Annual Report 2021

Peas Industries

About Peas Industries

At Peas Industries, we are driven by the building of meaningful, profitable companies that unite human needs with caring for our planet. Our ultimate goal is to create a sustainable society on the basis of all dimensions; environmental, social and financial. Peas Industries is currently active on a number of markets where there are opportunities to make as much of a positive difference as possible; a renewable energy sector, circular waste management and decentralised energy solutions. Around 330 employees currently work at Peas Industries companies, and its head office is in Stockholm. Sales revenue in 2021 amounted to SEK 5.3 billion.

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The CEO's view

After 25 years of entrepreneurship in technology and sustainability, we have established a number of companies, from start-up to billion-dollar net sales, and we are now in demand as co-owners of other entrepreneurs who share our vision. We listed OX2 on the Stockholm Stock Exchange in 2021.

WELCOME TO PEAS INDUSTRIES

Nowadays, most people realise it goes without saying that sustainability and growth can go hand in hand. This was something we had no reason to question 18 years ago when we established our first business with a view to challenging existing conventions and using commercial forces to support evolution towards a sustainable future.

The landscape has changed dramatically in recent years. There have never been more initiatives for changing sector after sector in a sustainable direction. These new activities are based on the new energy landscape with renewable energy as the basic engine and circular thinking, but also biodiversity to an increasing extent. The latter is something that our OX2 operation is also working particularly hard on in its pioneering role.

OX2's listing on the Stockholm Stock Exchange in June 2021 was worth noting during the year. This was a natural and appropriate step given the acceleration of the energy sector in a renewable direction, with OX2 as one of the leading European developers. Wind and solar power are now the clear basic energy source in country after country for economic, environmental and security policy-related reasons. These renewable technologies have also proven that establishment and conversion can proceed at breakneck speed. With more markets and additional technologies, OX2 is on a very exciting and important journey of sustainability.

Those of us working at Peas have been building companies with emphasis on sustainability since 2004, and we ourselves have created most of the companies in which we have major holdings. We also make minority investments nowadays, preferably together with other investors who have complementary skills and experience. The need for tenacity, but also for thinking bigger, is clear to those of us who have devoted ourselves to nothing but breaking new ground. Trying to change an industry as a pioneer is often painful, but also incredibly rewarding. With humility, gratitude but also conviction in the potential of our companies, we have a lot to look forward to!

Johan Ihrfelt, CEO Peas Industries

Photo: Christian Gustavsson

We build meaningful and sustainable companies

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01.
Staff at Peas Industries
Photo: Christian Gustavsson

02.
Photo: Christian Gustavsson

03.
OX2 carries on building
Photo: Christian Gustavsson

Since the company began in 2004, Peas Industries has founded a number of companies that challenge old truths and is accelerating sustainable development. Commercial organisations have every chance of using sustainable enterprise and innovative new business models to minimise the risk of adverse climate impact, while also adding value for their owners, employees and society in general.

COMMERCIAL COMPANIES ADD LONG-TERM VALUE

Peas Industries was founded on the basis of the conviction that commercial companies can help to create a better world. The social, economic and environmental challenges that we see at present are leading to fundamental changes in our society. This will challenge the majority of existing business models in substantial ways. By understanding the underlying forces, combined with a commercial approach and entrepreneurial capability, our ambition is for Peas Industries to play an important role in this transformation.

For us, this involves building meaningful, profitable companies that unite human needs with consideration for our planet. We are seeking the challenges that have the most positive impact on society and that therefore have the potential to create long-term commercial success. Peas Industries owns and runs companies that are active on a number of the markets where we have the opportunity to make a positive difference by tackling major global challenges; large-scale renewable energy, circular waste management, sustainable food production and decentralised energy solutions.

ACTIVE CORPORATE GOVERNANCE WITH OUTSTANDING BUSINESS ETHICS

Active and long-term ownership is not only necessary in view of the societal challenges facing our companies, but it is also positive for the corporate culture within the companies. Board work forms the basis for active and value-adding owner involvement at Peas Industries. Besides this, Peas Industries has established a number of group-wide steering documents such as a code of conduct, corporate directives and a whistleblower portal which

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defines the framework for our corporate governance and emphasises the principles involving business ethics that are in place at Peas Industries in relation to our companies, employees and partners.

LISTING OF OX2

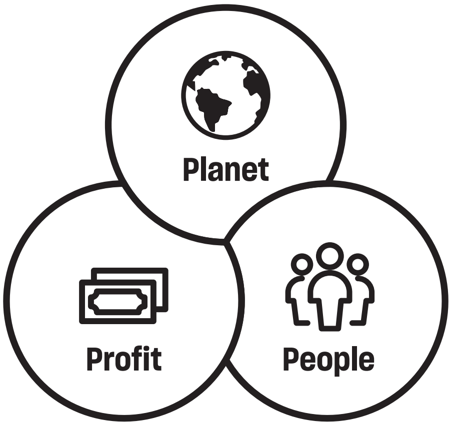
Since it all began in 2004, Peas Industries has founded a number of companies in the renewable energy sector and played an active part in long-term development and value creation at these companies.

During the year, Peas Industries sold approximately 19% of its stake in OX2 through the listing of the company on the Nasdaq First North Premier Growth Market on 23 June 2021. OX2 has taken a leading position in large-scale onshore wind power over the past 17 years and has developed and sold approximately 2.5 GW in Sweden, Finland, Poland and Norway. The listing is expected to increase awareness of OX2's activities and interest in the company's services among investors and business partners, as well as providing OX2 with access to the Swedish and international capital markets. As the founder and majority shareholder, Peas Industries intends to remain a significant and committed shareholder in OX2 after the listing and will thus continue to assist with the future development of OX2.

Peas Industries wants to go on investing in businesses that are helping to bring about positive change and striving to stay well ahead of the curve when it comes to development of a sustainable and economically attractive future. We regularly evaluate potential investments in companies with proven business models and welcome other professional investors to the list of owners. Peas Industries has also invested in companies in these segments in 2021.

SUSTAINABLE IN ALL DIMENSIONS

Peas' sustainability work is based on three dimensions. **Planet** - How our business influences our natural environment both directly and indirectly, and how we are constantly striving to have as positive an impact as possible. **People** - How we influence people within our companies, but also all the people we come into contact with on account of what we do. **Profit** - How we operate on the market and ensure that we leave positive fingerprints on everything we do for our customers and other stakeholders. We measure our results in all of these three dimensions.



2021 in brief and economic development 2017-2021

NET SALES (SEK MILLIONS)
(2020: 5,460)

5,259

OPERATING PROFIT (SEK MILLIONS)
(2020: 386)

402

PROFIT AFTER FINANCIAL ITEMS
(2020: 343)

340

	2021	2020	2019	2018	2017
NET SALES (SEK MILLIONS)	5,258.7	5,459.7	5,159.6	4,364.7	2,338.6
OPERATING PROFIT (SEK MILLIONS)	401.6	386.4	352.5	335.5	247.2
PROFIT AFTER FINANCIAL ITEMS (SEK MILLIONS)	339.6	343.4	349.8	356.4	257.3

Photo: Anders Modignat

Record growth for large-scale renewable energy

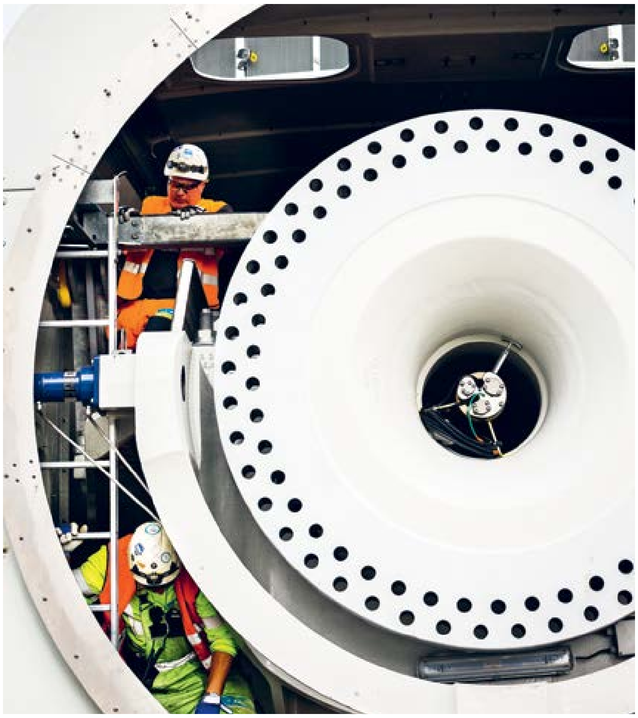


Photo: Olli Koskimäki

The world's capacity for generation of renewable electricity is accelerating, and in 2021 a new all-time record was set for new installations despite the ongoing pandemic and the rising cost of raw materials and transport. Almost 95 per cent of all new electricity generation built by 2026 is expected to come from renewable sources, with large-scale wind and solar power dominating.

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The key materials used to make solar panels and wind turbines rose sharply in price in 2021, but despite this the addition of new renewable energy capacity in 2021 rose to a world best - 290 GW. This record addition is a sign that a new global energy economy is emerging. The high commodity and energy prices we are seeing today pose new challenges for the renewable industry, but increased fossil fuel prices also make renewable energy even more competitive. According to a scenario painted by Bloomberg NEF, an average of about 1,400 GW of new renewable energy will be needed every year if the world is to reach net zero emissions by 2050. Compare this to the fact that it took 20 years to distribute the first 1,000 GW of solar and wind power.

RENEWABLES EXPECTED TO GROW BY OVER 60 PER CENT BY 2026

According to the International Renewable Agency (IEA), renewable electricity capacity is expected to increase globally by more than 60 per cent between 2020 and 2026, up to over 4,800 GW, which is equivalent to the current total global capacity for fossil fuels and nuclear power combined. Renewable energy sources will account for almost 95 per cent of the increase in global power capacity by 2026, of which solar energy is expected to account for more than half. Solar power was the fastest-growing renewable energy source in 2021, with a 17 per cent increase to a new record of almost 160 GW.

FOUR DOMINANT MARKETS: CHINA, INDIA, EUROPE AND THE US

China is the global leader in terms of volume of renewable capacity additions: the country is expected to reach 1,200 GW of total wind and solar capacity by 2026. India will top the list in terms of growth rate, with new renewable installations doubling compared to 2015-2020. The growth of renewables in Europe and the US is also on track to increase significantly compared to the previous five years. These four markets together account for 80 per cent of the expansion of renewable capacity worldwide.

INVESTOR PRESSURE OFFERS POTENTIAL FOR RENEWABLES

According to a report by Wood Mackenzie, ambitions for renewables are undoubtedly high in 2022. The political and investor pressure driving energy transition projects is expected only to grow. Electrification of energy systems, accelerated growth of renewable energy and battery installations will be recurring strategic themes for companies.

LARGE-SCALE WIND POWER CHEAPEST TO PRODUCE

Sweden is aiming for zero emissions by 2045. Achieving this will require electrification of the entire industrial and transport sector, which will require large and rapid expansion of electricity production. To meet the growing demand for electricity, Sweden needs to distribute additional renewable sources, and a report from Energiforsk concludes that wind power is the cheapest way of producing energy and the power source that can be expanded on the largest scale in the shortest time. This is something that also attracts foreign capital, and Sweden has become one of the world's most attractive countries for investment in renewable energy, mainly in onshore wind power.

THE KEY TO INDUSTRIAL TRANSFORMATION AND GREEN HYDROGEN

Offshore wind power is predicted to become Europe's main source of electricity within 20 years. Sweden's demand for electricity could triple by 2050, and offshore wind power has the

Sweden has a target of zero emissions by 2045, and achieving this will require electrification of the entire industrial and transport sector, which will require large and rapid expansion of electricity production.Offshore wind power is predicted to become Europe's main source of electricity within 20 years. Sweden's demand for electricity could triple by 2050, and offshore wind power has the potential to meet almost half of that demand, according to a study by Thema Consulting on behalf of Svensk Vindenergi.

01.
Large-scale wind farm
Photo: Olivier Mesnage
02.
Large-scale solar power
Photo: Andreas Gucklhorn
03.
OX2 is designing and building more wind farms in and around the Baltic Sea.
Photo: Patrick Miller.


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The new wind farm currently being designed by OX2 in the Baltic Sea will produce as much energy as two normal-sized nuclear power plants. This is equivalent to half of Finland's electricity consumption in 2020, about 23 TWh per year.

potential to meet almost half of that demand, according to a study by Thema Consulting on behalf of Svensk Vindenergi. The main driver of the increase in demand is the production of green hydrogen, which will play an increasingly important role in the energy mix going forward. By 2050, green hydrogen could require almost as much electricity as all of Sweden uses today.

OX2 EXPANDING OFFSHORE

Peas subsidiary OX2 has submitted two applications for Natura 2000 permits for Swedish offshore wind farms. The Triton project, located in the Swedish Exclusive Economic Zone off the coast of Skåne, comprises 129 wind turbines up to 370 metres high. Annual production is estimated at 7.5 TWh per year, which is equivalent to the output of one nuclear reactor or the annual household electricity consumption of 1.5 million households. In the Kattegat, an application has been submitted for Galatea-Galene, which is expected to have an annual production of 6-7 TWh. OX2 has also received exploration permits for two offshore wind farms in the Gulf of Bothnia in Finland with an estimated annual production of 23 TWh, equivalent to half of Finland's electricity consumption in 2020.

Peas Industries has a key part to play in the energy transition through its group company OX2, a leading player in the large-scale wind power industry. Solar power and other technologies are just around the corner.

Photo: Kostiantyn Li

The circular economy makes waste profitable

Photo: Thomas Adolfsen

The shift to a circular economy where waste is minimised and dealt with is not only a benefit for the planet and society, but also a commercial resource when handled correctly. The old linear economy with throwaway lifestyles is being replaced by a modern, circular cycle where we all stand to gain.

OUR CONSUMPTION HAS LEFT DEEP FOOTPRINTS SINCE THE 1970S

Ecological sustainability provides a foundation for sustainable development, well-being and quality of life, and it requires an effective ecosystem. What has happened since the 1970s is that our consumption and high standard of living, together with a growing population, have helped to deplete the ecosystem and cause the climate to become unstable all over the world. The ecological footprint of high-income countries is 13 times larger than that of low-income countries, and overall, 90 per cent of biodiversity loss and half of climate change is thought to be due to the extraction and processing of various natural resources.

WASTE - FROM STINKING REFUSE TIP TO PROFITABLE RESOURCE

From seeing waste as a costly problem, the world is now embracing the circular economy, dealing with our waste in a sustainable and profitable way by means of non-toxic, circular cycles. The EU has launched a waste management priority system - a waste hierarchy. First and foremost, we have to prevent waste being produced in the first place, but when it actually is generated, it should be reused in the first instance, or recycled if that is not possible. Waste can be recycled by recovering the material or energy, or by including the nutrients in a cycle. Recycling methods include biological treatment methods such as composting or anaerobic digestion, where food and residual waste from farms, households, commercial catering operations and restaurants - for instance - can be sorted and biologically treated to produce plant nutrients and biogas.

SEVERAL GOVERNMENT INITIATIVES IN THE CIRCULAR ECONOMY

Non-toxic and circular cycles are a focus area in Sweden's action plan for the circular economy, which was presented by the government in January 2021. This involves initiatives such as developing waste separation so that more waste can be recycled, and making it easier for households and businesses to get rid of all their waste separated at source. There is also a desire to expand material recycling capacities to handle waste separated at source and move towards non-toxic, resource-efficient cycles for dealing with waste, and also to increase supply and demand and the use of high-quality secondary raw materials. In September 2021, the Swedish government also proposed an initiative relating to a circular, fossil-free public procurement procedure as a strategic tool to reduce unsustainable use of resources and greenhouse gas emissions.

CIRCULAR MANAGEMENT OF ORGANIC WASTE

According to an interim target set by the government in the transition to a biocircular economy, at least 75 per cent of Swedish food waste (about one million tonnes per year) should be sorted and treated biologically by 2023. We can take advantage of both the energy and the nutrient content of products by collecting organic waste from households, remains from slaughterhouses, fertiliser from farms, leftover food from restaurants and food that cannot be sold in shops. There are a number of ways to do this, but one of the most effective is to use anaerobic, biological digestion. Waste facilities then become something of a biocircular industry instead, where waste is refined to make valuable products such as biogas for sustainable transport, district heating for heating buildings, biofertiliser and fields and processed plant nutrients for crops of leafy greens.

BIOGAS - THE CIRCULAR ECONOMY IN PRACTICE

Biogas is a unique example of the circular economy. Biogas production is an effective way of taking advantage of the organic waste generated by our communities and using the digestion process to convert it into renewable biogas (LBG), a fossil-free fuel for the industry and transport sector. The steel industry and

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The circular economy is stimulating EU competitiveness, creating local jobs and paving the way for social integration and unity, according to the European Commission. At the same time, the circular economy saves energy and helps us to avoid the lasting damage caused when resources are consumed more quickly than our planet is able to renew them. Damage that affects our climate and biodiversity and leads to pollution of the air, soil and water.

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01.
Biogas is recycled from food waste and used as a fuel for buses
Photo: Susanne Walström
02.
Biofertiliser and bionutrients add important nutrients to the soil and are beneficial for organic farming
Photo: David Holifield

1) Swedish Gas Association
2) Avfall Sverige - Swedish Waste Management Association.

the pulp/paper industry are examples of industries using biogas today. Biogas is an excellent substitute for natural gas (LNG) as its production is circular and resource-efficient. Using biogas as a fuel instead of diesel and petrol also helps to significantly improve air quality and reduce impact on health and the environment in cities thanks to a reduction in both nitrogen oxides and harmful particulates. Emissions of sulphur oxides leading to acidification of soil and water are almost non-existent with biogas, too. Producing biofuels from waste or agricultural residues is most optimal for the environment and the climate.

BIOFUELS EXPECTED TO GROW STRONGLY

Renewable gas is being singled out as one of the keys to closing the climate gap in the EU's Green Deal, a massive environmental and climate initiative that aims to make the EU climate neutral by 2050. In Sweden, too, biogas plays an important part in achieving our ambitious climate targets. Our biogas use in 2020 stood at around 4 TWh, and interest in biogas is greater than ever. Demand for biofuels is expected to grow strongly until 2026. Sweden's biogas production in 2020 was 2.2 TWh, but there is already potential for up to 16 TWh[1)]. Swedish biofuel production capacity increased by about 20 per cent in 2021, and this increase is expected to continue in 2022. Demand for fossil-free fuel alternatives is constantly increasing and the market for biogas in the industry and transport sector, both on land and at sea, has taken off in earnest. The development of infrastructure for liquefied natural gas has already made a reasonable amount of progress and as biogas and natural gas are fully interchangeable and miscible with one another, this infrastructure may also benefit the emergence of biogas.

BIOFERTILISER - PRODUCED IN A CIRCULAR WAY AND PROVIDING SUSTAINABLE ARABLE LAND

Biofertiliser is an organic byproduct of the recycling and digestion of organic waste to form biogas. The nutrient-rich fertiliser adds important nutrients such as nitrogen and phosphorus to cropland. Biofertiliser is increasingly replacing mineral fertilisers where the nitrogen is produced by means of a very energy-intensive method, and the phosphorus is extracted by mining phosphate ore at a small number of dwindling reserves in Africa. In 2020, about 1.8 million tonnes of biogas fertiliser were produced at 36 co-digestion plants in Sweden[2)].

FOOD RESIDUES BECOME NUTRIENTS FOR CROPS THAT BECOME FOOD AGAIN

Alongside biogas and biofertiliser, bionutrients are a liquid nutrient solution which is also produced by digesting waste food and other organic waste. Bionutrients are very useful for hydroponic cultivation, i.e. indoor cultivation in water and without soil, solutions that are usually found in urban environments near to towns and cities. Thus plant nutrients are used to turn old food waste into new food, for example, by growing fresh herbs and leafy greens locally, in eco-friendly ways. Bionutrients can be used to great effect by both professional growers and hobbyists.

Peas Industries perceives a business opportunity in collecting up society's organic waste in efficient ways and meeting a growing need for both biogas and biofertiliser. This is done via our company Biond, which operates two waste plants in Sweden. These facilities operate as biocircular industries, with waste management as a service and biogas, biofertiliser and bionutrients as sustainable products.


Photo: Adam Hilles

Distributed energy systems

Photo: Angie Warren

Energy systems all over the world will undergo a major change over the next few years. Cheaper, more efficient technical solutions in respect of solar cells, wind power and geothermal energy in combination with energy optimisation in properties will pave the way for an increase in local electricity production and facilitate the climate transition through more efficient and sustainable use of energy.

ENERGY EFFICIENCY OF BUILDINGS - EU REQUIREMENTS

The property sector is the single biggest consumer of energy in the EU, accounting for 40 per cent of total energy consumption. Around 75 per cent of buildings are not energy efficient. Given this low energy efficiency, phasing out fossil fuels from existing buildings has become one of the EU's long-term goals, and initiatives in the field of energy efficiency and renewable energy for heating and cooling are both encouraged and required. The Energy Performance of Buildings Directive[3] is an important step towards increasing the efficiency of buildings. At the end of 2020, a complementary directive was issued requiring all new buildings to be near-zero energy buildings in the long term, i.e. highly energy efficient, and that renovation should take place so as to significantly improve the energy performance of the building, and a voluntary common rating system for the smart readiness of buildings was established at the end of 2020.

BUILD SMART, BUILD RIGHT - SWEDEN'S PROPERTY SECTOR CAN MAKE A BIG DIFFERENCE

In Sweden, homes and buildings account for more than a third of energy use.[4] That is why energy efficiency in the property sector is an important step towards reducing our overall energy consumption, which according to Sweden's energy efficiency goal for 2030 should be 50 per cent more efficient than in 2005. The Swedish Energy Agency has identified the most important challenges to be tackled now in order to achieve this goal and

The World Economic Forum has identified four converging trends that are creating a paradigm shift in the energy society:

1. **Electrification of large parts of the economy, such as transport and heating.**
2. **Decentralisation, stimulated by the powerful decrease in costs for distributed energy resources such as distributed production, storage, demand flexibility and energy efficiency.**
3. **Digitalisation of infrastructure with smart power grids and energy services with monitoring, management and optimisation.**

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3) European Commission
4) Swedish Energy Agency
5) Resource-efficient buildings Trendrapport 2021 Schneider Electric/Navet

01.
Consumers and companies are gearing up for electrification of the transport sector
Photo: Maxim Hopman
02.
Enstar's equipment on site at a building
Photo: Enstar

02

launched five strategies at the end of 2021, resource-efficient buildings being one of them. This field includes the planning, construction and running of buildings and facilities in towns and cities, urban areas and other built-up areas. Buildings and facilities need to be located and designed so that they take resource efficiency into account in a life cycle perspective. Property owners can both save money and reduce their climate impact by using innovative building technology, more efficient energy and heating systems and systematic monitoring and optimisation of energy consumption, heat and ventilation.

DIGITALISATION CREATES NEW OPPORTUNITIES

Digital fields of technology such as artificial intelligence (AI), advanced automation, the Internet of Things (IoT) and blockchain technology are creating a paradigm shift on the market for energy solutions for properties. New opportunities are being created in the form of integration of variable, renewable energy sources and the development and management of a distributed energy system where digitalisation is both a facilitator and a driving force for change. For property owners, digitalisation provides an opportunity for advanced control and optimisation of energy production and use. The new interface between the central power grid, microgrids and consumers is not entirely unlike what we have seen for the information society. It is predicted that energy, like information, will be free to use, but the intelligence and infrastructure providing it will become an advanced service upon which the market will capitalise.

FINANCES A STRONG INCENTIVE FOR PROPERTY COMPANIES TO INVEST IN SMART BUILDINGS

Finance and profitability are one of the main driving forces encouraging property companies to invest in digital solutions and operation and management services. A survey[5)] was conducted in 2021 among operations managers, energy managers, property managers and technical managers at 125 private, regional and municipal property companies. 80 per cent had invested in connected solutions and services for the operation and management of their properties over the last three years, but almost all of them (95 per cent) wanted even more digitalisation. Energy monitoring dominates when it comes to the direction of the next investment in connected solutions at municipal and regional property companies, as well as private offices.

Peas Industries is active in the market for distributed energy systems via its company Enstar. Enstar optimises the running of buildings with the help of efficient energy systems.

Our companies

Ox2 develops and sells wind and solar power facilities. By constantly increasing access to renewable energy, the company is promoting the transition towards a sustainable future.

Biond

Biond is a biocircular business partner to public and private companies working with waste, transport and agriculture. Biond receives organic waste from households, industries and agriculture and produces biogas for the transport sector and biofertiliser for agriculture.

ENSTAR

Enstar is an independent partner to property companies, industries and larger housing associations that wish to customise efficient energy systems for their properties and businesses.

SEK 4,983 m

OX2's net sales, 2020 (5,200)

719 MW

Projects sold, MW 2020 (329)

329 MW

Wind power handed over to customers in 2020 MW (486)

Peas Industries founded OX2 in 2004 with the conviction that commercial companies can drive the global transition to a completely renewable energy system.

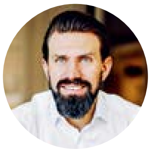
OX2 develops and sells wind and solar power facilities. OX2 has taken a leading position in large-scale onshore wind power over the last 17 years after having developed and sold around 3.2 GW in Sweden, Finland, Poland and Norway. OX2 has driven self-financed development with profitable growth since 2004, and is continuing to expand in the rapidly growing European market. The ongoing transition to renewable energy requires investments in large amounts of new electricity production. This provides OX2 with the opportunity to go on investing for the long term, establish a presence in more markets and expand into new technologies. This will result in a larger, more diversified project development portfolio. The project development portfolio grew by 4,710 MW during the year, reaching 17,371 MW by 31 December 2021. OX2 is involved in all stages of the wind power value chain; from development or the acquisition of project rights, through financing, sale and construction, to technical and commercial management.

During the year, OX2 entered a new phase as a listed company. OX2's stock was listed on the Nasdaq First North Premier Growth Market. The first trading day was 23 June 2021. As one of the leading stakeholders in Europe, together with the capital injected into the company, OX2 is in a strong position to accelerate the transition to renewable energy and help to bring about a more sustainable future for both people and our planet. We are certain that the listing will reinforce awareness of OX2 and enhance our opportunities going forward.

THE YEAR IN BRIEF

- In January, OX2 signed contracts for the sale and construction of two wind farms for Renewable Power Capital, Puutikankangas in North Ostrobothnia and Rustari in South Ostrobothnia, with a total capacity of 171 MW. The contract also includes technical and commercial management
- In April, OX2 acquired the rights to a 170 MW wind power project, Hälsingeskogen in Hälsingland, from Stora Enso. The completed wind farm comprises 37 wind turbines with an estimated capacity of 170 MW.
- In July, OX2 handed over the completed Ljungbyholm wind farm in Kalmar to Octopus Renewables Infrastructure Trust plc. This wind farm consists of 12 wind turbines with an estimated capacity of 48 MW and is expected to produce around 150 GWh per year.
- In October, OX2 applied for a Natura 2000 permit for the Galatea-Galene offshore wind farm, located in the Swedish economic zone off the coast of Falkenberg and Varberg.
- In November, OX2 and Ålandsbanken Fondbolag Ab signed a mutual letter of intent regarding the development of the Noatun offshore wind farm south of Åland. This wind farm is expected to comprise around 250 wind turbines generating 20 TWh per year, which is equivalent to the annual electricity consumption of about 4 million households.
- In November, OX2 signed a contract for the sale and construction of Lestijärvi in Finland, including a technical and commercial management contract. Construction of the wind farm began immediately after the sale, and it will comprise 69 wind turbines with an installed capacity of 455 MW. The purchaser was a consortium of Finnish energy companies.

01.
Photo: Joakim Lagercrantz
02.
Casting of foundations at Åndberg wind farm (286 MW) in Sweden
Photo: Joakim Lagercrantz



Paul Stormoen
CEO, OX2

"OX2 reached several important milestones in 2021. We have sold wind farms equivalent to a total installed capacity of 719 MW, which is more than ever before. Our project development portfolio was equivalent to 17.4 GW, and we have established a presence in two new markets; Romania and Italy. Our results are in line with our plan and strategy, and we are well positioned to gear up and reach our goals for 2023-2024. Our goals are driven by an ever-growing demand for renewable energy, and we are confident we will achieve our goals despite the lingering effects of the pandemic."

OX2 in brief
Founded: 2004
Number of employees: 277
Head office: Stockholm
Market presence: Finland, France, Italy, Lithuania, Norway, Poland, Romania, Spain, Sweden

Shareholding, Peas Industries: 50.7% through direct and indirect ownership via subsidiaries Peas Industries Invest AB and Xygen AB

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02

Biond

SEK 96 m
Biond's net sales, 2020 (84)

101 GWh
Biogas sold, 2020 (94)

211,000 tonnes
Organic waste received by Biond and recycled each year

At Peas Industries, we want to look after what already exists and make the most of the waste generated by the lives we lead nowadays. Peas Industries company Biond recycled organic waste and turns it into new products and public benefits.

Biond supplies municipalities and companies with the development, operation and commercial management of plants for circular waste management. The company is running two biocircular facilities at present; one near Helsingborg and one in Sävsjö. Biond also owns a district heating plant in Helsingborg which produces around 3.5 GWh of green district heating each year. Biogas from a nearby landfill site is used to produce district heating which is then sold on to households in the region.

The company's facilities in Helsingborg and Sävsjö receive around 211,000 tonnes of organic waste every year; sorted organic household waste, industrial waste from catering services and food producers, and waste from slaughterhouses and farms. What was previously a waste facility can now be regarded as a modern biocircular industry where Biond takes responsibility for the entire chain, from processing of waste to refinement and production of new products for transport, industry, farming and consumers. And all while emissions are being reduced, nutrients are being returned to the cycle and fossil fuels are being removed from the systems through competition.

THE YEAR IN BRIEF

Biond has continued to work during the year on optimisation and development of existing plants in Sävsjö and Helsingborg, which has resulted in an increase in the production of biogas at both plants to the highest annual levels to date.

Biond's Board of Directors decided to invest in an addition to the existing pretreatment plant in Helsingborg, adding a new production line for packaged industrial food waste. The project applied for and was awarded a grant from Klimatklivet, which is helping to fund the project. The production line will make it possible for more organic packaged food waste to be received and processed to form biogas when it is in place in 2022.

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01.
The Biond plant in Helsingborg.
Photo: Olle Nordell
02.
Fertiliser is loaded from the Biond plant.
Photo: Biond

Peter Forhaug
CEO, Biond

"Biond has produced over 80 GWh of biogas in 2021, which is a new record. The implementation of a new and clearer organisation during the year has worked well and created the conditions to achieve this great result. We have also decided to make a major investment so that we can accept bulky food waste that would otherwise be sent for incineration. The government's approval of the biogas funding in autumn 2021 has created good conditions for the future development of Swedish biogas, and this will benefit Biond."

Biond in brief
Founded: 2013
Number of employees: 16
Number of plants: 3
Head office: Helsingborg

Shareholding, Peas Industries: 91% via subsidiary Biond Holding AB

02

SEK 152 m

Enstar's net sales, 2020 (144)

293 GWh

Energy savings for sold energy systems, 2020 (225)

7.5 MW

Installed energy systems in 2020 (6.9)

More and more property owners want to change the way in which they produce, store and use energy by making investments in renewable energy production and efficient energy systems, among other things. The Peas Industries company Enstar have cutting-edge skills in these fields and targets property companies, industries and large housing associations.

Enstar offers property owners cost-effective and sustainable system solutions for heating, cooling and electricity, with emphasis on renewable energy. The company has an integrated approach ranging from advice and analysis on energy efficiency to design and the implementation of system solutions for heat pump technology, geothermal energy, solar energy and systems operation. Enstar optimises power and energy use at properties using modern technology and digital solutions. Property owners are offered flexible solutions where geothermal energy systems, FX systems and solar cell systems are integrated and adapted to suit the size and energy requirements of the property.

Investment in sustainable energy systems gives property owners major benefits in the form of improved indoor climate, economy and environment. Optimising and controlling property power consumption, heating, temperature and ventilation minimises energy losses while also improving energy performance and increasing the potential for energy and cost savings. Reduced energy consumption in combination with local electricity production from solar cells results in significant environmental improvements; reduced emissions and reduced levels of climate-impacting gases and air pollution.

THE YEAR IN BRIEF

- In January, Enstar signed a cooperation agreement with Rikshem AB regarding the phasing-out of oil for four of their properties in Nacka. This development project involves the installation of new energy systems for the production of heat and hot water to replace existing oil boilers. The project involved three schools and a nursing home.
- In February 2021, Enstar signed a contract with Brf Skogås regarding a hybrid system consisting of geoenergy storage and exhaust air recovery. The overall energy saving will be about 74%, which is equivalent to 2,136 MWh per year. A photovoltaic system producing around 104 MWh per year was also installed.
- In April 2021, Enstar signed a contract with Ikano Bostad for four energy contracts for new FX systems for four of their properties in Hagsätra.
- In December 2021, Enstar signed a nationwide framework agreement with Rikshem AB regarding energy contracts.

01.
Photo: Patrick Miller
02.
Photo: Pickawood

John von Wowern
CEO, Enstar

"Enstar has continued to enjoy stable growth in 2021. The company has also moved to a new, larger office so as to create conditions for further expansion. Despite the major impact of the ongoing pandemic, the company is seeing a record year for the fifth year in a row. This shows we have a strong culture and a competent organisation. Together with our partners and customers, we are continuing to take a bigger and stronger position in the market."

Enstar in brief
Investment year: 2006
Number of employees: 34
Head office: Stockholm

Shareholding, Peas Industries: 52% via subsidiary DTS Holding

01

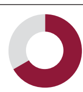
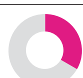
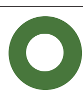
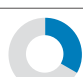
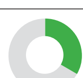
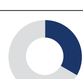
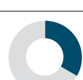
02

Key performance indicators and global sustainability goals

This is a summary of the most important consolidated key performance indicators relating to sustainability for the Peas Industries Group, and also maps the relevance of the operations of our companies to the 17 global sustainability goals. OX2 is the only company in the Group that is obliged to report its sustainability work according to the EU directive for non-financial reporting. Its complete sustainability report can be found in OX2's annual report for 2021 at www.ox2.com.

At Peas Industries, we safeguard the environment, people and long-term commercial success on a fair and healthy market. This means that our companies maintain a systematic approach to issues relating to employee health and well-being and a healthy workplace permeated by security, transparency and an inclusive culture, and we guarantee high levels of environmental compliance.

	2021	2020	2019
HEALTH INDEX	98.4%	97.5%	97.7%
ACCIDENT RATE	3 serious accidents 46 minor accidents	7 serious accidents 51 minor accidents	0 serious accidents 24 minor accidents
GENDER EQUALITY	62% men 38% women	62% men 38% women	63% men 37% women
DISCRIMINATION AND OFFENSIVE TREATMENT	2 case	5 cases	1 case
	Two cases of abusive treatment were reported in 2021. Both cases have been investigated and dealt with immediately.		
RENEWABLE ENERGY			
Projects sold, wind power	719 MW	329 MW	488 MW
Nameplate capacity, energy systems	7.5 MW	6.9 MW	5.6 MW
Biogas production sold	101 GWh	94 GWh	86 GWh
EMISSIONS ON LAND AND AT SEA	No serious environmental emissions or spills occurred during 2021, 2020 or 2019. The minor spill that occurred could be managed and decontaminated in an environmentally sound manner.		
ANTI-CORRUPTION	No cases of corruption or other fraudulent behaviour were reported in 2021, 2020 and 2019.		

Goal	Relevance	Impact
Goal 1. **No poverty**		By promoting decent and meaningful work in the supply change and helping to bring about positive change in the local community, Peas Industries can make a contribution towards social protection and financial resources for men, women and children (SDG 1.2).
Goal 2. **No hunger**		Organic waste is transformed into valuable biological fertiliser and nutrients which promote sustainable agriculture through our company Biond; and products and solutions for circular farming are provided through our company Bonbio, allowing nutrients in organic waste to be used to grow new crops (SDG 2.1, 2.3 and 2.4).
Goal 3. **Good health and well-being**		Peas Industries is using preventive efforts such as mindfulness training and wellness allowances to promote physical and mental health and well-being for our employees at all companies (SDG 3.4).
Goal 4. **Good education for all**		Peas Industries is safeguarding the supply of skills in the industries in which our companies are active; for OX2, for instance, by means of involvement in the Swedish "Become a wind power technician" initiative, in order to ensure that relevant skills and professional expertise are available on a growing market (SDG 4.4).
Goal 5. **Gender equality**		As Peas Industries companies are expanding and regularly appoint new staff, the company has plenty of opportunity to get involved in equality issues as part of the recruitment process, and also as part of its day-to-day operations. Peas' goal is to make the workplace as equal and as inclusive as possible, and to give women equal opportunities for leadership (SDG 5.1, 5.5).
Goal 6. **Clean water and sanitation for all**		Provision of both air and water is being reduced as fossil fuels are being replaced with renewable energy. Taking a great deal of care with regard to operations in and near to water and using companies that minimise their water consumption in cultivation containers, Peas is able to minimise its impact on waterways in areas in which we operate (SDG 6.3, 6.4).
Goal 7. **Sustainable energy for all**		With its companies, Peas Industries is making a significant contribution to increasing the percentage of renewable energy on the markets in which the companies are active, but it is also creating conditions on other markets by driving development and cost reductions (SDG 7.2 and 7.3).
Goal 8 **Decent working conditions and economic growth**		Peas Industries is contributing to economic growth and productive employment and is playing an important part in the definition of clear requirements for decent working conditions throughout the value chain (SDG 8.1, 8.2, 8.4, 8.5 and 8.8).
Goal 9 **Sustainable industry, innovation and infrastructure**		The expansion of renewable and distributed energy is leading to reinforcement of regional and local power grids and roads, which is helping to enhance human well-being and local economic development and provide jobs. Our companies operating in the field of circular bioeconomy are also at the cutting edge as regards innovation in the field of sustainable and circular cultivation and waste management (SDG 9.1 and 9.2).
Goal 10. **Reduced inequality**		As the companies grow - both in size and in geographical terms - there are opportunities to even out gender distribution mismatches and promote diversity in order to reinforce our workforce and ensure social inclusion (SDG 10.2).
Goal 11. **Sustainable towns and communities**		Our companies' efforts to build renewable and distributed energy, along with circular waste management and production of biogas and nutrients, mean that Peas companies are helping to make towns and cities cleaner through cleaner transport and reduced emissions from fossil energy sources (SDG 11.2 and 11.4).
Goal 12. **Sustainable consumption and production**		Our companies working with renewable energy generation are allowing us to help bring about more sustainable utilisation of our natural resources; and we are helping to bring about more sustainable waste management, reduce food waste to a minimum and provide conditions for a more sustainable lifestyle thanks to our circular waste management and circular food growing companies (SDG 12.2, 12.3, 12.5 and 12.8).
Goal 13. **Climate action**		Large-scale wind power and solar power and distributed energy solutions are significant and effective climate measures, and a number of our companies are leaders in these fields. We use our circular, climate-resilient growing concepts to create opportunities for greater resistance to the adverse effects of climate change linked with food production (SDG 13.1 and 13.2).
Goal 14. **Sea and marine resources**		Offshore wind farms are planned with a view to minimising adverse impact on marine and coastal ecosystems. There is major potential in connection with the development of offshore wind power to explore solutions with a positive impact on ecosystems (SDG 14.2).
Goal 15. **Ecosystems and biodiversity**		Extensive inventories are performed as part of every wind project in order to identify protected species, and a great deal of care is taken when felling trees in order to protect natural habitats. There is a great deal of potential in taking action to promote biodiversity in connection with construction work, even though the climate benefit provided by renewable energy and the contributions this energy makes to combating climate change provide the biggest benefit for the continued survival of many species (SDG 15.5).
Goal 16. **Peaceful and inclusive communities**		Being responsive and inclusive when making decisions on wind power projects is a prerequisite, and crucial to local acceptance (SDG 16.7).
Goal 17. **Implementation and partnership**		Peas Industries frequently works with many different partners in our companies, all of which share a single goal: to expand renewable and distributed energy. Work towards sustainable waste management and food production also requires close cooperation with both municipalities and other stakeholders in the value chain (SDG 17.16 and 17.17).

Board of directors and auditors

In 2021, Peas Industries' Board of Directors consisted of four board members, including the Chairman of the Board. Deloitte AB was re-engaged as auditor.

The Board of Directors is the company's second-highest decision-making body after the shareholders' Annual General Meeting. The Board is responsible for the company's organisation and the management of the company's business, e.g. setting goals and strategy, establishing procedures and systems for following up goals, continuously assessing the company's financial situation and evaluating the operational management.

At the Annual General Meeting held on 27 April 2021, Deloitte AB was re-elected, with Jonas Ståhlberg as the company's auditor for the period until the 2022 AGM.

JOHAN IHRFELT

CHAIRMAN OF THE BOARD

Current position: CEO of Peas Industries AB.

Other appointments: Board member of several Peas Industries companies and member of the advisory board at a number of external companies.

Education: MBA, Stockholm School of Economics and NYU, Stern School of Business in New York. He also studied law at the University of Stockholm.

Born: 1967

THOMAS VON OTTER

BOARD MEMBER

Current position: Deputy CEO of Peas Industries AB.

Other appointments: Board member of several other Peas Industries companies, as well as a number of external companies.

Education: Studied economics at Stockholm Business School.

Born: 1966

ANNA-KARIN ELIASSON CELSING

BOARD MEMBER

Other appointments: Board member of Lannebo Fonder AB, Landshypotek Bank AB, Carnegie Investment Bank AB, Volati AB and OX2 AB.

Education: MBA, Stockholm School of Economics.

Born: 1962

JOHAN WIESLANDER

BOARD MEMBER

Current position: Partner, Newground Alliance.

Other board appointments: Inhouse AB, Johan Wieslander AB, J&J Wieslander AB, Deseven International AB, Deseven Capital AB, Emplicure AB and Newground Alliance companies.

Education: Masters in Engineering and MBA, Chalmers University of Technology and the School of Economics at Gothenburg University.

Born: 1960

Directors' Report

The Board of Directors and CEO of Peas Industries AB, corporate ID no. 556829-4515, with registered office in Stockholm, hereby submit the annual report and consolidated financial statements for the financial year 01/01/2021 to 31/12/2021.

The nature of the business and its direction

The business concept of Peas Industries AB and its subsidiaries ("Peas") is to build meaningful, profitable companies that unite human needs with caring for our planet. Peas Industries AB is an investment company that focuses on creating long-term value growth by actively owning and developing companies. Peas Industries is normally a majority shareholder, but it may also own minority shareholdings.

Please see the section entitled "Our companies" on pages 12-13 for information on activities at companies where Peas Industries has a majority holding, either directly or via wholly-owned companies.

Significant events during 2021

In view of the evolution of the COVID-19 pandemic, the company has monitored events closely and taken action to minimise its on the Group's operations. The Group complies with the guidelines of the Swedish Public Health Agency, WHO and ECDC (European Centre for Disease Prevention and Control). To date, the Group has not seen any significant impact on the business from the COVID-19 pandemic. Extensive action has been taken at workplaces to reduce the spread of the virus.

In January, Enstar signed a cooperation agreement with Rikshem AB regarding the phasing-out of oil for four of their properties in Nacka. This development project involves the installation of new energy systems for the production of heat and hot water to replace existing oil boilers. The project involved three schools and a nursing home.

Peas Industries AB held an Annual General Meeting on 27 April 2021, where it was decided that share capital would be reduced by redemption of shares. The total redemption payment amounted to SEK 41 million.

In June, Peas Industries subsidiary OX2 AB was listed on the Nasdaq First North Premier Growth Market. The first trading day was 23 June 2021. Following the listing, Peas Industries owns 50.7 per cent of OX2 and will therefore continue to be a significant and committed OX2 shareholder and continue to contribute to the future development of OX2.

With OX2's listing, the joint company structure created in connection with Altor's acquisition of a 30% stake in OX2 in June 2020 was phased out in the second half of the year.

In June 2021, Peas acquired smaller shareholdings in a foodtech company. This is in line with Peas' ambition: to invest in companies that are working with sustainable food production.

Performance and financial position

REVENUES

Revenue for 2021 totalled SEK 5,258.7 million (5,459.7). For revenues per operation, see Note 5.

COSTS

Costs for goods and project planning during 2021 totalled SEK -4,324.3 million (-4,672.4). Other external costs during 2021 amounted to SEK -161.4 million (91.8). The increase in external costs compared with the same period in the preceding year is related to the fact that operations have expanded.

Personnel costs for 2021 totalled SEK 336.3 million (279.9). The increase in staff costs is explained by the fact that the workforce has increased, particularly within OX2. The number of employees throughout the entire Group increased by 38% (13), compared with the previous period.

PROFIT

The operating profit for 2021 was SEK 401.6 million (386.4). The profit for 2021 amounted to SEK 267.1 million (262.2).

FINANCIAL POSITION AND LIQUIDITY

Current assets as at 31 December 2021 amounted to SEK 4,956.7 million (3,639.7). This increase is mainly due to the increase in cash and cash equivalents, which amounted to SEK 3,552.9 million (2,876.8) as at 31 December 2021, explained in part by the injection of cash and cash equivalents from the issue in connection with the listing of OX2. The fair value of Peas Industries' stake in OX2 was SEK 8.2 million at the balance sheet date. As at 31 December 2021, other long-term interest-bearing liabilities amounted to SEK 110.4 million (1,129.4). The decrease is mainly due to the repayment of the bank loan in connection to the listing of OX2. Current liabilities as at 31 December 2021 amounted to SEK 1,389.3 million (1,217.4).

CASH FLOW

The cash flow from operating activities before changes in working capital during the year totalled SEK 342.6 million (326.7), and is attributable to accrued profits. The cash flow from operating activities after changes in working capital in 2021 amounted to SEK -182.4 million (493.4). The cash flow from investment activities during the year amounted to SEK 3,988.1 million (525.5) and is attributable primarily to the sale of shares in OX2. The cash flow from financing activities during the year amounted to SEK -3,135.3 million (718.0) and is attributable primarily to dividends paid and repayment of the bank loan. The total cash flow for 2021 amounted to SEK 670.3 million (1,736.9).

PARENT COMPANY

Overall Group management and administration are part of the parent company, Peas Industries AB. During the year, the company completed the final stages of the restructuring process that has been in progress for the last two years, which has included decentralising key functions such as IT, finance and HR, and transferring employees who were working with these functions to the subsidiaries. Revenue during 2021 amounted to SEK 4.7 million (29.0) and relates primarily to internal invoicing of management and other services. The operating loss for 2021 was SEK -12.1 million (-9.7).

Profit after financial items amounted to SEK 1,119.7 million (2,412.5). The profit for 2021 amounted to SEK 1,119.2 million (2,406.0). The parent company's equity as at 31 December 2021 amounted to SEK 1,236.4 million (2,408.7). Cash and cash equivalents as at 31 December 2021 totalled SEK 1,136.9 million (1,573.7).

EMPLOYEES

As at 31 December 2021, the number of employees was 330 (239), of which 38 (38) per cent were women. The number of employees has thus increased by 38 per cent (13), compared with the corresponding period the previous year. The average number of employees during 2021 was 285 (225).

RISKS AND UNCERTAINTY FACTORS

The renewable energy industry is dependent on the general global economic and political situation. Access to capital and the willingness to invest may influence the development of Peas operations. The climate and environmental targets adopted by the EU and individual countries in which OX2 operates also affect the market for renewable energy production and the growth potential of the company.

The renewable energy production market is regulated by laws and regulations in respect of both support systems and the permit process for establishment. A more rigorous permit application process than is currently the case would lead to longer planning periods and require greater resources, with a consequent rise in costs. Peas operations are also dependent on the price of electricity. The expected future price of electricity is one of the most important parameters in the investment calculations of OX2 and Enstar customers, for example. However, OX2's investment calculations for acquisitions are affected accordingly, i.e. the market price of assets acquired by OX2 increases in value when electricity prices rise. All things being equal, OX2's profitability is positively correlated with a higher expected future electricity price. The price of electricity is affected by fundamental factors such as water access, access to production capacity, fuel prices, prices of carbon credits and electricity consumption.

The euro rate affects the subsidiary's investment calculations, since the turbine suppliers' costs are in euros. At the same time, the sale of OX2's projects is usually in euros, which reduces currency exposure. In each project, currency risks are handled in the way stipulated in the company's finance policy, which contains requirements for risk minimisation, adapted to the conditions of the particular project.

Through its operations, the Peas Group is exposed to various financial risks in the form of market risks, which include currency and interest rate risks, credit and financial risks.
A description of financial instruments and risk management can be found in Note 4 - Financial risk management and financial instruments.

The geopolitical uncertainty in Europe and unrest in Ukraine may affect Peas subsidiaries, depending on how the situation develops. Peas subsidiary OX2, which operates in several markets in Europe, has devised a specific risk inventory process with a view to identifying and managing at an early stage any risks that may affect the company's business.

RESEARCH AND DEVELOPMENT

Peas and its subsidiaries are working in conjunction with the authorities, suppliers and other stakeholders in the industry on a number of research and development projects to develop renewable energy.

Outlook and trends

LARGE-SCALE RENEWABLE ENERGY

Renewable energy sources spearheaded by large-scale wind power have an important part to play in facilitating the necessary transition of the energy system all over the world. Despite the world's uncertain economic situation as a consequence of the coronavirus pandemic, global renewable energy development was strong in 2021. Creation of renewable energy supply has strong political support because it helps to create growth in the economy and we consider it to be one of the most effective ways of reducing global CO2 emissions.

BIOGAS

Demand for fossil-free fuel alternatives is constantly increasing and the market for biogas in the industry and transport sector, both on land and at sea, has taken off in earnest. The development of infrastructure for liquefied natural gas has already made a reasonable amount of progress. As biogas and natural gas are fully interchangeable and miscible with one another, this infrastructure may also benefit the emergence of biogas. Biond creates a good business opportunity by efficiently collecting society's organic waste and meeting a growing need for both biogas and bio-fertilizer for the transport sector and agriculture.

LOCAL ENERGY SYSTEMS FOR HOMES AND BUILDINGS

Digital fields of technology such as artificial intelligence (AI), advanced automation, the Internet of Things (IoT) and blockchain technology are creating a paradigm shift on the market for energy solutions for properties. The new interface between the central power grid, microgrids and consumers is not entirely unlike what we have seen for the information society. We also believe this development could involve good business opportunities for Enstar.

In conclusion, there is every reason to be optimistic about positive developments for Peas operations in 2022, although there are high levels of uncertainty with regard to recent developments on account of the COVID-19 pandemic and the unrest in Ukraine. The transition to renewable energy supplies is a long-term and important project for society and, despite the market unrest Peas' largest subsidiary, OX2 regards the future as being positive. The industry has strong political support and is considered by many to be the most effective way of reducing global CO2 emissions. Energy companies and financial investors increasingly regard renewable energy as being a stable and attractive infrastructure investment in the long term.

Peas operates in all sectors that are fundamental and socially critical today, as well as in the sustainable society of the future, which provides good opportunities to continue to develop well in both the short and long term.

THE WORK OF THE BOARD OF DIRECTORS DURING THE YEAR

At the 2021 Annual General Meeting, which took place on 27 April 2021, Johan Ihrfelt (Chairman), Thomas von Otter, Anna-Karin Eliasson Celsing and Johan Wieslander were re-elected as ordinary members of the Board for the period until the end of the next Annual General Meeting. During 2021, the Board of Directors of Peas Industries AB held 12 Board meetings.

PROPOSAL FOR ALLOCATION OF EARNINGS (SEK)

The following earnings are at the disposal of the Annual General Meeting:

Unrestricted equity	117,191,061
Net profit for the year	1,119,236,474
Total	**1,236,427,535**
The Board proposes the following sum be carried forward to new account	1,236,427,535
Total	**1,236,427,535**

Please refer to the Income Statements and Balance Sheets, Cash Flow Statements and additional information that follow for the rest of the parent company's and Group's results. All amounts are expressed in SEK thousands unless otherwise indicated.

SUSTAINABILITY

In accordance with chapter 6, section 11 of the Swedish Annual Accounts Act, the Company has chosen to establish the statutory sustainability report as a separate report from the annual report. The Sustainability Report can be found on pages 32-33 of this printed document.

KEY FIGURES, EARNINGS AND POSITION FOR PEAS INDUSTRIES AB

SEK thousand	2021	2020	2019
Revenue	5,258,652	5,459,656	5,159,566
Operating profit	401,600	386,372	352,543
Profit after financial items	339,550	343,359	349,764
Operating margin	8%	7%	7%
Balance sheet total	5,130,264	3,811,011	2,800,035
Equity ratio[1)]	69%	37%	30%
Return on equity[2)]	11%	23%	40%
Return on capital employed [3)]	17%	26%	37%
Average number of employees	285	225	176

1) Equity in relation to the balance sheet total
2) Net earnings for the year divided by average equity
3) Operating profit after financial items plus financial expenses in relation to average capital employed

ANNUAL GENERAL MEETING

Peas Industries AB will hold its Annual General Meeting on 16 June 2022 at the company's premises at Munkbron 9 in Stockholm.

Consolidated Income Statement

Amounts in SEK thousand	Note	01/01/2021–31/12/2021	01/01/2020–31/12/2020
Operating revenue			
Net sales	5	5,258,652	5,459,656
Total revenue		**5,258,652**	**5,459,656**
Cost of goods and project planning		–4,324,341	–4,672,383
Other costs	6, 7	–161,369	–91,832
Staff costs	8	–336,341	–279,926
Value adjustments of tangible and intangible assets	14, 15, 16	–35,001	–29,143
Total operating expenses		**–4,857,052**	**–5,073,284**
Operating profit		**401,600**	**386,372**
Financial income	9	115,175	64,532
Financial expenses	10	–177,224	–107,545
Profit before tax		**339,550**	**343,359**
Tax	13	–72,463	–81,152
Net profit for the year		**267,087**	**262,207**
Net profit for the year attributable to:			
Parent company shareholders		97,172	230,480
Minority share		169,915	31,727
CONSOLIDATED REPORT OF COMPREHENSIVE INCOME			
Profit for the period		**267,087**	**262,207**
Other comprehensive income:			
Items that will be allocated to the income statement			
Translation difference from translation of foreign subsidiaries		6,993	–7,724
Cash flow hedges			
Changes in fair value	27	–36,403	20,187
Tax attributable to cash flow hedges		7,499	–4,158
Total comprehensive income for the year, net after tax		**245,176**	**270,511**
Comprehensive income for the year attributable to:			
Parent company shareholders		71,922	238,784
Minority share		173,254	31,727

Consolidated report on financial position

Amounts in SEK thousand	Note	31/12/2021	31/12/2020
ASSETS			
Fixed assets			
Other intangible fixed assets	14	91,603	101,866
Plant, equipment and tools	15	11,937	11,150
Other technical installations	16	4,913	5,293
Right-of-use assets	17	30,487	14,577
Other financial assets		34,652	38,399
Total fixed assets		**173,592**	**171,286**
Current assets			
Work in progress on behalf of others	19	501,603	318,311
Accounts receivable	20	325,861	150,978
Tax assets		11,029	–
Other receivables		42,812	27,330
Prepaid expenses and accrued income	21	516,332	229,497
Derivative instruments	27	6,048	36,831
Cash and cash equivalents		3,552,988	2,876,778
Total current assets		**4,956,672**	**3,639,725**
Total assets		**5,130,264**	**3,811,011**

Consolidated report on financial position, cont.

Amounts in SEK thousand	Note	31/12/2021	31/12/2020
EQUITY AND LIABILITIES			
Share capital	22	102	102
Other contributed capital	23	3,241,922	72,836
Retained earnings including profit for the year		297,973	1,318,987
Total equity attributable to parent company shareholders		**2,359,604**	**1,119,222**
Equity attributable to non-controlling interests		1,180,394	272,703
Total equity	24	**3,539,998**	**1,391,925**
Long-term liabilities			
Long-term interest-bearing liabilities	26	110,394	1,129,371
Derivative instruments	27	17,546	341
Deferred tax liability	13	73,036	71,938
Total long-term liabilities		**200,976**	**1,201,650**
Current liabilities			
Customer advances	28	601,136	471,719
Accounts payable		333,432	155,834
Tax liabilities		–	4,155
Other liabilities	29	246,555	95,210
Accrued expenses and deferred income	30	208,166	490,518
Total current liabilities		**1,389,289**	**1,217,436**
Total equity and liabilities		**5,130,264**	**3,811,011**

Consolidated report of changes in equity

Amounts in SEK thousand	Share capital	Miscellaneous contributed capital	Translation reserve	Hedging reserve	Retained earnings	Total equity attributable to parent company shareholders	Total equity attributable to non-controlling interests	Total equity
Opening balance as at 1 January 2020	**102**	**72,836**	**130**	**3,684**	**766,802**	**835,600**	**7,955**	**843,555**
New share issue	–	–	–	–	–	–	–	0
Capital injections	–	–	–	–	–	–	–	0
Profit for the period	–	–	–	–	262,207	230,480	31,727	262,207
Other comprehensive income								
Translation difference from translation of foreign subsidiaries	–	–	–7,724	–	–	–5,551	–2,174	–7,724
Cash flow hedges	–	–	–	16,028	–	16,028	–	16,028
Total other comprehensive income	**–**	**–**	**–7,724**	**16,028**	**–**	**10,478**	**–2,174**	**8,304**
Total comprehensive income for the year	**–**	**–**	**–7,724**	**16,028**	**262,207**	**240,958**	**29,554**	**270,511**
Shareholder dividend	–	–	–	–	–150,669	–150,669	–	–150,669
Transaction costs	–	–	–	–	–51,264	–51,264	0	–51,264
Contributed capital	–	–	–	–	601,425	391,499	209,926	601,425
Buy-back of shares	–	–	–	–	–146,901	–146,901	–	–146,901
Sale of shares	–	–	–	–	25,268	0	25,268	25,268
Acquisition of minority	–	–	–	–	–	–	–	0
Closing balance as at 31 December 2020	**102**	**72,836**	**–7,594**	**19,712**	**1,306,868**	**1,119,222**	**272,703**	**1,391,925**

Amounts in SEK thousand	Share capital	Miscellaneous contributed capital	Translation reserve	Hedging reserve	Retained earnings	Total equity attributable to parent company shareholders	Total equity attributable to non-controlling interests	Total equity
Opening balance as at 1 January 2021	**102**	**72,836**	**–7,594**	**19,712**	**1,306,868**	**1,119,222**	**272,703**	**1,391,925**
Profit for the period	–	–	–	–	267,087	97,172	169,915	267,087
Other comprehensive income								
Translation difference from translation of foreign subsidiaries	–	–	6,993	–	–	3,654	3,339	6,993
Cash flow hedges	–	–	–	–28,904	–	–28,904	–	–28,904
Total other comprehensive income	**–**	**–**	**6,993**	**–28,904**	**–**	**–25,250**	**3,339**	**–21,911**
Total comprehensive income for the year	**–**	**–**	**6,993**	**–28,904**	**267,087**	**71,922**	**173,254**	**245,176**
New share issue*	–	538,760	–	–	–	538,760	–	538,760
Shareholder dividend	–	–1,366,343	–	–	–1,224,755	–2,250,000	–341,098	–2,591,098
Buy-back of shares	–	–	–	–	–41,434	–41,434	0	–41,434
Sale of shares*	–	3,996,669	–	–	–	2,921,133	1,075,536	3,996,669
Closing balance as at 31 December 2021	**102**	**3,241,922**	**–601**	**–9,192**	**307,766**	**2,359,604**	**1,180,394**	**3,539,998**

* OX2 AB was listed on the Nasdaq First North Premier in June 2021. In connection with this, capital was injected into the company through the new share issue and existing shareholders sold shares in order to repay existing financial commitments within the Group, among other things. Immediately after the listing of OX2 shares, intra-Group restructuring took place involving the liquidation of three companies within the joint company structure that was created in connection with Altor's acquisition of 30% in 2020 and the distribution of outstanding funds to shareholders.

Consolidated cash flow report

Amounts in SEK thousand	Note	01/01/2021–31/12/2021	01/01/2020–31/12/2020
Operating activities			
Profit after financial items		339,550	341,865
Adjustments for items not included in cash flow, etc.	32	50,752	21,398
Income tax paid		–47,742	–36,589
Cash flow from operating activities			
before changes in working capital		**342,560**	**326,674**
Cash flow from changes in working capital			
Decrease(+)/increase(–) in work in progress		–232,289	743,191
Decrease(+)/increase(–) in accounts receivable		–174,883	–119,400
Decrease(+)/increase(–) in current receivables		–314,510	–233,470
Decrease(–)/increase(+) in accounts payable		308,059	205,699
Decrease(–)/increase(+) in current liabilities		–111,344	–429,324
Cash flow from current operations		**–182,406**	**493,370**
Investment activities			
Disposal of shares		3,997,597	550,161
Acquisition of financial assets		–3,001	–12,489
Acquisition of intangible assets		–4,034	–7,980
Acquisition of tangible fixed assets		–2,482	–4,201
Cash flow from investment activities		**3,988,080**	**525,491**
Financing activities			
New share issue		538,760	–
Dividend paid to shareholders		–2,591,098	–150,669
Sale and buyback of shares		–41,434	–121,632
Total long-term liabilities	32	–1,032,739	1,007,581
Amortisation of leasing debt	32	–8,826	–17,234
Cash flow from financing activities		**–3,135,337**	**718,046**
Cash flow for the year		**670,337**	**1,736,907**
Translation difference for cash and cash equivalents		5,874	–7,304
Cash and cash equivalents at beginning of the year		**2,876,778**	**1,147,176**
Cash and cash equivalents at year end		**3,552,998**	**2,876,778**

Parent company income statement

Amounts in SEK thousand	Note	01/01/2021–31/12/2021	01/01/2020–31/12/2020
Operating revenue			
Net sales	5	4,665	28,978
Total revenue		**4,665**	**28,978**
Operating expenses			
Other external costs	6, 7	–8,504	–19,459
Staff costs	8	–7,763	–18,360
Value adjustments of tangible and intangible fixed assets	14, 15	–490	–817
Total operating expenses		**–16,757**	**–38,637**
Operating profit		**–12,101**	**–9,659**
Other interest income and similar income statement items	9	15,694	15,165
Interest expenses and similar income statement items	10	–1,120	–2
Result from participations in Group companies		1,117,214	2,407,018
Profit after financial items		**1,119,686**	**2,412,522**
Year-end appropriations	12	–85	–5,846
Profit before tax		**1,119,601**	**2,406,676**
Tax on profit for the year		–365	–635
Net profit for the year		**1,119,236**	**2,406,042**
COMPREHENSIVE INCOME REPORT			
Profit for the period		**1,119,236**	**2,406,042**
Other comprehensive income:			
Total comprehensive income for the year, net after tax		1,119,236	2,406,042
Comprehensive income for the year		**1,119,236**	**2,406,042**

Parent Company Balance Sheet

Amounts in SEK thousand	Note	31/12/2021	31/12/2020
ASSETS			
Fixed assets			
Other intangible fixed assets	14	594	818
Equipment	15	127	334
Participations in Group companies	18	185,392	94,733
Receivables from Group companies		13,900	515,800
Other long-term securities		8,756	5,752
Total fixed assets		**208,769**	**617,437**
Current assets			
Current receivables			
Receivables from Group companies		292	359,456
Other receivables		12,184	11,423
Prepaid expenses and accrued income	21	965	846
Cash and cash equivalents		1,136,898	1,573,744
Total current assets		**1,150,338**	**1,945,469**
Total assets		**1,359,108**	**2,562,906**

Parent company's balance sheet, cont.

Amounts in SEK thousand	Note	31/12/2021	31/12/2020
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	22	102	102
Total restricted equity		**102**	**102**
Unrestricted equity			
Earnings brought forward		117,191	2,583
Net profit for the year		1,119,236	2,406,042
Total unrestricted equity		**1,236,427**	**2,408,625**
Total equity	24	**1,236,530**	**2,408,728**
Untaxed reserves	25	**118,900**	**118,900**
Current liabilities			
Accounts payable		362	759
Tax liabilities		653	301
Other liabilities	29	147	284
Other liabilities to Group companies		85	29,519
Accrued expenses and deferred income	30	2,431	4,415
Total current liabilities		**3,678**	**35,279**
Total equity and liabilities		**1,359,108**	**2,562,906**

Parent company changes in equity

Amounts in SEK thousand	Restricted equity	Unrestricted equity		
	Share capital	Profit or loss brought forward	Profit for the year	Total equity
Opening balance as at 1 January 2020	**102**	**198,458**	**101,027**	**299,587**
Profit for the period	–	–	2,406,042	2,406,042
Comprehensive income for the year	**–**	**–**	**2,406,042**	**2,406,042**
Distribution of profits pursuant to decision at the annual general meeting	–	101,027	–101,027	0
Dividend	–	–150,000	–	–150,000
Buy-back of shares	–	–146,901	–	–146,901
Closing balance as at 31 December 2021	**102**	**2,584**	**2,406,042**	**2,408,728**

Amounts in SEK thousand	Restricted equity	Unrestricted equity		
	Share capital	Profit or loss brought forward	Profit for the year	Total equity
Opening balance as at 1 January 2021	**102**	**2,584**	**2,406,042**	**2,408,728**
Profit for the period	–	–	1,119,236	1,119,236
Comprehensive income for the year	**–**	**–**	**1,119,236**	**1,119,236**
Appropriation of earnings in accordance with the decision by the Annual General Meeting	–	2,406,042	–2,406,042	0
Dividend	–	–2,250,000	–	–2,250,000
Buyback of shares	–	–41,434	–	–41,434
Closing balance as at 31 December 2021	**102**	**117,192**	**1,119,236**	**1,236,530**

Parent Company Cash Flow Analysis

Amounts in SEK thousand	Note	01/01/2021–31/12/2021	01/01/2020–31/12/2020
Operating activities			
Operating profit		–12,101	–9,659
Adjustments for items not included in cash flow, etc.	32	490	817
Interest received/paid		14,476	326
Income tax paid		–1,036	–9,940
Cash flow from current operations before changes in working capital		1,829	–18,456
Cash flow from changes in working capital			
Decrease(+)/increase(-) in current receivables		359,019	8,797
Decrease(-)/increase(+) in current liabilities		–31,929	–13,560
Cash flow from current operations		**328,919**	**–23,219**
Investment activities			
Sale of shares in subsidiaries		928	1,548,736
Shareholders' contributions paid		–1,600	–14,200
Acquisition of intangible assets and financial assets		–3,002	–5,686
Divestment of tangible assets		22	1,698
Buyback of shares		–41,434	–146,901
Cash flow from investment activities		**–45,086**	**1,383,646**
Financing activities			
Earned dividends and Group contributions		1,027,421	259,407
Dividend paid to shareholders		–2,250,000	–150,000
Repaid/unpaid internal loans		501,900	5,850
Cash flow from financing activities		**–720,679**	**115,257**
Cash flow for the year		**–436,846**	**1,475,684**
Cash and cash equivalents at beginning of the year		1,573,744	98,060
Cash and cash equivalents at year end		**1,136,898**	**1,573,744**

Note 1 General information

Peas Industries AB, corporate ID number 556829-4515, is a limited company that is registered in Sweden and has its registered office in Stockholm. The address of the head office is Munkbron 9. The business concept of the company and its subsidiaries ("the Group") is to build meaningful, profitable companies that unite human needs with caring for our planet.

Note 2 Significant accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting standards (IFRS) issued by the International Accounting standards Board (IASB) and interpretations issued by the IFRS interpretations Committee (IFRS IC) as adopted by the European Union (EU). The Group also applies the Annual Accounts Act (1995:1554) and the recommendations of the Financial Reporting Board RFR1 "Supplementary Accounting Rules for Groups".

Items have been valued in the consolidated financial statements at acquisition value, except in the case of certain financial instruments that are valued at fair value and at accrued acquisition value. The following is a description of the most important accounting policies that have been applied.

BASIS FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on the basis of the assumption of a going concern. Assets and liabilities are valued at their historical acquisition cost, with the exception of currency derivatives that are valued at fair value. The consolidated financial statements are prepared in accordance with the purchase method and all subsidiaries in which controlling influence is held are consolidated from the date on which this influence was obtained. The preparation of reports in accordance with IFRS requires several estimates to be made by management for accounting purposes. The areas that include a high degree of assessment, which are complex, or areas where assumptions and estimates are of significant importance for the consolidated financial statements are set out in Note 3 - Significant estimates and assessments. These assessments and assumptions are based on historical experience and other factors that are deemed reasonable in the circumstances. The actual amounts may differ from estimates made. The Company has chosen to comment only on the standards, amendments and interpretations deemed relevant for the Group. Unless otherwise stated, the accounting principles set out below have been consistently applied to all periods presented in the Group's financial reports and by all Group companies.

New standards and interpretations

The standards, amendments and interpretations that entered into force for the financial year beginning 1 January 2021 have had no material effect on the consolidated financial statements or the parent company financial statements. At the time of the preparation of this report, no new standards or interpretations have been applied for financial years beginning after 1 January 2022, and no standards or interpretations are expected to have any material impact on the consolidated financial statements or the parent company financial statements.

Consolidation

The consolidated financial statements include the accounts of the parent company Peas Industries AB and the companies over which the parent company has a controlling influence (subsidiaries). Controlling influence over a company is deemed to occur when the parent company has influence over a company, is exposed to or has the right to variable returns from its holding in the company and has the opportunity to affect the return through its influence in the company. Subsidiaries are included in the consolidated accounts from the date on which the control has been transferred to the Group. They are excluded from the consolidated accounts from the date on which the controlling influence ceases. Please refer to Note 18 for the composition of the Group. If the accounting policies applied in a subsidiary differ from the consolidated accounting policies, the subsidiary's accounts are adjusted in order to follow the same principles applied by the other Group companies. Internal transactions between Group companies, as well as Group balances are eliminated in the preparation of the consolidated accounts.

Operational acquisitions

The acquisition of subsidiaries is reported in accordance with the purchase method. The fair value of the acquired assets and liabilities is determined by the date on which the dominant influence is obtained over the acquired company. The purchase price for the acquisition consists of the fair value of the transferred assets, liabilities and any shares issued by the Group. The fair value of conditional purchase prices is also included. The acquisition costs are not included in the cost of the subsidiary company but are expensed in the period in which they arise. The difference between the total of the purchase price, the value of the minority holding and the fair value of the previous holdings and the fair value of acquired identifiable assets, liabilities and contingent liabilities is reported as goodwill. In the event of a negative difference, the difference is recognised directly in the income statement. The minority shares are recognised either as a proportional share of the acquired net assets or at fair value, which is assessed on an acquisition by acquisition basis. Supplementary purchase prices are reported at estimated fair value with subsequent changes recognised in the income statement.

Phased acquisition is valued at fair value at the date on which the dominant influence is achieved. Revaluation effects on previously owned shares before the control is achieved are recognised in the income statement. Increases or decreases in ownership shares of subsidiaries that remain under control are reported as changes in equity.

Revenues

The Group's revenues mainly comprise the sale of wind farms, biogas and energy systems.

Revenue is recognised when control of goods or services is transferred to the client and is reported according to a five-step model;

At step one, the customer contract is identified. If two or more contracts have been entered into at the same time with a client and the pricing of one contract depends on another contract, these contracts are combined.

An amendment to a contract means a change in a contract approved by the Contractual Parties and occurs when the Contractual Parties agree to an amendment which either creates new, or modifies existing, rights and obligations for the parties to the contract. An amendment to a contract should be reported as a separate contract when the scope of the contract increases due to the addition of promised goods or services that are distinct and when the price of the agreement increases by an amount of compensation reflecting the company's independent selling prices for the additional goods or services promised. If the parties have not accepted an amendment to a contract, the Company shall continue to apply the standard to the existing contract until the contract amendment is approved.

Step 2: identify the various performance commitments in the contract.
Step two identifies the performance commitment(s) agreed on in the contract. A performance commitment is a commitment to transfer to the client a distinct product or service, or a series of distinct goods and services that are essentially the same and follow the same pattern of transfer to the client. A product or service is distinct if the client can benefit from the goods or services separately or in conjunction with other resources available to the client and if the company's promise to transfer the goods or services to the client can be distinguished from other promises contained in the contract.

Step 3: establish the transaction price.
The transaction price is established in step three. Consideration is given to a fixed agreed price, variable remuneration, any additional purchase price, deduction, profit impact, discounts and penalties. The variable remuneration is estimated by the most probable amount, which is the most probable amount in a range of possible remuneration amounts or the expected value, which is the sum of the probability-assessed amounts in a range of possible remuneration amounts. If the contract contains a significant financing component, the transaction price shall be adjusted for the effect of the time value of the money.

Step 4: distribute the transaction price over the performance commitments.
In step four, the transaction price is allocated to the different performance commitments in the agreement if more than one commitment exists. The allocated transaction price for each individual commitment should reflect the amount of remuneration that the company expects to be entitled to in exchange for the transfer of the promised goods or services to the client, based on a stand-alone selling price.

Step 5: recognise a revenue when a performance commitment is fulfilled.
Revenue is recognised in step five, when the performance commitment is fulfilled, either over time or at a specific time, and when the client is given control of the asset. Revenue is recognised over time when the client simultaneously receives and consumes the benefits provided by the company's performance, when the performance of the company creates or improves an asset that is controlled by the client, or when the performance of the company does not create an asset with alternative use for the company and the company is also entitled to payment for the performance performed so far that includes expenses incurred and profit margin.

If a performance commitment is not fulfilled over time as described above, the company will meet the commitment at a specific time. This occurs at the time when the client is given control of the promised asset.

Indicators for control may be that the company is entitled to payment for the asset, the client has legal ownership of the asset, the company has transferred the physical possession of the asset, the client has the significant risks and benefits associated with the ownership of the asset, or that the client has approved the asset. Expenditure on obtaining a contract, that is, expenditure that the company would not have had if it had not received the contract, is recognised as an asset only if the company expects to receive coverage of that expenditure. Loss contracts are expensed directly and provisions for loss are made for remaining work and are reported in accordance with IAS 37 Provisions.

Revenue from contracts with customers

The most common contract type applied by the Group involves transfer of project rights and a concluded construction contract, but sales agreements may also occur where the customer takes over a commissioned wind power farm when it is completed. According to IFRS, revenue is to be recognised through fulfilment of the company's performance commitment either over time or at a time.

Revenue from transfer of project rights and a concluded construction contract

This regards revenue from sales agreements where the client takes over the project rights and concludes a construction contract with Peas subsidiary OX2. Since these agreements entail that the client has taken over project rights and that OX2 subsequently carries out work that creates or improves an asset that the client controls, this means that the revenue is recognized partly on the sale of project rights and partly over time in accordance with the principle of percentage of completion.

On application of the percentage of completion method, the revenue is matched to the costs on the basis of the work carried out up to the balance sheet date. Revenues and costs are attributed to the accounting period during which the work is performed.

To determine what result has been developed at a given time, information is required on the following:

- Revenue must be of such a nature that the company can absorb it in the form of actual invoices or payments
- Costs must be attributable to the recognised revenue
- Monitoring of level of completion
- The percentage of completion method will include an uncertainty component. Unforeseen incidents may occur that could affect the final result so that it becomes either higher or lower than expected. Construction projects will be followed up on an ongoing basis and reservations for any losses will be made as soon as these are known.

Revenue from the sale of commissioned wind farms

In cases where the customer does not have control over the asset until it is completed, the revenue will be recognised at a time that takes place on completion and handover to the customer.

Revenues in other Group companies

Revenue from the sale of biogas, district heating and operational services is recognised in the period in which the delivery has been made and regarding services in the period in which the service was provided. Revenue concerning sales of energy systems is recognised in accordance with the percentage of completion method.

State funding

Government grants are reported in the Balance Sheet as prepaid income when there is reasonable assurance that the funding will be received and that the Group will meet the conditions attached to the funding. Contributions are capitalised systematically in the Income Statement in the same way, and over the same periods, as the costs for which the funding is intended to compensate. Government grants related to assets are reported in the Balance Sheet as prepaid income and are recognised as other operating income over the useful life of the asset.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. The effective interest rate is the rate at which the net present value of all future inward and outward payments during the interest period is equal to the carrying amount of the receivable.

Leasing contracts

The right to use an asset is recognised as an asset on the Balance Sheet (Right-of-use asset), while the corresponding obligation to pay for this right is recognised as a long-term and short-term liability (Leasing liability) from the start of the lease. Leasing agreements are recognised by being expensed in the Income Statement by means of a depreciation of the asset of use that affects operating profit and an interest expense on the leasing liability that affects income before tax. In the Cash Flow Statement, payments attributable to leasing liabilities within operating activities are reported in respect of the interest component and the remaining part of financing operations. Payments for short-term leases and low-value leases that are not included in the valuation of the lease liability are recognised in Operating activities.

Valuation of leasing liabilities

The leasing liability is initially calculated as the present value of the outstanding payments of the contracts that are not paid on the start date, discounted by the interest rate. The Group has chosen to apply the exemption for leasing contracts of less than 12 months and/or agreements involving small amounts.

Lease payments should be apportioned between the interest rate and the amortisation of the debt. The interest rate is distributed over the term of the lease so that each accounting period is charged with an amount corresponding to a fixed interest rate on the liability for each period. The interest expense is recognised directly in the Income Statement. In cases where the leasing liability is revalued to reflect changes in leasing charges after the start of the lease, the revaluation amount should be recognised as an adjustment to the right-of-use asset.

Valuation of right-of-use assets

Right-of-use assets are initially reported at a value corresponding to the initially-valued lease liability adjusted for lease payments paid at or before the start of the lease. Current assets are valued at acquisition value less accumulated depreciation and impairment, and adjusted for revaluation of the lease liability. In cases where the leasing liability is revalued to reflect changes in leasing charges after the start of the lease, the revaluation amount should be recognised as an adjustment to the right-of-use asset. The adjustment shall be reported in the result.

Depreciation principles

Depreciation is performed on a straight-line basis over the lease term, or the estimated useful life of the asset if it is judged to be shorter.

Foreign currency
Transactions in foreign currencies are translated into the functional currency at the exchange rate that is in force on the day of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate in force on the balance sheet date. Exchange rate differences arising from translation are reported in the Income Statement. Non-monetary assets and liabilities that are reported at their historical acquisition values are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are recognised at fair value are converted to the functional currency at the rate in effect at the time of the fair value valuation.

Exchange rate differences are recognised in the Income Statement in the period in which they arise, with the exception of transactions forming hedges that satisfy the conditions for hedge accounting of cash flow or of net investments, when gains and losses are recognised in equity.

Financial statements for foreign operations
Items included in the financial statements of the various entities of the Group are recognised in the currency of the primary economic environment in which the unit operates primarily (functional currency). In the consolidated financial statements, all amounts are translated into Swedish kronor (SEK), which is the parent company's functional and presentation currency.

Assets and liabilities in foreign operations, including goodwill and other Group surplus and deficit values, are translated from the functional currency to the reporting currency of the Group, Swedish kronor, using the exchange rate on the balance sheet date. Income and expenses in foreign operations are translated into SEK at an average exchange rate comprising an approximation of the exchange rates in effect at the respective transaction dates. Translation differences arising from currency translation of foreign operations are reported in the comprehensive income result and accumulated in a separate component of equity, hereinafter referred to as the translation reserve. In the event of disposal of a foreign operation, the accumulated translation difference attributable to the divested foreign operation is reclassified from equity to the profit for the year.

Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are included in the acquisition value of the asset until the time when the asset is ready for its intended use or sale. Loan arrangement and other initial loan transaction expenses are recognised in the income statement and distributed over the term. Interest income from the temporary placement of borrowed funds for the above asset is deducted from the borrowing costs that may be included in the acquisition cost of the asset. Other borrowing costs are charged to earnings for the period to which they relate.

Remuneration to employees
Remuneration to employees in the form of wages, paid leave, sick leave, etc., as well as pensions, is reported as earnings. With regard to pensions and other post-employment benefits, these are classified as defined contribution plans or defined benefit pension plans. The Group only has defined contribution pension plans.

Defined contribution plans
For defined contribution plans, the company pays fixed contributions to a separate independent legal entity and has no obligation to pay further contributions. Costs are charged against consolidated earnings as the benefits are earned, which normally coincides with the time at which the premiums are paid.

Taxes
The tax cost is the total of current tax and deferred tax.

Current tax
Current tax is calculated on the taxable profit in the period. Taxable profit differs from the reported results in the Income Statement when it has been adjusted for non-taxable income and non-deductible expenses and for income and costs that are taxable or deductible in other periods. The Group's current tax liability is calculated according to the rates that have been adopted or substantively enacted at the balance sheet date.

Deferred tax
Deferred tax is accounted for on the difference between the carrying amount of assets and liabilities in the financial statements and the tax value used in the calculation of taxable profit. Deferred tax is reported in accordance with the Balance Sheet method. Deferred tax liabilities are recognised in principle for all taxable temporary differences and deferred tax assets are recognised in principle for all deductible temporary differences to the extent that it is probable that the amounts can be utilised for future taxable surpluses. Deferred tax liabilities and receivables are not recognised if the temporary difference is attributable to goodwill or if it occurs as a consequence of a transaction that constitutes the initial recognition of an asset or liability (which is not a business acquisition) and that, at the time of the transaction, affects neither accounting profit nor taxable profit.

The deferred tax liability is recognised for taxable temporary differences relating to investments in subsidiaries and associated companies, except in the cases where the Group is able to control the timing of the reversal of the temporary difference and it is probable that such a reversal will not occur in the foreseeable future. The deferred tax liabilities that are attributable to the deductible temporary differences in respect of such investments and interests is only recognised to the extent that it is probable that the amounts can be utilised against future taxable surpluses and it is probable that such a use will take place in the foreseeable future.

The carrying amount of deferred tax assets is tested at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available for use in whole or in part against the deferred tax asset. Deferred tax is calculated in accordance with the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at balance sheet date.

Current and deferred taxes are offset when they relate to income tax that is levied by the same authority and the Group intends to regulate the tax with a net amount.

Current and deferred tax for the period

Current and deferred tax is reported as a cost or revenue in the Income Statement, except when the tax is attributable to transactions recognised directly in equity. In such cases, tax is also recognised directly in equity.

Fixed assets

Tangible fixed assets and intangible assets with finite useful life are reported at acquisition value with deductions for accumulated depreciation and impairment. The cost includes the purchase price and costs directly attributable to bringing the asset to the location and in the condition for use in accordance with the purpose of the acquisition. Borrowing costs are included in the acquisition value when the criteria for this are met. Tangible fixed assets comprising parts with different useful lives are regarded as being separate components of tangible fixed assets.

Subsequent expenditure is added to the acquisition value only if it is probable that the future financial benefits associated with the asset will flow to the company and the cost can be calculated in a reliable way. All other subsequent expenditure should be recognised as an expense in the period in which it arises. A subsequent expenditure is added to the acquisition value if the cost relates to the replacement of identified components or parts thereof. Any residual reported values for replaced components are scrapped and expensed in the context of the replacement. Expenditure for repairs and maintenance is expensed on an ongoing basis.

Depreciation is based on the acquisition value of the assets with a deduction for estimated residual value at the end of its useful life and is reported on a straight line basis over the estimated useful life of the respective essential component. Useful lives and residual values are subject to annual review.

The estimated useful lives are as follows:

Equipment	4-7 years
Intangible assets	5-10 years

Gains or losses that occur during scrapping or disposal of material fixed assets make up the intermediate difference between what has been received for the asset and its carrying value and is reported in operating profit.

Intangible assets

The Group's licensing rights relating to the operation and development of biogas facilities are recognised as an intangible asset. The intangible asset is initially recognised at acquisition value, which is the present value of future payments that the Group will be paying for this right. Depreciation is performed on a basis of a useful life of 10 years.

Impairment

At each balance sheet date, the Group analyses the reported values of tangible and intangible assets to determine whether there is any indication that these assets have decreased in value. If there are any indications in this respect, the recovery value of the asset is calculated in order to determine the size of any impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Group calculates the recoverable amount of the cash-generating unit to which the asset belongs. In addition, intangible assets with indefinite useful lives are impairment tested each year as well as intangible assets that are not yet available for use.

The recoverable amount is the higher of fair value minus the acquisition cost and beneficial value. When calculating the beneficial value the estimated future cash flow is discounted to current value at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or a cash generating unit) is set at a lower value than the reported value, the reported value of the asset (or the cash-generating unit) is reduced to the recovery value. An impairment is recognised directly in the Income Statement. If an impairment is then subsequently reversed, the carrying amount of the asset (the cash-generating unit) is increased to the revalued asset recovery value, but the increased carrying amount may not exceed the carrying amount that would have been set if no impairment of the asset (the cash-generating unit) had taken place in previous years. A reversal of an impairment is recognised directly in the Income Statement. Impairment of goodwill is not reversed.

Financial instruments

A financial asset or a financial liability is recognised in the Balance Sheet when the company becomes a party to the instrument's contractual terms. A financial asset is removed from the Balance Sheet when the contractual rights have been realised, mature or when the company loses control over it.
A financial liability is removed from the Balance Sheet when the obligation in the contract is fulfilled or it becomes otherwise extinct.

At each Balance Sheet date the company assesses whether there are objective indications that a financial asset or group of financial assets, which are not valued at fair value with changes in value recognised in profit or loss, require impairment due to past events. Financial instruments are reported at accrued acquisition value or at fair value, depending on their initial assignment under IFRS 9.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities are determined according to the following: The fair value of financial assets and liabilities with standard terms and conditions which are traded in an active market is determined in reference to the Quoted market price.

The fair value of financial assets and liabilities is determined in accordance with generally accepted valuation models, for example models based on discounted cash flow analyses. Observable market data is used as far as possible in the valuation methods applied. The carrying value of financial assets and liabilities is considered to be a good approximation of their fair value, when the term is short, unless otherwise indicated in the following Notes to the accounts.

DERIVATIVES AND HEDGE ACCOUNTING

All derivatives are recognised at fair value and recognised as either assets or liabilities in the Balance Sheet, depending on whether the fair value is positive or negative at the balance sheet date. Reporting of the changes in value is dependent on whether the derivative is identified as a hedging instrument or not.

If a derivative is identified as a hedging instrument in a cash flow hedge, the effective portion of the changes in the derivative's fair value is reported in other comprehensive income and is accumulated in the hedge reserve in equity. The ineffective portion of a cash flow hedge is recognised directly in the consolidated results. Amounts attributed to equity are reversed in the consolidated results during the periods when the hedged item affects the consolidated result.

VALUATION AT FAIR VALUE

Information must be given about the method for determination of fair value in accordance with a three-level valuation hierarchy. The levels should reflect the extent to which the fair value is based on observable market data and own assumptions. The following describes the various levels for the determination of fair value.

Level 1

Financial instruments for which fair value is determined on the basis of observable (unadjusted) Quoted market prices in an active market for identical assets and liabilities. A market is considered active if the Quoted prices from a stock exchange, broker, industrial group, pricing service or supervisory authority are easily and regularly accessible and these prices represent actual, regularly occurring arm's-length market transactions.

Level 2

Financial instruments for which fair value is determined on the basis of valuation models that are based on other observable data for the asset or liability other than the Quoted prices included in level 1, either directly (i.e. price quotations) or indirectly (i.e. derived from quotations). Examples of observable data within level 2 are data that can be used as a basis for the price assessment, for example market interest rates and yield curves.

Level 3

Financial instruments for which fair value is determined on the basis of valuation models where substantial input is based on non-observable data.

DETERMINING FAIR VALUE

Currency forward contracts

The fair value of forward exchange contracts is determined from the current forward rates for the remaining term at the balance sheet date. All forward exchange contracts are assigned at level 2 in the fair value hierarchy above.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and recognised as net amounts in the Balance Sheet when there is a legally enforceable right to offset and when the intention is to regulate the items with a net amount or at the same time to realise the asset and settle the liability. No offsets have been made of the financial assets and liabilities in the Group, nor is there any legal right to offset.

FINANCIAL ASSETS

Classification and subsequent valuation

On its first recognition, a financial asset is classified as being valued at: accrued acquisition value, fair value via other comprehensive income or fair value through the Income Statement.
Financial assets that meet the following conditions are then valued at accrued acquisition value:

- the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows: and
- the agreed terms and conditions of the financial asset give rise, at certain times, to cash flows that are only payments of principal and interest on the amount of capital outstanding

Financial assets will not be reclassified after the first time they are recognised unless the Group changes its business model for the management of financial assets.

All financial assets that are not classified as measured at accrued acquisition value or fair value via other comprehensive income are valued at fair value through the Income Statement.

Financial assets valued at fair value through the Income Statement
The subsequent valuation of these assets is at fair value. Net gains and losses are reported in the Income Statement. See note 26 for derivatives identified as hedging instruments.

Financial assets valued at accrued acquisition cost
The subsequent valuation of these assets takes place at accrued acquisition cost using the effective interest method. The accrued acquisition value is reduced by impairment. Interest income, foreign exchange gains and losses and impairment are reported in the Income Statement. Profits or losses arising from removal are reported in the Income Statement.

Cash and cash equivalents
Cash and cash equivalents include cash and bank balances and other short-term investments that can be easily converted into cash and are subject to insignificant risk of changes in value. In order to be classified as cash and cash equivalents, maturity may not exceed three months from the date of acquisition. Cash, cash equivalents and bank balances are categorized as "assets at acquisition value". Because funds in banks are available on demand, the accrued acquisition value is equal to the nominal value. Cash and cash equivalents are covered by the general model for expected credit provisions in IFRS 9. The model is based on the counterparties' ratings. Due to short terms and stable counterparties, the reserve is completely immaterial.

Accounts receivable
Accounts receivable are categorised as "Assets at accrued acquisition value", which means valuation at accrued acquisition value. The expected maturity of accounts receivables is short, which is why they are reported at nominal amounts without discounting. Deductions are made for expected credit losses. Impairment of accounts receivable is reported as operating expenses.

Contract assets
Contract assets are contractual payment flows from customers and are categorized as "Assets at accrued acquisition value". These receivables have a maturity exceeding the maturity of accounts receivable and amount to a maximum of 12 months. Deductions are made for expected credit losses.

FINANCIAL LIABILITIES

Classification, subsequent valuation and gains and losses
Financial liabilities are classified as valued at acquisition value or fair value via the Income Statement. A financial liability is classified at fair value through the Income Statement if it is classified as a holding for commercial purposes, as a derivative, or has been identified as such at the time of initial recognition. Financial liabilities measured at fair value through the Income Statement are measured at fair value and net gains and losses, including interest costs, are reported in the Income Statement. The subsequent valuation of financial liabilities takes place at accrued acquisition cost using the effective interest method. Interest expenses and foreign exchange gains and losses are reported in the Income Statement. See note 27 for financial liabilities identified as hedging instruments.

Accounts payable
Accounts payable are categorised as "Financial liabilities", which means valuation at accrued acquisition value. The expected maturity of accounts payable is short, which is why they are reported at nominal amounts without discounting.

Liabilities to credit institutions and other loan liabilities
Interest-bearing bank loans, bank overdrafts and other loans are categorised as "Financial liabilities" and are measured at amortised cost in accordance with the effective interest rate method. Any differences between the loan amount received (net after transaction costs) and the payment or repayment of loans over the duration of the loans are reported in accordance with the consolidated accounting policy for borrowing costs (see above).

Provisions
Provisions are reported when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties associated with the obligation. When a provision is calculated by estimating the expenditure expected to be required to settle the obligation, the carrying amount must be equal to the present value of these payments. Where some or all of the expenditure required to settle a provision is expected to be paid by a third party, the payment must be reported separately as an asset on the Balance Sheet when it is virtually certain that reimbursement will be received if the company settles the obligation and the amount can be calculated in a reliable way.

Contingent liabilities
Contingent liabilities are possible commitments arising from past events, the existence of which is confirmed only by the occurrence or absence of one or more future events, which are not entirely within the Group's control. Liabilities arising from past events are also recognized as contingent liabilities, but are not recognized as liabilities because it is not likely that an outflow of resources will be required to settle the commitment. Performance guarantees and payment guarantees from insurers and banks are included in the amount up to nominal value until the project is handed over. In some cases, the value of a part completed is deducted from the obligation under the respective agreement.

Accounting policies for the parent company

The parent company Peas Industries AB prepares its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Council for Financial Reporting's recommendation RFR 2 "Accounting for legal entities". The differences between the parent company's and Group's accounting principles are described below:

Shares in subsidiaries

Shares in subsidiaries are accounted for in accordance with the acquisition value method. Acquisition-related costs to subsidiaries that are expensed in the consolidated financial statements are included as part of the acquisition value of shares in subsidiaries. The carrying amount of shares in subsidiaries is tested for impairment when there is an indication of need for impairment.

Financial instruments

The parent company does not apply IFRS 9 Financial Instruments. The parent company applies a method that is based on the acquisition value in accordance with the Swedish Annual Accounts Act. This means that financial assets are valued at their acquisition value, less any impairment losses and financial current assets at the lower of cost or net realisable value. Financial liabilities are valued at amortised cost using the effective interest method. Principles for recognition, impairment and removal of financial instruments are equivalent to those applicable for the Group and described above.

Group contributions and shareholder contributions

Shareholder contributions are recognised directly in the equity of the recipient and reported against shares and participations from the provider, in so far as impairment is not required. Group contributions between the parent company and subsidiaries are reported as year-end dispositions.

Leasing

In the parent company, all leasing agreements are reported in accordance with the regulations for operational leasing.

Note 3 Estimates and assessments in the financial statements

The consolidated financial statements are based on various estimates and assessments made by management that affect the application of the accounting policies and the carrying amounts of assets, liabilities, revenues and costs. Assessments that are made may deviate from future results.

The estimates and assumptions are reviewed on a regular basis. The effects of changes in estimates are reported in the period in which the change is made if the change affects that period only, or in the period of the change and future periods, if the change affects both the current period and future periods.

Accounting effects of the restructuring implemented

Immediately after the listing of OX2 shares, intra-Group restructuring took place involving the merger of three companies within the joint company structure that was created in connection with Altor's acquisition of 30% of OX2 through a downstream merger where Xygen Bidco AB was the surviving company.

The merger took place at Group values. No adjustments for differences in accounting policies were necessary as all companies involved in the merger applied the same accounting policies. Merger proceeds amounted to approximately SEK 4,847 million, which was recognised in equity. There was no impact on the Peas Group's consolidated financial statements.

As a final step in this restructuring process, Xygen Bidco AB was demergered and assets and liabilities were transferred to two new companies owned by Altor and Peas Industries respectively. The allocation was made on the basis of a shareholding in Xygen Bidco AB. The assets and liabilities were transferred to Xygen Bidco AB at their book values.

Transaction costs were incurred in connection with the listing of OX2 shares, in the form of charges and fees to banks and other advisors. The transaction costs relating to the new issue were recognised in equity, and those relating to the listing were recognised in the income statement.

Impairment of fixed assets

Determination of whether the fixed asset should be impaired or not requires an assessment of the recoverable value. The recoverable amount is the higher of the asset's beneficial value or fair value less sales costs. The calculation of the beneficial value requires estimates of future cash flows and the discount rate. Naturally enough, such assessments always entail a certain degree of uncertainty.

Assessment of recognition of licences

Biond holds a licence for the right to operate and develop a biogas plant. The Group pays monthly fees and licence charges to the counterparty. The fees and charges are considered to constitute a single agreement for accounting purposes. The agreement has been deemed to meet the definition of an asset, which is why the Group recognises this right as an intangible asset. The intangible asset is valued at acquisition value with a deduction for depreciation and any impairment losses. The acquisition value is made up of the current value of future payments that the Group will be paying for this right. The corresponding amounts are initially recognised as a liability which then decreases in pace with the repayment of the principal.

The assessment of the degree of completion for the percentage of completion method

OX2 and Enstar apply the percentage of completion method in accounting for the projects that are sold as construction contracts. The percentage of completion method means that the Group must make estimates in respect of the completion of the transaction at the balance sheet date.

Reporting cash flows at the acquisition and sale of companies

The cash flow effects arising from the sale and acquisition of companies related to projects in the form of a company are recognised as changes in operating capital in the consolidated cash flow analysis.

Note 4 Financial risk management and financial instruments

Financial policy

Through its operations, Peas is exposed to various financial risks in the form of market risks, which include currency and interest rate risks, credit and financial risks. The Group's overall risk management policy focuses on the unpredictability of the financial markets and strives to minimise potentially adverse effects on the Group's financial results. Risk management is performed in accordance with the financial policy adopted by the Board. The Board has established written policies for both the overall risk management and for specific areas such as currency risk, interest risk, counterparty risk and the investment of surplus liquidity. The financial policy is updated annually and as required.

MARKET RISKS

Introduction

The business models of the Peas Group differ for the various subsidiaries. There are consequently both direct and indirect market risks, with customers needing to manage electricity price risks, among other things, while the Peas Group is affected indirectly through reduced demand and/or lower sales prices.

Currency risks

Within the framework of Peas Industries' operations there is exposure to foreign currencies, which entails risks. When evaluating the currency risk, total inflows and outflows in foreign currency are taken into account. The largest exposure arises in connection with the sale of wind power projects in EUR within Peas subsidiary OX2. Wind turbines are primarily ordered from European suppliers in EUR, which means a natural hedge against sales in EUR. Currency risk is handled in a way which meets requirements from the policy in respect of risk minimisation, adapted to the conditions of the particular company. When hedging foreign exchange risk, the total currency exposure of each company is taken into account. The Transaction exposure resulting from purchases and sales can be hedged for up to 36 months. Most of the hedging will mature in 2022.

Sensitivity analysis

If the Swedish krona had unilaterally been weakened/strengthened by 5 per cent against the euro, outstanding currency hedges relating to cash flows would have increased/decreased equity by +/- SEK 97.8 million (+/- 33.7), given the currency hedges recognised in equity. Calculation is based on quotations as at 31 December 2021.

Interest rate risks

The Group has a bank loan of SEK 18.9 million with a variable interest rate. SEK 13.9 million of this loan is interest rate hedged via a derivative (interest rate swap for variable to fixed interest). For the unhedged part, an increase of one percentage point in the interest rate would involve an additional cost of SEK 0.1 thousand (0.1).

The Group is affected by the interest component in the currency derivatives forward rate included in the hedges for currency risks: see also the section entitled Currency risks.

Sensitivity analysis

A change of +/- 0.01 (100 pips) in the interest component, what is known as a parallel change of the average rates, would affect the market value of the forward exchange contracts by SEK -/+ 2.4 (0.8) million, based on current forward exchange contracts during 2021.

Investments

The Group's cash flow generated from operating activities will be used for the development of new projects and the financing of ongoing activities. Surplus liquidity will be invested with counterparties that have high credit ratings and thus low credit risk. Given the 2021 figures, a reduction of revenue interest to 0 per cent would lead to a reduction of interest income of approx. SEK 0.3 million (0.9). Peas Industries has not paid negative interest on funds in its other bank accounts.

Price risk for electricity

The market price for electricity varies over time. The future price for electricity is the single most important parameter in the customers' investment calculations for wind power projects or for energy efficiency projects. Thus, Peas' activities in both the short and the long term are affected by how the futures market for electricity develops. The company follows the market, the economy and the price of other types of energy.

Credit risk

Credit risk or counterparty risk refers to the risk of loss if the counterparty fails to fulfil its obligations. The commercial credit risk includes customers' ability to pay and is managed via monitoring and follow-up of customers' financial reports. The Group's customers are primarily major corporations in the financial sector, which usually have regulated operations. The Group's total credit risk is distributed over a small number of customers who represent a relatively large proportion of the Group's accounts receivable. The financial credit risk is covered by the general model for expected credit provisions in IFRS 9. The model is based on the counterparties' ratings. Due to short terms and stable counterparties, the reserve is completely immaterial.

The Group applies a forward-looking model for commercial credit risk. The simplified model is based on history and an adjustment for current forward-looking factors. Clients are aggregated into two groups based on the nature of the risk and maturity of the receivables. Expected credit losses are insignificant and we see no significant changes in current or forward-looking factors.

Liquidity and financing risk

Liquidity risk is understood to be the risk that the Group can be adversely affected by the lack of management and control of cash and cash equivalents and cash flows. Financing risk is the risk that the Group is not able to mobilise sufficient funds to meet its commitments. Peas is constantly working with cash flow forecasts and with respect to wind turbines sold to customers as operational, the company aims to match payment plans from suppliers against payments from customers in the respective projects.

Note 4 Financial risk management and financial instruments, cont.

Maturity distribution of the contractual payment obligations related to the Group's and parent company's financial assets and liabilities is shown in the tables below.

GROUP

Amounts in SEK thousand	2021				2020			
Assets	0-3 months	3-12 months	1-5 years	Total	0-3 months	3-12 months	1-5 years	Total
Accounts receivable	325,861	–	–	325,861	143,560	7,418	–	150,978
Other current receivables	42,812	–	–	42,812	27,330	–	–	27,330
Derivative instruments	–	6,048	–	6,048	–	36,831	–	36,831
Cash and cash equivalents	3,552,988	–	–	3,552,988	2,876,778	–	–	2,876,778
Total	**3,921,661**	**6,048**	**–**	**3,927,709**	**3,055,086**	**36,831**	**–**	**3,091,917**

Liabilities	0-3 months	3-12 months	1-5 years	Total	0-3 months	3-12 months	1-5 years	Total
Other long-term liabilities	–	–	110,394	110,394	–	–	1,129,371	1,129,371
Derivative instruments	–	17,546	–	17,546	–	341	–	341
Accounts payable	333,432	–	–	333,432	155,834	–	–	155,834
Other current liabilities	–	246,554	–	246,554	–	95,210	–	95,210
Total	**333,432**	**264,100**	**110,394**	**707,928**	**155,834**	**95,551**	**1,129,371**	**1,380,756**

PARENT COMPANY

Amounts in SEK thousand	2021				2020			
Assets	0-3 months	3-12 months	1-5 years	Total	0-3 months	3-12 months	1-5 years	Total
Long-term receivables at Group companies	–	–	13,900	13,900	–	–	515,800	515,800
Accounts receivable	–	–	–	–	–	–	–	–
Receivables from Group companies	–	292	–	292	–	359,456	–	359,456
Other current receivables	12,184	–	–	12,184	11,423	–	–	11,423
Cash and cash equivalents	1,136,898	–	–	1,136,898	1,573,744	–	–	1,573,744
Total	**1,149,082**	**292**	**13,900**	**1,163,273**	**1,585,167**	**359,456**	**515,800**	**2,460,423**

Liabilities	0-3 months	3-12 months	1-5 years	Total	0-3 months	3-12 months	1-5 years	Total
Accounts payable	362	–	–	362	759	–	–	759
Liabilities to Group companies	–	85	–	85	–	29,519	–	29,519
Other current liabilities	–	147	–	147	–	284	–	284
Total	**362**	**232**	**–**	**594**	**759**	**29,803**	**–**	**30,562**

Note 4 Financial risk management and financial instruments, cont.

CREDIT AND COUNTERPARTY RISK

External purchasers assume part of the company's credit risk in connection with the sale of wind farms. The proportion which the external purchasers assume depends on whether delivery has been made or not. External purchasers may also provide security for their obligations in connection with the sale of wind farms. Furthermore, the purchasers make an advance payment in accordance with a payment plan. The Group and the parent company's maximum exposure to credit risk is represented by the carrying values of all financial assets and is shown in the table below.

	Group		Parent company	
Amounts in SEK thousand	**31/12/2021**	**31/12/2020**	**31/12/2021**	**31/12/2020**
Long-term receivables at Group companies	–	–	13,900	515,800
Accounts receivable	325,861	150,978	–	–
Receivables from Group companies	–	–	292	359,456
Other receivables	42,812	27,330	12,184	11,423
Derivative instruments	6,048	36,831	–	–
Cash and cash equivalents	3,552,988	2,876,778	1,136,898	1,573,744
Maximum exposure to credit risk	**3,927,709**	**3,091,917**	**1,163,273**	**2,406,423**

CATEGORISATION OF FINANCIAL INSTRUMENTS

The carrying value of financial assets and financial liabilities, divided per evaluation category in accordance with IFRS 9, is shown in the table below.

	Group		Parent company	
Amounts in SEK thousand	**31/12/2021**	**31/12/2020**	**31/12/2021**	**31/12/2020**
Financial assets valued at fair value				
Derivative instrument	6,048	36,831	–	–
Financial assets valued at accrued acquisition cost				
Loan receivables	–	–	13,900	515,800
Accounts receivable	325,861	150,978	–	–
Receivables from Group companies	–	–	292	359,456
Other current receivables	42,812	27,330	12,184	11,423
Cash and cash equivalents	3,552,988	2,876,778	1,136,898	1,573,744
Total financial assets	**3,927,709**	**3,091,917**	**1,163,273**	**2,460,423**
Financial liabilities				
Financial liabilities valued at fair value				
Derivative instrument	17,546	341	–	–
Financial liabilities valued at accrued acquisition cost				
Other long-term liabilities	110,394	1,129,371	–	–
Liabilities to Group companies	–	–	85	29,520
Accounts payable	333,432	155,834	362	759
Other current liabilities	246,555	95,210	147	284
Total financial liabilities	**707,928**	**1,380,756**	**594**	**30,563**

Note 5 Revenue

The Peas Group's recognised revenue comes from the sale of wind farms, electricity, biogas and energy systems and the sale of administration services linked with wind farms.

	Group		Parent company	
Revenue per category	**2021**	**2020**	**2021**	**2020**
Sale of wind farms	4,983,206	5,168,030	–	–
Electricity sales	21,507	24,117	–	–
Sales of biogas and district heating	73,844	67,415	–	–
Sale of energy systems	152,475	144,131	–	–
Sales of management services	2,603	2,208	2,603	2,208
Sales of other services	4,438	29,796	9	54
Funding from the Swedish Energy Agency	20,579	23,959	–	–
Service and management fees	–	–	2,043	26,716
Total	**5,258,652**	**5,459,656**	**4,655**	**28,978**

	Group	
Revenue by country [1]	**2021**	**2020**
Sweden	1,537,955	2,416,049
Finland	2,883,496	2,386,115
Norway	227,475	349,667
Poland	609,726	307,825
Total	**5,258,652**	**5,459,656**

1) The revenue by country is based on where projects are located.

	Group	
Time of revenue recognition	**2021**	**2020**
At a certain time	137,059	1,112,926
Over time	5,121,593	4,346,730
Total	**5,258,652**	**5,459,656**

The following table shows the total amount of the transaction price distributed over the performance commitments that are unfulfilled (or partly unfulfilled) at the end of the reporting period.

	Group	
Contract assets	**2021**	**2020**
Ongoing work in progress on behalf of others (see also Note 19)	–	–
Accrued income (see also Note 21)	103,768	201,224
Reported value	**103,768**	**201,224**
of which		
Long-term assets	–	–
Current assets	103,768	201,224
Reported value	**103,768**	**201,224**

Note 5 Revenue, cont.

The following table shows how much of the recognised revenue for the period is attributable to advance payments received that were included in recognised contract liabilities at the start of the year. No revenue has been recognised during the year that is attributable to fulfilled performance commitments in earlier periods.

	Group	
Contract liabilities	**2021**	**2020**
Advance payments from customers (see also Note 28)	601,136	471,719
Prepaid income (see also Note 30)	18,293	8,310
Reported value	**619,429**	**480,029**
of which		
Long-term liabilities	–	–
Current liabilities	619,429	480,029
Reported value	**619,429**	**480,029**

No information is provided about transaction prices allocated to the remaining performance commitments since, as at 31 December 2021, no such commitments with an expected maturity of more than one year existed.

Note 6 Information about auditor fees and reimbursement

	Group		Parent company	
(SEK thousand)	**2021**	**2020**	**2021**	**2020**
Deloitte AB				
Audit tasks	2,841	2,745	209	387
Audit work in addition to audit tasks	4,230	1,715	–	583
Tax advice	2,044	2,103	117	177
Total	**9,115**	**6,563**	**316**	**1,087**

The audit fee refers to the auditor's remuneration for the statutory audit. The work involves the examination of the annual report and accounts, the Board of Directors and the CEO's management and the remuneration for advice given in the context of the audit task. The audit activity in addition to the audit task is mainly concerned with quality assurance services other than the statutory audit.

Note 7 Leasing

LEASING

The parent company's leasing concerns office machinery and rent for office premises. The rent for the office premises has been reported in full in the parent company accounts but has been re-invoiced partially to subsidiaries according to the distribution key. The annual cost of leasing agreements amounts to SEK 1,334 thousand (4,667) for the parent company.

	Group		Parent company	
(SEK thousand)	**2021**	**2020**	**2021**	**2020**
Year 1	–	–	1,381	1,398
Between 2 and 5 years	–	–	1,899	2,670
Later than 5 years	–	–	–	–
Total	**–**	**–**	**3,280**	**4,068**

Note 8 Number of employees, salaries, other remuneration and social security expenses

	2021		2020	
Average number of employees	Average number of employees	Of whom men	Average number of employees	Of whom men
Parent company				
Sweden	7.5	2.0	13.0	3.5
Total in parent company	**7.5**	**2.0**	**13.0**	**3.5**
Subsidiaries				
Sweden	195.0	122.5	164.0	107.5
Finland	43.0	25.0	27.0	17.0
France	11.0	6.0	7.0	3.5
Germany	–	–	2.0	1.0
Poland	25.0	16.0	11.0	7.0
Other markets	3.0	4.0	1.0	1.0
Total in subsidiaries	277.0	173.5	212.0	137.0
Total in Group	**284.5**	**175.5**	**225.0**	**140.5**

	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Distribution of senior executives				
at balance sheet date				
Women:				
Board members	3	1	1	1
other people in the management of the Company, incl. CEO	4	3	1	1
Men:				
Board members	10	10	3	3
other people in the management of the Company, incl. CEO	7	8	2	2
Total	**24**	**22**	**7**	**7**

	2021		2020	
(SEK thousand)	Salaries and other remuneration	Soc sec expenses (of which pension expenses)	Salaries and other remuneration	Soc sec expenses (of which pension expenses)
Salaries, remuneration, etc.				
Parent company	5,309	3,077	11,922	6,367
		(1,245)		(2,400)
Subsidiaries	216,048	88,517	181,043	75,063
		(26,620)		(23,456)
Total for Group	**221,357**	**91,594**	**192,964**	**81,431**
		(27,865)		**(25,856)**

Note 8 Number of employees, salaries, other remuneration and social security expenses, cont.

Salaries and remuneration divided between Board members etc. and employees	2021 Board and CEO (of which bonuses, etc.)	2021 Other employees	2020 Board and CEO (of which bonuses, etc.)	2020 Other employees
Parent company	2,484	2,825	2,647	9,275
	(0)		(0)	
Subsidiaries	9,759	206,289	13,576	167,467
	(1,371)		(2,330)	
Total in subsidiaries	9,759	206,289	13,576	167,467
			(2,330)	
Total in Group	**12,243**	**209,114**	**16,223**	**176,742**
	(1,371)		**(2,330)**	

REMUNERATION TO SENIOR EXECUTIVES

The Chairman and other Board members are paid a fee in accordance with the resolution of the Annual General Meeting. In 2021, the costs of remuneration to the Board of Directors in the Group amounted to SEK 2,237 thousand (1,320). Remuneration to the parent company's CEO and Deputy CEO for the year amounted to SEK 2,888 thousand (2,798). Remuneration to the CEO and other senior executives consists of basic salary, bonuses, other benefits and pension. Senior executives are the three individuals who, together with the CEO, form the Group's management team.

BONUS

Within the Group there is an annual bonus program, which means that an employee can receive an amount up to a maximum of one fixed monthly salary, provided that the company achieves its financial and operational objectives for the year in question. In addition, there are individually agreed bonus programs. A profit-based bonus for 2021 has been reserved for the Group amounting to a total of SEK 21,008 thousand (27,430), excluding social security contributions.

PENSIONS

The Group only has defined contribution pension plans. Pension cost relates to the cost that will affect earnings for the year. The retirement age for the CEO is 65. Pension premiums may amount to a maximum of 35% of the pensionable salary. The pensionable salary is the basic salary. The retirement age for other senior management is 65. Pension premiums for other senior management have been agreed individually. For the CEO and Deputy CEO, however, the pension premiums for 2021 amount to 29% of the pensionable salary.

SEVERANCE PAY

In the event of dismissal by the company, the CEO and Deputy CEO have a period of notice of 6 months and no severance pay. For other senior management, the period of notice is 3 to 6 months. There are no agreements regarding severance pay for other senior executives.

Note 9 Financial income

(SEK thousand)	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Interest income	2,590	968	372	–
Interest income, Group companies	–	–	15,224	15,162
Exchange rate gains	112,585	63,564	98	3
Total financial income	**115,175**	**64,532**	**15,694**	**15,165**

All interest income relates in its entirety to financial assets that are not assessed at fair value via the Income Statement.

Note 10 Financial costs

(SEK thousand)	Group 2021	Group 2020	Parent company 2021	Parent company 2020
External interest costs	-12,846	-8,606	–	-2
Interest expenses, Group companies	–	–	-1,120	–
Interest costs leasing debt	-201	-191	–	–
Exchange rate losses	-115,953	-97,111	–	–
Unrealised value changes	-1,480	-1,637	–	–
Other financial costs	-42,127	–	–	–
Impairment of financial assets	-4,617	–	–	–
Total financial costs	**-177,224**	**-107,545**	**-1,120**	**-2**

All interest costs relate in their entirety to financial assets that are not assessed at fair value via the Income Statement.

Note 11 Income from participations in Group companies

(SEK thousand)	Parent company 2021	Parent company 2020
Dividends from Group companies	1,027,326	78,000
Capital gain sale of shares in subsidiaries	91,488	2,334,568
Impairment of shares in subsidiaries	-1,600	-5,400
Write-downs of other financial holdings	–	-150
Total year-end appropriations	**1,117,214**	**2,407,018**

Note 12 Year-end appropriations

(SEK thousand)	Parent company 2021	Parent company 2020
Group contributions received	–	–
Group contributions provided	-85	-29,494
Provision to tax allocation reserve	–	23,000
Additional depreciation	–	648
Total year-end appropriations	**-85**	**-5,846**

Note 13 Taxes

REPORTED TAX EXPENSE

(SEK thousand)	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Current tax				
Tax cost for the year	-62,663	-51,553	-365	-301
Deferred tax	-9,800	-29,599	–	-333
Total reported tax cost	**-72,463**	**-81,151**	**-365**	**-635**
Tax related to other comprehensive income	7,499	-4,158	–	–
Tax included in other comprehensive income	**-64,964**	**-85,310**	**-365**	**-635**

Income tax in Sweden is calculated at 20.6% on the year's taxable profit. A reconciliation between the reported results and the tax cost for the year is given below. Deferred tax is calculated in accordance with the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at balance sheet date.

RECONCILIATION OF THE TAX COST FOR THE YEAR

(SEK thousand)	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Profit for the year before tax	339,550	343,359	1,119,601	2,655,056
Tax calculated in accordance with the current tax rate	-69,947	-73,479	-230,638	-568,112
Tax effect of non-deductible expenses	-9,522	-16,679	-511	-1,896
The tax effect of non-taxable revenues	11,737	29,703	230,495	569,443
Tax effect of deferred tax	-735	-20,587	–	–
Tax effect of tax loss carryforwards utilised	-1,126	–	–	–
Tax effect of branches	-703	-68	–	–
Tax attributable to previous years	-2,168	-43	288	–
Total reported tax cost for the year	**-72,463**	**-81,151**	**-365**	**-635**

GROUP

DEFERRED TAX ASSETS/TAX LIABILITIES

(SEK thousand)	31/12/2021	31/12/2020
Financial instruments	2,368	-9,441
Improvement works to others' property	–	–
Tax allocation fund	-77,245	-46,640
Temporary differences	1,841	-15,857
Total	**-73,036**	**-71,938**

Note 14 Other intangible fixed assets

(SEK thousand)	Group 31/12/2021	Group 31/12/2020	Parent company 31/12/2021	Parent company 31/12/2020
Opening acquisition values	162,695	156,762	2,131	2,314
Purchases	2,955	6,237	–	–
Disposals for the year	–2,786	–304	–1,008	–183
Reclassifications	–	–	–	–
Closing acc. acquisition values	**162,864**	**162,695**	**1,123**	**2,131**
Opening depreciation	–60,829	–48,494	–1,313	–1,212
Depreciation for the year	–13,217	–12,496	–225	–262
This year's scrappage	2,785	161	1,009	161
Reclassifications	–	–	–	–
Closing acc. acquisition values	**–71,261**	**–60,829**	**–529**	**–1,313**
Closing residual value according to plan	**91,603**	**101,866**	**594**	**818**

Estimated utilisation period for intangible fixed assets is 5 to 10 years.

Note 15 Equipment

(SEK thousand)	Group 31/12/2021	Group 31/12/2020	Parent company 31/12/2021	Parent company 31/12/2020
Opening acquisition values	28,543	29,725	1,481	8,454
Purchases	3,549	8,477	58	844
Disposals for the year	–4,715	–9,659	–1,007	–7,817
Closing acc. acquisition values	**27,377**	**28,543**	**532**	**1,481**
Opening depreciation	–17,393	–20,732	–1,147	–5,867
Depreciation for the year	–1,996	–2,386	–185	–515
Disposals for the year	3,949	5,725	927	5,235
Closing acc. depreciation	**–15,440**	**–17,393**	**–405**	**–1,147**
Closing residual value according to plan	**11,937**	**11,150**	**–127**	**334**

Note 16 Other technical installations

	Group	
(SEK thousand)	**31/12/2021**	**31/12/2020**
Opening acquisition values	6,630	6,630
Purchases	–	–
Closing acc. acquisition values	**6,630**	**6,630**
Opening depreciation	–1,337	–957
Depreciation for the year	–380	–380
Closing acc. depreciation	–1,717	–1,337
Closing residual value according to plan	**4,913**	**5,293**

Other technical installations are attributable to Biond Production Sävsjö AB. In connection with the investment, a consolidated surplus value arose that is attributable to the facility.

Note 17 Right-of-use assets

The following amounts related to lease agreements are recognised in the balance sheet.

	Group	
(SEK thousand)	**31/12/2021**	**31/12/2020**
Real estate	28,214	11,893
Vehicles	1,925	2,424
Equipment	349	260
Total	**30,487**	**14,577**
Leasing liabilities		
Current	17,887	5,935
Long-term	20,432	6,670
Total	**38,319**	**12,606**

Additional usage rights during the year amounted to 16,651 (2,976).

The following amounts related to lease agreements are recognised in the income statement

Depreciation on usage rights	Group	
(SEK thousand)	**31/12/2021**	**31/12/2020**
Real estate	17,744	11,563
Vehicles	770	594
Equipment	116	140
Total	**18,630**	**12,297**
Interest expenses (included in financial expenses)	–202	–191
Expenditure attributable to short-term leasing	0	0
Expenditure attributable to low-value leasing	0	0
Expenditure attributable to variable lease payments that were not included in the leasing liability	0	0

The total cash flow attributable to lease agreements in 2021 amounted to 4,125 (17,234).

Note 18 Participations in Group companies

(SEK thousand)	Parent company 31/12/2021	Parent company 31/12/2020
Opening acquisition value	94,733	120,943
Purchases/shareholders' contribution	92,259	14,200
Sales	–	–35,010
Impairment	–1,601	–5,400
Closing acquisition value	**185,392**	**94,733**

The Group includes the following subsidiaries as at 31 December 2021:

Company name	Number of shares	Share of equity, %	Carrying value (SEK thousands), 2021	Carrying value (SEK thousands), 2020
Peas Industries Invest AB	2,500	100%	171,729	81,070
Utellus	1,000	100%	–	1
Biond Holding AB	910	91%	9,404	9,404
DTS Holding AB	455	91%	4,259	4,258
Total			**185,392**	**94,733**

Company name	Corp. ID no.	Registered office	Equity incl. profit/loss for the year	Profit
Peas Industries Invest AB	559350-4763	Stockholm	3,356,507	2,025
Biond Holding AB	556889-1567	Stockholm	7,645	6,745
DTS Holding AB	559136-6223	Stockholm	9,684	1,082

All subsidiaries are consolidated in the Group. The percentage of voting rights in the subsidiaries that are directly owned by the parent company does not differ from the percentage of ordinary shares owned.

Note 18 Participations in Group companies, cont.

Non-controlling interests

Total ownership of non-controlling shareholders (minority share of equity) for the period amounts to SEK 1,181,490 thousand (272,703).

Company	Main area of activity	Minority interest	Profit for the year allocated to minority	Minority's accumulated holdings at the end of the period
OX2 AB	Sale of wind power and solar energy systems	49%	164,568	1,166,655
Enstar AB	Sale of energy systems	48%	2,690	11,466
Biond Production Sävsjö AB	Biogas production	9.5%	306	1,275
Biond Holding AB	Holding company	9.0%	–3	1,101
DTS Holding AB	Holding company	9.0%	168	1,377

Company name	Corp. ID no.	Registered office	Equity incl. net profit for the year	Profit
Enstar AB	556613-8367	Stockholm	23,887	5,604
OX2 AB	556675-7497	Stockholm	2,355,211	333,810
Biond Production Sävsjö AB	556695-9705	Sävsjö	7,749	3,217
Biond Holding AB	556889-1567	Stockholm	13,204	2,974
DTS Holding AB	559136-6223	Stockholm	24,071	5,604

Long-term receivables at Group companies	Parent company	
(SEK thousand)	31/12/2021	31/12/2020
Opening balance	515,800	21,650
Cleared receivables, Group companies	–501,900	–
Additional receivables, Group companies	–	494,150
Closing balance	**13,900**	**515,800**

Note 19 Work in progress on behalf of others

(SEK thousand)	Group	
	31/12/2021	31/12/2020
OX2's projects in Sweden	114,637	17,047
OX2's projects in Finland	224,834	152,267
OX2's projects in Poland	108,868	146,415
OX2's projects in Italy	29,269	–
Other projects	23,995	2,582
Closing reported value	**501,603**	**318,311**

Work in progress refers to costs incurred for each project distributed by company and country.

Note 20 Accounts receivable

(SEK thousand)	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Accounts receivable, gross	325,861	150,978	–	–
Provision for expected credit losses	–	–	–	–
Total accounts receivable, net of the provision for expected credit losses	**325,861**	**150,978**	**–**	**–**

Management assesses that the reported value for accounts receivable, net of the provision for expected credit losses, conforms with the fair value.

(SEK thousand)	31/12/2021		31/12/2020	
Group **Age analysis of accounts receivables**	**Gross**	**Provision for expected credit losses**	**Gross**	**Provision for expected credit losses**
Not due	319,767	–	143,560	–
Due 30 days	589	–	4,498	–
Due 31-60 days	532	–	55	–
Due 61-90 days	465	–	30	–
Due > 90 days	4,508	–	2,835	–
Total	**325,861**	**–**	**150,978**	**–**

Note 21 Prepaid expenses and accrued income

(SEK thousand)	Group 31/12/2021	Group 31/12/2020	Parent company 31/12/2021	Parent company 31/12/2020
Other prepaid costs	11,256	10,105	310	494
Prepaid rent	820	699	348	352
Pre-paid construction costs related to OX2 projects	339,760	17,469	–	–
Accrued income electricity sold	–	7,910	–	–
Accrued project revenue	89,423	179,801	–	–
Other accrued revenue	14,345	13,513	307	–
Total	**516,332**	**229,497**	**965**	**846**

Note 22 Share capital development

Event	Change, share capital, SEK	Total share capital, SEK	No. of series A shares/ change	No. of series B shares/ change	Quotient value
The company was registered	100,000	100,000	1,000	–	100
New share issue	1,905	101,905	100,905	–	1
Conversion of series A shares to series B	-	101,905	-49,977	49,977	1
		101,905	**51,928**	**49,977**	**1**
Reduction of share capital	–13,610	88,295	–8,191	–5,419	1
Increase in share capital through bonus issue	13,610	101,905	8,191	5,419	1
Reduction of share capital	–3,839	98,066	–2,311	–1,528	1
Increase in share capital through bonus issue	3,839	101,905	2,311	1,528	1
		101,905	**51,928**	**49,977**	

Share capital: 101,905 shares at a quotient value of SEK 1 divided into 51,928 series A shares, 49,977 Series B shares and no preferential shares. One series A share entitles the holder to ten votes and series B shares entitle the holder to one vote each.

Note 23 Other contributed capital

Peas Industries AB received a capital contribution of SEK 72.8 million in connection with restructuring in 2011, and the net capital injection in connection with the listing of OX2 amounted to SEK 3,169.1 million. A decision was made to pay a dividend to the former owners as part of the listing of OX2. The portion of the dividend that was deemed to be part of the listing has therefore reduced other contributed capital. Total other contributed capital at the end of December 2021 amounts to SEK 3,241.9 million.

Note 24 Translation reserve and hedging reserve

TRANSLATION RESERVE

The translation reserve includes exchange rate differences arising from the translation of the financial statements from the subsidiaries and branches that have prepared their financial statements in euros, Norwegian kroner and Polish zloty.

HEDGING RESERVE

The hedging reserve includes the effective portion of the accumulated net change in the fair value of a cash flow instrument attributable to hedging transactions that have not yet occurred.

Note 25 Untaxed reserves

(SEK thousand)	Parent company 31/12/2021	Parent company 31/12/2020
Tax allocation reserve 2017	–	–
Tax allocation reserve 2018	25,900	25,900
Tax allocation reserve 2019	53,000	53,000
Tax allocation reserve 2020	40,000	40,000
Excess depreciation	–	–
Total	**118,900**	**118,900**

Note 26 Long-term liabilities

(SEK thousand)	Group 31/12/2021	Group 31/12/2020
Due for payment 2 to 5 years after balance sheet date:		
Financing of new pre-treatment plant	15,800	18,900
Leasing liabilities	20,432	6,670
Bank loan*	–	1,020,000
Licensing liabilities	43,499	42,322
Due for payment later than 5 years after balance sheet date:		
Licensing liabilities	30,663	41,479
Total	**110,394**	**1,129,371**

* The bank loan was repaid in connection with the listing of OX2 in June 2021.

Note 27 Derivative instruments

Currency derivatives – cash flow hedges, SEK million	Reference in balance sheet	2021 Nominal amount	2021 Carrying value	2020 Nominal amount	2020 Carrying value
Change in value of currency hedges	Derivative asset	481,296	6,048	981,202	36,985
Change in value of currency hedges	Derivative liability	1,732,567	–17,546	60,567	–154
Total	**Net**	**2,213,863**		**1,041,769**	

Cash flow hedges

Currency pairs	Nominal amount in currency	Maturity year	Average price	Rate, balance sheet date
		2021		
EUR – sell	–	2021	–	10.23
EUR – sell	102,435	2022	10.25	10.23
EUR – sell	51,400	2023	10.23	10.23
EUR – sell	37,000	2024	10.31	10.23
PLN – buy	0	2021	–	4.59
PLN – buy	83,400	2022	4.61	4.59
PLN – buy	32,000	2023	4.76	4.59
PLN – sell	–	2021	–	–
DKK – buy	1,316	2022	–	1.37
DKK – sell	1,316	2022	–	1.37

Currency pairs	Nominal amount in currency	Maturity year	Average price	Rate, balance sheet date
		2022		
EUR – sell	76,625	2021	10.56	10.04
EUR – sell	8,000	2022	10.74	10.04
EUR – sell	–	2023	–	10.04
EUR – sell	–	2024	–	10.04
PLN – buy	68,900	2021	4.43	4.59
PLN – buy	–	2022	–	4.59
PLN – buy	–	2023	–	4.59
PLN – sell	–	2021	2.37	2.19
DKK – buy	630	2021	1.43	1.35
DKK – buy	1,316	2022	1.46	1.35

The Peas Group uses currency derivatives to hedging instruments against fluctuations in currency exchange rates. A derivative instrument means an unrealised value change relating to exchange hedging that is part of the cash flow hedges within OX2 project activities for the most part. The Group applies hedge accounting for financial instruments in accordance with IFRS 9. This means, among other things, that changes in the value of derivatives that are obtained for hedging of cash flow risks are recognised in equity.

The nominal value of outstanding forward exchange contracts amounted as at 31 December 2021 to SEK 2,214 million (1,041). The currency derivatives mature in December 2024. The net market value of unrealised forward exchange contracts at 31 December 2021 amounted to SEK –11 million (37). Hedging of the transaction exposure has impacted the operating profit for the period by SEK +59 million (6). In 2021, SEK 0 million (0) has been recognised as ineffectiveness in the income statement related to the cash flow hedges. Outstanding derivatives with hedge accounting are shown under Cash flow hedges in the table above.

Note 28 Advance payments from customers

(SEK thousand)	Group 31/12/2021	Group 31/12/2020
Advance payments from clients' projects OX2	601,133	468,419
Advance payments from customers, Enstar project	–	3,300
Other companies	3	-
Total	**601,136**	**471,719**

Note 29 Other current liabilities

(SEK thousand)	Group 31/12/2021	Group 31/12/2020	Parent company 31/12/2021	Parent company 31/12/2020
Current portion of the licensing liabilities, Biond	10,039	9,408	–	–
Current portion of financing of pre-treatment facility, Biond	2,700	2,700	–	–
VAT	33,220	71,611	–	–
Withholding tax	8,007	5,018	147	284
Part of the short-term debt financial leasing	17,886	5,935	–	–
Additional purchase price related to OX2's acquisition of projects	174,702	538	–	–
Total	**246,554**	**95,210**	**147**	**284**

Note 30 Accrued expenses and pre-paid income

(SEK thousand)	Group 31/12/2021	Group 31/12/2020	Parent company 31/12/2021	Parent company 31/12/2020
Accrued project costs	52,954	76,708	–	–
Accrued personnel costs, including social security payments	73,008	64,988	1,978	3,560
Prepaid state funding	4,992	–	–	–
Accrued costs of electricity sold	–	7,651	–	–
Accrued consulting costs	8,487	3,553	447	650
Accrued construction costs, OX2	48,328	319,789	–	–
Operating costs accrued	1,543	3,011	–	–
Pre-paid income	18,293	8,310	–	–
Other items	561	6,508	6	205
Total	**208,166**	**490,518**	**2,431**	**4,415**

Note 31 Pledged assets and contingent liabilities

PLEDGED ASSETS

(SEK thousand)	Group 31/12/2021	Group 31/12/2020	Parent company 31/12/2021	Parent company 31/12/2020
Shares in subsidiaries	–	720,229	–	-
Bank deposits	–	–	–	-
Total	**–**	**720,229**	**–**	**-**

CONTINGENT LIABILITIES

(SEK thousand)	Group 31/12/2021	Group 31/12/2020	Parent company 31/12/2021	Parent company 31/12/2020
Performance guarantees	3,234,343	1,997,909	167,728	302,913
Total	**3,234,343**	**1,997,909**	**167,728**	**302,913**

The Peas Group mainly provides two types of guarantees that are subject to contingent liabilities and they are payment guarantees and performance guarantees.

Performance guarantee obligations are issued for the construction of wind farms, which are included in terms of nominal value under the contracts until the delivery of the wind farms has taken place. Performance guarantees are usually replaced by two-year guarantees in connection with the hand over of the wind farm to its owner.

In addition to these performance guarantees, the Peas Group company OX2 has provided payment guarantees in favour of counter-parties in the contractor contracts for ongoing construction projects. The terms and conditions of these payment guarantees may vary, but they are generally linked to contract value and are impaired at the same rate as the payments are made. These payment obligations fall within the control of the Group and it has been assessed that the Group can meet its obligations under the contracts, so that these are not included as contingent liabilities.

The Group has no pledged assets. As at 31 December 2021, contingent liabilities amounted to SEK 3.2 billion (2.0).

Changes in the value of contingent liabilities are related to guarantees that are issued regularly to support the Group's obligations. The parent company has a related party relationship with its Group companies. As at 31 December 2021, the parent company's contingent liabilities amounted to SEK 167.7 million (302.9).

Note 32 Cash flow statement

ADJUSTMENTS FOR ITEMS NOT INCLUDED IN CASH FLOW

	Group		Parent company	
(SEK thousand)	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Depreciation/impairment	41,098	30,740	490	817
Unrealised value changes	–9,342	–9,342	–	–
Other	51	–	–	–
Total	**50,491**	**21,398**	**490**	**817**

DISCLOSURE OF INTEREST PAID AND INTEREST RECEIVED

Group

During the year the interest paid amounted to SEK 13,047 thousand (8,716) and interest received to SEK 2,590 thousand (968).

Parent company

During the year the interest paid amounted to SEK 1,120 thousand (2) and interest received to SEK 15,596 thousand (15,162).

CHANGE IN LIABILITIES

	Group				
(SEK thousand)	Long-term liabilities	Leasing liabilities	Current liabilities	Derivative liabilities	Total
Liabilities as at 1 January 2020	115,120	29,840	874,505	0	**1,019,465**
Cash flow	1,007,581	–17,234	–233,129	–341	**756,877**
New lease agreements		2,976			**2,976**
Transfer between current and long-term liabilities		–2,976	–546,166	682	**–548,460**
Liabilities as at 31 December 2020	**1,122,701**	**12,607**	**95,210**	**341**	**1,230,857**
Cash flow	1,032,739	–8,826	–314,510	–	**–1,356,075**
New lease agreements		16,651			**16,651**
Other changes			712,703	17,206	**729,909**
Liabilities as at 31 December 2021	**89,962**	**20,432**	**493,403**	**17,547**	**621,342**

Note 33 Events after the end of the financial year

In January 2022, OX2 handed over its first wind farm in Poland, Zary, 21 MW.

OX2 receives an exploration permit for two offshore wind farms in the Gulf of Bothnia, Finland.

In February, OX2 concluded agreements for the sale and construction of the Klevberget wind farm outside Sundsvall and the Marhult wind farm outside Växjö.

On 6 April 2022, OX2's shares were admitted to trading on Nasdaq Stockholm's main list. The shares were previously traded on the Nasdaq First North Premier Growth Market.

The sharp deterioration of the geopolitical situation in the context of Russia's invasion of Ukraine may involve, for Peas subsidiaries, increased risks of delays in project construction and subsequently difficulties in delivering in accordance with contracts (e.g. force majeure, Ukrainian workforce).

Note 34 Proposal for allocation of earnings (SEK)

Proposal for allocation of earnings (SEK)
The following earnings are at the disposal of the Annual General Meeting:

Unrestricted equity	117,191,061
Net profit for the year	1,119,236,474
Total	**1,236,427,535**

The Board proposes the following sum be carried forward to new account	1,236,427,535
Total	**1,236,427,535**

Note 35 Approval of financial statements

The annual report was adopted by the Board of Directors and approved for publication on 2 May 2022.

Statement

The Board of Directors and the CEO hereby certify that the annual report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 1.3 and 2.3 and gives a true and fair view of the financial position and results, and that the Directors' Report gives a fair review of the development of the Group's operations, position and results and describes significant risks and uncertainties facing the company. The Board of Directors and the CEO hereby certify that the consolidated financial statements have been prepared in accordance with the International Financial Standards (IFRS) as adopted by the EU and give a true and fair view of the Group's financial position and results, and that the Directors' Report for the Group annual report gives a fair review of the development of the Group's operations, position and results that describe significant risks and uncertainties facing the company.

Stockholm, 2 May 2022

Johan Ihrfelt
Chairman of the Board,
Chief Executive Officer

Thomas von Otter
Member of the Board
Deputy Chief Executive Officer

Anna-Karin Eliasson Celsing
Member of the Board

Johan Wieslander
Member of the Board

Our audit report was submitted on 02 May 2022

Deloitte AB

Jonas Ståhlberg
Authorised Public Accountant

Auditor's report

TO THE ANNUAL GENERAL MEETING OF PEAS INDUSTRIES AB, CORP. REG. NO. 556829-4515

REPORT ON THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Statement

We have audited the annual report and the consolidated financial statements for Peas Industries AB for the financial year 01/01/2021 to 31/12/2021. The company's annual report and the consolidated financial statements are included on pages 36-84 of this document.

It is our belief that the financial statements have been drawn up in accordance with the Swedish Annual Accounts Act and provide in all essential respects a fair picture of the parent company's financial position at 31 December 2021 and of its financial performance and its cash flows for the year in accordance with the Swedish Annual Accounts Act.

The consolidated financial statements have been drawn up in accordance with the Swedish Annual Accounts Act and provide in all essential respects a fair picture of the Group's financial position at 31 December 2021 and of its financial performance and its cash flows for the year in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Swedish Annual Accounts Act. The Board of Directors' report is consistent with the other parts of the annual report and the consolidated financial statements.

We recommend that the Annual General Meeting adopts the Income Statement and the Balance Sheet for the parent company and the Group.

Grounds for our statements

We have carried out the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our liability in accordance with these standards is described in the section regarding the auditor's responsibility. We are independent in relation to the parent company and the Group in accordance with the code of ethics in Sweden and have fulfilled our ethical responsibility in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to form a basis for our statements.

Information other than the annual report and the consolidated financial statements

This document also contains information other than the annual report and can be found on pages 1-35. The Board of Directors and the CEO are responsible for this other information.

Our statement with regard to the annual report and the consolidated financial statements does not include this information and we make no statement with certification relating to this other information.

As part of our audit of the annual report and the consolidated financial statements, it is our responsibility to read the information identified above and to consider whether the information is incompatible with the annual report and the consolidated financial statements to any considerable extent. At this time we also take into consideration the knowledge that we have acquired during the audit and assess whether the information in the other information seems to contain material errors.

If, based on the work that has been carried out with regard to this information, we conclude that the other information contains a material misstatement, we are obliged to report this. We have nothing to report in this regard.

Responsibility of the Board of Directors and CEO

The Board of Directors and the CEO are responsible for the annual report and the consolidated financial statements being drawn up and for ensuring that they give a true and fair view in accordance with the Swedish Annual Accounts Act and, as regards the consolidated financial statements in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for the internal control that they deem necessary for drawing up the annual report and consolidated financial statements to ensure that they do not contain any material misstatement, whether these are the result of irregularities or errors.

When preparing the annual report and the consolidated financial statements, the Board of Directors and the CEO are responsible for the assessment of the company's and the Group's ability to continue operations. They report, when applicable, conditions that may affect the company's ability to continue in business and to use the assumption of continued operation.

The assumption of continued operation is not applied if the board of directors and the CEO intend to liquidate the company, cease operations or have no realistic alternative but to do either of these.

The responsibility of the auditor

Our goal is to achieve a reasonable degree of certainty as to whether the annual report and the consolidated financial statements, as a whole, do not contain any material misstatements, whether these are the result of irregularities or errors and to submit a report containing our statements. Reasonable certainty is a high degree of certainty but is no guarantee that an audit carried out in accordance with the ISA and generally accepted auditing standards in Sweden will always be able to detect a material misstatement, if there is one. Inaccuracies may occur as a result of irregularities or errors and are considered to be material if they, individually or together, can reasonably be expected to influence the financial decisions made by users on the basis of the annual report and consolidated financial statements.

A further description of our responsibility for the audit of the annual report and consolidated financial statement is available at the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se//revisornsansvar. This description forms part of the audit report.

REPORT ON OTHER LEGAL AND STATUTORY REQUIREMENTS

Statement

In addition to our audit of the annual report and the consolidated financial statements, we have also carried out an audit of the board of directors' and the CEO's management of Peas Industries AB for the financial year 1 January 2021 to 31 December 2021 and of the proposal for the appropriation of the profit or loss.

We recommend to the Annual General Meeting that the profit is allocated in accordance with the proposal in the Directors' Report and that the members of the Board of Directors and the CEO are discharged from liability for the financial year.

Grounds for our statements

We have carried out the audit in accordance with generally accepted auditing standards in Sweden. Our liability in accordance with these standards is described in the section regarding the auditor's responsibility. We are independent in relation to the parent company and the Group in accordance with the code of ethics in Sweden and have fulfilled our ethical responsibility in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to form a basis for our statements.

Responsibility of the Board of Directors and CEO

The Board is responsible for the proposal for the appropriation of the company's profit or loss. In the case of a proposal for dividend, this includes an assessment of whether the dividend is justifiable, taking into account the requirements that the nature, scope and risks to the company's and Group's operations set to the size of the parent company's and the Group's equity, consolidation needs, liquidity and financial position in general.

The Board of Directors is responsible for the organisation of the company and management of the affairs of the company. This includes, among other things, ongoing assessment of the company's and the Group's financial situation and ensuring that the organisation of the company is designed so that the accounts, the management of company's funds and its financial affairs are checked in an appropriate manner. The CEO will manage the company on a day-to-day basis in accordance with the Board of Directors' guidelines and instructions, and take the measures necessary for the company accounts to be completed in accordance with the law and for the management of the company's funds to be arranged in a satisfactory manner.

The responsibility of the auditor

Our goal in the case of audit of the company's management, and thus our opinion concerning discharge from liability, is to collect the evidence in order to assess with a reasonable degree of certainty whether any board member or the managing director has in any material respect:

- taken any action or been guilty of any omission that could give rise to any liability to the company or
- has in any other way acted in contravention of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association.

Our goal with regard to the audit of the proposal for the appropriation of the profit or loss, and thus our statement on this, is to ensure, with a reasonable degree of certainty, that the proposal is compatible with the Swedish Companies Act.

Reasonable certainty is a high degree of certainty, but there is no guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards in Sweden will always detect any acts or omissions that may give rise to any liability to the company or to a proposal for the appropriation of the profit or loss not being compatible with the Swedish Companies Act.

A further description of our responsibility for the audit of the company's management is available at the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the audit report.

Stockholm in May according to subsequent digital signature
Deloitte AB

Jonas Ståhlberg
Authorised Public Accountant


Photo: Joakim Lagercrantz

Peas
Industries

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