrik Winberg	Member	10/11	175,000
Lazaros Tsentaris ¹⁾	Employee Representative, Jan-Apr 2018	7/8	-
Magnus Naesman ¹⁾	Employee Representative, from Aug 2018	5/5	-
Åsa Rudström ¹⁾	Employee Representative, Jan-Apr 2018	3/3	-
Linda Ikätti ¹⁾	Employee Representative	10/11	-
Anders Mähler ¹⁾	Employee Representative, Apr-May 2018	4/4	-
Ulf Nordberg ¹⁾	Employee Representative, from May 2018	5/5	-
Jonas Söderberg ¹⁾	Employee Representative, deputy from April 2018	6/7	-
Fredrik Lindberg ¹⁾	Employee Representative, deputy Jan-May 2018	3/6	-
Ewa Lie ¹⁾	Employee Representative, deputy Jan-Apr 2018	2/3	-
Mats Lidbeck ¹⁾	Employee Representative, deputy Jan-Aug 2018	7/8	-
Magnus Hillergren ¹⁾	Employee Representative, deputy from October 2018	1/2	-
TOTAL			1,400,000

Committee

Name	Audit Committee, function	Attendance	Fee	Remuneration Committee, function	Attendance	Fee ²⁾
Jan Wäreby	Member, Apr-Dec 2018	5/5	15,000	Chairman	5/5	
Anna-Karin Stenberg	Chairman	7/7	30,000			
Anna Hultin Stigenberg	Member, Jan-Apr 2018	2/2	5,000			
Fredrik Winberg	Member	6/7	20,000			
Klas Bendrik	Member, Apr-Dec 2018	4/5	15,000			
Richard Reinius ¹⁾	Member, Jan-Apr 2018	2/2				
Hanna Lagercrantz ¹⁾	Member, Apr-Dec 2018	5/5				
Magnus Naesman ¹⁾	Employee Representative, May-Dec 2018	1/2				
Sven Wird ²⁾				Member	4/5	
Marie Westrin ²⁾				Member, Jan-Apr 2018	2/2	
Torbjörn Holmström ²⁾				Member	5/5	
Sara Mazur ²⁾				Member, Apr-Dec 2018	2/3	
TOTAL			85,000			

¹⁾ No fees are payable to employees of Government offices or to Employee Representatives.

²⁾ No fees are payable to members of the Remuneration Committee.

Evaluation of the work of the Board of Directors and CEO

A regular and systematic evaluation forms the foundation for the assessment of the performance of the Board of Directors and CEO, and for the continued development of their work. On the initiative of the Chairman an evaluation is undertaken each year of the work of the Board of Directors and CEO, enlisting assistance from external specialists if this is deemed necessary. The evaluation for 2018 was carried out and the Chairman was subsequently responsible for feedback and discussion in the entire Board.

The evaluation focuses on whether the Board of Directors concentrate on the most pertinent issues, and in the right manner, as well as on relationships, forms of work and competence. The evaluation aims to enhance the Board of Directors' forms of work and efficiency. The compiled results of the Board evaluation is reported to the Government offices. The evaluation of the CEO was supplemented with a survey of the management team. The results have been reported to the Board of Directors and communicated to the CEO.

Audit Committee

In order to improve and enhance the efficiency of work concerning risk assessments, internal control, external reporting and auditing, the Board of Directors has established an Audit Committee. The Committee assists the Board of Directors in assuring the quality of the financial reporting.

The Audit Committee is a preparatory organ whose proposals are submitted to the Board of Directors. The duties of the Audit Committee are detailed in the Formal work plan for the Board of Directors.

The Audit Committee convened seven times during the year. Information from the Committee meetings is presented to the Board of Directors at the following Board meeting and the minutes are provided to all Board members. The members of the Committee are presented in the table on the previous page.

Remuneration Committee

A Remuneration Committee is responsible for the preparation of matters regarding guidelines for remuneration and other terms of employment for the CEO and other executives, as well as for matters regarding general salary levels for senior executives. The so-called grandfather principle applies in the appointment of senior executives, i.e. the CEO consults with the Chairmen of the Remuneration Committee/Board of Directors.

The Remuneration Committee convened five times during the year. Information from the Committee meetings is

presented to the Board of Directors at the following Board meeting and the minutes are provided to all Board members. The members of the Committee are presented in the table on the previous page.

Research Council

In 2017, the Board established an external Research Council in RISE. The Council currently has 19 members, especially selected to represent RISE stakeholders from the business community, academia and the public sector. The Chairman of the Council is Mikael Dahlgren, Research Director at ABB. The main responsibilities and duties of the Research Council are to provide guidance to the Board of Directors in the establishment of cross-function venture projects, in the distribution of venture funds and in strategic issues regarding the direction of research, and in issues prioritised by trade and industry. In addition, the Research Council shall provide advice and support on contemporary research matters. More information about the Research Council can be found at www.ri.se.

Changes in Group Management

Members of Group Management who resigned during the year are Birgitta Sundblad Senior Vice President – Bioeconomy, Margaret Simonsson Mcnamee, CTO, and Synnöve Helander, CFO. Peter Janevik took office as the Senior Vice President – Safety and Transport from 1 October, succeeding Pether Wallin who then took office as the acting Senior Vice President – Materials and Production.

Members who took office after the closing date are Jonas Fogelberg, CFO from 1 February, and Paul Halle Zahl Pedersen who is taking office as the acting Senior Vice President of Division – Safety and Transport from 24 April.

External auditors

The auditors are assigned to review RISE financial statements, accounting records and consolidated financial statements, as well as the management of the Company by the Board of Directors and CEO, on behalf of the shareholders. The Auditor-in-Charge also submits an auditor's report to the annual general meeting. According to the Articles of Association, RISE AB is to engage one or two authorised public accountants, with or without deputy auditors, or a registered audit company to perform the audit activities on behalf of the shareholders.

The annual general meeting for 2018 elected KPMG as the Company's auditor for a period of one year, ending in conjunction with the conclusion of the annual general meeting 2019, with Ingrid Hornberg Román as Auditor-in-Charge.

Ingrid Hornberg Román, MBA, Authorised Public Accountant and Partner in KPMG.

Internal control and risk management regarding the financial statements for the financial year 2018

The Board of Directors' responsibilities for internal control and governance are regulated in the Swedish Companies Act, the Swedish Annual Accounts Act and in the Code.

Board of Directors' report on internal control

The Board of Directors' report on internal control for 2018 in the Corporate Governance Report describes the manner in which internal control is organised at the Parent Company level and in the Group. The routines for the Board of Directors internal control comprise of the management system with organisation, decision-making channels, powers and responsibilities, which are reported in the governing documents for the Company and/or in the subsidiaries included in the Group. Active work with corporate governance is a part of the Board of Directors' control function.

The most important parts of the control environment with regard to financial reporting are addressed in governing documents/policies and processes regarding accounting and financial reporting. These governing documents are regularly updated to ensure that all amendments to laws and accounting standards, e.g. IFRS, are applied within the Group.

The Government grant policy not only applies to the RISE Group, but also the associate Swerim.

Risk assessment

The RISE Group is exposed to both internal and external risks. One prerequisite to facilitate the assessment of these risks is that set goals have been determined. Risk assessment essentially entails identifying and analysing risks which may lead to difficulties in achieving the set goals. During the year, RISE carried out a sweeping risk analysis of every part of the operations, which also included identification of activities to manage the risks.

Control activities

Control activities consist of routines and processes ensuring that directives are performed and that set control goals are achieved in the management of material risks and ensuring data security. With the exception of control of compliance with Group policies, control activities primarily take the form of active participation in the Group companies' Boards of Directors. Group management is represented in subsidiaries and associates' through membership in these respective companies' Boards of Directors.

The Parent Company's Board of Directors continuously monitors the Company's information security and financial situation and the financial reports for the Company, and consults with the auditors on complex accounting matters.

Information and communication

In order to achieve an effective, accurate dissemination of information both internally and externally, all parts of the RISE Group are required to communicate and exchange relevant information. The sharing of appropriate information and communication is necessary for the proper function of the internal control systems and to ensure that employees are able to perform their work duties well. In 2018, internal communication has placed extra focus on supporting the change and integration process. The Board of Directors, through the CEO, is responsible for ensuring that the external financial information is appropriate and accurately reported.

RISE website, www.ri.se, constitutes a part of the Group's information sources, and represents a channel where relevant, up to date information is reported. Further information on RISE AB's corporate governance is available from the website.

Follow-up

Compliance with and efficiency in internal controls is followed up on an ongoing basis by both the Board of Directors and Group management. Follow-up is an integral part of the continued operations and is an intrinsic constituent of management's work duties. Deficiencies in internal control are to be reported to an individual's immediate superior, with serious flaws reported to the Board of Directors. The Company's economic status and strategy with regard to its financial position is addressed at each Board meeting. The Audit Committee fulfils an important function by ensuring that control activities for material risk areas are in place.

Internal audit

The Company has a firmly established governance and internal control system, but does not have a separate internal audit function. With the assistance of the Audit Committee, the Board of Directors follows up the Company's assessment of internal control, by means including contact with the Company's auditors. The Board of Directors' assessment is that the follow-up procedures described above are sufficient to ensure the effectiveness of the internal control. The Board of Directors reassesses every year whether an internal audit function is deemed necessary.

Group management



Pia Sandvik



John Rune Nielsen



Pether Wallin



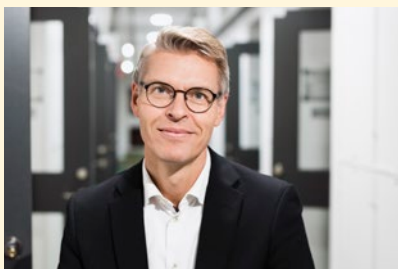
Charlotte Karlsson



Marco Lucisano



Peter Janevik



Fredrik Holst



Ola Dawidson



Yvonne Näsström



Johanna Flanke



Pernilla Walkenström

Pia Sandvik (born 1964)
CEO

Former CEO at Länsförsäkringar Jämtland, President at Luleå University of Technology. MSc in Mechanical Engineering from Linköping University, PhD and associate professor in Quality Control Technology. Other engagements: Deputy President of IVA's Presidium, Deputy Chairman of KTH, member of the Boards of Directors of Swedish Entrepreneurship Forum and Almi Företagspartner AB.

Charlotte Karlsson (born 1962)
Senior Vice President – ICT

Former Vice President at Ericsson AB with extensive experience and multiple roles in product and market introduction, site manager in Hungary, customer relations manager in the USA. Former senior positions at NFC and SAAB. Degree of Licentiate from Linköping University in statistics. Lecturer and Director of Studies at the Department of Mathematics, Statistician Programme, Linköping University.

Fredrik Holst (born 1968)
Senior Vice President – Built Environment and Acting Chief Financial Officer

Former CEO of Strängbetong, CEO of Abetong, Chairman of the Board for structural construction companies in Latvia, Lithuania, Poland and Denmark. Many years of involvement in Boards of research institutes, industry and trade organisations. Master of Science in Civil Engineering from the Faculty of Engineering at Lund University.

Johanna Flanke (born 1975)
Chief Human Resources Officer

Former Vice President Human Resources at Volvo Group Sweden, HR Director at Volvo IT Sweden and several other HR management positions within the Volvo Group. Human Resource Management and Economics, Karlstad University. Other engagements: Member of the Board of Directors of International School of the Gothenburg Region.

John Rune Nielsen (born 1968)
Chief Technology and Business Development Officer

Former Acting CEO of SP Sveriges Tekniska Forskningsinstitut AB, deputy CEO and CMO of SP and various other management and research positions at SP. PhD (NTNU). Other engagements: Member of the Boards of Directors of Swerea, University of Borås and Borås Näringsliv. Chairman of the steering committee of Science Park Borås.

Marco Lucisano (born 1973)
Senior Vice President – Bioeconomy

Master of Science in Chemical Engineering. Former Vice President Papermaking & Packaging at RISE. Has worked in the institute sector since 2003. Earned his PhD in 2002 with the dissertation "On Heat and Paper: From Hot Pressing to Impulse Technology" at the KTH Royal Institute of Technology.

Ola Dawidson (born 1969)
Head of Strategy and Operational Excellence

Former director Strategy and Product Management WirelessCar/Volvo, director of Business and Project Management Office Volvo Group Telematics and other similar roles within Volvo IT and the Volvo Group. PhD, Technology's finance and organisation (Chalmers).

Pernilla Walkenström (born 1969)
Senior Vice President – Bioscience and Materials

Former deputy CEO and Division Manager at Swerea IVF, various management positions at IFP Research AB and Swerea IVF AB, researcher at IFP Research AB and adjunct professor at the Swedish School of Textiles, University of Borås. PhD (Chalmers).

Pether Wallin (born 1956)
Acting Senior Vice President – Material and Production

Former CEO at AstaZero, Aero Maintenance AB, Ominova Vehicle AB, Omni Nova Composite AB and EuroMaint AB, Head of Unit at Volvo Cars and deputy CEO at Hydro Raufoss Automobile. Civil Engineer (Chalmers). Other engagements: Chairman of the Board of Directors of Tetrafix AB, as well as Board assignments within the Group.

Peter Janevik (born 1972)
Acting Senior Vice President – Safety and Transport

Master of Science in Mechanical Engineering in engineering mechanics and automotive engineering. Earlier experience mainly from Volvo Cars with a focus on testing and development of passive and active safety. Peter's final effort for Volvo was to set up Active Safety and Chassis as a part of R&D in Shanghai. After his time in Shanghai, Peter began at AstaZero as the CTO to finally take the CEO role since 2017.

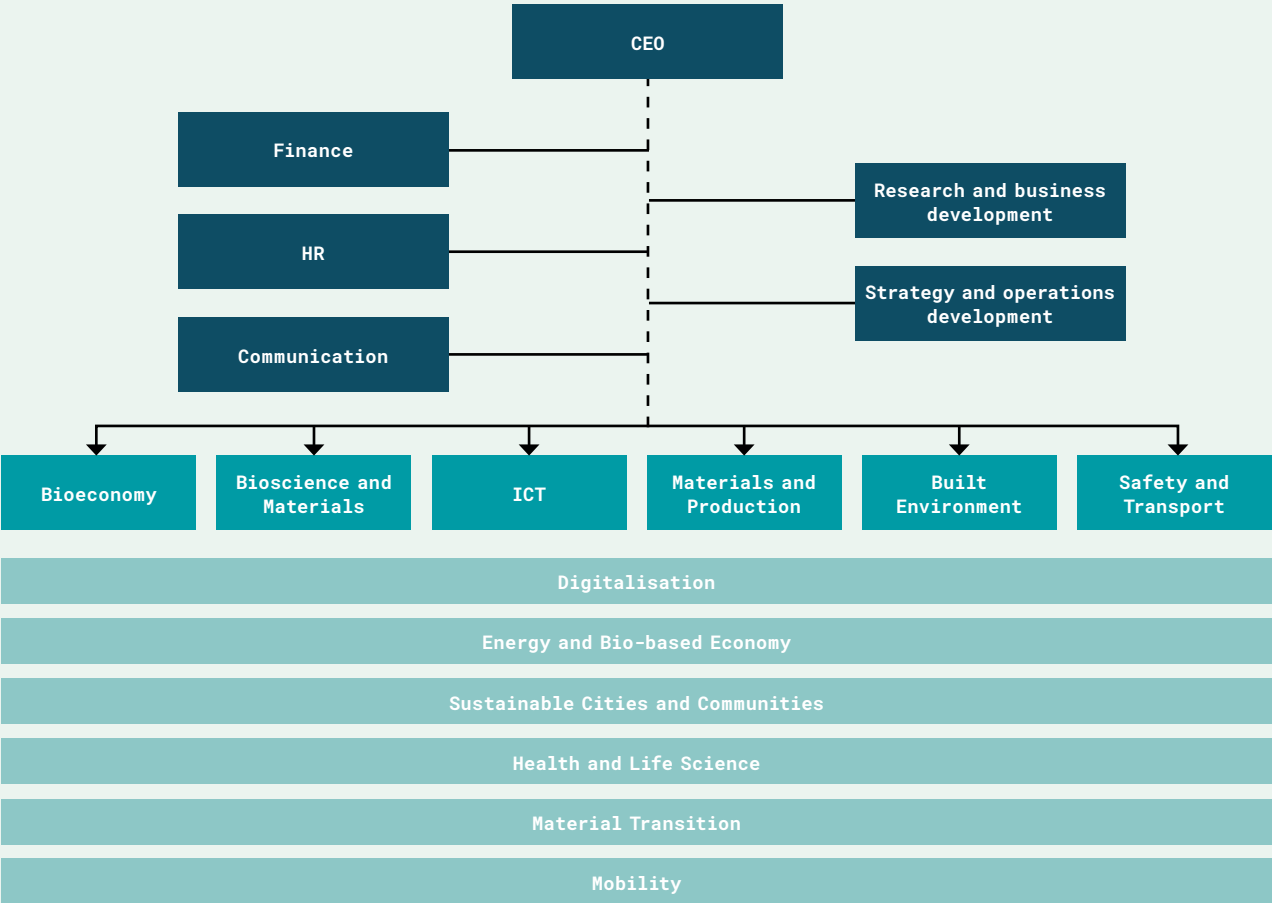
Yvonne Näsström (born 1962)
Chief Communications Officer

Former Director of Trade & Industry at Uppsala Municipality, Director of Communications at AstraZeneca and Head of Global Sustainability at AstraZeneca. Previously various management positions within marketing and sales at AstraZeneca Sverige AB. Pharmacist (M.Sc. Pharmacy, Uppsala University).

RISE organisation and divisions

RISE organisation

- RISE is organised into six Divisions.
- RISE six Business and Innovation Areas span across all Divisions.



RISE Divisions

We gather our competences and expertise in six divisions that also work across borders in business and innovation areas.

Bioeconomy

Bio-based forestry products should be able to replace many of today's fossil-based products. Our Bioeconomy Division drives the transformation to a circular economy in collaboration with industry and academia. We work throughout the value chain, from raw materials to finished bio-based materials, fuels and packaging. Our testbeds with industrial pilot and demonstration facilities are important to the upscaling of processes for future biorefineries.

Bioscience and Materials

Bioscience and Materials is the natural innovation partner for sectors such as agriculture and food production, chemicals, pharmaceuticals, medical technology, biochemicals and biofuels, as well as those developing materials for the vehicle and building industries. The division provides services all the way from initial concept to applications, with the focus on the customer's needs and society's sustainable development.

ICT

Our ICT Division offers expertise throughout the chain for a digital, innovation-driven society: hardware, software, business development and industry knowledge in a range of strategic areas. The division offers cutting-edge expertise in areas such as sensor systems, automation, printed electronics, AI and data science, cyber security, visualisation, interaction design, fibre optics, sustainable transport and circular business models.

Materials and Production

Materials and Production support innovation and development in the automotive, aerospace, engineering, foundry and textile industries, as well as infrastructure through new designs, material selections, optimised manufacturing methods and corrosion protection. Our knowledge and our testbeds help improve performance and reliability of products and manufacturing processes through the whole value chain.

Built Environment

One of our major shared challenges is building tomorrow's sustainable society. By combining a holistic approach with excellence, our Built Environment Division develops climate-adapted, energy-efficient and cost-effective solutions with people in focus. The Division operates in areas such as urban development, construction and housing, infrastructure solutions, circular economy, sustainable energy supply and climate adaptation.

Safety and Transport

A future high-tech society will bring with it increased risks requiring safer, more sustainable transportation. The division offers expertise in active safety measures, mechanical risks, measurement techniques and fire protection in advanced laboratory environments. Our Safety and Transport Division also carries out testing, inspections, calibration and verification.

Gothenburg, 28 March 2019

The Board of Directors of RISE Research Institutes of Sweden AB

Risks and risk management

Managing opportunities and risks is a prerequisite for fulfilling our mission in the long term to work for sustainable growth in Sweden by strengthening the competitiveness and renewal of trade and industry and to contribute to an innovative development of society.

Having a deliberate and reasonable level in the combined risks of the operations, together with good internal governance and control, is a prerequisite to achieve long-term success.

During the year, RISE carried out a sweeping risk analysis of every part of the operations, which also included identification of activities to manage the risks. The work on risks is a continuous process where a clear ownership and general

awareness of risks in the organisation are crucial to the operations' development.

All risks are assessed based on their probability of occurring and their potential consequences. An analysis is also conducted of the respective risk to sum up our ability to manage the risk and what main activities are implemented to manage the risk; refer to a summary of the analysis in the tables on pages 55-57.



Risk	Analysis	Management
Strategic risks	Strategic risks are comprised of external surrounding environment factors that cannot be controlled, but the negative impact of which could be limited.	
STRATEGIC RESEARCH CHOICES	In order to be an attractive innovation partner, it is crucial that RISE has a relevant platform of competencies, adapted to both the market's current and future needs.	We continuously conduct market analysis linked to RISE areas of operations with regard to current and future needs, which are based on active customer dialogue and systematic external environment analysis. In 2018, we initiated the work to achieve a broader systematic external environment analysis.
INDIVIDUAL CUSTOMERS AND INDUSTRIES	Specific parts of RISE operations have extensive exposure to individual large customers or individual industries, which entails both risks and opportunities.	In 2018, we worked actively to ensure a positive and continuous dialogue with our key customers to develop the customer relationship into partnerships and long-term thinking. We have also actively worked on marketing and investment in new abilities and capacity to broaden the attractiveness in specific competencies and infrastructure.

Risk	Analysis	Management
Operational risks	Operational risks mainly relate to the risk of financial and credibility consequences resulting from deficiencies in internal procedures and systems and operations-related risks in research and development operations.	
PROJECT RISKS	The customers are aware that RISE provides research and development services and that such activities always include a certain level of uncertainty and a risk that intended objectives are not always achieved.	In 2018, we implemented clear models for project governance, which includes clearer role divisions by the project stakeholders. The implementation is expected to further increase the degree of maturity to drive research projects, both with regard to process and leadership, as well as budgeting and financial follow-up.
SKILLS SUPPLY	RISE increase in sales requires an increase in competent employees to realise the growth, which is a challenge at the same time that the Swedish labour market is characterised by high demand and competition for the same expertise.	In 2018, we persistently continued to work to highlight and strengthen RISE employer brand. We established an internal recruitment function to ensure efficiency and quality in the recruitment process. We also work actively on collaboration with other parties to find new solutions to skills provisioning.
BRAND RISK	In the formation of a new institute and with it the creation of new processes, policies and guidelines, there is a risk of a lack of awareness of and subsequent insufficient compliance to policies and guidelines.	In 2018, we continued the work of moving from many different brands to building one strong brand. In 2018, we further developed and implemented strategies and steering documents for the handling of IP rights upon sales. Routines for crisis management were also implemented, as well as for handling referrals.

Risk	Analysis	Management
Operational risks, continued		
INFORMATION SECURITY	Just like every other company, RISE manages a large amount of information, most of which is handled digitally.	The IT function has established processes for proactive IT security work aimed at both preventing attacks on the IT infrastructure and minimising the impact of a potential attack. In 2018, an evaluation was initiated of more advanced forms of both monitoring and authentication to support the modern mobile way of working while retaining cyber security.
SUSTAINABILITY RISKS	Within the scope of RISE operations, a large amount of testing, demo and lab activities are conducted, where a proper handling of various environmental aspects is critical to avoid impermissible environmental impact. Risks relating to social conditions and human rights also exist in RISE, of course, but have been assessed as smaller in scope than the risks described above.	Specific environmental impact and consequence analyses are continuously performed in the implementation of new facilities or changes to, or implementation of, new processes. In addition, recurring internal analyses of environmental risks in the operations are used. The handling of some equipment and/or chemicals requires licences or permits, which are managed in a systematic and appropriate manner. Risks relating to social conditions and human rights are managed mainly through setting demands in procurement processes. In some parts of RISE, there is a risk of corruption. This can refer to, for example, areas in which RISE approves products, systems or services. In 2018, a Code of Conduct was prepared and implemented in order to provide guidelines, together with our ethics policy, for how we handle the issue of corruption, among others.
WORK ENVIRONMENT	RISE has broad and diversified operations, which means that we have risks that include every aspect of the working environment (physical, mental, organisational and social).	We conduct systematic work environment efforts, which means that we actively work to map, identify, risk assess, resolve, plan and follow up risks in our operations.

Risk	Analysis	Management
Legal risks	Legal risks include both ethical choices in support of our employees and our stakeholders, as well as good knowledge of the rules and laws that apply in the research and development activities.	
PATENT DISPUTES	Risks related to patents entail, among other things, a risk of violating patents or third-party IP where the RISE failed to identify existing patents or that new patents were published in the course of a project, which risk leading to legal sanctions.	The patent situation is continuously monitored in the areas in which we have ongoing research, as well as within ongoing projects. In projects with research in the areas with a high patent focus, the projects actively work on alternative patent plans and strategies.
IMPARTIALITY	Risks related to RISE impartiality are primarily about customers that use RISE both as a research partner and a certification partner.	RISE strives for a high degree of information sharing to avoid situations in which the impartiality could be at risk. In order to increase the knowledge of RISE role as an impartial partner, a culture of high moral standards regarding impartiality is maintained through training and continuous internal dialogue.

Risk	Analysis	Management
Financial risks	Financial risks primarily entail exposure to risks with regard to funding opportunities and cash flow.	
ESTABLISHMENT OF NEW BUSINESS	In order to be a leading research institute at the forefront, a certain degree of risk-taking is required with regard to future needs in the establishment of new business.	We use sensitivity analyses to ensure reasonable risk-taking in the establishment of large new operations. A reasonable balance in broad operations is ensured with regard to what business risks are taken compared with sustainability in investments in new areas. Really large investments are done with customer guarantees, which significantly reduces the risk of long-term impact on earnings.
ECONOMIC FLUCTUATIONS	The Group in its entirety is not strongly sensitive to economic fluctuations, although some parts may be sensitive to major economic shifts, such as large testbeds and demonstration facilities, industry-specific areas or when we serve as an industry institute with a narrower offering.	In 2018, an analysis of the operations' sensitivity to economic fluctuations was conducted, confirming the picture of a low degree of sensitivity. RISE operations are multifaceted and a general employment freeze, for example, is not a good solution for handling this risk. It is instead important that we are flexible and can use our expertise in several areas to balance between areas that are more or less exposed to economic downturns.

Other financial risks are presented in Note 3.

AMBRA TROTTO
Studio Director, RISE
Interactive Umeå



Sustainability notes

RISE sustainability report has been prepared in accordance with Global Reporting Initiative (GRI), GRI Standards, Core level.

The sustainability report comprises pages 59-77 in RISE Annual and Sustainability Report. The sustainability report also comprises RISE statutory sustainability statement according to Chapter 6 of the Annual Accounts Act.

About the report

Reporting

This sustainability report has been prepared in accordance with Global Reporting Initiative (GRI), GRI Standards, Core level. For more information on the GRI framework, refer to www.globalreporting.org.

RISE AB's latest sustainability report, published on 28 March 2018, found support in the GRI guidelines. Previous reports primarily covered the Parent Company, although a general overview of the subsidiaries' sustainability work and sustainability impact was also presented. Several of the subsidiaries also prepared their own sustainability reports.

The report for 2016 was the RISE Group's first common sustainability report. During 2018, the reporting routines have been improved, but they can be improved further. Swerea AB, which became a part of the RISE Group as of October 2018, is not included in this report except for financial responsibility (all other key sustainability figures are exclusive of Swerea's values). Swerea will be included in RISE 2019 report. The key sustainability figures also do not include our personnel and locations outside Sweden.

Reporting shall take place on an annual basis, for the full calendar year.

Given that the Parent Company (RISE) and some of the companies in the RISE Group have previously presented sustainability reports prepared according to GRI, the routines worked out for this are in place. The routines have long been improved and refined in the companies which have presented sustainability reports. However, as several companies have only reported overall results in the compilation of RISE sustainability report, there are substantial differences in the reporting routines in the different parts of the Group. This refers to, for example, travel data, where certain parts of RISE have difficulty specifying the scope of the travel, or energy consumption, which certain RISE units that rent their premises have difficulty reporting. The deficiencies in the reporting entail some uncertainty in the

figures reported in the travel and energy areas. The work of coordinating the reporting has been conducted in recent years and continued in 2018. Clear improvements also occurred primarily in the energy reporting thanks to central procurement of electricity for the majority of our locations.

In order to achieve increased transparency and credibility, RISE has elected to have the sustainability report externally reviewed by the auditing firm KPMG.

Mapping and prioritisation of content

The starting point for the content of this report is RISE own assessment of which parts of the operations have the most substantial impact on society, economy and the environment.

This report does not include exhaustive details on operations conducted abroad. Such details refer to, for example, the reporting of waste, travel and energy consumption. However, data relating to employees is reported for these locations, such as the number of employees.

The RISE Group is principally active in Sweden (around 70 locations) and primarily provides services. There are also a few locations in Norway, Belgium and France. Today, there are 70 locations at which RISE is active. A few of these are only individual office spaces leased within, for example, a Science Park.

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Materiality and stakeholder dialogue

Stakeholder dialogue and materiality analysis

RISE has many stakeholder groups that monitor and take an interest in our operations, thanks to the large breadth of our operations and that we are a State-owned company with a public mission. We describe our identified stakeholders on page 62. The overall perception of stakeholder requirements and requests has been combined with previously conducted stakeholder dialogues. In 2018, we worked on the basis of earlier stakeholder dialogues, updated them and performed a simplified materiality analysis based on the update.

There is a variety of ways of carrying out stakeholder dialogues. In many cases, the companies within RISE have made use of different types of surveys such as customer surveys, employee surveys, supplier surveys, travel surveys and surveys of project managers. RISE meets its stakeholders in many different contexts where sustainability issues are discussed. These include customer days, in Boards of Directors, technology councils, etc. Recordings from such meetings have been

evaluated in conjunction with the various survey responses and owner directives. In the update of the previous dialogue performed in 2018, we primarily looked at the employee, owner and customer perspectives. In 2019, we will implement an entirely new stakeholder dialogue and a subsequent materiality analysis. In this work, the UN's 17 global sustainable development goals will be an important starting point.

In the table on pages 73-74, we present the areas we identified as material for 2018. They do not differ appreciably from earlier analyses, but it is primarily skills development, energy use, working environment/working conditions and resource use that are identified as important for employees and customers. These are also matters that RISE works with on an ongoing basis. The absolute most important factor, however, is that RISE projects and assignments are undertaken in a sustainable manner and contribute to sustainability in general. Therefore, RISE has produced a model for declaring the sustainability of its projects and assignments.

Results from RISE materiality analysis

Areas with less focus

- Ensuring that our employees act professionally and in an ethically responsible manner
- Protecting natural environments and promoting biological diversity
- Combating bribes and corruption
- Sustainable catering of food to both guests and ourselves
- Strengthening our independence
- Working actively to ensure human rights
- Circularity
- Sustainable lifestyles
- Reducing and improving efficiency of transports of materials/goods, etc.

Areas with greater focus

Reported according to GRI Standards

- Competence development for our employees (404 Training and Education)
- Sustainable energy use, meaning energy use and selecting energy sources with low emissions (302 Energy)
- Ensuring a good and safe working environment (including social and organisational) (403 Occupational Health and Safety)
- Ensuring good working conditions and social security (403 Occupational Health and Safety)
- Reducing resource consumption (301 Materials)
- Working against discrimination and for diversity and gender equality (405 Diversity and Equal Opportunity and 406 Non-discrimination)
- Reduction of the amount of waste and hazardous waste (306 Effluents and Waste)
- Working actively with Sustainable purchasing in the purchasing process (308 Supplier Environmental Assessment and 414 Supplier Social Assessment)
- Reducing emissions (305 Emissions)
- Setting ethical and environmental requirements on our suppliers (308 Supplier Environmental Assessment and 414 Supplier Social Assessment)
- Limiting the number of business trips (302 Energy and 305 Emissions)



Stakeholder groups and communication perspective

Small and Medium-sized Enterprises	Business benefit: Dialogue and cooperation focus on business benefit and sustainability. Companies gain by cooperating with RISE. Together, we work on digitalisation, resource efficiency improvement and new materials. Innovation-supporting actors and trade associations are included in the target group.
Municipalities, county councils/regions, authorities	Societal benefit: Dialogue and cooperation focus on civic and societal interests. Municipalities/regions/authorities gain by collaborating with RISE. We work together on sustainable cities, fossil-free transports, energy-efficiency enhancement and a healthier population.
Government Offices, ministries, funding bodies, the EU institutions	National interests: Dialogue and cooperation focus on innovation and global challenges. Sweden/the EU gains by Sweden having an internationally leading research institute. RISE contributes to a sustainable and competitive Sweden (and Europe). We work together on collaborative programmes and policy issues.
Universities, research institutes	Knowledge perspective: Dialogue and cooperation focus on collaborative efforts with RISE benefiting the universities. RISE contributes applied research and industrial networks. Together, we work with competence platforms, project management, competence centres, testing and demonstration environments.
Potential employees, alumni	Employer perspective: Dialogue and cooperation focus on RISE as an attractive employer and what we contribute. It is exciting and developing to work at RISE. Extensive opportunities to make a difference and contribute to a higher purpose.
Current employees, managers and supervisors	Employee and supervisor perspective: Dialogue and cooperation focus on employees feeling involved, committed and proud. Our supervisors support, bear and lead the change towards a common RISE.
Neighbours, non-governmental organisations (NGOs)	Impact perspective: Dialogue and cooperation focus on environmental issues in the form of noise, waste management, emissions and general order. The sustainability issues in general are in focus in terms of the social perspective, climate issues and social involvement.

Responsible business

Governance and sustainability strategy

RISE sustainability work is well rooted in the organisation and is conducted at various levels. RISE Board of Directors bears the overall responsibility, which includes making decisions on sustainability goals and policies. The CEO and Group management are responsible for, and govern, the strategic sustainability work. Group management is also responsible for the allocation of resources for sustainability work. The divisions place an emphasis on different matters, depending on the focus of the operations or the projects, but the ambition is always to highlight the sustainability aspects in external and internal projects.

In 2018, intensive work was under way to develop a sustainable strategy that comprises all of RISE sustainability work up to 2025. A pervasive ambition in our future sustainability work is working with two strategic sustainability areas: the external and the internal.

At the same time that we are continuing our work of supporting Swedish society and industry in the work towards sustainable development, we are also working intensively on our internal sustainability work where the resource, climate and ethics issues are central (see illustration below).

Anna-Karin Stoltz Ehn, Project Manager in Sustainable Society.



Our sustainability offering

– an important actor in the work on sustainable development by society and business.

We will continue our work on establishing the organisation as an important actor in society and business. Together with our most important stakeholders and focusing on innovation, we can create offers to achieve a more sustainable society and be an arena for social development and cooperation.

A sustainable RISE

– an attractive workplace focused on the sustainability issues.

We aim to be an attractive workplace where our employees thrive. At the same time, we will continue to incorporate the sustainability issues into our operations and show that sustainability is a success factor for a modern research institute.



The 2019 FIS Alpine Ski World Cup (Åre) is the first certified according to ISO 20121. The certification was done by RISE.

Policies

In 2018, additional policies that tie into the sustainability work were drafted, such as the environmental policy, safety policy and inclusion policy (also refer to page 68). RISE policies are reviewed every year and changes are proposed where necessary. The Board then makes decisions on the adoption of the most central policies. Other policies are established by Group management.

Sustainability risks

RISE sustainability risks are reported together with other operational risks (see pages 55-57).

Ethics

In 2018, we developed a Group-wide Code of Conduct that addresses terms of employment and working conditions, diversity and inclusion, responsibility regarding competition law and much more. The Code was approved by the Board of Directors of RISE and clarifies how we should comply with and implement fundamental legal requirements and guiding principles and policies in our operations. The Code of Conduct clarifies what can be expected of RISE as an organisation, as well as the behaviour that is expected from all RISE employees. We also require our business partners – both suppliers and external cooperative partners – to comply with the Code in all relevant parts as per agreement. We have also linked a whistle-blower service to the Code that is handled by an external party and an internal whistle-blower function. The whistle-blower service was in full operation in the first quarter of 2019. RISE also has a special Code of Conduct for suppliers which concerns, among other things, ethical issues.

The sustainability fund

RISE sustainability fund has existed for a few years and gives RISE employees the opportunity to apply for funding to realise projects linked to sustainability, which are outside our regular operations.

The sustainability fund forms an important part of RISE sustainability work, and the objective of the fund is for our employees to have the opportunity to develop their skills in the sustainability field, and also that we through the fund contribute to internal and external awareness of RISE sustainability work at the same time that we do something good for society and the environment.

The projects financed by the fund are to contribute to one or more of the UN's 17 sustainable development goals. In the fund, SEK 800,000 is allocated annually and fund applications can be made three times a year. The fund is comprised of money that was previously allocated to Christmas gifts in the operations.

Sustainability declarations of projects and assignments

Our greatest contribution to sustainable development takes place through the projects and assignments we carry out. The largest positive contribution mainly takes place through the use of the results from the project or assignment. In order to obtain better knowledge about our projects and improve our applications, we shed light on the assignments' total sustainability impact through our model for sustainability declarations. In 2018, a pilot project was implemented where all of the divisions tested the model. During the year, around 20 employees were also trained as sustainability support resources. These sustainability support resources are tasked with assisting the project managers in completing the sustainability declarations for large projects. One of RISE sustainability goals is that the sustainability of all business operations should be declared by 2020.

Memberships

RISE is a member of several national and international organisations, such as EARTO (the European Association of Research and Technology Organisations), EUROLAB (collaborative organisation for European testing laboratories), MIS (Environmental and Sustainability Auditors in Sweden), CSR Western Sweden, and EURAMET (the European Association of National Metrology Institutes).

Environment

Environmental work within RISE

Our new environmental policy and the sustainability strategy that covers new initiatives, targets and ambitions in the environmental field set the limits for our environmental work. New environmental targets in the resource and climate area have been identified in the work on the sustainability strategy. In 2019, analysis work will be done to develop a final formulation of the goals and identify the current situation and the final year for the new targets.

Environmental impact

RISE aims to act as a role model in the environmental efforts and serve as an arena for society's and industry's environmental research. In addition to external projects and services, RISE internal work is an ongoing, continuous process. Both the internal work and the project operations impact the environment. We endeavour to reduce negative environmental impact and increase positive impact in our

entire operations by, for example, encouraging environmentally friendly travel, the purchase of green electricity, providing electric cars for business trips, not choosing hazardous chemicals when possible and choosing energy-efficient solutions. See the fact box for specific environmental initiatives during the year.

Completed materiality analyses show that the largest positive environmental impact from our operations arises from the results of completed projects. Negative aspects in the environmental area are energy use, resource consumption, business travel and handling of hazardous waste.

Our external projects are deemed to largely contribute to positive indirect environmental impact. This is supported by the sustainability declarations that have been completed for projects and assignments. With the method established for sustainability declarations, we can both show a positive impact and avoid any negative impact in our projects and assignments.

Examples of initiatives with an environmental emphasis in the Group in 2018:

- New guidelines for business travel in RISE in which sustainable travel is the focus and business travel by train is recommended.
- Company cars that as a minimum are electric hybrids are to be purchased beginning in 2018.
- As of 2018, two of our divisions – Bioeconomy and Built Environment – chose to stop buying disposables made of plastic. Instead, primarily multi-use plates are to be purchased or items made of paper and wood.
- Within the Bioeconomy division, used and recirculated furniture has been used in the renovation of the offices.
- Purchases of bio-LPG (Liquified Petroleum Gas) from Kosangas were made in the Safety and Transport division, which entailed a reduction of CO₂ emissions by 83 tonnes per year compared with purchases of conventional LPG.

Management system

Several companies in RISE have management systems that among other things support the environmental efforts. These environmental management systems fulfil the majority of the requirements stipulated in ISO 14001. We are currently building up our organisation regarding quality and sustainability in the new division structure and in the central sustainability and quality group. In parallel with this work, a project is also under way with the goal of building up a Group-wide management system for quality, the environment, the working environment and safety.

Operations subject to licence or permit

RISE engages in operations subject to licence requirements under the Environmental Code. The Safety unit has a licence to engage in fire research and testing, which affects the external environment through the emission of exhaust gases and fabrication water. The licensing authority is the Västra Götaland County Council. The licence is valid until further notice. RISE LignoBoost Demo AB also has a licence for the production of power lignin. The licensing body is the County Administrative Board of Värmland. The licence is valid until further notice. RISE reports every year on its licensable operations. The surface, process and formulation unit conducts operations subject to licensing.

Reporting of relevant environmental indicators

Travel

Travel has been identified as a significant environmental aspect for RISE. In conjunction with the expansion of the RISE Group, the need for travel has also risen accordingly. We actively work to reduce travel as much as possible. Many meetings are now held at a distance via video. Employees are also encouraged to choose more sustainable transport solutions. In parts of the Group, electric vehicles are available for shorter business travel journeys. Although there are a significant number of business travel claims, travel to and from the workplace is the dominant factor. Therefore, efforts are being made to reduce this particular impact. Wherever the operations allow, there is sometimes the possibility of working remotely. In 2018, RISE developed new travel guidelines with clear ambitions to enable more sustainable travel.

Travel 2017	Distance (km)	CO ₂ (kg)
Rental car	2,019,645*	245,815
Private car for business	2,939,503*	3,615,586
Travel to and from work by car	17,791,800**	21,883,914
Flight	13,755,073*	1,655,955
Train	4,139,982*	11

*Values corrected compared with the 2017 report, due to more exact measurement

**Value not provided in 2017 report

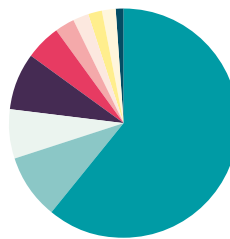
Travel 2018	Distance (km)	CO ₂ (kg)
Rental car	1,948,118	236,621
Private car for business	1,486,317	1,828,168
Travel to and from work by car	17,815,200	21,912,678
Flight	17,441,088	2,097,845
Train	5,715,353	15

All figures were compiled from various suppliers, which results in a degree of uncertainty in the compilation. In 2019, a common travel platform is being procured for RISE as a whole and, beginning in 2020, all travel regardless of mode of travel will be purchased through this portal. This will provide us with a better basis for the calculations of our total travel and the environmental impact that thereby arises.

Unfortunately, we can confirm that the amount of air travel is increasing, but so is train travel, which is positive.

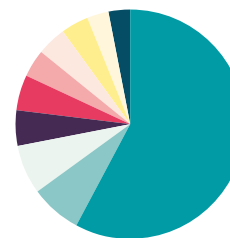
The top ten most common distances that RISE employees travel by train and air are presented below (based on figures for 2017, but the assessment is that the distribution is similar for 2018).

Top ten train journeys



- Gothenburg <-> Stockholm, 61%
- Herrljunga <-> Borås, 9%
- Gothenburg <-> Lund, 7%
- Stockholm <-> Herrljunga, 8%
- Gothenburg <-> Malmö, 5%
- Gothenburg <-> Herrljunga, 3%
- Gothenburg <-> Växjö, 2%
- Stockholm <-> Linköping, 2%
- Gothenburg <-> Uppsala, 2%
- Stockholm <-> Karlstad, 1%

Top ten journeys by air



- Gothenburg <-> Stockholm, 58%
- Malmö <-> Stockholm, 7%
- Brussels <-> Gothenburg, 7%
- Skellefteå <-> Stockholm, 5%
- Gothenburg <-> Umeå, 5%
- Örnsköldsvik <-> Stockholm, 4%
- Stockholm <-> Umeå, 4%
- Gothenburg <-> Luleå, 4%
- Gothenburg <-> Amsterdam, 3%
- Brussels <-> Stockholm, 3%

Energy consumption

The two dominant types of energy consumed within RISE are electrical energy and thermal energy. District cooling and to some extent steam are also used.

Rise works on an ongoing basis to improve energy efficiency. In conjunction with conversions and renovations, an analysis is always undertaken to identify potential energy efficiency measures and actions with the potential to improve the working environment. The use of solar cells and geothermal heat pumps has also increased.

Energy use in the Group is largely unchanged between 2017 and 2018.

Only electricity from hydro-electric power is purchased for the large property portfolio in Borås, Gothenburg and Stockholm.

Key figures regarding energy intensity, reduction of energy consumption and reduction of greenhouse gas emissions were reported in 2017, but are not included in the 2018 report.

Energy consumption (kWh)	2017	2018
District heating	15,169,510*	15,340,370
District heating per employee	6,650*	6,612
Electricity	29,545,950*	29,400,310
Electricity per employee	12,953*	12,673
District cooling	853,500*	1,068,000
Steam	55,000**	20,000
Total	45,624,000*	45,829,000
Total per employee	20,002*	19,754

*Adjusted upwards compared with the previous year's report. The entire property portfolio is now covered.

**Information was missing in the 2017 report

The proportion of electricity calculated as heating is assumed to be 25% and is degree day adjusted.

Heat consumption is degree day adjusted at 0.0985 for 2018 and 0.0516 for 2017. Only establishments with indicated areas and consumption for both 2017 and 2018 are included.

District cooling is not degree day adjusted, nor can it be calculated per sq.m. as we lack information on what areas are cooled.

The information excluded in the report is the proportion of renewable energy.

Greenhouse gas emissions from energy use

Greenhouse gas emissions by energy type (kg CO ₂)	2017	2018
Electricity	384,097*	382,204
Steam consumption	–	–
District heating	145,627	147,268
District cooling	–	–
Total	529,725	529,472

*Recalculated compared with the previous year's report. Now, the value for greenhouse gas emissions from Swedish-produced electricity is used.

The majority of the electricity used is produced within Sweden where hydro-electric power and nuclear power are the major production means, and this electricity has very low greenhouse gas emissions. Swedish-produced electricity has a greenhouse gas emission of around 13 grams of CO₂ equivalents per kWh. Since we cannot derive how district cooling and district steam have been produced, these types of energy have not been included. For carbon dioxide emissions from district heating in 2017 and 2018, we used Borås Energi och Miljö AB's fuel mix for 2018 (9.6 g/kWh).

Chemicals

Chemicals are used to a greater or lesser extent in many of RISE operations. This can involve large amounts or highly toxic chemicals. Consequently, chemicals and their destruction are a significant environmental aspect for RISE. In order to improve the handling of these materials, parts of the Group have put a chemicals management system into use (KLARA). This system will begin to be used in every part of the Group and gradually implemented in the various companies.

Waste management

The amount of transport waste classified as hazardous is presented in the table below. No hazardous waste has been imported or exported. The hazardous waste from RISE facilities in Borås accounts for a large share of the total amount of hazardous waste (>90%) and is overwhelmingly comprised of extinguishing water from fire operations. Handling (including transport and processing) of all the kinds of hazardous waste is performed by external contractors. All contractors used are certified and have licences for the handling of hazardous waste. In Borås, Borås Energi och Miljö AB is used. The cause of the large increase is mainly inter-year variations as the waste transports are ordered according to need.

Hazardous waste by year	Weight (tonnes)
2017	41.6
2018	138

Social responsibility

The majority of the research and innovation which takes place within RISE is directly linked to the major societal challenges of our time – financial, environmental and social. We are experts in a number of different areas and, with our employees' collective expertise, we help both enterprise and society solve problems, think innovatively and address the future.

RISE employees are our most important resource and we strive to be one of Sweden's most attractive employers. Everything we do begins with our employees and their perception of us as an organisation and employer. Together with our employees, we want to create a creative, dynamic and innovative workplace where our existing and future employees thrive, are satisfied and develop.

In 2018, we continued our work of preparing Group-wide governance and support frameworks and tools. These provide our managers and employees with the right conditions to be able to perform our mission in the best way.

New policies and guidelines in HR and the safety area in 2018:

- Work environment policy
- Safety policy
- Inclusion policy
- Alcohol and drug policy
- Code of Conduct
- Whistle-blower function – guidelines
- Business travel within RISE – guidelines
- Recruitment – Group-wide guidelines
- Guidelines for information security

Our Code of Conduct, which we developed and began to implement, is our utmost framework. This clarifies how we as a company and our employees are expected to interact with each other, our stakeholders and the external environment, so that RISE is the employee and cooperative partner we desire. It also clarifies what is required by us in order for us to be able to perform our mission in an ethical and legal manner.

The significance of being independent and impartial is illustrated at every level of our organisation. In our external work, this means that we advise customers and cooperative partners against solutions that are not sustainable or are not suitable in other ways.

For several years, we have worked with a Code of Conduct for our suppliers. This contains our requirements regarding human rights, anti-corruption, terms of employment, the environment and business ethics. We expect our suppliers to apply our principles in their own business operations and set equivalent requirements on their suppliers. Our Code of Conduct can be read on ri.se.

Work environment management

Today, the Group lacks a common management system for the work environment. Within parts of our Group, there are management systems where steering, supportive and reporting routines/documents for the work environment can be found. These follow the principles in ISO 45001, although we are not certified. Swedish work environment legislation requires companies in Sweden to conduct systematic work environment efforts. RISE works systematically with the work environment based on legislation. Our routines are based on the risks we have.

In 2018, we began a Group project that aims to implement a Group-wide management system in 2019 in line with

RISE personnel in figures

New employees and personnel turnover 2018	Women	Men	Age <30	Age 30-50	Age >50	Total
Total number of new employees	166	235	66	263	66	401
Employee turnover	67	59	42	107	-23	126

Parental leave 2018	Women	Men	Total
Total number of employees that have the right to parental leave	877	1,443	2,320
Total number who took parental leave	58	46	104

The table pertains to information on how many people in the Group were on parental leave for more than one month in 2018 distributed by men/women. All forms of employment are included. Employee turnover is calculated as the number of new employees minus the number who resigned.

ISO 45001, ISO 14001 and ISO 9001. By implementing a Group-wide management system, we enable a common approach and a common follow-up that ensures that we meet laws that are relevant to our operations.

Work environment risks

Part of the systematic work environment efforts means that we actively work to map, identify, risk assess, resolve, plan and follow up risks in our operations. See the section on risks on pages 54-57.

Risk mapping and assessments are performed regularly and when necessary, in the event of a work-related injury or serious incident, and prior to planned changes.

Regular investigation of risks in the operations takes place daily through, among other things, employee development talks, employee surveys, workplace meetings, work environment rounds, professional hygiene investigations and measurements, medical check-ups. There are prepared routines for this. The systematic work environment work is followed up in our various collaboration forums, such as the work environment committee.

We ensure awareness and expertise among our employees by offering compulsory work environment training, and our routines ensure that everyone knows what is expected and that we work in the right way.

In our new work environment policy and our safety policy, it is clearly stipulated that we put our employees' health and safety first. This means that all of our employees have a mandate to stop and discontinue hazardous work or behaviour.

We have an open dialogue on deficiencies in our operations and through it we create conditions for insight, dialogue, learning and continuous improvements.

Today, the Group has no common system support that enables reporting of risk observations, incidents, accidents, deviations and improvement proposals. If an accident or incident occurs, or if a risk has been identified, we have routines that ensure that they are investigated (root item analysis), resolved and followed up in the right way.

Our ambition is to have a Group-wide system in place during 2019 and this work has begun.

In 2018, we identified that we need to get better at setting requirements on our employees' work environment at customers and cooperative partners. The work environment issue is currently taken care of in dialogue and coordination with the customer, but in 2019 the ambition is for the issue to be subject to clearer requirements set in our agreements, thereby ensuring that we work in a unified manner.

Discrimination cases and measures

RISE has zero-tolerance approach to discrimination and offensive special treatment. Our employees shall feel secure in highlighting actions, events or situations that are perceived as offensive or discriminatory. For us, it is important to have an open discussion climate and a good work environment and that we together work actively to raise awareness and call attention to attitudes, behaviours and values at our workplace, so that we can address any problems. No cases of discrimination or offensive special treatment were confirmed during the year.

As an employer, we play an important role in being involved and driving the change towards a gender-equal society. We conduct active and preventive work in terms of equality and inclusion. In 2018, we worked to gather and develop our supportive and governance tools and frameworks in this area, for example, the development of an overall framework – our Code of Conduct that clarifies what is expected of RISE and what we expect of our employees, new policies, new equality targets that pertain to a more balanced gender distribution within RISE, a new collaborative forum

Ratio of basic salary and remuneration of women to men	Women	Men
Average salary, employees	42,773	45,171
Average salary, managers	60,803	63,824
Number of employees with full/part time		
Full time		2,045
Part time		275
Number of employees with permanent and fixed-term employment		
Permanent employment		2,168
Fixed-term employment		152

Diversity	Women	Men	Age <30	Age 30-50	Age >50	Total
Number of employees	877	1,443	132	1,370	818	2,320*
Number of managers	72	154	0	134	92	226
Number of employees	805	1,289	132	1,236	726	2,094

*Swerea's employees are not included in the report's HR statistics or this total amount.

for our work with active measures. We are also involved in various external initiatives intended to create conditions for – and strengthen – a gender-equal future skills supply.

In 2019, our ambition is to have a system-based follow-up of the issue on offensive special treatment and discrimination. This helps us as an employer to work even more actively and systematically with these issues, and also contributes to opening up the discussion climate, as the issue will be followed up at a department level, which promotes the dialogue between employee and manager.

In 2019, a whistle-blower function will also be in place.

We investigate and address suspected cases of offensive special treatment or discrimination. To ensure that an investigation is objective and impartial, we use external expertise through our procured suppliers.

Occupational health services and collaboration

RISE has a Group-wide agreement for occupational health services that covers our entire operation and our different operating locations. This agreement was established in 2018 with a new supplier. Occupational health services are an independent expert resource and a strategic and proactive partner to RISE that will assist our organisation with various services in the range of health promotion, illness prevention and rehabilitation. This cooperation is actively and systematically monitored together with appointed individuals at RISE and the provider, and internal follow-up of the cooperation takes place in various internal forums, such as the work environment committee.

Information on our collaboration with the occupational health service is available on our intranet and our employees can themselves book an initial appointment with the occupational health service.

In 2018, we developed a Group-wide approach (process, guidelines, checklists, routines) linked to illness and rehabilitation. In 2019, we are planning on improving to better work with early indications. This means that our ambition is to introduce new services during the year that provide our managers with better conditions in the form of system support so that we can more easily work with prevention and active and early rehabilitation in a goal-oriented and humane manner to thereby promote health and reduce sickness absence.

The collaboration with employee representatives is statutory in Sweden and we have work environment committees that follow up our systematic work environment efforts. Minutes are kept at these meetings and published on the intranet.

The work environment is also an issue that is followed up at our workplace meetings and in our employee development talks.

In 2018, RISE drafted a new collaboration agreement with our employee representatives that includes a Group-wide structure for work environment committees and other labour market party forums that address issues with ties to the work environment. The objective of the agreement includes enabling better participation at all levels in the organisation and securing the communication pathways. In 2018, we also ensured that all of our operations and employees are covered by collective agreements.

Skills development and personnel care

Our employees and their expertise are crucial for us to achieve our goals and our vision. Our skills supply takes place every day by us being open to new research and being active in relevant forums in various areas.

We encourage our employees to develop and get training based on the operations' needs and we have a continuous transfer of expertise in various projects and in our daily operations. We also carry out skills-improvement programmes in the Group in areas such as leadership, professionalism and project management based on our strategy and operational plan.

In 2018, a mapping of RISE common development needs was initiated. This mapping has led us to focus on development efforts in 2019 in the introductory course for new employees, leadership and the work environment area. The PEP talk (see below) is an important tool in the individual dialogue between manager and employee regarding skills development needs, skills exchange and pension planning.

In order for us to succeed together, our employees must be given support to achieve their goals and continue to develop. The process of setting individual goals that are linked to our common operational goals is crucial to our ability to achieve our goals and vision.

In 2018, we began the implementation of a common Performance Management process. This is a process that supports us in the work of utilising our potential, facilitates focus and priorities in daily work and creates conditions to more quickly adapt to changed conditions. The Performance Management process follows operational planning by an overall objective for RISE being concretised down to team goals, which form the basis for an individual annual "PEP talk" that is followed up with at least another three talks during the year.

Within RISE, we offer work environment training to employees, managers and work environment delegates. These courses are compulsory and must be completed.

In 2018, we worked to develop a new Group-wide concept that ties into work environment courses. The concept has a strategic starting point and is intended to ensure that our employees receive, retain and develop the right expertise in work environment issues. The concept will be implemented in 2019. We will also introduce our training portfolio in the work environment area, in which we offer both teacher-led courses and digital solutions, as well as seminar series that address current topics in the work environment area.

RISE employees receive a fitness grant of SEK 2,000 to use, as well as subsidised massage. In 2018, we also supported various employee initiatives in fitness, such as fitness motivators and team activities in various exercise runs and competitions.

Work-related injuries and work-related illness

The following figures apply to all kinds of employees in RISE who are covered by this report.

Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Number/Type
Number of fatalities due to work	0
Number of high consequence work-related injuries (not fatalities)	0
Number of accidents with injury to a person	55 (of which 9 travel accidents)*
Primary types of injuries	Slipping and falling, cutting injuries, corrosion, shocks, crushing, conducting current

* reported "ouches" with some form of injury to a person. Travel accidents are included in the total and reported separately.

Work-related illness	Number/Type
Number of fatalities due to work-related illness	0
Number of reported work-related illnesses	24 (of which 14 are fully work-related)*
Primary causes of work-related illness	Stress-related illness

* Here, we list the number of ongoing long-term sickness absences (full and part time) for 2018 that are fully and/or partly work related. The definition of long term is absence from day 15 and longer.

Absence due to illness	2018
Total absence due to illness 2018, %	3.07%
Short-term absence %	1.32%
Long-term absence %	1.75%

Requirements on suppliers

The supply chain remained unchanged during the year. Suppliers used are usually local actors. In 2018, RISE began applying the Public Procurement Act.

In procurement, all new suppliers must be assessed regarding the environment and social impact. Among other things, RISE requires contractual partners to respect fundamental human rights in their operations. RISE also requires suppliers to have routines to ensure that products delivered during the contract period are produced under conditions that are consistent with:

- The ILO's eight core conventions numbers 29, 87, 98, 100, 105, 111, 138 and 182,
- The UN Convention on the Rights of the Child, Article 32,
- The legislation on occupational safety and the working environment that applies in the country of manufacture, and
- Labour law, including legislation on minimum pay, and social insurance protection applicable in the country of manufacture.

Suppliers accept through tender responses to comply with the set requirements presented by RISE Code of Conduct for suppliers. Group purchasing cooperates with the function for sustainability and quality in the preparation of the various requirements for products or services concerning the supplier and in assessment of how these are to be fulfilled.

In 2018, 18 major procurements took place according to the Public Procurement Act, and environmental and social requirements were set on the supplier in all of them.

Several of the companies within RISE have undertaken evaluations of their existing suppliers, although an overall evaluation has not yet been carried out for the Group as a whole.

Number of fines and other penalties or sanctions

In 2018, RISE did not pay any fines or penalties related to the sustainability work in the environmental area and the social area.

Incidents of non-compliance concerning product and service information and labelling

In the course of one year, RISE receives approximately 50 complaints. All of these are investigated by people who are independent of the operations to which the complaint refers. In the absolute majority of cases, an agreement is reached with the party presenting the complaint. In the past two years, the following numbers of incidents occurred.

Incidents	2017	2018
Number of incidents resulting in a fine	0	0
Number of incidents resulting in a warning	0	0
Number of incidents in which an agreement has been reached	60	59

Financial responsibility

Relevant indicators of economic impact

The indicators 201-1 and 201-4 are described in detail below. The shares in RISE do not imply any automatic entitlement to dividends. The Company's profit shall, where not transferred to provisions, be used to advance the Company's operations. This entails that any retained economic value stays in the Company.

Direct economic value generated and distributed

The following is summarised from RISE financial statements.

Indicator/category	Contents	Comment	2017 (kSEK)	2018 (kSEK)
a) Revenue	Net sales	Total sales reported in the annual report	2,711,790	3,088,100
	Financial revenue	Financial revenue in the annual report, adjusted for the impairment of supplementary purchase price	3,303	3,955
Total direct economic value generated			2,715,093	3,092,055
b) Operating expenses	Other external expenses	Other external expenses in the annual report excl. social investments f) see below and excl. penalty fees to public authorities e)	802,228	932,582
	Non-strategic investments during the year *)	The value of investments made during the year which are not categorised as strategic, i.e. normal instruments, machinery, equipment, etc.	181,492	120,075
c) Employee salaries and benefits	Personnel costs	Personnel costs in the annual report	1,767,076	1,971,179
d) Payments to investors	Interest expenses	Interest expenses in the annual report according to Note	2,391	2,494
	Repayments of borrowings	From the cash flow statement	26,694	21,667
e) Payments to public authorities	Taxes in Sweden	Tax on profit for the year in the annual report according to Note	5,101	3,733
	Penalty charges by country	Fines and similar charges paid to public authorities	0	0
f) Social investments		Voluntary contributions to charitable organisations and similar	0	9
Total economic value distributed			2,784,982	3,056,739
Remaining economic value			-69,889	35,316
			Directly generated – Distributed	

*) Strategic investments may refer to e.g. new operations in the form of a subsidiary or line of business.

Financial assistance received from government

RISE presents an annual, verified open account of public finances pursuant to the Act (2005: 590) on the transparency of certain financial relations, etc. The information below is taken from this report and the signed annual reports of subsidiaries. Funds received constitute compensation for completed activities, projects and assignments concerning needs-based research, innovation and technical services. The absolute largest proportion of the

Government grants received are provided by the Swedish State in Sweden. Grants received from the Norwegian State in Norway are marginal.

(kSEK)	2017	2018
Strategic competence funds	537,141	658,666
Funds public authorities	541,183	649,663
EU	180,643	167,535
Funds metrology Vinnova	27,200	27,700

Important areas of sustainability

GRI standard	Area	Significance for RISE	Policies, guidelines, etc.	Management	Follow-up	Aspect boundaries
201	Economic performance	To be able to conduct sustainable operations, sound finances are required.	Financial routines, budget.	By establishing financial objectives and follow-up these, RISE controls its financial and economic work.	The finances are continuously monitored.	Internal
301	Material	Being more efficient in our resource use is a relatively highly prioritised area in RISE. As the operations do not have any direct production, however, the impact is limited.	Environmental policy.	In our choice of products in connection with (among other things) purchasing, we strive to make smart choices. Circular solutions regarding furniture handling were also introduced in parts of the operations.	Today, there is a deficient follow-up of resource consumption. There is also no good predefined GRI indicator for reporting RISE impact in this area.	This is essentially an internal aspect. In some cases, it may be difficult to obtain data.
302	Energy	Energy and energy consumption and associated emissions are incredibly important areas for RISE. In part for a sustainable future, but also for RISE finances.	Sustainability policy, Environmental policy.	When carrying out new construction or renovation work, RISE always chooses energy-efficient solutions. Alternative energy sources (solar cells, geothermal heat) are used wherever possible.	RISE continuously monitors its energy consumption. This is reported on an annual basis in the GRI report.	This is essentially an internal aspect. In some cases it may be difficult to obtain data, but the goal is to report RISE entire energy consumption.
305	Emissions	Emissions of greenhouse gases constitute a threat to all of humanity, and RISE must take its responsibility for the operations that give rise to emissions.	Travel Guidelines, Sustainability policy, Environmental policy.	By offering the possibility of travel-free meetings, travel within RISE can be reduced, and energy-saving measures and offerings of electric cars in a common carpool and purchases of electric hybrids provide reduced emissions.	RISE follows up travel and reports this annually. The number of digital meetings are also reported.	Large amounts of emissions come from travel, but also from energy production. External
306	Effluents and waste	RISE has a business which generates waste and hazardous waste.	Chemicals guidelines, chemicals management system, procedures for waste management.	Active sorting of waste and hazardous waste, phase-out of hazardous chemicals in favour of less hazardous.	Statistics from waste contractors and the chemical management system are used for follow-up.	Internal
307	Number of fines and non-monetary sanctions	RISE is covered among other things by operations subject to licensing where, for example, environmental sanction fees may occur.	Environmental Policy, self-inspection programme	Ensuring that the right licence is in place	Implementation of self-inspections, environmental audits. Any fines and penalties incurred are reported on an annual basis.	External
308	Supplier evaluation, environment	We have an extensive possibility to influence our total environmental impact through our purchases.	Environmental policy, Purchasing documents.	Requirements in all kinds of purchases. RISE complies with the Public Procurement Act in purchasing.	The number of procurements where requirements are set is followed up.	Internal

GRI standard	Area	Significance for RISE	Policies, guidelines, etc.	Management	Follow-up	Aspect boundaries
401	Employment	RISE is a knowledge-based company and access to competent employees is an absolute necessity for RISE. Being seen as an attractive workplace is therefore extremely important.	Guidelines for Strategic Competence Plan, Performance Management, employee development talks	Work to be seen as an attractive employer is a constant progress and is also one of RISE sustainability goals. Focus on recruitment and skills development of existing personnel.	The Universum measurement is used to measure how attractive an employer RISE is. Internal measurement eNPS (attractiveness index).	Internal
403	Occupational health and safety	RISE has broad operations and the risk situation includes all aspects of the work environment (physical, mental, organisational, and social)	Work environment policy Safety policy Inclusion policy Alcohol and drug policy Guidelines for business travel, rehabilitation, etc. Routines for protection and safety, chemical management system, deviation database.	Work environment rounds, Systematic work environment work. Training in work environment, fire and crisis management.	Measurement of accidents, incidents, illness, rehabilitation, satisfaction, etc. Followed up in the labour market party collaboration forum.	Internal
404	Training and education	In order to maintain and also increase expertise within RISE, continuous education and training is needed.	Strategic Competence Plan, Performance Management, employee development talks	Strategic Competence Plan, Performance Management, employee development talks	Employee development talks Labour market party collaboration forum	Internal
405	Diversity and Equal Opportunity	In order to be an attractive workplace, it is important that RISE works actively to promote diversity and equality.	Inclusion Policy, Work Environment Policy, Code of Conduct	Diversity and equality are taken into account when recruiting new employees. No forms of discrimination may occur within the operations. Clear guidelines in the new Code of Conduct.	Any wage disparities and cases of discrimination are followed up.	Internal
406	Non-discrimination	Active work against discrimination is an important component of an attractive workplace.	Inclusion Policy, Code of Conduct, Routines regarding discrimination.	There are possibilities for everyone to report any kind of discrimination or offensive special treatment.	Statistics regarding discrimination are reviewed annually.	Internal
414	Supplier Social Assessment	We have an extensive possibility to influence social aspects through our purchases.	Environmental Policy, Purchasing Documents.	Requirements in all kinds of purchases. RISE follows the Public Procurement Act in purchasing.	The number of procurements where requirements are set is followed up.	Internal
417	Marketing and labelling	RISE has a very large number of customers and it is important to deliver based on the customer's wishes. However, in some cases, problems may arise and it is up to RISE to solve these problems.	Routines for complaints, deviations database.	RISE has a process for managing complaints and similar.	Complaints or the like are discussed annually at the management review in the various parts of the operations.	External
419	Socio-economic compliance	Compliance with laws and regulations is self-evident for RISE.	There are guidelines and policies for following laws and regulations.	This is followed up in the line organisation and by Swedac for the accredited operations.	Any fines and penalties incurred are reported on an annual basis.	External

GRI – Index 2018

GRI standard	Description	Page	Comments
GRI 102: General disclosures 2016 (See Handling of important sustainability issues for sustainability management)			
Organisation			
102-1	Name of the organisation	80	
102-2	The organisation's most important activities, brands, products and services	22-25, 83	
102-3	Location of headquarters	80	
102-4	Location of operations	60	
102-5	Ownership and legal form	80	
102-6	Markets served	23-25	
102-7	Scale of the organisation	80	
102-8	Information on employees	68, 71	The information is not fully available. To be able to compile a complete report, it would be necessary for all parts within RISE to have a shared IT system. This will take place over the next few years. The information excluded is the breakdown by gender for permanent, temporary, full-time and part-time employees.
102-9	Supply chain	71	
102-10	Significant changes in the organisation and its supply chain	4-5, 71, 81	
102-11	Precautionary principle or approach	65, 67	
102-12	External initiatives	63-64	
102-13	Membership of associations	64	
Strategy			
102-14	Statement from senior decision-maker	6-7, 41	
Ethics and independence			
102-16	Values, principles, standards and norms of behaviour	15, 60, 64, 71	
Governance			
102-18	Governance structure	42-53	
Stakeholder engagement			
102-40	List of stakeholder groups	62	
102-41	Collective bargaining agreements	70	
102-42	Identifying and selecting stakeholders	61	
102-43	Approach to stakeholder involvement	61-62	
102-44	Key topics and concerns raised	61, 73-74	
Reporting			
102-45	Entities included in the consolidated financial statements	80, 83, 120	
102-46	Defining report content and topic boundaries	60	
102-47	List of material topics	73-74	
102-48	Restatements of information	66-67, 72	
102-49	Changes in reporting	60	
102-50	Reporting period	60	
102-51	Date of most recent report	60	
102-52	Reporting cycle	60	
102-53	Contact point for questions regarding the report	60	
102-54	Reporting level	60	
102-55	GRI content index	75-77	
102-56	External assurance	60, 78	

GRI standard	Description	Page	Comments
GRI 103: Governance 2016			
Management of key sustainability issues			
103-1	Explanation of the material topics and their boundaries	73-74	
103-2	The management approach and its components	63-64, 73-74	
103-3	Evaluation of the management approach	63-64, 73-74	
GRI 201: Economic performance 2016 (See Handling of important sustainability issues for sustainability management)			
Economic performance			
201-1	Direct economic value generated and distributed	72	
201-4	Financial assistance received from government	72	
GRI 302: Energy 2016 (See Handling of important sustainability issues for sustainability management)			
Energy			
302-1	Energy consumption in the organisation by energy source	67	The information is not fully available. To be able to compile a complete report, it would be necessary for all parts within RISE to have a shared IT system and finance system. The information excluded in the report is the proportion of renewable energy.
GRI 305: Emissions 2016 (See Handling of important sustainability issues for sustainability management)			
Emissions (Environment)			
305-2	Energy indirect greenhouse gas emissions	67	
305-3	Indirect greenhouse gas emissions	66	See 302-1. Global Warming Potential has not been reported.
GRI 306: Effluents and waste 2016 (See Handling of important sustainability issues for sustainability management)			
Effluents and waste			
306-4	Transport of hazardous waste	67	
GRI 307: Environmental compliance 2016 (See Handling of important sustainability issues for sustainability management)			
Environmental compliance			
307-1	Number of fines and non-monetary sanctions	71	
GRI 308: Supplier environmental assessment 2016 (See Handling of important sustainability issues for sustainability management)			
Supplier evaluation, environment			
308-1	New suppliers that were screened using environmental criteria	71	
GRI 401: Employment 2016 (See Handling of important sustainability issues for sustainability management)			
Employment			
401-1	Permanent employees and employee turnover	68	New employees at RISE or Swedish companies included in the Group. Internal mobility is not included. All forms of employment are included.
401-3	Parental leave	68	Figures pertain to parental leave of more than one month. The information that has not been reported relates to those who have returned from parental leave.
GRI 403: Occupational health and safety 2018 (See Handling of important sustainability issues for sustainability management)			
Occupational health and safety			
403-1	Occupational health and safety management system	69	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	69	
403-3	Occupational health services	70	
403-4	Worker participation, consultation, and communication on occupational health and safety	70	
403-5	Worker training on occupational health and safety	70	
403-6	Promotion of worker health	70	
403-7	Our employees' work environment at customers and collaborative partners	69	
403-9	Work-related injuries	56, 71	Gender distribution, type of injuries and associated absence and injury frequency, and hours worked have not been reported. The definitions of the Swedish Work Environment Authority have been applied.
403-10	Work-related illness	56, 71	See 403-9

GRI standard	Description	Page	Comments
GRI 404: Training and education 2016 (See Handling of important sustainability issues for sustainability management)			
Training and education			
404-2	Programmes for upgrading employee skills, transition assistance programmes and pension planning	70	
GRI 405: Diversity and equal opportunity 2016 (See Handling of important sustainability issues for sustainability management)			
Diversity and equal opportunity			
405-1	Diversity among permanent employees	50-51, 71	All forms of employment are included. Distribution by different age groups has not been reported.
405-2	Ratio of basic salary and remuneration of women to men	71	All forms of employment are included. Full-time salary is used as a basis.
GRI 406: Non-discrimination 2016 (See Handling of important sustainability issues for sustainability management)			
Non-discrimination			
406-1	Total number of incidents of discrimination and corrective actions taken	69	
GRI 414: Supplier environmental assessment 2016 (See Handling of important sustainability issues for sustainability management)			
Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	71	
GRI 417: Marketing and labelling 2016 (See Handling of important sustainability issues for sustainability management)			
Marketing and labelling			
417-2	Incidents of non-compliance concerning product and service information and labelling	71	
GRI 419: Socioeconomic compliance 2016 (See Handling of important sustainability issues for sustainability management)			
Socioeconomic compliance			
419-1	Number of fines and non-monetary sanctions	71	

Board of Directors' assurance

We confirm that, to the best of our knowledge, the sustainability report and statutory sustainability statement has been prepared in accordance with the guidelines of the GRI Global Reporting Initiative, that the disclosures presented provide a true and fair view of the factual circumstances, and that no matters of material significance have been omitted which could affect the view of the Company created by the sustainability report.

Gothenburg, 28 March 2019

The Board of Directors of RISE Research Institutes of Sweden AB

Auditor's limited assurance report in respect of RISE sustainability report, including opinion on the statutory sustainability statement

To the general meeting of the shareholders of RISE Research Institutes of Sweden AB, Corporate Identity Number 556464-6874

Introduction

We have been engaged by the Board of Directors of RISE Research Institutes of Sweden AB (RISE AB) to review the content of RISE Sustainability Report 2018. The Company has defined the scope of the Sustainability Report on page 59 of this document, whereby the statutory sustainability statement is defined on page 59.

Responsibilities of the Board of Directors and Company management

The Board of Directors and Company management are responsible for the preparation of the sustainability report, including the statutory sustainability statement, in accordance with the applicable criteria and the Annual Accounts Act. The criteria are presented on page 59 of the sustainability report, and comprise the parts of the Sustainability Reporting Guidelines published by the Global Reporting Initiative (GRI) which are applicable to the Sustainability Report, as well as the accounting and valuation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a sustainability report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion on the sustainability report based on the limited assurance procedures we have performed and to express an opinion on the statutory sustainability statement. Our assignment is limited to the historical information that is reported and accordingly does not comply to future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the sustainability report, and applying analytical and other review procedures. Our examination of the statutory sustainability statement has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. The pro-

cedures performed in a limited assurance engagement and an examination in accordance with RevR 12 vary in nature from, and are less in extent than for, an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden

The auditing firm applies ISQC1 (the International Standard on Quality Control) and thus has an all-round system for quality control that includes documented guidelines and procedures for compliance with professional ethical requirements, standards for professional practice and the applicable requirements in laws and other regulations. We are independent of RISE in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

The procedures performed in a limited assurance engagement and an examination in accordance with RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, the conclusion based on our limited assurance engagement and examination in accordance with RevR 12 does not comprise the same level of assurance as a conclusion based on an audit.

Our examination of the sustainability report is based on the criteria defined by the Board of Directors and Company management, as described above. We consider these criteria suitable for the preparation of the sustainability report.

We believe that the evidence we have obtained in our limited assurance engagement is sufficient and appropriate to provide a basis for our conclusion below.

Opinions

Based on the limited assurance engagement we have performed, nothing has come to our attention that causes us to believe that the sustainability report is not prepared, in all material respects, in accordance with the above criteria defined by the Board of Directors and Company management.

A statutory sustainability statement has been prepared.

Stockholm, 29 March 2019
KPMG AB

Ingrid Hornberg Román
Authorised Public Accountant

Torbjörn Westman
Specialist Member of FAR

Administration Report 2018

The Board of Directors and Chief Executive Officer of RISE Research Institutes of Sweden AB (RISE AB) hereby present the annual report and consolidated financial statements for the 2018 financial year. The Company's registered office is located in Gothenburg and its Corporate Identity Number is 556464-6874.

GENERAL INFORMATION REGARDING THE OPERATIONS

RISE AB is wholly-owned by the Swedish State and its mission is to bring together the Swedish institutional sector and to strengthen its role in the innovation system through efficient ownership and work with matters related to structure, efficiency and funding. The research institutes gathered under the RISE AB umbrella shall be internationally competitive and facilitate sustainable growth in Sweden by strengthening competitiveness and innovation in the business community. The purpose of RISE AB's operations is not to generate profits for shareholders.

The RISE Group comprises the Parent Company RISE AB, which owns all shares in RISE ICT AB, RISE Innventia AB and Swerea AB. For further information on ownership participations in sub-groups, refer to the section Companies in the Group.

The research institutes in the RISE Group are commercial, for-profit research and innovation entities, wherein profit is not distributed but employed to improve competitiveness. The State invests strategic competence funds and funds for structural development in the institutes through RISE AB. The purpose is to create value and competitiveness in both small and large companies which, in turn, contribute to growth and support the shift towards sustainable development throughout society.

The RISE Group is a strong research and innovation partner which collaborates in Sweden and internationally with academia, the business community and the public sector. For further information, refer to Significant events during the year.

OVERVIEW OF PERFORMANCE AND FINANCIAL POSITION

Group

Sales and profit 2018

The Group's sales during the period January-December illustrate continued growth, with an increase of 14% compared

with the previous year. Net sales amounted to SEK 3,066 (2,696) million. The increase in sales is due to growth in all areas in the Group, and the actual increase, adjusted for the acquisition of Swerea in October 2018, amounted to 9%. Operating profit amounted to SEK 34 (14) million. Loss from participations in associates amounted to SEK 10 million (profit: SEK 14 million). Without items that affect comparability, such as the remeasurement of the participating interest in an associate in connection with the acquisition of Swerea amounting to a charge of SEK 10 million and the previous year's impairment of a property of SEK 21 million, operating profit amounted to SEK 44 (35) million.

Net financial items amounted to SEK 9 (13) million. Net financial items for the year were negatively impacted in an amount of SEK 8 million due to an adjustment of the financial liability to a previous minority owner with regard to the acquisition of Innventia. Profit after financial items amounted to SEK 25 (27) million. Tax on profit for the year amounted to SEK 14 (0) million. The profit for the year amounted to SEK 11 (27) million.

Liquidity and cash flow

The Group's liquidity is good. As of the closing date, cash and bank balances together with short-term investments amounted to SEK 720 (521) million. Equity amounted to SEK 991 (980) million, with the Group's cash flow amounting to SEK 199 (-145) million.

Multi-year review	2018	2017	2016	2015	2014
Net sales, SEK m	3,066	2,696	2,470	2,107	1,977
Operating profit, SEK m	34	14	57	40	51
Profit after financial items, SEK m	25	27	59	38	58
Net profit for the year, SEK m	11	27	52	30	48
Equity, SEK m	991	980	962	957	927
Total assets, SEK m	3,064	2,518	2,570	2,119	2,046
Number of FTEs	2,236	2,041	2,014	1,745	1,673
Equity/assets ratio, %	32	39	37	45	45
Return on equity, %	1.1	2.8	5.4	3.2	5.1
Liquid ratio, %	77	83	91	101	105
Operating margin, %	1.1	0.5	2.3	1.9	2.6

Investments

Investments during the financial year amounted to SEK 145 (184) million. Of this amount, intangible assets constituted SEK 24.6 (2.5) million, and property, plant and equipment constituted SEK 120.1 (181.5) million.

Related party transactions

The Swedish State owns 100% of RISE AB. In addition to business transactions, which occurred on market terms between companies in the Group, no transactions with related parties occurred.

Employment

The number of FTEs was 2,236 (2,041), of which 37% (36) were women.

Dividend policy

According to the Articles of Association, the purpose of the operations is neither to generate profits for nor to distribute dividends to shareholders.

Parent Company

Parent Company sales amounted to SEK 1,949 (1,380) million, and there was an operating loss of SEK 6 (31) million.

As of the closing date, cash, bank balances and short-term investments amounted to SEK 149 (89) million. Cash flow in the Parent Company amounted to SEK 60 (-33) million. Equity as at the closing date was SEK 488 (469) million.

In June, a downstream merger was performed, which meant that RISE Holding AB, 556179-8520, merged with RISE AB, which is now the Parent Company of the Group. The comparative figures stated in the Administration Report and in the subsequent financial statements refer to the Group's current Parent Company RISE AB.

Transfer of operations of Group companies to RISE AB took place on 1 January and 1 September 2018. The transfers impacted net sales by SEK 399 million and operating profit by SEK 6 million for the period.

OTHER INFORMATION REGARDING THE OPERATIONS

Significant events during the year

On 1 October, two thirds of Swerea merged with RISE (for more information, see further down under Companies in the Group – Swerea AB).

At the end of 2018, a decision was made to form a sixth business and innovation area – Material Transition.

RISE gathers and develops all of our expertise in education in a Group-wide offering known as “Professional Education”.

On 1 September, Certification became a part of the Built Environment division.

RISE participates in a research initiative on fossil-free freight transports, “Triple F”, which was initiated and funded by the Swedish Transport Administration with SEK 290 million over 12 years.

The Ministry of Enterprise and Innovation has set assignment targets for the activities.

In the second quarter, RISE signed an agreement to take over part of the infrastructure in toxicology at Swetox. The take-over took place at year-end 2018.

At RISE General Meeting of Shareholders on 19 April, Klas Bendrik, Hanna Lagercrantz and Sara Mazur were elected as new Board members to succeed Anna Hultin Stigenberg, Richard Reinius and Marie Westrin, who withdrew. With support from the Government and in collaboration with CEVT, Scania, Volvo Cars and Volvo Group, RISE and Chalmers University of Technology established the company Swedish Electric Transport Laboratory AB (SEEL AB), a testbed for electro-mobility.

In June, the merger of RISE Research Institutes of Sweden Holding AB and RISE Research Institutes of Sweden AB was implemented.

At the beginning of 2018, RISE inaugurated the new test facility for vehicles of the future, Awitar, in Borås.

External environment analysis

We live in a world where the pace of change is always rising. The number of megatrends and the magnitude of the global challenges are, in themselves, remarkable. Never before has humanity's position been more precarious with respect to the global challenges and, similarly, never before have we experienced such exceedingly rapid development in terms of technology and knowledge. Major challenges also offer major opportunities. The course of events is ever increasing, with trends that arise and develop rapidly in the connected society.

The challenges we all face cannot be solved by RISE alone. It is becoming increasingly important to build distinct alliances with collaboration partners, both nationally and internationally.

The industrial research institutes' assignment from their owners through research bill 2016/17:50 Cooperative knowledge is to “be internationally competitive and facilitate sustainable growth in Sweden by strengthening competitiveness and innovation in the business community”. Competitiveness is based on the capacity for renewal and innovation. We, as an industrial research institute, shall therefore be industry's innovation partner. As we have partners both within Sweden and outside the country, we work on both a domestic and international basis.

In addition, industrial research institutes have a vaunted position in the innovation system, with the unique capability to contribute to renewal, innovation and capacity in the business community to offer cross-discipline competence.

Testbeds and demonstration environments are needed to an ever higher degree to improve the efficiency of development processes, demonstrations and market introductions. The RISE institute runs the majority of the country's testbeds and demonstration facilities. The institutes have a defined

capability to create benefits for their customers and partners through excellence in both individual competences and in combining cross-boundary competence.

The development of facilitative and disruptive technologies is increasing at an ever faster rate. Digitalisation, to use a sweeping term, is not now being slowed by technological breakthroughs, but by the languid pace of the change in how we, as people, view our daily lives and how we manage the established structures. Other than the development of technology and user interfaces, the challenge has proven to lie in how business models are to be reformulated, as digitalisation cuts through established models and structures. Critical challenges are being linked to security issues, as ever more of society becomes connected and interconnected, and larger sets of data and AI are used. RISE creates structures and builds competence to serve as Sweden's national industrial research institute for digitalisation.

Driving the dialogue on legislation, policy and ethics linked to new technology and new models is also an area where RISE is taking and has an opportunity of taking an even larger role.

Internally at RISE, work is under way to establish a more structured way of working with market intelligence. The work has several purposes and is based on a constant need to validate the areas we work in and the results we arrive at to ensure that we are on the right track. As a research institute, we also need to ensure that our expertise continuously grows and develops and can be used in dialogue with our customers and partners to develop their business by being well-informed about what happens.

Lastly, general work is conducted to try to identify the future. By capturing trends and behaviours in our surroundings, we want to drive development in the direction we believe in and strengthen through our research.

Future prospects

RISE mission, to strengthen companies' competitiveness and to create innovations that contribute to sustainable development, means that we always work with customer benefit and societal benefit as our impetus. In 2018, parts of the Swerea Group were acquired, which gives us even better conditions to be able to offer our customers and partners a collective expertise with extensive potential of working across research boundaries and establishing broad and cross-functional collaboration. The continued work of building a strong, collected research institute under a common brand also leads to us seeing continued demand for our services in 2019 and improved profitability.

Investments in strategic skills development

The funding that RISE AB received from the State for full-year 2018 amounted to SEK 740 (630) million in accordance

with Government Bill 2017/18:1 – Expenditure Area 24.

Of these funds, the Board of Directors of RISE decided to allocate SEK 641 (565) million for strategic competence development (SC funds, strategic initiative and cooperation funds) and SEK 79 (45) million for structural development (structural funds and integration funds), as well as SEK 20 (20) million as operating funds to the owner company.

The purpose of allocating these strategic competence funds to the industrial research institutes within the RISE Group is for these institutes to develop strategic competence and to continue to be attractive collaboration partners for trade and industry in research and innovation work. By meeting the business segment's current and future requirements and challenges, the institutes will actively contribute to strengthening Swedish industry's international competitiveness and will work towards sustainable development in industry and society. The purpose of support for structural development is to stimulate continued structural work in the institute sector, on the organisational plane and on the operational plane, thereby achieving increased efficiency. Government grants for strategic competence development include all companies in the RISE Group, including the associate Swerea AB and current Swerim AB, and are subject to the same allocation terms, regardless of Government participation in the company. The allocation is undertaken with the application of defined criteria based on the institutes' operational sales. The respective institute's Board of Directors is responsible for prioritising and distributing the competence funds according to the institute's internal strategies.

Equality and diversity

RISE AB's work on equality and diversity follows the stipulations of the State Ownership Policy. In the work with equality and diversity issues, a major emphasis is placed on meeting the Government's distinct ambitions. Of all FTEs in the Group, 37% (36) is female, which represents an area in which additional efforts must be made to achieve a more equal distribution between men and women. RISE AB's Board of Directors is comprised of 36% (42) women. RISE AB participates in the nomination processes for the various Boards of Directors within the RISE Group.

For more information on the Group's work with equality and diversity, refer to the sustainability report for the Group.

Sustainable development

RISE strives to meet the State's ambitions for structured sustainability work that can be reported and evaluated.

Together with representatives of industry and our partners, we have been assigned to implement a renewal of the research institute sector and, in doing so, to strengthen the contribution to the long-term, competitive sustainable development of the business community and society.

RISE shall achieve sustainable growth in Sweden by creating international competitiveness on scientific grounds. In this respect, sustainability work is crucial.

In pace with the increased significance of sustainable operations in the State's corporate governance of RISE, sustainability issues have also gained increased importance in the Company and to the Board of Directors. Within the framework of a joint analysis and coordination project, the RISE Group has mapped the most important activities to impact society from a sustainability perspective.

Three areas have been identified where RISE most affects the wider market:

The offering – the research institutes research, develop and create innovation for sustainable development and improved competitiveness.

The operations – a prerequisite for RISE credibility is that its operations are conducted sustainably and from a long-term perspective, and

Business relationships – the RISE Group performs its services responsibly.

RISE Board of Directors has adopted three sustainability goals linked to the operations:

The responsibility goal – that 100% of customer assignments is to be sustainability-declared by 2020,

The business goal – that by the year 2020, 10% of the increase in sales shall be generated as a direct result of sustainability work, and

The attraction goal – that RISE shall be ranked as one of the ten most attractive employers in the Career Barometer among young professionally active engineers and the Company Barometer among engineering students (goal attainment is calculated based on an average of these values).

In 2018, we worked to define in greater detail the business goal and began the work of developing a measurement method that builds on text-mining in an AI-based tool that is developed internally. In 2019, the work will be performed on sustainability-declaring all projects and incorporating the sustainability issues even more into our business.

In accordance with the Annual Accounts Act, chapter 6, section 11, RISE has chosen to prepare the statutory sustainability statement separately from the annual report. The statutory sustainability statement is included in the sustainability report beginning on page 59.

Companies in the Group

RISE Research Institutes of Sweden AB

RISE AB and directly owned subsidiaries are research institutes active within Bioeconomy, Bioscience and Materials, ICT, Built Environment, and Safety and Transport. The

companies' research, innovation and services are to contribute to value creation in trade and industry and sustainable social development. RISE AB has also taken on the responsibility for the national physical and chemical metrology. Directly owned subsidiaries without sub-groups are RISE SMP Svensk Maskinprovning AB (100%), AstaZero AB (61.33%), RISE Processum (60%), RISE Fire Research AS (70%) and RISE Energy Technology Center AB (100%). In addition to these companies, the Group also includes dormant companies.

RISE ICT AB

RISE ICT works to promote sustainable growth and increased competitiveness in Sweden by contributing to the digitalisation of the business community and society. The operations consist of applied research and development within ICT (Information and Communication Technologies) in close cooperation with Swedish industry, society and academia. The Group includes the Parent Company RISE ICT AB and four subsidiaries: RISE Acreo AB, RISE SICS AB, RISE Interactive Institute AB and RISE Viktoria AB. RISE SICS AB owns the subsidiaries RISE SICS East AB (100%), RISE SICS Västerås AB (100%) and RISE SICS North AB (100%). The RISE ICT Group also includes dormant subsidiaries: Swedish ICT Innovation AB and Ogemi AB. RISE AB owns 100% of the shares in RISE ICT AB.

Operations were conducted in the RISE ICT companies until 1 September 2018. Then, an operations transfer was made from all operating companies in RISE ICT to RISE AB.

RISE Innventia AB

Innventia generates and distils research results and concepts based on raw materials from the forestry sector, for the benefit of customers at all stages in the value chain. An important part of the operations is work with new materials and biofuels. Innventia Group includes RISE LignoBoost Demo AB (100%), Papir- og Fiberinstituttet AS in Norway (95%) and Innventia UK Ltd (100%).

RISE AB owns 100% of the shares in RISE Innventia AB.

Swerea AB

On 1 October 2018, RISE acquired the Swerea Group. Swerea is a research institute that supports innovation and development through new design, material selection, optimised manufacturing methods and corrosion protection. Swerea AB was previously an associate to RISE, 42.77% of which was owned by RISE. In connection with the transaction, a new institute was formed, Swerim, of which the former subsidiary Swerea MEFOS and part of Swerea KIMAB are a part. Swerim is an institute focused on mining, steel and metal research, where Swerea AB has a participating

interest of 20%. This participation is recognised as an associate in the RISE Group.

Significant risks and factors of uncertainty

During the year, RISE carried out a sweeping risk analysis of every part of the operations, which also included identification of activities to manage the risks. The work on risks is a continuous process where a clear ownership and general awareness of risks in the organisation are crucial to the operations' development.

The risks highlighted here are based on the assessment of their probability of occurrence, their possible consequences, and the ability to manage the specific risks that are categorised as Strategic, Operating, Legal and Financial risks.

Strategic risks are primarily comprised of external surrounding environment factors that cannot be controlled, but the negative impact of which could be limited. One of the most important strategic risks is related to the taking of risks in investments in the development of new competencies. In order to be an attractive innovation partner and a long-term competitive research institute, it is crucial that RISE has a relevant platform of competencies, adapted to both the market's current and future needs. Another strategic risk is related to the exposure to large individual customers or individual industries, which entail both assets and risks for specific parts of our operations.

Operational risks mainly relate to the risk of financial and credibility consequences resulting from deficiencies in internal procedures and systems and operations-related risks in research and development operations. The most important operational risks are comprised of information security and availability in the key testbeds and demonstration facilities where many parts of the business are strongly reliant on their availability. Part of the equipment is heavily used and part of it is also relatively old, which entails an elevated risk. Likewise, the availability of information, i.e. the knowledge and the results created in the operations, is critical. The operations manage a large amount of critical information, which is largely processed digitally and cybersecurity is therefore one of the operations' more important risks. Within the operational risks, sustainability risks and work environment risks must also be highlighted. Within the scope of RISE operations, a large amount of testing, demo and lab activities are conducted, where a proper handling of various environmental aspects is critical to avoid impermissible impact on both the environment and the work environment.

Legal risks include both ethical choices in support of our employees and our stakeholders, as well as good knowledge of the rules and laws that apply in the research and development activities. The risk areas highlighted as the most important here relate to patents and the key impartiality as

a research institute. Risks related to patents entail, among other things, a risk of violating patents or third-party IP where the operations failed to identify existing patents or that new patents were published in the course of a project, which risks leading to legal sanctions. The risk with regard to impartiality primarily relates to customers who use RISE as both a research partner and certification partner, primarily for the certification of products.

Two important financial risks for the operations are related to the establishment of new operations and changes in the economy. Establishing new operations that are at the forefront in order to support the customers' long-term needs often requires a certain degree of risk-taking with regard to the future needs and coverage, and is often a challenge during the establishment of such operations. With regard to economic changes, the Group in its entirety is considered to not be strongly sensitive to economic fluctuations, although some parts may be sensitive to major economic shifts, such as larger testbeds and demonstration facilities, industry-specific areas or when we serve as an industry institute with a narrower offering. Other financial risks are presented in Note 3.

Work and composition of the Board of Directors during the year

For a description of the Board of Directors and information regarding the work of the Board, refer to RISE AB's Corporate Governance Report for 2018.

RISE AB follows the State guidelines for remuneration of senior executives. For more information regarding remuneration, refer to Note 11 and RISE AB's Corporate Governance Report for 2018.

Proposed appropriation of profits

The Board of Directors proposes that the available funds of SEK 379,114,667 be appropriated as follows:

Profit brought forward from the previous year:	SEK 360,550,431
Downstream merger of Parent Company	SEK 34,136,164
Net loss for the year:	SEK -15,571,928
Retained earnings at year end, to be carried forward:	SEK 379,114,667

Equity attributable to owners of the Parent Company in the Group amounts to SEK 932 (930) million.

According to the Articles of Association, the purpose of the operations is not to generate profits for shareholders. No dividends are paid out.

For further information regarding the Company's results and financial position, refer to the following statements of profit or loss and statements of financial position, with associated comments on the financial statements.

Consolidated Financial Statements

Consolidated statement of profit or loss

Amounts in kSEK	Note	2018	2017
Net sales	5, 6	3,065,724	2,695,702
Other operating revenue	8	22,376	16,088
Other external expenses	10	-932,591	-802,228
Personnel costs	11	-1,971,179	-1,767,076
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	16, 17	-140,229	-142,474
Other operating expenses	9	-44	-349
Share of profit of associates		-9,622	14,558
Operating profit	5, 33	34,435	14,221
Financial revenue	12, 13	3,955	21,763
Finance expenses	12, 13	-13,382	-8,814
Financial items - net		-9,427	12,949
Profit before tax		25,008	27,170
Income tax expense	14	-13,628	174
Net profit for the year		11,380	27,344
Owners of the Parent Company		2,727	21,834
Non-controlling interests		8,653	5,510
Earnings per share*			
Earnings per share (SEK)	15	7	1,326
Average number of shares**		364,000	16,470

* Earnings per share, calculated as profit attributable to owners of the Parent Company during the year (expressed as SEK per share).

** The number of shares in the Parent Company is 364,000 after the downstream merger of RISE Holding AB, and RISE AB is the new Parent Company of the Group.

Consolidated statement of comprehensive income

Amounts in kSEK	Note	2018	2017
NET PROFIT FOR THE YEAR		11,380	27,344
Other comprehensive income			
<i>Items that have been or that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		67	-937
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of net pension obligation	29	392	-9,185
Tax effect of the above	14	-86	517
Other comprehensive income for the year		373	-9,605
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		11,753	17,739
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Parent Company		3,092	14,293
Non-controlling interests		8,661	3,446

Consolidated statement of financial position

Amounts in kSEK	Note	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets			
<i>Intangible assets</i>	16		
Capitalised development expenses		23,649	1,908
Patents and licences		11,190	6,878
Goodwill		31,432	19,954
Total intangible assets		66,271	28,740
<i>Property, plant and equipment</i>	17		
Land and buildings		532,465	495,613
Leasehold improvements		68,222	40,284
Equipment, tools, fixtures and fittings		438,132	378,491
Non-current assets under construction		1,558	69,797
Total property, plant and equipment		1,040,377	984,185
<i>Financial assets</i>			
Participations in associates	18	24,623	155,937
Other securities held as non-current assets	19, 32	59,401	600
Deferred tax assets	14	3,432	4,027
Other long-term receivables	20, 32	8,602	4,958
Total financial assets		96,058	165,522
Total non-current assets		1,202,706	1,178,447
Current assets			
Inventories	21	9,422	6,771
Accrued, uninvoiced revenue	22	485,205	304,497
Advance payments to suppliers		154	154
Trade receivables	23, 32	450,572	359,163
Current tax assets		62,788	38,727
Other receivables	24, 32	46,293	37,219
Prepaid expenses and accrued revenue	25, 32	86,891	72,475
Cash and cash equivalents	26, 32	720,414	521,033
Total current assets		1,861,739	1,340,039
TOTAL ASSETS		3,064,445	2,518,486

Amounts in kSEK	Note	31 Dec 2018	31 Dec 2017
EQUITY			
Equity attributable to owners of the Parent Company			
Share capital		36,400	1,647
Other paid-in capital		0	428,129
Reserves		283	224
Retained earnings including net profit for the year		895,597	500,167
Total equity attributable to owners of the Parent Company		932,280	930,167
Non-controlling interests		58,696	50,044
TOTAL EQUITY	27	990,976	980,211
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	28	195,000	216,667
Other liabilities		2,746	578
Deferred tax liabilities	14	47,330	36,220
Retirement benefit obligation	29	40,396	38,251
Other provisions		3,443	2,600
Total non-current liabilities		288,915	294,316
Current liabilities			
	3		
Liabilities to credit institutions	28, 32	21,667	21,667
Invoiced unaccrued revenue		937,698	640,131
Trade payables	32	187,151	158,634
Current tax liabilities		12,162	257
Other liabilities	30, 32	351,876	237,815
Accrued expenses and deferred revenue	31	274,000	185,455
Total current liabilities		1,784,554	1,243,959
TOTAL EQUITY AND LIABILITIES		3,064,445	2,518,486

Consolidated statement of equity

Amounts in kSEK	Note	Attributable to the Parent Company's shareholders					Non-controlling interests	Total equity
		Share capital	Other paid-in capital	Translation reserve	Retained earnings including net profit for the year	Total		
OPENING BALANCE AT 1 JANUARY 2017	27	1,647	428,129	1,149	484,949	915,874	45,708	961,582
Comprehensive income for the year								
Net profit for the year					21,834	21,834	5,510	27,344
Other comprehensive income for the year				-925	-6,616	-7,541	-2,064	-9,605
Comprehensive income for the year				-925	15,218	14,293	3,446	17,739
Contributions and value transfers from non-controlling interests						0	890	890
Total transactions with owners of the Group					0	0	890	890
CLOSING BALANCE AT 31 DECEMBER 2017	27	1,647	428,129	224	500,167	930,167	50,044	980,211
OPENING BALANCE AT 1 JANUARY 2018	27	1,647	428,129	224	500,167	930,167	50,044	980,211
New application of IFRS 9					-979	-979		-979
ADJUSTED EQUITY AT 31 DEC 2018	27	1,647	428,129	224	499,188	929,188	50,044	979,232
Comprehensive income for the year								
Net profit for the year					2,727	2,727	8,653	11,380
Other comprehensive income for the year				59	306	365	8	373
Comprehensive income for the year				59	3,033	3,092	8,661	11,753
Transactions with owners of the Group								
Acquisition of subsidiaries with non-controlling interests						0	200	200
Acquisition of participations in subsidiaries with non-controlling interests						0	-209	-209
Downstream merger of Parent Company		34,753	-428,129		393,376	0		0
Total transactions with owners of the Group		34,753	-428,129		393,376	0	-9	-9
CLOSING BALANCE AT 31 DECEMBER 2018	27	36,400	0	283	895,597	932,280	58,696	990,976

Consolidated statement of cash flows

Amounts in kSEK	Note	2018	2017
Cash flows from operating activities			
Operating profit before financial items		34,435	14,221
Depreciation of property, plant and equipment and amortisation of intangible assets	16, 17	140,229	142,474
Other non-cash items	37	9,774	-15,368
Interest received	12	3,606	3,068
Interest paid	12	-5,117	-8,174
Income taxes paid		-20,890	-6,452
Cash flows from operating activities before changes in working capital		162,037	129,769
Cash flows from changes in working capital			
Increase/decrease in operating receivables		-123,633	-21,386
Increase/decrease in operating liabilities		217,352	-36,553
Total changes in working capital		93,719	-57,939
Cash flows from operating activities		255,756	71,830
Cash flows from investing activities			
Payments for intangible assets	16	-24,604	-2,543
Payments for property, plant and equipment	17	-120,075	-181,492
Acquisitions of subsidiaries	7	151,568	-
Sales of subsidiaries	7	-	-3,276
Increase/decrease in other financial assets		-18,932	-1,908
Cash flows from investing activities		-12,043	-189,219
Cash flows from financing activities			
Repayment of loans during the year	28	-21,667	-26,694
Repayment of liability from acquisitions		-22,665	-1,965
Payment from non-controlling interests		-	890
Cash flows from financing activities		-44,332	-27,766
CASH FLOWS FOR THE YEAR		199,380	-145,155
Cash and cash equivalents at the beginning of the year	26	521,033	666,188
Cash and cash equivalents at the end of the year	26	720,414	521,033

Notes

Note 1 General information

RISE Research Institutes of Sweden AB's mission is to bring together the Swedish institute sector and to strengthen its role in the innovation system through efficient ownership and work with matters related to structure, efficiency and funding. The research institutes gathered under the RISE AB umbrella shall be internationally competitive and facilitate sustainable growth in Sweden by strengthening competitiveness and innovation in the business community.

RISE AB is a company of the designation "aktiebolag" (roughly equivalent to "limited company"), registered in Sweden and with its head office in the City of Gothenburg. The visiting address of the head office is Lindholmspiren 7A, 417 56 Gothenburg, Sweden. The Company is a wholly owned State company.

This annual report and associated consolidated financial statements were approved for publication by the Board of Directors and CEO on 28 March 2019. The annual report will be presented for adoption at the annual general meeting of shareholders on 25 April.

Note 2 Summary of important accounting principles

2.1 Basis of preparation

The consolidated financial statements for the RISE Research Institutes of Sweden AB Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Regulations for Groups has been applied.

Assets and liabilities have been recognised at their respective costs, with the exception of certain financial instruments measured at fair value through profit or loss. The most important accounting principles applied in the preparation of these consolidated financial statements are described below. These principles have been applied consistently for all years presented, unless stated otherwise. Non-current assets and non-current liabilities are comprised, in all material respects, of the amounts expected to be recovered or paid later than twelve months after the closing date. Current assets and current liabilities are comprised, in all material respects, of the amounts expected to be recovered or paid within twelve months after the closing date.

The preparation of financial statements in accordance with IFRS requires the application of a number of important estimations for accounting purposes. Furthermore, Group management is required to make certain assessments when applying the Group's accounting principles. The areas that involve a high degree of assessment, which are complex, or in which estimations and assumptions are of material importance for the consolidated financial statements, are described in Note 4.

The Parent Company's financial statements have been prepared in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, and the Swedish Annual Accounts Act. Those cases in which the Parent Company applies accounting principles deviating from those of the Group are presented

separately at the end of this Note under the heading "Parent Company accounting principles".

All amounts have been rounded off to the nearest thousand, unless stated otherwise. Information in parentheses refers to the previous year.

Changes in accounting principles and disclosures

The Group began to apply IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers as of 1 January 2018.

IFRS 9 Financial Instruments is effective from 1 January 2018 and replaces IAS 39. IFRS 9 has three measurement categories for financial assets. These are amortised cost, fair value through other comprehensive income and fair value through profit or loss. The classification of an asset is based on the entity's business model and the characteristics of the instrument. Investments in equity instruments are always recognised at fair value. The change in value are either recognised in profit or loss or as part of other comprehensive income. If the latter alternative is applied, any gains and losses made on the sale of financial instruments are also recognised in other comprehensive income. IFRS 9 also introduces a new model for calculating credit loss reserves, which is based on a basic model in which the credit risk associated with the changes is monitored. According to IFRS 9, a credit loss reserve was introduced and the combined effect of this change amounting to SEK 1 million was recognised in retained earnings as of 1 January 2018. Otherwise, no effects from the change have arisen. The comparison year is recognised according to IAS 39 and no restatement of any effects is made.

IFRS 15 Revenue from Contracts with Customers is a comprehensive standard for determining how much revenue should be recognised and when. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and associated interpretations. According to IFRS 15, revenue is recognised when the customer takes control over the goods or services. Determining the time for transfer of control, i.e. at a certain point in time or over time, requires assessments. The introduction of IFRS 15 has not entailed any transition effects on the financial statements. The Group's revenue consists, in all material respects, of revenues from rendered services (research and development projects).

IFRS 16 Leases has been adopted by the EU and is effective for financial years beginning on or after 1 January 2019. The new standard replaces IAS 17 Leases. IFRS 16 requires that, in general, all lease agreements are to be recognised in the statement of financial position. The Group has chosen to apply the simplified transition method and will not restate the comparative figures. Rights of use (ROU) are thereby measured in an amount corresponding to the remaining leasing obligations (lease liability) at the beginning of 2019. Since IFRS 16 means that a lessee is to recognise all material leases in the statement of financial position, this will result in an increase in total assets for the Group. At the same time, the operating profit will increase compared with today based on a part of the leasing payments being recognised as interest expense within net financial items. For the remaining leasing obligations, the Group expects to recognise lease liabilities of approximately SEK 700 million as at 1 January 2019, mainly related to leased premises. Operating profit is expected to increase by approximately SEK 12 million. The change is due to the interest on the lease liability not being included in operating profit.

The interpretation IFRIC 23 Uncertainty over Income Tax Treatments addresses how uncertainty regarding amounts for income tax is to be recognised. This may concern e.g. how a current tax asset is to be recognised when the amount is appealed and a discussion with the tax body is begun. The interpretation concerns four areas: whether or not uncertain outcomes are to be handled together or individually, what is to be assumed about the tax authority's review, how consideration is to be made to uncertainty regarding booking and measurement, and how changes in circumstances are to be handled in subsequent recognition. According to IASB, application is from 1 January 2019. Early adoption is permitted. IFRIC 23 was adopted in October 2018. The interpretation is not expected to have any material effect on the Group's financial reporting.

None of the other IFRS or IFRIC interpretations yet to enter into force are expected to have any material impact on the Group.

2.2 Consolidated financial statements

2.2.1 Subsidiaries

Subsidiaries are all companies over which the Group exercises a controlling influence. The Group is considered to exercise control over a company when it is exposed to or is entitled to variable returns on the basis of its participation in the company and is able to impact this return through its influence in the company. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. They are excluded from the financial statements from the date on which control is relinquished.

The purchase method is applied in reporting the Group's acquisitions of subsidiaries. The purchase price for the acquisition of a subsidiary is comprised of the fair value of the transferred assets, issued equity instruments and liabilities assumed or arising as per the date of transfer. Identifiable acquired assets and assumed liabilities in a business combination are initially measured at fair value on acquisition date, regardless of the extent of any non-controlling interest. The amount by which the purchase price and the fair value of the Group's share identifiable acquired assets, assumed liabilities and contingent liabilities is recognised as goodwill. If the purchase price is less than the fair value of the acquired subsidiary's assets, liabilities and contingent liabilities, the difference is recognised directly in the statement of profit or loss.

Intra-Group transactions, items in the statement of financial position and unrealised gains and losses on transactions between Group companies are eliminated. The accounting principles of subsidiaries have been changed where necessary to ensure consistency with the principles adopted by the Group.

All acquisition-related transaction costs are recognised as expenses. These costs are recognised in the consolidated statement of profit or loss in the item Other external expenses. Costs recognised in this item are transaction costs, any remeasurement of supplementary purchase price and remeasurement to fair value of previously acquired participations from sequential acquisitions.

2.2.2 Change in participation in a subsidiary with no change in control

Transactions with non-controlling interests which do not entail a loss of control are treated as equity transactions, i.e. as transactions with owners in their role as owners. For any purchases from non-controlling interests, the difference between the fair value of the purchase price paid and the acquired proportion of the carrying amount of net assets in the subsidiary is recognised in equity. Gains or losses on sales to non-controlling interests are also recognised in equity.

2.2.3 Sales of subsidiaries

When the Group no longer exercises control, any remaining participation is recognised at fair value from the date on which control is relinquished. Changes in the carrying amount are recognised in the statement of profit or loss. The fair value is applied as the initial carrying amount and forms the foundation for the continued recognition of the remaining participation as an associate, joint venture or financial asset. All amounts referring to the divested entity which were previously recognised in other comprehensive income are recognised as though the Group had directly divested the associated assets or liabilities. This may entail that amounts which were previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.4 Associates

Associates are companies in which the Group has a significant interest, but not control, usually associated with a shareholding of between 20 and 50 per cent of the voting rights. Participations in associates are recognised according to the equity method. The application of the equity method implies that the investment is initially measured at cost, with the carrying amount subsequently increasing or decreasing pursuant to the Group's share of the associate's profit or loss after the acquisition date. Dividends also impact the participation in the associate. The Group's carrying amount for participations in associates includes goodwill identified on acquisition.

If the participation in an associate decreases but the investment continues to be classified as an associate, only a proportional amount of the profit or loss which was previously recognised in other comprehensive income is reclassified to profit or loss.

The Group's share of profit arising after the acquisition is recognised in the statement of profit or loss, while its share of changes in other comprehensive income after the acquisition is recognised in other comprehensive income, with a corresponding change in the carrying amount of the participation. When the Group's share of losses in an associate equals or exceeds its participation in the associate, including any unsecured receivables, the Group does not recognise any further losses unless it has assumed legal or constructive obligations or made payments on behalf of the associate.

The Group assesses, at the end of each reporting period, whether there is objective evidence of an impairment requirement for an investment in an associate. If this proves to be the case, the Group calculates the amount of impairment required as the difference between the associate's recoverable amount and its carrying amount, and recognises this amount in the item "Share of profit of associates" in the statement of profit or loss.

2.3 Segment reporting

Segment information is reported in the same manner as the internal reporting to the highest executive decision-making body. The highest executive decision-making body is the function responsible for the allocation of resources to, and evaluation of performance by, the operating segments. In the Group, this function has been identified as the Board of Directors of RISE Research Institutes of Sweden AB. The RISE Group has six operating segments. These six segments are Bioeconomy, Bioscience and Materials, ICT, Materials and Production, Built Environment and Safety and Transport. Further information is provided in the table in Note 5.

2.4 Translation of foreign currencies

2.4.1 Functional currency and presentation currency

Items in the individual financial statements for the various entities within the Group are measured in the currency of the primary economic environment in which the respective entity operates (functional currency). The consolidated financial statements are presented in Swedish krona (SEK), which is the presentation currency of the Group.

2.4.2 Transactions and items in the statement of financial position

Transactions in foreign currencies are translated to the functional currency using the exchange rates prevailing at the transaction dates or the date when the items are remeasured. Foreign exchange gains and losses arising from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate, are recognised in the statement of profit or loss.

Foreign exchange gains and losses attributable to loans and cash and cash equivalents are recognised in the statement of profit or loss as financial revenue or expenses. All other foreign exchange gains and losses are recognised in the item Other gains/losses - net in the statement of profit or loss.

2.4.3 Group companies

The results and financial positions of Group companies with a functional currency other than the presentation currency (none of which have a hyper-inflation currency as its functional currency) are translated to the Group's presentation currency according to the following:

- (A) assets and liabilities in these entities' statements of financial position are translated at the closing rate
- (B) items in these entities' statements of profit or loss are translated at the average exchange rate (unless this average rate constitutes a reasonable approximation of the accumulative effect of the applicable rates on the transaction date, otherwise revenues and expenses will be translated at the rate applicable on the transaction date), and
- (C) all translation differences are recognised in other comprehensive income.

Goodwill and adjustments to fair value arising on the acquisition of a foreign entity are treated as assets and liabilities attributable to this entity, and are translated at the closing rate. Translation differences are recognised in other comprehensive income.

2.5 Intangible assets

2.5.1 Research and development

Expenditure incurred during the research phase is charged to expenses as incurred. Development costs are capitalised when a new product or a new product application has reached the stage in its development that, when it commences an industrialisation process - at which point it is considered to have reached the equivalent point as being launched as an independent product or an integrated component of an existing product - the expenditure is recognised as an asset. All such expenditure has previously been charged to expenses on an ongoing basis. Research costs previously recognised in expenses will not be recognised as assets during a subsequent period. Amortisation according to plan commences in conjunction with the commercialisation of the respective product. The cost for internally-generated intangible assets includes all expenditure directly-attributable to the asset. This largely refers to salaries and other costs related to em-

ployment for personnel directly involved in the work to develop the product or application, as well as expenditure for external services.

2.5.2 Patents

Patents have a determinable useful life and are recognised at cost less accumulated amortisation. Amortisation is undertaken on a straight-line basis to distribute the cost of the patent over its estimated useful life of 10 years.

2.5.3 Goodwill

Goodwill arises on acquisitions of subsidiaries and is comprised of the amount by which the purchase price, any non-controlling interest and the fair value of any previous participation in equity as per the acquisition date exceeds the fair value of the acquired entity's identifiable net assets. If the amount is less than the fair value of the acquired subsidiary's net assets, in the event of a bargain acquisition, the difference is recognised directly in the statement of profit or loss.

Goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units expected to benefit from synergies arising from the acquisition, for the purpose of impairment testing. Each unit or group of units to which goodwill is allocated represents the lowest level in the Group at which the goodwill in question is monitored according to internal governance procedures. Goodwill is monitored at the operating segment level.

Goodwill is tested annually for evidence of an impairment requirement, or more often if events or changes in circumstances indicate the possibility of a decrease in value. The carrying amount of a cash-generating unit to which goodwill is allocated is compared with the recoverable amount, which is the higher of the value in use and fair value less selling expenses. In the event that an impairment requirement is identified, the impairment is recognised immediately as an expense and is not reversed.

2.6 Property, plant and equipment

Land and buildings are comprised mainly of testing facilities and offices. Property, plant and equipment are recognised at cost less depreciation. The cost includes expenditure that is directly attributable to the acquisition of the asset.

Additional expenditure is either added to the carrying amount of the asset or recognised as a separate asset, depending on whichever is the most suitable, although only when the future economic benefits associated with the asset will accrue to the Group and the asset's cost can be reliably measured. The carrying amount of any replaced component of an asset is removed from the statement of financial position. All other forms of repair and maintenance are recognised in the statement of profit or loss as expenses during the period in which they arise.

Land is not depreciated. Depreciation of other assets, to allocate their cost down to the estimated residual value over their estimated useful life, is undertaken on a straight-line basis according to the following:

Buildings	25-50 years
Computers	3 years
Equipment, tools, fixtures and fittings	5-10 years
Leasehold improvements	5 years

A gain or loss on the sale of an item of property, plant or equipment, comprised of the difference between the sale price and the carrying amount of the asset, is recognised in Other operating revenue or Other operating expenses in the statement of profit or loss.

2.7 Impairment of non-financial, non-current assets

Intangible assets with an indefinite useful life or intangible assets that are not ready for use, are not amortised but are, instead, tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an impairment requirement is identified, the amount of impairment is determined as the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. When assessing impairment requirements, the assets are grouped at the lowest level at which it is possible to identify independent cash flows (cash-generating units). Assets (other than goodwill) that have previously been impaired are tested on each closing date for possible reversal.

The useful lives and residual values of property, plant and equipment are reviewed, and adjusted if appropriate, at each closing date. If the carrying amount of an asset is greater than its estimated recoverable amount, the value of the asset is immediately written down to the recoverable amount.

The impairment amount is initially allocated to goodwill, after which a proportional impairment is undertaken on other assets included in the cash-generating unit.

2.8 Financial instruments

2.8.1 Classification

The Group classifies its financial assets and liabilities in the following categories: "financial assets at fair value through profit and loss", "financial assets at fair value through other comprehensive income", "financial assets at amortised cost", and "other financial liabilities". The classification depends on the purpose for which the financial asset or liability was acquired.

Financial assets at fair value through profit or loss are financial instruments held for trade. A financial asset is classified as belonging to this category when it is acquired with the primary objective to be sold within the short-term. Financial assets at fair value through profit or loss comprise short-term investments such as fixed income funds and index-linked bonds recognised as cash and cash equivalents in the statement of financial position.

Financial assets at fair value through profit or loss are equity instruments held for trade. They are primarily comprised of shareholdings in unlisted companies. They are included in non-current assets if Group management does not intend to dispose of the asset within 12 months after the end of the reporting period.

Financial assets in the above categories are classified as current assets if they are expected to be settled within twelve months; if not, the assets are classified as non-current assets.

Financial assets at amortised cost

The category "financial assets at amortised cost" includes loans and receivables, financial assets that are not derivatives, have determined or determinable payments and are not listed on an active market. These items are included in current assets, except for those with maturities greater than 12 months after the closing date, which are classified as fixed assets. Loans and receivables in the Group are comprised of other long-term receivables, trade receivables, other

receivables and accrued revenue in the statement of financial position. Cash and cash equivalents are also included in this category.

Trade receivables are initially recognised at fair value and thereafter at amortised cost, with the application of the effective interest method, less any provision for reductions in value. Trade receivables maturing less than 12 months after the closing date are recognised at nominal value, which corresponds to fair value.

A provision for expected bad debt losses is made either according to a model for calculation of the credit loss reserve that is based on a basic model where the receivables' credit risk is monitored or when there is objective evidence that the Group will not be able to obtain all amounts due according to the receivables' original terms. The amount of the provision consists of the difference between the asset's carrying amount and the present value of estimated, discounted future cash flows, discounted with the original effective rate of interest. Expected and confirmed bad debt losses are recognised in the item Other operating expenses in the statement of profit or loss. The reversal of amounts previously written off is credited to the item Other operating expenses in the statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and short-term investments maturing within three months of the acquisition date.

Trade payables

Trade payables are obligations to pay for goods and services acquired from suppliers in the course of the Group's normal operating activities. Trade payables are classified as current liabilities if they mature within one year (or within the course of one operating cycle, if this is longer than one year). Otherwise, these are recognised as non-current liabilities.

Borrowings

Borrowings are initially recognised at fair value, net after transaction costs. Borrowings are recognised thereafter at amortised cost, with any difference between the received amount (net after transaction costs) and the amount to be repaid recognised in the statement of profit or loss over the tenor of the loan, using the effective interest method.

Fees which are paid for loan commitments are recognised as transaction costs for borrowing to the degree it is probable that portions of or the entire credit facility will be utilised. In such cases, the fees are recognised when the credit facility is utilised. When there is no evidence to suggest that it is probable that portions of or the entire credit facility will be utilised, the fees are recognised as an advance payment for financial services and are allocated over the tenure of the loan commitment in question.

Credit overdraft facilities are recognised as borrowings under Current liabilities in the statement of financial position.

Other financial liabilities

The Group's trade payables and other current liabilities are classified as other financial liabilities. Refer to the description above in section 2.8.1.

2.8.2 Recognition and measurement

Purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial instruments are initially recognised at fair value plus transaction costs, which applies to all financial assets not recognised at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value, while the related transaction costs are recognised in the statement of profit or loss. Financial assets are removed from the statement of financial position when the right to receive cash flows from the instrument has expired or has been transferred, and when the Group has transferred all material risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are recognised after initial recognition at fair value. Loans and receivables are recognised after the acquisition date at amortised cost, using the effective interest method.

Gains and losses arising as a result of changes in the fair value in respect of the category financial assets at fair value through profit or loss are recognised in the period when they are incurred, as financial revenue or expenses. Dividend revenues from securities classified as available-for-sale financial assets at fair value through profit or loss are recognised in the statement of profit or loss under Other revenue when the Group's right to receive payment has been established.

Changes in the fair value of monetary securities classified as available-for-sale financial assets are recognised in Other comprehensive income.

When securities classified as available-for-sale financial assets are sold or impaired, the accumulated adjustments to fair value are transferred from equity to the statement of profit or loss as gains or losses on financial instruments.

Interest on available-for-sale securities, calculated according to the effective interest method, is recognised in the statement of profit or loss under Financial revenue. Dividends on available-for-sale share instruments are recognised in the statement of profit or loss under Other revenue when the Group's right to receive payment has been established.

2.9 Impairment of financial assets

2.9.1 Assets at amortised cost

The Group assesses, at the end of each reporting period, whether there is objective evidence of an impairment requirement for a financial asset or a group of financial assets. A financial asset or a group of financial assets are impaired only if there is objective evidence of an impairment requirement as a result of one or several events having occurred after the initial recognition of the asset (a "loss event"), and if this event (or events) impacts the expected future cash flows from the financial asset or group of financial assets in a manner which can be reliably estimated.

Objective evidence of an impairment requirement includes, among other things, indications that a debtor or group of debtors are experiencing significant financial difficulties, that payments of interest or capital are not received or are delayed, that it is probable that a debtor or group of debtors will enter into bankruptcy or undergo some other form of financial reconstruction, or that there is observable data showing a measurable reduction in expected future cash flows, such as changes in mature liabilities or other financial circumstances correlating to credit losses.

For the loans and receivables category, impairment is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows (excluding future credit losses

which are yet to be confirmed), discounted to the financial asset's original effective interest. The asset's carrying amount is impaired, with the amount of impairment being recognised in the consolidated statement of profit or loss. If a loan or investment held to maturity incurs variable interest, the effective interest stipulated in the agreement is used as the discount rate when the impairment requirement is established. Alternatively, as a practical solution, the Group can establish the impairment requirement on the basis of the instrument's fair value, calculated with the help of an observable market value.

In the event that an impairment requirement is no longer deemed to be necessary in a subsequent period, and the change can be attributed to an event occurring after the impairment was recognised (for example, an improvement in a debtor's credit rating), the reversal of the impairment is recognised in the consolidated statement of profit or loss.

2.10 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost corresponds to the purchase price. The cost is determined using the first-in, first-out (FIFO) method. The net realisable value is the estimated sales price in the ongoing operations, with deductions for the applicable variable selling expenses. Inventories include both components (work on progress) and finished goods.

2.11 Projects in progress

The Group engages in three types of projects: research projects, partially commercial projects and fully commercial projects. Research projects are funded via grants or collaboration partners. Partially commercial projects refer to projects funded via both grants and commercial funding, i.e. sales to external parties. Revenue from these projects is recognised as expenses are incurred. A provision is made for estimated cost overrun. Commercial projects are funded exclusively via sales to external parties. The cost for these projects consists of direct salaries and other direct expenses. The net realisable value is defined as the estimated sales price less any estimated selling expenses. Expected and confirmed losses in a project are recognised in the item Other operating expenses in the statement of profit or loss. The reversal of amounts previously written off is credited to the item Other operating expenses in the statement of profit or loss.

2.12 Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to new share issues are recognised, net after tax, in equity as a deduction of the issue proceeds.

2.13 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, with the exception of tax referring to items recognised in Other comprehensive income or directly in equity. For such items, the associated tax is also recognised in Other comprehensive income or directly in equity, respectively.

Current tax for the period is calculated on the basis of the tax laws enacted or substantively enacted as at the closing date in those countries in which the Parent Company and its subsidiaries operate and generate taxable income. Group management evaluates, on an ongoing basis, the declarations presented in the income tax returns for those situations in which the tax regulations are subject to interpretation. Provisions are made, as deemed necessary, for amounts which are likely to be payable to the tax authorities.

The Government decided in June on a reduction of the corporate tax in two steps, 2019 and 2021. The effect of this change on deferred tax was recognised in the second quarter and provided a positive earnings effect of SEK 2 million.

Deferred tax is recognised on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are, however, not recognised if incurred as a result of the initial recognition of goodwill. Deferred tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination, which at the time of the transaction impacts neither the recognised nor fiscal results. Deferred income tax is calculated using tax rates (and laws) that have been enacted or substantially enacted as at the closing date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is likely that a future fiscal surplus will be available against which the temporary differences and loss carry-forwards can be utilised.

Deferred tax liabilities are calculated in taxable temporary differences arising on participations in subsidiaries, associates and joint ventures, with the exception of those deferred tax liabilities for which the point in time of the reversal of the temporary difference can be determined by the Group and it is probable that the temporary difference will not be reversed within the foreseeable future. Under normal circumstances, the Group cannot determine the reversal of temporary differences referring to associates. This is only possible in cases in which an agreement has been entered into granting the Group the possibility of determining the reversal of temporary differences.

Deferred tax assets attributable to deductible temporary differences on participations in subsidiaries, associates and joint ventures are recognised only to the extent that it is likely that the temporary difference will be reversed in the future and that a future fiscal surplus will be available against which the deduction can be utilised. Deferred tax assets and liabilities are offset when there is a legal right to offset the tax assets and tax liabilities in question, when the deferred tax assets and liabilities refer to taxes levied by one and the same tax authority and when they refer either to the same taxpayer or different taxpayers, and when there is the intention to settle the balances on the basis of net payments.

2.14 Employee benefits

Short-term benefits

Short-term employee benefits such as salaries, social security contributions, holiday pay, etc., are recognised in expenses during the earning period.

Defined contribution retirement benefits

Defined contribution retirement benefit plans are those plans under which the Company's obligations are limited to the fees the Company has committed to pay. The size of the employee's retirement benefits is dependent on the fees which the Company pays into the plan or to an insurance company and the return on capital generated by these fees. The Company's obligations with regard to fees paid into defined contribution plans are recognised as an expense in profit or loss at the rate they are vested through the employee rendering services on behalf of the Company for a defined period.

Defined benefit pension plans

The defining characteristic of a defined benefit pension plan is that it states an amount for the retirement benefit an employee receives upon retirement, usually based on one or more factors such as age, period of service and salary.

The liability recognised in the statement of financial position for defined benefit pension plans is the present value of the defined benefit obligation on the closing date less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary with the application of the projected unit credit method. The present value of the defined benefit obligation is determined through the discounting of the estimated future cash flows, applying the interest rate for Swedish mortgage bonds issued in the same currency as the currency in which the benefits will be paid, and with maturities comparable to the pension obligation in question.

Actuarial gains and losses due to experience-based adjustments and changes in actuarial assumptions are recognised in Other comprehensive income in the period they arise.

Expenses attributable to service during previous periods are recognised directly on the statement of profit or loss.

Termination benefits

Termination benefits are recognised directly when the Company has communicated an established plan for the termination and does not have a realistic possibility of withdrawing the plan. In the event that an employee is exempted from work during the notice period, a provision is made for the salary during the notice period directly. In the event that no such exemption is granted, the salary during the notice period is recognised in expenses during the notice period.

2.15 Revenue recognition

Revenue comprises the fair value of the amounts received or which will be received for the sale of goods and rendering of services in the course of the Group's operating activities. The Group recognises revenue when the amount can be reliably measured, it is likely that future economic benefits will accrue to the Company and particular criteria have been met for each of the Group's operations as described below.

Grants

Received project grants are recognised in revenue at the pace they are qualified for.

Sales of services

The Group's revenue consists, in all material respects, of revenues from rendered services (research and development projects).

The time frames for the completion of these projects vary between 6-36 months. Projects are executed on both a current account basis and on a fixed price basis. The outcome of a fixed price assignment can be reliably estimated when the total assignment revenue can be reliably measured, when it is likely that the economic benefits associated with the assignment will accrue to the Group, when the degree of completion and total expenses as per the closing date can be reliably measured, and when all assignment expenses can be identified and reliably measured. An assignment undertaken on a current account basis can be reliably estimated when it is likely that the economic benefits associated with the assignment will accrue to the Group and when all assignment expenses can be identified and reliably measured.

The revenues are recognised over time as control over the delivery is transferred to the customer. This implies that all assignment revenue and assignment expenses are recognised relative to the assignment's degree of completion as per the closing date. The degree of completion of an assignment is established through an assessment of the relationship between hours worked as per the closing date and the estimated total hours required to complete the assignment. When it is likely that the total assignment expenses will surpass the total assignment revenue, the expected loss is recognised immediately in expenses. The Group recognises receivables from the principles of all ongoing assignments, for which assignment expenses and recognised profits (less deductions for recognised losses) exceed the invoiced amount, as assets. Partially invoiced amounts which have not yet been paid by the customer and amounts withheld by the principal are included in the item Trade receivables. The Group recognises as liabilities all liabilities to principals of ongoing assignments for which the invoiced amounts surpass the assignment expenses and recognised profits (less deductions for recognised losses).

Interest revenue

Interest revenue is recognised over its tenor with the application of the effective interest method.

2.16 Leases

Lease agreements under which a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made during the lease period (after deductions for any incentives granted by the lessor) are expensed in the statement of profit or loss on a straight-line basis over the tenor of the lease.

The Group's leases consist of rented office premises and cars, which are classified as operating leases.

Note 3 Financial risk management

3.1 Financial risk factors

Through its operations, the Group is exposed to various types of financial risks: Market risk (consisting of foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Group applies a common risk management strategy for all entities. The description provided in this Note is therefore, in all material respects, also applicable for the Parent Company.

Risk management is undertaken by the CEO in accordance with the policies approved by the Board of Directors. The Board of Directors prepares a comprehensive finance policy for risk management, which features separate chapters for specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk, as well as the investment of surplus liquidity.

Market risk

Foreign exchange risk

The Group's operations are largely confined to Sweden, implying that foreign exchange risk is limited. In 2018 and 2017, no large volumes of transactions in foreign currencies have taken place. Foreign exchange gains/losses recognised in the statement of profit or loss are shown in Note 13.

Interest rate risk

As the Group does not have any significant interest-bearing financial assets or liabilities, the Group's profit or loss and cash flows from operating activities are largely independent of changes in market interest rates. Investments are made with very low interest rate risk.

Credit risk

Credit risk, or counterparty risk, is the risk that the counterparty in a financial transaction is unable to fulfil its obligations on the due date. Credit risk arises through bank balances, short-term investments in the form of e.g. holdings in fixed income funds and index-linked bonds (included in cash and cash equivalents in the statement of financial position), and trade receivables.

The primary financial risk in the Group is the credit risk associated with outstanding trade receivables. The risk is managed through regular credit monitoring and credit checks of both new and existing customers. The Group's credit checks entail that, before credit is granted, a credit agency is engaged to undertake a credit check. For existing or previous customers, the present payment situation and history is also analysed. In the event that a credit check or analysis of payment history indicates deficiencies, the Group does not normally grant credit, but instead offers other alternatives such as fulfilling the assignment upon the payment of an advance fee. Credit risk in the Group is managed at company level. There is no significant concentration of credit risks.

A new model for calculating credit loss reserves, which is based on a basic model in which the credit risk associated with the changes is monitored, has been introduced in accordance with IFRS 9. The combined effect of this change amounting to SEK 1 million was recognised in retained earnings as of 1 January 2018.

Liquidity risk

Liquidity risk is the risk that the Group lacks the requisite liquid funds for payment of its obligations regarding financial liabilities. The management of liquidity risk is characterised by prudence and is intended to ensure that the Group always has sufficient liquid funds. As per 31 December 2018, the Group has cash and cash equivalents of kSEK 720,414 (521,033), including bank balances and short-term investments in the form of holdings in fixed income funds and index-linked bonds, among others. These assets fulfil the requirements of the Group's finance policy, stating that the Group's liquid funds are to be invested in assets which are considered safe investments and which yield a reasonable return over time. Financial investments are always to be preceded by a thorough risk assessment, and the investment is to have a low credit risk and high liquidity.

The table below analyses the Group's financial liabilities according to the time remaining after the closing date until contractual maturity. The amounts in the table below are contractual, undiscounted cash flows.

3.2 Management of capital risk

The Group is owned by the Swedish State. No dividends are paid, as specified in the Articles of Association.

The Group's capital structure is assessed on the basis of the equity/assets ratio and return on equity. The KPIs are calculated as adjusted equity as a percentage of total assets and net profit as a percentage of adjusted equity. As per 31 December 2018, the equity/assets ratio was 32 (39)% and return on equity was 1.1 (2.8)%.

3.3 Measurement of fair value

The carrying amounts, after any possible impairment, of trade receivables and other receivables, as well as trade payables and other liabilities is assumed to be equivalent to their fair values, as these items are short-term in nature. The fair values of financial instruments traded on an active market are based on the quoted market prices on the closing date. The quoted market prices used for the Group's financial assets are the current bid price. Financial assets at fair value in the Group comprise short-term investments (including fixed income funds, index-linked bonds, etc.) recognised as cash and cash equivalents in the statement of financial position. These instruments are at Level 1 in the fair value hierarchy.

Liquidity risk

31 Dec 2018	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowings	5,417	16,250	21,667	86,667	87,245
Trade payables	186,608	542	-	-	-
Other liabilities	747,401	850,002	2,167	-	-
31 Dec 2017	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowings	5,417	16,250	21,667	86,667	108,911
Trade payables	158,634	-	-	-	-
Other liabilities	270,723	814,602	-	-	-

As the Group's liquidity is good, this implies that investments can largely be financed with the Group's own funds. Future liquidity pressure in general refers to payments of trade payables and other current liabilities. Future liquidity pressure is monitored carefully through ongoing plans and forecasts. For 2018, interest rates are expected to remain negative, entailing that no extra liquidity is expected to be recognised.

Note 4 Important estimates and assessments

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events deemed to be reasonable under the prevailing circumstances.

Important accounting estimates and assumptions

The preparation of financial statements requires the application of a number of important estimations and assumptions for accounting purposes by the Board of Directors and Group management.

These estimations and assumptions impact both the statement of profit or loss and statement of financial position, as well as information disclosed about contingent liabilities. The areas involving a material amount of estimations and assumptions are as follows:

- Impairment testing of goodwill. The Group assesses, each year, if there is an impairment requirement as regards goodwill, in accordance with the accounting principle described in Note 2. The recoverable amount for cash-generating units has been established by calculating the value in use. These calculations require

certain estimations to be made. Impairment testing is undertaken on the respective subsidiaries. Note 16 includes a description of significant assumptions made in conjunction with the impairment testing of goodwill.

- Impairment testing of property, plant and equipment and other assets. This measurement takes place both on an ongoing basis and in conjunction with the preparation of the financial statements.
- Measurement of provision for doubtful debts. Provisions are recognised according to a new model for calculating credit loss reserves, which is based on a basic model in which the credit risk associated with the changes is monitored. If there is information about an individual customer's payment capacity and where a further credit risk is deemed to exist, supplemental provisions are made.
- Measurement of pension liabilities. Reasonable potential changes in actuarial assumptions have no impact on the size of liabilities.
- The measurement of loss carry-forwards is made each year to examine whether it is pertinent to capitalise deferred tax assets attributable to the year's tax loss carry-forwards. Deferred tax assets are recognised only on loss carry-forwards for which it is probable that they can be offset against future taxable profits and taxable temporary differences.

Note 5 Segment information

Group management has determined the operating segments on the basis of the information processed by the Board of Directors of RISE Research Institutes of Sweden AB and which is used as the foundation for strategic decisions. No individual customer of the Group accounts for more than 10% of revenues. An immaterial amount of revenues are generated abroad. Property, plants and equipment are located in Sweden, with an immaterial amount located abroad.

In 2018, the principle for the allocation of shared items has been changed, and the figures for 2017 have been adjusted for comparability.

On 1 September 2018, Certification became a part of the Built Environment division. In 2018 and 2017, an adjustment was made for comparability and Certification is included in the amount for the period for Built Environment.

The segment information provided to Group management, referring to the segments for which information is to be provided, for the financial year 2018 is as follows:

Note 6 Distribution of net sales

Net sales by type of revenue:

Group	2018	2017
Revenue from trade and industry	1,560,438	1,401,283
Public research funding bodies	676,733	564,614
SC funds (Strategic competence funds)	658,666	537,141
EU funds	167,535	180,643
Change in work in progress	2,352	12,021
TOTAL	3,065,724	2,695,702

Group	January-December 2018			January-December 2017		
	Net sales	Operating profit	Operating margin, %	Net sales	Operating profit	Operating margin, %
Bioeconomy	425,776	6,235	1.5%	412,832	4,556	1.1%
Bioscience and Materials	453,461	-3,395	-0.7%	418,997	-16,612	-4.0%
ICT	600,631	5,524	0.9%	500,038	17,569	3.2%
Materials and Production*	135,306	12,405	9.2%	-	-	-
Built Environment	556,168	13,494	2.4%	511,972	1,080	0.2%
Safety and Transport	802,438	36,864	4.6%	737,770	32,767	4.4%
Total Divisions	2,973,780	71,127	2.4%	2,631,609	39,360	1.5%
Unallocated joint costs/eliminations	91,944	-27,070	-	64,093	-18,697	-
Impairment of building	-	-	-	-	-21,000	-
Share of profit of associates	-	-9,622	-	-	14,558	-
TOTAL GROUP	3,065,724	34,435	1.1%	2,695,702	14,221	0.5%

* Materials and Production was acquired on 1 October 2018 and recognised amounts pertain to the period October to December 2018.

Note 7 Business combinations and divestments

On 1 October 2018, RISE acquired the Swerea Group. Swerea AB was previously an associate, owned at 42.77%. Swerea is a research institute that supports innovation and development through new design, material selection, optimised manufacturing methods and corrosion protection. In connection with the transaction, a new institute was formed, Swerim, with focus on mining, mineral, steel and metal research, where Swerea AB has a participating interest of 20%. This participation is recognised as an associate in the RISE Group.

The purchase price was kSEK 137,311. At acquisition, the purchase price was larger than the carrying amounts of the net assets, which meant that the acquisition gave rise to goodwill, which primarily reflects human capital in the form of employee expertise.

Swerea is included in consolidated net sales for the fourth quarter in an amount of SEK 135 million and in profit before tax in an amount of SEK 10 million. If the acquisition had occurred on 1 January 2018, it is estimated that the Group's revenues would have been SEK 3,370 million and the profit for the period would have been SEK 17 million for full-year 2018.

During the year, a company was also formed, SEEL Swedish Electric Transport Laboratory AB, where RISE owns 60% and transferred compensation was kSEK 300. The cash flow effect was kSEK 200.

Group	2018	2017
Purchase price paid by offset	77,267	-
Purchase price paid with cash and cash equivalents	60,344	-
Transferred compensation	137,611	0
Recognised amounts of identifiable assets and assumed liabilities		
Property, plant and equipment and intangible assets	77,070	
Financial assets	68,039	
Trade receivables and other receivables	175,442	
Cash and cash equivalents	212,912	
Non-current liabilities	-14,187	
Trade payables and other liabilities	-246,441	
Total identifiable net assets	271,335	0
Fair value of previously owned participation	-145,502	
Non-controlling interests	-200	
Goodwill	11,478	
Transferred compensation	137,611	0
Acquired cash and cash equivalents	211,912	
Paid cash and cash equivalents	-60,344	
Cash flow effect upon acquisition	151,568	0

In January 2017, SP Sveriges Tekniska Forskningsinstitut A/S was sold. The total consideration for the sale amounted to SEK 1.

A description of the business divestment and its effects on the consolidated financial statements is presented below.

Group	2017
Consideration received for the sale	0
Recognised amounts of identifiable assets and assumed liabilities	
Cash and cash equivalents	3,276
Property, plant and equipment and financial assets	1,758
Trade receivables and other receivables	2,919
Trade payables and other liabilities	-7,159
TOTAL IDENTIFIABLE NET ASSETS	794
Cash flow effect upon acquisition	-3,276

Note 8 Other operating revenue

Group	2018	2017
Rental revenue	4,312	6,630
Foreign exchange gains/losses on operating receivables	4,443	1,093
Other revenue	13,620	8,365
TOTAL	22,376	16,088

Note 9 Other operating expenses

Group	2018	2017
Capital gains/losses on sales of subsidiaries	-	-203
Other expenses	-44	-146
TOTAL	-44	-349

Note 10 Audit fees

Audit engagement refers to the audit of the annual report and accounting records, as well as the management of the Company/Group by the Board and the CEO, other tasks incumbent on the Company's auditor to perform, as well as advice or other assistance arising from observations made during the audit or the implementation of such other tasks. Everything else is other services.

Group	2018	2017
KPMG		
Audit engagement	4,158	2,996
Other auditing services	145	691
Tax advisory services	0	4
Other services	157	1,050
PricewaterhouseCoopers		
Audit engagement	113	72
Other auditing services	35	337
Tax advisory services	0	-
Other services	1,628	539
TOTAL	6,236	5,689

Note 11 Employee benefits, etc.

Group	2018	2017
Salaries and other remuneration to the Board of Directors	1,485	1,482
Salaries and other remuneration to the CEO	3,599	3,127
Salaries and other remuneration to other senior executives	19,065	18,914
Salaries and other remuneration to other employees	1,274,704	1,128,888
Social security contributions	436,801	379,182
Retirement benefit costs for the Board of Directors and CEO	1,213	925
Retirement benefit costs for other senior executives	4,830	5,212
Retirement benefit costs for other employees	176,257	152,948
TOTAL	1,917,954	1,690,678

Average number of employees	2018	2017
Men	1,418	1,310
Women	818	731
TOTAL	2,236	2,041

Average number of employees by country	2018	2017
Sweden	2,172	1,989
Denmark	-	2
Norway	54	50
France	10	-
TOTAL	2,236	2,041

Fees to the Board of Directors	2018	2017
Fees to the Board of Directors	1,485	1,482
Social security contributions	440	432
TOTAL	1,925	1,914

Subsidiaries	2018	2017
Of salaries and other remuneration in subsidiaries, amounts referring to CEOs	14,339	14,431
Boards of Directors	1,269	1,754
Retirement benefit costs for CEOs	3,001	4,053
TOTAL	18,609	20,238

Group	2018	2017
CEO salaries	17,938	17,558
Boards of Directors	2,754	3,236
Retirement benefit costs for CEOs	4,214	4,978
TOTAL	24,906	25,772

The Group's Boards of Directors are composed of 79 (92) members, of whom 67 (60) per cent are men. The Group has 11 (11) employees

designated as senior executives, of whom 55 (27) per cent are men. The Parent Company's Board of Directors is composed of 11 (11) members, of whom 64 (58) per cent are men.

Remuneration to senior executives**Guidelines**

The annual general meeting has resolved on the following guidelines applying to remuneration to Group management.

Remuneration to the CEO and other senior executives consists of basic salary, other benefits and retirement benefits.

Retirement benefits and other benefits to the CEO and other senior executives constitutes a part of total remuneration.

Terms and conditions for the CEO

In order to secure the retirement benefits due to the CEO, RISE transfers an annual amount equivalent to 30% of the pensionable annual salary to an occupational pension insurance policy as directed by the CEO. The pensionable annual salary comprises monthly salary including a standard calculation of holiday pay (12.2%).

Remuneration and other benefits to the Board of Directors

Name	Salary, Committee and Board fees	
	2018	2017
Jan Wäreby	365	321
Sven Wird	175	220
Anna Hultin Stigenberg	49	195
Anna-Karin Stenberg	205	205
Fredrik Winberg,	195	215
Klas Bendik	146	-
Sara Mazur	131	-
Marie Westrin	44	195
Torbjörn Holmström	175	131
Richard Reinius*	-	-
Hanna Lagercrantz*	-	-
Linda Ikatti**	-	-
Magnus Naesman**	-	-
Ulf Nordberg**	-	-
TOTAL	1,485	1,482

* No remuneration is payable to employees in Government office.

** No remuneration is payable to employee representatives.

No other benefits and retirement benefits have been paid to the Board

Remuneration and other benefits 2018 - Senior executives

Name	Position	Period*	Payroll expenses	Other benefits	Retirement benefit costs	Total
Pia Sandvik	Chief Executive Officer	January-December	3,599		1,213	4,812
John Rune Nielsen	Chief Technology and Business Development Officer	January-December	1,714		448	2,162
Margaret Simonson McNamee	Former CTO	January-December	1,342		555	1,897
Johanna Flanke	Chief Human Resources Officer	January-December	1,538		320	1,858
Synnöve Helander	Former CFO	January-December	1,495		350	1,845
Yvonne Näsström	Chief Communications Officer	January-December	1,322	7	276	1,605
Ola Dawidson	Head of Strategy and Operational Excellence	January-December	1,314		292	1,606
Birgitta Sundblad	Former Senior Vice President – Bioeconomy	January-December	2,799	47	543	3,389
Marco Lucisano	Senior Vice President – Bioeconomy	August-December	607		112	719
Pernilla Walkenström	Senior Vice President – Bioscience and Materials	January-December	1,715		522	2,237
Charlotte Karlsson	Senior Vice President – ICT	April-December	1,246		272	1,518
Pether Wallin	Acting Senior Vice President – Materials and Production	January-December	1,725		595	2,320
Fredrik Holst	Senior Vice President – Built Environment and Acting Chief Financial Officer	January-December	1,932		443	2,375
Peter Janevik	Acting Senior Vice President – Safety and Transport	October–December	316		103	419
						0
TOTAL			22,664	54	6,044	28,762

* Period, salary, other benefits and retirement benefit costs correspond with period of service in the RISE Group.

In addition to remuneration for the year, provisions have been made for additional remuneration in 2019 for Margaret Simonson McNamee, Synnöve Helander and Birgitta Sundblad in an amount of kSEK 2,251.

Remuneration and other benefits 2017 - Senior executives

Name	Position	Period*	Payroll expenses	Other benefits	Retirement benefit costs	Total
Pia Sandvik	Chief Executive Officer	July-December	3,127		925	4,052
Olof Sandén	Deputy Chief Executive Officer	January-December	2,176		659	2,835
John Rune Nielsen	CMO and Head of Division – Certification	January-December	1,599		397	1,996
Margaret Simonson McNamee	CTO	January-December	1,345		526	1,871
Johanna Flanke	Chief Human Resources Officer	February-December	1,197		271	1,468
Anita Olson	Acting Director of Human Resources	January	94		40	134
Synnöve Helander	CFO	February-December	1,347		314	1,661
Yvonne Näsström	Chief Communications Officer	March-December	1,075	8	239	1,322
Ann Fröström	Chief Communications Officer pro tem	January-February	187		51	238
Ola Dawidson	Operational Excellence	November-December	191		40	231
Birgitta Sundblad	Senior Vice President – Bioeconomy	January-December	2,553	140	801	3,494
Pernilla Walkenström	Senior Vice President – Bioscience and Materials	January-December	1,466		429	1,895
Marianne Grauers	Senior Vice President – Built Environment	January-December	1,279		588	1,867
Pether Wallin	Senior Vice President – Safety and Transport, acting ICT	January-December	1,702		646	2,348
Leif Ljungqvist	Senior Vice President – ICT	January-May	664		210	874
TOTAL			20,002	148	6,136	26,286

* Period, salary, other benefits and retirement benefit costs correspond with period of service in the RISE Group.

In addition to the remuneration for the year, a provision was made for severance pay for Olof Sandén for the period January-December 2018, amounting to kSEK 2,039.

Retirement age, period of notice and severance pay - Senior executives

Name	Position	Retirement age	Period of notice (employee/company)	Severance pay
Pia Sandvik	Chief Executive Officer	65	6/6	18
John Rune Nielsen	Chief Technology and Business Development Officer	67	6/6	-
Johanna Flanke	Chief Human Resources Officer	67	6/6	-
Yvonne Näsström	Chief Communications Officer	67	6/6	-
Ola Dawidson	Head of Strategy and Operational Excellence	67	6/6	-
Marco Luciano	Senior Vice President – Bioeconomy	67	6/6	-
Pernilla Walkenström	Senior Vice President – Bioscience and Materials	67	6/6	-
Charlotte Karlsson	Senior Vice President – ICT	67	6/6	-
Pether Wallin	Senior Vice President – Materials and Production	67	6/6	12
Fredrik Holst	Senior Vice President – Built Environment, acting CFO	67	6/6	-
Peter Janevik	Acting Senior Vice President – Safety and Transport	67	6/6	12

Note 12 Financial revenue and expenses

Group	2018	2017
Financial revenue:		
Interest revenue on bank balances	935	390
Interest revenue on short-term investments at fair value through profit or loss	10	56
Dividends	141	-
Impairment of supplementary purchase price	-	18,460
Foreign exchange gains/losses	2,869	2,857
Financial revenue	3,955	21,763
Finance expenses:		
Interest expenses on retirement benefit liability	-908	-892
Other interest expenses	-1,586	-1,499
Foreign exchange gains/losses	-426	-391
Impairment of receivable	-	-5,799
Final settlement of supplementary purchase price	-7,916	-
Impairment of non-current investments	-2,348	-
Profit on sales of short-term investments at fair value through profit or loss	-198	-233
Finance expenses	-13,382	-8,814
FINANCIAL ITEMS - NET	-9,427	12,949

Note 13 Foreign exchange gains/losses

Group	2018	2017
Other operating revenue	4,446	1,094
Other external expenses	-3,313	-2,712
Financial revenue	2,869	2,857
Finance expenses	-426	-391
TOTAL FOREIGN EXCHANGE GAINS/LOSSES	3,576	3,560

Note 14 Taxes

Group	2018	2017
Deferred tax expense on temporary differences	-4,929	5,415
Miscellaneous	34	-140
Total deferred tax in the statement of profit or loss	-4,895	5,275
Current tax	-8,733	-5,101
TOTAL INCOME TAX	-13,628	174

The difference between recognised tax expense and estimated tax expense based on applicable tax rates is as follows:

Group	2018	2017
Profit before tax	25,008	27,169
Income tax according to applicable tax rate for the Group 22% (22%)	5,502	5,977
Tax effect of following items		
Non-taxable revenue	-137	-8,555
Non-deductible expenses	7,730	2,353
Incremental taxable revenue	245	16
Utilised loss carry-forwards	-692	-1,621
Adjustments referring to previous years	-45	69
Miscellaneous	1,025	1,587
TOTAL TAX EXPENSE	13,628	-174

Deferred tax assets and liabilities are distributed as follows:

Group	2018	2017
Deferred tax assets which will be utilised after more than 12 months		
Opening carrying amount	4,027	4,134
Acquired balances	202	-
Change for the year	-797	-107
Total deferred tax assets	3,432	4,027
Deferred tax liabilities which will be utilised after more than 12 months		
Opening carrying amount	36,220	41,682
Acquired balances	6,927	-
Change for the year	4,183	-5,462
Total deferred tax liabilities	47,330	36,220
DEFERRED TAX LIABILITIES - NET	43,898	32,193

The Government's decision to reduce corporate tax in 2019 and 2021 negatively affects this year's change in deferred tax assets in an amount of kSEK 41 and increases deferred tax liabilities by kSEK 2,803, which entails a positive earnings effect of kSEK 2,762.

Deferred tax assets and tax liabilities are attributable to the following items:

Group	2018	2017
Deferred tax assets		
Non-current assets	980	853
Current assets	94	120
Current liabilities	365	521
Retirement benefit obligation	829	1,354
Loss carry-forwards	1,164	1,180
Total deferred tax assets	3,432	4,028
Deferred tax liabilities		
Non-current assets	16,361	17,767
Untaxed reserves	30,969	18,453
TOTAL DEFERRED TAX LIABILITIES	47,330	36,220

The Group has accumulated tax-loss carry-forwards amounting to kSEK 61,450 (32,448), of which kSEK 25,046 was added during the year through the acquisition of Swerea. None of the tax-loss carry-forwards have an expiration date. For kSEK 56,008 (26,449) of the tax loss carry-forwards, no deferred tax assets have been recognised, due to uncertainty as to when in the future sufficient taxable profits will be recognised. Deferred tax assets relating to deficits have been recognised in an amount of kSEK 5,442 (5,999), as it is deemed likely that a tax surplus will be recognised in the future against which these deficits can be offset. The Parent Company has accumulated loss carry-forwards amounting to kSEK 7,845 (7,845).

Note 15 Earnings per share

Group	2018	2017
Earnings attributable to owners of the Parent Company	2,727	21,834
Average number of outstanding shares	364,000	16,470
EARNINGS PER SHARE	7	1,326

Note 16 Intangible assets

Group	Capitalised development expenses	Patents and other rights	Goodwill	Total
Financial year 2017				
Opening carrying amount	2,624	5,006	19,954	27,584
Via acquisitions of subsidiaries				0
Purchases		2,543		2,543
Sales and disposals				0
Reclassifications				0
Depreciation	-716	-671		-1,387
Closing carrying amount	1,908	6,878	19,954	28,740
Per 31 December 2017				
Cost	3,933	7,773	19,954	31,660
Accumulated depreciation	-2,025	-895		-2,920
Carrying amount	1,908	6,878	19,954	28,740
Financial year 2018				
Opening carrying amount	1,908	6,878	19,954	28,740
Via acquisitions of subsidiaries	-	4,253	11,478	15,731
Purchases	23,554	1,050	-	24,604
Sales and disposals	-	-	-	0
Reclassifications	-	-	-	0
Depreciation	-1,813	-990	-	-2,803
Closing carrying amount	23,649	11,191	31,432	66,272
Per 31 December 2018				
Cost	27,487	17,304	31,432	76,223
Accumulated depreciation	-3,838	-6,114	-	-9,952
Carrying amount	23,649	11,190	31,432	66,271

Impairment testing for cash-generating units containing goodwill

The Group assesses, each year, if there is an impairment requirement as regards goodwill, in accordance with the accounting principle described under the heading Impairment of non-financial, non-current assets. The goodwill that is recognised arose through the acquisition of Innventia AB as of 1 April 2016 and the acquisition of Swerea AB as of 1 October 2018.

The calculation is made on the basis of estimated future cash flows based on five-year period. Cash flows beyond the five-year period are extrapolated applying an estimated growth rate of 2%. The discount rate applied for future cash flows is 10.4% before tax.

Key variables

Method for taxing values:

Market share and growth. The forecast is based on the budget and anticipated future growth. The total market is expected to grow during the forecast period.

Operating expenses:

Operating expenses are estimated on the basis of the planned operations for the forecast period.

Discount rate:

The discount rate is established through a weighted average cost of capital for the RISE Group and reflects current market-based assessments of the time value of money and the risks specifically applying to the RISE Group.

The recoverable amount for Innventia AB and the Swerea Group exceeds the carrying amount. Group management deems that no reasonable changes in the important assumptions can lead to the recoverable amount falling below the carrying amount.

Note 17 Property, plant and equipment

Group	Land and buildings, including land improvements	Leasehold improvements	Equipment, tools, fixtures and fittings	Non-current assets under construction	Total
Financial year 2017					
Opening carrying amount	517,870	38,867	338,683	31,428	926,848
Via sales of subsidiaries			-1,758		-1,758
Purchases	22,575	2,753	126,640	48,807	200,775
Reclassifications			10,438	-10,438	0
Sale/disposal			-139		-139
Immediate write-off against grants			-397		-397
Depreciation, amortisation and impairment	-23,832	-1,336	-94,920		-120,088
Impairment losses	-21,000				-21,000
Translation differences			-56		-56
Closing carrying amount	495,613	40,284	378,491	69,797	984,185
Per 31 December 2017					
Cost	689,750	44,194	1,605,251	69,797	2,408,992
Accumulated depreciation	-173,137	3,910	-1,226,760	-	-1,403,807
Accumulated impairment	-21,000				-21,000
Carrying amount	495,613	40,284	378,491	69,797	984,185
Financial year 2018					
Opening carrying amount	495,613	40,284	378,491	69,797	984,185
Via acquisitions of subsidiaries	311	18,246	54,260	-	72,817
Purchases	3,518	3,623	107,144	6,379	120,664
Reclassifications	59,638	8,014	6,966	-74,618	0
Sale/disposal	-	-	-	-	0
Immediate write-off against grants	-	-	-589	-	-589
Depreciation, amortisation and impairment	-26,615	-1,945	-108,866	-	-137,426
Translation differences	-	-	726	-	726
Closing carrying amount	532,465	68,222	438,132	1,558	1,040,377
Per 31 December 2018					
Cost	753,217	94,681	1,836,400	1,558	2,685,856
Accumulated depreciation	-199,752	-26,459	-1,398,268	-	-1,624,479
Accumulated impairment	-21,000	-	-	-	-21,000
Carrying amount	532,465	68,222	438,132	1,558	1,040,377

Note 18 Participations in associates

Group	2018	2017
Per 1 January	155,937	141,767
Acquisitions of associates	23,809	20
Sales of associates	-155,741	-408
Reclassifications	-	-
Share of profit	618	14,558
PER 31 DECEMBER	24,623	155,937

Group						
Name	Corp. ID no.	Registered office	Share of equity	Number of participations	Carrying amount 2018	Carrying amount 2017
Swerea AB	556664-2228	Stockholm	42.8%	52,000	-	155,558
Swerim AB	556585-4725	Stockholm	20.0%	40,000	24,243	-
Ascatron AB	556860-3699	Stockholm	33.5%	50,955	12	12
Vasasensor AB	556550-0541	Stockholm	21.7%	36,000	-	-
Locusense AB	556948-1160	Stockholm	34.0%	170,000	17	17
DigiWall Technology AB	556681-9990	Piteå	37.0%	490	49	49
Interspectral AB	556980-5186	Norrköping	30.0%	750	13	13
Prindit AB	559029-3865	Västerås	27.0%	1,350,000	14	14
DP Pattering AB	556320-4139	Stockholm	15.4%	1,096	201	201
Rocan System AB	556731-8810	Hallstahammar	30.0%	425	53	53
Incipientus Ultrasound Flow Technologies AB	559126-1002	Gothenburg	41.0%	410	21	20
TOTAL					24,623	155,937

The share in Swerim AB's revenues amounts to kSEK 32,743 (0), the share of assets to kSEK 51,015 (0) and the share of liabilities of kSEK 26,158 (0). Other holdings are deemed to be immaterial. All are unlisted.

Note 19 Other securities held as non-current assets

Group	2018	2017
Financial investments that are non-current assets		
Interest-bearing securities - at fair value through profit or loss	58,801	-
Holdings in unlisted companies - at fair value through comprehensive income	600	600
TOTAL	59,401	600

Acquired balances of interest-bearing securities amount to kSEK 44,029. No impairments were made.

Note 20 Other long-term receivables

Group	2018	2017
Opening cost	4,958	4,271
Acquired balances	3,408	-
Investments	436	2,000
Sales	-	-1,161
Payments made during the year	-200	-152
CLOSING CARRYING AMOUNT	8,602	4,958

Other long-term receivables in the Group refers to endowment insurance and one loan receivable. None of the long-term receivables are due for payment or require impairment.

Note 21 Inventories

Group	2018	2017
Raw materials and consumables	7,380	5,106
Finished goods	2,042	1,665
TOTAL	9,422	6,771

Note 22 Accrued, uninvoiced revenue

As per 31 December 2018, the RISE Group recognised an amount of SEK 485 (304) million of accrued, uninvoiced revenue referring to work in progress in projects. These projects are recognised at amortised cost, net after provisions for expected and confirmed losses. Of commenced, but incomplete agreements as at 31 December 2018, the expectation is that 67% of the transaction price, amounting to SEK 1,425 million, will be recognised as revenue in the next financial year. The remaining 33% (SEK 713 million) will be recognised in 2020.

Note 23 Trade receivables

Group	2018	2017
Trade receivables	453,287	360,320
Less: provision for bad debts	-2,715	-1,157
TRADE RECEIVABLES – NET	450,572	359,163

Group	2018	2017
Not yet mature	358,434	285,358
Overdue 0-3 months	82,519	63,492
Overdue > 3 - 6 months	4,311	4,513
Overdue > 6 months	5,308	5,800
TOTAL	450,572	359,163

Note 24 Other receivables

Group	2018	2017
Receivables from associates	3,950	-
Receivables from employees	309	224
Various offset payments	-	85
VAT receivable	1,727	6,885
Tax account	14,506	-
Other items	25,801	30,025
TOTAL	46,293	37,219

Note 25 Prepaid expenses and accrued revenue

Group	2018	2017
Prepaid lease fees	13,145	13,643
Prepaid rent for premises	17,209	20,169
Prepaid licence fees	15,280	6,779
Accrued revenue	1,112	3,390
Other items	40,145	28,494
TOTAL	86,891	72,475

Note 26 Cash and cash equivalents/Cash and bank balances

Cash and cash equivalents in the statement of financial position and statement of cash flows includes the following components:

Group	2018	2017
Cash and bank balances	718,256	516,314
Short-term bank deposits	2,158	4,719
TOTAL	720,414	521,033

Note 27 Specific disclosures regarding equity

Management of capital

Capital refers to equity and borrowings. The Group's objective for its management of capital is to safeguard the Group's continuing operations and discretion to act. The division of equity and borrowed capital shall ensure that the Group maintains a good balance between risk and returns. The capital structure can be adapted where necessary to changes in the economic landscape and other external factors. In order to maintain and adapt the capital structure, the Group can, for example, increase or decrease its level of liabilities. According to the Articles of Association, the purpose of the operations is not to generate profits for shareholders. No dividends are paid out.

The consolidated statement of financial position presents the Group's liabilities and equity. The various components in equity are presented in the Consolidated statement of equity.

Share capital

The share capital amounts to SEK 36,400,000, divided between 364,000 shares of varying types. The quotient value of each share amounts to SEK 100. All shares are paid-up in full. No shares are held by the Company or its subsidiaries.

Translation reserve

The translation reserve encompasses all foreign exchange differences arising on the restatement of financial statements from foreign entities which present their financial statements in a currency different from the currency in which the consolidated financial statements are presented

Note 28 Borrowings – credit institutions

Group

Borrowings incur variable interest with a fixed interest margin, STIBOR 3 months. Collateral for the bank loan is comprised of a guarantee from the Parent Company equivalent to 61.33% of the current liability and a guarantee from the Chalmers University of Technology Foundation equivalent to 38.67% of the current liability.

As borrowing terms are based on variable interest and the assessment is that there is no material difference in the Group's credit rating as per 31 December 2018 compared with the date for the raising of borrowings, the fair value of borrowings is consistent with the carrying amount.

The change in the liabilities is comprised in its entirety of repayment affecting cash flow. No other changes have been noted.

Note 29 Retirement benefit obligation

Group	2018	2017
Obligations in the statement of financial position for defined benefit pension plans	33,713	35,345
Direct retirement benefit commitments	6,677	2,906
Total liability in the statement of financial position	40,396	38,251
Recognised in finance expenses for defined benefit plans	318	301
Recognised in other comprehensive income for remeasurement of defined benefit plans	-	2,349

The change in the defined benefit obligation during the year is as follows:

Group	2018	2017
At the beginning of the year	38,251	35,577
Acquired balances	4,057	-
Benefits paid	-2,680	-2,397
Interest expenses	318	301
Changes based on demographic assumptions	-	993
Changes in financial assumptions	933	180
Experience-based adjustments	-483	620
Reclassifications	-	2,977
AT THE END OF THE YEAR	40,396	38,251

Defined benefit pension plans

Within the Group there are a number of defined benefit retirement benefit plans under which the employee is entitled to post-employment benefits based on their final salary and period of service.

Retirement benefit obligations for retirement pensions and family pensions related to the defined benefit ITP 2 plan for salaried employees in Sweden are secured through insurance with Alecta. According to a statement made by the Swedish Financial Accounting Council, UFR 10 Classification of ITP plans financed by insurance in Alecta, this is a defined benefit plan covering several employers. For the financial years 2018 and 2017, the Company did not have access to information which would enable it to report its proportional share of the plan's obligations, plan assets and expenses, implying that it has not been possible to report this plan as a defined benefit plan. The ITP 2 pension plan which is secured through insurance with Alecta is, therefore, reported as a defined contribution plan. The premium for the defined benefit retirement and family pension is calculated on an individual basis and is dependent on factors such as the salary, previously vested pension and expected remaining length of service of the employee. The expected fees for the next reporting period for ITP 2 insurance with Alecta amount to SEK 85.2 million for 2019. For 2018 these amounted to SEK 81.6 million and for 2017 to SEK 66.0 million. The Group's share of the total contributions to the plan constitutes an immaterial share of the total contributions.

The collective funding ratio corresponds to the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio is normally allowed to vary between 125 and 155 per cent. If Alecta's collective funding ratio is less than 125 per cent or greater than 155 per cent, measures shall be taken in order to create the conditions for the funding ratio to return

to the normal range. At low consolidation, a measure can be to raise the agreed price for new issues and to expand existing benefits. At high consolidation, one measure could be to introduce premium reductions.

At the end of 2018, Alecta's surplus in the form of the collective funding ratio amounted to 142 per cent (154).

The change in the defined benefit obligation during the year is as follows:

At the time of the most recent measurement, the present value of the defined benefit obligation consisted of approximately kSEK 40,396 (38,251) attributable to retirees covered by the plan.

The most important actuarial assumptions are as follows:

Group	2018	2017
Discount rate, %	1.6	1.6
Inflation	2.0	1.9

Sensitivity analysis

The table below presents possible changes in actuarial assumptions as of the closing date, with other assumptions unchanged, and how they would affect the defined benefit obligation.

Group	Change in assumption	Increase	Decrease
Discount rate	0.50%	-898	976
Inflation	0.50%	959	-892
Lifetime	1 year	1,091	-1,042

Note 30 Other liabilities

Group	2018	2017
Property tax	1,145	1,489
Payroll tax	34,388	23,306
Employee withholding tax	32,148	24,328
Social security contributions	27,534	21,402
Tax on returns	15	10
VAT liability	18,268	14,882
Project funds	202,554	85,018
Remaining funds	-	51,084
Other items	35,824	16,296
TOTAL	351,876	237,815

Note 31 Accrued expenses and deferred revenue

Group	2018	2017
Deferred revenue	3,321	2,759
Personnel-related items	191,021	148,416
Prepaid project grants	325	-
Liability, associates	25,398	-
Other items	53,935	34,280
TOTAL	274,000	185,455

Note 32 Financial assets and liabilities

Classification and fair value and level in the measurement hierarchy

Group, 31 Dec 2018	Financial assets at fair value through profit or loss	Financial assets at fair value through comprehensive income	Financial assets at amortised cost	Other liabilities	Total
Financial assets					
Financial investments – Interest-bearing securities	58,801				58,801
Financial investments – Holdings in unlisted companies		600			600
Other long-term receivables			8,566		8,566
Trade receivables			450,572		450,572
Receivables from associates			3,950		3,950
Other receivables			42,343		42,343
Accrued revenue			1,112		1,112
Cash and cash equivalents			720,414		720,414
TOTAL FINANCIAL ASSETS	58,801	600	1,226,957		1,286,358
Financial liabilities					
Liabilities to credit institutions				216,667	216,667
Trade payables				187,151	187,151
Other liabilities				351,876	351,876
OTHER FINANCIAL LIABILITIES				755,694	755,694

The measurement of financial assets at fair value through profit or loss belongs to level 1 in the fair value hierarchy. Instruments in level 1 were measured at fair value based on listed market prices on the closing date.

The measurement of financial assets at fair value through comprehensive income belongs to level 3 in the fair value hierarchy. All

financial assets and liabilities measured at amortised cost agree with their fair values.

Reclassification due to a change from IAS 39 to IFRS 9 gives rise to reclassification of available-for-sale financial assets to financial assets at fair value through comprehensive income.

Group 31 Dec 2017	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Other financial liabilities	Total
Financial assets					
Financial investments – Holdings in unlisted companies		600			600
Other long-term receivables			4,958		4,958
Trade receivables			359,163		359,163
Receivables from associates			1,124		1,124
Other receivables			36,095		36,095
Accrued revenue			3,390		3,390
Cash and cash equivalents			521,033		521,033
TOTAL FINANCIAL ASSETS	0	600	925,763		926,363
Financial liabilities					
Liabilities to credit institutions				238,333	238,333
Trade payables				158,634	158,634
Other liabilities				237,815	237,815
OTHER FINANCIAL LIABILITIES				634,782	634,782

To provide an indication of the reliability of the input data used in determining fair value, the Group classified the financial instruments in three levels described below:

Level 1 - Fair value of financial instruments traded on an active market is based on the quoted market prices on the closing date. The quoted market prices used for the Group's financial assets are the current bid price.

Level 2 - Fair value of financial assets not traded on an active market is determined using valuation techniques that to the furthest possible extent are based on market information, while company-specific information is used to the least extent possible. All material input data required for fair value measurement of an instrument are observable.

Level 3 - If one or more piece of material input data is not based on observed market information. This applies e.g. to unlisted instruments.

Note 33 Commitments

Investment commitments

Commitments relating to operating leases

The Group leases various types of vehicles, machinery and office equipment under terminable/non-terminable operating leases.

Future leasing fees for non-terminable operating leases mature for payment as follows:

Group	2018	2017
Within 1 year	168,550	111,868
Between 1 and 5 years	394,285	247,406
Later than 5 years	154,284	73,899
TOTAL	717,119	433,173
Lease fees charged to expenses for the year	135,755	124,041

Note 34 Pledged assets

Group	2018	2017
Property mortgages	45,000	45,000
Floating charges	10,875	-
Retirement benefit obligation	3,897	-
TOTAL	59,772	45,000

Note 35 Contingent liabilities

Group	2018	2017
Warranty	None	None
Retirement benefit commitment	1,044	295
TOTAL	1,044	295

Note 36 Related party transactions

The Swedish State owns 100 per cent of RISE AB. In addition to business transactions, which occurred on market terms between companies in the Group, no transactions with related parties occurred.

Note 37 Other non-cash items

Group	2018	2017
Share of profit of associates	9,622	-14,558
Change in provisions	260	-1,604
Translation difference	-200	-
Miscellaneous	92	794
TOTAL	9,774	-15,368

Note 38 Events after the closing date

In the final quarter of 2018, work began on analysing and restructuring the Company's organisation. This work was given the name "Redesigning RISE" and the ambition is to create an organisation with a stronger customer focus and better customer offers, an organisation that better uses synergies and cross-functional expertise, and an innovative organisation that is driven by a dynamic and flexible approach. The Board approved the new division structure on 16 January 2019. Implementation will take place in 2019.

No other events have occurred after the end of the period which have had a material impact on the operations or the Group's financial position.

Parent Company Financial Statements

Parent Company statement of profit or loss

Amounts in kSEK	Note	2018	2017
Net sales	2	1,949,493	1,380,066
Other operating revenue	3	15,480	9,741
Other external expenses	5	-556,869	-408,941
Personnel costs	6	-1,323,276	-947,076
Depreciation and amortisation of property, plant and equipment and intangible assets	10, 11	-91,327	-65,191
Other operating expenses		-	-
Operating profit		-6,499	-31,401
Share of profit of Group companies		-	-9,172
Other interest revenue and similar profit/loss items	8	2,214	20,787
Interest expenses and similar profit/loss items	8	-8,895	-6,541
Profit after financial items		-13,180	-26,327
Difference between booked depreciation/amortisation and depreciation/amortisation according to plan		-6,100	-500
Change in tax allocation reserve		-	2,600
Group contributions received		4,364	31,970
Group contributions paid		-639	-2,513
Profit before tax		-15,555	7,144
Tax on profit for the year	9	-17	-26
NET LOSS FOR THE YEAR		-15,572	5,204

Net profit for the year is identical to comprehensive income, which is why no separate statement of comprehensive income is presented.

Parent Company statement of financial position

Amounts in kSEK	Note	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets			
<i>Intangible assets</i>	10		
Capitalised development expenses		23,649	-
Patents and other rights		7,255	-
Total property, plant and equipment		30,904	0
<i>Property, plant and equipment</i>	11		
Land and buildings		245,244	200,961
Leasehold improvements		11,104	-
Equipment		279,322	194,404
Non-current assets under construction		179	67,831
Total property, plant and equipment		535,849	463,196
<i>Financial assets</i>			
Participations in Group companies	12	493,891	333,315
Participations in associates	13	291	21
Other long-term receivables	14.25	210	35
Total financial assets		494,392	333,371
Total non-current assets		1,061,145	796,567
Current assets			
<i>Inventories</i>	15	7,805	755
<i>Short-term receivables</i>			
Accrued, uninvoiced revenue		361,533	158,459
Advance payments to suppliers		154	-
Trade receivables	16.25	285,364	176,534
Receivables from Group companies	25	68,874	58,044
Current tax assets		21,179	21,149
Other receivables	17.25	226	215
Prepaid expenses and accrued revenue	18	45,653	21,263
Total short-term receivables		782,983	435,664
Cash and bank balances	19.25	148,841	88,536
Total current assets		939,629	524,955
TOTAL ASSETS		2,000,774	1,321,522

Amounts in kSEK	Note	31 Dec 2018	31 Dec 2017
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		36,400	36,400
Statutory reserve		72,446	72,446
Total restricted equity		108,846	108,846
<i>Non-restricted equity</i>			
Retained earnings		394,686	355,346
Net loss for the year		-15,572	5,204
Total non-restricted equity		379,114	360,550
Total equity	20	487,960	469,396
Untaxed reserves			
Accumulated excess depreciation/amortisation	21	39,030	32,930
Total untaxed reserves		39,030	32,930
Provisions			
Provisions for retirement benefits	22	15,310	16,646
Current liabilities			
Invoiced unaccrued revenue		632,164	318,549
Trade payables	25	117,653	87,052
Liabilities to Group companies	25	276,954	127,472
Current tax liabilities		20	-
Other liabilities	23.25	292,872	187,454
Accrued expenses and deferred revenue	24	138,811	82,023
Total current liabilities		1,458,474	802,550
TOTAL EQUITY AND LIABILITIES		2,000,774	1,321,522

Parent Company changes in equity

Amounts in kSEK	Note	Share capital	Restricted reserves	Non-restricted equity	Total equity
OPENING BALANCE AT 1 JANUARY 2017		36,400	72,446	355,346	464,192
Net loss for the year				5,204	5,204
CLOSING BALANCE AT 31 DECEMBER 2017	20	36,400	72,446	360,550	469,396
OPENING BALANCE AT 1 JANUARY 2018		36,400	72,446	360,550	469,396
Net loss for the year				-15,572	-15,572
Downstream merger of Parent Company, merger difference				34,136	34,136
CLOSING BALANCE AT 31 DECEMBER 2018	20	36,400	72,446	379,114	487,960

Parent Company statement of cash flows

Amounts in kSEK	Note	2018	2017
Cash flows from operating activities			
Operating profit before financial items		-6,499	-31,401
Depreciation and amortisation of property, plant and equipment and intangible assets	10.11	91,327	65,191
Other non-cash items	30	662	12,435
Adjustment for non-cash items			
Interest received	8	2,214	185
Interest paid	8	-980	-6,541
Income taxes paid	9	-26	3,283
Cash flows from operating activities before changes in working capital	9	86,698	43,062
Cash flows from changes in working capital			
Increase/decrease in inventories		-1,344	53
Increase/decrease in operating receivables		16,719	-15,221
Increase/decrease in operating liabilities		148,722	77,729
Total changes in working capital		164,097	62,561
Cash flows from operating activities		250,795	105,623
Cash flows from investing activities			
Payments for intangible assets	10	-23,831	-
Payments for property, plant and equipment	11	-97,025	-136,698
Purchases of financial assets		-175	-1,553
Investments in associates		-216	-
Via acquisitions of subsidiaries		-60,342	-
Cash flows from investing activities		-181,589	-138,251
Cash flows from financing activities			
Downstream merger of Parent Company	7	13,764	-
Repayment of liability from acquisitions		-22,665	-
Cash flows from financing activities		-8,901	-
CASH FLOWS FOR THE YEAR		60,305	-32,628
Cash and cash equivalents at the beginning of the year	19	88,536	121,164
Cash and cash equivalents at the end of the year	19	148,841	88,536

Notes

Note 1 Accounting principles

The Parent Company prepared its annual accounts in compliance with the Swedish Annual Accounts Act and RFR 2 Reporting for Legal Entities. The rules in RFR 2 mean that, in the annual report for the legal entity, the Parent Company shall apply all IFRS/IAS rules and statements approved by the EU to the furthest possible extent within the framework for the Annual Accounts Act and in consideration of the relationship between accounting and taxation. The recommendation sets out what exceptions are to be made to IFRS/IAS. The provisions according to IFRS/IAS are stated in Note 2 of the consolidated financial statements.

The Parent Company applies the accounting principles stated for the Group except for those stated below.

Participations in subsidiaries and associates are recognised at cost less any impairment. Any dividends received are recognised in financial revenue. Dividends which exceed the subsidiary's comprehensive income for the period, or which entail that the carrying amount of the subsidiary's net assets in the consolidated statement of profit or loss is below the carrying amount of the participation, constitute an indication of an impairment requirement.

According to RFR 2, the provisions in IAS 19 that concern defined benefit pension plans do not need to be applied in legal entities. However, information shall be provided regarding applicable parts of IAS 19. RFR 2 refers to the Swedish Pension Obligations Vesting Act for regulations regarding recognition of provisions for retirement benefits and similar obligations and the recognition of plan assets in pension funds.

The Parent Company recognises the difference between depreciation according to plan and depreciation made for tax purposes as accumulated excess depreciation, which is included in untaxed reserves.

Reporting of Group contributions is done in accordance with the alternative rule in RFR 2. Group contributions are recognised as appropriations.

Note 2 Distribution of net sales

Net sales by type of revenue:

Parent Company	2018	2017
Revenue from trade and industry	993,938	746,603
Public research funding bodies	376,008	257,610
Strategic competence funds	475,721	301,858
EU funds	103,826	73,995
TOTAL	1,949,493	1,380,066

Note 3 Other operating revenue

Net sales by type of revenue:

Parent Company	2018	2017
Rental revenue	2,918	6,292
Currency differences on receivables and liabilities of an operating nature	4,332	789
Other revenue	8,230	2,660
TOTAL	15,480	9,741

Note 4 Sales and purchases between the Parent Company and Group companies

During the year, the Parent Company invoiced the subsidiaries kSEK 18,220 (39,191) for services. The Parent Company purchased services from Group companies in an amount of kSEK 35,586 (26,153) with regard to technical consulting services.

Note 5 Audit fees

Audit engagement refers to the audit of the annual report and accounting records, as well as the management of the Company/Group by the Board and the CEO, other tasks incumbent on the Company's auditor to perform, as well as advice or other assistance arising from observations made during the audit or the implementation of such other tasks. Everything else is other services.

Parent Company	2018	2017
KPMG		
Audit engagement	2,205	900
Other auditing services	-	-
Tax advisory services		4
Other services	101	242
PricewaterhouseCoopers		
Audit engagement	-	-
Other auditing services	-	-
Tax advisory services	-	-
Other services	1,555	370
TOTAL	3,862	1,516

Note 6 Employee benefits, etc.

Parent Company	2018	2017
Salaries and other remuneration to the Board of Directors	1,485	-
Salaries and other remuneration to the CEO	3,599	-
Salaries and other remuneration to the Board of Directors and CEO	-	3
Salaries and other remuneration to other senior executives	18,750	14,699
Salaries and other remuneration to other employees	847,875	598,212
Social security contributions	294,678	208,141
Retirement benefit costs for the Board of Directors and CEO	1,213	-
Retirement benefit costs for other senior executives	4,727	4,553
Retirement benefit costs for other employees	112,003	74,989
TOTAL	1,284,330	900,597

Average number of employees (all employees in Sweden)	2018	2017
Men	938	694
Women	575	425
TOTAL	1,513	1,119

The Parent Company's Board of Directors is composed of 11 (11) members, of whom 64 (58) per cent are men. Group management consists of 11 (11) members, of which 55 (27) per cent are men.

Remuneration to the Board of Directors, CEO and other senior executives in the Parent Company

Guidelines

The Chairman and other members of the Board of Directors receive a fee as determined by the resolution of the annual general meeting. For more information on remuneration for the Board, see Group Note 11.

The annual general meeting has resolved on the following guidelines applying to remuneration to Group management.

Remuneration to the CEO and other senior executives consists of basic salary, other benefits and retirement benefits.

Retirement benefits and other benefits to the CEO and other senior executives constitutes a part of total remuneration.

For more information on conditions for senior executives, see Group Note 11.

Terms and conditions for the CEO

In order to secure the retirement benefits due to the CEO, RISE transfers an annual amount equivalent to 30% of the pensionable annual salary to an occupational pension insurance policy as directed by the CEO. The pensionable annual salary comprises monthly salary including a standard calculation of holiday pay (12.2%).

Remuneration and other benefits 2018 - Senior executives

Name	Position	Period*	Salary costs	Other benefits	Retirement benefit costs	Total
Pia Sandvik	Chief Executive Officer	January-December	3,599	-	1,213	4,812
John Rune Nielsen	Chief Technology and Business Development Officer	January-December	1,714	-	448	2,162
Margaret Simonson McNamee	former CTO	January-December	1,342	-	555	1,897
Johanna Flanke	Chief Human Resources Officer	January-December	1,538	-	320	1,858
Synnöve Helander	former CFO	January-December	1,495	-	350	1,845
Yvonne Näsström	Chief Communications Officer	January-December	1,322	7	276	1,605
Ola Dawidson	Head of Strategy and Operational Excellence	January-December	1,314	-	292	1,606
Birgitta Sundblad	former Senior Vice President – Bioeconomy	January-December	2,799	47	543	3,389
Marco Lucisano	Senior Vice President – Bioeconomy	August-December	607	-	112	719
Pernilla Walkenström	Senior Vice President – Bioscience and Materials	January-December	1,715	-	522	2,237
Charlotte Karlsson	Senior Vice President – ICT	April-December	1,246	-	272	1,518
Pether Wallin	Senior Vice President – Materials and Production	January-December	1,725	-	595	2,320
Fredrik Holst	Senior Vice President – Built Environment, acting CFO	January-December	1,932	-	443	2,375
TOTAL			22,348	54	5,941	28,343

* Period, salary, other benefits and retirement benefit costs correspond with period of service in RISE AB.

In addition to remuneration for the year, provisions have been made for additional remuneration in 2019 for Margaret Simonson McNamee, Synnöve Helander and Birgitta Sundblad in an amount of kSEK 2,251.

Remuneration and other benefits 2017 - Senior executives

Name	Position	Period*	Payroll expenses	Other benefits	Retirement benefit costs	Total
John Rune Nielsen	CMO and Senior Vice President – Certification	January-December	1,599	-	397	1,996
Margaret Simonson McNamee	CTO	January-December	1,345	-	526	1,871
Johanna Flanke	Chief Human Resources Officer	February-December	1,197	-	271	1,468
Anita Olson	Acting Chief Human Resources Officer	January	94	-	40	134
Synnöve Helander	CFO	February-December	1,347	-	314	1,661
Yvonne Näsström	Chief Communications Officer	March-December	1,075	8	239	1,322
Ann Fröström	Chief Communications Officer pro tem	January-February	187	-	51	238
Ola Dawidson	Operational Excellence	November-December	191	-	40	231
Birgitta Sundblad	Senior Vice President – Bioeconomy	January-December	2,553	140	801	3,494
Pernilla Walkenström	Senior Vice President – Bioscience and Materials	January-December	1,466	-	429	1,895
Marianne Grauers	Senior Vice President – Built Environment	January-December	1,279	-	588	1,867
Pether Wallin	Senior Vice President – Safety and Transport	January-December	1,702	-	646	2,348
Leif Ljungqvist	Senior Vice President – ICT	January-May	664	-	210	874
TOTAL			14,699	148	4,552	19,399

* Period, salary, other benefits and retirement benefit costs correspond with period of service in RISE AB.

The table above shows remuneration to individuals employed in RISE AB. The CEO was employed in RISE Holding AB in 2017. For complete information for all senior executives, refer to the corresponding table in Note 11 for the Group, page 101.

Note 7 Business combinations and mergers

Asset acquisition

Operations were transferred from two subsidiaries, SP Process Development AB and RISE CBI Betonginstitutet AB, as of 1 January 2018. As at 1 September 2018, further operations transfers were made from eight Group companies – RISE ICT AB, RISE Acreo AB, RISE Interactive Institute AB, RISE Viktoria AB, RISE SICS AB, RISE SICS East AB, RISE SICS North AB and RISE SICS Västerås AB.

In the transfer, a receivable arose on the companies amounting to kSEK 25,304, which was settled with promissory notes.

The transfers impacted net sales by SEK 399 million and operating profit by SEK 6 million for the period.

Parent Company	2018	2017
Purchase price paid via promissory note	-25,304	-
Transferred compensation	-25,304	-
Recognised amounts of identifiable assets and assumed liabilities		
Property, plant and equipment and intangible assets	74,027	-
Financial assets	55	-
Trade receivables and other receivables	185,571	-
Trade payables and other liabilities	-284,957	-
TOTAL IDENTIFIABLE NET ASSETS	-25,304	-

Downstream merger

In June, a downstream merger was performed, which meant that the Parent Company RISE Holding AB, 556179-8520, was merged with RISE AB, which is now the Parent Company of the Group. The profit or loss items and balance-sheet items that were transferred to RISE AB as of the merger date 7 May 2018 are presented below.

Parent Company	2018	2017
Net sales	6,311	-
Operating profit	354	-
Property, plant and equipment	4	-
Financial assets	23,017	-
Trade receivables and other receivables	5,629	-
Cash and cash equivalents	13,764	-
Trade payables and other liabilities	-8,632	-

Note 8 Other interest revenue, interest expenses and similar profit/loss items

Parent Company	2018	2017
Interest revenue and similar profit/loss items:		
Interest revenue on bank balances	785	185
Profit on sales of short-term investments at fair value through profit or loss	16	-
Impairment of supplemental purchase price in connection with acquisition of participations in subsidiaries	-	18,460
Currency account differences	1,413	2,142
Interest revenue and similar profit/loss items	2,214	20,787
Interest expenses and similar profit/loss items:		
Interest expenses on retirement benefit liability	-257	-243
Interest paid	-323	-189
Divestment of current receivables	-	-5,799
Final settlement of supplemental purchase price	-7,916	-
Foreign exchange gains/losses	-399	-310
Interest expenses and similar profit/loss items	-8,895	-6,541
FINANCIAL ITEMS - NET	-6,681	14,246

Note 9 Taxes

The difference between recognised tax expense and estimated tax expense based on applicable tax rates is as follows:

Parent Company	2018	2017
Profit before tax	-15,555	5,230
Income tax according to applicable tax rate 22% (22%)	-3,422	1,150
Tax effect of following items	-	-
Non-taxable revenue	-	-4,068
Non-deductible expenses	3,439	924
Supplemental taxable revenue	-	2
Impairment of shares in subsidiaries	-	1,888
Capital loss in the sale of shares in subsidiaries	-	130
TOTAL TAX EXPENSE	17	26

Note 10 Intangible assets

Parent Company	Capitalised development expenditure	Patents and other rights	Total
Per 31 December 2017			
Cost	-	-	0
Accumulated depreciation	-	-	0
Carrying amount	0	0	0
Financial year 2018			
Opening carrying amount	0	0	0
Via acquisitions of subsidiaries	1,468	7,213	8,681
Purchases	23,554	278	23,832
Depreciation	-1,373	-236	-1,609
Closing carrying amount	23,649	7,255	30,904
Per 31 December 2018			
Cost	25,022	7,491	32,513
Accumulated depreciation	-1,373	-236	-1,609
CARRYING AMOUNT	23,649	7,255	30,904

Note 11 Property, plant and equipment

Parent Company	Land and buildings, including land improvements	Leasehold improvements	Equipment, tools, fixtures and fittings	Non-current assets under construction	Total
Financial year 2017					
Opening carrying amount	209,953	-	153,181	28,592	391,726
Purchases	4,016		93,443	39,239	136,698
Sale/disposal			-37		-37
Depreciation, amortisation and impairment	-13,008		-52,183		-65,191
Closing carrying amount	200,961	0	194,404	67,831	463,196
Per 31 December 2017					
Cost	348,299	-	992,447	67,831	1,408,577
Accumulated depreciation	-147,338	-	-798,043	-	-945,381
Carrying amount	200,961	0	194,404	67,831	463,196
Financial year 2018					
Opening carrying amount	200,961	0	194,404	67,831	463,196
Through acquisitions of subsidiaries/merger of Parent Company			65,345		65,345
Purchases		3,623	93,402		97,025
Reclassifications	59,638	8,014		-67,652	0
Sale/disposal					0
Depreciation, amortisation and impairment	-15,355	-533	-73,829		-89,717
Closing carrying amount	245,244	11,104	279,322	179	535,849
Per 31 December 2018					
Cost	407,939	11,637	1,151,194	179	1,570,949
Accumulated depreciation	-162,695	-533	-871,872	0	-1,035,100
Accumulated impairment					0
Carrying amount	245,244	11,104	279,322	179	535,849

Note 12 Participations in Group companies

Parent Company	2018	2017
Opening cost	333,315	331,783
Investment	160,576	2,124
Sales within the Group	-	-592
Closing carrying amount	493,891	333,315

The Parent Company and its subsidiaries have participations in the following subsidiaries:

Name	Corp. ID no.	Registered office	Number of participations	Participating interest, %	Carrying amount 2018	Carrying amount 2017
RISE ICT AB	556668-2976	Stockholm	1,000	100%	36,299	36,299
RISE SICS AB	556587-0119	Stockholm	1,000	100%		
RISE Viktoria AB	556542-4339	Gothenburg	100	100%		
RISE Interactive Institute AB	556557-3077	Stockholm	1,000	100%		
RISE Acreo AB	556534-9007	Stockholm	155,000	100%		
Ogemi AB	556564-6865	Gothenburg	10 000	100%		
Swedish ICT Innovation AB	556539-5448	Stockholm	1,000	100%		
SITAC AB	556469-0120	Karlskrona	5,000	100%	600	600
RISE SMP Svensk Maskinprovning AB	556529-6836	Lomma	5,000	100%	11,079	11,079
SIK – Institutet för Livsmedel och Bioteknik AB	556536-9369	Gothenburg	50,000	100%	16,272	16,272
YKI – Ytkemiska Institutet AB	556558-0338	Stockholm	1,000	100%	13,500	13,500
RISE CBI Betonginstitutet AB	556352-5699	Stockholm	5,000	100%	13,339	13,339
Glafo AB	556111-6855	Växjö	1,000	100%	5,496	5,496
JTI – Institutet för jordbruks- och miljöteknik AB	556772-8026	Uppsala	500	100%	12,066	12,066
SP Process Development AB	556196-9204	Södertälje	5,000	100%	500	500
RISE Astra Zero AB	556802-4946	Borås	61,330	61.33%	52,550	52,550
RISE Processum AB	556641-7357	Örnsköldsvik	600	60%	240	240
RISE Fire Research AS	982,930,057	Trondheim	910,000	70%	9,977	9,977
RISE Energy Technology Center AB	556992-6651	Piteå	2,000	100%	5,250	5,250
Innventia Fastighets AB	556603-1109	Stockholm	50,000	100%	50	50
RISE Innventia AB	556603-1109	Stockholm	110	100%	156,097	156,097
RISE LignoBoost Demo AB	556139-9485	Stockholm	1,000	100%		
Papir- og fiberinstuttet AS	986,164,901	Trondheim	190	95%		
Innventia UK Ltd	6,270,672	London	1	100%		
Swerea AB	556664-2228	Stockholm	200,000	100%	160,276	
Swerea KIMAB AB	556593-0509	Stockholm	79,567	100%		
Institut de la Corrosion	RCS 441396595	Brest, France	1,000	100%		
Swerea IVF AB	556053-1526	Mölnådal	1	100%		
Swerea SICOMP AB	556520-7601	Piteå	1,000	100%		
Swerea SWECAST AB	556186-4587	Jönköping	3,000	100%		
SEEL Swedish Electric Transport Laboratory AB	559155-5536	Borås	3,000	60%	300	
TOTAL					493,891	333,315

During the year, the participations in the subsidiary Swerea AB were acquired and a new company was founded, SEEL Swedish Electric Transport Laboratory AB.

The percentages of voting rights are consistent with the participations.

The Group is owned by the Swedish State. Dividends are not paid by the subsidiaries to the Parent Company, with the exception of RISE SMP Svensk Maskinprovning AB.

Operations in all of the companies in the Group are considered to be research institutes, with the exception of RISE SMP Svensk Maskinprovning AB, which is a testing company.

Note 13 Participations in associates

Parent Company	2018	2017
Opening cost	21	-
Acquired balances	270	21
CLOSING CARRYING AMOUNT	291	21

Parent Company Name	Corp. ID no.	Registered office	Share of equity	Number of participations	Carrying amount 2018	Carrying amount 2017
Locusense AB	556948-1160	Stockholm	34.0%	170,000	17	-
DP Pattering AB	556320-4139	Stockholm	15.4%	1,096	200	-
Rocan System AB	556731-8810	Hallstahammar	30.0%	425	53	-
Incipientus Ultrasound Flow Technologies AB	559126-1002	Gothenburg	41.0%	410	21	21
TOTAL					291	21

The holdings are not considered to be material. All are unlisted.

Note 14 Other long-term receivables

Parent Company	2018	2017
Opening cost	35	35
Acquired balances	185	-
Change for the year	-10	-
CLOSING CARRYING AMOUNT	210	35

None of the long-term receivables are due for payment or require impairment.

Note 15 Inventories

Parent Company	2018	2017
Raw materials and consumables	5,763	755
Finished goods	2,042	1,665
TOTAL	7,805	755

Note 16 Trade receivables

Parent Company	2018	2017
Trade receivables	287,179	176,936
Less: provision for bad debts	-1,815	-402
TOTAL	285,364	176,534

Parent Company	2018	2017
Not yet mature	226,009	135,025
Overdue 0-3 months	55,232	38,944
Overdue > 3 - 6 months	4,123	1,663
Overdue > 6 months	0	902
TOTAL	285,364	176,534

Note 17 Other receivables

Parent Company	2018	2017
Receivables from employees	146	182
Other items	80	33
TOTAL	226	215

Note 18 Prepaid expenses and accrued revenue

Parent Company	2018	2017
Prepaid rent for premises	8,425	8,167
Prepaid insurance premiums	-	2,998
Prepaid licence fees	15,280	6,045
Other items	21,948	4,053
TOTAL	45,653	21,263

Note 19 Cash and cash equivalents/Cash and bank balances

Cash and cash equivalents in the statement of financial position and statement of cash flows includes the following components:

Parent Company	2018	2017
Short-term bank deposits	-	28
Cash and bank balances	148,841	88,508
TOTAL	148,841	88,536

Note 20 Specific disclosures regarding equity**Parent Company****Share capital**

The Parent Company's share capital amounts to SEK 36,400,000, divided between 364,000 shares of varying types. The quotient value of each share amounts to SEK 100. All shares are paid-up in full. No shares are held by the Company or its subsidiaries.

Restricted equity

Restricted equity may not be decreased through the distribution of profits. Restricted equity consists of share capital of kSEK 36,400 and a statutory reserve of kSEK 72,446.

Note 21 Untaxed reserves

Parent Company	2018	2017
Opening balance	32,930	32,430
Change for the year	6,100	500
TOTAL	39,030	32,930

Untaxed reserves consist entirely of accumulated excess depreciation.

Note 22 Retirement benefit obligation

Parent Company	2018	2017
Obligations in the statement of financial position for defined benefit pension plans	15,310	16,646
TOTAL LIABILITY IN THE STATEMENT OF FINANCIAL POSITION	15,310	16,646
Recognised in finance expenses for defined benefit pension plans	257	243
Recognised in profit or loss for remeasurement of defined benefit pension plans	-374	1,914

The change in the defined benefit obligation during the year is as follows:

Parent Company	2018	2017
At the beginning of the year	16,646	15,768
Benefits paid	-1,219	-1,279
Interest expenses	257	243
Changes based on demographic assumptions	0	0
Changes in financial assumptions	75	511
Experience-based adjustments	-449	1,403
AT THE END OF THE YEAR	15,310	16,646

Defined benefit pension plans

Retirement benefit obligations for retirement pensions and family pensions related to the defined benefit ITP 2 plan for salaried employees in Sweden are secured through insurance with Alecta. According to a statement made by the Swedish Financial Accounting Council, UFR 10 Classification of ITP plans financed by insurance in Alecta, this is a defined benefit plan covering several employers. For the financial years 2018 and 2017, the Company did not have access to information which would enable it to report its proportional share of the plan's obligations, plan assets and expenses, implying that it has not been possible to report this plan as a defined benefit plan. The ITP 2 pension plan which is secured through insurance with Alecta is, therefore, reported as a defined contribution plan. The premium for the defined benefit retirement and family pension is calculated on an individual basis and is dependent on factors such as the salary, previously vested pension and expected remaining length of service of the employee. The expected fees for the next reporting period for ITP 2 insurance with Alecta amount to SEK 63.6 million for 2019. For 2018 these amounted to SEK 61.9 million and for 2017 to SEK 42.7 million. The collective funding ratio corresponds to the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio is normally allowed to vary between 125 and 155 per cent. If Alecta's collective funding ratio is less than 125 per cent or greater than 155 per cent, measures shall be taken in order to create the conditions for the funding ratio to return to the normal range. At low consolidation, a measure can be to raise the agreed price for new issues and to expand existing benefits. At high consolidation, one measure could be to introduce premium reductions.

At the end of 2018, Alecta's surplus in the form of the collective funding ratio amounted to 142 per cent (154).

At the time of the most recent measurement, the present value of the defined benefit obligation consisted of approximately kSEK 15,310 (16,646) attributable to retirees covered by the plan.

The most important actuarial assumptions are as follows:

Parent Company	2018	2017
Discount rate, %	1.6	1.6
Inflation	2.0	1.9

Sensitivity analysis

The table below presents possible changes in actuarial assumptions as of the closing date, with other assumptions unchanged, and how they would affect the defined benefit obligation.

Parent Company	Change in assumption	Increase	Decrease
Discount rate	0.50%	-736	800
Inflation	0.50%	787	-731
Lifetime	1 year	865	-826

Note 23 Other liabilities

Parent Company	2018	2017
Project funds	193,363	79,761
Property tax	1,075	1,073
Payroll tax	27,410	18,783
Tax on returns	13	8
VAT liability	9,456	1,329
Employee withholding tax	27,255	16,728
Social security contributions	20,741	16,443
Supplemental purchase price	-	51,084
Other items	13,559	2,245
TOTAL	292,872	187,454

Note 24 Accrued expenses and deferred revenue

Parent Company	2018	2017
Personnel-related items	120,703	75,690
Other items	18,108	6,333
TOTAL	138,811	82,023

Note 25 Financial assets and liabilities

Classification and fair value and level in the measurement hierarchy

Parent Company, 31 Dec 2018	Financial assets at fair value through profit or loss	Financial assets at fair value through comprehensive income	Financial assets at amortised cost	Other liabilities	Total
Financial assets					
Other long-term receivables			210		210
Trade receivables			285,364		285,364
Receivables from Group companies			68,874		68,874
Other receivables			226		226
Cash and cash equivalents			148,841		148,841
TOTAL FINANCIAL ASSETS	0	0	503,515		503,515
Financial liabilities					
Trade payables				117,653	117,653
Liabilities to Group companies				276,954	276,954
Other liabilities				292,872	292,872
OTHER FINANCIAL LIABILITIES				687,479	687,479

All financial assets and liabilities measured at amortised cost agree with their fair values.

Parent Company, 31 Dec 2017	Financial assets at fair value through profit or loss	Available-for- sale financial assets	Loans and receivables	Other financial liabilities	Total
Financial assets					
Other long-term receivables			35		35
Trade receivables			176,534		176,534
Receivables from Group companies			58,044		58,044
Other receivables			215		215
Cash and cash equivalents			88,536		88,536
TOTAL FINANCIAL ASSETS	0	0	323,364		323,364
Financial liabilities					
Trade payables				87,052	87,052
Liabilities to Group companies				127,472	127,472
Other liabilities				187,454	187,454
OTHER FINANCIAL LIABILITIES				401,978	401,978

To provide an indication of the reliability of the input data used in determining fair value, the Group classified the financial instruments in three levels described below:

Level 1 - Fair value of financial instruments traded on an active market is based on the quoted market prices on the closing date. The quoted market price used for the Group's financial assets is the current bid price.

Level 2 - Fair value of financial assets not traded on an active market is determined using valuation techniques that to the furthest possible extent are based on market information, while company-specific information is used to the least extent possible. All material input data required for fair value measurement of an instrument are observable.

Level 3 - If one or more piece of material input data is not based on observed market information. This applies e.g. to unlisted instrument.

Note 26 Commitments relating to operating leases

Investment commitments

Commitments relating to operating leases

The Parent Company leases various types of vehicles, machinery and office equipment under terminable/non-terminable operating leases.

Future leasing fees for non-terminable operating leases mature for payment as follows:

Parent Company	2018	2017
Within 1 year	93,470	46,029
Between 1 and 5 years	282,046	138,597
Later than 5 years	99,588	69,934
TOTAL	475,104	254,560
Lease fees charged to expenses for the year	67,346	40,354

Note 27 Pledged assets

Parent Company	2018	2017
Property mortgages	45,000	45,000
Guarantee commitments to the benefit of subsidiaries	132,882	146,170
TOTAL	177,882	191,170

Note 28 Contingent liabilities

Parent Company	2018	2017
Warranty obligations	749	None
TOTAL	749	None

Note 29 Appropriation of profits

The Board of Directors proposes that the available funds of SEK 379,114,667 be appropriated as follows:

Profit brought forward from the previous year	SEK 360,550,431
Downstream merger of Parent Company	SEK 34,136,164
Net loss for the year	SEK -15,571,928
Retained earnings at year end will be carried forward.	SEK 379,114,667

According to the Articles of Association, the purpose of the operations is not to generate profits for shareholders. No dividends are paid out.

Note 30 Other non-cash items

Parent Company	2018	2017
Change in provisions for retirement benefits	257	878
Currency account differences	-	2,142
Capital loss in disposal of machinery and equipment	-	37
Adjustment of supplemental purchase price	-	18,460
Share of profit of Group companies	405	-9,172
TOTAL	662	12,345

Note 31 Events after the closing date

In the final quarter of 2018, work began on analysing and restructuring the Company's organisation. This work was given the name "Redesigning RISE" and the ambition is to create an organisation with a stronger customer focus and better customer offers, an organisation that better uses synergies and cross-functional expertise and an innovative organisation that is driven by a dynamic and flexible approach. The Board approved the new division structure on 16 January 2019. Implementation will take place in 2019. Otherwise, there are no significant events to report.

The Group's statement of profit or loss and statement of financial position will be presented for adoption at the annual general meeting of shareholders to be held on 25 April 2019.

The Board of Directors and CEO hereby certify that the consolidated financial statements have been prepared in accordance International Financial Reporting Standards, IFRS, as adopted by the EU and give a true and fair view of the Group's financial position and performance. The annual

report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the Parent Company's financial position and performance.

The administration report for the Parent Company and the Group provides an accurate depiction of both the Parent Company's and the Group's operations, financial position and performance, and describes significant risks and factors of uncertainty facing the Parent Company and the companies in the Group.

Göteborg, 28 March 2019

Jan Wäreby
Chairman

Anna-Karin Stenberg
Board Member

Fredrik Winberg
Board Member

Hanna Lagercrantz
Board Member

Klas Bendrik
Board Member

Linda Ikatti
Employee Representative

Magnus Naesman
Employee Representative

Sara Mazur
Board Member

Sven Wird
Board Member

Torbjörn Holmström
Board Member

Ulf Nordberg
Employee Representative

Pia Sandvik
Chief Executive Officer

Our auditor's report was submitted on 29 March 2019
KPMG AB

Ingrid Hornberg Román
Authorised Public Accountant

Auditor's report

To RISE Research Institutes of Sweden AB, Corporate Identity Number 556464-6874

Report on the annual accounts and consolidated accounts

Opinions

We have conducted an audit of the annual accounts and consolidated accounts of RISE Research Institutes of Sweden AB for the year 2018. The annual accounts and consolidated accounts of the Company are included on pages 79-126 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the 'Auditor's responsibilities' section. We are independent of the Parent Company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-41, 54-78 and 131-132. The Board of Directors and Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the CEO are responsible for the assessment of the Company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of

accounting is however not applied if the Board of Directors and the CEO intend to liquidate the Company, to cease operations, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the Company's financial reporting process.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the Company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.
- Conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern

basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the CEO of RISE Research Institutes of Sweden AB for the year 2018 and the proposed appropriations of the Company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that

the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the 'Auditor's responsibilities' section. We are independent of the Parent Company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes, among other things, continuous assessment of the Company's and the Group's financial situation and ensuring that the Company's organisation is designed so that the accounting, management of assets and the Company's financial affairs otherwise are controlled in a reassuring manner.

The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the Company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibilities

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our concern concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Company, or that the proposed appropriations of the Company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the Company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with a starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the Company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

Stockholm, 29 March 2019
KPMG AB

Ingrid Hornberg Román
Authorised Public Accountant

Auditor statement on corporate governance report

To the general meeting of the shareholders of RISE Research Institutes of Sweden AB,
Corporate Identity Number 556464-6874

Assignment and responsibilities

The Board of Directors is responsible for ensuring that the corporate governance statement for 2018 has been prepared in accordance with the Annual Accounts Act.

Review focus and scope

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 'The auditor's examination of the corporate governance statement'. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Conclusion

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6, section 6, paragraph 2, points 2-6 of the Annual Accounts Act and chapter 7, section 31, paragraph 2 of the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 29 March 2019
KPMG AB

Ingrid Hornberg Román
Authorised Public Accountant

Alternative key performance indicators

In accordance with the guidelines issued by ESMA (European Securities and Markets Authority) with regard to the accounting of alternative performance measures, definitions and clarifications of alternative performance measures applied within RISE are provided here. The guidelines entail extended disclosures regarding the financial measures not defined in IFRS. They are used for internal governance and follow-up. As not all companies calculate the financial measures in the same manner, these are not always comparable with the measures used by other companies.

Definitions

Equity/assets ratio:

Total equity as a percentage of total assets.

Return on equity:

Net profit for the year as a percentage of total equity.

Liquid ratio:

Current assets excluding inventories and work in progress as a percentage of current liabilities.

Net debt/equity ratio:

Interest-bearing liabilities including pension commitments less interest-bearing assets and cash and cash equivalents, divided by total equity.

Operating margin:

Operating profit after depreciation and amortisation as a percentage of sales.

Group	2018	2017
Total equity	990,976	980,211
Total assets	3,064,445	2,518,486
Equity/assets ratio, %	32%	39%
Net loss for the year	11,380	27,344
Total equity	990,976	980,211
Return on equity, %	1.1%	2.8%
Current assets	1,861,739	1,340,039
Less inventories and work in progress	-494,627	-311,268
Current liabilities	1,784,554	1,243,959
Liquid ratio, %	77%	83%
Non-current liabilities to credit institutions	195,000	216,667
Current liabilities to credit institutions	21,667	21,667
Retirement benefit obligation	40,396	38,251
Other securities held as non-current assets, interest-bearing	-58,801	-
Cash and cash equivalents	-720,414	-521,033
Total net borrowings	-522,152	-244,448
Total equity	990,976	980,211
Net debt/equity ratio	-53%	-25%
Operating profit after depreciation and amortisation	34,435	14,221
Net sales	3,065,724	2,695,702
Operating margin, %	1.1%	0.5%

Definitions and glossary

Awitar	Automotive Wireless Test and Research Facility, is a test and development facility for wireless communication systems.
DIGICORE	Testbed in Västerås with physical and digital environments that contain technology, competencies and approaches for digital transition.
SCI	Satisfied Customer Index
Professional Education	The RISE Group gathers and develops all of our expertise in education in a Group-wide offering.
Redesigning RISE	Reorganisation to create an organisation with a stronger customer focus and a more flexible dynamic approach.
RISE Research Council	Representatives from the business and academic communities who provide advice on strategic issues concerning research focus and other priority issues.
RISE AB	RISE Research Institutes of Sweden AB is the Parent Company of the RISE Group since 25 June 2018.
Strategic innovation programmes	Vinnova, the Swedish Energy Agency and Formas are funding 17 strategic innovation programmes in the areas that are strategically important to Sweden.
SC funds	Strategic competence funds distributed according to the distribution model.
Structural funds	Strategic competence funds distributed to specific projects.
Swerea	Swerea AB, formerly an associate company to RISE AB with a participating interest of 42.77 per cent. Acquired by RISE AB on 1 October 2018.
Triple F	Consortium with assignments from the Swedish Transport Administration to create a research and innovation platform for a fossil-free freight transport system.
Vinnova	Sweden's innovation authority. Mission: To promote sustainable growth by improving the conditions for innovation, as well as funding needs-driven research.

RISE Research Institutes of Sweden

RISE is Sweden's research institute and innovation partner. Through international collaborations with the business community, academia and the public sector, we work to ensure the competitiveness of Swedish commerce and industry and contribute to a sustainable society. Our 2,700 employees drive and support innovation processes of all kinds. RISE is an independent, State-owned research institute offering unique expertise and hundreds of test and demonstration environments for future-proof technologies, products and services.

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