Annual Report and Sustainability Report 2019

Contents

The year in figures

Key performance indicators	2019	2018
Net sales, SEK m	3,568	3,066
Operating profit, SEK m	63	34
Profit after financial items, SEK m	54	25
Net profit for the year, SEK m	47	11
Equity, SEK m	1,041	991
Total assets, SEK m	3,749	3,064
Equity/assets ratio, %	28	32
Electricity consumption per employee (kWh)	14,823	16,636
CO_2e emissions from business travel per employee (kg)	763	1,066

» The coronavirus pandemic spreading around the world is creating major problems for communities and businesses. We are monitoring our customers' needs and identifying ways in which we can assist while at the same time protecting the health and safety of our employees and customers «

Pia Sandvik,
CEO, RISE

Year in brief

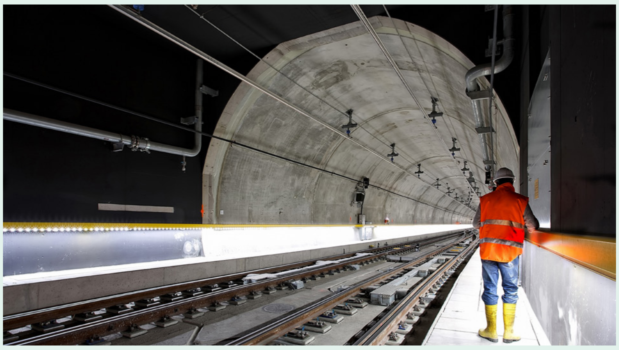
RISE takes ownership of MoRe Research
The vision is to make the Norrland coast a world-class centre for research and development in the paper, pulp and biorefinery industry.

Support approved for electromobility centres
The European Commission approved Sweden's application for funding for the construction of the SEEL electromobility lab owned by RISE and Chalmers.

RISE is leading the development of a national action plan: the AI Agenda
Technology leaders from academia, industry and the public sector are developing concrete proposals for making Sweden a leader in AI.

Nordic investment in electric aviation
To promote the development of electric aviation, RISE is leading a platform to create a Nordic standard for infrastructure and to develop technology for the Nordic climate.

New RISE testbed for digitalised agriculture inaugurated in Uppsala
The testbed is an arena for the development of new technologies for fossil-free, more sustainable and profitable agriculture.



Collaboration for carbon-neutral cement and concrete industries
In the Vinnova-funded project BETCRETE, RISE has brought together operators to support the industrial transition towards carbon-neutral cement and concrete industries.

Our reason for being is to strengthen Sweden's competitiveness

The past year has brought new strategic partnerships, greater focus on climate transition and a major internal change process. At the time of writing, the coronavirus pandemic is spreading around the world creating enormous problems for communities and businesses, and of course we are also affected by the situation. Swedish industry and society needs RISE now more than ever. We are taking responsibility for the community, customers, operations and employees by keeping our operations running. We are monitoring our customers' needs and identifying ways in which we can assist while at the same time protecting the health and safety of our employees and customers. RISE's CEO Pia Sandvik gives a summary.

How would you summarise 2019?
"2019 was an eventful year in which demand for our services continued to be strong, and I believe that RISE is firmly established as a cohesive research institute for Sweden. We fill a gap that existed in the Swedish research and innovation landscape. The company's sales continue to rise, and currently stand at SEK 3,568 million. We're also seeing a positive profit trend, with an operating profit of SEK 63 million. More people are seeking collaboration with us, and we're seeing that broad groups are familiar with our business. The brand survey conducted during the year confirmed that something has changed. The results show that awareness about us increased from 8% to 45% within the target groups of industry and the public sector. None of the previous institutions' brands have enjoyed such high recognition."

"In an international perspective, RISE represents a unique investment in cross-disciplinary innovation."

RISE frequently mentions the need to meet social challenges. Why is this important?
"We're in a time when the market is changing in a historically unprecedented way. Society is facing major challenges which, as a research institute, we need to meet. There is an urgent need to make the transition to a fossil-free society. With our focus on innovation and applied research, we at RISE can play a crucial role in this regard. We provide the cutting-edge expertise and testbeds needed to succeed in the transition. But I'm also seeing that we can now take on assignments where we participate in setting agendas for entire industries, thanks to our expertise in various technology and system areas. Such assignments include, for example, leading the construction sector's efforts to develop a national strategy for a carbon-neutral cement and concrete industry.

We also manage Fossil-free Aviation 2045, an innovation cluster that gathers together all stakeholders involved in the production and use of fossil-free jet fuel. Our work on developing a national action plan to make Sweden a leader in AI brings together technology leaders from various sectors of society.

The fact that RISE has been commissioned, in collaboration with the business community, to develop a roadmap for Swedish industry with a vision of what technologies need to be developed is a further example of how our breadth and cross-functionality allow important future issues to be tackled with a broad approach."

How does RISE compare to other research institutes in the market?
"In an international perspective, RISE represents a unique investment in cross-disciplinary research and innovation. We aim to strengthen Sweden's innovation power and secure an edge in the global competition. In connection with the Hannover Messe 2019, the German and Swedish heads of government signed an updated innovation partnership in which RISE is named as a Swedish partner for collaboration regarding testbeds and applied AI. This is proof that we also have the ability to take a leading role in international partnerships."

The project to create a new testbed for electromobility had a breakthrough during the year. What happened?
"In December, we received the long-awaited news that the EU had approved Sweden's application for funding for the construction of SEEL (Swedish Electric Transport Laboratory), which is owned by RISE and Chalmers. The funding, which amounts to SEK 575 million, will be used to construct a test centre that will be one of the few in Europe that can provide testing of all the parts needed for electrified transport. I look forward to strong collaboration with our industry partners."

What were the other key issues in 2019?
"During the year, we entered into important cooperation agreements with Stockholm University, Chalmers University of Technology and Luleå University of Technology. This will further strengthen our relations in the areas of research, education and innovation. Overall, it will contribute to broader expertise, more research and innovation projects and stronger competitiveness.

To create an even greater customer focus and increased cross-functional capacity, we have worked intensively on preparing for an organisational restructuring, which took effect on 1 January 2020. The new organisation will give us greater possibilities to work in areas such as systemic perspectives, service development and business development. None of this would be possible without all our committed employees, who have done a fantastic job during the year. I would like to thank everyone at RISE who is working together to create a world-class research institute."

Pia Sandvik,
CEO, RISE

For a better future and those who take us there

As the challenges facing us as a society become increasingly complex, innovation alone is not enough; you also need a strong innovation partner who can provide comprehensive support and a broad range of perspectives. This is where RISE comes in.

RISE is a unique mobilisation of resources to increase the pace of innovation in society. By gathering a number of research institutes and over a hundred testbeds and demonstration environments under the umbrella of a single innovation partner, we create improved conditions for society's problem solvers.

We are an independent, state-owned research institute working with customers in industry, academia and the public sector. Together, we develop services, products, technologies, processes and materials that contribute to a sustainable future and a competitive business community.

Our business and innovation areas

In our business and innovation areas, we employ a cross-disciplinary approach to meeting key challenges. This also gives our customers and partners access to both specialisation and breadth through national and international innovation networks and relevant testbeds.

- Digitalisation
- Energy and biobased economy
- Sustainable cities and communities
- Health and life science
- Material transformation
- Mobility

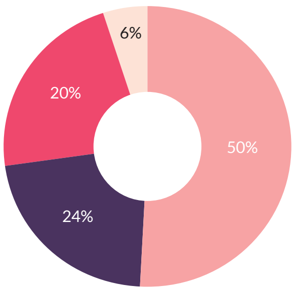
A problem solver with specialisation and breadth

Our 2,800 employees are RISE's most valuable asset. Together we conduct and support all types of innovation processes within a wide range of projects and topics, from using AI for the benefit of society to developing new ways to remove drug residues from wastewater, or researching preventive measures to tackle mental illness in children and young people.

Our mission

We bring scientific expertise to bear on ensuring sustainable growth, by building structures and processes for innovation that make our customers and partners competitive on the international stage. We act as a catalyst for innovation that, while it may occur without us, becomes more effective through our participation in the process.

Net sales



DISTRIBUTION OF NET SALES (SEKm)

Trade and industry	1,793
Public funding bodies	869
Government grants	702
EU funds	204

Read more about RISE and how we promote sustainable social development at ri.se/om-rise

Our objectives

RISE strives be an internationally competitive research institute contributing to sustainable growth in Sweden by strengthening competitiveness and innovation in the business community.

Objectives for the social mission

The assignment goals are set by the Swedish Government Offices to measure how well RISE carries out its social mission.

Turnover of competitively acquired research funding. Conducting research of high quality and relevance is a prerequisite for RISE to fulfil its social mission. Because this ability is necessary in order to win research funding in open competition with other parties, the turnover of these funds is included in the assignment targets.

Turnover of business revenues from SMEs. Growing small and medium-sized enterprises is important to Sweden's long-term competitiveness. RISE's turnover of operations towards SMEs provides a measurement of RISE's contribution to this 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's ability to address interdisciplinary challenges in Swedish business and enterprise.

Utilisation of testbeds and demonstration facilities. Providing access to test and demonstration facilities of high relevance to the business community is an important part of RISE's mission. Targets for this access are set based on an average occupancy rate of the Group's test and demonstration facilities.

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

Customer Satisfaction Index. The expectations of RISE's broad offering and operations vary in the business community. A standardised Customer Satisfaction Index (CSI) measures RISE's collective ability to meet the business community's expectations of and need for a research institute.

Social mission	Outcome 2019	Target 2020	Target 2022
Turnover of competitively acquired research funding[1]	37%	>30%	>30%
Turnover of business revenues from SMEs	26%	35%	35%
Collaboration through interdisciplinary projects		To be decided in 2020	To be decided in 2020
Utilisation of testbeds and demonstration facilities	64%	60–80%	60–80%
Innovation partner capacity[2]	74	78	78
Customer satisfaction (CSI)	72	75	75

Financial targets

RISE is for-profit, but does not distribute profit. The financial targets set by the Board and the Annual General Meeting are aimed at guiding RISE towards a high degree of efficiency and professionalism.

The operating margin will be at least 3 per cent as of 2020.
The net debt/equity ratio will be no more than 30 per cent as of 2019.

Financial targets	Outcome 2019	Target 2020	Target 2022
Operating margin	1.8%	3%	3%
Net debt/equity ratio	19%	0–30%	0–30%

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, we have formulated goals that meet the UN's Sustainable Development Goals and that clarify RISE's contribution to sustainable development.

Responsibility objective. By 2020, 100% of RISE's customer assignments will come with a Sustainability Declaration and be linked to one of the Sustainable Development Goals.

Business objective. By 2020, one third (1/3) of sales will be generated as a direct result of our sustainability efforts.

Attraction objective. By 2020, RISE will be one of the 20 most attractive employers in the category of engineering students, and among the top five in the category of young professionally active engineers.

Climate objective. We will reduce our climate impact every year in order to be a climate-neutral business by 2025.

Goals for sustainable business	Outcome 2019	Target 2020	Target 2022
Sustainability-declared projects	4%* 20%**	100%	100%
Business objective[3]	30%	33%	33%
Attractive employer[4]	26/9	≤20/5	≤10/5
Climate-neutral operations 2025 (tonnes of CO_2e)	6,095***	6,754	5,939

* Based on number of declared projects out of total number of projects.
** Based on turnover of sustainability-declared projects out of total turnover.
*** Some of the figures are estimates; the data collection is under development.

1) Calculated as turnover from public financing bodies divided by net sales less Government grants.
2) A combined assessment of several questions in our customer survey (index span 0-100).
3) Bids/applications from RISE's customer support systems were analysed using an AI tool that was developed within RISE and is continuing to be improved in 2020. The tool is based on a scoring system whereby RISE's applications/quotes from the customer support system are scored on the basis of contributions to the UN's Sustainable Development Goals.
4) Students/young professionally active engineers.

RISE supports the transition to a sustainable society

Challenges in the market

Social development

- Changing demographics
- Democracy, equality, openness and individual freedom
- Ethics, trust and policy
- Consumption and behaviour
- Attracting talent

Global

- Globalisation and increased competition
- Geopolitical situation
- Resource allocation
- Lifestyle diseases
- Opinion leaders
- Changing lifestyles and values
- The biosphere in focus

Climate transition

- Climate change and adaptation
- Resource use

What we do

RISE cooperates with companies, academia and the public sector in three areas:

Industrialisation and quality assurance

- Certification, calibration and inspection
- Testbeds
- National metrology centres

Research and development

- Applied research for innovation
- Service innovation and design processes
- Courses for lifelong learning
- Innovation support forSMEs
- Expert support

Vision and strategy

- Innovation partnerships
- Future scenarios and roadmaps
- Innovation support services

OUR ROLE

RISE's vision is to be an internationally leading innovation partner that contributes to a competitive industry and a sustainable society.

Market opportunities

- Increasing connectedness
- CompetitionPowerful renewable energy
- Fossil-free fuels
- Applied AI
- Development of policies and regulations
- System analysis
- New business models/value creation
- Circularity
- Preventive healthcare

VALUE CREATION FOR THE FUTURE

RISE contributes to Sweden having:

4.3%

Share of research and development, % of GNP

2030

Fulfilled all of the UN's global sustainability goals

Prerequisites for continued innovation and development

HOW WE CREATED VALUE IN 2019

9
Most attractive employer (graduate engineers)

126
Testbeds and demon-stration environments

67
New patents

50%
Revenue from trade and industry (%)

719
Research publications issued

7,500
Small businesses as customers

6,476
Projects with customers

Our activities primarily contribute to five of the UN's Sustainable Development Goals, but we promote and influence all 17 Goals.

A leading innovation partner

As an independent innovation partner, RISE helps industry and the public sector develop solutions that contribute to sustainable growth in Sweden and a competitive industry.

World leader in active safety

The future of mobility belongs to self-driving vehicles, and demand for safe and effective test methods is increasing. RISE has both the expertise and the testbeds required to support the entire development chain for autonomous vehicles. AstaZero is the world's leading test facility fully dedicated to self-driving vehicles, and theAwitar test chamber offers a full range of possibilities for testing vehicles’ electromagnetic compatibility.

The world's first environmentally declared clothing collection

In partnership with RISE, Fristads has developed the first set of regulations for calculating the environmental impact of clothing throughout its life cycle. To prove that the clothes were sustainably produced, an environmental declaration was developed for each garment, as well as regulations for each product category. Future consumers should be able to compare factors such as carbon dioxide emissions during a garment’s life cycle, the amount of water needed, and the amount of oxygen-consuming substances (such as fertiliser) used.

Smart packaging and energy storage in paper

Storing energy in paper instead of metal enables the production of bio-based batteries that can be included in circular systems. A method for producing paper batteries, developed by Billerud Korsnäs, has been used on RISE's full-scale pilot paper machine, FEX. The machine enables companies and innovators in the paper industry to conduct full-scale project testing without investing in their own machines or interrupting production in progress.

Solar energy can be stored with the help of hydrogen gas

Properties with their own energy system that are not dependent on the electricity grid help to create a more resilient society. Today it is technically possible to completely disconnect from the electricity grid and produce your own solar energy, which is stored in batteries and with the help of hydrogen gas. RISE is working on several different projects involving how properties can go off-grid and become self-sufficient with the aid of solar energy and energy storage.

AI can understand us when we talk online

How will we be able to measure and gather opinions when people are no longer willing to participate in surveys? Using AI to analyse what people write online can complement traditional political science studies. RISE is collaborating with political scientists at Mid Sweden University in a project to analyse human language on the web with the help of AI and machine learning.

Collaboration regarding fluoride-free ski wax

Today's high-performance ski waxes contain substances with a high fluoride content that are harmful to health and the environment. The project POPFREE Ski Goes Global aims to phase out fluorinated ski waxes in competitive skiing by finding effective alternative solutions. As of the 2020 winter season, the International Ski Federation (FIS) will introduce a ban on fluorinated waxes in all ski disciplines.

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's Board of Directors.

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

A word from the Chairman

What important events occurred during the year?
Creating a strong and cohesive Swedish research institut has been a long process, which started back in the 1990s. In 2019, we took the final decisive steps to becoming the strong innovation partner that Swedish industry and the public sector need in a rapidly changing world with increasingly complex challenges. Our new organisation, which became effective on 1 January 2020, creates a stronger customer focus and makes it easier for experts in completely different areas to solve difficult problems together. In this way, we can increase the pace of innovation and be a driving force in the transition of society and industry.

One important event during the year was that RISE became the majority owner of MoRe Research. The purchase of 60 per cent of the shares was a strategic acquisition that strengthens our ability to create a world-leading research and development centre in the paper, biorefinery and pulp industry along the Norrland coast.

How did our sustainability efforts develop during 2019?
RISE contributes to sustainable development in the business community and society by creating an internationally competitive innovation infrastructure. We want to use our size and influence to drive the transition to a sustainable society. One example of our efforts to promote sustainable industrial development is the project "Business models for circular furniture flows", which aims to show how an entire industry can switch to a circular economy. We have also set ourselves tough goals. RISE will become a climate-neutral business by 2025, until which point we shall continue to reduce our climate impact every year. In 2020 we will achieve the target of 100 per cent of our offerings being sustainability-declared and linked to one of the Sustainable Development Goals. Moreover, we are continuously working to reduce our resource consumption.

How do you view the annual results?
I can confirm that we have experienced yet another good year, despite major organisational changes. It is clear that RISE's services and skills are in strong demand. Sales grew organically by 5 per cent. We have taken measures to improve profitability, and this can be seen in the results. The operating margin of 1.8 per cent is better than in the previous year.

What have been the key issues for the Board of Directors during the year?
The ability to attract the right talent has been important for a long time, and will become even more important in the future. It is therefore very gratifying that RISE was ranked ninth by young graduate engineers voting for their dream employer in Universum's Karriärbarometern survey. The survey shows thatmany young people favour employers that have a higher business purpose and a clear sustainability perspective.

The RISE Research Council plays a very important role in ensuring that we maintain a clear customer focus. The Research Council, which consists of members from industry, academia and the public sector, gives industry the opportunity to influence our research focus and strategy. I would like to thank the members for a positive collaboration during the year.

Jan Wäreby
Chairman of the Board of Directors

Corporate Governance Report

Corporate Governance Report 2019

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

This Corporate Governance Report presents how corporate governance was conducted during the2019 financial year and monitors the senior Board of Directors in the Group for RISE Research Institutes of Sweden AB (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 monitor 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.

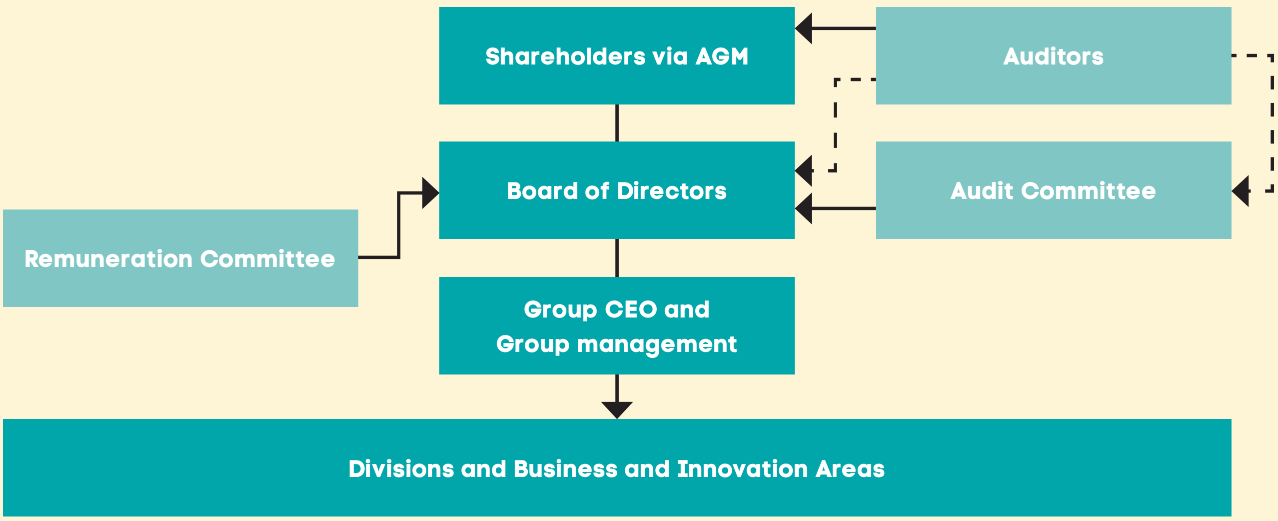
Deviations from the Code

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. Both the previous Research and Innovation Bill 2013–2016 and the most recent bill covering the period 2017–2020, entitled *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 Holding AB 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's mission; among other things, the Swedish institute sector will become more coherent. The bill also proposes the continued reinforcement of RISE's 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 the general meeting on 25 April 2019 set out the Company's mission based on the specially decided social mission and the reporting requirements imposed on RISE AB regarding operations funded by strategic competence funding. A report is to be submitted to the Swedish Government Offices by 31 March 2020 at the latest. The objective of the mission goals is to, together and in a balanced manner, set targets and measure the various aims that RISE's specially decided social mission is intended to achieve.

Annual General Meeting

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's 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 regarding the provision of notice 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 2020 AGM will take place on 28 April.

Board 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 alternate 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, LEFT TO RIGHT: Jonas Söderberg, Ulf Nordberg, Elena Fersman, Linda Ikatti, Hanna Lagercrantz, Sven Wird, Fredrik Winberg, Magnus Naesman, Magnus Hillergren **SITTING, LEFT TO RIGHT:** Johan Berglund, Pia Sandvik, Jan Wäreby, Anna-Karin Stenberg
MISSING FROM PICTURE: Klas Bendrik and Torbjörn Holmström

The Board of Directors is elected at the meeting for a mandate period of one year. At the annual general meeting of RISE AB on 25 April 2019, eight AGM-elected Board members were appointed, three women and five men.

The Board of Directors includes three ordinary Employee Representatives with 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. Former Senior Vice President and Head of Sales & Marketing at Ericsson, previously Senior Vice President and Head of Multimedia Business Unit and Deputy CEO and Head of Sales and Marketing for Sony Ericsson Mobile Communications. Degree of Master of Science from Chalmers University of Technology. Board member of EKN (Export Kredit Nämnden), Tobii AB, Gapwaves AB, Incell International AB, Agapi Boating AB, Defentry AB and Scandinavian Astor Technologies 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.

Elena Fersman (born 1978)

Board member since April 2019. Research Director in Artificial Intelligence, Ericsson AB. Adjunct Professor in Cyber-Physical Systems, Royal Institute of Technology, Stockholm. MscEng and MBA St. Petersburg Polytechnic University. PhD in computer science Uppsala University and Associate Professor in Cyber-Physical Systems, Royal Institute of Technology, Stockholm.

Fredrik Winberg (born 1949)

Board member since 2015, member of the Audit Committee. Independent consultant. Former CEO of Cementa, Director Sales Northern Europe at Heidelberg Cement Group. Chair of the Board of Byggmaterialindustrierna, 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 Board memberships include Almi Företagspartner AB and AB Svensk Exportkredit. 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).

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, 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. Second Vice Chairman of AB Bostäder Borås.

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, 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, alternates:

Johan Berglund (born 1978)

Alternate 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)

Alternate 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)

Alternate since 2018. Research engineer at RISE Innventia AB since 2000. Active in the local Unionen trade union club.

Group management

Pia Sandvik (born 1964)
CEO

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

John Rune Nielsen (born 1968)
Director of Research and Business Development, Acting CFO

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). Member of the Boards of Directors of Swerea, University of Borås and Borås Näringsliv. Chairman of the steering committee of Science Park Borås (first six months).

Paul Halle Zahl Pedersen (born 1973)
Head of Division – Safety and Transport

Has previously worked as director of RISE Fire Research AS and as an engineer and project manager in the oil and gas industry for Statoil and Talisman Energy, among others. He holds a BSc in Mechanical Engineering from Oslo Ingeniør Høyskole and a PhD in Marine Technology from NTNU, Trondheim.

Charlotte Karlsson (born 1962)
Head of Division – 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.
Licentiate degree in statistics from Linköping University. Lecturer and Director of Studies at the Department of Mathematics, Statistician Programme, Linköping University.

Marco Lucisano (born 1973)
Head of Division – Bioeconomy, Acting Head of Division – Built Environment

Master of Science in Chemical Engineering. Former Vice President Papermaking & Packaging at RISE. Has worked in the institute sector since 1998. 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.

Pernilla Walkenström (born 1969)
Head of Division Life Sciences and Materials, Acting Division Manager Materials and Production

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 and Associate Professor (Chalmers).

Johanna Flanke (born 1975)
Director of Human Resources

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. Chairman Advisory Board Centre for Global HRM, University of Gothenburg.

Ola Dawidson (born 1969)
Chief Operational Excellence Officer

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).

Yvonne Näsström (born 1962)
Chief Communications Officer

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

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's 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 general 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 met 13 times during the year, with nine ordinary and four extraordinary meetings. Four 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 2019, 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
- Acquisitions and investments

Q1	Q2	Q3	Q4
• Review of terms of employment for senior executives • Yearly report to the owner • Owner directives • Reporting Board/CEO evaluation	• Annual General Meeting • Initial statutory meeting • Strategy, operational targets including CSR goals • Policies • Assessment of internal audit function	• HR issues • Sustainability goals	• Budget • Operational plan • Evaluation of Board work • The Research Council
↓ Year-End Report Annual Report	↓ Annual General Meeting Interim Report Q1	↓ Interim Report Q2	↓ Interim Report Q3

Attendance and Board fees

Remuneration to the Board of Directors as resolved by the 2019 annual general meeting is SEK 355,000 per year to the Chairman and SEK 178,000 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 Swedish 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 tables below monitor the Board fees and meeting attendance for the highest decision-making Board in the Group for RISE AB.

Attendance and Board fees for the Board of Directors 2019

Board of Directors

Name	Function in the Board of Directors	Attendance	Fee
Jan Wäreby	Chairman	13/13	353,750
Sven Wird	Member	13/13	177,250
Klas Bendrik	Member	11/13	177,250
Torbjörn Holmström	Member	11/13	177,250
Anna-Karin Stenberg	Member	12/13	177,250
Sara Mazur	Member until April 2019	4/4	43,750
Elena Fersman	Member from April 2019	6/9	133,500
Fredrik Winberg	Member	11/13	177,250
Hanna Lagercrantz[1)]	Member	13/13	-
Magnus Naesman [1)]	Employee Representative	12/13	-
Linda Ikatti[1)]	Employee Representative	11/13	-
Ulf Nordberg [1)]	Employee Representative	13/13	-
Jonas Söderberg[1)]	Employee Representative, alternate	10/13	-
Johan Berglund[1)]	Employee Representative, alternate	10/13	-
Magnus Hillergren[1)]	Employee Representative, alternate	13/13	-
TOTAL			**1,417,250**

Committee

Name	Audit Committee, function	Attendance	Fee	Remuneration Committee, function	Attendance	Fee[2)]
Jan Wäreby	Member	10/10	20,000	Chairman	3/3	-
Anna-Karin Stenberg	Chairman	10/10	30,000			
Fredrik Winberg	Member until April 2019	4/4	5,000			
Klas Bendrik	Member	10/10	20,000			
Hanna Lagercrantz[1)]	Member	10/10	-			
Magnus Naesman[1)]	Employee Representative	9/10	-			
Sven Wird [2)]				Member	3/3	-
Torbjörn Holmström[2)]				Member	3/3	-
Sara Mazur[2)]				Member until April 2019	2/3	-
Ulf Nordberg[2)]				Employee Representative	3/3	-
TOTAL			**75,000**			**-**

[1)] No fees are payable to employees of the Swedish 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 2019 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 Swedish Government Offices. 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 ten 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 three 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

The Council has 19 members, especially selected to represent RISE's 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. The Research Council was established in 2017 by the Board of Directors.

Changes in Group management

The following members of Group management resigned during the year: Fredrik Holst, Division Manager Built Environment, Pether Wallin, Acting Division Manager Materials and Production, Peter Janevik, Acting Division Manager Safety and Transport, Jonas Fogelberg, CFO.

Pernilla Walkenström took over as acting Division Manager Materials and Production on 15 March, Paul Halle Zahl Pedersen took over as Division Manager Safety and Transport on 24 April, Marco Lucisano took over as acting Division Manager Built Environment on 1 July, and John Rune Nielsen took over as acting CFO on 1 September.

Members who took office after the balance sheet date: Markus Norström as acting Division Manager Built Environment on 15 January, and Robert Casselbrant as CFO as of 24 February.

External auditors

The auditors are assigned to review RISE's 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 alternate auditors, or a registered audit company to perform the audit activities on behalf of the shareholders.

The annual general meeting for 2019 elected KPMG as the Company's auditor for a period of one year, ending in conjunction with the conclusion of the annual general meeting 2020, 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 2019

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 2019 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 2019, internal communication has placed extra focused 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's 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 on 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.

Gothenburg, 31 March 2020
The Board of Directors of RISE Research Institutes of Sweden AB

Auditor's opinion on the 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 the Corporate GovernanceReport for 2019 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Focus and scope of the audit

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 Report has a different focus and a significantly smaller scope than an examination performed in accordance with the 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 Act are consistent with the annual accounts and the consolidated accounts, are in accordance with the Annual Accounts Act.

Stockholm, 31 March 2020
KPMG AB

Ingrid Hornberg Román
Authorised Public Accountant

Sustainability report

This sustainability report has been prepared in accordance with the Global Reporting Initiative (GRI), GRI Standards, Core level, and includes pages 23-43 and 51-53. For more information on the GRI framework, please refer to www.globalreporting.org.

RISE AB's latest sustainability report, published on 29 March 2019, was also based on the GRI guidelines.

The report for 2016 was the RISE Group's first consolidated sustainability report.

About the report

Reporting

Reporting takes place on an annual basis, for the full calendar year. Given that the Parent Company (RISE AB) and some of the companies in the RISE Group have previously presented sustainability reports prepared according to GRI, established procedures already exist for these reports. These procedures have been improved and refined over a long time in the companies with sustainability reports.

However, as several companies have only reported overall results in the compilation of RISE's sustainability report, there remain substantial differences between reporting procedures in the different parts of the Group. This applies, for example, to travel data, data on pay and employment and energy consumption, where certain parts of RISE that rent their premises have difficulty reporting. Due to the deficiencies in the reporting, there is some uncertainty in the figures reported in the areas of travel and energy. Work to coordinate reporting has been carried out in recent years and continued in 2019. Group-wide procurement of a new travel agency took place during the year. This means that from 2020 we will have a more comprehensive picture of the entire Group's travel.

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's 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, our operations in Norway are included in the reported data related to employees, such as the number of employees.

The RISE Group is principally active in Sweden and primarily provides services. There are also a few locations in Norway, Belgium and France. RISE currently has about 70 locations. A few of these are only individual office spaces leased within, for example, a Science Park.

In Q4 2019, RISE bought 60 per cent of the shares in MoRe Research and thus became the majority owner. The company's operations are mainly focused on research, analysis and industrial development for customers in the paper, pulp and biorefinery industries. MoRe has about 40 employees and is located in Örnsköldsvik.
MoRe's activities are not included in the key performance indicators reported in this year's sustainability report.

Contact

Magnus Rignell
Sustainability and Quality Manager
magnus.rignell@ri.se

Stakeholder dialogue and materiality analysis

Stakeholder dialogue

RISE has many stakeholder groups that monitor and take an interest in our operations. Stakeholders can be affected by or have an impact on RISE's business. This is because of the large breadth of our operations and the fact that we are a State-owned company with a public mission. In 2019 we conducted a survey of all our stakeholders. In order to achieve a good stakeholder dialogue, our most important stakeholders were then prioritised. This prioritisation was carried out by Group management and the Board of Directors. The prioritisation took into account the stakeholders' importance to RISE's sustainability efforts and the impact the stakeholder group has on RISE's operations.

Dialogues were conducted in various forms for the main stakeholders. These dialogues gave a complete picture of the stakeholders' needs and demands. There are many ways to conduct stakeholder dialogues, including customer surveys, employee surveys, interviews, reports and more. RISE meets its stakeholders in a variety of contexts where sustainability issues are discussed, not least during collaborations, since many of our projects have a direct sustainability focus. Input from different quarters has been evaluated and weighed together.

Our main stakeholders are trade associations, customers, employees, public funding bodies, the Board of Directors and owners. The dialogues took place in various forms. The forms of dialogues and their results are summarised on page 26. The weighted results primarily served as input for our materiality analysis (see page 27), the Sustainable Development Goals (see page 31), and the action plan for achieving climate neutrality (see pages 32-33).

Stakeholder dialogue

The results of the stakeholder dialogues are summarised in the table below.

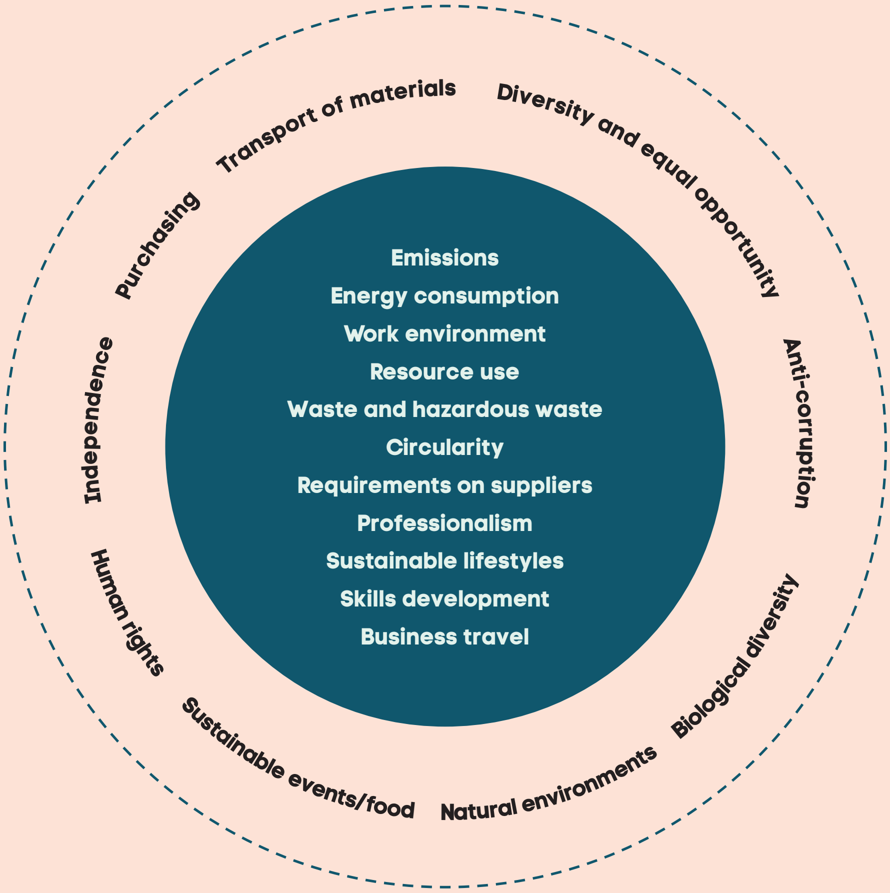
STAKEHOLDERS	FORUM FOR DIALOGUE	KEY SUSTAINABILITY ISSUES
Trade associations	Analysis of our respective divisions' external trade communications regarding sustainability work on their websites.	All of them highlight sustainability as important to their area of activity and future development, but it is not common for them to directly define a priority for the Sustainable Development Goals.
Customer groups: **• Corporate customers** **• County Councils/ regions** **• Municipalities** **• Authorities**	The annual market and customer survey with responses from 200 customers. Brand survey with answers from 317 respondents in the target groups of industry and the public sector. Identification of our largest customers' most important sustainability issues.	The basis for our prioritisation of the Sustainable Development Goals, where customer prioritisation was weighted with other stakeholders' input. Basis for our materiality analysis along with other stakeholders' input. Follow-up on views regarding our sustainability efforts over time.
Employees incl. Group management	Employee survey specifically regarding sustainability and our sustainability efforts. Separate survey for Group management. Interviews with employees and various internal groups in connection with the design of the sustainability strategy.	Basis for our prioritisation of the Sustainable Development Goals and for our materiality analysis. Prioritisation of RISE's most important stakeholders in preparation for continuation of the work. Input for formulating the sustainability strategy. The employee survey resulted in about 500 suggestions for sustainability measures. Many of these suggestions were included in our action plan for achieving our climate goals.
Public funding bodies	Charting of our largest public funders' sustainability focus and work to meet the Sustainable Development Goals.	Basis for our prioritisation of the Sustainable Development Goals.
Board of Directors	Questionnaire to the Board of Directors and subsequent dialogue meeting.	Prioritisation of RISE's most important stakeholders in preparation for continuation of the work.
Owner	Analysis of our activities conducted by the Ministry of Enterprise and Innovation.	Decision regarding prioritisation of the Sustainable Development Goals. Input for formulating the sustainability strategy.

Materiality analysis

The materiality analysis was carried out taking into account employees', customers' and funding bodies' prioritisation of the sustainability aspects.

An employee survey was conducted with a high response rate, where employees were asked which sustainability areas they considered most important. We asked the customers and funding bodies to prioritise the Sustainable Development Goals, and then linked together their chosen Sustainable Development Goals and sustainability aspects. Based on the weighted priorities of these groups on the priority given, the sustainability aspects were then divided between areas of high and medium materiality. In the table below and on pages 39-40, we present the areas we identified as material for 2019.

The results of RISE's materiality analysis, in which aspects of medium materiality are presented in the outer circle and aspects with high materiality are presented in the inner circle.



● High materiality

○ Medium materiality

RISE sustainability strategy

A focus on sustainability strongly permeates RISE's operations and is clearly communicated in our mission. Many sustainability issues also have significant impact on societal development such as ongoing climate change, global urbanisation and the demographic changes that are underway, not least in our part of the world. All these areas and many more strongly affect our business and shape much of our future sustainability work, making them central to our sustainability strategy.

STRATEGIC SUSTAINABILITY AREAS

Our offering is sustainable

We are an important actor in the work on sustainable development by society and business. RISE is continuing to work on establishing itself as an important actor for society and business. Together with our stakeholders, we create innovations and offers to achieve a more sustainable society. We are an arena for social development and partnerships.

A sustainable RISE

We are a workplace focused on sustainability. We are continuing to incorporate sustainability in our operations and to show that sustainability is a success factor for a modern research institute. We are an attractive workplace where our employees thrive and can grow.

TARGETS

Responsibility objective

By 2020, 100% of RISE's customer assignments will come with a Sustainability Declaration and be linked to one of the Sustainable Development Goals.

Business objective

By 2020, 1/3 of turnover will be generated as a direct result of our sustainability efforts.

Attraction objective

By 2020, RISE will be one of the 20 most attractive employers in the category of engineering students, and among the top five in the category of young professionally active engineers and students nationally.

Climate objective

We will reduce our climate impact every year in order to become a climate-neutral organisation by 2025.

TOOLS FOR ACHIEVING THE GOALS

- Sustainability communication
- Sustainability Declarations
- Sustainability Council
- "Testbed" for sustainability innovations
- Sustainability fund
- Sustainable Development Goals

Responsible business

Responsibility
RISE's sustainability work is well rooted in the organisation and is conducted at various levels. RISE's 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 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.

Policies and guidelines
RISE's 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. All externally published policies are available on the website ri.se.

New policies and guidelines in 2019 in the area of sustainability:
- Purchasing Policy
- Guidelines for the Ethical Council
- Guidelines for whistleblower function
- Guidelines for animal activities
- Guidelines for retirement benefits
- Guidelines for procurement and purchasing

Sustainability risks
RISE's sustainability risks are reported together with other operational risks (see pages 51-53).

Ethics
In 2018, we developed a Group-wide Code of Conduct that addresses, among other things, terms of employment and working conditions, diversity and inclusion, and responsibility regarding competition law. We have also linked a whistleblower service to the Code that is handled by an external party and an internal whistleblower function. The whistleblower service became fully operational in 2019. The whistleblower function handled the following number of cases during the year:

Number of cases reported:	3
Number of cases classified as whistleblowing cases:	2
Number of internal cases:	3
Number of external cases:	0
Number of cases closed:	3

An Ethical Council was established at RISE in 2019. The purposes of the Council are to provide support to our employees, protect our brand, ensure that we meet our owners' requirements and expectations and that we comply with our own policies and ambitions with regard to ethics.

Security
In 2019 RISE conducted intensive efforts based on the new Protective Security Act. We clarified our security protection and safety efforts through the implementation of new governing documents and the identification of a new organisation.

Membership/Engagement
RISE is a member of several national and international organisations:

Lisa Schwarz Bour vid RISE forskar kring cirkularitet och återvinning av textilier

- EARTO (European Association of Research and Technology Organisations)
- EUROLAB (collaborative organisation for European testing laboratories)
- MIS (Environmental and Sustainability Auditors in Sweden)
- CSR Western Sweden
- EURAMET (European Association of National Metrology Institutes)
- Climate 2030 – Västra Götaland in transition (mobilisation of efforts by Region Västra Götaland, Västra Götaland County Administrative Board and other stakeholders)
- Fossil Free Sweden (initiative bringing together Swedish actors with the ambition to make Sweden one of the first fossil-free welfare countries in the world)

Fines, penalties and sanctions

RISE did not pay any fines or penalties related to sustainability, social responsibility or finance during 2019.

Incidents and non-compliance concerning information regarding products and services

In the course of one year, RISE receives approximately 50 complaints. 49 complaints were received during 2019, of which 37 have been closed. All of them are investigated by people who are independent of the operations to which the complaint refers. In the vast majority of cases, an agreement is reached with the party presenting the complaint. In the past three years, the following numbers of incidents occurred.

Incidents 2019 – 2017

Incidents	2019	2018	2017
Number of incidents	49	59	60
Number of incidents resulting in a fine	0	0	0
Number of incidents resulting in a warning	0	0	0
Number of incidents where an agreement was reached	37	57	58

Purchasing

RISE has a broad and complex supply chain where different parts of the organisation have been responsible for purchases, which makes it difficult to follow up specific requirements for all purchases. Procurements above the direct procurement limit for goods and services of SEK 586,907 were handled by RISE Group Purchases. Procurements below the direct procurement limit were handled in the organisation, depending on where the need for the purchase was. In procurement, all suppliers must be assessed regarding the environmental and social impact. During the year, three-stage models were designed and gradually developed for imposing demands on tenderers regarding environmental management and social criteria. Among other things, RISE requires contractual partners to comply with the RISE Code of Conduct, and to respect fundamental human rights in their operations and supply chain.

Through their tender responses, suppliers agree to comply with the set requirements presented by RISE's procurement documents. Group Purchases collaborates with the Sustainability and Quality function in preparing environmental and social requirements for suppliers and for the relevant goods and services, and in assessing the suppliers' responses.

During the year, Group Purchases and Sustainability and Quality started work on creating processes for supplier follow-up and assigning the necessary resources for this. In short, this process is based on identifying suppliers and contract areas to be examined based on various criteria, and to review the requirements in the procurement that need to be followed up. If an audit is required, an assessment is made of the type of audit needed. Auditing is carried out on the basis of the aspects that RISE elects to audit, and depending on the audit results, an action plan may be drawn up containing measures for the supplier to implement. The supplier's implementation of the action plan is inspected and monitored.

Out of 38 completed procurements, environmental requirements were imposed on suppliers in 31 cases. Group Purchases always strives to set environmental criteria when a procurement is carried out. A main reason why this figure is 81 per cent and not 100 per cent is that texts in English templates had not been produced at the beginning of the year. Another reason is that RISE needs to adapt to the supplier market and impose the right requirements in order to attract tenders. For example, at the time of the procurement, we might assess that the supplier market is a small market that is immature from an environmental perspective, which could compromise our possibilities of attracting certain tenders if we imposed environmental requirements on the supplier.

Two circularity procurements were carried out during the year: "Recycled furniture" and "Sustainable IT products for end users".

There is high demand at RISE for recycled office furniture. The agreement also offers renovation of existing furniture as well as rental of furniture. This means that RISE can reduce the purchase of new furniture and instead focus on the purchase of recycled furniture or the renovation of existing furniture.
In case of temporary need, furniture can also be rented.

The contract for sustainable IT products for end users includes the leasing of hardware. This contributes to the return of spent hardware to the supplier for reconditioning and subsequent recycling or reselling, thus extending the hardware's life and resulting in secure processes. The contract also allows RISE to monitor the reduced carbon footprint resulting from reuse or recycling of returned items from RISE.

Sustainability Council

Much of RISE's business and many of our researchers have a strong focus and high expertise in the area of sustainability. There are various groups that can provide assistance, support and other contributions to RISE's sustainability strategy and efforts. Some examples are the Ethical Council, the Climate Council and groups made up of sustainability representatives from all divisions. These groups are not static, but change over time in order to be involved in the most relevant issues at any given time.

RISE's operations contribute to achieving the Sustainable Development Goals

Main contributions
Priority goals to which we contribute the most and quantitatively follow up on our contribution.

Increased contribution
Goals we are focusing on to further increase our involvement and contribution.

Continuous contribution
Goals to which we contribute to a lesser extent.

Sustainability communication

Sustainability communication is crucial to provide information and insight into our sustainability work. This regards both internal and external communication. During 2019, we developed a model for communicating sustainability issues related to theme days during the year, such as World Water Day. These communications took place both internally and externally. In 2019, projects were tagged on www.ri.se to the Sustainable Development Goals that each project is linked with. This makes it possible to gain an overview of RISE's work in relation to each of the Goals.

Sustainability fund

RISE's sustainability fund gives employees the opportunity to apply for a grant from the fund to help realise an idea, contribute to a social project, aid the environment or anything else that lies outside the scope of employees' work but has a clear link to sustainability.

The fund awards grants to projects that contribute to one or more of the 17 UN Sustainable Development Goals or to one or more of RISE's sustainability goals.

SEK 800,000 was allocated to the fund in 2019, and a competitive selection process was carried out twice during the year to award grants to the best projects. Projects that were awarded grants and implemented during the year involved, for example, inspiring colleagues to become solar producers, providing help with homework at a library, education of girls in Kenya, and provision of clean water to a hospital in Tanzania.

At the end of the year, the fund initiated a collaboration with Engineers Without Borders for the purpose of matching Engineers without Borders' needs for skills that RISE possesses with employees at RISE who want to get involved in various projects.

Sustainability Declarations

Sustainability Declaration is the name of RISE's method for evaluating our offers from a sustainability perspective, so that our implementation and the results of the projects and operations conducted by RISE have the greatest possible positive effects for sustainability and the least possible negative impact. The purpose of the Sustainability Declarations is, among other things, to strengthen our offerings and ensure that we contribute to the development of a sustainable society.

After being developed and tested, the tool was launched throughout the Group in 2019. During the year, around 20 employees were also trained as new sustainability support resources. These sustainability support resources are tasked with assisting the project manager in completing the sustainability declarations for larger projects. One of our sustainability goals is that the sustainability of all business operations should be declared by 2020.

Testbed for sustainability innovations

RISE as an organisation possesses broad and specialised expertise in the area of sustainability, giving us a unique opportunity to utilise our expertise and research in our own operations. During 2019, we used RISE as a testbed ourselves on several occasions. One of these innovations is an AI tool for measuring our business goal, which was developed by a research group at the ICT Division. With the help of LCA experts at the Built Environment Division, we have also developed a climate calculation tool which we use to measure the climate footprint of our operations. These tools will eventually also be productised and sold to external customers.

Sustainable Development Goals

The Sustainable Development Goals were prioritised on the basis of the results of RISE's annual customer survey, an employee sustainability survey and an analysis of our largest funders' efforts to meet the Sustainable Development Goals. The questions asked included which of the Goals RISE is currently working on, and which Goals we need to become stronger at addressing. The weighting of the different sources resulted in a categorisation between the goals to which we contribute the most, goals where we see increased contributions, and goals where RISE continuously contributes (see image above).

Environmental work within RISE

In addition to external sustainability projects, RISE conducts continuous internal sustainability efforts. Having an internal work strategy is an important part of giving direction to and ensuring a positive development of the business.

For this reason, in 2019 we conducted an analysis to produce a final formulation of RISE's climate goals. This was done by identifying the current state of the business, planning developments over the coming years and setting a final year for achieving the target.

Climate calculation projects

As an initial step towards achieving the RISE Group's goal to become climate-neutral, a climate calculation project was carried out in 2019. Under the project, we analysed RISE's greenhouse gas emissions, including direct and indirect impact.

The calculation was carried out according to the Greenhouse Gas Protocol guidelines, a global standard for CO_2 emission calculation and reporting. This work was done in collaboration with some of RISE's LCA experts and took place in parallel with the development of a similar service that could be offered externally at a future stage.

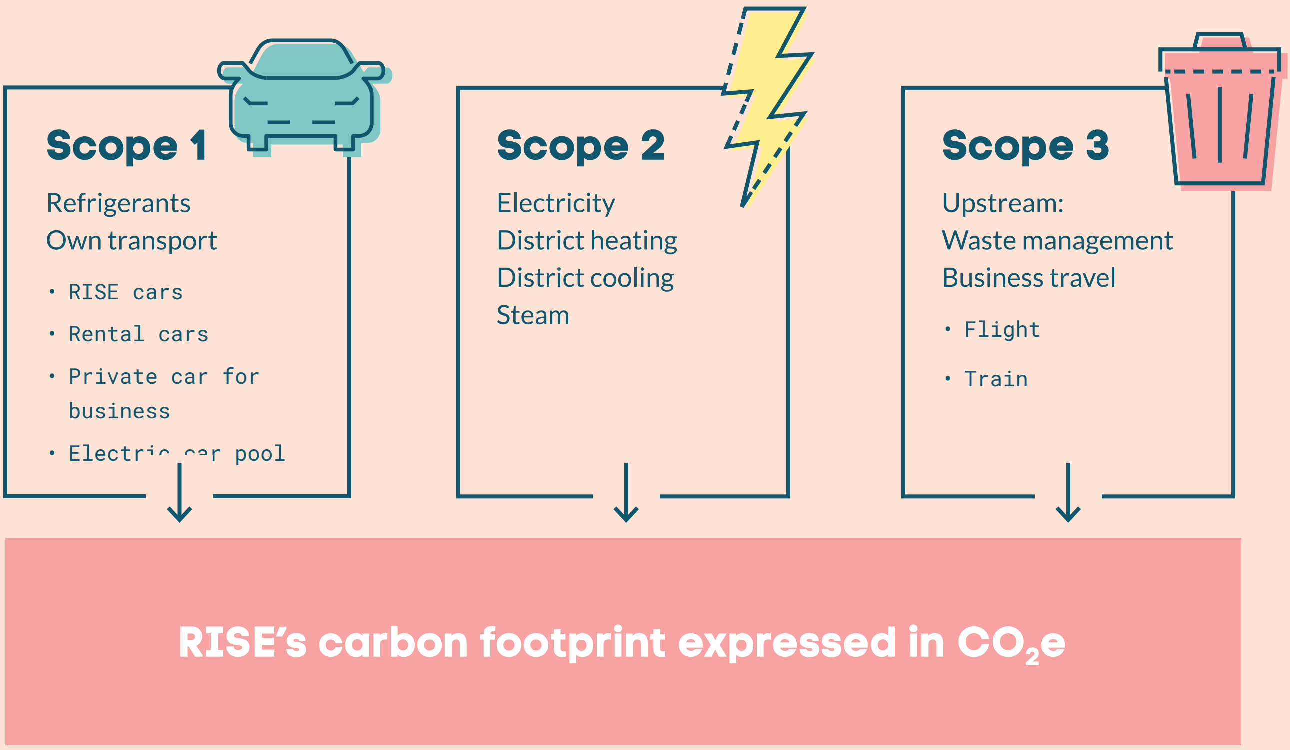
The results of the survey were used as a basis for establishing a realistic timeline for subsequent efforts, objectives and priorities for reducing emissions and making RISE a climate-neutral organisation. An action plan was subsequently drawn up in collaboration with other common functions.

At the end of the year, the results were presented to the Group management and Board of Directors, and the climate goal was established along with a comprehensive action plan:

"We will reduce our climate impact every year to become a climate-neutral organisation by 2025. With this goal, we aim to promote the transition to sustainability and lead by example. In working towards the goal, we also aim to utilise internal competence and support climate-related projects. In line with the ambitions of the Sustainability Strategy, we will also use RISE as a testbed with regard to both emission reduction and technology development."

The plan will be implemented in collaboration with internal functions and all our employees. To further consolidate the work, five climate challengers were defined.

RISE's climate calculation based on the Greenhouse Gas Protocol



Five challengers for a climate-neutral organisation

Measures in these areas will result in the greatest climate gains and are of strong symbolic importance to our employees and customers.

1. **Properties – investment in climate-smart solutions**
   We will be at the forefront in the use of sustainable solutions for managing our properties, and will use our internal research expertise in this area.
2. **Travel – climate fund to encourage rail travel**All air travel is offset by paying into an internal climate fund. The money is used for internal projects that will contribute in the longer term to reducing the amount of CO_2 in the atmosphere.
3. **Travel-free meetings – the climate-smartest trip is the one that doesn't happen**
   We will create the necessary conditions to replace travel with virtual meetings by ensuring that effective and innnovative technical solutions are available in our organisation.
4. **Operations – reaping fruits of sustainability** A decision in principle has been taken for RISE's entire organisation regarding organic fruit and coffee, waste separation at source, use of bottled water and disposable items, etc.
5. **Purchasing – reducing climate impact by 15 per cent** We will reduce our indirect climate impact through purchases by 15 per cent over the same period. This target is based on figures for emissions related to purchases in 2018, and will be implemented by imposing stricter climate requirements on suppliers and products when carrying out procurements, wherever appropriate.

Reporting of relevant environmental indicators

Travel

Travel has been identified as a significant environmental aspect for RISE. As the RISE Group expands, the need to travel also increases. We work actively to reduce travel, and employees are encouraged to choose digital meetings as far as possible. Efforts to promote digital meetings will continue in 2020 through internal projects (see climate challenger 3).

In cases where travel is inevitable, our employees are encouraged to choose sustainable transport solutions. As part of this work, RISE updated and clarified its travel guidelines in 2019. Special focus is placed on encouraging new travel habits domestically and choosing rail travel over air travel.

To enable us to monitor the development of our travel patterns, it is important to have reliable statistics. Our figures are currently compiled from various travel providers, resulting in some uncertainty in the calculation. In 2019, a common travel platform was 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.

We are seeing positive changes in our travel habits, as our number of flights decreased in 2019. It is primarily our medium-distance flights that have decreased, which is in line with the ambitions set out in our travel policy. We are also seeing an increase in our rail travel, which is regarded as positive.

Travel 2019	Distance (km)	CO_2e (tonnes)
Rental car	1,122,991	131
Private car for business	1,690,893	264
Electric car pool	35,473	0*
TOTAL	**2,849,357**	**395**

* CO_2e emissions only refers to operation, as these cars are charged with origin-labelled hydroelectricity.

Travel 2018	Distance (km)	CO_2e (tonnes)
Rental car	1,325,268*	161*
Private car for business	1,350,478*	211*
Electric car pool	24,130**	0***
TOTAL	**2,699,876**	**372**

* Values corrected compared to the 2018 report, because of other reported figures.
** Value not provided in 2018 report.
*** CO_2e emissions only refers to operation, as these cars are charged with origin-labelled hydroelectricity.

Travel 2017	Distance (km)	CO_2e (tonnes)
Rental car	2,019,645	246
Private car for business	1,469,752*	235*
Electric car pool**	-	-
TOTAL	**3,489,397**	**481**

* Values corrected compared to the 2018 report, because of other reported figures.
** Electric car pool not used in 2017.

Trend development Flights and train journeys	Number of journeys		Number of journeys per employee		CO_2e (tonnes)	
	Flight	Train	Flight	Train	Flight	Train
2019 Number of employees: 2 848	11,277	13,374	4	5	1,776	3
2018 Number of employees: 2,320	12,970	12,902	6	6	2,098	3
2017 Number of employees: 2,281	10,670	9,347	5	4	1,656	2

Energy use

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. During the year, we replaced many installations, including heat pumps, cooling machines, ventilation units and lighting, to improve our energy efficiency.

Renewable, origin-labelled hydroelectricity is purchased for the large property portfolio in Borås, Gothenburg and Stockholm. A new procurement is planned to be carried out in 2020 where RISE will set higher requirements in accordance with the new decisions in principle.

In the statistics for 2019, we see that our use of district cooling was lower than in previous years. The figures for electricity use have risen and electricity use per m² has increased compared to the 2018 figures.

Energy consumption* (kWh)	2019	CO_2e (tonnes)	2018	2017
District heating	12,284,773	**725**	10,560,100**	15,169,510
District heating (kWh/ m²)	74		80	***
Electricity	42,214,925	**549**	38,595,524**	29,545,950
Electricity (kWh/ m²)	254		232	***
District cooling	843,000	**13**	1,068,000**	853,500
Steam	-	-	20,000**	55,000
TOTAL	**53,892,925**	**1,287**	**50,243,624**	**45,624,000**

* Because we lack cross-operational data on energy use, some of the data are derived from estimates of actual consumption. Swerea's operations are only partially included in the district heating figures.

** Values corrected compared to the 2018 report.

*** Information missing in the 2017 report.

Chemicals

Chemicals are used to a greater or lesser extent in many of RISE's operations. The handling and destruction of these chemicals are a significant environmental consideration for RISE. To ensure efficient and safe handling of chemical products, we use theKLARA chemical handling system.

In total, we have 8,274 unique products registered in the system. We will continue to work on implementing KLARAthroughout our operations during 2020.

Waste and circularity

RISE has a business which generates waste, primarily hazardous waste. The weight of transported waste classed as hazardous amounted to 314 tonnes in 2019. No hazardous waste has been imported or exported.

The hazardous waste from RISE's facilities in Borås, primarily consisting of extinguishing water from fire operations, continues to represent a large share of the total amount of hazardous waste (>90%). The large increase in hazardous waste in the past two years is ascribable to tests of foam fluids that are problematic to process in our current water treatmentsystem. Intensive effortsare underway to remedy this, but, until further notice, the water must be sent away for disposal. For the management of this waste, RISE contracted the certified waste management company Borås Energi och Miljö.

Hazardous waste by year	Weight (tonnes)
2019	314
2018	138
2017	41.6

As regards internal waste management, a decision inprinciple was taken in 2019 in response to new waste guidelines whereby facilities for separating different waste types must be provided at all sites.

Furthermore, RISE seeks to reduce waste by avoiding the use of disposable products and reusing products to a greater extent. During the year, a recycling project was carried out under which office furniture is reused when we move our operations (see below).

Measures in these areas will result in the greatest climate gains and are of strong symbolic importance to our employees and customers.

Reducing waste through reuse

In October 2019 RISE's office at Eklandagatan 86 in Gothenburg, which had room for roughly 85 employees, relocated to A Working Lab at Johanneberg Science Park. The new office has space for approximately 100 employees. All the office furniture was moved to the new office, a total of 88 desks, 88 office chairs, 72 meeting chairs and nine meeting tables.

The aim was to move with as much of the existing furniture as possible, and to supplement it by purchasing used furniture.The project was successful, resulting in economic as well as environmental savings.

Social responsibility

Urbanisation, globalisation and digitisation are some of today's greatest social challenges. Most of the research carried out within RISE is directly linked to these challenges and the desire to find innovative solutions.

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's 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 aim to create a creative, dynamic and innovative workplace where our existing and future employees thrive, are satisfied and develop.

For this reason, we work continuously to create the necessary conditions for being a healthy, attractive, inclusive and sustainable workplace. In 2019, we implemented new conditions, a new leadership profile, and a new holistic, flexible and attractive benefits package for all RISE's employees.

In 2018, we continued work on preparing Group-wide governance and support frameworks and tools for our business within different areas. This provides our managers and employees with the right conditions to be able to perform our mission in the best way.

Our Code of Conduct, which we have developed and begun to implement, is our utmost framework. It 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.

Read more about RISE and how we promote sustainable social development at ri.se/om-rise

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 central to us, and is emphasised 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.

Work environment management

Under Swedish health and safety laws, employers in Sweden are required to conduct systematic work environmentefforts as a natural part of routine operations. The aim is to identify and prevent risks of ill health and accidents, and to promote aspects that lead to a good working environment and good health at work.

During 2019, the Group procured system support and initiated the implementation of a group-wide management system in line with ISO 45001, ISO 14001 and ISO 9001. This means that existing local management systems and work procedures have gradually begun to be replaced by a Group-wide management system and Group-wide procedures and instructions. These efforts will continue in 2020, and involve our entire business.

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

RISE conducts systematic work environment efforts in which risk management is a central aspect. This includes analysing, identifying, assessing, resolving and monitoring risks in our operations.

The risksurveys and assessments carried out cover all aspects of the working environment: physical, psychological/mental, organisational and social. Risk mapping and assessments are performed in our existing operations, both regularly and when necessary, in the event of work-related injuries or serious incidents, and prior to planned changes.

RISE's personnel in figures

New employees and personnel turnover 2019	Women	Men	Age <30	Age 30-50	Age ≥50	Total
Total number of new employees	202	293	151	256	88	495
Employee turnover	154	231	82	181	122	385

Parental leave 2019	Women	Men	Total
Total number of employees that have the right to parental leave	1,080	1,768	2,848
Total number who took parental leave	70	53	123
Number of employees who returned from parental leave	42	29	71

The table provides information on how many people in the Group were on parental leave for more than one month in 2019 distributed by men/women. All forms of employment are included. The reported number of employees reflects the closing figure on 31 Dec. 2019.
Employee turnover is calculated as the number of new employees minus the number who resigned.

The systematic work environment work is followed up in our various collaboration forums, such as the work environment committee at local and central level.

We ensure awareness and expertise among ouremployees by offering mandatory occupational safety and health training, and our procedures ensure that everyone knows what is expected and that we work in the right way.

Our various policies and Code of Conduct clearly state that we put our employees' health and safety first. This means that each employee has a duty to stop or interrupt dangerous work and/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.

During 2019, we began the implementation of a Group-wide system support that enables Group-wide reporting of risk observations, incidents, accidents, deviations and improvement proposals. Our aim is to have this new system and associated processes fully implemented in 2020.

If an accident or incident occurs, or if a risk is identified, we have procedures that ensure that the matter is investigated (root cause analysis), rectified and monitored correctly.

Health and safety requirements are established and managed in dialogue and coordination with the customer.

Discrimination cases and measures

We have, in part, introduced system-based procedures for following up on cases of discrimination and victimisation. No cases of discrimination were identified in 2019.

Salary discrepancies

Average salary	Women	Men
Average salary, employees	42,083	43,041
Average salary, managers	63,469	64,287

Employment rate	Full time	Part time	Total
Women	928	152	1,080
Men	1,570	198	1,768
All	2,498	350	2,848

Form of employ-ment	Temporary	Permanent	Total
Women	85	994	1,079*
Men	123	1,641	1,764**
All	208	2,635	2,843***

Diversity

Employment	Women	Men	Age <30	Age 30-50	Age >50	Total
Number of employees	1,080	1,768	273*	1,629*	921*	2,848
Number of managers	88	159	0	143	104	247
Number of employees	992	1,609	273*	1,486*	817*	2,601

* There are 1,080 female employees. 1 female employee does not have a defined form of employment.
** There are 1,768 male employees. 4 male employees do not have a defined form of employment.
*** There are 2,848 employees. 5 employees do not have a defined form of employment.

RISE has a Group-wide agreement for occupational health services that covers our entire operation and our different operating locations. 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 2019, in cooperation with our occupational health service, we introduced a psychosocial crisis management service for leaders and managers and supervisors in the organisation. It is important that our leaders and managers know how to respond to an acute crisis and can access direct and professional support so that they can feel confident of handling the situation in the optimal way.

In 2020, we aim to introduce new services that give our managers even better opportunities to work proactively and promotively with medical checks, illness and rehabilitation, and issues related to addictions.

Cooperation

Cooperation with employee representatives is statutory in Sweden, and we have health and safety committees at local and central level that monitor our health and safety efforts. Minutes are kept at the committee 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.

RISE has a Group-wide structure for health and safety committees and other labour market party forums that address issues related to occupational safety and health. We have committees at both local and central level. The local health and safetycommittees meet four times a year with a fixed agenda. RISE's central committee has the same meeting format but meets twice a year.

The committees are comprised of selected employer and employee representatives. All our activities and employees are covered by collective agreements.

Skills development and personnel care

In 2019, RISE broadened and developed its offering of health and safety training for managers, employees and health and safety representatives. We strive to continuously create conditions that enable our employees to acquire, retain and develop expertise in health and safety issues.

In 2019, we started work on producing a Group-wide e-learning course on health and safety, which also covers fire safety. The idea is for all employees at RISE to complete this course during early 2020. After that, the course will be mandatory for all new employees.

We have also produced an e-learning course on health and safety for employees and employees, in collaboration with our occupational health service. This e-learning package, which focuses strongly on the psychosocial work environment, is available on our intranet. In addition, we offer teacher-led compulsory health and safety trainings, as well as various lectures.

In 2019 we introduced a new Group-wide benefit package for our employees. RISE's full-time employees get SEK 10,000 per year to be spent on benefits of their choice. SEK 2,000 of this amount is earmarked for wellness activities.

This package gives employees the flexibility to choose the benefits that best suit their individual situation and needs.

In addition, we have started a fund for health and wellness known as the Joint Fund. RISE allocates SEK 400,000 per year to this fund to promote our employees' physical and/or mental well-being.

RISE's employees can apply for funds from the Joint Fund twice a year. The funds can be used for activities with a local and/or regional focus. The aim is to encourage people to participate in activities together outside working hours, regardless of which organisation they work in, to build stronger organisational coherence at RISE.

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 serious accidents at work (not fatal)	1
Number of accidents resulting in personal injury	72* accidents (of which 12 travel accidents)
Primary types of injuries	Slipping and falling, cutting injuries, corrosion, shocks, crushing, conducting current

* Reported "AJ!" with some kind of injury to the person regardless of whether the injury is minor or serious and whether it led to sick leave or not. 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 cases of reported work-related illness	17 (of which 10 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 2019 that are fully and/or partly work related. The definition of long term is absence from day 15 and longer.

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's financial statements.

Indicator/category	Contents	Comment	2019 (kSEK)	2018 (kSEK)
a) Revenue	Total sales	Total sales reported in the annual report	3,608,133	3,088,100
	Financial revenue	Financial revenue in Annual Report	10,105	3,955
Total direct economic value generated			**3,618,238**	**3,092,021**
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)	945,252	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.	173,424	120,075
c) Employee salaries and benefits	Personnel costs	Personnel costs in the annual report	2,311,838	1,971,179
d) Payments to investors	Interest expenses	Interest expenses in the annual report according to Note	18,744	2,494
	Repayments of borrowings	From the cash flow statement	22,426	21,667
e) Payments to public authorities	Taxes in Sweden	Tax on profit for the year in the annual report according to Note	9,564	8,733
	Penalty charges by country	Fines and similar charges paid to public authorities	0	0
f) Social investments		Voluntary contributions to charitable organisations, etc.	8	9
Total economic value distributed			**3,481,256**	**3,056,739**
Remaining economic value		Directly generated – Distributed	**136,982**	**35,316**

* 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)	2019	2018
Strategic competence funds	702,011	658,666
Funds public authorities	840,586	649,663
EU	204,370	167,535
Funds metrology Vinnova	28,200	27,700

Important areas of sustainability

Area/aspect	Significance for RISE	Management	Follow-up	GRI standard
Emissions	RISE's operations generate emissions and, like other organisations, we need to reduce them. We also aim to become a climate-neutral organisation.	Several of our policy documents and guidelines support the reduction of emissions. These include our Travel Guidelines, Sustainability Policy, Purchasing Policy, Environmental Policy and Company Car Guidelines.	RISE monitors its carbon footprint according to the Greenhouse Gas Protocol.	**GRI 305: EMISSIONS**
Energy consumption	A large part of the climate impact from RISE's operations is ascribable to our energy use. For this reason, it is important to reduce our energy use and purchase sustainable energy.	We are reviewing our energy use and energy purchases. 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.	**GRI 302: ENERGY**
Work environment	RISE has broad operations and the risk situation includes all aspects of the work environment (physical, mental, organisational and social)	We conduct systematic health and safety management. Health and safety issues are covered in our Health and Safety Policy, Safety and Security Policy, Inclusion Policy, Alcohol and Drug Policy, Travel Guidelines, rehabilitation procedures, etc. We also have procedures for security protection, chemical management systems, deviation database, health and safety rounds, health and safety training, and fire and crisis management.	Measurement of accidents, incidents, illness, rehabilitation, well-being, etc. is followed up in joint cooperation forums.	**GRI 403: OCCUPATIONAL HEALTH AND SAFETY**
Resource use /Circularity	Being more efficient in our resource use is a highly prioritised area in RISE. A large part of our indirect climate impact comes from our use of resources.	Our Environmental Policy guides our efforts to reduce our resource use. In our choice of products in connection with (among other things) purchasing, we strive to make smart choices. For example, two circularity procurements were carried out during the year: "Recycled furniture" and "Sustainable IT products for end users".	Purchasing represents a large part of the climate impact from RISE's operations, which is difficult to quantify. We are currently developing methods to improve the quantification of resource use and its climate impact.	**GRI 301: MATERIALS**
Waste and hazardous waste	RISE has a business which generates waste and hazardous waste.	This area is managed through chemical guidelines, the KLARA chemical management system and our waste management procedures. We separate waste and hazardous waste, and replace hazardous chemicals with less hazardous ones (substitution).	Statistics from waste contractors and the chemical management system are used for follow-up.	**GRI 306: EFFLUENTS AND WASTE**

Area/aspect	Significance for RISE	Management	Follow-up	GRI standard
Requirements on suppliers	We have extensive opportunity to influence our total environmental impact through our purchases.	We control our purchases with the help of our Environmental Policy, Purchasing Policy and purchasing process. Our sustainability requirements for all types of purchasing are governed by our developed requirements model. RISE complies with the Public Procurement Act in purchasing.	The number of procurements where requirements are set is followed up.	**GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT, GRI 414: SUPPLIER SOCIAL ASSESSMENT**
Professionalism	To be able to conduct sustainable operations, sound finances are required.	Financial routines, budget. The Code of Conduct, including our values, are the documents and methods we use to ensure professional conduct. By establishing financial objectives and follow-up these, RISE controls its financial and economic work.	The finances are continuously monitored.	**GRI 201: ECONOMIC PERFORMANCE**
Sustainable lifestyles	It is important for RISE to be able to offer its employees sustainable lifestyle choices and opportunities for a healthy work-life balance.	RISE helps employees to make sustainable choices through, for example, the possibility of holding travel-free meetings, access to charging posts and company bikes, and offering vegetarian and vegan options at meetings and events. The Joint Fund and the Sustainability Fund offer employees funding for activities with a focus on well-being and sustainability.	Measurement of job satisfaction, etc. is monitored via the labour market party collaboration forum. The distribution of financial resources from our funds is continuously monitored.	**GRI 305: EMISSIONS, GRI 306: EFFLUENTS AND WASTE**
Skills development	In order to maintain and also increase expertise within RISE, continuous education and training is needed.	This area is managed through the strategic competence plan, performance management, employee performance reviews, etc.	Implementation of employee performance reviews and labour market party collaboration forums	**GRI 404: TRAINING AND EDUCATION**
Business travel	Business travel is one of the major sources of our climate impact.	Our travel guidelines help our employees to choose more sustainable means of business travel wherever possible. We also impose strict demands on our travel providers.	RISE monitors its carbon footprint from rail, air and car travel according to the Greenhouse Gas Protocol.	**GRI 305: EMISSIONS**

GRI – Index 2019

GRI standard	Description	Page	Comments
GRI 102: General information 2016			
Organisation			
102-1	Name of the organisation	46	
102-2	The organisation's most important activities, brands, products and services	8-10	
102-3	Location of headquarters	59	
102-4	Location of operations	24	
102-5	Ownership and legal form	46	
102-6	Markets served	6, 8-10	
102-7	Scale of the organisation	8, 46, 91	
102-8	Information on employees	36	The information is not fully available. The information that is missing regards associated regional distribution.
102-9	Supply chain	30	
102-10	Significant changes in the organisation and its supply chain	2, 30, 46-47	
102-11	Precautionary principle or approach	21, 51-53	
102-12	External initiatives	30-31	
102-13	Membership of associations	30	
Strategy			
102-14	Statement from senior decision-maker	3-4, 12	
Ethics and independence			
102-16	Values, principles, standards and norms of behaviour	29-30, 35-36	
Governance			
102-18	Governance structure	13-21	
Stakeholder engagement			
102-40	List of stakeholder groups	25-26	
102-41	Collective bargaining agreements	37	
102-42	Identifying and selecting stakeholders	25	
102-43	Approach to stakeholder involvement	25-27	
102-44	Key topics and concerns raised	26, 39-40	
Reporting			
102-45	Entities included in the consolidated financial statements	46, 91	
102-46	Defining report content and topic boundaries	23-24	
102-47	List of material topics	39-40	
102-48	Restatements of information	33-34	
102-49	Changes in reporting	24	
102-50	Reporting period	24	
102-51	Date of most recent report	23	
102-52	Reporting cycle	24	
102-53	Contact point for questions regarding the report	24	
102-54	Reporting level	23	
102-55	GRI content index	41-43	
102-56	External assurance	44	

GRI standard	Description	Page	Comments
GRI 103: Governance 2016			
Management of key sustainability issues			
103-1	Explanation of the material topics and their boundaries	39-40	
103-2	The management approach and its components	29-31, 39-40,	
103-3	Evaluation of the management approach	29-31, 39-40	
GRI 201: Economic performance 2016 (See Handling of important sustainability issues for sustainability management)			
Economic performance			
201-1	Direct economic value generated and distributed	38	
201-4	Financial assistance received from government	38	
GRI 302: Energy 2016 (See Handling of important sustainability issues for sustainability management)			
Energy			
302-1	Energy consumption in the organisation by energy source	34	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.
GRI 305: Emissions 2016 (See Handling of important sustainability issues for sustainability management)			
Emissions (Environment)			
305-2	Energy indirect greenhouse gas emissions	34	
305-3	Indirect greenhouse gas emissions	33	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	34	
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	30	
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	30	
GRI 401: Employment 2016 (See Handling of important sustainability issues for sustainability management)			
Employment			
401-1	Permanent employees and employee turnover	35-36	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	35	Figures pertain to parental leave of more than one month.
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	35	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	37	The figures refer to all types of employees at RISE who are covered by the report. Gender breakdown has not been reported.
403-3	Occupational health services	37	
403-4	Worker participation, consultation, and communication on occupational health and safety	37	
403-5	Worker training on occupational health and safety	37	
403-6	Promotion of worker health	37	
403-7	Our employees' work environment at customers and collaborative partners	30	
403-9	Work-related injuries	37	Reported "AJ!" with some kind of injury to the person regardless of whether the injury is minor or serious and whether it led to sick leave or not. Travel accidents are included in the total and reported separately.
403-10	Work-related illness	37	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	37	
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	36	All forms of employment are included.
405-2	Ratio of basic salary and remuneration of women to men	36	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	36	
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	30	
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	30	
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	30	

Board of Directors' assurance

We confirm, to the best of our knowledge, that the statutory sustainability statement has been prepared in accordance with the guidelines of the GRI Global Reporting Initiatives, 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, 31 March 2020

The Board of Directors of RISE Research Institutes of Sweden AB

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

To 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's Sustainability Report 2019. The company has defined the sustainability report, which is also the statutory sustainability report, on page 23 in this document.

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 23 of the sustainability report, and comprise the parts of the Sustainability Reporting Guidelines published by the Global Reporting Initiative (GRI) that 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 procedures 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 company 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 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, 31 March 2020
KPMG AB

Ingrid Hornberg Román Authorised Public Accountant	Torbjörn Westman Specialist Member of FAR

Annual Report and Consolidated Financial Statements 2019

RISE RESEARCH INSTITUTES OF SWEDEN AB

Corp. ID no. 556464-6874

The Annual Report comprises

Administration Report 2019

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 2019 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 consists of the Parent Company RISE AB and several wholly owned and part-owned subsidiaries. For share of ownership in subsidiaries and subgroups, also see Note 13 - shares in Group companies on page 91.

The research institutes in the RISE Group are commercial, for-profit research and innovation entities, with projects that are primarily competitively won. 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.

OVERVIEW OF PERFORMANCE AND FINANCIAL POSITION

Group

Sales and profit 2019

The Group's net sales for the period January - December amounted to SEK 3,568 (3,066) million, an increase of 16 per cent compared to the previous year. Adjusted from acquisitions, the increase is 5 per cent and all divisions have experienced growth.

Operating profit amounted to SEK 63 (34) million. A supplemental purchase price for the sale of subsidiaries in 2008 and the sale of shares in associates had a positive impact of SEK 20 million on other revenue. Shares of profit of associates amounted to SEK 1 (-10) million. The introduction of the new IFRS 16 standard on accounting for leases had a positive impact on operating profit of SEK 6 million.

Net financial items for the period amounted to SEK -9 (-9) million. The introduction of IFRS 16 had a negative impact on net financial items of SEK 14 million. Tax on profit for the period was SEK -7 (-14) million. The profit for the period amounted to SEK 47 (11) million. The net effect on profit for the period ascribable to IFRS 16 was SEK -6 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 650 (720) million. Equity amounted to SEK 1,041 (991) million, with the Group's cash flow amounting to SEK -71 (199) million.

Multi-year review	2019	2018	2017	2016	2015
Net sales, SEK m	3,568	3,066	2,696	2,470	2,107
Operating profit, SEK m	63	34	14	57	40
Profit after financial items, SEK m	54	25	27	59	38
Net profit for the year, SEK m	47	11	27	52	30
Equity, SEK m	1,041	991	980	962	957
Total assets, SEK m	3,749	3,064	2,518	2,570	2,119
Number of FTEs	2,662	2,236	2,041	2,014	1,745
Equity/assets ratio, % IAS 17	35	32	39	37	45
Equity/assets ratio, % IFRS 16	28	-	-	-	-
Return on equity, %	4.6	1.1	2.8	5.4	3.2
Liquid ratio, %	65	77	83	91	101
Operating margin, % IAS 17	1.6	1.1	0.5	2.3	1.9
Operating margin, % IFRS 16	1.8	-	-	-	-

The calculation and explanation of key performance indicators is shown under alternative key performance indicators on page 101.

Investments

The Group's total cash flow from investing activities amounted to SEK -205 (-12) million, which includes investments in property, plant and equipment and intangible assets of SEK 173 (120) million and SEK 37 (25) million, respectively.

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.

Employment
The number of FTEs was 2,662 (2,236), of which 39 per cent (37) was 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 2,443 (1,949) million, and there was an operating loss of SEK 15 (6) million. Profit after financial items amounted to SEK -30 (-7) million for the period, which includes impairment of shares in subsidiaries of SEK -35 million. Tax on profit for the period was SEK 0 (0) million. Net profit for the period amounted to SEK -39 (-15) million.

Transfer of operations of Group companies to RISE AB took place on 1 September 2018. The transfers impacted net sales by SEK 372 million and operating profit by SEK 1 million compared with the previous year.

As of the closing date, cash, bank balances and short-term investments amounted to SEK 231 (149) million. Cash flow in the Parent Company amounted to SEK 82 (60) million. Equity as at the closing date was SEK 449 (488) million.

OTHER INFORMATION REGARDING THE OPERATIONS

Significant events during the year
AstaZero, owned by RISE and Chalmers, became one of eight test facilities in the world to be accredited by Euro NCAP to perform vehicle tests.

Four RISE researchers and their projects were ranked on IVA's new top 100 list of research projects with strong industry potential: Rebecca Steinert for her work on a new framework for the mobile 5G network, Johan Wiklund for smart quality control of liquids, Jan Wipenmyr for intelligent clothing for people with neurological disorders, and Göran Gustafsson for digital cellulose.

The final conference was held for the BioLi2.0 bioinnovation project. The project, which was coordinated by RISE, has succeeded in refining lignin from forestry waste into an oleaginous substance that can be used as a fuel for both biopetrol and biodiesel. Domsjö Fabriker is conducting a project with RISE in which lignin is used as a dispersant in concrete production.

The Structural Fund Partnership Mellersta Norrland granted funding for the project "Innovationsplattform Bioraffinaderi" (Biorefinery Innovation Platform). The project has a duration of three years and a budget of SEK 35 million, and its purpose is to increase the number of new ideas developed within the value chains of biorefineries for SMEs.

RISE has been contracted by the German Federal Institute for Materials Research and Testing (Bundesanstalt für Materialforschung und -prüfung) to carry out a large number of tests and comparative tests for the purpose of evaluating test methods to be used in market surveillance for ecodesign and energy labelling regulations.

The Mistra research foundation has granted SEK 70 million to the research programme SafeChem, which aims to reduce exposure to hazardous chemicals. RISE is involved in the project together with five other institutes and seats of learning.

RISE and Ericsson have concluded a partnership agreement for stronger research collaboration in strategically important areas.

At RISE's AGM on 25 April2019, Elena Fersman was elected as a new member of the Board of Directors, replacing Sara Mazur.

A new collaboration agreement was concluded in Espoo, Finland between Sweden's RISE and Finland's VTT.

RISE and Stockholm University have entered into a framework agreement with the aim of strengthening their position in research and innovation.

RISE and Chalmers University of Technology have entered into a framework agreement regarding research, development and innovation.

RISE has concluded a collaboration agreement with Luleå University of Technology (LTU).

On 23 October 2019, RISE acquired 60 per cent of the shares in MoRe Research.

In December, the European Commission decided to approve Sweden's application for funding for the construction of the electromobility lab SEEL, which is owned by RISE and Chalmers.

Company definition
RISE gathers all its competences and expertise in six divisions working across borders in business and innovation areas.

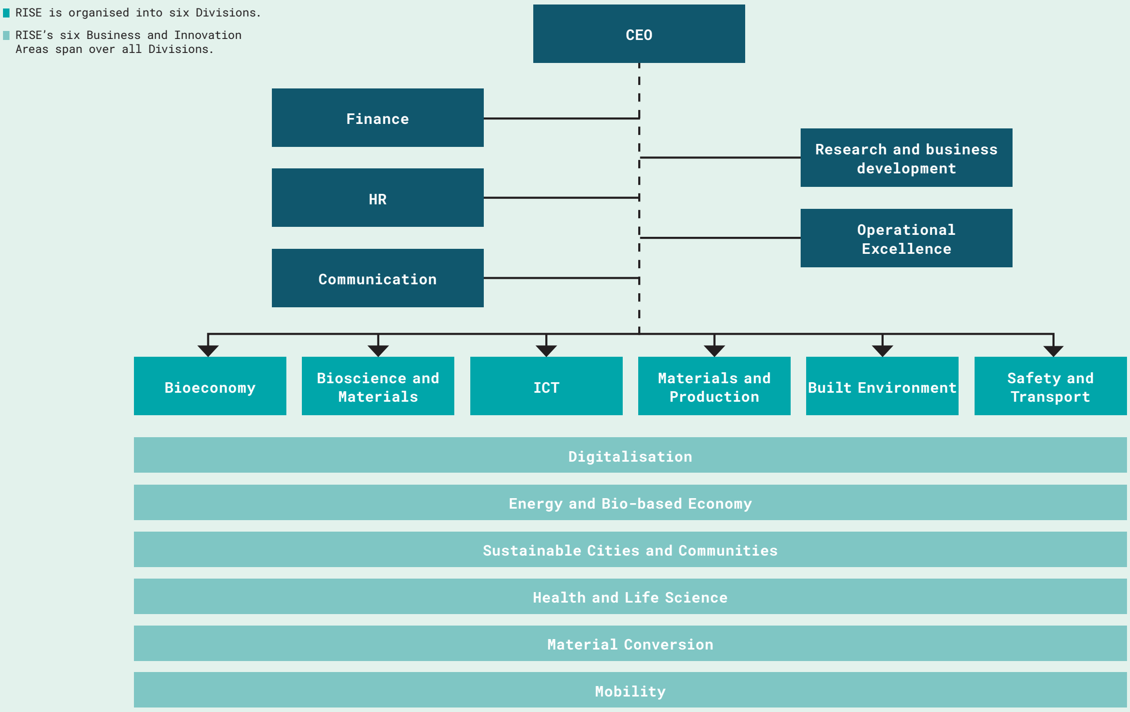
On 1 January 2020, RISE introduced a new organisation with five divisions. For more information see Note 38 - events after the closing date on page 80.

Bioeconomy Division
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. The division works throughout the value chain, from raw materials to processed bio-based materials, fuels and packaging. Testbeds with industrial pilot and demonstration facilities are important to the upscaling of processes for future biorefineries.

Bioscience and Materials Division
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.

RISE ORGANISATION AND DIVISIONS

RISE organisation



ICT Division
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, cybersecurity, visualisation, interaction design, fibre optics, sustainable transport and circular business models.

Materials and Production Division
The Materials and Production Division supports 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. The division's knowledge and testbeds help improve the performance and reliability of products and manufacturing processes throughout the value chain.

Built Environment Division
One of our major shared challenges is building tomorrow's sustainable society. By combining a holistic approach with cutting-edge expertise, the 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. The Division also conducts certification operations.

Safety and Transport Division
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.

External environment analysis
How we describe the future begins and ends with the same paradox: the same global trends that suggest a dark and difficult future awaits us – despite the progress made in recent decades – also point to new opportunities and choices leading to a much more hopeful future. 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. Here RISE plays an increasingly important role in thefuture development of society.

In the wake of digitalisation, the pace of change has increased. Information flows at such a rapid pace that we don't even have the ability to tell the difference between real information and fake news. Politics is changing in many countries and with it the perception of what is and isn't good for a nation. Serious climate effects are being seen, with consequences such as extreme weather. In connection with all these current changes, it is crucial that we are able to feel secure and confident about the future. We need to review our preparedness for direct security and survival considerations, while we also need to adapt to a new digital society.

As new technologies are established, the balance of power in the world is changing. Individuals are becoming stronger and have increasing opportunities to exert influence. Real changes in the climate are becoming increasingly noticeable in many countries. As a result, circular transformation is an increasingly high-priority issue. Sustainability is going from being a necessary feature in annual reports and publicity materials, to becoming a governing factor. Companies that succeed in building an image and practical approach based on a genuine wish for sustainability will be increasingly favoured by consumers, both as employers and as suppliers, due to a stronger focus on pursuing a higher purpose and doing good.

In order for Swedish industry to remain competitive, it is crucial to successfully utilise new technologies and the opportunities offered by digitalisation. In order for Sweden to meet the climate goals of the Paris Agreement, all industries and all parts of society must become fossil-free. The capacity for renewal is crucial in order for the public sector to meet the demands for a high and equal level of prosperity throughout Sweden. The needs for skills provision and lifelong learning cannot be met by today's education system.

Research can help solve societal challenges if new knowledge is translated into new products and services in industry and the public sector. The transition in industry is interlinked with the transition in society, and both must be solved from a systemic perspective where various solutions in industry and the public sector interact with each other. Challenge-driven research and research institutes play a key role in this context.

As Sweden's research institute, RISE works to strengthen Swedish competitiveness and promote sustainable growth and innovation. By making excellence, research and innovation infrastructure available to industry, RISE contributes to meeting future needs and raises the value of the investments made by the Swedish State. It will continue to be crucial for the State to stimulate industry's investment in research and development going forward, to enable industry to deliver solutions to societal challenges. By actively promoting renewal within industry, RISE also strengthens renewal within the public sector, and vice versa.

Future prospects

RISE's 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. On 1 January 2020, RISE implemented an organisational change with the aim of further increasing our customer focus and cross-functional ability by combining RISE's resources. The new organisation will give us greater possibilities to work in areas such as systemic perspective, service development and business development. We are seeing a strong basic demand for our services, but the current situation with the COVID-19 pandemic makes the outlook for the next few years very difficult to assess.

Investment in strategic skills development

The funds received by the RISE Group from the Swedish Government for the full year 2019 amounted to SEK 747 (740) million, in accordance with Budget Bill 2018/19:1, Expenditure Area 24.

Of these funds, RISE's Board of Directors elected to allocate SEK 665 (641) million for strategic skills development (SK funds) through skills development projects, strategic initiatives and collaborative projects, and SEK 82 (99) million for operational funds for the Group's management function, operations development and structural development (structural and integration funds).

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 the structural development support is to stimulate continued structural measures and the integration of activities to promote a cohesive and efficient institutional sector. Government grants for strategic competence development include all companies in the RISE Group, including the former associate Swerea AB and present 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.

Equal opportunities 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 the Group's total number of FTEs, 39 (37) per cent are women, showing that further efforts must be made to achieve a more equal distribution between men and women. RISE AB's Board of Directors is comprised of 36 (36) per cent women. 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.

Through an in-depth stakeholder analysis, the RISE Group has defined its most important activities from a sustainability perspective and how its operations contribute to meeting the UN's Sustainable Development Goals.

We primarily contribute to five of the Development Goals: Goal 3 (Good health and well-being), Goal 7 (Affordable and clean energy), Goal 9 (Sustainable industry, innovation and infrastructure), Goal 11 (Sustainable cities and communities), Goal 12 (Responsible consumption and production). The other goals are categorised as investment goals or goals where we make a continuous contribution.

The aim of our sustainability work is to continuously work in two strategic sustainability areas:
Our offering is sustainable – We play an important role in the sustainable development efforts conducted by society and industry. Together with our stakeholders, we create innovations and offers to achieve a more sustainable society. We are an arena for social development and partnerships.

A sustainable RISE – We are a workplace focused on sustainability.. We are continuing to integrate sustainability into our operations and to show that sustainability is a success factor for a modern research institute. We are an attractive workplace where our employees thrive and can grow.

RISE's Board of Directors has adopted four sustainability objectives:
Attraction objective – By 2020, RISE will be one of the 20 most attractive employers in the category of engineering students, and among the top five in the category of young professionally active engineers.
Business objective – By 2020, one third of sales will be generated as a direct result of our sustainability efforts.
Responsibility objective – By 2020, 100 per cent of RISE's customer assignments will come with a Sustainability Declaration and be linked to one of the Sustainable Development Goals.
Climate objective – We will reduce our climate impact every year to become a climate-neutral organisation by 2025.

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 scope of the sustainability statement, which also relates to RISE's sustainability report, is stated on page 23.

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 2019.

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 2019.

Proposed appropriation of profits

The Board of Directors proposes that the available funds of SEK 340,363,220 be appropriated as follows:

Profit brought forward from the previous year:	SEK 379,114,667
Net profit/loss for the year:	SEK -38,751,447
Retained earnings at year end will be carried forward:	SEK 340,363,220

Equity attributable to owners of the Parent Company in the Group amounts to SEK 971 (932) million.

For further information regarding the Company's profit/loss and financial position, refer to the following statements of profit or loss and statements of financial position, with associated comments on the financial statements. All amounts have been rounded off to the nearest thousand, unless stated otherwise. Information in parentheses refers to the previous year.

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 of combined risk in the operations, together with good internal governance and control, is a prerequisite to achieving long-term success.

Following a thorough risk analysis of all parts of the business in 2018, a process for continuous follow-up of changes in the Group's significant risks was implemented in 2019. 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 analysed based on our ability to manage the risk, as well as on the main activities that we implement to manage the risk. In combination with the analysis, all risks are assessed based on their probability of occurring and their potential consequences. Below is a summary of the analysis.

Risk	Analysis	Management
Strategic risks	**Strategic risks are comprised of external 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's areas of operations with regard to current and future needs, which are based on active customer dialogue and systematic external environment analysis. In 2019, we continued developing and broadening our external environment analysis and integrating it into our daily operations.
INDIVIDUAL CUSTOMERS AND INDUSTRIES	Specific parts of RISE's operations have extensive exposure to individual large customers or individual industries, which entails both risks and opportunities.	In 2019, we worked actively on ensuring a positive and continuous dialogue with our key customers and developed several customer relationships into long-term partnerships. We have also continuously worked on marketing and investment in new talent and capacity to broaden our attractiveness in specific competencies and infrastructure.
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.	During 2019, we implemented an extensive organisational change and introduced a leadership that places strong emphasis on clarity of ownership with regard to our business and our project deliveries. Our implemented project model describes how we control our projects, which includes clear principles for the role distribution of the project's stakeholders. The leadership implementation is expected to further increase maturity for driving projects with regard to process and leadership as well as budgeting and financial follow-up.

Risk	Analysis	Management
Operational risks continued		
ATTRACTING TALENT	RISE's 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 2019, we persistently continued our efforts to highlight and strengthen RISE's employer brand. These efforts were successful. We continued to use an internal recruitment function to ensure efficiency and quality in the recruitment process, which has also contributed to developing RISE's attractiveness as an employer. Focused efforts are being implemented within specific areas of expertise, with good results.
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 with policies and guidelines.	In 2019, we continued the work of moving from many different brands to building one strong brand. We have continued efforts to establish a complete landscape of policies and guidelines to manage the business. A Group-wide management system, well integrated into the digital workplace, has been procured and is ready for implementation, which will support the development of knowledge and compliance with governing documents.
DATA SECURITY	Like every other company, RISE handles a large amount of data, most of which is handled digitally.	The IT function has established processes for proactive IT security, which are aimed at both preventing attacks on the IT infrastructure and minimising the impact of a potential attack. In 2019, more advanced forms of both monitoring and authentication were implemented to support modern mobile work procedures while maintaining cybersecurity.
PROTECTIVE SECURITY	Through the updated Protective Security Act, the scope of responsibility for Sweden's protective security linked to RISE's operations has increased.	The processes and responsibility for ensuring secure handling of RISE's confidential information and material have historically been managed by each relevant function and/or project. As part of the integration of RISE's operations, a more comprehensive effort began in 2019 to take a central approach to the management of the Group's protective security efforts. A Group-wide protective security analysis has been initiated, and central processes and control documents are being reviewed and supplemented as necessary. The work is carried out with the aim of addressing today's need for security protection, as well as tomorrow's challenges.
SUSTAINABILITY RISKS	Within the scope of RISE's 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 environmental risks.	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. The Group has an established Code of Conduct which, together with our ethics policy, provides guidelines on how we handle various issues, such as corruption.

Risk	Analysis	Management
Operational risks continued		
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.
NEW BUSINESS SYSTEM	The establishment of common processes and systems is an important cornerstone of the integration of Sweden's Research Institute. The move to a new, common business system involves risk regarding financial follow-up, as well as a risk of higher costs in the event of delays.	In 2019, preparations were carried out to implement the new ERP system. Through in-depth testing and verification of processes and custom functionality, based on a recognised standard solution, adequate processes are ensured. The system will be rolled out gradually during 2020 to allow for a reliable transition.
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 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's 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's role as an impartial partner, a leadership and culture of high moral standards regarding impartiality is maintained through training and continuous internal dialogue.
Financial risks	**Financial risks primarily entail exposure to risks regarding 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 major 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. Very large investments are carried out with customer guarantees, which significantly reduces the risk of long-term impact on profit/loss.
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's 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.

Consolidated Financial Statements

Consolidated statement of profit or loss

Amounts in kSEK	Note	2019	2018
Net sales	5.6	3,567,811	3,065,724
Other operating revenue	8	40,322	22,376
Other external expenses	10	-945,260	-932,591
Personnel costs	11	-2,311,838	-1,971,179
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	16,17,18	-288,416	-140,229
Other operating expenses	9	-78	-44
Share of profit of associates	19	738	-9,622
Operating profit	5.18	**63,279**	**34,435**
Financial revenue	12,13,18	10,105	3,955
Finance expenses	12,13,18	-19,125	-13,382
Financial items – net		*-9,020*	*-9,427*
Profit before tax		**54,259**	**25,008**
Income tax expense	14	-6,858	-13,628
Net profit for the year		**47,401**	**11,380**
Owners of the Parent Company		37,933	2,727
Non-controlling interests		9,468	8,653
Earnings per share*			
Earnings per share (SEK)	15	104	7
Average number of outstanding shares		364,000	364,000

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

Consolidated statement of comprehensive income

Amounts in kSEK	Note	2019	2018
Net profit for the year		**47,401**	**11,380**
Other comprehensive income			
Items that have been or that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		1,143	67
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net retirement benefit obligations	30	422	392
Deferred tax effect of net retirement benefit obligations	14	-90	-86
Other comprehensive income for the year		**1,475**	**373**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**48,876**	**11,753**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Parent company shareholders		39,447	3,092
Non-controlling interests		9,429	8,661

Consolidated statement of financial position

Amounts in kSEK	Note	31 Dec. 2019	31 Dec. 2018
ASSETS			
Non-current assets			
Intangible assets	*16*		
Capitalised development expenses		58,905	23,649
Patents and licences		10,420	11,190
Goodwill		28,541	31,432
Total intangible assets		*97,866*	*66,271*
Property, plant and equipment	*17*		
Land and buildings		547,994	532,465
Leasehold improvements		69,352	68,222
Equipment, tools, fixtures and fittings		435,562	438,132
Non-current assets under construction		7,911	1,558
Usufruct assets		706 234	-
Total property, plant and equipment		*1,767,053*	*1,040,377*
Financial assets			
Participations in associates	19	33,322	24,623
Other securities held as non-current assets	20.33	69,106	59,401
Deferred tax assets	14	7,776	3,432
Other long-term receivables	18,21,33	43,913	8,602
Total financial assets		*154,117*	*96,058*
Total non-current assets		**2,019,036**	**1,202,706**
Current assets			
Inventories	22	9,678	9,422
Accrued, uninvoiced revenue	23	503,752	485,205
Advance payments to suppliers		154	154
Trade receivables	24.33	414,134	450,572
Current tax assets		52,723	62,788
Other receivables	18,25,33	36,674	46,293
Prepaid expenses and accrued revenue	26.33	62,948	86,891
Cash and cash equivalents	27.33	649,589	720,414
Total current assets		**1,729,652**	**1,861,739**
TOTAL ASSETS		**3,748,688**	**3,064,445**

Amounts in kSEK	Note	31 Dec. 2019	31 Dec. 2018
EQUITY			
Equity attributable to owners of the *Parent Company*			
Share capital		36,400	36,400
Other paid-in capital		0	0
Reserves		1,465	283
Retained earnings including total net profit for the year		933,587	895,597
Total equity attributable to owners of the Parent Company		*971,452*	*932,280*
Non-controlling interests		69,828	58,696
TOTAL EQUITY	**28**	**1,041,280**	**990,976**
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	29	173,333	195,000
Non-current lease liabilities	18.33	578,099	-
Other liabilities		5,986	2,746
Deferred tax liabilities	14	47,075	47,330
Retirement benefit obligation	30	40,922	40,396
Other provisions		3,448	3,443
Total non-current liabilities		**848,863**	**288,915**
Current liabilities			
Liabilities to credit institutions	29.33	21,667	21,667
Current lease liabilities	18.33	145,290	
Invoiced unaccrued revenue		880,403	937,698
Trade payables	33	200,015	187,151
Current tax liabilities		8,380	12,162
Other liabilities	31.33	335,245	351,876
Accrued expenses and deferred revenue	32	267,545	274,000
Total current liabilities		**1,858,545**	**1,784,554**
TOTAL EQUITY AND LIABILITIES		**3,748,688**	**3,064,445**

Consolidated statement of equity

Amounts in kSEK	Note	Share capital	Other paid-in capital	Translation reserve	Retained earnings including net profit for the year	Total	Non-controlling interests	Total equity
		Attributable to the Parent Company's shareholders						
OPENING BALANCE AT 1 JANUARY 2018	**28**	**1,647**	**428,129**	**224**	**500,167**	**930,167**	**50,044**	**980,211**
New application of IFRS 9					**-979**	**-979**		**-979**
Adjusted equity at 1 January 2018		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								
Acquisitions of participating interest from non-controlling interests						0	200	200
Acquisition of partly owned subsidiaries, non-controlling interest						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**	**0**	**393,376**	**0**	**-9**	**-9**
CLOSING BALANCE AT 31 DECEMBER 2018	**28**	**36,400**	**0**	**283**	**895,597**	**932,280**	**58,696**	**990,976**
OPENING BALANCE AT 1 JANUARY 2019	**28**	**36,400**	**0**	**283**	**895,597**	**932,280**	**58,696**	**990,976**
Comprehensive income for the year								
Net profit for the year					37,933	37,933	9,468	47,401
Other comprehensive income for the year				1,182	332	1,514	-39	1,475
Comprehensive income for the year				**1,182**	**38,265**	**39,447**	**9,429**	**48,876**
Transactions with owners of the Group						**0**		**0**
Paid-in capital from non-controlling interests						0	1,428	1,428
Redistribution					-275	-275	275	0
Total transactions with owners of the Group		**0**	**0**	**0**	**-275**	**-275**	**1,703**	**1,428**
CLOSING BALANCE AT 31 DECEMBER 2019	**28**	**36,400**	**0**	**1,465**	**933,587**	**971,452**	**69,828**	**1,041,280**

Consolidated statement of cash flows

Amounts in kSEK	Note	2019	2018
Cash flows from operating activities			
Operating profit before financial items		63,279	34,435
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	16,17,18	288,416	140,229
Other non-cash items	37	-18,154	9,774
Interest received	12	1,237	3,606
Interest paid	12	-17,858	-5,117
Income taxes paid		-5,265	-20,890
Cash flows from operating activities before changes in working capital		**311,655**	**162,037**
Cash flows from changes in working capital			
Increase/decrease in operating receivables		39,212	-123,633
Increase/decrease in operating liabilities		-31,057	217,352
Total changes in working capital		**8,155**	**93,719**
Cash flows from operating activities		**319,810**	**255,756**
Cash flows from investing activities			
Payments for intangible assets	16	-36,718	-24,604
Payments for property, plant and equipment	17	-173,424	-120,075
Proceeds from disposal of property, plant and equipment		783	-
Investments in associates		-8,027	
Acquisitions of subsidiaries	7	-3,126	151,568
Sales of subsidiaries	7	13,500	-
Sales of associates	19	6,376	-
Increase/decrease in other financial assets		-3,985	-18,932
Cash flows from investing activities		**-204,621**	**-12,043**
Cash flows from financing activities			
Repayment of loans during the year	29	-22,426	-21,667
Repayment of liability from acquisitions		-44,620	-22,665
Repayment of lease liabilities		-118,968	-
Cash flows from financing activities		**-186,014**	**-44,332**
CASH FLOWS FOR THE YEAR		**-70,825**	**199,381**
Cash and cash equivalents at the beginning of the year	27	720,414	521,033
Cash and cash equivalents at the end of the year	27	649,589	720,414

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, 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 31 March 2020. The annual report will be presented for adoption at the annual general meeting of shareholders on 28 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 under the Parent Company's Note 1 - 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 started applying IFRS 16 "Leases" on 1 January 2019. The new standard replaces IAS 17 "Leases". Previously, the Group classified leases as operating or financial leases based on whether the lease transferred the significant risks and benefits that ownership of the underlying asset entails to the Group. According to IFRS 16, the Group recognises usufruct assets and lease liabilities for most leases, i.e. leases are included in the balance sheet, with the exceptions listed below.

In the income statement, depreciation and interest expenses are recognised instead of other external expenses. The cash flow statement is impacted to a similar degree and shows a higher cash flow from operating activities, as the majority of payments made regarding lease liabilities are classified at financing activities.

In the transition to IFRS 16, the Group chose to apply the simplified transition method and has therefore not restated the comparative figures.

At the time of the transition, the lease liabilities were valued at the present value of the remaining lease payments, discounted at the Group's marginal borrowing rate as of 1 January 2019. The usufruct asset was valued at an amount equivalent to the lease liability, adjusted for prepaid lease payments, and thus has had noimpact on equity.

The Group has chosen to apply the following practical solutions:

- Application of a single discount rate of 2% for all leases, since they have reasonably similar characteristics.
- Usufruct assets and lease liabilities have not been recognised for leases with a term that ends in 12 months or less (short-term leases).
- Retroactive assessment carried out when establishing the lease term as to whether the contract provides for the possibility of extending or terminating the lease.

On 1 January, the Group reported usufruct assets of SEK 762 million and lease liabilities of SEK 778 million. The difference between assets and liabilities is due to prepaid leasing payments existing before the transition, which were added to the usufruct assets, as well as to the reclassification of a sublease agreement from operating to financial leasing, which meant that on January 1, the Group reported SEK 45 million as a financial receivable instead of as a usufruct asset. On 31 December, the usufruct assets amounted to SEK 706 million and lease liabilities amounted to SEK 723 million. The new principles have resulted in an improved operating profit of SEK 6 million, as part of the leasing payments are reported as an interest expense. The higher interest expenses mean that profit for the year is SEK 6 million lower than if previous principles had continued to be applied. Since a proportion of the leasing fees under IFRS 16 constitute repayment, cash flow from operating activities improved while cash flow from financing activities deteriorated by SEK 119 million.

For more information on accounting principles and details, see Note 2.7 and Note 18.

As of 1 January 2019, the Group applies the interpretation IFRIC 23 "Uncertainty over income tax treatments". IFRIC 23 applies to income tax accounting where there is an uncertainty regarding the treatment of an item. This may concern, for example, the recognition of tax provisions or current tax assets when amounts are contested and a discussion is entered into with a tax body. The interpretation concerns four areas: whether uncertain cases should be dealt with together or individually, what can be assumed about the tax authority's review, how to take into account uncertainty regarding cancellation, and valuation. The application has not had a material impact on the Group.

The so-called reference rate reform is effective from 1 January 2020. It affects the standards IFRS 7, IFRS 9 and IAS 37. The change is an effect of reforms of reference rates that include future replacement of commonly used reference rates (e.g. STIBOR, EURIBOR, LIBOR) with alternative, risk-free reference rates. The change is not expected to have any material impact on the Group's financial reports.

The definition of a business has been amended in IFRS 3 "Business combinations". The amendment is effective from 1 January 2020. The purpose of the amendment is to clarify the definition of a business combination with the aim of making it easier for companies to analyse whether an acquisition constitutes a business combination or an acquisition of assets. The amendments introduce a voluntary concentration test that allows for a simplified assessment of whether an acquired set of activities and assets is an operating or asset acquisition.

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.

Note 2, continued

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 employment 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 Leases

The Group's leases mainly consist of rights of use for premises, vehicles and office equipment. When a contract is concluded, it is assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract transfers the right to determine for a certain period the use of an identified asset in exchange for compensation.

The Group recognises a usufruct asset and a leaseliability on the start date of the lease. The usufruct asset is initially valued at cost, consisting of the original value of the lease liability plus lease payments paid on or before the start date plus any initial direct expenses. The usufruct asset is then depreciated on a straight-line basis from the start date to the earlier of the end of the asset's useful life or the end of the lease term.

The lease liability is initially valued at the present value of future lease payments that have not been paid on the start date. Lease payments are primarily discounted at the implicit interest rate of the lease. If this interest rate cannot easily be determined, the Group's marginal borrowing rate is used.

The lease liability is valued at amortised cost using the effective interest method. The lease liability is revalued if future lease payments change as a result, inter alia, of changes in an index or price. When the lease liability is revalued in this way, a corresponding adjustment is made to the carrying amount of the usufruct asset.

The Group has chosen not to recognise usufruct assets and lease liabilities for leases that have a lease term of 12 months or less or underlying assets of low value. Lease payments for these leases are recognised as an expense on a straight-line basis over the lease period.

The Group has sublease agreements that are directly linked to a usufruct asset. The part classified as a leasing contract is recognised as a reduction in the relevant usufruct asset and non-current and current receivable. Payments are distributed between interest income and amortisation of the receivable. Income from the other part of the sublease agreement is recognised as other income evenly distributed over the lease period.

According to the previous standard IAS 17 "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) were expensed in the statement of profit or loss on a straight-line basis over the term of the lease.

The Group's leases regarding the rental of premises, vehicles and office equipment were classified as operating leases.

2.8 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.

2.9 Financial instruments

2.9.1 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.

2.9.2 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.

2.9.3 Cash and cash equivalents

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

2.9.4 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.

2.9.5 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 term 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.

2.9.6 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 2.9.1.

2.9.7 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.

2.10 Impairment of financial assets

2.10.1 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.

2.11 Inventories

Inventories are measured at the lower of cost and net realisable value. The acquisition 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.

2.12 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.

2.13 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.

2.14 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.

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.

2.15 Employee benefits

2.15.1 Short-term benefits

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

2.15.2 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.

2.15.3 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.

2.15.4 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.

2.16 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.

2.16.1 Grants

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

2.16.2 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 and 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).

2.16.3 Interest revenue

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

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 2019 and 2018, 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 counterpart risk, is the risk that the counterpart 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.

The model for calculating credit loss reserves is based on a basic model in which the credit risk associated with the changes is monitored in accordance with IFRS 9.

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 2019, the Group has cash and cash equivalents of kSEK 649,589 (720,414), 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 2019, the equity ratio was 28% (32), with comparable accounting principles the Group had reported a solvency ratio of 35%. Return on equity amounted to 4.6% (1.1).

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. 2019	Less than 3 months	Between 3 months and 1 years	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowings	5,715	17,095	22,661	89,319	65,596
Lease liabilities	36,609	110,469	140,590	307,013	177,407
Trade payables	200,015	-	-	-	-
Other liabilities	709,710	781,863	5,986	-	-

31 Dec. 2018	Less than 3 months	Between 3 months and 1 years	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowings	5,749	17,195	22,811	93,280	89,897
Trade payables	186,609	542	-	-	-
Other liabilities	747,401	850,002	2,746	-	-

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 2019, interest rates are expected to remain low or 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 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.

The segment information provided to Group management, referring to the segments for which information is to be provided, for the financial year 2019 is as follows:

Group	January-December 2019			January-December 2018		
Division	**Net sales**	**Operating profit**	**Operating margin, %**	**Net sales**	**Operating profit**	**Operating margin, %**
Bioeconomy	447,675	-6,988	-1.6%	425,776	6,235	1.5%
Bioscience and Materials	521,164	5,499	1.1%	453,461	-3,395	-0.7%
ICT	620,573	14,173	2.3%	600,631	5,524	0.9%
Materials and Production*	495,209	23,009	4.6%	135,306	12,405	9.2%
Built Environment	580,247	-6,546	-1.1%	556,168	13,494	2.4%
Safety and Transport	838,210	42,438	5.1%	802,438	36,864	4.6%
Total Divisions	**3,503,078**	**71,585**	**2.0%**	**2,973,780**	**71,127**	**2.4%**
Unallocated joint costs/eliminations	64,733	-9,044	-	91,944	-27,070	-
Share of profit of associates		738	-		-9,622	-
TOTAL GROUP	**3,567,811**	**63,279**	**1.8%**	**3,065,724**	**34,435**	**1.1%**

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

Note 6 Distribution of net sales

Net sales by type of revenue:

Group	2019	2018
Revenue from trade and industry	1,792,641	1,562,160
Public research funding bodies	868,786	677,363
SC funds (Strategic competence funds)	702,011	658,666
EU funds	204,370	167,535
GROUP TOTAL	**3,567,808**	**3,065,724**

Note 7 Business combinations and divestments

On 23 October 2019, RISE AB acquired 60% of the shares in MoRe Research Örnsköldsvik AB (MoRe). The company's operations are focused on research, analysis and industrial development for customers in the paper, biorefinery and pulp industries.

The purchase price amounted to kSEK 9,000, but due to an option that gives the minority shareholders the right to request the sale of the remaining shares, a liability to the minority shareholders of kSEK 4,000 was reported in conjunction with the acquisition. This also means that 100% of the company is consolidated in the Group. The acquisition gave rise to a surplus value of kSEK 85, which relates to the surplus value of property, plant and equipment.

MoRe was included in consolidated net sales for the fourth quarter in an amount of kSEK 9,844 and in profit before tax in an amount of kSEK 99. If the acquisition had occurred on 1 January 2019, it is estimated that the Group's revenues would have been SEK 3,601 million and the profit for the period would have been SEK 57 million for full-year 2019.

On 1 October 2018, RISE acquired the Swerea Group. Swerea AB was previously an associate, owned at 42.77%. 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 reflected human capital in the form of employee expertise.

Swerea was included in consolidated net sales for Q4 2018 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 was 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.

SEEL Swedish Electric Transport Laboratory AB was formed in 2018. RISE owns 60 per cent of the company, and the transferred compensation was kSEK 300. The cash flow effect was kSEK 200.

Group	2019	2018
Purchase price paid by fund offset	-	77,267
Debt to minority regarding option	4,000	-
Purchase price paid with cash and cash equivalents	9,000	60,344
Transferred compensation	**13,000**	**137,611**
Recognised amounts of identifiable assets and assumed liabilities		
Property, plant and equipment and intangible assets	3,028	77,070
Financial assets	-	68,039
Trade receivables and other receivables	12,409	175,442
Cash and cash equivalents	5,874	211,912
Non-current liabilities	-	-14,187
Trade payables and other liabilities	-8,396	-246,441
Total identifiable net assets	**12,915**	**271,835**
Fair value of previously owned participation	-	-145,502
Non-controlling interests	-	-200
Goodwill	-	11,478
Surplus value property, plant and equipment	85	-
Transferred compensation	**13,000**	**137,611**
Acquired cash and cash equivalents	5,874	211,912
Paid cash and cash equivalents	-9,000	-60,344
Cash flow effect upon acquisition	**-3,126**	**151,568**

In May 2008, Lignoboost AB was sold by RISE Innventia AB. Based on this divestment, RISE Innventia AB received a supplemental purchase price of kSEK 13,500 in 2019.

Note 8 Other operating revenue

Group	2019	2018
Rental revenue	3,702	4,312
Foreign exchange gains/losses on operating receivables	1,885	4,443
Group results sale of associated companies	6,255	-
Received additional purchase price	13,500	-
Other revenue	14,981	13,620
GROUP TOTAL	**40,322**	**22,376**

Note 9 Other operating expenses

Group	2019	2018
Other expenses	-78	-44
GROUP TOTAL	**-78**	**-44**

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	2019	2018
KPMG		
Audit engagement	4,576	4,158
Other auditing services	160	145
Tax advisory services	228	0
Other services	819	157
Other auditors		
Audit engagement	283	113
Other auditing services	252	35
Tax advisory services	16	0
Other services	790	1,628
GROUP TOTAL	**7,125**	**6,236**

Note 11 Employee benefits, etc.

Group	2019	2018
Salaries and other remuneration to the Board of Directors	1,492	1,485
Salaries and other remuneration to the CEO	3,953	3,599
Salaries and other remuneration to other senior executives	16,400	19,065
Salaries and other remuneration to other employees	1,502,728	1,274,704
Social security contributions	539,648	436,801
Retirement benefit costs for the Board of Directors and CEO	1,245	1,213
Retirement benefit costs for other senior executives	5,012	4,830
Retirement benefit costs for other employees	206,198	176,257
TOTAL	**2,276,676**	**1,917,954**

Average number of employees	2019	2018
Men	1,618	1,418
Women	1,044	818
TOTAL	**2,662**	**2,236**

Average number of employees by country	2019	2018
Sweden	2,570	2,172
Norway	50	54
France	42	10
TOTAL	**2,662**	**2,236**

Fees to the Board of Directors	2019	2018
Fees to the Board of Directors	1,492	1,485
Social security contributions	469	440
TOTAL	**1,961**	**1,925**

Subsidiaries	2019	2018
Of salaries and other remuneration in subsidiaries, amounts referring to CEOS	10,309	14,339
Boards of Directors	374	1,269
Retirement benefit costs for CEOs	2,393	3,001
TOTAL	**13,076**	**18,609**

Group	2019	2018
CEO salaries	14,262	17,938
Boards of Directors	1,866	2,754
Retirement benefit costs for CEOs	3,639	4,214
TOTAL	**19,767**	**24,906**

The Group's Boards of Directors are composed of 72 (79) members, of whom 69 (67) per cent are men. The Group has 9 (11) employees designated as senior executives, of whom 44 (55) per cent are men. The Parent Company's Board of Directors is composed of 11 (11) members, of whom 64 (64) 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

	Salary, Committee and Board fees	
Name	2019	2018
Jan Wäreby	374	365
Sven Wird	177	175
Anna Hultin Stigenberg	-	49
Anna-Karin Stenberg	207	205
Elena Fersman	134	-
Fredrik Winberg,	172	195
Klas Bendik	177	146
Sara Mazur	44	131
Marie Westrin	-	44
Torbjörn Holmström	177	175
Hanna Lagercrantz*	-	-
Linda Ikatti**	-	-
Magnus Naesman**	-	-
Ulf Nordberg**	-	-
TOTAL	**1,492**	**1,485**

* No remuneration is payable to employees of the Swedish Government Offices.

** No remuneration is payable to employee representatives.

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

Note 11, continued

Remuneration and other benefits 2019 – Senior executives

Name	Position	Period*	Payroll expenses	Other benefits	Retirement benefit costs	Total
Pia Sandvik	CEO	January-December	3,953	-	1,245	5,198
John Rune Nielsen	Director of Research and Business Development	January-December	1,792	1	504	2,297
Johanna Flanke	Director of Human Resources	January-December	1,521	1	512	2,034
Jonas Fogelberg	Former CFO	February-December	1,392	-	409	1,801
Yvonne Nässtrröm	Chief Communications Officer	January-December	1,377	7	423	1,807
Ola Dawidson	Head of Strategy and Operational Excellence	January-December	1,378	1	578	1,957
Marco Lucisano	Head of Division – Bioeconomy, Acting Head of Division – Built Environment	January-December	1,712	-	527	2,239
Pernilla Walkenström	Head of Division Life Sciences and Materials, Acting Division Manager Materials and Production	January-December	1,686	22	612	2,320
Charlotte Karlsson	Head of Division – ICT	January-December	1,720	-	536	2,256
Fredrik Holst	Former Head of Division – Built Environment	January-December	1,864	35	564	2,463
Paul-Halle Zahl Pedersen	Head of Division – Safety and Transport	May-December	1 205	12	128	1,345
Pether Wallin	Former Head of Division – Materials and Production	January-February	286	-	100	386
Peter Janevik	Former Head of Division – Safety and Transport	January-April	387	1	119	507
TOTAL			**20,273**	**80**	**6,257**	**26,610**

* Period, salary, other benefits and retirement benefit costs correspond with period of service in the RISE Group.
In addition to the year's remuneration, provision was made for additional remuneration in 2020 for Jonas Fogelberg and Fredrik Holst amounting to kSEK 1,666.

Remuneration and other benefits 2018 – Senior executives

Name	Position	Period*	Payroll expenses	Other benefits	Retirement benefit costs	Total
Pia Sandvik	CEO	January-December	3,599	-	1,213	4,812
John Rune Nielsen	Director of Research and Business Development	January-December	1,714	-	448	2,162
Margaret Simonson McNamee	Former CTO	January-December	1,342	-	555	1,897
Johanna Flanke	Director of Human Resources	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 Head of Division Bioeconomy	January-December	2,799	47	543	3,389
Marco Lucisano	Head of Division – Bioeconomy	August-December	607	-	112	719
Pernilla Walkenström	Head of Division – Bioscience and Materials	January-December	1,715	-	522	2,237
Charlotte Karlsson	Head of Division – ICT	April-December	1,246	-	272	1,518
Pether Wallin	Head of Division – Materials and Production	January-December	1,725	-	595	2,320
Fredrik Holst	Head of Division – Built Environment, Acting CFO	January-December	1,932	-	443	2,375
Peter Janevik	Acting Head of Division – Safety and Transport	October–December	316	-	103	419
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 for Margaret Simonson McNamee, Synnöve Helander and Birgitta
Sundblad in an amount of kSEK 2,251.

Note 11, continued

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

Name	Position	Retirement age	Period of notice (employee/company)	Severance pay
Pia Sandvik	CEO	65	6/6	18
John Rune Nielsen	Director of Research and Business Development	67	6/6	-
Johanna Flanke	Director of Human Resources	67	6/6	-
Yvonne Näsström	Chief Communications Officer	67	6/6	-
Ola Dawidson	Head of Strategy and Operational Excellence	67	6/6	-
Marco Luciano	Head of Division Bioeconomy, Acting Head of Division – Built Environment	67	6/6	-
Pernilla Walkenström	Head of Division – Bioscience and Materials, Acting Head of Division – Materials and Production	67	6/6	-
Charlotte Karlsson	Head of Division – ICT	67	6/6	-
Paul-Halle Zahl Pedersen	Head of Division – Safety and Transport	67	6/6	-

Note 12 Financial revenue and expenses

Group	2019	2018
Financial revenue:		
Interest revenue on bank balances	797	935
Interest revenue on short-term investments at fair value through profit or loss	645	10
Profit on sales of short-term investments at fair value through profit or loss	0	-
Net change in value of financial assets valued at fair value through the income statement	4,606	-
Dividends	7	141
Foreign exchange gains/losses	2,960	2,869
Other financial income	1,090	-
Financial revenue	**10,105**	**3,955**
Finance expenses:		
Interest expenses on retirement benefit liability	-1,628	-908
Other interest expenses	-17,116	-1,586
Foreign exchange gains/losses	-226	-426
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
Other financial expenses	-154	-
Finance expenses	**-19,125**	**-13,382**
FINANCIAL ITEMS GROUP - NET	**-9,020**	**-9,427**

Note 13 Foreign exchange gains/losses

Group	2019	2018
Other operating revenue	1,885	4,446
Other operating expenses	-	-3,313
Financial revenue	3,016	2,869
Finance expenses	-282	-426
TOTAL FOREIGN EXCHANGE GAINS/LOSSES	**4,619**	**3,576**

Note 14 Taxes

Group	2019	2018
Deferred tax expense on temporary differences	2,706	-4,929
Miscellaneous	-	34
Total deferred tax in the statement of profit or loss	**2,706**	**-4,895**
Current tax	-9,564	-8,733
TOTAL INCOME TAX	**-6,858**	**-13,628**

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

Group	2019	2018
Profit before tax	**54,259**	**25,008**
Income tax according to applicable tax rate for the Group 21.4% (22%)	11,611	5,502
Tax effect of following items		
Non-taxable revenue	-4,821	-137
Non-deductible expenses	3,518	7,730
Incremental taxable revenue	-	245
Increase in deficit without corresponding activation of deferred tax	1,711	-
Utilised loss carry-forwards that have not previously been activated	-1,975	-692
Effect of change in tax rate	-1,520	-
Adjustments referring to previous years	-1,042	-45
Miscellaneous	-624	1,025
TOTAL TAX EXPENSE	**6,858**	**13,628**

Deferred tax assets and liabilities are distributed as follows:

Group	2019	2018
Deferred tax assets which will be utilised after more than 12 months		
Opening carrying amount	3,432	4,027
Acquired balances	-	202
Reclassifications	1,870	-
Change for the year	2,474	-797
Total deferred tax assets	**7,776**	**3,432**
Deferred tax liabilities which will be utilised after more than 12 months		
Opening carrying amount	47,330	36,220
Acquired balances	-	6,927
Change for the year	-255	4,183
Total deferred tax liabilities	**47,075**	**47,330**
DEFERRED TAX LIABILITIES – NET	**39,299**	**43,898**

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

Group	2019	2018
Deferred tax assets		
Non-current assets	2,864	980
Current assets	155	94
Current liabilities	300	365
Retirement benefit obligation	498	829
Loss carry-forwards	3,959	1,164
Total deferred tax assets	**7,776**	**3,432**
Deferred tax liabilities		
Non-current assets	15,736	16,361
Retirement benefit obligation	116	-
Untaxed reserves	31,223	30,969
TOTAL DEFERRED TAX LIABILITIES	**47,075**	**47,330**

The Group has accumulated loss carry-forwards amounting to kSEK 74,388 (61,450). None of the tax-loss carry-forwards have an expiration date. For kSEK 55,747 (56,008) 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 18,641 (5,442), 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 0 (7,845).

Note 15 Earnings per share

Group	2019	2018
Earnings attributable to owners of the Parent Company	37,933	2,727
Average number of outstanding shares	364,000	364,000
EARNINGS PER SHARE	**104**	**7**

Note 16 Intangible assets

Group	Capitalised development expenses	Patents and other rights	Goodwill	Total
Financial year 2018				
Opening carrying amount	1,908	6,878	19,954	28,740
Via acquisitions of subsidiaries	-	4,253	11,478	15,731
Purchasing	23,554	1,049	-	24,603
Sales and disposals	-	-	-	0
Reclassifications	-	-	-	0
Depreciation	-1,813	-990	-	-2,803
Closing carrying amount	**23,649**	**11,190**	**31,432**	**66,271**
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**
Financial year 2019				
Opening carrying amount	23,649	11,190	31,432	66,271
Via acquisitions of subsidiaries	-	-	-	0
Purchasing	35,399	1,320	-	36,719
Sales and disposals	-	-	-	0
Reclassifications	-	-	-	0
Depreciation	-140	-2,090	-	-2,230
Impairment losses	-	-	-2,891	-2,891
Translation differences	-3	-	-	-3
Closing carrying amount	**58,905**	**10,420**	**28,541**	**97,866**
Per 31 December 2019				
Cost	61,461	18,622	31,432	111,514
Accumulated depreciation	-2,556	-8,202	-	-10,758
Accumulated impairment	-	-	-2,891	-2,890
Carrying amount	**58,905**	**10,420**	**28,541**	**97,866**

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.

Goodwill regarding RISE Fire Research AS has been written down in full at kSEK 2,891.

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	2019	2018
Owned property, plant and equipment	1,060,819	1,040,377
Leased property, plant and equipment	706,234	-
TOTAL	**1,767,053**	**1,040,377**

The Group's property, plant and equipment consists of both owned and leased assets.

For information on leased property, plant and equipment that constitute usufruct assets, see Note 18.

Group	Land and buildings, including land improvements	Leasehold improvements	Equipment, tools, fixtures and fittings	Non-current assets under construction	Total
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
Purchasing	3,518	3,623	107,144	6,379	120,664
Reclassifications	59,638	8,014	6,966	-74,618	0
Sale/disposal	-	-	0	-	0
Immediate write-off against grants	-	-	-589	-	-589
Depreciation	-26,615	-1,945	-108,866	-	-137,426
Impairment losses	-	-	-	-	0
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	0	-1,624,479
Accumulated impairment	-21,000	-	-	-	-21,000
Carrying amount	**532,465**	**68,222**	**438,132**	**1,558**	**1,040,377**
Financial year 2019					
Opening carrying amount	532,465	68,222	438,132	1,558	1,040,377
Via acquisitions of subsidiaries	-	-	3,113	-	3,113
Purchasing	39,432	18	127,478	6,495	173,424
Reclassifications	3,997	7,207	-11,061	-143	-1
Sale/disposal	-	-	-262	1	-261
Immediate write-off against grants	-	-	-	-	0
Depreciation	-28,049	-6,095	-122,247		-156,391
Impairment losses	-	-	-	-	0
Translation differences	149	-	409	-	558
Closing carrying amount	**547,994**	**69,352**	**435,562**	**7,911**	**1,060,819**
Per 31 December 2019					
Cost	803,311	106,010	1,986,460	7,911	2,903,692
Accumulated depreciation	-234,317	-36,658	-1,550,898	-	-1,821,873
Accumulated impairment	-21,000	-	-	-	-21,000
Carrying amount	**547,994**	**69,352**	**435,562**	**7,911**	**1,060,819**

Note 18 Usufruct assets and leasing obligations

As of 1 January 2019, the Group applies IFRS 16. The Group chose to apply the simplified transition method, which means that the comparative figures have not been recalculated.

For more information on the transition and applied accounting policies, see Note 2.1 for information on the transition and Note 2.7 Leasing for applied accounting policies.

A lease for rent of premises is partly released to an external party. This gives rise to the recognition of a long and short other receivable in the Group's balance sheet, which is also presented below.

Assets with usufruct rights, Group	2019	1 January 2019
Buildings	705,709	760,967
Equipment, tools, fixtures and fittings	525	1,050
TOTAL	**706,234**	**762,017**
Other receivables, Group		
Current	6,339	6,239
Non-current	34,090	39,001
TOTAL	**40,429**	**45,240**
Maturity undiscounted other receivables, Group		
1 year	6,317	
2 years	6,317	
3 years	6,317	
4 years	6,317	
5 years	6,317	
Longer than 5 years	11,055	
TOTAL	**42,640**	
Lease liabilities, Group		
Current	145,290	134,336
Non-current	578,099	643,420
TOTAL	**723,389**	**777,756**
Maturity of undiscounted lease liabilities, Group		
1 year	147,078	
2 years	140,590	
3 years	130,320	
4 years	100,449	
5 years	76,244	
Longer than 5 years	177,407	
TOTAL	**772,088**	

In 2019, there were additional rights of use amounting to kSEK 71,122, of which kSEK 38,648 relates to new leases, kSEK 14,650relates to changes in the terms of extension options and index enumerations of existing contracts of kSEK 17,824.

The lease period varies between leases, and on most contracts there are options to extend the contracts, often between 3 and 36 months. Assumptions that options are likely to be exercised have been made on a number of contracts, and assumptions have been made on contracts totalling kSEK 128,670.

Reported amounts linked to leases in the income statement

Depreciation of rights of use, Group	2019	2018
Buildings	-126,380	E/T
Equipment, tools, fixtures and fittings	-525	E/T
TOTAL	**-126,905**	**E/T**
Other items impacting earnings, Group		
Interest income, subleases	866	E/T
Interest expense on lease liabilities	-14,208	E/T
Expenses attributable to short-term leasing, variable lease payments that are not included in the lease liability and assets of lesser value	-12,957	E/T

The total cash flow related to leases in 2019 amounts to kSEK 152,450.

At the end of the financial year 2018, the Group reported the following leasing commitments under the old IAS 17 standard.

Group	2019	2018
Within 1 year	E/T	168,550
Between 1 and 5 years	E/T	394,285
Later than 5 years	E/T	154,284
TOTAL	**E/T**	**717,119**
Lease fees charged to expenses for the year	E/T	135,755

Valuation of initial leasing liability, Group	1 January 2019
Operating leasing commitments as of 31 December 2018 as reported in the Annual Report	717,119
Less short-term leasing/lesser value	-11,339
TOTAL	**705,780**
Plus reasonably safe extension periods	161,158
Prepaid lease payments	-31,081
Discounting	-58,101
LEASE LIABILITY 1 JANUARY 2019	**777,756**

In addition to the changes described above, the Group's prepaid expenses also decreased by kSEK 29,502 as of 1 January 2019, as they are included in the value of the usufruct assets.

The usufruct asset was valued at an amount equivalent to the lease liability, adjusted for prepaid lease payments, and thus had no impact on equity.

Note 19 Participations in associates

Group	2019	2018
Per 1 January	**24,623**	**155,937**
Acquisitions of associates	8,027	23,809
Sales of associates	-66	-155,741
Share of profit	738	618
PER 31 DECEMBER	**33,322**	**24,623**

Group

Name	Corporate Identity Number	Registered office	Share of equity	Number of shares	Carrying amount 2019	Carrying amount 2018
Swerim AB	556585-4725	Stockholm	20.0%	40,000	24,981	24,243
Ascatron AB	556860-3699	Stockholm	24.6%	67,010	8,039	12
Vasasensor AB	556550-0541	Stockholm	20.1%	36,008	-	-
Fans of X AB (formerly Locusense AB)	556948-1160	Stockholm	34.0%	170,000	17	17
Digiwall Technology AB	556681-9990	PITEÅ	37.0%	490	-	49
Interspectral AB	556980-5186	Norrköping	11.0%	325	6	13
Prindit AB	559029-3865	Västerås	30.0%	1,500,000	14	14
DP Pattering AB	556320-4139	Norrköping	17.0%	1,096	201	201
Rocan System AB	556731-8810	Hallstahammar	30.0%	425	53	53
Incipientus Ultrasound Flow Technologies AB	559126-1002	Gothenburg	15.5%	232	11	21
TOTAL					**33,322**	**24,623**

The share in Swerim AB's revenues amounts to kSEK 56,416 (32,743), the share of assets to kSEK 45,976 (51,015) and the share of liabilities of kSEK 22,770 (26,158). Other holdings are deemed to be immaterial.

All holdings are unlisted.
During the year, shares in Incipientus Ultrasound Flow Technologies AB and Interspectral AB were sold for a total purchase price of kSEK 6,376.

Note 20 Other securities held as non-current assets

Group	2019	2018
Financial investments that are non-current assets		
Interest-bearing securities - at fair value through profit or loss	68,472	58,801
Holdings in unlisted companies - at fair value through comprehensive income	634	600
PER 31 DECEMBER	**69,106**	**59,401**

No impairments were made.

Note 21 Other long-term receivables

Group	2019	2018
Opening cost	8,602	4,958
Acquired balances	-	3,408
Investments	-	436
Receivable related to subleasing of usufruct asset	34,090	-
Provision for future retirement benefits	2,551	-
Payment of retirement benefits	-250	-200
Payments	-1,080	-
CLOSING CARRYING AMOUNT	**43,913**	**8,602**

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 22 Inventories

Group	2019	2018
Raw materials and consumables	7,483	7,380
Finished goods	2,195	2,042
TOTAL	**9,678**	**9,422**

Note 23 Accrued uninvoiced revenue

As per 31 December 2019, the RISE Group recognised an amount of SEK 504 (485) 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 2019, the expectation is that 73% of the transaction price, amounting to SEK 1,680 million, will be recognised as revenue in the next financial year. The remaining 27% (SEK 607 million) will be recognised in 2021.

Note 24 Trade receivables

Group	2019	2018
Trade receivables	423,404	453,287
Less: provision for bad debts	-9,270	-2,715
TRADE RECEIVABLES – NET	**414,134**	**450,572**

Group	2019	2018
Not yet mature	339,648	358,434
Overdue 0-3 months	70,572	82,519
Overdue > 3 - 6 months	1,475	4,311
Overdue > 6 months	2,439	5,308
TOTAL	**414,134**	**450,572**

Note 25 Other receivables

Group	2019	2018
Receivables from associates	-	3,950
Receivables from employees	281	309
VAT receivable	3,184	1,727
Receivable related to subleasing of usufruct asset	6,339	-
Tax account	20,985	14,506
Other items	5,885	25,801
TOTAL	**36,674**	**46,293**

Note 26 Prepaid expenses and accrued revenue

Group	2019	2018
Prepaid lease fees	13,035	13,145
Prepaid rent for premises	2,082	17,209
Prepaid licence fees	63	15,280
Accrued revenue	7,776	1,112
Other items	39,992	40,145
TOTAL	**62,948**	**86,891**

Note 27 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	2019	2018
Cash and bank balances	644,647	718,256
Short-term bank deposits	4,942	2,158
GROUP TOTAL	**649,589**	**720,414**

Note 28 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 29 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 2019 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 30 Retirement benefit obligations

Group	2019	2018
Obligations in the statement of financial position for defined benefit pension plans	32,006	33,719
Direct retirement benefit commitments	8,916	6,677
Total liability in the statement of financial position	**40,922**	**40,396**
Recognised in finance expenses for defined benefit pension plans	318	318
Recognised in other comprehensive income for remeasurement of defined benefit plans	422	392

The change in the defined benefit obligation during the year is as follows:

Group	2019	2018
At the beginning of the year	40,396	38,251
Acquired balances	-	4,057
Service expenses during current year	948	-
Benefits paid	-2,631	-2,680
Interest expenses	303	318
Changes based on demographic assumptions	-	-
Changes in financial assumptions	1,375	933
Experience-based adjustments	-1,072	-483
Reclassifications	1,603	-
AT THE END OF THE YEAR	**40,922**	**40,396**

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 2019 and 2018, 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 109.0 million for 2020. For 2019 these amounted to SEK 100.5 million and for 2018 to SEK 81.6 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 2019, Alecta's surplus in the form of the collective funding ratio amounted to 148 per cent (142).

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 37,950 (40,396) attributable to retirees covered by the plan.

The most important actuarial assumptions are as follows:

Group	2019	2018
Discount rate, %	0.95	1.6
Inflation	1.7	2.0

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%	-865	799
Inflation	0.50%	790	-847
Lifetime	1 year	1,007	1,060

Note 31 Other liabilities

Group	2019	2018
Property tax	1,340	1,145
Payroll tax	38,185	34,388
Employee withholding tax	39,332	32,148
Social security contributions	39,578	27,534
Tax on returns	14	15
VAT liability	16,493	18,268
Project funds	165,661	202,554
Liability, associates	645	-
Other items	33,997	35,824
TOTAL	**335,245**	**351,876**

Note 32 Accrued expenses and deferred revenue

Group	2019	2018
Deferred revenue	15,321	3,321
Personnel-related items	-189,781	191,021
Prepaid project grants	1,014	325
Liability, associates	1,238	25,398
Other items	60,191	53,935
TOTAL	**267,545**	**274,000**

Note 33 Financial assets and liabilities

Classification and fair value and level in the measurement hierarchy

Group 31 Dec. 2019	Financial assets at fair value through profit or loss	Financial assets valued at fair value over comprehensive income	Financial assets at amortised cost	Other liabilities	Total
Financial assets					
Financial investments – Interest-bearing securities	68,472				68,472
Financial investments – Holdings in unlisted companies		634			634
Other long-term receivables			43,913		43,913
Trade receivables			414,134		414,134
Other receivables			36,674		36,674
Accrued revenue			7,776		7,776
Cash and cash equivalents			649,589		649,589
TOTAL FINANCIAL ASSETS	**68,472**	**634**	**1,152,086**		**1,221,192**
Financial liabilities					
Liabilities to credit institutions				195,000	195,000
Lease liabilities				723,389	723,389
Trade payables				200,015	200,015
Other liabilities				335,245	335,245
OTHER FINANCIAL LIABILITIES				**1,453,649**	**1,453,649**

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.

Group, 31 Dec. 2018	Financial assets at fair value through profit or loss	Financial assets valued at fair value over 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			8,602		8,602
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**	**1,226,993**		**1,286,394**
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**

In 2018, reclassification due to a change from IAS 39 to IFRS 9 gave rise to reclassification of available-for-sale financial assets to financial assets valued at fair value through comprehensive income.

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 34 Pledged assets

Group	2019	2018
Property mortgages	45,000	45,000
Floating charges	1,743	10,875
Retirement benefit obligation	177	-
Guarantees	763	749
TOTAL	**47,683**	**56,624**

Note 35 Contingent liabilities

Group	2019	2018
Retirement benefit commitment	771	295
TOTAL	**771**	**295**

Note 36 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.

Note 37 Other non-cash items

Group	2019	2018
Share of profit of associates	-738	9,622
Capital gain on the sale of shares in associates	-6,310	-
Supplemental purchase price	-13,500	-
Capital gains on proceeds from disposal of property, plant and equipment	-521	-
Change in provisions	-	260
Translation difference	2,915	-200
Miscellaneous	-	92
GROUP TOTAL	**-18,154**	**9,774**

Note 38 Events after the closing date

In 2019, the work was completed on "Redesigning RISE", which involved restructuring the company to create an organisation with stronger customer focus and greater opportunities to exploit synergies and cross-functional expertise. On 1 January 2020, the new organisation was launched, which involves a new divisional structure with five divisions: Bioeconomy and Health, Digital Systems, Materials and Production, Safety and Transport, and Built Environment. The new organisation is designed to be able to work innovatively and be driven by a dynamic and flexible way of working.

Robert Casselbrant took over as CFO of RISE on 24 February 2020.

With regard to COVID-19, RISE has been running a contingency team since the beginning of February. We follow the authorities' recommendations and continuously update our internal guidelines accordingly. We apply the same principles to customers and suppliers. The guidelines can be found at ri.se/coronavirus. As regards the financial implications for our business, it is too early to comment on how our customers are responding to this issue. We believe that we have a stable financing situation as a large part of our revenue is financed through research authorities and the EU. We are ready to implement actionable measures to reduce our costs in order to counter the risk of a potential loss of revenue. We are also formulating business continuity plans to ensure deliveries to customers and to respond to any impact in the business.

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	2019	2018
Net sales	2	2,443,422	1,949,493
Other operating revenue	3	15,085	15,480
Other external expenses	6	-683,954	-556,869
Personnel costs	7	-1,686,076	-1,323,276
Depreciation and amortisation of intangible assets and property, plant and equipment	11.12	-103,746	-91,327
Other operating expenses	4	-78	-
Operating profit		**-15,347**	**-6,499**
Share of profit of Group companies	13	-35,010	-
Profit from interests in associates and jointly controlled enterprises	14	3,693	-
Interest revenue and similar profit/loss items	9	2,317	2,214
Interest expenses and similar profit/loss items	9	-1,077	-8,895
Profit after financial items		**-45,424**	**-13,180**
Difference between booked depreciation/amortisation and depreciation/ amortisation according to plan	22	552	-6,100
Group contributions received		6,326	4,364
Group contributions paid		-30	-639
Profit before tax		**-38,576**	**-15,555**
Tax	10	-175	-17
NET PROFIT FOR THE YEAR		**-38,751**	**-15,572**

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. 2019	31 Dec. 2018
ASSETS			
Non-current assets			
Intangible assets	11		
Capitalised development expenses		58,764	23,649
Patents and other rights		7,798	7,255
Total intangible assets		***66,562***	*30,904*
Property, plant and equipment	12		
Land and buildings		230,736	245,244
Leasehold improvements		15,124	11,104
Equipment		286,611	279,322
Non-current assets under construction		2,522	179
Total property, plant and equipment		***534,993***	*535,849*
Financial assets			
Participations in Group companies	13	471,214	493,891
Participations in associates	14	8,308	291
Other long-term receivables	15.26	2,768	210
Total financial assets		***482,290***	*494,392*
Total non-current assets		**1,083,845**	**1,061,145**
Current assets			
Inventories	16	*7,321*	*7,805*
Short-term receivables			
Accrued, uninvoiced revenue		372,816	361,533
Advance payments to suppliers		153	154
Trade receivables	17.26	269,357	285,364
Receivables from Group companies	26	84,422	68,874
Current tax assets		14,550	21,179
Other receivables	18.26	954	226
Prepaid expenses and accrued revenue	19	55,320	45,653
Total short-term receivables		***797,572***	***782,983***
Cash and bank balances	20.26	230,713	148,841
Total current assets		**1,035,606**	**939,629**
TOTAL ASSETS		**2,119,451**	**2,000,774**

Amounts in kSEK	Note	31 Dec. 2019	31 Dec. 2018
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		36,400	36,400
Statutory reserve		72,446	72,446
Total restricted equity		***108,846***	***108,846***
Non-restricted equity			
Retained earnings		379,114	394,686
Net profit for the year		-38,751	-15,572
Total non-restricted equity		***340,363***	***379,114***
Total equity	21	**449,209**	**487,960**
Untaxed reserves			
Accumulated excess depreciation/amortisation	22	38,478	39,030
Total untaxed reserves		**38,478**	**39,030**
Provisions			
Provisions for retirement benefits	23	17 135	15,310
Current liabilities			
Invoiced unaccrued revenue		627,157	632,164
Trade payables	26	140,069	117,653
Liabilities to Group companies	26	404,984	276,954
Current tax liabilities		-	20
Other liabilities	24.26	278,646	292,872
Accrued expenses and deferred revenue	25	163,773	138,811
Total current liabilities		**1,614,629**	**1,458,474**
TOTAL EQUITY AND LIABILITIES		**2,119,451**	**2,000,774**

Parent Company changes in equity

Amounts in kSEK	Note	Share capital	Restricted reserves	Non-restricted equity	Total equity
OPENING BALANCE AT 1 JANUARY 2018	21	**36,400**	**72,446**	**360,550**	**469,396**
Net profit for the year				-15,572	-15,572
Downstream merger of Parent Company				34,136	34,136
CLOSING BALANCE AT 31 DECEMBER 2018	21	**36,400**	**72,446**	**379,114**	**487,960**
OPENING BALANCE AT 1 JANUARY 2019		**36,400**	**72,446**	**379,114**	**487,960**
Net profit for the year				-38,658	-38,658
CLOSING BALANCE AT 31 DECEMBER 2019	21	**36,400**	**72,446**	**340,363**	**449,209**

Parent Company statement of cash flows

Amounts in kSEK	Note	2019	2018
Cash flows from operating activities			
Operating profit before financial items		-15,347	-6,499
Depreciation and amortisation of property, plant and equipment and intangible assets	11.12	103,746	91,327
Other non-cash items	31	1,223	662
Interest received	9	582	2,214
Interest paid	9	-1,076	-980
Income taxes paid	10	-222	-26
Cash flows from operating activities before changes in working capital		**88,906**	**86,698**
Cash flows from changes in working capital			
Increase/decrease in inventories		484	-1,344
Increase/decrease in operating receivables		-19,307	16,719
Increase/decrease in operating liabilities		207,777	148,722
Total changes in working capital		**188,954**	**164,097**
Cash flows from operating activities		**277,860**	**250,795**
Cash flows from investing activities			
Payments for intangible assets	11	-36,466	-23,831
Payments for property, plant and equipment	12	-102,344	-97,025
Purchases of financial assets		-7	-175
Proceeds from disposal of property, plant and equipment		783	-
Investments in associates	14	-8,027	-216
Sales of associates	14	3,693	-
Acquisitions of subsidiaries	13	-9,000	-60,342
Cash flows from investing activities		**-151,368**	**-181,589**
Cash flows from financing activities			
Downstream merger of Parent Company	8	-	13,764
Repayment of liability from acquisitions		-44,620	-22,665
Cash flows from financing activities		**-44,620**	**-8,901**
CASH FLOWS FOR THE YEAR		**81,872**	**60,305**
Cash and cash equivalents at the beginning of the year	20	148,841	88,536
Cash and cash equivalents at the end of the year	20	230,713	148,841

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.

IFRS 16 "Leases" is not applied in the Parent Company, which means that all payments relating to leases are expensed in the income statement on a straight-line basis over the lease period.

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	2019	2018
Revenue from trade and industry	1,112,560	993,938
Public research funding bodies	651,872	376,008
Strategic competence funds	521,212	475,721
EU funds	157,778	103,826
TOTAL	**2,443,422**	**1,949,493**

Note 3 Other operating revenue

Parent Company	2019	2018
Rental revenue	2,324	2,918
Currency differences on receivables and liabilities of an operating nature	1,440	4,332
Other revenue	11,321	8,230
TOTAL	**15,085**	**15,480**

Note 4 Other operating expenses

Parent Company	2019	2018
Other expenses	-78	-
TOTAL	**-78**	**0**

Note 5 Sales and purchases between the Parent Company and Group companies

During the year, the Parent Company invoiced the subsidiaries kSEK 19,306 (18,220) for services. The Parent Company purchased services from Group companies in an amount of kSEK 74,131 (35,586) with regard to administrative and technical consulting services.

Note 6 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	2019	2018
KPMG		
Audit engagement	2,523	2,205
Other auditing services	37	-
Tax advisory services	228	-
Other services	776	101
Other auditors		
Audit engagement	-	-
Other auditing services	147	-
Tax advisory services	-	-
Other services	641	1,555
TOTAL	**4,352**	**3,861**

Note 7 Employee benefits, etc.

Parent Company	2019	2018
Salaries and other remuneration to the Board of Directors	1,492	1,485
Salaries and other remuneration to the CEO	3,953	3,599
Salaries and other remuneration to other senior executives	14,796	18,750
Salaries and other remuneration to other employees	1,083,013	847,875
Social security contributions	382,793	294,678
Retirement benefit costs for the Board of Directors and CEO	1,245	1,213
Retirement benefit costs for other senior executives	4,764	4,727
Retirement benefit costs for other employees	149,811	112,003
TOTAL	**1,641,867**	**1,284,330**

Average number of employees (all employees in Sweden)	2019	2018
Men	1,171	938
Women	768	575
TOTAL	**1,939**	**1,513**

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 9 (11) members, of which 44 (55) 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 2019 - Senior executives

Name	Position	Period*	Payroll expenses	Other benefits	Retirement benefit costs	Total
Pia Sandvik	CEO	January-December	3,953	-	1,245	5,198
John Rune Nielsen	Director of Research and Business Development	January-December	1,792	1	504	2,297
Johanna Flanke	Director of Human Resources	January-December	1,521	1	512	2,034
Jonas Fogelberg	Former CFO	February-December	1,392	-	409	1,801
Yvonne Näsström	Chief Communications Officer	January-December	1,377	7	423	1,807
Ola Dawidson	Head of Strategy and Operational Excellence	January-December	1,378	1	578	1,957
Marco Lucisano	Head of Division – Bioeconomy, Acting Head of Division Built Environment	January-December	1,712	-	527	2,239
Pernilla Walkenström	Head of Division Life Sciences and Materials, Acting Division Manager Materials and Production	January-December	1,686	22	612	2,320
Charlotte Karlsson	Head of Division – ICT	January-December	1,720	-	536	2,256
Pether Wallin	Former Head of Division – Materials and Production	January-February	286	-	100	386
Fredrik Holst	Former Head of Division – Built Environment	January-December	1,864	35	564	2,463
TOTAL			**18,681**	**67**	**6,010**	**24,758**

* Period, salary, other benefits and retirement benefit costs correspond with period of service in RISE AB.
In addition to the year's remuneration, provision was made for additional remuneration in 2020 for Jonas Fogelberg and Fredrik Holst amounting to kSEK 1,666.

Note 7, continued

Remuneration and other benefits 2018 – Senior executives

Name	Position	Period*	Payroll expenses	Other benefits	Retirement benefit costs	Total
Pia Sandvik	CEO	January-December	3,599	-	1,213	4,812
John Rune Nielsen	Director of Research and Business Development	January-December	1,714	-	448	2,162
Margaret Simonson McNamee	Former CTO	January-December	1,342	-	555	1,897
Johanna Flanke	Director of Human Resources	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 Head of Division – Bioeconomy	January-December	2,799	47	543	3,389
Marco Lucisano	Head of Division – Bioeconomy	August-December	607	-	112	719
Pernilla Walkenström	Head of Division – Bioscience and Materials	January-December	1,715	-	522	2,237
Charlotte Karlsson	Head of Division – ICT	April-December	1,246	-	272	1,518
Pether Wallin	Head of Division – Materials and Production	January-December	1,725	-	595	2,320
Fredrik Holst	Head of Division – 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 for Margaret Simonson McNamee, Synnöve Helander and Birgitta Sundblad in an amount of kSEK 2,251.

The table above shows remuneration to individuals employed in RISE AB. For complete information for all senior executives, refer to the corresponding table in Note 11 for the Group, page 68.

Note 8 Business combinations and mergers

Asset acquisition

On 23 October 2019, RISE AB acquired 60 per cent of the shares in MoRe Research Örnsköldsvik AB (MoRe). The company's operations are focused on research, analysis and industrial development for customers in the paper, biorefinery and pulp industries. The purchase price was kSEK 9,000.

Several asset acquisitions were made during 2018. Operations were transferred from two subsidiaries, SP Process Development AB and RISE CBI 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 372 million and operating profit by SEK 1 million compared with the previous year.

Parent Company	2019	2018
Purchase price paid with cash and cash equivalents	9,000	
Purchase price paid via promissory note	-	-25,304
Transferred compensation	**9,000**	**-25,304**
Recognised amounts of identifiable assets and assumed liabilities		
Property, plant and equipment and intangible assets	-	74,799
Financial assets	9,000	55
Trade receivables and other receivables	-	184,799
Trade payables and other liabilities	-	-284,957
TOTAL IDENTIFIABLE NET ASSETS	**9,000**	**-25,304**

Downstream merger

In June 2018, a downstream merger was performed, which meant that the Parent Company RISE Holding AB (Corp. ID no. 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
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 9 Other interest revenue, interest expenses and similar profit/loss items

Parent Company	2019	2018
Interest revenue and similar profit/loss items:		
Interest revenue on bank balances	572	785
Profit on sales of short-term investments at fair value through profit or loss	-	16
Foreign exchange gains/losses	1,745	1,413
Interest revenue and similar profit/loss items	**2,317**	**2,214**
Interest expenses and similar profit/loss items:		
Interest expenses on retirement benefit liability	-597	-257
Interest paid	-479	-323
Final settlement of supplemental purchase price	-	-7,916
Other financial expenses	-1	-
Foreign exchange gains/losses	-	-399
Interest expenses and similar profit/loss items	**-1,077**	**-8,895**
FINANCIAL ITEMS – NET	1,240	-6,681

Note 10 Taxes

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

Parent Company	2019	2018
Profit before tax	-38,576	-15,555
Income tax according to applicable tax rate 21.4% (22%)	**-8,255**	**-3,422**
Tax effect of following items		-
Non-taxable revenue	-789	-
Non-deductible expenses	2,115	3,439
Impairment of shares in subsidiaries	7,492	-
Utilised loss carry-forwards that have not previously been activated	-563	-
Adjustments referring to previous years	175	-
TOTAL TAX EXPENSE	175	17

Note 11 Intangible assets

Parent Company	Capitalised development expenses	Patents and other rights	Total
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**
Financial year 2019			
Opening carrying amount	23,649	7,255	30,904
Via acquisitions of subsidiaries	-	-	0
Purchasing	35,210	1,256	36,466
Sales and disposals	-	-	0
Reclassifications	-	-	0
Depreciation	-95	-713	-808
Closing carrying amount	**58,764**	**7,798**	**66,562**
Per 31 December 2019			
Cost	60,232	8,747	68,979
Accumulated depreciation	-1,468	-949	-2,417
CARRYING AMOUNT	58,764	7,798	66,562

Note 12 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 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
Purchasing	-	3,623	93,402	-	97,025
Reclassifications	59,638	8,014	-	-67,652	0
Sale/disposal	-	-	-	-	0
Depreciation	-15,355	-533	-73,829	-	-89 717
Impairment losses	-	-	-	-	0
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	-	-	-	-	-
Carrying amount	**245,244**	**11,104**	**279,322**	**179**	**535,849**
Financial year 2019					
Opening carrying amount	245,244	11,104	279,322	179	535,849
Purchasing	1,046		98,955	2,343	102,344
Reclassifications	-	5,263	-5,263	-	0
Sale/disposal	-	-	-262	-	-262
Depreciation	-15,554	-1,243	-86,141		-102,938
Impairment losses	-	-	-	-	0
Closing carrying amount	**230,736**	**15,124**	**286,611**	**2,522**	**534,993**
Per 31 December 2019					
Cost	408,985	16,900	1,244,624	2,522	1,673,031
Accumulated depreciation	-178,249	-1,776	-958,013	0	-1,138,038
Accumulated impairment					
Carrying amount	**230,736**	**15,124**	**286,611**	**2,522**	**534,993**

Note 13 Participations in Group companies

Parent Company	2019	2018
Opening cost	493,891	333,315
Investment	12,333	160,576
Impairment	-35,010	-
Closing carrying amount	**471,214**	**493,891**

The Parent Company and its subsidiaries have participations in the following subsidiaries:

Name	Corporate Identity Number	Registered office	Number of shares	Participating interest, %	Carrying amount 2019	Carrying amount 2018
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, Norway	910,000	70%	3,300	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%**	**131,097**	**156,097**
RISE LignoBoost Demo AB	556139-9485	Stockholm	1,000	100%		
Papir- og fiberinstuttet AS	986,164,901	Trondheim, Norway	190	95%		
Innventia UK Ltd	6,270,672	London, United Kingdom	1	100%		
Swerea AB	**556664-2228**	**Stockholm**	**200,000**	**100%**	**160,276**	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	Mölndal	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	300
MoRe Research Örnsköldsvik AB	556599-2277	Örnsköldsvik	36,000	60%	9,000	
TOTAL					471,214	493,891

During the year, the shares in the subsidiary MoRe Research Örnsköldsvik AB were acquired at a purchase price of kSEK 9,000 and RISE Fire Research AS received a capital injection of kSEK 3,333. Impairment of book value of shares in RISE Fire Research AS has been made at kSEK 10,010 and in RISE Innventia AB at kSEK 25,000.
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 14 Participations in associates

Parent Company	2019	2018
Opening cost	291	21
Acquisitions of associates	8,027	270
Sales of associates	-10	-
CLOSING CARRYING AMOUNT	**8,308**	**291**

Parent Company Name	Corporate Identity Number	Registered office	Share of equity	Number of shares	Carrying amount 2019	Carrying amount 2018
Fans of X AB (formerly Locusense AB)	556948-1160	Stockholm	34.0%	170,000	17	17
DP Pattering AB	556320-4139	Norrköping	17.0%	1,096	200	200
Rocan System AB	556731-8810	Hallstahammar	30.0%	425	53	53
Ascatron AB	556860-3699	Kista	24.6%	67,010	8,027	-
Incipientus Ultrasound Flow Technologies AB	559126-1002	Gothenburg	15.5%	232	11	21
TOTAL					**8,308**	**291**

The holdings are not considered to be material. All are unlisted.
During the year, shares in Incipientus Ultrasound Flow Technologies AB were sold for a purchase price of kSEK 3,693.

Note 15 Other long-term receivables

Parent Company	2019	2018
Opening cost	210	35
Acquired balances	-	185
Change for the year	2,558	-10
CLOSING CARRYING AMOUNT	**2,768**	**210**

None of the long-term receivables are due for payment or require impairment.

Note 16 Inventories

Parent Company	2019	2018
Raw materials and consumables	5,126	5,763
Finished goods	2,195	2,042
TOTAL	**7,321**	**7,805**

Note 17 Trade receivables

Parent Company	2019	2018
Trade receivables	274,161	287,179
Less: provision for bad debts	-4,804	-1,815
TOTAL	**269,357**	**285,364**

Parent Company	2019	2018
Not yet mature	220,189	226,009
Overdue 0 - 3 months	48,054	55,232
Overdue > 3 - 6 months	482	4,123
Overdue > 6 months	632	0
TOTAL	**269,357**	**285,364**

Note 18 Other receivables

Parent Company	2019	2018
Receivables from employees	231	146
Other items	723	80
TOTAL	**954**	**226**

Note 19 Prepaid expenses and accrued revenue

Parent Company	2019	2018
Prepaid rent for premises	24,054	8,425
Prepaid licence fees	44	15,280
Other items	31,222	21,948
TOTAL	**55,320**	**45,653**

Note 20 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	2019	2018
Cash and bank balances	230,713	148,841
TOTAL	**230,713**	**148,841**

Note 21 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 22 Untaxed reserves

Parent Company	2019	2018
Opening balance	39,030	32,930
Change for the year	-552	6,100
TOTAL	**38,478**	**39,030**

Untaxed reserves consist entirely of accumulated excess depreciation.

Note 23 Pension obligations

Parent Company	2019	2018
Obligations in the balance sheet for defined benefit pension plans under the Swedish Safeguarding Act	14,584	15,310
Direct retirement benefit commitments	2,551	-
TOTAL LIABILITY IN THE STATEMENT OF FINANCIAL POSITION	17 135	15,310

The change in the defined benefit obligation during the year is as follows:

Parent Company	2019	2018
At the beginning of the year	15,310	16,646
Retirement benefit costs relating to personal retirement plans	948	-
Benefits paid	-1,323	-1,219
Interest expenses	597	257
Revaluation	0	-357
Reclassifications	1,603	-
AT THE END OF THE YEAR	17 135	15,310

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 2019 and 2018, 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 89.0 million for 2020. For 2019 these amounted to SEK 80.6 million and for 2018 to SEK 66.7 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 2019, Alecta's surplus in the form of the collective funding ratio amounted to 148 per cent (142).

At the time of the most recent measurement, the present value of the defined benefit obligation consisted of approximately kSEK 14,126 (15,310) attributable to retirees covered by the plan.

The most important actuarial assumptions are as follows:

Parent Company	2019	2018
Discount rate, %	0.95	1.6
Inflation	1.7	2.0

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%	-698	643
Inflation	0.50%	636	-683
Lifetime	1 year	805	-849

Note 24 Other liabilities

Parent Company	2019	2018
Project funds	-155,781	193,363
Property tax	1,221	1,075
Payroll tax	-31,542	27,410
Tax on returns	11	13
VAT liability	4,495	9,456
Employee withholding tax	28,838	27,255
Social security contributions	26,255	20,741
Other items	30,503	13,559
TOTAL	278,646	292,872

Note 25 Accrued expenses and deferred revenue

Parent Company	2019	2018
Deferred revenue	1,182	-
Personnel-related items	130,907	120,703
Prepaid project grants	167	-
Other items	31,518	18,108
TOTAL	163,774	138,811

Note 26 Financial assets and liabilities

Classification and fair value and level in the measurement hierarchy

Parent Company 31 Dec. 2019	Financial assets at fair value through profit or loss	Financial assets valued at fair value over comprehensive income	Financial assets at amortised cost	Other liabilities	Total
Financial assets					
Other long-term receivables			2,768		2,768
Trade receivables			269,357		269,357
Receivables from Group companies			84,422		84,422
Other receivables			954		954
Cash and cash equivalents			230,713		230,713
TOTAL FINANCIAL ASSETS			**588,214**		**588,214**
Financial liabilities					
Trade payables				140,069	140,069
Liabilities to Group companies				404,984	404,984
Other liabilities				278,646	278,646
OTHER FINANCIAL LIABILITIES				**823,699**	**823,699**

All financial assets and liabilities measured at amortised cost agree with their fair values.

Parent Company, 31 Dec. 2018	Financial assets at fair value through profit or loss	Financial assets valued at fair value over 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**

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 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.

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 27 Leasing commitments

Investment commitments

Leasing commitments

The Parent Company leases various types of premises, vehicles, machinery and office equipment under terminable/non-terminable operating leases.

Future lease payments for non-terminable leases fall due for payment as follows:

Parent Company	2019	2018
Within 1 year	74,236	93,470
Between 1 and 5 years	245,192	282,046
Later than 5 years	92,492	99,588
TOTAL	**411,920**	**475,104**
Lease fees charged to expenses for the year	89,104	67,346

Note 28 Pledged assets

Parent Company	2019	2018
Property mortgages	45,000	45,000
Guarantees provided	763	749
TOTAL	**45,763**	**45,749**

Note 29 Contingent liabilities

Parent Company	2019	2018
Guarantee commitments to the benefit of subsidiaries	119,594	132,882
TOTAL	**119,594**	**132,882**

Note 30 Appropriation of profits

The Board of Directors proposes that the available funds of SEK 340,363,220 be appropriated as follows:

Profit brought forward from the previous year	SEK 379,114,667
Net profit for the year	SEK -38,751,447
Retained earnings at year end will be carried forward	SEK 340,363,220

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

Note 31 Other non-cash items

Parent Company	2019	2018
Change in provisions for retirement benefits	-	257
Translation differences	1,744	-
Capital gain on sales of machinery and equipment	-521	-
Share of profit of Group companies	-	405
TOTAL	**1,223**	**662**

Note 32 Events after the closing date

In 2019, the work was completed on “Redesigning RISE” which was about restructuring the company to create an organisation with stronger customer focus and greater opportunities to exploit synergies and cross-functional expertise. On 1 January 2020, the new organisation was launched, which involves a new divisional structure with five divisions: Bioeconomy and Health, Digital Systems, Materials and Production, Safety and Transport, and Built Environment. The new organisation is designed to be able to work innovatively and be driven by a dynamic and flexible way of working.

Robert Casselbrant took over as CFO of RISE on 24 February 2020.

With regard to COVID-19, RISE has been running a contingency team since the beginning of February. We follow the authorities’ recommendations and continuously update our internal guidelines accordingly. We apply the same principles to customers and suppliers. The guidelines can be found at ri.se/coronavirus. As regards the financial implications for our business, it is too early to comment on how our customers are responding to this issue. We believe that we have a stable financing situation as a large part of our revenue is financed through research authorities and the EU. We are ready to implement actionable measures to reduce our costs in order to counter the risk of a potential loss of revenue. We are overseeing our liquidity and balances through active investment decisions. We are also formulating business continuity plans to ensure deliveries to customers and to respond to any impact in the business.

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.

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 28 April 2020.

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.

Gothenburg, 31 March 2020

Jan Wäreby
Chairman

Anna-Karin Stenberg
Board Member

Elena Fersman
Board Member

Fredrik Winberg
Board Member

HANNA LAGERCRANTZ
Board Member

Klas Bendrik
Board Member

Linda Ikatti
Employee Representative

Magnus Naesman
Employee Representative

Sven Wird
Board Member

Torbjörn Holmström
Board Member

Ulf Nordberg
Employee Representative

Pia Sandvik
CEO

Our auditor's report was submitted on 31 March 2020
KPMG AB

Ingrid Hornberg Román
Authorised Public Accountant

Auditor’s report

Till RISE Research Institutes of Sweden AB, org. nr 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 2019. The annual accounts and consolidated accounts of the Company are included on pages 45-97 of 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 2019 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 2019 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.

Information other than the annual accounts and consolidated accounts

This document also contains information other than the annual report and consolidated financial statements, which can be found on pages 1-12, 23-44 and 101-102. The Board of Directors and the CEO 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.
- draw a conclusion regarding 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 2019 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 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 professiona ll 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, 31 March 2020
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.

For comparison with the previous year, the 2019 KPIs for operating margin and equity/assets ratio have been calculated according to IAS 17, which is the previous year's regulatory framework for leases.

Definitions

Equity/assets ratio:
Total equity on the closing date as a percentage of total assets.

Return on equity:
Net profit for the year as a percentage of total equity on the closing date.

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 on the closing date.

Operating margin:
Operating profit after depreciation and amortisation as a percentage of sales.

Group	2019	2018
Total equity	1,041,280	-
Total assets	3,748,688	-
Equity/assets ratio % IFRS 16	28%	-
Total equity	1,041,280	990,976
Adjustment impact on profit/loss IFRS 16	6,239	-
Adjusted equity	1,047,519	990,976
Total assets	3,748,688	3,064,445
Usufruct assets according to Note 18	**-706,234**	-
Other receivables according to Note 18	**-40,429**	-
Adjustment prepaid expenses	31,212	-
Adjusted total assets	3,033,237	3,064,445
Equity/assets ratio % IAS 17	35%	32%
Net profit for the year	47,401	11,380
Total equity	1,041,280	990,976
Return on equity, %	**4.6%**	**1.10%**
Current assets	1,729,652	1,861,739
Less inventories and work in progress	-513,430	-494,627
Current liabilities	1,858,545	1,784,554
Liquid ratio, %	**65%**	**77%**
Non-current liabilities to credit institutions	173,333	195,000
Current liabilities to credit institutions	21,667	21,667
Non-current lease liabilities (IFRS 16)	578,099	-
Current lease liabilities (IFRS 16)	145,290	-
Retirement benefit obligation	40,922	40,396
Other securities held as non-current assets, interest-bearing	-69,106	-58,801
Non-current receivables leases (IFRS 16)	-34,090	-
Current receivables leases (IFRS 16)	-6,339	-
Cash and cash equivalents	-649,589	-720,414
Total net borrowings	**-200,187**	**-522,152**
Total equity	1,041,280	990,976
Net debt/equity ratio	**19%**	**-53%**
Operating profit after depreciation and amortisation	63,279	-
Net sales	3,567,811	-
Operating margin % IFRS 16	1.8%	-
Operating profit after depreciation and amortisation	63,279	34,435
Adjustment impact on operating profit IFRS 16	-6,271	-
Adjusted operating profit	57,008	-
Net sales	3,567,811	3,065,724
Operating margin % IAS 17	**1.6%**	**1.1%**

Definitions and glossary

AI Agenda	A project run by RISE since spring 2019 to develop recommendations for investment needs and policy development regarding Swedish initiatives in the area of AI.
BETCRETE	A Vinnova-funded project coordinated by RISE with the aim of formulating an implementation plan for industrial transition towards climate-neutral cement and concrete industries.
MoRe Research	A company in the paper, biorefinery and pulp industry. On 23 October 2019, RISE acquired 60 per cent of the shares in MoRe Research.
SCI	Satisfied Customer Index
Professional Education	The RISE Group gathers and develops all of our expertise in education in a Group-wide offering.
RISE	The RISE Group consists of the parent company RISE AB and several wholly owned and part-owned subsidiaries with a >50% share of ownership. Also referred to as RISE.
RISE AB	RISE Research Institutes of Sweden AB is the Parent Company of the RISE Group. Also referred to as RISE AB.
RISE Group	Comprised of the RISE Group and the associate Swerim AB.
RISE Research Council	Representatives from the business and academic communities who provide advice on strategic issues concerning research focus and other priority issues.
SEEL	Swedish Electric Transport Laboratory AB. A new electromobility centre owned by RISE and Chalmers.
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.
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 our international collaboration programmes with industry, academia and the public sector, we ensure the competitiveness of the Swedish business community on an international level and contribute to a sustainable society. Our 2,800 employees engage in and support all types of innovation processes. RISE is an independent, State-owned research institution offering unique expertise and around a hundred test and demonstration environments for future-proof technologies, products and services.

ri.se

NARVA