

An aerial photograph of a large white wind turbine in the foreground, positioned on a hillside. The turbine's three blades are spread out, and its tower extends down into a dense forest of evergreen trees. In the background, a range of rolling hills is visible under a clear blue sky with a thin layer of clouds near the horizon. Several other wind turbines are scattered across the landscape in the distance, creating a sense of a large-scale wind farm. The lighting suggests a clear day, possibly during the golden hour.

eolus™

ANNUAL REPORT
2015/2016

SIGNIFICANT EVENTS DURING THE FISCAL YEAR

EVEN MORE ELECTRICITY FOR GOOGLE

In December 2015, Eolus signed a new Power Purchase Agreement (PPA) with Google. Under the agreement, Google will purchase all electricity generated by the Jenåsen wind farm, comprising 79 MW, over a ten-year period. The farm is expected to be operational by the summer of 2018.



A US SUBSIDIARY WITH TWO NEW PROJECTS

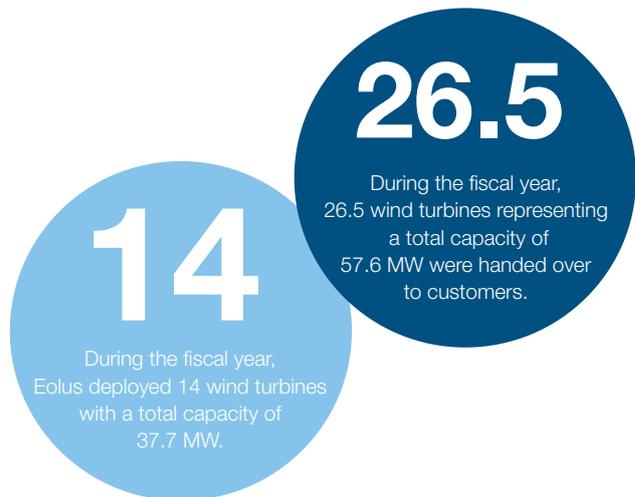
In December 2015, Eolus acquired two wind power projects under development in the US through its subsidiary Eolus North America Inc. The transaction was approved by Eolus's Annual General Meeting on January 30, 2016, and the acquisition was completed in March. The two projects are located in western Nevada, on the Nevada-California border, and include Crescent Peak with a potential capacity of 200–600 MW, and Comstock with a potential capacity of 20–100 MW. Eolus plans to develop and optimize the projects and then divest them as construction-ready projects.

FINANCING AGREEMENT COMPLETED

In July 2016, Eolus secured bank financing totaling SEK 930 M from Handelsbanken. The financing comprised a bank overdraft facility with an overdraft limit of SEK 75 M, a framework credit agreement of SEK 255 M for project financing and a construction loan of SEK 600 M to finance the establishment of the Jenåsen wind farm covered by the Power Purchase Agreement that Eolus signed with Google in December. All agreements have a 29-month term.

SIX WIND TURBINES IN A JOINT VENTURE

In March 2016, Eolus signed an agreement with Mirova and the European Investment Bank (EIB) to divest six wind turbines in the Långmarken wind farm, all Vestas models V126, with a total capacity of 19.8 MW. Under the agreement, the six wind turbines will be owned by a joint venture, in which Eolus holds a 10% share, and Mirova and EIB 90%. The transaction includes an option for Eolus to sell its share of the farm in autumn 2018. The other two turbines at Långmarken will be divested to the Kalmar County Council and the City of Malmö when the farm is completed.



23 MW TO REGION SKÅNE AND THE CITY OF SUNDBYBERG

In January 2016, the Fröreda wind farm, comprising seven Vestas V126-3.3 MW, was handed over to Eolus's customers Region Skåne and the City of Sundbyberg. The farm's turbines are the largest ever constructed by Eolus.

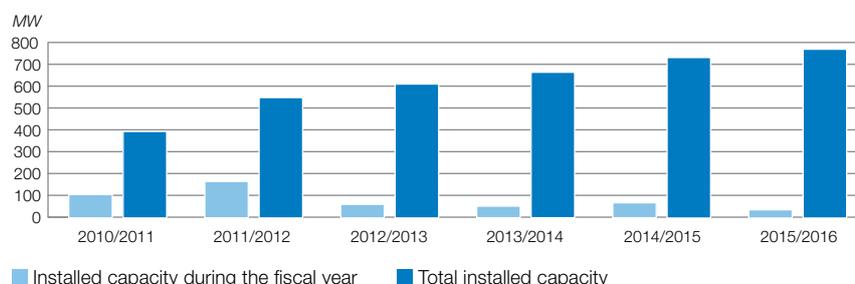




ASSET MANAGEMENT FOR MEAG-OWNED FARMS

In December 2015, Eolus signed an agreement with MEAG, Munich Re's asset management partner, regarding the divestment of two wind farms totaling about 38 MW. Jung-Åsa, an operational farm of 12 MW, was handed over to Munich Re in January and Iglasjön, a wind farm of about 26 MW, will be commissioned and handed over after the end of the fiscal year. Eolus provides asset management for both of the farms on behalf of the customer.

EOLUS'S CUMULATIVE INSTALLED CAPACITY



FIVE-YEAR SUMMARY

SEK M	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
Net sales	693.4	1,502.1	465.8	1,204.9	1,887.9
Operating profit/loss	-15.9	90.0	41.5	146.7	81.2
Profit/loss before tax	-29.1	75.2	13.1	135.3	41.9
Net profit/loss	-23.9	80.0	9.9	141.6	28.3
Earnings/loss per share, before and after dilution, SEK	-0.92	3.25	0.44	5.75	1.24
No. of constructed and operational turbines	14	33	27	30	81
Constructed and operational turbines, MW	37.7	68.6	53.0	62.1	155.3
Electricity generation, GWh	123.6	242.3	172.1	220.9	111.2

The 2012/2013 fiscal year was the first fiscal year to which Eolus applied International Financial Reporting Standards (IFRS). The 2011/2012 fiscal year has been restated according to the same standards.

CONTENTS

Significant events during the fiscal year	2
Five-year summary	3
Message from the CEO	4
Eolus in brief.....	6
Market.....	8
Project development segment	10
Electricity generation segment	12
Asset management segment	13
Jenåsen.....	14
Blekinge Offshore	15
Eolus internationally	17
Customer groups	20
Electricity market	24
Employees and society.....	27
Financial summary.....	28
Key figures for the Group	28
Share and ownership structure	30
Management	32
Directors' Report	34
Corporate Governance Report	39
Consolidated statement of income	42
Consolidated statement of other comprehensive income.....	43
Consolidated statement of financial position	44
Consolidated statement of changes in equity.....	46
Consolidated cash-flow statement	47
Parent Company income statement.....	48
Parent Company statement of other comprehensive income.....	49
Parent Company balance sheet.....	50
Parent Company statement of changes in equity	52
Parent Company cash-flow statement	53
Notes	54
Signatures	82
Auditor's Report.....	83
Board of Directors	84
Glossary	86
Annual General Meeting, financial calendar, definition of alternative performance measures.....	87

A YEAR OF KEY CONTRACTS AND HISTORIC AGREEMENTS



“A Power Purchase Agreement was signed with Google in December 2015. Google will purchase all electricity generated by the park for ten years from startup in 2018. Jenåsen represents a high-value contract for us, and for our future customers.”

The Paris Agreement became effective on November 4, earlier than expected. This demonstrates the determination of the 195 States that ratified an agreement in December 2015 to hold the increase in the global average temperature to well below 2°C. According to NASA, the highest global monthly temperatures since 1880 have been recorded for 11 of the 12 past months. A realization of the need for powerful action is spreading rapidly.

Renewable electricity generation will play a key role in this development. Wind and solar power are taking a leading position across the world. Renewable energy costs are continuing to plummet. In a recently published report, the IEA (International Energy Agency) predicted that costs for onshore wind power will decline 15% over the next five years. Offshore wind prices could decline 50% over the same period. The challenges are being offset by technological innovations to reduce operating cost, increase generation and maintain a high level of technical availability. Renewables will account for most of the new electricity generation added. IEA also expects that 60% of all new electricity generation added by 2040 will be renewable. Alongside of this trend, we can see how many operators are actively seeking alternatives to fossil energy sources. The economic, environmental and political risks are simply considered too high.

The Swedish Energy Agreement from summer 2016 is based on the objective of 100%-renewable electricity generation in Sweden by 2040. The agreement contains a new expansion target of 18 TWh for the Electricity Certificate System between 2021 and 2030. This means that an estimated SEK 60-70 billion will be invested in renewable electricity generation in Sweden over a ten-year period starting in 2021. In October, the Swedish Energy Agency published its recommended quota curve for the new target. The quota curve controls future demand for electricity certificates and will affect the rate of expansion as well as the pricing of electricity certificates. The policy-based Energy Agreement and the Swedish Energy Agency's proposal are making the preconditions for development after 2020 increasingly clearer.

Despite the potential opportunities, the transition – or the ongoing energy market revolution – is a painful process for many operators. Neither Eolus, nor our customers, are unaffected by the situation. Historically, price levels for both electricity and electricity certificates have been extremely low over the past year. This affected the willingness of our customers to invest which, in turn, impacted the value of our own facilities and earnings from our decreased electricity generation activities. For many years, our strategy for minimizing risk in our installations has basically been to only start constructions at the rate we have customers for our facilities. This has led to considerable fluctuations between quarters, and even from year to year. This entailed significantly lower year-on-year sales for the past fiscal year, and forced us to post our first loss since Eolus was founded in 1990.

On the other hand, our cautious approach means that we are now positioned to invest in new modern projects. Eolus has a strong financial position. We are entering the new fiscal year with an equity/assets ratio of more than 50%, an order backlog of SEK 621 M and netcash of SEK 140 M. During the year, we reduced our own facilities by 20 MW through sales. Our objective for the coming fiscal year is to maintain at least the same level of reduction as in the preceding year. That will free up additional resources.

The upward trend in forward prices has continued since spring 2016. A stable parliamentary majority for the Energy Agreement, combined with the Swedish Energy Agency's proposal regarding quotas for an additional 18 TWh expansion after 2020, has led to a significantly higher interest in wind-power investments in Sweden and Norway. The facilities that we are now developing and marketing also have substantially lower capital and operating expenses per MWh generated, and can therefore handle considerably lower price levels while still meeting the yield requirements of investors.

One such project is Jenåsen in Sundsvall, comprising 23 windturbines with a total installed capacity of 79 MW. In December 2015, a Power Purchase Agreement was signed with Google, which will purchase all electricity generated by the farm for ten years from startup in 2018. Jenåsen represents a high-value contract for us, and for our future customers. Several important project milestones have been achieved over the past six months, such as the securing of funding, the signing of a grid connection agreement and the procurement of wind turbines. Our plan is to establish the farm and transfer it to the customer as a turnkey facility, with access when the farm becomes operational. Negotiations with the customer are ongoing. The grid connection agreement we signed will also enable connection for several other farms in the area. The next major project in the area that we intend to bring to market is Kråktorpet, with a total capacity of about 150 MW.

In November 2016, Eolus was granted final concession for the Norwegian Öyfjellet project of up to 330 MW. This is the largest project that Eolus has ever received a permit for. Due to technological advancements and excellent wind resources, Norwegian projects has been possible to realize at a low cost per MWh. Although the physical conditions present challenges for the project, Eolus's long-standing experience will come to the fore. We hope the project can be realized within the framework of the existing Electricity Certificate System.

Renewables are now the new normal. The development of photovoltaics and energy storage is also keeping pace with wind power. In order to offer additional products and services and deliver a comprehensive concept to customers, we are also evaluating business opportunities in these areas.

In early 2017, we are expecting to hand over the first farms for the fiscal year – Iglasjön in Kungsbacka, and Långmarken in Kristinehamn – to our customers, including Munich Re, Mirova and the European Investment Bank.

As stated above, Eolus has a sound financial position. I am looking forward to our future development, with many exciting contracts for Eolus. The Board has decided to recommend that the Annual General Meeting in January 2017 adopt an unchanged dividend of SEK 1.50 per share.

PER WITALISSON

Chief Executive Officer

EXPERIENCE AND AMBITION ARE A SUCCESSFUL COMBINATION

EOLUS IS A MARKET-LEADING WIND POWER DEVELOPER. Eolus aims to create value at all levels of project development and operation of renewable energy facilities, and to offer attractive and competitive investment objects to both local and international investors in the Nordic region, Baltic countries and the US. Since the company's inception in 1990, Eolus has been involved in the construction of 491 of the approximately 3,300 wind turbines across Sweden. Eolus divests most of its projects to customers as turnkey facilities. Eolus also offers a sophisticated concept for wind power asset management services.

BUSINESS CONCEPT

Eolus aims to create value at all levels of project development, establishment and renewable energy operation, and to offer attractive and competitive investment objects to both local and international investors.

EXTENSIVE EXPERIENCE

Since the company's inception in 1990, Eolus's mission has been to develop, construct and offer turnkey wind power facilities to investors. As the first commercial wind power developer in Sweden, we have extensive experience and expertise in the construction of wind power facilities, and a major contact network with landowners and authorities. A diverse and strong customer base is the main reason for our success and strong market position.

BUSINESS MODEL

Eolus's mission is to develop and construct wind power facilities in favorable wind locations. Projects are mainly realized through the divestment of turnkey facilities. The business model also allows parts of the project portfolio to be realized through sales of project rights for permitted projects and projects under development. Eolus generates electricity from proprietary wind power facilities and the holdings of these operational facilities are always for sale. In addition, Eolus offers a full range of asset management services to investors, enabling carefree ownership of wind power facilities constructed by either Eolus or other operators.

Eolus's strengths are the identification, planning, construction and divestment of

turnkey wind power facilities in a range of sizes, as well as asset management. Our three operating segments, in combination, constitute a complete and competitive market offering. As more players have seen the opportunities offered by developing and investing in renewable electricity generation, Eolus has met their demand. The operations are divided into three operating segments, in which the development of wind power facilities dominates.

THE EOLUS GROUP

The Group comprises the Parent Company, Eolus Vind AB (publ) and such wholly owned subsidiaries as Ekovind AB, Svenska Vindbolaget AB, Eolus Elnät AB, Eolus Wind Power Management AB, SIA Eolus, Eolus Vind Norge A/S, Eolus North America Inc, Eolus Oy and the sub-subsidiary OÜ Baltic Wind Energy.

In addition to the above companies, the Group also includes partly owned Blekinge Offshore AB and several other companies that have been formed to manage the development of specific wind power projects. Eolus owns 56% of Blekinge Offshore. The remaining shares are owned by Vingkraft and Vindin.

At August 31, 2016, Eolus's Swedish project portfolio contained sites for 1,042 on-shore wind turbines with a potential capacity of approximately 3,270 MW. The project portfolio for offshore wind turbines contains up to 700 turbines with a potential capacity of 2,500 MW. Most of the projects in the international portfolio are in the pre-study or project development stage. For more information about the foreign business operations, refer to pages 17–19.

OBJECTIVES

Vision

Eolus's vision is to be the most profitable renewable energy developer and an attractive business partner in the transition to a sustainable society.

Financial objective

Eolus aims to achieve an annual return of at least 10% of equity after tax.

Operational objectives

- that our stakeholders (customers, employees, suppliers and shareholders) perceive us as an attractive and market-leading wind power developer in the markets in which we operate.
- to establish a foreign business operation.

STRATEGY

Our core business is to construct turnkey wind power facilities in favorable wind locations, and transfer the facilities to customers. The initial phases of all project development take place at own risk.

Our project development strategy therefore focuses on projects that are most likely to be realized, and to develop them with the highest-possible quality at the lowest-possible cost. This increases opportunities for offering end-investors facilities that provide the lowest-possible price per MWh of electricity generated over the life of the facility.



A careful selection process is therefore vital, combined with an early commercial focus. This ensures that projects with the greatest potential receive sufficient priority. A linchpin in project development is to only implement projects on sites where Eolus would actually be interested in owning turbines. When developing wind power facilities, there is uncertainty regarding how accurately the generation estimates will reflect the actual generation. This uncertainty can be reduced by conducting analyses based on wind measurements, normally over a period of at least one year, and by the expertise and experience of our employees. Eolus therefore conducts wind measurements for all major projects.

Eolus normally secures user rights through leasehold agreements, rather than owning the land where turbines are construct-

ed. The company's strategy is to offer landowners a commercial lease that is normally paid as an annual lease equivalent to a certain percentage of the value of the electricity generated by the facility. In some projects, neighboring landowners are also offered lease revenue.

CORE VALUES

Responsibility

We take responsibility for the transition to a sustainable society. We act responsibly in our contact with authorities, local residents, customers and shareholders.

Commitment

We aim for local community participation through local ownership in wind turbines, a decentralized organization and by engaging

in early and continuous dialog with residents living near our wind power facilities.

Results

Our income statement is positive and our balance sheet shows financial strength. Through our wind power facilities, we aim to offer profitable investment opportunities for our customers and favorable terms for the landowners affected.

Trust

By acting in a consistent manner in regard to responsibility, participation and results, we aim to inspire the trust of shareholders, customers, banks, authorities, landowners and the general public.

THE MARKET AND DRIVING FORCES

In Sweden, wind power has shown a very strong trend. In Sweden, electricity generated by wind was 1 TWh in 2006, compared with 16.6 TWh in 2015. From a shorter time perspective, it is worth noting that the amount generated in 2014 was 11.5 TWh. Wind-power generation therefore increased almost 45% in one year and now accounts for some 10.5% of Sweden's total electricity generation.

CONTINUED HIGH POTENTIAL

Despite expansive development in recent years, combined with low prices for electricity and electricity certificates, we believe that the Swedish wind power market's potential remains high. Particularly for a company with Eolus's extensive experience which, in addition to project development and turnkey facilities, can also offer investors a comprehensive asset management concept. Although the conditions vary from country to country, there is also future potential in other markets in which we operate.

PROFESSIONAL APPROACH

Our market position allows both existing and new shareholders to feel secure in their investments, not least because of our professional approach to asset management. This applies particularly to investors for whom electricity generation is not their core business. All companies, both large and small, can also benefit from our services and outsource all, or parts of, their technical asset management.

ECONOMICALLY BENEFICIAL INVESTMENT

The costs for establishing wind power facilities in Sweden have fallen dramatically in recent years. Wind power is therefore an economically beneficial source of energy for investment. Subsequently, the construction of a facility today can withstand relatively lower prices for electricity and electricity certificates than older facilities that were constructed during a high-cost period.

The lower cost base is also a driving force and explanation for the expansive development in recent years, but also a prerequisite for investors.

While the driving forces for investment vary, the common denominators are long-term profitability, a continuous cash flow and the opportunity to contribute to the transition to a sustainable energy system to achieve a sustainable society.

In recent years, new establishments in Sweden have been marked by fewer but increasingly larger wind farms. The interest shown by foreign institutional investors is the main driver of this trend.

THE SUPPORT SCHEME AND POLICY

The Swedish support scheme to promote the development of renewable electricity generation, the Electricity Certificate System, is shared with Norway and considered relatively stable, compared with feed-in schemes that normally represent an expenditure item in the national budgets of the countries concerned. Although the compensation rate is often higher per MWh with a feed-in-system, there is a

significant risk of policy changes. This means that in the choice between market and political risk, many investors prefer the market risk, since low prices are usually considered easier to manage than changed regulations.

WIND POWER IS LEADING THE WAY TO A RENEWABLE FUTURE

There is strong public support for the development of renewable energy sources around the world, including wind power. In Sweden, the SOM (Society, Opinion and Media) Institute at the University of Gothenburg conducts annual surveys on public opinion in a wide range of social issues. In the 2015 SOM survey, 80% of Swedes claimed they are in favor of wind power, 59% said that more money should be invested in wind power and 23% were satisfied with the current level of investment.

RENEWABLES ARE INCREASING

The trend is moving toward an increasing share of renewable generation capacity, with a slight difference between various parts of the world. According to Bloomberg New Energy Outlook 2015, energy consumption, for example, will fall in the OECD due to ongoing improvements in energy efficiency, but rise in less-developed economies around the world.

According to Bloomberg, renewables will account for some 46% of the world's electricity generation by 2040, with a wind and solar mix accounting for 30% of the generation capacity. In the OECD, renewable electricity generation is predicted to represent 54% by 2040. Bloomberg predicts that the costs of establishing wind power will continue to fall from a global perspective, and that economics – rather than regulation and policy – will increasingly drive the uptake of renewable technologies.

Overall, Bloomberg predicts that renewables will account for about 60% of the new generating capacity installed over the next 25 years.

ONSHORE WIND POWER IS COST-EFFICIENT

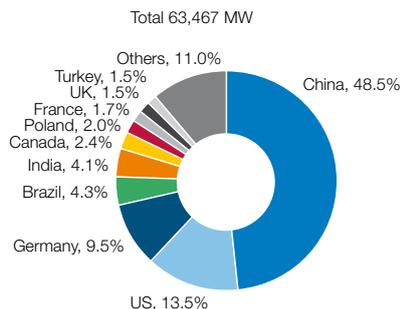
Reports increasingly indicate that onshore wind power is one of the most cost-efficient ways to add new generation capacity. This conclusion was also presented in a report

NET GENERATION OF ELECTRICITY IN SWEDEN, 2011–2015

TWh	2011	2012	2013	2014	2015
Hydropower	65.7	78.0	60.8	64.2	73.9
Nuclear power	57.7	61.4	63.6	62.2	54.3
Wind power	6.1	7.2	9.9	11.5	16.6
Cogeneration	9.7	8.7	8.6	6.9	7.1
Cogeneration in industry	5.7	6.2	6.0	5.9	5.9
Condensation power	0.2	0.6	0.6	0.5	0.4
Total net generation	145.0	162.1	149.5	151.2	158.3

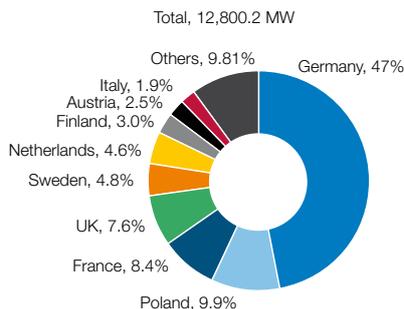
Source: Swedish Energy Agency

PROPORTION OF INSTALLED CAPACITY IN 2015, GLOBALLY



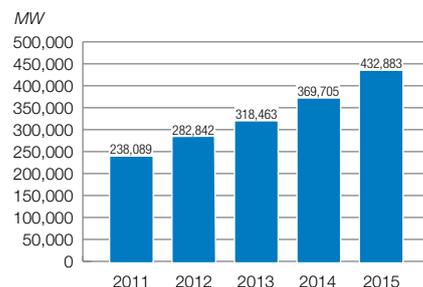
Source: GWEC

PROPORTION OF INSTALLED CAPACITY IN 2015, PER EU COUNTRY



Source: Wind Europe, Wind in power 2015 European statistics

TOTAL ACCUMULATED INSTALLED GLOBAL WIND POWER CAPACITY, 2011-2015



Source: GWEC

published by the Swedish Energy Agency in September 2016, Generation costs for wind power in Sweden. The report confirms that the cost curve for new wind power has continued to fall, compared with a similar report in 2014. A comparison with the strike price corresponding to nearly SEK 1 per kWh that the UK government has guaranteed the owners of the Hinkley Point C nuclear power plant over the subsequent 35-year tariff period, also supports this conclusion. In Sweden, the establishment of onshore wind power capacity currently lies far below this level.

FAST-GROWING SHARE OF TOTAL ENERGY MIX

In 2015, the annual market for global wind power increased 22% year-on-year, according to statistics from the Global Wind Energy Council (GWEC).

Global installations of wind power amounted to 63,013 MW in 2015, with an accumulated figure of 432,419 MW. In 2015, development was dominated by China. About 48% of global wind power capacity was installed in China during the year. The three largest wind power nations are China, the US and Germany. These three countries account for just over 60% of installed capacity worldwide.

In 2015, 615 MW of new wind power capacity was installed in Sweden, which means that Sweden installed the most wind power capacity in the EU after Germany, Poland, France and the UK.

This rapid development has meant that wind power now represents an increasing and growing share of the total global energy mix.

NEED FOR ELECTRICITY GENERATION IN SOUTHERN SWEDEN

The Swedish electricity market is divided into four Electricity Price Areas. The boundaries between the four areas run along lines where the electricity grid lacks transmission capacity.

In northern Sweden (areas 1 and 2), electricity generation is greater than electricity consumption. In southern Sweden (areas 3 and 4), electricity consumption is higher than electricity generation. This imbalance, combined with a lack of transmission capacity, means that the electricity prices are slightly higher in areas 3 and 4, which also demonstrates a need for expanded electricity generation in the southern parts of the country.

TECHNOLOGICAL ADVANCEMENTS AND FALLING GENERATION COSTS

Modern wind power technology is relatively new compared with hydro or nuclear power. Technological advancements in recent years have included increasingly longer rotor blades, higher towers and more efficient turbines. Rapid technological advancements combined with other factors such as more efficient construction methods have reduced capital costs by approximately 75% per MWh of electricity generated since the advent of wind power in the 1980s. In the World Energy Outlook 2016, the IEA (International Energy Agency) predicts that capital costs for wind power worldwide may fall by up to 25% by 2040. According to the IEA, these cost reductions will mean that most renewable electricity can be generated without requiring subsidies by that time.

OUR LARGEST TURBINES

One example of this trend is the Fröreda wind farm in the Municipality of Hultsfred. During the autumn/winter 2015/2016 period, Eolus constructed its largest-ever wind turbines: Vestas V126-3.3 MW, with a total height of 180 meters. The swept area is about 12,500 m², which is essentially twice that of the Vestas V90 model. The plants were handed over to the customer, Region Skåne and the City of Sundbyberg, during the fiscal year. The power generated by the farm supplies 40% of Region Skåne's electricity needs and 50% of the City of Sundbyberg's electricity needs.

100% RENEWABLE ELECTRICITY GENERATION BY 2040

Sweden has operated a commercial and technology-neutral support scheme to promote renewable energy since 2003. Norway became affiliated with this support scheme in 2012. The extra revenue generated by the Electricity Certificate System boosts competitiveness compared with other energy sources. The Electricity Certificate System is not linked to the national budget and is financed by a surcharge on electricity prices for certain consumers. Other countries, including Germany, have opted for a fixed price per megawatt hour generated, linked to each country's national budget. Demand for electricity certificates is regulated by a quota obligation, which determines the number of electricity certificates that an electricity consumer needs to purchase in relation to their annual electricity consumption. By changing the quota obligation, the Swedish Riksdag can control the price of electricity certificates. There is no quota obligation or electricity certificate cost for electricity-intensive industry in Sweden. This enables industry to benefit from low electricity prices due to the ongoing expansion of renewable energy. For more information about electricity certificates, visit: www.energimyn-digheten.se or www.nve.no

The political and partisan energy agreement from the summer of 2016 set a target of 100% renewable electricity generation by 2040. To achieve this goal, it was decided to expand the Electricity Certificate System, and extend the period for an additional ten years (2021-2030). This means that 18 TWh will be added after 2021, entailing investments of about SEK 70 billion. Since wind power is one of the cheapest methods for adding new electricity generation, it can be assumed that a major portion of this amount will be invested in wind power.

FOCUS ON INVESTORS, SOCIETY AND THE ENVIRONMENT

Our project development process is multidimensional. The process aims to meet investors' demands for sustainable investments in a simple and profitable manner. The aim is to reflect a clear social presence and be environmentally neutral, meaning to have the lowest ecological footprint possible.

MEETING INVESTOR CONDITIONS AND PREFERENCES

The four stages of a project are: *pre-study, project development, construction and divestment of the facilities*. After successful commissioning, the construction stage is completed by either divesting the facility to the customer, or by transferring it to our own electricity generation operations.

The *divestment* stage obviously varies, depending on the size and frequency of the contracts. If a contract has not been signed when the facility becomes operational, operating revenues and expenses are recognized in the Electricity Generation operating segment until the facility is divested.

Eolus has an extensive project portfolio, with projects in various stages. This provides ideal opportunities for meeting a range of investor requirements and demands.

DIVESTMENT OF FACILITIES, SHARES AND PROJECT RIGHTS

Revenue in the operating segment comprises proceeds from the divestment of facilities, shares in project companies or project rights. Due to the construction rate of the facilities, and the dates of their divestment, sales and earnings vary between fiscal years. Over the past three fiscal years, project development operations have consistently accounted for 81-93% of Eolus's total revenue.

Wind power facilities are divested by transferring operational wind farms, individual wind turbines or shares in wind turbines. Investors may also choose to only purchase project rights.

The most costly item when establishing a wind power facility is the actual wind turbine. Eolus mainly purchases turbines in EUR, which entails an element of risk. This is managed with currency futures to hedge the cash flow in foreign currency, or by divestment to customers in EUR.

Overall, the actual wind turbine accounts for 75-80% of the costs for a turnkey facility. Others costs are attributable to project development, foundations, road construction and grid connection.

The project development operations are mainly financed with advance payments from customers, construction loans or equity. At present, Eolus conducts project development operations in Sweden, Norway, Finland, the US and the Baltic countries.

THE ALL-IMPORTANT LOCAL DIALOGUE

Our work involves and affects many people. Not only those living near a wind farm, but also people in general and other stakeholders such as government agencies and future green electricity customers.

We are committed to an open dialogue about the effects, both positive and those perceived as negative, to providing continuous information about the ongoing process, and to answering any questions that may arise in connection with both the construction and the subsequent operation.

Interaction with the local community is therefore a crucial part of a project.

FEWER BUT LARGER FARMS

Both the market and technological advancements are driving the trend toward fewer but larger farms, with higher and more powerful wind turbines. To keep pace with this development, our project portfolio is continuously updated with a focus on realizability.

From the company's inception in 1990 until the balance-sheet date on August 31, 2016, Eolus has been involved in the construction of 491 wind turbines with a total capacity of approximately 773 MW. During the 2015/2016 fiscal year, 14 (33) wind turbines, with a total capacity of 37.7 (68.6) MW, were constructed and completed. At the end of the fiscal year, 16 wind turbines were under construction, compared with 17 on the corresponding date of the preceding year.

PROJECT DEVELOPMENT – KEY FIGURES

SEK M	Full-year Sep 1, 2015 – Aug 31, 2016	Full-year Sep 1, 2014 – Aug 31, 2015
Net sales	637.2	1,397.2
Other operating income	1.5	19.8
Operating profit/loss	-17.2	119.7

CONSTRUCTED DURING THE 2015/2016 FISCAL YEAR

Name	Municipality	Capacity in MW
1 Fröreda	Hultsfred	23.1
2 Stångby	Lund	6.9
3 Ullavi	Hallsberg	5.4
4 Önnarp	Trelleborg	2.3
Total		37.7

EOLUS'S SWEDISH PROJECT PORTFOLIO

	Group Aug 31, 2016		Group Aug 31, 2015	
	No. of turbines	Total capacity, MW	No. of turbines	Total capacity, MW
Pre-study	315	1,028	282	929
Project development	429	1,353	608	1,821
Projects with relevant permits	282	831	247	687
Under construction	16	58	17	43
Total	1,042	3,270	1,154	3,480

EOLUS'S OTHER PROJECT PORTFOLIOS

Country	Group Aug 31, 2016	
	No. of turbines	Total capacity, MW
Norway	189	651
Latvia	106	366
Estonia	44	152
Finland	14	48
US	88-280	220-700
Offshore	500-700	≤ 2,500



GENERATION AND SALES OF RENEWABLE ELECTRICITY

The Electricity Generation Operating Segment comprises the generation and sales of renewable electricity from our facilities.

Sales of electricity generation, with the associated electricity certificates and guarantee of origin certificates, are conducted on either an ongoing basis at the prevailing spot price, or by hedging.

Guarantee of origin certificates are assigned in relation to generation and sold in the market like electricity certificates. Since the number of wind turbines classified as either non-current assets or inventories can vary over time, revenue streams may also vary.

Over the past three fiscal years, electricity generation has consistently accounted for 7-19% of the Group's overall revenue.

New wind turbines are constructed, and existing turbines are divested to customers that want to invest in operational facilities, in order to continuously develop and renew the wind power portfolio for electricity generation. Our focus on project development and new facility divestment means that we are always aiming to reduce our own ownership.

Our holding of operational wind turbines is recognized as either wind turbine inventories or a non-current asset.

In the operational stage, costs for a wind power owner usually comprise leasing fees to the landowner, service and maintenance, insurance, property tax and management costs. Operating expenses, excluding capital costs, are normally within the range of SEK 100–140 per MWh. The cost of capital is additional and varies, depending on the loan-to-value ratio, interest rates and the owner's capital contribution.

At the end of the fiscal year, Eolus owned operational wind power facilities with a total installed capacity of 38.3 (58,2) MW, and estimated annual generation of 89.1 (144.0) GWh. Non-current assets comprised 37.2 MW and 86.3 GWh, respectively. The remaining portions of 1.1 MW and 2.8 GWh, respectively, comprise wind turbine inventories. Average revenue for the electricity generated during the fiscal year was SEK 375 (440) per MWh.

ELECTRICITY GENERATION – KEY FIGURES

SEK M	Full-year Sep 1, 2015 – Aug 31, 2016	Full-year Sep 1, 2014 – Aug 31, 2015
Net sales	46.3	106.7
Other operating income	0.7	1.6
Operating profit, before impairment losses	2.5	38.9
Operating profit/loss, after impairment losses	0.0	-31.7
Electricity generation, MWh	123,622	242,250



A COMPLETE ASSET MANAGEMENT PACKAGE

The Asset Management operating segment was formed in the 2012/2013 fiscal year. The aim is to provide wind power owners with a complete package of asset management services for constructed wind power facilities.

The goal of our technical and financial services is to ensure that owners receive professional management of everything related to the operation of a facility, including surveillance, control, monitoring, administration and contact with the owner's service company/turbine manufacturer.

In our role as operator, we work closely with turbine manufacturers. In collaboration with them, we ensure that the facility's availability is high and that downtime is minimized. The operating segment provides recurring, stable and long-term revenue streams.

EXPERTISE CENTER

Eolus thus becomes the owners' extended arm in contact with the turbine manufacturer. We want our customer, the owner, to see us as a partner who will do anything to maximize generation and minimize operating expenses over the life of their facility. We also take care of all other practical and administrative aspects.

Based on our own wind power portfolio, Eolus has built up extensive expertise in the operation of wind power facilities. This experience and knowledge has been refined over the years, and is now offered to our customers as a package. This has also meant that Eolus's asset management department has evolved into a center for expertise, and can offer knowledge on a consultative basis, both externally to turbine customers and manufacturers, and internally

within the organization during the project development and construction stages.

MAJOR FUTURE POTENTIAL

Eolus sees a growing market demand, from both international and domestic investors in this operating segment. For obvious reasons, investors whose core business is not wind power or energy generation represent the strongest growth potential.

Another driving force is the actual development of wind power. Not only does wind power hold a definite position in a total energy mix, it is also one of the fastest-growing sources of energy. This has also led a more professional approach to, and view of, asset management for wind power facilities.

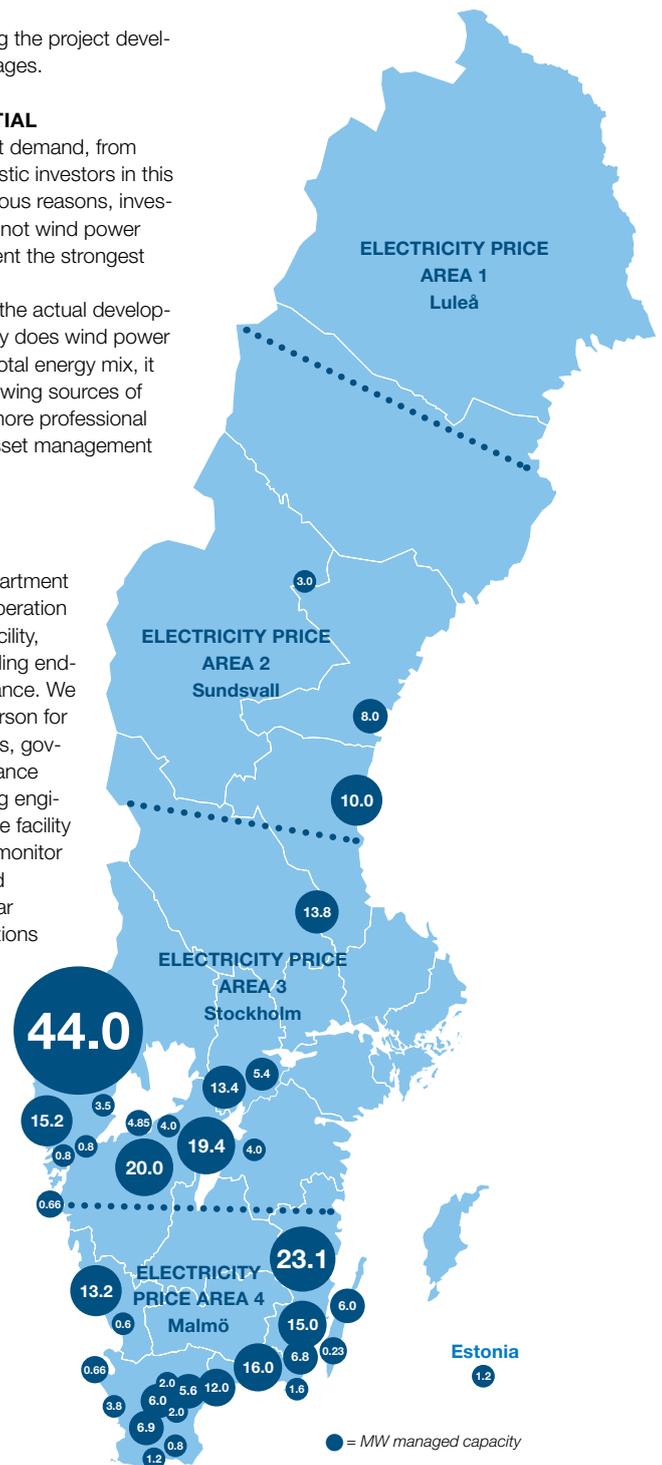
A SUMMARY OF OUR SERVICES PACKAGE

Our Asset Management department can manage the technical operation and all administration of a facility, such as bookkeeping, including end-of-year accounts, and insurance. We also serve as the contact person for the facility's relevant suppliers, government agencies and insurance companies. Eolus's operating engineers control and monitor the facility from our operations center, monitor scheduled and unscheduled maintenance, conduct regular site visits and annual inspections of the facility and ensure compliance with regulatory requirements.

ASSET MANAGEMENT – KEY FIGURES

SEK M	Full-year Sep 1, 2015 – Aug 31, 2016	Full-year Sep 1, 2014 – Aug 31, 2015
Net sales	10.9	5.9
Operating profit/loss	1.2	2.0

At the end of the fiscal year, Eolus's asset management assignments on both its own behalf and that of customers amounted to approximately 300 MW. Investors that have chosen Eolus's asset management concept include ewz, Munich Re, Chorus, Tolvmanstegen Drift AB and a range of public-sector investors.



JENÅSEN CREATES OPPORTUNITIES FOR FURTHER DEVELOPMENT

In December 2015, Eolus signed a Power Purchase Agreement (PPA) with Google. Under the agreement, the second signed between Google and Eolus, Google will purchase all electricity generated by Jenåsen wind farm, located in the Municipality of Sundsvall, over a ten-year period. The wind farm will have a total installed volume of 79 MW and comprise 23 V126-3.45 MW wind turbines from Vestas, with a total height of 190 meters. Jenåsen wind farm will be the first Eolus project constructed in the area. As part of a grid connection agreement signed between Eolus and E.ON Elnät, transmission capacity will also be installed through the construction of a grid

station in Nysäter, which will enable other wind power projects to be developed in the future. For Eolus's part, this will include the fully permitted Kråktorpet and Nylandsbergen projects, totaling just over 200 MW, and the Stockåsbodarna project, comprising approximately 120 MW, for which a permit has not yet been obtained.

Jenåsen is expected to become operational in summer 2018 and Eolus has initiated a sales process to divest the entire farm to an external purchaser, with Eolus assuming responsibility for asset management of the facility.



This image shows a photomontage from Jenåsen.

BLEKINGE OFFSHORE

Eolus owns 56% of the Blekinge Offshore project, one of the largest offshore wind power projects in the world. Blekinge Offshore has applied for a permit to establish an offshore wind farm with capacity of up to 2,500 MW in the Bight of Hanö, east of Hanö. This would entail 500-700 wind turbines with an annual generation of up to 8 TWh, equivalent to the entire power loss that arose in Electricity Price Area 4 when both of the nuclear reactors at Barsebäck were closed. The project offers

favorable conditions in terms of water depth, grid connection, wind conditions and proximity to the mainland during the operational phase.

Blekinge Offshore has undertaken to allocate 1% of its annual sales to a fund for environmental and business development. In February 2013, the Land and Environment Court issued a favorable opinion on the farm's admissibility under the Environmental Code. The Government's final ruling on the admissibility of the project is still pending.





ENTERING THE WORLD'S SECOND-LARGEST MARKET – THE US

Eolus's Annual General Meeting on January 30, 2016 resolved to approve the acquisition of two wind power projects under development in Nevada in the US.

This is an attractive and important market for Eolus, particularly since the US is the second-largest wind power market after China. At the end of 2015, the amount of installed capacity in the US was 74,471 MW, compared with the largest market in Europe, Germany, which had 44,947 MW of wind power on the same date, and Sweden, which had 6,025 MW.

In this context, it is important to consider the Paris Agreement on climate change signed in autumn 2015. The agreement was ratified by both China and the US in September 2016. For companies in the fossil-free industry with operations in the US, this was a positive development. In October 2016, Sweden also ratified the agreement.

STABLE AND GROWING MARKET

In 2015, wind power accounted for 41%, or 8,598 MW, of the new capacity for electricity generation while solar power accounted for 27%.

In recent years, the market has been characterized by major fluctuations in the rate of new establishments, largely due to strict time limitations for utilizing support schemes and the fact that these schemes sometimes expired before they were extended.

However, the US market now appears to be stabilizing and facing an upturn. One reason for this is the federal government's decision in 2015 to extend the Production Tax Credit (PTC) – an incentive that provides financial support for ten years, with the amount of support scaled down depending on when construction on the facility begins – for a five-year period. The faster construction begins, the more financial support received.

SUPPORT THROUGH 2019

The financial support applies to the construction of facilities commencing before the end of 2019. For facilities on which construction began in 2015 and was ongoing in 2016, the maximum amount of financial support will be paid. The amount is then scaled down the closer to 2019 construction begins.

In other words, there is a major financial incentive to not only initiate project develop-

ment, but to actually commence construction as soon as possible. Along with several other targets and support at the state level and a far-reaching target to become self-sufficient in the area of energy, this support has laid the foundation for a positive outlook for wind power in the US. The prevailing market trend, in particular, is proof of this. It is also worth noting that the cost for establishing a wind turbine decreased 66% between 2009 and 2015.

US President-elect Donald Trump has expressed skepticism toward climate change, which could become cause for concern within the renewable sector in the US. It is important to remember, however, that the wind power incentives offered by the PTC were adopted by both Democrats and Republicans and that many of the targets for renewable development in the US are at the state level.

LARGEST TURBINE MANUFACTURERS

Along with GE Renewable Energy, Vestas and Siemens are by far the largest manufacturers of wind turbines in the US market. The three companies combined accounted for 88% of the installed capacity in 2015 and 77% of the accumulated installed capacity.

CRESCENT PEAK AND COMSTOCK

The Group's most recent projects are Crescent Peak, with the potential for 200-600 MW, and Comstock, comprising 20-100 MW. The plan

is for the projects to be developed and then divested once they are construction-ready, with or without a PPA.

Both projects are located in western Nevada, along the border to the densely populated state of California, ensuring favorable market prospects for the electricity generated. To date, Nevada has been rather cautious when it comes to the development of wind power, but a state target to increase the amount of electricity generation from renewable sources is making it possible for viable wind power projects to be realized. Crescent Peak offers some of the best wind conditions in southern Nevada and eastern California combined with proximity to three alternative connection points to enable delivery in both Nevada and California. The wind farm's location near Las Vegas, with its constant need for electricity, and the Hoover Dam, where the water continues to dry up, also helps to make the project particularly attractive. Comstock is situated in close proximity with Reno, Lake Tahoe and the Tesla Gigafactory. The project is deemed to have highly favorable wind conditions and potential for a reasonably simple grid connection.

The acquisition agreement includes a clause with a profit-sharing mechanism for a future sale, which enabled a low acquisition cost for Eolus.



STRONG PERFORMANCE IN NORWAY

On January 1, 2012, Sweden and Norway formed a joint electricity certificate market. As a consequence of this joint market, Eolus established operations in Norway in 2012. In Norway, as in other markets, Eolus can acquire ongoing projects as well as develop new, proprietary projects. The Norwegian project portfolio comprises a potential capacity of some 650 MW, of which the largest project is Øyfjellet, outside Mosjøen in the Municipality of Vefsn. Øyfjellet will comprise up to 110 wind turbines, with a maximum total capacity of 330 MW. In November 2016, the Norwegian Ministry of Petroleum and Energy granted the

final permit for the project, making it the largest onshore project for which Eolus has obtained a permit to date. Once fully constructed, annual generation is expected to amount to 1.4 TWh. Eolus's aim is for the project to be realized within the framework of the Swedish-Norwegian Electricity Certificate System.

During the preceding fiscal year, Eolus acquired the permitted project Stigafjellet in the Municipality of Bjerkreim, comprising 30 MW. In Norway, Eolus is also cooperating with Statkog to assess suitable locations for wind power facilities on the company's land.

At the end of 2015, the amount of installed capacity in Norway was 838 MW*. During 2016, several investment decisions were made in the Norwegian market which entail that the installed capacity will increase significantly.

Projects in the Norwegian market are often characterized by challenging terrain and complicated infrastructure as well as high average wind speeds, resulting in a high rate of generation in established facilities.

**Source: Wind Europe*



OTHER NEIGHBORING COUNTRIES

In addition to the US and Norway, Eolus also conducts operations in Finland, Estonia and Latvia. These markets are far less mature than the Swedish market, at the same time as electricity from the markets in these countries is traded on the joint power market, Nord Pool Spot. However, these countries also have varying conditions in terms of geography, infrastructure, network capacity and support schemes for renewable electricity generation.

The Finnish Government, which took office in 2015, lowered the ambitions for the Finnish support scheme for wind power, creating uncertainty about the future of Finnish wind power projects that missed out on the feed-in tariffs. In November 2016, the Government presented a proposal for a new support scheme. An auction-based, technology-neutral scheme for renewable electricity generation is being introduced to replace

the scheme with feed-in tariffs. The new scheme corresponds to 2 TWh and the goal is for the volume to be auctioned off between 2018 and 2020. Eolus conducts project development corresponding to approximately 45 MW in Finland, including the Pörtom project, for which Eolus entered into a partnership agreement with the Swedish company VindIn, which owns the remainder of the project.

Through a subsidiary, Eolus owns land on the island of Saaremaa in Estonia. On this and other owners' properties, projects are being conducted with a total capacity of about 150 MW. At the end of the fiscal year, Eolus had two proprietary wind power facilities in Estonia with a total capacity of 1.6 MW.

In Latvia, Eolus has been granted the exclusive right to evaluate Bergvik Skog's Latvian landholdings, which comprise approximately 100,000 hectares. The aim is to identify

suitable sites for profitable wind power projects, with a possibility to sign establishment agreements. The situation in Latvia is uncertain when it comes to the possibility of future support schemes. The Latvian operation also includes reviewing the possibility of taking over ongoing projects in Lithuania. At the end of the fiscal year, Eolus was developing projects in Latvia with an expected capacity of about 440 MW.

Conducting project development operations in these neighboring countries is a natural step in the company's development. Eolus's extensive experience in the development of wind power projects in Sweden provides the ideal prerequisites. At the same time, the company is able to contribute to development of the wind power market in these countries.

**Source: Wind Europe*



A BROAD CUSTOMER BASE

Since its inception in 1990, Eolus has built strong relationships based on trust with customers, landowners, shareholders, creditors and employees. Creating and maintaining a high level of trust is a prerequisite for attracting both capital and the expertise needed for continued growth.

With a flexible business model and a strong balance sheet, Eolus has adapted to market fluctuations and the prevailing market dynamics to effectively meet investor demands.

Our customer base is broad and varied and includes everything from global investors in the form of insurance companies, infrastructure funds and energy companies to small businesses and individuals.

INSTITUTIONAL INVESTORS

Institutional investors have different investment horizons for their investments.

Ownership in public infrastructure, such as wind power, is driven by long-term investments with relatively stable returns and cash flows. This, in turn, generates security in companies' commitments to their customers in the reinsurance and pension investment segments.

Investing in the production of renewable electricity also entails participation in the transition to fossil-free electricity generation.

In recent years, major global operators, such as the German companies Munich Re and Allianz, have invested in the Swedish market.

PUBLIC-SECTOR INVESTORS

Public-sector investors mainly comprise municipalities, county councils and municipal companies.

Proprietary electricity generation facilities mean that the costs of electricity consumption in a company's own operations become predictable and easier to control. Investments in wind power contribute to sustainable development and thus meet the environmental and energy objectives that many public-sector players have set for their operations.

Eolus regularly participates in public procurement processes and has secured several winning tenders. One example is the Group's agreement with Region Skåne and the City of

Sundbyberg regarding the sale of seven turnkey wind turbines at Frøreda wind farm in the Municipality of Hultsfred (six of the turbines were for Region Skåne). With an order value of SEK 252 M, this is the largest-ever procurement by a public player in Sweden. The wind farm was handed over to the purchasers at year-end 2015. The total purchase consideration amounted to SEK 294 M. The purchasers also signed an agreement with Eolus to operate the wind farm for a period of five years.

ENERGY COMPANIES

Onshore wind power is one of the most economically advantageous ways to add new generation capacity. By investing in wind power, energy companies are able to show clearly how they can offer their customers green electricity from their own facilities. Over the years, Eolus has sold both turnkey facilities and operational turbines to a number of energy companies.

MAJOR CONSUMERS

Major consumers are companies and organizations that consume large amounts of electricity and do not have energy generation as their core operations. This customer group is growing – not only because electricity from wind power provides secure, low and stable electricity costs over time but also due to sustainability considerations. An increasing number of companies are aiming to become notable players in the transition to a fossil-free future.

WIND TURBINE COOPERATIVES

Smaller operators can also invest in wind turbines by purchasing shares. More diversified ownership of wind power is important when it comes to promoting acceptance and understanding of the significance of wind power for the transition to a sustainable energy system.

This cooperative model has also proven highly successful for Eolus over the years. Eolus has been selling shares in wind turbines to customers for approximately 25 years, enabling thousands of private individuals and companies to become wind power shareholders.

Although larger players are gradually accounting for a greater portion of total sales, this customer group will remain significant for Eolus.

In 2016, Stångby wind farm was inaugurated in the Municipality of Lund. The wind farm, which comprises three turbines, is a prime example of a co-owned project. Stångby is a small wind farm with several owners, each of whom owns one-tenth of one turbine in the farm or more. The farm is operated by a joint service company.

CLEAR CUSTOMER BENEFITS

With more than 25 years of experience and involvement in the construction of 491 wind turbines as of August 31, 2016, Eolus has developed expertise across the entire value chain and a financial position that makes us a strong and stable partner.

Eolus's extensive project portfolio and inventory of operational wind turbines across the country provides major opportunities to offer facilities adapted to individual investor requirements at the lowest possible price per MWh generated.

Eolus's concept for a full range of asset management services ensures professional management that maximizes profits for both large and small investors.

As one of the largest players in the industry, we are able to keep investment and operating expenses down, which benefits investors in all of our customer groups.







PRICE LEVELS IMPACT THE MARKET

The energy market is undergoing a rapid and intense change process. Low price levels for electricity impact the entire energy sector and no method of generation remains unaffected by this market trend. Although the pricing scenario is largely driven by global prices for fossil-based electricity generation, investments in renewable generation methods account for a majority of the new investments at the global level. In Sweden, wind power has undergone tremendous growth – from 1 TWh of generated electricity in 2006 to 16.6 TWh of generated electricity in 2015. Wind power has been established as the country's third-largest electricity generation method after hydropower and nuclear power.

LONG-TERM AGREEMENT

In June 2016, the Swedish Government joined forces with the Moderate Party, the Centre Party and the Swedish Christian Democrats on a long-term, partisan energy agreement. The agreement includes an extension of the Electricity Certificate System between 2021 and 2030, during which time 18 TWh of renewable electricity generation is to be constructed. This will result in investment volumes of nearly SEK 70 billion, a large portion of which will almost certainly take the form of wind power, given that the costs associated with establishing wind power operations are favorable compared with other generation methods in the system. During autumn 2016, the Swedish Energy Agency presented its proposal regarding the quota curve for the new target, which will impact not only the development rate but also the pricing scenario for electricity certificates. With a stable political majority backing the agreement and the proposal of the Swedish Energy Agency, long-term ground rules have now been established, which will be necessary in order to encourage investments. By 2040, the aim is for Sweden to have 100% renewable electricity generation as well as zero – and ultimately negative – net emissions.

GLOBAL CONSENSUS

At the global level, the Paris Agreement was ratified during the autumn, with the aim of limiting global warming to below two degrees Celsius. Despite a certain level of uncertainty in the wake of Donald Trump's election as US President, the agreement offers a beacon of hope. The short amount of time it took for the agreement to be ratified by the 195 countries in question shows that the world's leaders are aware that swift action is required.

PUSHING DOWN ALREADY LOW COSTS

The cost associated with establishing new wind power is already lower than the cost of establishing new nuclear power, and Eolus aims to continue pushing down the price per MWh generated. According to the Swedish Energy Agency's report Generation costs for wind power in Sweden, Sweden has the lowest generation costs for wind power of any country in Europe. At the global level, the International Energy Agency (IEA) predicts that the cost for both onshore and offshore wind power will continue to decline, making wind power even more competitive.

EXPANSION ENABLES INCREASED EXPORTS

At present, more electricity is being generated than consumed in the Swedish market, making it possible for Sweden to become a net exporter of electricity. Sweden has an excellent opportunity to become a driving force for sustainability in Europe thanks to its extensive carbon-free electricity generation, which could replace the dirty fossil-based power used in other countries. A continued ability to export electricity is positive for Sweden, which is why it is so important to continue expanding the transmission capacity – not only within Sweden but also to other countries. The fact that the energy agreement addresses the need to expand the transmission capacity in order to enable exports is thus positive. With a large share of regulatable hydropower,

Sweden and Norway have an excellent opportunity to increase their share of intermittent energy sources, such as wind and solar power.

NEW PRICE AND CONSUMPTION FORECAST

In its most recent long-term forecast (published in November 2016), Bixia predicts that Swedish electricity prices would continue to decline until 2019, after which prices are expected to increase until 2030, with the largest increase expected between 2020 and 2022. In 2030, Bixia anticipates an average electricity price of SEK 340/MWh, compared with SEK 230/MWh in 2019. At the same time, by 2030, electricity consumption in the Nordic region is expected to increase by 15 TWh, despite continued improvements in energy efficiency.

PROFITABILITY THROUGH PROPER ACTIONS

Onshore wind power is one of the cheapest methods for adding new generation capacity. Efficiency enhancements throughout the value chain of a wind power project's lifespan are crucial in order to meet investors' yield requirements. By significantly reducing the costs of wind power establishment, the realization of projects with profitability for end-investors can also continue in times with low overall price levels for electricity and electricity certificates.





ATTRACTIVE EMPLOYER AND RESPONSIBLE PUBLIC PLAYER

We believe that Eolus and its operations play an important role in the development of infrastructure that benefits society – firstly, because electricity generation from wind power contributes to a sustainable society and secondly, because wind power is vital when it comes to adding new electricity generation, particularly in southern Sweden.

The transition to a sustainable society is one of the most crucial issues facing the world today. Our operations are intertwined with all areas of sustainability: ecological, economic and social sustainability. This means that we have a responsibility as a public player – in addition to generating a profit for our shareholders, offering our customers cost-efficient solutions and providing our employees with meaningful, stimulating jobs. This responsible approach is not contradictory. Quite the opposite, in fact – it is a competitive advantage and a prerequisite for future success.

A POSITIVE WORKPLACE

Eolus is a knowledge-intensive company with a small-scale organization. This means that the experience, knowledge, creativity and commitment of its employees are important to the company and the development of our offering.

Accordingly, we devote considerable energy to promoting a corporate culture where every employee can find the right balance between work, leisure and personal development. Our corporate culture also enables us to recruit and retain the best employees, which in turn ensures that we are – and are perceived to be – an attractive employer.

The organization has a function-oriented structure in order to leverage the unique expertise of each employee. The project development department, for example, includes special units for land acquisition, project development, wind evaluation and grid expertise.

During the year, the average number of employees in the Group was 33 (33), 10 (10) – or 30% (30) – of whom were women.

OCCUPATIONAL HEALTH AND SAFETY

Eolus has set ambitious goals for reducing the risk of occupational injuries and illness. The aim is to reduce illness rates, ensure a faster return to work and to continuously improve procedures for promoting a positive health and safety culture. Eolus does not have any collective bargaining agreements. Instead, the company has a negotiated pension and health insurance plan, and a wellness program with a financial contribution from the employer.

Eolus has a number of construction project managers who are responsible for the establishment of facilities. The physical work at the site is performed by sub-contractors under the surveillance of our construction project managers. Contractors are not permitted to commence work until an occupational health and safety officer is on site. Any workplace accidents must be reported to the relevant authorities as well as being reported internally.

The same occupational health and safety regulations apply for Eolus' construction project managers and the technicians who manage wind power facilities on behalf of Eolus and its customers. Work performed inside the tower of a wind turbine is subject to special safety regulations.

CRITICAL SOCIAL RESPONSIBILITY

Wind power is a natural part of Sweden's energy supply and will play an increasingly important role in the transition to a sustainable energy system. Wind is an infinite resource – and a free source of energy. A wind turbine is environmentally friendly and emits very little greenhouse gases during operation. It can generate electricity for 20–25 years. At the end of its useful life, the turbine can simply be dismantled and recycled and, if desired, the land can be restored.

LEADING PLAYER IN THE TRANSITION TO RENEWABLE ENERGY

Since 1990, Eolus has been a leading Nordic player in the transition to renewable energy. The company has driven the trend toward higher efficiency and has extensive knowledge of where and how wind farms should be constructed for optimal electricity generation while showing consideration for other community interests. Value creation has been an inherent part of our vast experience – and this includes an ability to show consideration for people, nature, the environment and society across the entire value chain.

PROPER AND TRANSPARENT CONDUCT

We aim to be a respected company that generates value for all of our stakeholders. Our employees are to act properly, fairly and honestly – and we expect the same of our consultants, suppliers and other partners. All business relationships are to be impartial in nature. We strive for a high degree of transparency when communicating with shareholders and society in general.

In addition to its own market research, Eolus monitors trends in the industry and other countries through membership in the trade associations Swedish Wind Energy, the Swedish Windpower Association and Norwea.

Our vision is to be the most profitable wind power developer, and an attractive business partner, in the transition to a sustainable society.

FINANCIAL SUMMARY

Amounts in KSEK	2015/2016 IFRS	2014/2015 IFRS	2013/2014 IFRS	2012/2013 IFRS	2011/2012 IFRS
Income statement					
Net sales	693,446	1,502,137	465,839	1,204,945	1,887,924
Operating profit/loss	-15,949	90,040	41,477	146,720	81,239
Profit/loss after financial items	-29,057	75,243	13,143	135,316	41,885
Net profit/loss for the year	-23,918	79,994	9,930	141,564	28,259
Balance sheet					
Non-current assets	291,795	351,787	426,375	462,230	638,113
Current assets	977,821	907,568	1,503,439	1,100,223	1,316,465
Assets	1,269,616	1,259,355	1,929,814	1,562,453	1,954,578
Equity, Eolus's shareholders	671,026	731,313	936,662	962,813	844,732
Equity, non-controlling interests	140	51	47	-1,971	47
Non-current liabilities	136,434	248,607	298,224	260,101	431,627
Current liabilities	462,017	279,384	694,881	341,868	678,172
Equity, provisions and liabilities	1,269,616	1,259,355	1,929,814	1,562,811	1,954,578
Cash-flow statement					
Cash flow from operating activities	134,190	714,911	-487,767	428,094	-139,281
Cash flow from investing activities	-10,395	44,167	10,254	124,102	-229,047
Cash flow from financing activities	-143,754	-604,049	200,284	-231,289	206,828
Cash flow for the year	-19,959	155,029	-277,229	320,907	-161,500
Cash and cash equivalents at beginning of year	241,522	86,499	363,612	42,703	204,220
Exchange-rate differences in cash and cash equivalents	-13	-6	116	2	-17
Cash and cash equivalents at year-end	221,549	241,522	86,499	363,612	42,703

The 2012/2013 fiscal year was the first fiscal year to which Eolus applied International Financial Reporting Standards (IFRS). The 2011/2012 fiscal year has been restated according to the same standards.

KEY FIGURES FOR THE GROUP***

	2015/2016 IFRS	2014/2015 IFRS	2013/2014 IFRS	2012/2013 IFRS	2011/2012 IFRS
No. of operational turbines during the period	14	33	27	30	81
Operational turbines during the period, MW	37.7	68.6	53.0	62.1	155.3
Electricity generation, GWh	123.6	242.3	172.1	229.0	111.2
Average number of employees, full-time positions	33	33	37	40	58
Operating margin, %	neg	6.0	8.9	12.2	4.2
Profit margin, %	neg	5.0	2.8	11.2	2.2
Return on capital employed, %	neg	7.8	2.1	11.2	6.8
Return on equity after tax, %	neg	9.7	1.2	15.8	3.8
Equity/assets ratio, %	52.9	58.1	48.5	61.5	43.2
Earnings per share, SEK	-0.92	3.25	0.44	5.75	1.24
Equity per share, SEK	26.94	29.36	37.61	38.66	33.92
Dividend per share, SEK	1.50*	11.50**	1.50	1.50	1.00
No. of shares at year-end, 000s	24,907	24,907	24,907	24,907	24,907
Average number of shares during the year, 000s	24,907	24,907	24,907	24,907	24,907

The 2012/2013 fiscal year was the first fiscal year to which Eolus applied International Financial Reporting Standards (IFRS). The 2011/2012 fiscal year has been restated according to the same standards.

* Proposed dividend.

** Extraordinary dividend of SEK 10 paid July 3, 2015.

*** Refer to page 87 for a definition of key figures.



EOLUS SHARE AND OWNERSHIP STRUCTURE

Eolus Vind has classes of shares designated Class A and Class B. The company's Class B share has been traded on Nasdaq Stockholm Small Cap since February 2, 2015, under the ticker EOLU B. Prior to that, the company's Class B share was traded on Nasdaq OMX First North since May 28, 2009, and on Nasdaq First North Premier since May 5, 2014.

SHARE PRICE PERFORMANCE

During the fiscal year, the share price fluctuated between a low of SEK 18.50 on July 7, 2016 and a yearly high of SEK 25.50 on December 3 and 7, 2015, respectively. The closing price at the end of the fiscal year, on August 31, 2016, was SEK 19.80. Eolus's share price fell approximately 19.2% during the fiscal year, compared with the Nasdaq Stockholm Small Cap's index, which rose about 21.0% during the same period.

A total of 9,765,038 Class B shares were traded. The turnover rate increased 0.6% compared with the preceding 12-month period.

KEY FIGURES PER SHARE

	2015/ 2016	2014/ 2015
Earnings per share before dilution, SEK	-0.92	3.25
Earnings per share after dilution, SEK	-0.92	3.25
Ordinary dividend, SEK	1.50 ¹	1.50
Direct yield, % ²	7.6	6.1
Extraordinary dividend, SEK	-	10.0 ³
Direct yield, including extraordinary dividend, %	-	46.9
Share price at year-end, SEK	19.80	24.50
Market capitalization, SEK M	493.2	610.2
No. of shares outstanding, 000s	24,907	24,907
Average number of shares during the year, 000s	24,907	24,907 ⁴

¹ Based on the Board of Director's dividend proposal

² Dividend divided by the closing price for each fiscal year

³ Paid on July 3, 2015

⁴ In June 2015, the number of shares was 49,814,000 following the implementation of a share split combined with a redemption procedure.

OWNERSHIP STRUCTURE

At August 31, 2016, the number of shareholders in the company was 4,987. The ten largest shareholders accounted for 33.8% (34.2) of the capital, and 50.4% (50.7) of the voting rights. The largest shareholders mainly comprise Domneåns Kraftaktiebolag and Hans-Göran Stennert. At the end of the 2015/2016 fiscal year, Eolus Vind AB did not hold any treasury shares.

SHARE CAPITAL

At August 31, 2016, the nominal amount of share capital in Eolus Vind AB was SEK 24,907,000. The total number of shares was 24,907,000 (24,907,000), divided between 1,285,625 Class A shares carrying one (1) voting right per share, and 23,621,375 Class B shares, carrying one-tenth (1/10) of a voting right per share. All shares outstanding are fully paid and entitle the holder to an equal share of the company's assets and earnings.

Each share has a quotient value of SEK 1.00. Shareholders are entitled to dividends at amounts determined by the Annual General Meeting. There are no restrictions on the transfer of shares or the voting rights of each shareholder at General Shareholder Meetings due to provisions in the Articles of Association. Eolus has implemented 11 new share issues since the company was founded in 1990. The purpose of all new share issues has been to facilitate faster expansion than the company's earnings growth has enabled. The share capital trend for the period 1990-2016 is presented in the table on page 31.

SHARE PRICE PERFORMANCE



■ Eolus B ■ Nasdaq Stockholm Small Cap

DIVIDENDS

Eolus's long-term dividend policy entails that dividends over a long period of time will be determined by earnings and correspond to 20-50% of the company's profit after tax.

However, dividends will be adapted to the company's investment requirements and financial position. Eolus may incur net debt over time in order to continue developing the company. For a company such as Eolus, in which the development and sales of wind turbines are an essential part of the business, maintaining a strong financial position is imperative. The Board of Directors will therefore consider the company's long-term financing requirements at all times.

In view of Eolus's strong financial position, the Board of Directors proposes to the Annual General Meeting that a dividend corresponding to SEK 1.50 (1.50) per share be paid to shareholders. This corresponds to a transfer of SEK 37.4 M (37.4).

FINANCIAL INFORMATION

Eolus's Investor Relations (IR) communication is characterized by open, relevant and accurate information to shareholders, investors and analysts with the objective of raising knowledge of the Group's operations and share.

Eolus communicates information in the form of interim reports, annual reports and relevant press releases, and provides detailed information about the company in the IR section of the company's website, www.eolusvind.com. Shareholders and other stakeholders may subscribe to press releases, the customer magazine New Winds and financial statements via the company's website. Presentations and interviews with the CEO of Eolus are also available on the website.

SHAREHOLDERS AT AUGUST 31, 2016

Shareholder	No. of Class A shares	No. of Class B shares	Total no. of shares	% of capital	% of votes
Domneåns Kraftaktiebolag	357,900	2,012,869	2,370,769	9.5%	15.3%
Hans-Göran Stennert, directly and through endowment insurance	380,100	518,984	899,084	3.6%	11.8%
Åke Johansson	175,200	567,200	742,400	3.0%	6.4%
Hans Johansson and Borgunda bygghandel, through companies	150,000	55,350	205,350	0.8%	4.3%
Försäkringsaktiebolaget Avanza Pension	0	1,030,764	1,030,764	4.1%	2.8%
Banque Öhman S.A.	0	888,217	888,217	3.6%	2.4%
Johan Markensten	0	712,910	712,910	2.9%	2.0%
Nordnet Pensionsförsäkring AB	500	669,012	669,512	2.7%	1.8%
BNYMSANV RE BNYM RE FT ISE Global W	0	664,637	664,637	2.7%	1.8%
Ingvar Svantesson	43,750	200,175	243,925	1.0%	1.7%
Other shareholders	178,175	16,301,257	16,479,432	66.2%	49.6%
Total	1,285,625	23,621,375	24,907,000	100.0%	100.0%

Intervals	No. of shares	% of capital	No. of shareholders	% of shareholders
1-500	505,376	2.0%	2,812	56.4%
501-1,000	567,295	2.3%	669	13.4%
1,001-5,000	2,455,012	9.9%	1,025	20.6%
5,001-10,000	1,600,919	6.4%	217	4.4%
10,001-15,000	777,341	3.1%	62	1.2%
15,001-20,000	717,842	2.9%	40	0.8%
20,001-	18,283,215	73.4%	162	3.2%
Total	24,907,000	100.0%	4,987	100.0%

SHARE CAPITAL TREND

Year	Event	Total share capital, SEK	Change in share capital, SEK	No. of Class A shares	No. of Class B shares	Change in Class A shares	Change in Class B shares	Quotient value, SEK
1990	Company foundation	1,200,000	1,200,000	5,000	7,000	5,000	7,000	100.00
1991	New share issue	3,000,000	1,800,000	5,000	25,000	-	18,000	100.00
1996	New share issue	5,000,000	2,000,000	5,000	45,000	-	27,000	100.00
2001	New share issue	6,000,000	1,000,000	6,000	54,000	1,000	9,000	100.00
2003	New share issue	8,000,000	2,000,000	6,000	74,000	-	20,000	100.00
2005	New share issue	10,000,000	2,000,000	7,500	92,500	1,500	18,500	100.00
2006	New share issue	12,000,000	2,000,000	9,000	111,000	1,500	18,500	100.00
2007	Non-cash issue	14,100,200	2,100,200	9,000	132,002	-	21,002	100.00
2007	New share issue	16,114,400	2,014,200	10,285	150,859	1,285	18,857	100.00
2007	New share issue	18,114,400	2,000,000	10,285	170,859	-	20,000	100.00
2008	Split 100:1	18,114,400	-	1,028,500	17,085,900	1,018,215	16,915,041	1.00
2009	New share issue	22,643,000	4,528,600	1,285,625	21,357,375	257,125	4,271,475	1.00
2011	Non-cash issue	24,907,000	2,264,000	1,285,625	23,621,375	-	2,264,000	1.00
2015	Split 2:1	24,907,000	-	2,571,250	47,242,750	1,285,625	23,621,375	0.50
2015	Stock dividend	49,814,000	24,907,000	-	-	-	-	1.00
2015	Redemption	24,907,000	-24,907,000	1,285,625	23,621,375	-1,285,625	-23,621,375	1.00
		24,907,000		1,285,625	23,621,375			1.00

Source: Euroclear and Eolus

EOLUS GROUP MANAGEMENT

Eolus had four senior executives at all times during the 2015/2016 fiscal year. Per Witalisson, Catharina Persson and Karl Olsson were employed for the entire fiscal year while Marcus Landelin was employed from December 1, 2015 and replaced Hans-Christian Schulze as Deputy CEO. Information regarding when they assumed their positions, their dates of birth, experience,

shareholdings in Eolus at December 1, 2016 and their ongoing assignments is presented below. Assignments within the Group and assignments as deputy Board members are not specified. Company shareholdings cover holdings of own shares, both direct and indirect, as well as those of related parties.



PER WITALISSON CEO

Born: 1971
Employed since 2006 and CEO since August 2012. Master of Business Administration. Previously an auditor at Ernst & Young between 1996 and 2006, where he was an authorized public accountant between 2003 and 2006.

Other assignments: Chairman of the Board of Rockneby Vind AB. Board member of Eslövs Vind AB, Gärdslösa Drift AB, Isgrannatorp Drift AB, Dalboslättens Vind AB and Triventus AB.

Shareholding in Eolus: 9,700 Class A shares and 52,564 Class B shares



MARCUS LANDELIN Deputy CEO and Chief Operating Officer

Born: 1978
Employed since 2015. Bachelor of Laws degree and Master of Business Administration. Most recently worked at E.ON, where he was the Head of Origination and Project Development for onshore wind power in Northern Europe as well

as working with offshore wind power. He has worked on export and trade issues at the Swedish Trade Council in Eastern Europe and ran his own trading and construction business.

Other assignments: None

Shareholding in Eolus: None



CATHARINA PERSSON CFO

Born: 1975
Employed since 2013. Master of Business Administration and previously CFO at ACAP Invest AB (publ).

Other assignments: Board member of SD Förvaltning i Malmö AB

Shareholding in Eolus: 2,068 Class B shares



KARL OLSSON General Counsel

Born: 1963
Employed since 2011. Bachelor of Laws degree. Previously employed as a lawyer at Setterwalls and Linklaters legal firms, and General Counsel in Vattenfall AB's Group staff unit. He has also been an employee and member of the management team at Awapatent AB and, prior to joining Eolus, conducted his own business Terrier Law AB.

Other assignments: Board member and CEO of Terrier Law AB. Board member of Skogskovall AB and Rockneby Vind AB. Agent for service of process for Snickaregatan Holding AB.

Shareholding in Eolus: 4,122 Class B shares



DIRECTORS' REPORT

The Board of Directors and CEO of Eolus Vind AB (publ), Corp. Reg. No. 556389-3956, hereby submit the Annual Report and consolidated financial statements for the September 1, 2015 to August 31, 2016 fiscal year. All amounts are in thousands of Swedish kronor (KSEK), unless specified otherwise. Figures in parentheses pertain to the preceding fiscal year.

INFORMATION ABOUT BUSINESS OPERATIONS

Eolus creates added value by developing, constructing and operating wind power facilities. Eolus offers investors attractive and competitive objects in the Nordic and Baltic countries and the US.

Eolus's main operations are to realize projects primarily through sales of turnkey operational facilities to a broad customer base of investors. The business model also includes parts of the project portfolio to be realized through sales of project rights, meaning projects with the relevant permits under the Environmental Code, and projects under development. Eolus also uses its own wind power facilities to generate electricity. New wind turbines are constructed, and existing turbines are divested to customers that wish to invest in operational facilities, in order to continuously develop and renew the wind power portfolio for electricity generation. Eolus offers a full range of asset management services for wind power owners for problem-free ownership.

The Group comprises the Parent Company, Eolus Vind AB (publ), the subsidiaries Ekovind AB, Svenska Vindbolaget AB, Blekinge Offshore AB, Eolus Elnät AB, Eolus Wind Power Management AB, SIA Eolus, Eolus Vind Norge AS, Eolus Oy, Eolus North America Inc and the sub-subsidiary OÜ Baltic Wind Energy. In addition to the above companies, several other companies formed to manage the development of specific wind power projects are also included.

PROJECT DEVELOPMENT

Since it was founded in 1990, Eolus has developed into one of the leading wind power developers in Sweden and the Nordic region. At the end of the fiscal year, Eolus had participated in the construction of 491 wind turbines with a total capacity of 773 MW. Projects are mainly realized by constructing wind turbines that are divested as turnkey facilities to investors. If a customer contract has not been signed by the time the facility becomes operational, income and expenses associated with operation are recognized in the Electricity Generation operating segment until the facility is divested. Projects can also be realized by selling project rights. Profit recognition after construction takes place after approved testing has taken place. Sales and earnings may vary considerably between individual quarters and fiscal years depending on the rate of wind farm construction, and the rate at which these farms are divested. The project development operations are mainly financed by equity, construction loans and advance payments from customers.

At present, Eolus conducts project development operations in Sweden, Norway, Finland, the Baltic countries and the US.

Sales from development and sales of turnkey wind power facilities amounted to SEK 637.2 M (1,397.2). During the fiscal year, 14 (33) wind turbines with a total capacity of 37.7 MW (68.6) were installed and completed, all of which except 0.5 wind turbines were handed over to customers. Other operating income amounted to SEK 1.3 M (12.6) and primarily comprised exchange-rate gains attributable to exchanged currency futures and capital gains for other non-current assets. In the preceding year, other operating income also included changes in value related to outstanding derivative instruments of SEK 5.9 M.

ELECTRICITY GENERATION

The Group uses its own wind power facilities to generate electricity, which are recognized as either inventories or non-current assets. Revenue is derived from sales of electricity, and from sales of the electricity certificates allocated to renewable electricity producers. New wind turbines are constructed and existing turbines are sold in order to continuously develop and renew the asset portfolio for electricity generation. Sales from the Group's electricity generation amounted to SEK 46.3 M (106.7). This decline was attributable to a combination of lower electricity generation as a result of the strategy to reduce the number of owned turbines, lower wind energy content and lower average revenue. At the end of the fiscal year, the Group owned a total installed capacity of 38.3 MW with estimated annual generation of 89 GWh. Of these figures, 37.2 MW, corresponding to 86.3 GWh, comprised non-current assets. The remaining 1.2 MW, corresponding to 2.8 GWh, comprised inventories. Average revenue for the electricity generated during the fiscal year was SEK 375 (440) per MWh. During the period, the carrying amounts of wind turbines were impaired by SEK 2.4 M and was charged to net profit for the year.

ASSET MANAGEMENT

Over the years, Eolus has developed extensive expertise in virtually all areas related to the construction and operation of wind turbines. For many years, Eolus has drawn upon its own staff to provide technical and management consultancy services for wind power stakeholders. Since the 2012/2013 fiscal year, Eolus has offered complete asset management services to owners of wind power facilities to provide carefree ownership that maximizes revenue and minimizes production loss. Eolus sees increasing demand for these services both from large institutional investors that own large wind farms, and from local operators with smaller facilities. These operations provide Eolus with stable, regular and long-term revenue streams.

Sales from asset management of wind power facilities amounted to SEK 10.9 M (5.9). At the end of the fiscal year, Eolus had customer agreements for asset management services encompassing a total of 293 MW.

THE GROUP'S NET SALES AND EARNINGS

Net sales amounted to SEK 693.4 M (1,502.1), down SEK 808.7 M compared with the preceding fiscal year. The Group posted an operating loss of SEK 15.9 M (profit: 90.0), down SEK 105.9 M. This change was attributable to the fact that fewer wind turbines were constructed and handed over to customers as well as a combination of lower electricity generation as a result of the strategy to reduce the number of owned turbines, lower wind energy content and lower average revenue. During the year, 14 wind turbines with a capacity of 37.7 MW were constructed, of which 13.5 had been handed over to customers by the balance-sheet date. In the preceding year, 33 wind turbines with a capacity of 68.6 MW were constructed, all of which were handed over to customers. During the period, the carrying amounts of wind turbines were impaired by SEK 2.4 M and charged to net profit for the year but did not have an impact on cash flow. Changes in the fair value of currency derivatives had a negative impact of SEK 1.5 M on operating profit, compared with a positive amount of SEK 5.9 M in the year-earlier period. The loss from financial items amounted to SEK 13.1 M, compared with a loss of SEK 14.8 M in the year-

EARNINGS AND FINANCIAL POSITION

	2015/2016 IFRS	2014/2015 IFRS	2013/2014 IFRS	2012/2013 IFRS	2011/2012 IFRS
Overview Group					
Net sales	693,446	1,502,137	465,839	1,204,945	1,887,924
Operating profit/loss*	-15,949	90,040	41,600	146,720	81,239
Profit/loss before tax	-29,057	75,243	13,143	135,316	41,885
Return on capital employed, %	neg	8	2	20	7
Return on equity after tax, %	neg	10	1	16	4
Total assets	1,269,616	1,259,355	1,929,814	1,562,811	1,954,578
Equity/assets ratio, %	53	58	48	62	43
Average number of employees	33	33	37	40	58

The 2012/2013 fiscal year was the first fiscal year to which Eolus applied International Financial Reporting Standards (IFRS). The 2011/2012 fiscal year has been restated according to the same standards.

	2015/2016 RFR2	2014/2015 RFR2	2013/2014 RFR2	2012/2013 RFR2	2011/2012 RFR2
Overview Parent Company					
Net sales	611,873	1,348,830	423,809	1,079,202	2,020,911
Profit after financial items	26,663	160,261	41,450	28,913	115,850
Total assets	1,176,727	1,088,855	1,602,132	1,210,398	1,403,900
Equity/assets ratio, %	47	50	45	60	59
Average number of employees	31	31	34	37	57

DEFINITIONS OF KEY FINANCIAL FIGURES

Return on equity after tax	Net profit for the year expressed as a percentage of average equity
Equity/assets ratio	Adjusted equity expressed as a percentage of total assets
Return on capital employed	Profit after financial items plus interest expense expressed as a percentage of average capital employed
Capital employed	Total assets minus non-interest-bearing liabilities

earlier period. Negative changes of SEK 3.4 M in the fair value of interest-rate derivatives were charged against financial items, compared with negative changes of SEK 2.2 M in the year-earlier period. In total, changes in the fair value of financial currency and interest-rate derivatives had a negative impact of SEK 4.9 M before tax, compared with a positive amount of SEK 3.7 M in the preceding year.

The effective tax rate varies significantly between periods, depending on how sales of wind turbines are structured.

FINANCIAL POSITION

Total assets are significantly affected by the scope of ongoing wind power projects and the stage they are in. For projects that are to be divested to customers as turnkey facilities, the company endeavors to secure customer financing as the project is completed.

The Group's equity/assets ratio amounted to 52.9% at end of the fiscal year, compared with 58.1% at the end of the year-earlier period.

CASH FLOW AND CASH AND CASH EQUIVALENTS

Cash flow from operating activities amounted to SEK 134.2 M, compared with SEK 714.9 M in the preceding fiscal year. Cash flow from operating activities remained positive but was lower than in the preceding year. The difference was attributable to the fact that fewer wind turbines were divested and handed over to customers. Cash flow from investing activities amounted to a negative SEK 10.4 M, compared with a positive SEK 44.2 M in the preceding fiscal year. The difference was partly attributable to a 10% investment in wind farms under construction.

Cash flow from financing activities amounted to a negative SEK 143.8 M, compared with a negative SEK 604.0 M in the preceding year. This major

change was primarily attributable to the repayment of loans linked to the construction of the Google farms, and to an extraordinary dividend paid during the preceding fiscal year.

At the end of the fiscal year, cash and cash equivalents amounted to SEK 221.5 M (241.5), down SEK 20 M. In addition to cash and cash equivalents, there was an unutilized overdraft facility of SEK 75 M and two unutilized framework and construction loans totaling SEK 855 M. On the corresponding date in the preceding fiscal year, there was an unutilized overdraft facility of SEK 195 M and an unutilized asset-based loan facility of SEK 135 M.

Net cash amounted to SEK 139.8 M (52.6) at the end of the fiscal year, up SEK 87.2 M.

INVENTORIES OF WIND TURBINES, WIND TURBINES UNDER CONSTRUCTION AND PROJECTS UNDER DEVELOPMENT

Inventories of wind turbines, wind turbines under construction and projects under development amounted to SEK 462.3 M (379.6) at the end of the fiscal year, up SEK 82.7 M during the fiscal year.

At the end of the fiscal year, 16 wind turbines were under construction, compared with 17 at the end of the year-earlier period. Wind turbines recognized as non-current assets or inventories, respectively, are attributable to the Electricity Generation operating segment and generate electricity that the company sells. New wind turbines are established and existing turbines are divested in order to continuously develop and renew the asset portfolio for electricity generation. During the fiscal year, two wind turbines were reclassified from inventories to non-current assets. At the same time, five wind turbines were reclassified from non-current assets to inventories in preparation for sale.

LIABILITIES

At the end of the fiscal year, net cash amounted to SEK 139.8 M, compared with SEK 52.6 M at the end of the year-earlier period. The divestment of turbines in inventories resulted in lower capital tied-up despite an increase in ongoing projects.

SIGNIFICANT EVENTS DURING THE FISCAL YEAR

In October, Eolus signed an agreement with Vestas for the delivery of eight V112-3.3 MW wind turbines to be constructed at the Iglasjön wind farm in the Municipality of Kungsbacka.

On October 1, 2015, Marcus Landelin assumed the position of Deputy CEO and Chief Operating Officer of Eolus.

In December, Eolus signed a new Power Purchase Agreement (PPA) with Google. Under the agreement, Google will purchase all electricity generated by the Jenåsen wind farm, which comprises 76 MW and is expected to become operational in spring 2018, over a ten-year period.

In December, Eolus signed an agreement with Munich Re regarding the divestment of two wind farms totaling 38.4 MW. The agreement pertains to the Iglasjön wind farm in the Municipality of Kungsbacka, which comprises eight Vestas V112 wind turbines, with a total capacity of 26.4 MW, completed in autumn 2016. The agreement also includes the Jung-Åsa wind farm, which comprises six Vestas V90 wind turbines, with a total capacity of 12 MW, deployed in 2014.

In December, an agreement was signed concerning the acquisition of two wind power projects under development in Nevada in the US. The acquisition pertains to 100% participating interests in the US companies Crescent Peak Renewables LLC and Comstock Wind LLC. Crescent Peak owns the rights to a wind power project comprising 200-600 MW in Clark County, Nevada, for which a permit has not yet been obtained, and Comstock owns the rights to a wind power project comprising 20-100 MW in Storey Washoe and Carson City County, Nevada, for which a permit has not yet been obtained. The transaction includes a profit-sharing mechanism for the future sale of the projects. Since 65% of the seller company is indirectly controlled by Eolus's former Deputy CEO, Hans-Christian Schulze, and the acquisition is deemed not to be insignificant for Eolus, the acquisition was presented to and approved by Eolus's Annual General Meeting on January 30, 2016. Eolus completed the acquisitions and assumed ownership of the projects in March.

In January, the largest wind turbines ever constructed by Eolus – seven Vestas V126-3.3 MW – with a total height of 180 meters in the Fröreda wind farm, were handed over to Region Skåne and the City of Sundbyberg.

In January, Eolus signed an agreement with Vestas for the delivery of eight V126 wind turbines, with a total capacity of 26.4 MW, for the Långmarken project in the Municipality of Kristinehamn. The aim is to construct and sell the project as a turnkey facility. Two of the turbines will be divested to public investors, namely the Kalmar County Council and the City of Malmö, following Eolus's submission of winning tenders during public procurement processes.

In March, Eolus signed an agreement with Mirova and the European Investment Bank (EIB) to divest the remaining six wind turbines in the Långmarken wind farm, with a capacity of 19.8 MW. Under the agreement, the six wind turbines will be owned by a joint venture, in which Eolus holds a 10% share, and Mirova and EIB 90%. The transaction includes an option for Eolus to sell its share of the farm in autumn 2018.

In April, the Ullavi wind farm, comprising three Vestas V100-1.8 MW wind turbines, was handed over to the buyer KumBro AB.

In April, Kent Eriksson assumed the role as the new Operations Manager and President of the subsidiary Eolus Wind Power Management.

In July, Eolus secured financing for the next two fiscal years through the signing of three credit agreements with Handelsbanken. All agreements have a 29-month term. The agreements comprise an overdraft facility of SEK 75 M, a framework credit agreement of SEK 255 M for project financing and a construction loan of SEK 600 M. The construction loan was signed in order to finance the establishment of the Jenåsen wind farm, for which Eolus signed a Power Purchase Agreement with Google.

During the fiscal year, Eolus deployed 14 wind turbines with a total capacity of 37.7 MW, of which 13.5 wind turbines have been handed over to customers.

During the same period, 26.5 wind turbines with a total capacity of 57.6 MW were handed over to customers.

Eolus procured a total of 16 wind turbines during the fiscal year, comprising Vestas V112 and Vestas V126 models, with a total capacity of 52.8 MW.

ENVIRONMENTAL IMPACT

Through its wind power holdings, the Parent Company and the Ekovind subsidiary conduct activities that are licensable or subject to notification requirements under the Swedish Environmental Code. The company and the Group hold the relevant environmental permits. When the duty to notify applies, notification is a prerequisite for granting a building permit under the Environmental Code. Wind power is a clean and renewable source of energy with very little environmental impact throughout the turbine's lifespan. During operation, the environmental impact mainly consists of noise and shadow casting.

EMPLOYEES

During the year, the average number of employees in the Group was 33 (33). The number of women employees was 10 (10), corresponding to 30% (30). For information regarding distribution of the number of employees and salaries paid, other remuneration, social security expenses pertaining to the Board and the CEO, as well as remuneration of senior executives, refer to Notes 5 and 6.

SIGNIFICANT RISKS AND UNCERTAINTIES

SIGNIFICANT RISKS

A number of risk factors considered significant for the future development of Eolus are outlined below. The following risks are not ranked in order of priority and do not claim to be comprehensive.

DEPENDENCE ON REGULATIONS, LEGISLATION AND POLICY MEASURES

The establishment of wind power facilities is covered by a series of regulations. The law was amended on August 1, 2009 and building permits or detailed development plans are no longer required for facilities that are granted environmental permits according to certain conditions under the Swedish Environmental Code. For environmental permits to be granted, the relevant municipality must actively recommend that the permit be granted. In practice, municipalities thus hold a right of veto. Both building permits and environmental permits may be appealed, which can lead to delays or make projects impossible to implement. Under the Planning and Building Act, municipalities in Sweden exercise a planning monopoly. The implementation of projects is therefore dependent on the willingness of each individual municipality to contribute to a sustainable energy supply. Political will can swing rapidly due to changing public opinion, the distribution of seats in building and planning committees, and so forth.

Without accounting for the socio-economic environmental costs, it is currently cheaper to generate electricity from, for example, oil or coal. Wind power is therefore dependent on subsidies that make it profitable to generate electricity in an environmentally sustainable manner. Sweden and Norway have technology-neutral electricity certificate systems, which favor the development of renewable electricity generation. In 2008, the EU adopted the Renewable Energy Directive, through which Sweden has agreed that at least 49% of its energy consumption will be derived from renewable energy sources by 2020. Through its energy and climate agreement, the former Swedish Government raised ambitions by an additional percentage point. In October 2014, EU member states decided that the share of renewable energy should amount to at least 27% of the energy mix by 2030.

On January 1, 2012 a joint Swedish-Norwegian market for electricity certificates was launched with the objective to increase the amount of electricity

generated from renewable sources by 28.4 TWh between 2012 and 2020. In October 2015, the Riksdag decided to introduce technical adjustments to the quota curve in order to correct previous erroneous assumptions, and to raise ambitions for the Swedish Electricity Certificate System by 2 TWh, under an agreement with Norway, from 26.4 TWh to 28.4 TWh. In June 2016, an energy agreement was presented between the two governing parties and the Moderate Party, the Centre Party and the Swedish Christian Democrats. The aim of the agreement is for Sweden to have 100% renewable electricity generation by 2040, zero net emissions of greenhouse gases to the atmosphere five years later in 2045 and, ultimately, negative emissions. In terms of support for renewable energy, the agreement stipulates that the Swedish Electricity Certificate System is to be extended and expanded by 18 TWh new generation capacity between 2021 and 2030. To achieve the new goals for the Electricity Certificate System, investments of about SEK 70 billion will need to be made in renewable electricity generation during the ten-year period from 2021 to 2030. Wind power is expected to account for most of this volume since it is the most cost-efficient way to add new generation capacity.

Although conditions for the wind power industry have become clearer in recent years, there is no guarantee that future Swedish parliaments will not make other decisions, entailing weaker terms for wind power in Sweden, which could affect Eolus's operations and financial position. The division of Sweden into four electricity price areas means that the price of electricity generated varies, depending on the supply and demand situation in the relevant area. Within a few years, these variations are expected to decrease as the limited transmission capacity between the areas is developed.

DEPENDENCE ON AGREEMENTS

Eolus has not concluded any operational or financial agreements with terms considered uncommon for the industry. When establishing wind power facilities, the company's activities include signing agreements with manufacturers for the supply of wind turbines. Advance payments to wind turbine manufacturers can add up to considerable amounts. Since the size of the company's wind power projects has increased in recent years, while the number of manufacturers in the market is limited and delivery times are relatively long, the inability of a particular manufacturer to fulfill agreements could have a significantly adverse effect on the company's financial position.

DEPENDENCE ON STRATEGIC PARTNERS

Eolus installs wind power facilities from world-class manufacturers using the highest possible technical and overall economic efficiency. The wind power industry is undergoing rapid growth and the number of manufacturers that want to establish a market presence has increased in recent years. This competition among manufacturers has led to better terms and reduced dependence on individual suppliers. Although new manufacturers are becoming established in the markets where Eolus operates, it may take time for them to establish construction and service organizations.

DEPENDENCE ON KEY INDIVIDUALS AND EMPLOYEES

Eolus is a knowledge-based company with a small organization, where dependence on the knowledge, experience and creativity of individual employees is high. The loss of key individuals could have significantly adverse effects on the company in the short term.

EARNING CAPACITY

The capital cost per MWh generated in a wind turbine varies greatly, depending on the wind conditions at the actual location. Establishing wind power facilities on appropriate sites and accurate generation assessments are thus crucial to the company's earning capacity. The wind conditions at each individual facility can vary from year to year. Generation can vary up to +/- 15%, compared with a normal wind year. The market price of electricity varies over time. The price trend for electricity certificates is dependent on how rapidly renewable electricity generation is developed in proportion to the quota obligation that applies for consumers when purchasing electricity certificates. Through a partnership with Axpo Sverige AB, a leading player on the Nord Pool Spot power market, Eolus acquires risk management support for sales of electricity. The partnership aims to secure future generation revenues, achieve long-term profitability, minimize the risk that market volatility will have

a negative impact on Eolus's earnings, generate positive results from price hedging and address the need for load balancing in a cost-efficient manner. In its finance and risk policy, Eolus hedges a predetermined portion of the generation volume, which reduces the volume and profile risk. The main costs for wind turbine management are interest expense, depreciation, leases, service and maintenance costs and insurance expenses. Rising market interest rates have a negative impact on earnings. Investment decisions are usually based on an economic life of 20-25 years. If the actual life falls short of the estimated life, this would have a negative impact on profitability. With such a long time horizon, there is an additional risk that the future costs of service and maintenance may differ from the cost basis of the investment decision.

COMPETITION

Since development of the wind power industry has accelerated sharply in recent years, the number of market players has risen. Under current conditions, this has increased the supply of projects and turnkey facilities to the market. In the project development phase, Eolus competes with smaller players, major utilities companies and international wind power developers. In regard to sales of electricity, wind power-based electricity competes with all other types of electricity generation since all electricity is sold on a single market. The Electricity Certificate System is technology-neutral, which favors the generation of renewable electricity using the most cost-efficient technology. In terms of its offering of asset management services, Eolus competes with both major wind power developers offering complete management services and owners who choose to carry out these services themselves.

FINANCIAL RISKS

CAPITAL REQUIREMENTS AND FINANCING ABILITY

Eolus has a large, high-quality project portfolio. The planning of project development operations includes monitoring building permits and other permits to ensure they do not expire before the wind turbines are constructed. Should the wind power market show a negative trend, making facilities more difficult to divest at acceptable prices, Eolus would need to finance more turbines than originally planned, which could increase the company's capital requirements. In July, Eolus secured financing for the next two fiscal years through the signing of three credit agreements with Handelsbanken. All agreements have a 29-month term. The agreements comprise an overdraft facility of SEK 75 M, a framework credit agreement of SEK 255 M for project financing and a construction loan of SEK 600 M. The construction loan was signed in order to finance the establishment of the Jenåsen wind farm, for which Eolus signed a Power Purchase Agreement with Google. At the balance-sheet date, all of the credit facilities were unutilized. The Board has adopted a finance and risk policy containing guidelines for the equity/assets ratio, maturity structure of loans and the management of liquidity preparedness to reduce refinancing risk.

EXCHANGE-RATE CHANGES

A major portion of Eolus's wind turbine payments are made in EUR. Exchange-rate fluctuations against the SEK can thus affect the profitability of wind turbine construction. This is offset by either currency futures or sales in EUR. The Board has stated in the finance and risk policy that at least 75%, and a maximum of 125%, of the estimated net flow over a 12-month period is to be hedged. On the balance-sheet date, the company's outstanding currency derivatives amounted to EUR 13.0 M (21.0). These had a positive market value of SEK 4.1 M (5.7).

INTEREST-RATE RISK

The electricity generation operations are partly financed by bank loans. Changes in market interest rates may therefore affect future earnings and profitability. The Board has stated in the finance and risk policy that the average fixed-interest term in the electricity generation operations is not to be less than 2.5 years. At the end of the 2015/2016 fiscal year, more than 100% of the Group's liabilities attributable to electricity generation operations to credit institutions were covered by interest-rate hedging instruments. The Board of Directors approved this deviation from the policy. On the balance-sheet date, these instruments had a negative market value of SEK 38.8 M (neg: 35.3).

SIGNIFICANT EVENTS AFTER THE END OF THE FISCAL YEAR

In October, Eolus signed an agreement with E.ON Elnät regarding a grid connection for the Jenåsen wind farm, comprising 84 MW in the Municipality of Sundsvall. The agreement also includes a decision to develop a grid station in Nysäter, which will create the capacity to connect additional wind farms in the area. For Eolus, the development will enable the fully permitted Kråktorpet and Nylandsbergen projects, totaling just over 200 MW, to be connected in the future.

In October, Eolus and Vestas signed an agreement for the delivery of 23 Vestas V126-3.45 MW wind turbines, to be constructed at the Jenåsen wind farm.

In November, Eolus obtained the final permit for the Norwegian wind power project Öyfjellet in Nordland County. The project is Eolus's largest permitted project to date and will comprise up to 330 MW. The project will include up to 110 wind turbines, with an estimated annual generation of up to 1.4 TWh once the farm is fully constructed. Eolus's aim is for the project to be realized within the framework of the Swedish-Norwegian Electricity Certificate System.

In December, Eolus signed an agreement with Vestas for the delivery of 11 V100-2.2 MW wind turbines, to be constructed in 2017. The 11 turbines, with a total capacity of 24 MW, are to be constructed as part of the Gunilla-berg, Lunna, Tåppeshusen and Vilseberga projects. The agreement also includes a full-service agreement. The Gunilla-berg (four turbines), Lunna (three turbines) and Tåppeshusen (two turbines) projects are expected to become operational in August 2017. The Vilseberga (two turbines) project is expected to become operational in October 2017. Eolus intends to sign agreements with customers for all of the wind farms and to hand them over to customers as turnkey facilities after they are constructed.

OUTLOOK

Wind power has developed rapidly in Sweden, and at the end of 2015, wind power accounted for 16.6 TWh, or 10.5%, of the country's electricity generation. In 2006, the installed capacity was 1 TWh. In 2015, the development rate slowed compared with 2014, which was a record-breaking year for Swedish development. It is not surprising that the rate slowed in 2015 given the previously high rate of development and historically low price levels.

The energy market is undergoing a process of major change. Low price levels for electricity impact the entire energy sector and no method of generation remains unaffected by this market trend. Economic realities, combined with environmental considerations, change both the generation mix and business models. Wind power will become increasingly significant for global, as well as Swedish, electricity generation. At the same time, energy companies are increasingly trying to divest, or reduce, their exposure to fossil-fuel generation methods. Visible evidence of the changing market in Sweden includes decisions to initiate a premature decommissioning of nuclear reactors due to a lack of profitability. At the same time, onshore wind power is proving one of the cheapest methods for adding new generation capacity. Efficiency enhancements throughout the value chain of a wind power project's lifespan in order to meet investors' yield requirements is vital. By significantly reducing the costs of wind power establishment, the realization of projects with profitability for end-investors can also continue in times with low overall price levels for electricity and electricity certificates. Eolus's extensive experience in the construction of wind power facilities, combined with a complete range of asset management services, will safeguard the company's continued ability to offer attractive investment objects to various types of investors.

Eolus also conducts operations in the US, Norway, Finland and the Baltic countries. The conditions between the countries vary in terms of support schemes, infrastructure, wind resources and the need for new domestic electricity generation. The US wind power market, the latest market in which Eolus has established a presence, is the world's second-largest market after China and has gained stability following the five-year extension of the Production Tax Credit (PTC). Along with extensive targets and support at the state level and a far-reaching target to become self-sufficient in the area of energy, this support has laid the foundation for a positive outlook for wind power.

SHAREHOLDERS

On August 31, 2016, Eolus had 4,987 shareholders according to the register maintained by Euroclear Sweden AB. Shareholders with a direct and indirect shareholding who represent more than 10% of the votes are Domneåns Kraftaktiebolag and Hans-Göran Stennert. The largest shareholders of Eolus shares are presented on page 31. The number of shares held by individuals with an insider position are presented on Eolus's website: www.eolusvind.com.

SHARES

On August 31, 2016, the share capital in Eolus Vind AB amounted to SEK 24,907,000, distributed between 1,285,625 Class A shares and 23,621,375 Class B shares. Class A shares carry one voting right, while Class B shares correspond to one-tenth (1/10) of a voting right. All shares carry equal rights to the company's assets, profit and dividends.

CORPORATE GOVERNANCE

For information about the company's governance during the year, refer to the Corporate Governance Report on pages 39-41.

DIVIDEND POLICY

The Board has adopted a dividend policy entailing that dividends issued by Eolus in the long term will be determined by the company's earnings and correspond to 20-50% of the company's profit. However, dividends will be adapted to the company's investment requirements and financial position.

For the 2014/2015 fiscal year, the Annual General Meeting on January 30, 2016 resolved to pay dividends corresponding to SEK 1.50 (1.50) per share. Payment of the dividend took place on February 5, 2016.

PROPOSED DISTRIBUTION OF PROFIT

The Board of Directors proposes a dividend of SEK 1.50 (1.50) per share for the 2015/2016 fiscal year in line with the company's dividend policy.

The proposed record date for the dividends is Tuesday, January 31, 2017.

Payment of the dividend is expected to take place on Friday, February 3, 2017. The Board of Directors deems that the proposal is consistent with the prudence rule in Chapter 17, Section 3 of the Swedish Companies Act, as follows:

The following profits are at the disposal of the Annual General Meeting (amounts in SEK):

Share premium reserve	168,662,573
Retained earnings	184,378,014
Net profit for the year	46,405,768
Total	399,446,355

The Board of Directors proposes that the profits be appropriated as follows:

dividend to the shareholders	37,360,500
to be carried forward	362,085,855
Total	399,446,355

Statement:

The proposed dividend is considered justifiable in view of the earnings trend after the end of the fiscal year. The proposed distribution of profit is also considered justifiable in view of the requirements concerning equity, consolidation requirements, liquidity and financial position in general for both the Parent Company and the Group.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT FOR EOLUS VIND AB (PUBL)

Eolus Vind AB is a Swedish public limited liability company that has been listed on Nasdaq Stockholm since February 2, 2015. Eolus is governed through General Meetings, the Board of Directors, the CEO and Group management in accordance with the Swedish Companies Act, the Articles of Association and the rules of procedure for the Board of Directors and CEO. Representatives from the Eolus Group's management are also members of its subsidiaries' boards.

With Nasdaq Stockholm, Eolus has committed to apply the Swedish Corporate Governance Code (the "Code"), which is to be applied by all Swedish limited liability companies whose shares are traded on a regulated market in Sweden.

As far as Eolus is aware, the company has not breached any of the regulations issued by the marketplace on which the company's shares or depository receipts are traded or any fair dealing practices in accordance with resolutions by the disciplinary committee of the respective stock exchanges or statements from the Swedish Securities Council during the past fiscal year.

ARTICLES OF ASSOCIATION

The current Articles of Association were adopted at the Annual General Meeting on January 26, 2013. It states that the Board's registered office is to be in Hässleholm, Sweden, that the Board's members be elected every year by the Annual General Meeting for a period up to the next Annual General Meeting, and that one Class A share entitles the holder to one vote while one Class B share entitles one-tenth of a vote. The complete Articles of Association are available in Swedish on Eolus's website, www.eolusvind.com.

GENERAL MEETINGS

The shareholders exercise their decision-making rights regarding central issues at the General Meeting. The Meeting resolves on adoption of the income statement and balance sheet, appropriation of the company's profit or loss, discharge of liability for Board members and CEO, election of the Board of Directors and auditors, and remuneration of the Board of Directors and auditors.

Notice convening the Annual General Meeting for Eolus must be issued not earlier than six weeks and not later than four weeks prior to the Meeting, in accordance with the Swedish Companies Act.

The notice is to be advertised in Post- och Inrikes Tidningar and on Eolus's website. The fact that notification has been issued is announced in Swedish daily Dagens Industri. Shareholders who wish to participate in the Annual General Meeting are to notify the company by no later than the date stipulated in the notice.

2016 ANNUAL GENERAL MEETING

Eolus's 2016 Annual General Meeting was held in Hässelholm, Sweden, on Saturday, January 30. Some 101 shareholders, representing 39% of the votes, attended the meeting, personally or through proxy. General Counsel Karl Olsson was elected Chairman of the Meeting. In attendance at the Annual General Meeting were the Board members, CEO, Deputy CEO, CFO and the company's auditor. The minutes of the Meeting are available in Swedish on Eolus's website, www.eolusvind.com. All resolutions were made in accordance with the proposals from the Nomination Committee and the Board of Directors.

A few of the resolutions made by the Meeting include:

- Dividend of SEK 1.50 per share for the 2014/2015 fiscal year.
- The Board of Directors is to comprise five members, but no deputy members.
- Re-election of Board members Hans-Göran Stennert, Jan Bengtsson, Fredrik Daveby and Sigrun Hjelmquist. A new Board member, Hans Johansson, was elected.
- Re-election of Hans-Göran Stennert as Board Chairman.

- Re-election of PricewaterhouseCoopers AB as the company's auditors with Eva Carlsvi as Auditor in Charge.
- Fees to the Board Chairman, Board members and auditor.
- Rules for the appointment and work of the Nomination Committee.

2017 ANNUAL GENERAL MEETING

The next Annual General Meeting for Eolus's shareholders will be held at Hässleholms Kulturhus on Saturday, January 28, 2017 at 3:30 p.m. More details about the Annual General Meeting, registration, etc. is available on Page 87.

NOMINATION COMMITTEE

The Nomination Committee nominates the people who are proposed for election to Eolus's Board of Directors at the Annual General Meeting. It also presents proposals for auditors' fees, Board fees to the Chairman and other Board members, and remuneration for committee work. All the proposals are presented at the Annual General Meeting, in the notice and on the website ahead of the Annual General Meeting.

The Nomination Committee comprises the Board Chairman and representatives for Eolus's three largest shareholders in terms of the number of votes on May 31. Hans-Göran Stennert, Board Chairman, presented the composition of the Nomination Committee on July 20, 2016.

The Nomination Committee comprises the following members:

Name	Represents	Holding on May 31, 2016
Hans-Göran Stennert	In his capacity as Chairman of the Board	
Ingvar Svantesson	Domneåns Kraftaktiebolag	15.3%
Hans Gydell (Chairman)	Hans-Göran Stennert	11.8%
Hans Johansson	Åke Johansson	6.4%

The Nomination Committee has held three minuted meetings ahead of the 2017 Annual General Meeting. The work of the Nomination Committee begins with the members reviewing the evaluation of the Board carried out during the year. The Committee's conclusion is that the work of the Board has functioned well during the year, however there is an interest to increase the number of members. Against that backdrop, the Nomination Committee has chosen to look for new candidates. Furthermore, the Nomination Committee notes that one person is not available for re-election. Otherwise, the Nomination Committee finds that the Board consists of a sound, appropriate mix of competence and experience.

THE BOARD OF DIRECTORS AND ITS WORK

Eolus's Board of Directors decides on the company's business orientation, strategy, business plan, resources and capital structure, organization, acquisitions, major investments and divestments, annual reports and interim reports, as well as other comprehensive matters of a strategic nature. The Board also appoints the CEO who is in charge of the day-to-day management in accordance with the Board's instructions.

BOARD MEMBERS

Board members are elected every year by the Annual General Meeting for the period up until the next Annual General Meeting. According to the Articles of Association, the Board is to comprise no fewer than four and no more than ten regular members and no more than six deputy members.

The Board comprised five members as of the Annual General Meeting on January 30, 2016. For a presentation of the Board Chairman and Board members, see pages 84-85. Eolus's CEO is not a member of the Board but participates, as does the Deputy CEO, CFO and General Counsel, as a rule at the Board meetings as rapporteurs.

THE WORK OF THE BOARD

At the first regular Board meeting following the Annual General Meeting, Eolus's Board adopts written instructions that describe the Board's rules of procedure. The adopted rules of procedure stipulate the division of duties

among the Board's members and how often the Board will convene. Furthermore, the rules of procedure regulate the Board's duties, quorum, instructions for the CEO, the division of responsibilities between the Board and the CEO, and more.

The Board has also internally established a Remuneration Committee comprising three members of the Board and an Audit Committee comprising the entire Board.

The Board convenes according to a one-year plan proposed in advance and more meetings are arranged as needed. The Board had 11 minuted Board meetings during the 2015/2016 fiscal year.

Items on the agenda for 2015/2016 included:

- Annual financial statements including the auditors' report, the proposed distribution of profit and the year-end report.
- Annual report and preparations ahead of the Annual General Meeting.
- Follow-up with the auditor in charge regarding the year's audit.
- Interim reports.
- Rules of procedure for the Board and CEO.
- Budget for the 2016 fiscal year.
- Strategic issues and risks.

In addition to the Board meetings, the Board Chairman and the CEO have an ongoing dialog regarding the management of the company. The CEO, Per Witalisson, is in charge of implementation of the business plan, the day-to-day management of the company's affairs and the daily operations of the company. Before Board meetings, the Board receives written information in the form of a CEO report that contains a follow-up of the company's sales, operational results, liquidity forecasts, interest rate and currency hedging, details concerning order backlog, the number of wind turbines under construction as well as comments concerning the various market trends. Prior to the Board meetings, the Board will also have access to the balance statements and cash-flow statements.

The Board Chairman presents to the Board the results of the annual evaluation of the Board's work. The evaluation includes the composition of the Board, the individual Board members and the Board's work and procedures.

The Code contains rules concerning the Board members' independence and stipulates that the majority of the Board members are to be independent in relation to the company and company management. At least two of the Board members who are independent in relation to the company and company management must also be independent in relation to all shareholders who control ten percent or more of the shares or the votes in Eolus Vind AB. No more than one person from company management may be a member of the Board.

BOARD ATTENDANCE DURING 2015/2016

	Function	Independent ¹	Board meeting	Remuneration Committee
Hans-Göran Stennert	Chairman	2	11 of 11	1 of 1
Fredrik Daveby	Board member	X	11 of 11	1 of 1
Bengt Simmingsköld*	Board member	X	4 of 11	
Sigrun Hjelmqvist	Board member	X	11 of 11	1 of 1
Jan Bengtsson	Board member	X	10 of 11	
Niclas Ericsson*	Board member	X	4 of 11	
Hans Johansson**	Board member	X	7 of 11	

* Resigned from the Board at the Annual General Meeting on January 30, 2016.

** Was elected to the Board at the Annual General Meeting on January 30, 2016.

¹ According to the definition in the Swedish Corporate Governance Code.

² Not independent (in relation to Eolus's major shareholders).

REMUNERATION COMMITTEE

The Remuneration Committee comprises Hans-Göran Stennert, Sigrun Hjelmqvist and Fredrik Daveby. Hans-Göran Stennert is the Committee's Chairman. The duties of the Remuneration Committee include:

- to prepare Board decisions on matters regarding remuneration policy, remuneration and other terms of employment for senior management including proposals to the Board for the guidelines for remuneration of senior executives that the Annual General Meeting is to resolve on,
- monitor and evaluate any ongoing and during-the-year adopted programs for variable remuneration to company management,
- monitor and evaluate the application of the guidelines for remuneration of senior executives decided by the Annual General Meeting as well as relevant remuneration structures and levels in the company,
- ensure that the company's auditor submits a written statement to the Board no later than three weeks before the Annual General Meeting regarding whether the guidelines for remuneration of senior executives valid since the previous Annual General Meeting have been followed, and
- carry out the other duties that are assigned the Remuneration Committee in the Swedish Corporate Governance Code and other applicable rules and regulations for the company. The Remuneration Committee held one minuted meeting during 2015/2016 at which all members were in attendance.

AUDIT COMMITTEE

The company has decided that the Board in its entirety will carry out the committee's duties.

The duties that the Board will carry out in this function include:

- monitor the company's financial reporting and prepare the Board's quality assurance of the same,
- regarding the financial reporting, monitor the effectiveness of the company's internal control and risk management,
- review and monitor the auditor's impartiality and independence, and thereby pay particular attention to whether the auditor provides the company with other services than audit services,
- assist the Nomination Committee in preparing proposals for the General Meeting's resolution regarding election of auditors and fees for the audit assignment,
- regularly meet the company's auditor for updates concerning the scope and methodology of the audit and to discuss the approach to the company's risks,
- evaluate the audit assignment and inform the company's Nomination Committee or, when applicable, a special nomination committee of the results of the evaluation, and
- execute the other duties of the Audit Committee required by law, the Swedish Corporate Governance Code, and other relevant rules and regulations for the company.

CHIEF EXECUTIVE OFFICER (CEO)

The CEO of Eolus is Per Witalisson (born 1971), Master of Business Administration. The Board of Directors has adopted instructions for the work and role of the CEO. The CEO is responsible for the day-to-day management of the Group's business in accordance with the Board's guidelines. For a presentation of the CEO, see page 32. For remuneration of the CEO, see Note 6.

GROUP MANAGEMENT

Per Witalisson leads the work of Group management and makes decisions in consultation with the rest of management. Group management comprises four people. During the 2015/2016 fiscal year, management convened on 16 occasions in Hässleholm or Malmö in Sweden. Standing items on the agenda are minutes from the previous meeting, reports from the operational groups, finances, project development, establishment, sales and market, operation, foreign operations, personnel, work environment and legal issues.

AUDIT

The Annual General Meeting on January 30, 2016 re-elected PricewaterhouseCoopers AB (PwC) with Eva Carlsvi as Auditor in Charge.

The auditors audit the annual financial statements and the annual report as well as the company's day-to-day operations and routines in order to express an opinion about the accounts and the administration of the Board of Directors and the CEO. The annual financial statements and the annual report are audited in October and November. An examination is then made as to whether the Annual General Meeting's guidelines concerning remuneration of senior executives have been followed.

REMUNERATION

REMUNERATION OF THE BOARD

Fees and other remuneration to the Board, including Eolus's Board Chairman, is determined by the Annual General Meeting. In accordance with the resolution at the Annual General Meeting on January 30, 2016, an annual fee totaling KSEK 950 was determined, of which KSEK 350 for the Board Chairman and KSEK 150 each for other Board members. For more information concerning remuneration of the Board, see Note 6.

REMUNERATION OF SENIOR EXECUTIVES

Remuneration of the CEO and other members of Group Management (at present Deputy CEO, CFO and General Counsel) is paid in accordance with the guidelines for remuneration of senior executives. The guidelines were adopted by the Annual General Meeting on January 30, 2016, for the period up until the next Annual General Meeting.

According to the guidelines, senior executives are offered market-based and competitive remuneration. The level of remuneration for individual executives is to be based on such factors as position, expertise, experience and performance. Remuneration includes fixed salary and pension benefits, and may also include variable salary and other non-monetary benefits. The company is to have the option to offer all senior executives variable remuneration corresponding to no more than one monthly salary per year.

The variable salary is to be based on the achievement of one or more quantitative and qualitative targets. The targets are to be formulated with the objective of promoting the company's long-term value creation. Furthermore, the company will have the option to offer senior executives a share ownership program under which the company, three years after payment of variable remuneration, reimburses the cost of acquiring half as many shares as the individual acquired for their variable remuneration and continues to hold. For more information concerning remuneration of senior executives, see Note 6.

REMUNERATION OF AUDITORS

Remuneration for the audit assignment is paid against invoice and amounted to KSEK 633 for the 2015/2016 fiscal year. The fee for other services other than the audit assignment paid to PwC totaled KSEK 472 for the 2015/2016 fiscal year. For more information concerning remuneration of auditors, see Note 7.

THE BOARD'S DESCRIPTION OF INTERNAL CONTROL OVER FINANCIAL REPORTING FOR THE 2015/2016 FISCAL YEAR

The Board's responsibility for internal control is regulated in the Swedish Corporate Governance Code. This includes monitoring Eolus's financial reporting and the efficiency of the company's internal control and risk assessments.

Internal control over the financial reporting is intended to provide a reasonable level of reliability in the external financial reporting in the form of annual reports and interim reports that Eolus publishes every year, and that the financial statements are prepared in conformity with laws, applicable accounting standards and other requirements for listed companies. Internal control is also intended to ensure high quality in the financial reporting to company management and the Board so that decisions are made on the correct grounds.

To describe the internal control over the financial reporting, Eolus starts from the areas that are the basis of the internal controls according to the framework issued by COSO "Internal Control – Integrated Framework", namely the areas of control environment, risk assessment and control structure, information and communication, as well as monitoring. The description below refers therefore to Eolus's internal control system in relation to the 1992 edition of the COSO framework.

CONTROL ENVIRONMENT

The Board has the overall responsibility for the company's internal control. The Board's rules of procedure and the instructions prepared by the Board for the CEO and the Board committees' work clearly defines the division of responsibility and authority in order to ensure effective management of risks in the business operations. Eolus has instructions and routines that are used in the financial reporting process as well as the accounting principles and changes to these. The CEO routinely reports to the Board about the operations and the financial performance prior to every Board meeting. Internal control instruments for the financial reporting comprise primarily the finance and risk policy, the information policy and the Group's accounting manual, which defines the accounting and reporting rules.

RISK ASSESSMENTS AND CONTROL STRUCTURE

Significant risks for the operations are analyzed by the Board of Directors as part of the financial reporting process. The risk areas are documented on the basis of probability and any impact. Based on this, control processes are prepared to ensure a high level of quality in the financial reporting. The organization structure together with the division of responsibility and rules of authorization are clearly described and communicated through instructions. The operations are organized into segments that are monitored.

INFORMATION AND COMMUNICATION

An accounting manual with guidelines and instructions for financial reporting has been prepared. The accounting manual is continuously updated and issued to the relevant employees at Eolus. Before the end of every quarter and annual financial statements, specific instructions are also issued to ensure correct information in the external reporting.

External communication is governed through Eolus's information policy and communication plan, which addresses responsibility, procedures and rules. The policy is continuously evaluated to ensure that all information to the marketplace maintains high quality and is in accordance with the stock exchange regulations. Financial information such as quarterly reports, annual reports and significant events are published through press releases and on Eolus's website. Meetings with financial analysts are arranged regularly in conjunction with the publication of quarterly reports.

MONITORING

Group management continuously analyzes the financial performance of the Group's segments. At all levels of the organization, continuous monitoring is generally performed through comparisons against budget, forecasts and plans, as well as evaluation of key figures.

Before the Board meeting, the Board receives financial reporting on Eolus's performance. In addition to formal reporting, there are informal information channels to the CEO and Board for significant information from the employees. The Board continuously evaluates the information provided by the CEO. This involves ensuring that measures are taken regarding any shortcomings and proposed measures that have arisen during the internal control and external audit.

The Board and the auditor have regular dialog. The entire Board of Directors and the auditor receive a copy of the interim reports before they are published.

OPINIONS ON INTERNAL AUDITS

To date, the Board has not found any reason to establish an internal audit function, as the above functions are deemed to fulfil this duty. However, the Board annually evaluates the need for such a function.

CONSOLIDATED STATEMENT OF INCOME

KSEK	Note	2015/2016	2014/2015
Net sales	3	693,446	1,502,137
Other operating income	8	2,215	21,344
Total operating income		695,661	1,523,481
Change in inventories of wind turbines, wind turbines under construction and projects under development		73,558	-613,059
Cost of goods and project development		-681,186	-625,657
Other external expenses	7,13	-43,615	-62,858
Personnel costs	5,6	-28,175	-22,822
Depreciation and impairment of property, plant and equipment	12	-26,719	-94,462
Profit/loss from participations in associated companies	17	-1,309	-97
Other operating expenses	8	-4,165	-14,487
Total operating expenses		-711,610	-1,433,442
Operating profit/loss		-15,949	90,040
Financial income	9	1,775	4,655
Financial expenses	9	-14,883	-19,452
Loss from financial items		-13,108	-14,797
Profit/loss before tax		-29,057	75,243
Tax	11	5,139	4,751
Net profit/loss for the year		-23,918	79,994
Attributable to Parent Company shareholders		-22,925	80,906
Attributable to non-controlling interests		-993	-912
Total		-23,918	79,994
Earnings per share, before and after dilution	21	-0.92	3.25

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

KSEK	Note	2015/2016	2014/2015
Net profit/loss for the year		-23,918	79,994
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Exchange differences on translation of foreign operations		-3	176
Total other comprehensive income		-3	176
Comprehensive income for the year		-23,921	80,170
Attributable to Parent Company shareholders		-22,928	81,082
Attributable to non-controlling interests		-993	-912
Total		-23,921	80,170

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

KSEK	Note	Aug 31, 2016	Aug 31, 2015
ASSETS			
Non-current assets			
Property, plant and equipment	12	259,323	338,748
Holdings in associated companies	17	8,076	8,703
Deferred tax assets	11	41	1,280
Other financial assets	24	24,356	3,055
Total non-current assets		291,795	351,787
Current assets			
Inventories of wind turbines, wind turbines under construction and projects under development	18	462,301	379,552
Advance payments to suppliers		204,597	187,278
Accounts receivable	19, 24	28,793	18,148
Derivative instruments	24	4,130	5,653
Current tax assets		19,095	18,223
Other current receivables	19, 24	29,131	47,457
Prepaid expenses and accrued income	20, 24	8,225	9,735
Cash and cash equivalents	24	221,549	241,522
Total current assets		977,821	907,568
TOTAL ASSETS		1,269,616	1,259,355

KSEK	Note	Aug 31, 2016	Aug 31, 2015
EQUITY AND LIABILITIES			
Equity			
Share capital	21	24,907	24,907
Additional paid-in capital		190,843	190,843
Reserves		-42	-39
Retained earnings		455,315	515,602
Equity attributable to Eolus's shareholders		671,026	731,313
Non-controlling interests		140	51
Total equity		671,166	731,364
Non-current liabilities			
Non-current interest-bearing liabilities to credit institutions	16, 22, 24	50,216	149,192
Non-current provisions	23	7,599	8,841
Deferred tax liabilities	11	77,765	90,085
Other non-current liabilities	16	854	488
Total non-current liabilities		136,434	248,607
Current liabilities			
Current interest-bearing liabilities to credit institutions	16, 22, 24	31,558	39,745
Accounts payable	24	109,998	5,436
Derivative instruments	16, 24	38,753	35,323
Current tax liabilities		76	67
Accrued expenses and deferred income	20, 24	15,678	23,360
Advance payments from customers		237,831	173,242
Other current liabilities	16, 24	28,122	2,211
Total current liabilities		462,017	279,384
TOTAL EQUITY AND LIABILITIES		1,269,616	1,259,355

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

KSEK		Share capital	Additional paid-in capital	Reserves	Retained earnings	Total, Eolus's shareholders	Non-controlling interests	Total equity
	Note 21							
At September 1, 2015		24,907	190,843	-39	515,602	731,313	51	731,364
Net loss for the year					-22,925	-22,925	-993	-23,918
Other comprehensive income				-3		-3		-3
Total comprehensive income				-3	-22,925	-22,928	-993	-23,921
Transactions with shareholders								
Dividends					-37,361	-37,361		-37,361
Capital contribution from non-controlling interests						-	1,082	1,082
At August 31, 2016		24,907	190,843	-42	455,315	671,026	140	671,166

KSEK		Share capital	Additional paid-in capital	Reserves	Retained earnings	Total, Eolus's shareholders	Non-controlling interests	Total equity
	Note 21							
At September 1, 2014		24,907	439,913	-215	472,057	936,662	47	936,709
Net profit/loss for the year					80,906	80,906	-912	79,994
Other comprehensive income				176		176		176
Total comprehensive income				176	80,906	81,082	-912	80,170
Transactions with shareholders								
Stock dividend		24,907	-24,907			-		-
Share redemption		-24,907	-224,163			-249,070		-249,070
Dividends					-37,361	-37,361		-37,361
Capital contribution from non-controlling interests							915	915
At August 31, 2015		24,907	190,843	-39	515,602	731,313	51	731,364

CONSOLIDATED CASH-FLOW STATEMENT

KSEK	Note	2015/2016	2014/2015
Operating activities			
Operating profit/loss		-15,949	90,040
Non-cash items	25	28,337	90,140
		12,388	180,181
Interest received		1,081	1,060
Interest paid		-11,650	-19,074
Income tax paid		-6,814	-11,342
Net cash flow from operating activities before changes in working capital		-4,996	150,825
Adjustments of working capital			
Increase/decrease in inventories of wind turbines, wind turbines under construction, projects under development and advance payments to suppliers		-56,690	704,949
Decrease/increase in operating receivables		10,423	-14,290
Increase/decrease in operating liabilities		185,453	-126,573
Cash flow from operating activities		134,190	714,911
Cash flow from investing activities			
Acquisition of participations in subsidiaries/asset acquisitions		-450	-5,388
Acquisition of property, plant and equipment	12	-2,503	-1,208
Divestment of property, plant and equipment	12	13,836	50,763
Acquisition of financial assets	15	-22,152	-
Sale of financial assets		873	-
Cash flow from investing activities		-10,395	44,167
Cash flow from financing activities			
Borrowings	22	-	116,567
Repayment of loans	22	-107,141	-435,485
Capital contribution		748	1,300
Dividends		-37,360	-286,431
Cash flow from financing activities		-143,754	-604,049
Cash flow for the year			
Cash and cash equivalents at beginning of year		241,522	86,499
Exchange-rate differences in cash and cash equivalents		-13	-6
Cash and cash equivalents at year-end		221,549	241,522

PARENT COMPANY INCOME STATEMENT

KSEK	Note	2015/2016	2014/2015
Net sales	4	611,873	1,348,830
Change in inventories of wind turbines, wind turbines under construction and projects under development		90,291	-606,008
Other operating income	8	1,170	12,772
Total operating income		703,334	755,594
Cost of goods and project development		-642,480	-595,108
Other external expenses	7, 13	-21,980	-40,487
Personnel costs	5, 6	-27,671	-22,366
Depreciation and impairment of property, plant and equipment	12	-5,174	-14,403
Other operating expenses	8	-2,840	-6,689
Total operating expenses		-700,145	-679,053
Operating profit		3,189	76,541
Profit from participations in Group companies	15	23,311	87,173
Interest income and similar profit/loss items	9	1,720	3,893
Interest expense and similar profit/loss items	9	-1,557	-7,346
Profit from financial items		23,474	83,720
Profit after financial items		26,663	160,261
Appropriations	10	26,392	-47,376
Profit before tax		53,055	112,885
Tax on profit for the year	11	-6,649	-6,123
Net profit for the year		46,406	106,762

PARENT COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME

KSEK	Note	2015/2016	2014/2015
Net profit for the year		46,406	106,762
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Total other comprehensive income		-	-
Comprehensive income for the year		46,406	106,762

PARENT COMPANY BALANCE SHEET

KSEK	Note	Aug 31, 2016	Aug 31, 2015
ASSETS			
Property, plant and equipment			
Land and buildings	12	221	221
Wind turbines	12	66,702	76,535
Equipment	12	2,540	2,245
		69,463	79,001
Financial assets			
Participations in Group companies	15	187,831	187,246
Participations in associated companies	17	8,700	8,720
Other securities held as non-current assets	14	1,567	1,734
Deferred tax assets	11	324	286
Other non-current receivables		607	1,273
		199,029	199,259
Total non-current assets		268,492	278,260
Inventories, etc.			
Inventories of wind turbines		11,995	137,758
Wind turbines under construction and projects under development		326,595	117,363
Advance payments to suppliers		200,751	185,365
		539,341	440,486
Current receivables			
Accounts receivable		27,480	13,288
Receivables from Group companies		95,590	92,255
Current tax assets		25,353	25,737
Other current receivables		6,190	1,944
Prepaid expenses and accrued income	20	2,812	6,369
		157,425	139,593
Cash and cash equivalents		211,469	230,516
Total current assets		908,235	810,595
TOTAL ASSETS		1,176,727	1,088,855

KSEK	Note	Aug 31, 2016	Aug 31, 2015
EQUITY AND LIABILITIES			
Restricted equity	21		
Share capital		24,907	24,907
Statutory reserve		22,259	22,259
		47,166	47,166
Non-restricted equity			
Share premium reserve		168,663	168,663
Retained earnings		184,378	114,975
Net profit for the year		46,406	106,762
		399,447	390,400
Total equity		446,613	437,566
Untaxed reserves	10	133,958	137,093
Provisions	23	2,353	2,621
Non-current liabilities			
Other non-current liabilities		-	393
Total non-current liabilities		-	393
Current liabilities			
Liabilities to credit institutions	22	-	10,850
Advance payments from customers		237,831	173,242
Accounts payable		107,490	3,837
Liabilities to Group companies		207,218	301,243
Other liabilities		28,512	1,721
Accrued expenses and deferred income	20	12,752	20,289
Total current liabilities		593,803	511,182
TOTAL EQUITY AND LIABILITIES		1,176,727	1,088,855
Pledged assets	26	580,000	590,850
Contingent liabilities	26	69,885	69,885

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

KSEK	Note 21	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Total equity
At September 1, 2015		24,907	22,259	168,663	221,737	437,566
Net profit for the year					46,406	46,406
Total comprehensive income					46,406	46,406
Transactions with shareholders						
Exchange differences on translation of foreign operations					2	2
Dividends					-37,361	-37,361
At August 31, 2016		24,907	22,259	168,663	230,784	446,613

KSEK	Note 21	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Total equity
At September 1, 2014		24,907	22,259	417,733	152,336	617,235
Net profit for the year					106,762	106,762
Total comprehensive income					106,762	106,762
Transactions with shareholders						
Stock dividend		24,907		-24,907		-
Share redemption		-24,907		-224,163		-249,070
Dividends					-37,361	-37,361
At August 31, 2015		24,907	22,259	168,663	221,737	437,566

PARENT COMPANY CASH-FLOW STATEMENT

KSEK	Note	2015/2016	2014/2015
Operating activities			
Operating profit		3,189	76,541
Non-cash items	25	6,085	17,200
		9,274	93,741
Interest received		440	827
Interest paid		-1,601	-8,894
Income tax paid		-6,303	-10,218
Net cash flow from operating activities before changes in working capital		1,810	75,456
Adjustments of working capital			
Increase/decrease in inventories of wind turbines, wind turbines under construction, projects under development and advance payments to suppliers		-105,677	669,576
Increase in operating receivables		-18,201	-19,657
Increase/decrease in operating liabilities		191,000	-26,917
Cash flow from operating activities		68,932	698,458
Cash flow from investing activities			
Shareholders' contributions	15	-585	-102
Acquisition of property, plant and equipment	12	-2,073	-294
Sale of property, plant and equipment	12	13,620	4,343
Acquisition of financial assets		187	-
Cash flow from investing activities		11,149	3,947
Cash flow from financing activities			
Borrowings	22	-	116,549
Repayment of loans	22	-10,850	-382,696
Group contributions received/paid		-50,916	2,645
Dividends		-37,361	-286,431
Cash flow from financing activities		-99,128	-549,933
Cash flow for the year		-19,047	152,472
Cash and cash equivalents at beginning of year		230,516	78,044
Cash and cash equivalents at year-end		211,469	230,516

NOTES

NOTE 1 GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING PRINCIPLES

The Parent Company, Eolus Vind AB, Corporate Registration Number 556389-3956, is a limited liability company registered and headquartered in Sweden. The Group's main operations comprise the development and construction of wind turbines for divestment or proprietary management. The address of the head office is Tredje Avenyen 3, Håssleholm, Sweden, under the postal address Box 95, SE-281 21 Håssleholm, Sweden. The company is listed on Nasdaq Stockholm Small Cap.

The Board of Directors approved these consolidated financial statements and the financial statements for the Parent Company on December 6, 2016 and they will be presented for adoption at the Annual General Meeting on January 28, 2017.

The most important accounting principles applied to the preparation of these consolidated financial statements are stated below. These policies were applied consistently for all years presented, unless otherwise stated.

REGULATIONS APPLIED TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. Furthermore, the Swedish Annual Accounts Act and recommendation RFR 1 Supplementary Accounting Rules for Groups were applied.

BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are based on historical cost, unless otherwise stated. The Group's presentation currency is SEK, which is the Parent Company's functional currency. All figures are presented in thousands of SEK (KSEK), unless otherwise stated.

INTRODUCTION OF NEW ACCOUNTING PRINCIPLES

The following new and amended standards are mandatory for the first time for the 2015/2016 fiscal year. The Group has decided to comment only on standards and interpretations that are deemed to be, or may in the future be, relevant to the Group and its operations.

IFRS 12 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

IFRS 12 comprises disclosure requirements covering all forms of holdings in other companies.

The standards, interpretations and amendments that are to be applied on or after the 2016/2017 fiscal year are currently being evaluated. Other than that which is stated below, the initial assessment is that they will not have any significant impact on the consolidated financial statements.

IFRS 9 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

IFRS 9 is mandatory for fiscal years beginning on or after January 1, 2018. The standard includes a reduction in the number of measurement categories for financial assets and entails that the two main classifications for recognition are amortized cost and fair value through profit or loss. An evaluation of the potential impact of implementing the standard is ongoing.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMER

IFRS 15 has a combined model for all income recognition based on a balance-sheet approach. The introduction of this standard will entail extensive analysis work following the five-step model on which the IFRS is based. IFRS 15 will come into effect on January 1, 2018 and an evaluation of the potential impact of implementing the standard is ongoing.

IFRS 16 LEASES

IFRS 16 was issued on January 13, 2016 and replaced IAS 17 Leases. IFRS 16 introduces a right-of-use model entailing that the lessee is to recognize essentially all leases in the balance sheet, meaning that leases no longer need to be classified as either operating or finance leases. The exceptions are leases with a term of 12 months or less and leases of low value. Depreciation of the asset and interest expense on the liability are to be recognized in profit or loss. An evaluation of the potential impact of implementing the standard is ongoing.

CONSOLIDATION BASIS

The consolidated financial statements encompass the Parent Company and its subsidiaries. The financial statements for the Parent Company and subsidiaries included in the consolidated financial statements pertain to the same period and have been prepared in accordance with the same accounting policies as for the Group.

Subsidiaries

Subsidiaries are defined as all companies over which the Group exercises a controlling influence. The Group controls a company when the Group is exposed to, or has rights to, variable returns from its holding in the company and has the ability to impact those returns through exercising its influence over the company. Subsidiaries are included in the consolidated financial statements from the acquisition date, meaning the date on which the Group gains a controlling influence, and are included in the consolidated financial statements until the date on which the controlling influence ceases.

Business combinations are recognized in accordance with the acquisition method. The purchase consideration comprises the fair value of acquired assets, liabilities and issued shares. The purchase consideration also includes the fair value of all assets and liabilities that are part of any contracted, contingent purchase considerations. Acquisition-related costs are expensed when they arise and are recognized as other expenses. Identifiable assets acquired and liabilities assumed are initially measured at fair value on the acquisition date. For each acquisition, the Group determines whether all non-controlling interests in the acquired company are measured at fair value or at the proportionate share of net assets of the acquired company.

The amount by which the purchase consideration, any non-controlling interests and the fair value of previous shareholdings exceeds the fair value of the Group's share of identifiable assets acquired is recognized as goodwill. If the amount is less than the fair value of the acquired subsidiary's assets, the difference is recognized directly in the statement of comprehensive income.

In accordance with common practice in the industry, wind power projects are often conducted in separate companies. This means that acquisitions and divestments of projects and completed wind turbines are conducted as share transactions. These transactions are classified as asset acquisitions since the main aim is to acquire wind power facilities and there are either no other operations or administration, or these are of minor importance. The assets that are acquired in this manner are measured at fair value in the consolidated financial statements, and no goodwill arises.

Associated companies

Associated companies are all companies over which the Group exercises a significant but not a controlling influence, which generally applies to shareholdings comprising between 20% and 50% of the votes. Holdings in associated companies are recognized in accordance with the equity method and are initially measured at cost and, thereafter, the carrying amount is increased or decreased to recognize the Group's share of the associated company's profit or loss after the acquisition date. The Group's carrying amounts for holdings in associated companies include goodwill identified on acquisition.

Non-controlling interests

Non-controlling interests are the portion of the earnings and net assets of a non-wholly owned subsidiary that accrue to other owners than Parent Company shareholders. Their share of earnings is included in net profit for the year in the consolidated income statement and the share of net assets is included in equity in the consolidated statement of financial position.

Translation of accounts of foreign subsidiaries

Items in the subsidiaries' balance sheets are presented in their respective functional currencies, which is normally the same as the local currency in that specific country. The Group's financial statements are presented in SEK, which is the Parent Company's functional currency. The income statements and balance sheets of the foreign subsidiaries are translated to SEK. The balance sheets are translated at the closing day rate. The income statements are translated at the average exchange rate for the period. Exchange-rate differences arising on translation do not impact net profit for the year and instead are recognized in other comprehensive income in the consolidated financial statements. The following exchange rates were used in the translations:

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Receivables and liabilities in foreign currency are translated at the closing day rate, and unrealized exchange-rate gains and losses are included in profit or loss.

	EUR	NOK	USD
Closing day rate, Aug 31, 2016	9.5136	1.0230	8.5422
Average exchange rate for the period 2015/2016	9.3400	0.9961	8.4101
Closing day rate, Aug 31, 2015	9.5205	1.0362	-
Average exchange rate for the period 2014/2015	9.3301	1.0776	-

RELATED-PARTY TRANSACTIONS

Transactions with related parties take place are subject to market-based conditions. Related parties refer to the companies over which the Group exercises a controlling or significant influence in terms of operational and financial decision-making. The sphere of related parties also includes the companies and natural persons who have the opportunity to exercise a controlling or significant influence over the Group's financial and operational decisions.

SEGMENT REPORTING

Operating segments are recognized in a manner that corresponds to the internal reporting to the chief operating decision maker (CODM). The CODM is the function that is responsible for allocating resources and assessing the performance of the operating segments. For the Group, this function has been identified as the CEO.

Eolus's operating segments are described in Note 3 and comprise:

- Project development involving pre-study, project development, establishment and sale of wind power facilities. This also includes technical and consultancy services for wind power stakeholders.
- Electricity generation encompassing the operation of wholly or partly owned wind turbines, the sale of electric power and the divestment of electricity certificates allocated to producers of renewable electricity.
- Asset Management which pertains to full asset management services for external and internal wind power facilities.

CASH-FLOW STATEMENT

The cash-flow statement was prepared in accordance with the indirect method. The recognized cash flow only includes transactions entailing incoming and outgoing payments. Cash and cash equivalents are included in cash and bank balances, and current investments with insignificant value fluctuations and original due dates of less than three months.

REVENUE

Revenue is recognized to the extent that it is probable that the financial benefits will accrue to the Group and if revenue can be reliably measured. Revenue is measured at the fair value of what has been received or will be received, excluding value-added tax. Sales proceeds are recognized when the following criteria have been fulfilled:

Sale of wind power facilities

Revenue is recognized when the material risks and benefits associated with ownership of the facilities have been transferred to the purchaser and when the amount of revenue can be reliably measured. The projects comprise three phases: pre-study, project development and establishment. Following approved testing, the establishment phase is concluded through the divestment of the wind power facility to the customer or by transferring it to our proprietary electricity generation operations where it is classified under inventories. Revenue from divestments is recognized in net sales. Since there are relatively few projects in the establishment phase at any one time, sales and earnings may vary considerably from quarter to quarter. The project development operations are mainly financed through equity, construction loans or advance payments from customers.

Sale of electricity

Revenue attributable to the sale of produced electricity is recognized in the period in which delivery is made. Revenue from the sale of electricity certificates on account with the Swedish Energy Agency is recognized in the period in which the sale took place. Electricity certificates are recognized in the balance sheet as intangible current assets when they are registered in the Swedish Energy Agency's account and recognized as accrued income when the certificates have been earned but not yet registered.

Sale of administrative and technical management services

Revenue from administrative and technical management services is recognized in the period in which the services were essentially carried out.

Interest

Interest income is recognized as financial income through application of the effective-interest method.

Dividends

Dividends are recognized in profit or loss when the shareholders' rights to receive payment have been determined.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized at cost less accumulated depreciation and any impairment. Expenses for improving the performance of the assets beyond the original level increase the carrying amount of the assets. Expenses for repairs and maintenance are recognized as costs in profit or loss.

Property, plant and equipment are depreciated systematically over the estimated useful lives of the assets. The useful life is tested at the end of every accounting period and is adjusted as necessary. Any residual value of the asset is taken into account when determining the depreciable amount of the asset. The straight-line depreciation method is applied to all types of assets.

The following depreciation periods are applied:

	Number of years
Buildings and land improvements	20 years
Wind turbines, foundations and electrical installations	20 years
Equipment	5 years

IMPAIRMENT OF NON-FINANCIAL ASSETS

If there is an indication that an asset subject to depreciation has declined in value, the recoverable amount of the asset is calculated. The asset is impaired to its recoverable amount if the calculated recoverable amount is less than the carrying amount. The recoverable amount is the highest of the net realizable value and value in use in the operations. The recoverable amount is assessed by cash-generating unit, which is the same as the defined operating segments.

For wind power facilities recognized as non-current assets or inventories, impairment testing takes place at the end of every quarter by preparing calculations showing the remaining expected cash flows of each asset. The key parameters in preparing these calculations are the assumptions regarding future generation, remaining service lives, the market prices of electricity and electricity certificates, operating expenses and the discount rate.

FINANCIAL ASSETS

Classification

The Group classifies its financial assets in the following categories.

- Available-for-sale financial assets.
- Financial assets measured at fair value through profit or loss.
- Loan receivables and accounts receivable measured at amortized cost in accordance with the effective interest method.

Classification depends on the purpose for which the financial asset was acquired. The classification of financial assets is determined when they are first recognized.

All purchases and sales of financial assets are recognized on the transaction date.

Available-for-sale financial assets

Available-for-sale financial assets are assets that are not derivatives and are either identified as available for sale or cannot be classified into any of the other categories. The Group's available-for-sale financial assets comprise securities.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it was principally acquired for the purpose of being sold within the near future. Derivatives are always classified as held for trading. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current assets.

The Group's assets in this category comprise currency futures and interest-rate derivatives. The Group does not apply hedge accounting. Gains and losses arising as a result of changes in fair value attributable to the category of financial assets measured at fair value through profit or loss are recognized in the periods in which they arise. Changes in the fair value of currency derivatives are recognized in profit or loss under other income/expenses.

Loan receivables and accounts receivable

Loan receivables and accounts receivable are non-derivative financial assets that have fixed or fixable payments that are not listed on an active market.

Loan receivables and accounts receivable are initially measured at fair value and are subject to regular and systematic analysis to determine the amounts at which the receivables are expected to be received. If a loan receivable is deemed to be doubtful, a reserve is established comprising the difference between the carrying amount and the expected cash flow. Losses attributable to doubtful receivables are recognized in profit or loss under other operating expenses, refer to Note 8. Any interest income on loan receivables is included in financial income.

The Group's accounts receivable, other current receivables, blocked bank balances and accrued interest income are included in this category.

Recognition and measurement

Purchases and sales of financial assets are recognized at the trade date, that is, the date on which the Group commits to purchase or sell the asset. Financial instruments are initially measured at fair value plus transaction costs, which applies to all financial assets not measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are initially measured at fair value, while attributable transaction costs are recognized in profit or loss. Financial assets are derecognized from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has assumed essentially all risks and benefits connected with the right of ownership. Financial assets measured at fair value

through profit or loss are measured at fair value after the date of acquisition. Loan receivables and accounts receivable are initially recognized after the date of acquisition at amortized cost by applying the effective interest method. Dividend income from securities is recognized in profit or loss as a portion of financial income once the Group's right to receive payment has been established.

Impairment principles for financial assets

– Loan receivables and accounts receivable

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset or group of financial assets requires impairment. A financial asset or group of financial assets requires impairment and is impaired only if there is objective evidence of an impairment requirement due to one or more events having occurred after the asset was first recognized (a loss event) and that this event (or these events) has an effect, that can be reliably estimated, on the estimated future cash flows for the financial asset or group of financial assets.

For the loan receivables and accounts receivable categories, impairment is calculated as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future loan losses that have not occurred), discounted to the original effective interest of the financial asset. The asset's carrying amount is impaired and this impairment loss is recognized in the consolidated income statement.

FINANCIAL LIABILITIES

The Group's financial liabilities are divided into two categories:

- Financial liabilities measured at fair value through profit or loss.
- Financial liabilities measured at amortized cost.

Financial liabilities measured at fair value through profit or loss comprise currency and interest-rate derivatives. Other financial liabilities are initially measured at fair value less any transaction costs that have arisen. In subsequent periods, these liabilities are measured at amortized cost in accordance with the effective interest method. Eolus's accounts payable, borrowing and other current liabilities and accrued expenses are included in this category.

FAIR VALUE MEASUREMENT

Fair value is the price that would be received at the measurement date on selling an asset or paid on transferring a liability in an orderly transaction between market participants at the measurement date. Financial instruments measured at fair value are classified either as fair value in profit or loss or available for sale. Measurement can be based on any of the following conditions:

- Quoted market prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices that are observable for the asset or liability, either directly (quoted prices) or indirectly (derived from quoted prices) (level 2).
- Unobservable market inputs for the asset or liability (level 3).

The fair value of financial instruments traded in an active market is based on quoted market prices on the balance-sheet date. A market is considered to be active if quoted prices from a stock exchange, broker, industrial group, pricing service or supervisory authority are readily and regularly available and these prices represent actual and regularly occurring market transactions at arm's length. The fair value of financial instruments not traded in an active market (for example, OTC derivatives) is determined using valuation techniques. Market information is used for this as far as possible when it is available, whereas company-specific information is used as little as possible. If all significant inputs required for measurement are observable, then level 2 measurement is applied. The fair value of unquoted securities is based on cash flows discounted at an interest rate based on the market interest rate and a risk mark-up specific to these unquoted securities. The fair value of currency futures is determined by using the exchange rates for currency futures on the balance-sheet date where the resulting value is discounted to the present value, meaning level 2. Eolus currently recognizes all financial instruments at level 2.

If one or more significant inputs are not based on observable market information, the instrument in question is classified as level 3. Eolus does not currently recognize any financial instruments belonging to this category. No reclassifications between the various categories took place during the period.

INVENTORIES OF WIND TURBINES, WIND TURBINES UNDER CONSTRUCTION AND PROJECTS UNDER DEVELOPMENT

Inventories of wind turbines are the wind turbines available for sale but that are operational and generate electricity since they have not been divested. At the end of every quarter, if a wind turbine has not been divested after 12 months, it is reclassified from inventories to non-current assets. If advanced discussions regarding a sale are in progress that are assessed as leading to a divestment, the turbine is not reclassified.

Wind turbines classified as inventories have been measured at adjusted cost, meaning that the carrying amount of each wind turbine is adjusted each quarter to meet the decline in value that takes place. The procedure is described in more detail under the heading "Impairment of non-financial assets."

Wind turbines classified as non-current assets are reclassified to inventories of wind turbines at the end of the quarter if advanced discussions regarding a sale are in progress that are assessed as leading to a divestment in the next quarter.

Wind turbines under construction are wind turbines that are in the process of being built. Projects under development are the project development activities being conducted. All projects that have incurred costs of at least KSEK 10 are included in the portfolio. The project portfolio is reviewed at the end of every quarter and impairment is recognized if, for example, the project has been rejected by the licensing authority. Wind turbines under construction and projects under development are measured at the lowest of costs incurred and fair value.

PROVISIONS

Provisions are recognized when the Group has a legal or informal commitment due to previous events and when it is probable that a payment will be required to settle the commitment and the amount can be reliably calculated. For cases in which the company expects an established provision to be compensated by an external party, for example, within the framework of an insurance contract, such expected compensation is recognized as a separate asset, but only when it is essentially certain that compensation will be received.

If the time value is significant, the future payment is calculated at its present value. The calculations are made by applying a discount rate that reflects the short-term market expectations taking into account specific risks associated with the commitment. An increase in the commitment is recognized as an interest expense.

Provisions for after-treatment costs

According to the Swedish Environmental Code, the regulatory authority is entitled to require that guarantees be provided for security with respect to dismantling and after-treatment. The future costs are estimated for each facility with guidance from investigations carried out for the specific turbines. Provisions are established at the present value of the calculated future cost. Provisions are continuously adjusted upward using the discount rate and this upward adjustment is recognized as a borrowing cost (interest expense). The asset's carrying amount is adjusted if it is classified as a non-current asset.

Provisions for restructuring costs

A restructuring provision is recognized during the period in which the Group is legally or informally bound to the plan. Provisions may only be made for the expenses arising as a direct effect of the restructuring and that are an effect or the remaining contractual commitments with no lasting financial benefit or that comprise a fine due to the termination of the commitment. Provisions are tested at the end of every reporting period.

CONTINGENT LIABILITIES

Contingent liabilities comprise possible commitments originating from events that have occurred and whose occurrence is confirmed only by the occurrence or non-occurrence of one or several uncertain future events, which are

not within Eolus's control. Contingent liabilities may also be a commitment originating from events that have occurred but that have not been recognized as a liability or a provision because it is not likely that the commitment will be settled or the amount of the commitment cannot be reliably calculated.

EMPLOYEE BENEFITS

Severance pay

Severance pay is paid when employment is terminated before the normal age of retirement or when the employee accepts voluntary redundancy in exchange for such remuneration. Eolus recognizes severance pay when the Group has an existing legal or informal commitment when it is more probable that an outflow of resources will be required to settle the commitment than not, and when the amount can be reliably calculated.

Pensions

Eolus's pension obligations only encompass defined-contribution plans. A defined-contribution plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group does not have any legal or informal obligations to pay additional contributions if this legal entity does not have sufficient assets to pay all of the remuneration to the employees that is associated with the employees' service in current and earlier periods. The Group's payments into defined-contribution pension plans are charged to net profit for the year in the year to which they are attributable.

Leases

Non-current assets utilized under leases are classified in accordance with the financial implication of the leasing agreement. The leasing of non-current assets, whereby the Group essentially assumes the risks and benefits associated with ownership, are classified as finance leases. Financial leases are recognized at the start of the lease period at the lower of the fair value of the leasing object and the present value of the minimum leasing fees. Other leasing agreements are classified as operating leases. Payments made over the lease period are expensed in profit or loss in a straight line over the lease period. Eolus only has leasing agreements classified as operating leases.

INCOME TAX

The tax expense for the period includes current and deferred tax. Tax is recognized in profit or loss, except when the tax pertains to items recognized in other comprehensive income or directly in equity. In such cases, the tax is also recognized in other comprehensive income and equity, respectively.

All tax liabilities and tax assets are valued at nominal amounts in accordance with the tax rules and at the tax rates decided or announced and which, with all likelihood, will be adopted.

Deferred tax is recognized on the balance-sheet date in accordance with the balance-sheet method for temporary differences between the tax and accounting values of the assets and liabilities. Deferred tax assets are recognized for all deductible temporary differences, including loss carryforwards, to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences can be utilized.

ASSESSMENTS, ESTIMATES AND ASSUMPTIONS

Certain estimates and assumptions are made when the Board of Directors and CEO prepare the financial statements in accordance with applicable accounting principles that affect the carrying amounts of assets, liabilities, income and costs. The areas in which estimates and assumptions are of great significance to the Group and that could impact the income statement and balance sheet if they were to change are described below:

Provisions for doubtful receivables

Accounts receivable are initially measured at fair value and thereafter at the expected realizable value. An estimate of doubtful receivables is based on the conduct of an objective evaluation of all amounts outstanding at the end of the year. Losses attributable to doubtful receivables are recognized in profit or loss under other operating expenses. Refer to Note 8.

After-treatment costs

The costs for dismantling and after-treatment are estimated for each facility with guidance from investigations carried out for specific turbines. The basis is a standard value per megawatt (MW) of installed capacity. The residual value is handled as a deductible item in the disposal analysis and is taken into account in these standard amounts. The time factor is taken into account through discounting. The price trend can be assumed to be equal to the long-term inflation target of 2%, while a certain level of technological progress should reduce the cost trend. These assumptions are continuously evaluated.

Legal disputes

Provisions for disputes are estimates of the future cash flows required to settle obligations. Disputes primarily refer to contractual obligations pertaining to agreements with customers and suppliers, but other types of disputes also arise in the course of normal business activities.

ASSESSMENT OF USEFUL LIVES FOR PROPERTY, PLANT AND EQUIPMENT

Based on experience gained and in light of improvements in technological performance, the Board has deemed that a depreciation period of 20 years reflects the expected useful life. These assumptions that form the basis of the assessment are continuously reevaluated and local differences are also taken into consideration. The useful lives for all components of the wind turbines, foundations and electrical installations are deemed to be the same, which is why there is no further division.

ASSESSMENT OF IMPAIRMENT REQUIREMENTS FOR WIND POWER PROJECTS

At the end of each quarter, the carrying amounts of the Group's project portfolio are analyzed to determine whether any indications exist that these carrying amounts have declined. Should such an indication exist, a comparison is made between the estimated final establishment cost and the project's acquisition value to an investor. Impairment is recognized if the estimated establishment cost is higher than the acquisition value of the project to an investor. Other factors, such as permits, could also impact the realizability of the project and thus its value. Any impairment is recognized directly in profit or loss.

PARENT COMPANY'S ACCOUNTING PRINCIPLES

The Parent Company prepares its annual reports in accordance with the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 entails that the Parent Company's annual report for the legal entity is to apply all IFRSs and statements approved by the EU as far as possible under the framework of the Annual Accounts Act and by taking into account the connection between accounting and taxation. The recommendation also states the exceptions and additions that may be made compared with reporting under IFRS.

The Group's and the Parent Company's accounting principles have the following differences. Participations in subsidiaries are recognized in the Parent Company according to the cost method. Certain financial assets are measured at fair value in the consolidated financial statements. These are measured at the lower of cost and fair value in the Parent Company's accounts. The Parent Company applies the exception under RFR2 to disapply IAS 39. Instead, financial instruments are recognized and measured based on their cost pursuant to the Swedish Annual Accounts Act. The Parent Company has recognized Group contributions as appropriations since 2012/2013 in accordance with the alternative method stated in RFR 2 Accounting for Legal Entities. The amounts deposited in untaxed reserves comprise taxable temporary differences. Deferred tax liabilities attributable to the untaxed reserves are not recognized separately in the Parent Company due to the connection between accounting and taxation. The amounts are included in untaxed reserves instead.

None of the amendments to RFR 2 Accounting for Legal Entities have impacted the Parent Company's financial statements.

AMENDMENTS TO RFR 2 THAT HAVE NOT YET COME INTO FORCE

None of the coming amendments to RFR 2 are expected to have a significant impact on the financial statements.

NOTE 2 FINANCIAL RISK MANAGEMENT**FINANCIAL RISK MANAGEMENT AT EOLUS**

Eolus's earnings and financial position may vary positively and negatively in the future. The Group's overall risk management focuses on the unpredictability of the financial markets and seeks to minimize potentially adverse effects on the Group's earnings. These financial risks include the impact of changed interest expenses for floating interest loans, the impact of exchange-rate fluctuations on wind turbine purchases, the risk of changes in electricity and electricity certificate prices, the risk of the company not having access to the necessary financing for future projects and the company having insufficient short-term liquidity to meet its existing payment commitments. Risk is managed by the finance function following a written finance and risk policy that is adopted every year by the Board of Directors if changes are made, otherwise its current form applies. The primary risks for the Group are deemed to be: interest-rate risk, currency risk, energy price risk and refinancing risk.

MARKET RISK

Eolus's primary operations comprise developing wind power facilities and divesting wind power facilities when they are turnkey facilities and have become operational. Most of the company's market risks are both direct and indirect since Eolus's customers also need to manage risks and Eolus may thus be indirectly impacted by lower demand and/or lower sales prices.

Interest-rate risk

Eolus's customers usually borrow a large amount, often 50-70%, for their investments in wind power. Consequently, interest rates affect demand for wind power facilities.

The loans that the Group has are attributable to financing wind power facilities under construction and financing the wind power portfolio that is owned and which generates electricity. Interest on these credit facilities is currently floating with the exception of one fixed-interest loan of SEK 4 M, refer to Note 22. Borrowing raised at fixed interest rates exposes the Group to interest-rate risk pertaining to fair value. Changes in market interest rates can have an impact on future earnings and profitability since the wind power portfolio that is owned and conducts electricity generation is partly financed by bank loans. Under the adopted finance and risk policy, the average fixed-interest term linked to electricity generation is not to be less than 2.5 years and the nominal amount for interest-rate derivatives is not to exceed 100% of interest-bearing liabilities to credit institutions. This is achieved by a combination of fixed-interest loans, loans at variable interest rates and derivative instruments. The aim of interest-rate derivatives is to swap floating interest rates for fixed interest rates. At August 31, 2016, the Group had interest-rate derivatives outstanding that amounted to a nominal SEK 180 M (180), of which SEK 90 M fall due in 2020 and SEK 90 M in 2023. Including interest-rate derivatives, the loan portfolio had an average fixed-interest period of 5.6 years at the end of the accounting period. Interest-bearing liabilities

amounted to SEK 81.8 M (188.9) at August 31, 2016. At the end of the accounting period, more than 100% (95) of the Group's liabilities to credit institutions, attributable to electricity generation operations, were covered by interest-rate hedging instruments. The deviation from the finance and risk policy was approved by the Board of Directors. Excluding interest-rate derivatives, the average interest rate was 1.82% (1.95). Including interest-rate derivatives, the average interest rate was 3.0% (2.7). A change in interest rates of +/- 1 percentage point would have an earnings impact of +/- SEK 0.8 M (1.9). A corresponding change would have an earnings impact of +/- SEK 11 M (12) attributable to the market value of interest-rate derivatives.

Currency risk

Eolus's currency risk exposure primarily arises by purchasing a large portion of wind turbines in EUR. Exchange-rate fluctuations can thus affect profitability in the construction of wind turbines. The Group's finance and risk policy stipulates guidelines for reducing the negative effects of changes in exchange rates. The policy entails that at least 75% and at most 125% of the forecast net flow within 12 months is to be hedged using currency futures or similar. Calculated flows later than 12 months but within 24 months may be hedged at a maximum of 75%. Forecast flows later than 24 months are not hedged. At August 31, 2016, the Group had outstanding currency derivatives amounting to EUR 13.0 M (21.0). All derivatives fall due within 12 months. At the balance-sheet date, the hedged portion of forecast net flows through currency futures was about 102%. Of the forecast net flows, EUR 3.2 M pertained to future payments of existing supplier contracts and EUR 9.7 M to forecast payments for supplier contracts expected to be concluded in the near future. Only the EUR/SEK rate was hedged during the year. A change in the EUR/SEK exchange rate of SEK 0.10 at the end of the fiscal year would result in an earnings impact of +/- SEK 3.3 M (2.6), given the translation of currency accounts and currency futures outstanding at August 31, 2016.

Energy price risk

The market price of electricity varies over time and the price trend of electricity certificates depends on the rate at which the generation of renewable electricity is expanded in relation to the quota obligation that consumers have to purchase electricity certificates. Eolus hedges a predetermined portion of the generation volume, which means that volume and profile risk is reduced. Hedging takes place with a number of the largest electricity traders to minimize counterparty risk. Electricity certificates are recognized in income in conjunction with generation of the corresponding electricity and are physically received from the Swedish Energy Agency in the month after being earned.

The future transfer price of electricity and electricity certificates is the single most important parameter in customers' investment calculations. Accordingly Eolus's operations are affected in both the short and long-term by trends in the forward market for electricity and electricity certificates. Eolus closely follows the market to understand how it works and its correlation to the price of other energy sources and business cycles, etc. As a result, fluctuations in the price of electricity affect the Group's potential customers. Existing agreements and contracts are not considered to be financial instruments but are regarded as physical deliveries of electricity. No market valuation takes place since it is deemed that fixed-price contracts do not comprise financial instruments.

CREDIT RISK

Credit risk, or counterparty risk, is defined as the risk of incurring a loss if the counterparty does not fulfill its commitments. Commercial credit risk encompasses customers' solvency and is managed by closely monitoring payment behavior, following up customers' financial statements and maintaining regular communication. The Group's total credit risk is divided each year between a small number of customers that account for a relatively large percentage of the Group's accounts receivable, refer to Note 19. All customers are highly transparent, including marketplaces for electricity trading. During periods of temporary excess liquidity, investments may only be made by deposits with banks that are under the supervision of a financial supervisory agency in a Nordic country or by deposits with or purchases of instruments issued by

the Swedish National Debt Office. The fixed-term period for each individual investment of surplus liquidity may not be longer than three months. Investments with longer fixed-term periods require separate decisions.

Investments

The Group's cash flow generated from operating activities and from the divestment of turnkey operational facilities and wind turbines from inventories/non-current assets is used for developing new projects and financing operating activities. Surplus liquidity is to be invested with counterparties that have high credit ratings and thus low credit risk. The Group's risks regarding interest income are relatively limited. The current interest rate of 0% on bank balances entails that there is no interest income from credit institutions for the 2015/2016 fiscal year.

LIQUIDITY AND REFINANCING RISK

The company's operations are financed by borrowings from credit institutions in addition to equity. Liquidity risk is defined as the risk of the Group being adversely affected by shortcomings in managing and controlling cash and cash equivalents and payment flows.

Refinancing risk pertains to the risk of experiencing difficulties in securing financing for the operations at a given point in time. Eolus's project operations comprise constructing wind turbines for which customer contracts have already been signed, and constructing turbines that are to be divested at a later date.

The company works continuously on preparing 24-month cash-flow forecasts for the Group. The management closely monitors rolling forecasts for trends in net debt/cash flows and to ensure that the Group has sufficient liquidity available to meet operational needs. For wind turbines that are sold as operational to customers, the company endeavors to match payment plans, in terms of liquidity, from customers with the plans that the company has with the largest suppliers of each specific project.

In July 2016, three credit agreements were signed with Handelsbanken. All agreements have a 29-month term. The loans comprise an overdraft facility of SEK 75 M, a framework credit agreement of SEK 255 M for project financing and a construction loan of SEK 600 M. The construction loan was signed in order to finance the establishment of the Jenåsen wind farm, for which Eolus signed a Power Purchase Agreement with Google. At the balance-sheet date, all of the loans were unutilized.

Given that some wind power facilities are available for sale and that the mortgaged facilities that conduct electricity generation are covered by separate loans, the Board adopted in its finance and risk policy that new loans are to be raised with short tenors. However, the company has previous credit facilities of SEK 51.4 M (86.2) with long tenors, and that fall due later than five years. Loans are to be raised with different credit institutions to reduce refinancing risk.

A shorter term structure requires a higher equity/assets ratio and liquidity preparedness. The Group's equity/assets ratio may not fall below 30%. A continuous dialog is maintained with credit institutions for renegotiating new facilities in good time prior to due dates. To achieve optimal and cost-efficient access to financing, such financing is to be matched to the tenors of ongoing wind powers projects.

Separate covenants are in place for liabilities to credit institutions. Covenants for current credit agreements pertain to the equity/assets ratio and interest coverage ratio. If these undertakings are not met, the bank can withdraw the credit facilities. In the 2015/2016 fiscal year, all of the covenants to credit institutions were met.

Interest-bearing liabilities amounted to SEK 81.7 M (188.9), of which SEK 50.2 M (149.2) is non-current. The fixed-term period for loans amounted to six years (six) at the end of the fiscal year, with average interest rate of 1.82% (1.95) excluding interest-rate derivatives.

Refer to Note 16 for disclosures about remaining liquidity flows pertaining to financial liabilities.

CAPITAL RISK

The Group's targets for its capital structure are to safeguard the Group's ability to pursue its operations so that it can continue to generate returns for

shareholders and value for stakeholders, and to maintain an optimal capital structure to keep costs for capital down.

To maintain or adjust its capital structure, the Group can change the dividends it pays to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce its liabilities.

Loan maturity structure	GROUP		PARENT COMPANY	
	Aug 31, 2016	Aug 31, 2015	Aug 31, 2016	Aug 31, 2015
6 months or less	11,375	31,083	-	10,850
6-12 months	13,230	8,662	-	-
1-5 years	5,779	63,002	-	-
More than 5 years	51,390	86,190	-	-
Total	81,774	188,937	-	10,850

NOTE 3 OPERATING SEGMENTS

Project development: involving pre-study, project development, construction and sale of wind power facilities. This also includes technical and consultancy services for wind power stakeholders.

Electricity generation: encompassing the operation of wholly or partly owned wind turbines, the sale of electric power and the divestment of electricity certificates allocated to producers of renewable electricity.

Asset management: pertains to complete operation and management services for owners of wind power facilities.

2015/2016	Project development	Electricity generation	Asset management	Joint eliminations	Group total
Segment revenue					
Net sales, external customers	636,624	46,333	10,489	-	693,446
Inter-segment transactions	618	-	444	-1,062	-
Other revenue	1,489	725	-	-	2,215
Expenses	-655,927	-47,058	-9,688	1,062	-711,610
(of which depreciation and impairment)	(-1,989)	(-24,730)	(-)	(-)	(-26,719)
Operating profit/loss	-17,195	1	1,245	-	-15,949
Interest income					1,775
Interest expense					-14,883
Loss before tax					-29,057
Tax					5,139
Net loss for the year					-23,918
Segment's assets at August 31, 2016	702,283	256,409	-	310,924	1,269,616
Assets include:					
Purchase of non-current assets	2,503	-	-		2,503

The carrying amounts of wind turbines during the period were impaired by KSEK 2,498 to adjust to the changed price levels in the market. The entire amount was charged to the electricity generation segment. The entire amount pertains to the impairment of non-current assets.

2014/2015	Project development	Electricity generation	Asset management	Joint eliminations	Group total
Segment revenue					
Net sales, external customers	1,390,307	106,720	5,110	-	1,502,137
Inter-segment transactions	6,931	-	753	-7,684	-
Other revenue	19,758	1,586	-	-	21,344
Expenses	-1,297,248	-140,007	-3,871	7,684	-1,433,441
(of which depreciation and impairment)	(-3,010)	(-91,452)	(-)	(-)	(-94,462)
Operating profit/loss	119,748	-31,701	1,992	-	90,040
Interest income					4,655
Interest expense					-19,452
Loss before tax					75,243
Tax					4,751
Net loss for the year					79,994
Segment's assets at August 31, 2015	456,702	461,915	-	340,738	1,259,355
Assets include:					
Purchase of non-current assets	6,596	-	-	-	6,596

81% (41) of the Group's revenue is attributable to Sweden.
Two customers account for 55% of revenue: 36% and 19%, respectively.
In the preceding year, one customer accounted for 59% of revenue.

Non-current assets	Aug 31, 2016	Aug 31, 2015
Sweden	250,302	328,058
Estonia	17,096	19,393
Total	267,398	347,452

NOTE 4 REVENUE

The Parent Company's sales primarily comprise turnkey wind power projects. The structure of the contracts varies and sales can be made of the following: wind power facilities that are constructed directly for the customer or facility/ parts of wind turbines that are already operational and in inventories, shares in project companies and projects with relevant permits. A separate follow-up assignment after projects with relevant permits or shares in project companies are sold can be constructing wind turbines for customers on the basis of a contractor agreement. The generation of electric power from completed turbines in inventories comprises a small portion of the Parent Company's revenue. All of the Parent Company's sales took place in Sweden.

NOTE 5 SALARIES, REMUNERATION AND NUMBER OF EMPLOYEES

All of the Group's employees in Sweden are employed in the Parent Company.
The members of the Parent Company's management team also comprise Group Management.

	2015/2016		2014/2015	
	Salaries and other remuneration	Social security expenses (of which pension costs)	Salaries and other remuneration	Social security expenses (of which pension costs)
Sweden, Parent Company	21,680	11,093	19,348	9,179
		(3,058)		(2,441)
Estonia	318	103	322	106
		(-)		(2)
Latvia	65	19	-	-
		(-)		(-)
Group	22,063	11,215	19,670	9,285
		(3,058)		(2,443)

	2015/2016		2014/2015	
	Salaries and other remuneration (of which bonus)	Pension costs	Salaries and other remuneration (of which bonus)	Pension costs
Board of Directors and CEO	2,823	341	2,180	278
	(60)		(-)	
Other employees	19,240	2,717	17,490	2,165
	(654)		(-)	
Group	22,063	3,058	19,670	2,443
	(714)		(-)	

Gender distribution, Board of Directors and other senior executives	Aug 31, 2016		Aug 31, 2015	
	Number at balance-sheet date	Of whom men	Number at balance-sheet date	Of whom men
Board of Directors	5	4	7	6
CEO and other senior executives	4	3	4	3
Group and Parent Company	9	7	11	9

Average number of employees	2015/2016		2014/2015	
	Average number of employees	Of whom men	Average number of employees	Of whom men
Sweden, Parent Company	31	22	31	22
Estonia	2	1	2	1
Group	33	23	33	23

Eolus has established a bonus and share ownership program for the company's employees. A bonus is paid if the company achieves earnings targets set by the Board of Directors. The bonus is paid in the form of a cash payment and/or shares. Under the share ownership program, an additional bonus may be paid in the form of bonus shares to individuals acquiring shares in the

company, and retaining them for three years, for a portion or their entire bonus payment instead of a cash payment. The liabilities under this program amount to insignificant amounts on each balance-sheet date. There is no dilution for existing shareholders since no new shares are issued under the program.

NOTE 6 REMUNERATION OF BOARD OF DIRECTORS, CEO AND OTHER SENIOR EXECUTIVES**CONDITIONS FOR BOARD OF DIRECTORS**

The Annual General Meeting held on January 30, 2016 resolved that the Chairman of the Board would receive an annual fee of KSEK 350 and other Directors would each receive a fee of KSEK 150. No remuneration was paid to Directors other than the Board fees described below and the transactions reported in Notes 5 and 27. Proposals on remuneration of the Board of Directors are presented by the Nomination Committee.

CONDITIONS FOR THE CEO

Remuneration of the CEO is determined by the Board of Directors. CEO Per Witalisson received salary, pension benefits and car benefits during the fiscal year. The age of retirement is 65. The employment contract can be terminated with a mutual notice period of six months.

CONDITIONS FOR SENIOR EXECUTIVES

For the 2015/2016 fiscal year, the members of Group Management are considered to be senior executives. Remuneration of the Deputy CEO and other senior executives is determined by the CEO in consultation with the Remuneration Committee. The level of remuneration is to be based on such factors as position, expertise, experience and performance. Remuneration comprises fixed salary and may also comprise pension, variable salary and other benefits. The variable salary is to be based on the achievement of quantitative and qualitative targets. The company's pension obligations are covered in all cases by continuous pension premiums. No Board fees are paid to employees of the Eolus Group. There are no agreements on severance pay.

Remuneration and other benefits 2015/2016	Basic salary/ Board fee	Variable remuneration	Pension costs	Car benefits	Total
Board of Directors:					
Chairman of the Board Hans-Göran Stennert	350	-	-	-	350
Director Fredrik Daveby	150	-	-	-	150
Director Sigrun Hjelmquist	150	-	-	-	150
Director Jan Bengtsson	150	-	-	-	150
Director Hans Johansson	150	-	-	-	150
Senior executives:					
Per Witalisson, CEO	1,873	60	341	48	2,322
Marcus Landelin, Deputy CEO December 1, 2015 to August 31, 2016	1,096	-	284	30	1,410
Hans-Christian Schulze, Deputy CEO September 1, 2015 to November 31, 2015	226	-	41	-	267
Other senior executives (2 individuals)	2,093	82	492	85	2,752
Total	6,238	142	1,158	163	7,701

Remuneration and other benefits 2014/2015	Basic salary/ Board fee	Variable remuneration	Pension costs	Car benefits	Total
Board of Directors:					
Chairman of the Board Hans-Göran Stennert	250	-	-	-	250
Director Fredrik Daveby	125	-	-	-	125
Director Sigrun Hjelmquist	125	-	-	-	125
Director Bengt Simmingsköld	125	-	-	-	125
Director Tord Johansson	125	-	-	-	125
Director Niclas Eriksson	125	-	-	-	125
Director Jan Bengtsson	125	-	-	-	125
Senior executives:					
Per Witalisson, CEO	1,180	-	278	56	1,514
Hans-Christian Schulze, Deputy CEO	977	-	236	1	1,214
Other senior executives (2 individuals)	1,793	-	422	92	2,307
Total	4,950	0	936	149	6,035

NOTE 7 REMUNERATION OF AUDITORS

	GROUP		PARENT COMPANY	
	2015/2016	2014/2015	2015/2016	2014/2015
PricewaterhouseCoopers				
Audit assignment	633	475	633	475
Audit activities in addition to the audit assignment	207	233	207	233
Tax consultancy	-	-	-	-
Other services	265	94	265	94
Total	1,105	802	1,105	802
EY				
Audit assignment	9	659	-	627
Audit activities in addition to the audit assignment	-	63	-	63
Other services	338	893	338	893
Total	347	1,615	488	1,583
KPMG				
Audit assignment	16	-	-	-
Total	16	-	-	-
Revisorgruppen Trøndelag AS				
Audit assignment	33	-	-	-
Total	33	-	-	-
Total	1,501	2,417	1,443	2,385

NOTE 8 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

	GROUP		PARENT COMPANY	
	2015/2016	2014/2015	2015/2016	2014/2015
Other operating income				
Exchange-rate gains attributable to project activities	939	12,602	166	11,429
Capital gains attributable to sale of wind power facilities	82	1,560	82	26
Capital gains attributable to other non-current assets	411	11	383	11
Fair value of change in currency derivatives	-	5,861	-	-
Other	783	1,310	539	1,306
Total	2,215	21,344	1,170	12,772
Other operating expenses				
Exchange-rate losses attributable to project activities	-2,043	-11,812	-2,029	-5,384
Capital losses attributable to sale of wind power facilities	-106	-2,017	-106	-703
Capital losses attributable to other non-current assets	-	-566	-705	-566
Fair value of change in currency derivatives	-1,523	-	-	-
Other	-493	-92	-	-37
Total	-4,165	-14,487	-2,840	-6,690

Eolus hedges future forecast payment flows in accordance with an established finance and risk policy. The difference between the price paid and the forward rate on maturity results in exchange-rate gains and exchange-rate losses, which are recognized as other operating income and other operating expenses, respectively.

NOTE 9 FINANCIAL INCOME AND EXPENSES

	GROUP		PARENT COMPANY	
	2015/2016	2014/2015	2015/2016	2014/2015
Financial income				
Interest income				
Loans and receivables	338	847	206	267
Loans and receivables to Group companies	-	-	168	177
Other financial income	222	57	81	56
Exchange-rate differences in cash and cash equivalents	1,215	3,393	1,265	3,393
Exchange-rate differences, other	1	358	-	-
Total financial income	1,775	4,655	1,720	3,893
of which attributable to balance-sheet items measured at fair value	-	-	-	-
Financial expenses				
Interest expense				
Bank loans	-11,239	-16,586	-311	-5,085
Liabilities to Group companies	-	-	-1,219	-1,593
Other financial expenses	-214	-668	-27	-668
Exchange-rate differences	-	-17	-	-
Fair value of change in interest-rate derivatives	-3,430	-2,181	-	-
Total financial expenses	-14,883	-19,452	-1,557	-7,346

NOTE 10 APPROPRIATIONS AND UNTAXED RESERVES

Appropriations	PARENT COMPANY	
	2015/2016	2014/2015
Change in tax allocation reserve	10,920	7,979
Depreciation in excess of plan	-7,783	-4,439
Group contributions received/paid	23,255	-50,916
Total	26,392	-47,376

Untaxed reserves	Aug 31, 2016	Aug 31, 2015
	Tax allocation reserve	94,335
Accumulated depreciation in excess of plan	39,623	31,839
Total	133,958	137,093

NOTE 11 INCOME TAX

	GROUP		PARENT COMPANY	
	2015/2016	2014/2015	2015/2016	2014/2015
Current tax:				
Current tax on profit for the year	-6,384	-15,141	-6,687	-6,080
Current tax attributable to prior periods	-239	-	-	-
Total current tax:	-6,623	-15,141	-6,687	-6,080
Deferred tax:				
Origination and reversal of temporary differences	14,766	22,129	38	-43
Tax loss carryforwards utilized during the year	-3,004	-2,237	-	-
Total deferred tax	11,762	19,892	38	-43
Tax	5,139	4,751	-6,649	-6,123

Reconciliation of effective tax rate	GROUP		PARENT COMPANY	
	2015/2016	2014/2015	2015/2016	2014/2015
Profit before tax	-29,057	75,243	53,055	112,885
Tax calculated at applicable tax rate in Sweden	6,393	-16,553	-11,672	-24,835
Difference between Swedish and foreign tax rates	4	24	-	-
Non-taxable income	42	21,683	5,473	20,935
Non-deductible expenses	-55	-424	-341	-2,061
Interest surcharge for tax allocation reserve	-109	-162	-109	-162
Adjustment of current tax attributable to prior periods	-239	-	-	-
Recognized tax losses	-	-	-	-
Tax losses not recognized	-895	184	-	-
Total tax expense/tax income	5,139	4,752	-6,649	-6,123

No tax pertains to components of other comprehensive income or has been recognized in equity.

GROUP

Specification of deferred tax assets and tax liabilities:	2015/2016		2014/2015	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment and intangible assets	326	688	478	1,446
Assets measured at fair value	8,591	1,858	10,438	3,412
Provisions	324	-	286	-
Untaxed reserves	-	66,654	-	78,721
Inventories of wind turbines, wind turbines under construction and projects under development	41	18,365	41	19,473
Recognized tax losses	559	-	3,004	-
Total	9,841	87,565	14,247	103,052
of which to be utilized/paid after more than 12 months	1,209	85,707	3,768	80,167
of which to be utilized/paid within 12 months	8,632	1,858	10,479	22,885

PARENT COMPANY

Specification of deferred tax assets	2015/2016	2014/2015
Provisions	324	286
Total	324	286

Recognized in the statement of financial position/balance sheet:	GROUP		PARENT COMPANY	
	2015/2016	2014/2015	2015/2016	2014/2015
Deferred tax assets	41	1,280	324	286
Deferred tax liabilities	-77,765	-90,085	-	-
Deferred tax liabilities (assets), net	-77,724	-88,805	324	286

Change in deferred taxes	GROUP		PARENT COMPANY	
	2015/2016	2014/2015	2015/2016	2014/2015
At September 1	-88,805	-108,791	286	329
Tax income/expenses recognized in profit or loss	11,762	19,892	38	-43
Reclassification from current tax	559	-	-	-
Reclassification to current tax	-1,240	-	-	-
Acquisition of subsidiaries	-	94	-	-
At August 31	-77,724	-88,805	324	286

The Group's tax loss carryforwards at August 31, 2016 amounted to KSEK 167 (13,655), all attributable to Sweden. Deferred tax assets were recognized on tax deficits amounting to KSEK 0 (13,655). Deficits have no determined maturity date.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

	GROUP					PARENT COMPANY			
	Land and buildings	Wind turbines	Equip-ment	Constructions in progress and advance payments	Total	Land and buildings	Wind turbines	Equip-ment	Total
2015/2016									
Opening accumulated cost	13,519	564,096	24,354	1,209	603,178	2,533	103,616	20,368	126,517
Investments	233	93	2,176	-	2,503	-	-	2,073	2,073
Sales and disposals	-103	-57,975	-1,577	-	-59,655	-	-28,475	-1,435	-29,910
Reclassifications	-	-51,528	-	-1,186	-52,714	-	6,822	-	6,822
Exchange-rate differences	-5	-12	1	-23	-40	-	-	-	-
Closing accumulated cost	13,645	454,674	24,953	-	493,270	2,533	81,963	21,006	105,502
Opening accumulated depreciation	-	-160,823	-20,443	-	-181,266	-	-17,442	-18,123	-35,565
Depreciation for the year	-	-22,203	-2,017	-	-24,220	-	-3,770	-1,404	-5,174
Sales and disposals	-	30,090	1,084	-	31,174	-	15,590	1,061	16,651
Reclassifications	-	16,556	-	-	16,556	-	-	-	-
Exchange-rate differences	-	-13	-	-	-13	-	-	-	-
Closing accumulated depreciation	-	-136,393	-21,377	-	-157,770	-	-5,622	-18,466	-24,088
Opening accumulated impairment	-2,312	-80,851	-	-	-83,163	-2,312	-9,639	-	-11,951
Impairment for the year	-	-2,498	-	-	-2,498	-	-	-	-
Reclassifications	-	9,485	-	-	9,485	-	-	-	-
Exchange-rate differences	-	-2	-	-	-2	-	-	-	-
Closing accumulated impairment	-2,312	-73,866	-	-	-76,178	-2,312	-9,639	-	-11,951
Net carrying amount at year-end	11,333	244,414	3,576	-	259,323	221	66,702	2,540	69,463

During the fiscal year, 2 (3.5) wind turbines previously recognized as inventories were reclassified as non-current assets.

During the fiscal year, 5 (0) new wind turbines recognized as non-current assets were reclassified to inventories and subsequently sold.

During the fiscal year, the carrying amounts of wind turbines previously recognized as non-current assets were impaired in an amount of KSEK 2,498. The entire amount was impaired in subsidiaries.

	GROUP					PARENT COMPANY			
	Land and buildings	Wind turbines	Equip-ment	Constructions in progress and advance payments	Total	Land and buildings	Wind turbines	Equip-ment	Total
2014/2015									
Opening accumulated cost	12,504	566,415	25,630	2,585	607,134	2,533	40,321	21,828	64,682
Investments	681	-	471	56	1,208	-	-	294	294
Sales and disposals	-28	-73,831	-1,754		-75,613	-	-7,805	-1,754	-9,559
Reclassifications	4	70,818	2	-1,474	69,350	-	71,100	-	71,100
Exchange-rate differences	358	694	5	42	1,099	-	-	-	-
Closing accumulated cost	13,519	564,096	24,354	1,209	603,178	2,533	103,616	20,368	126,517
Opening accumulated depreciation	-	-156,952	-18,255	-	-175,207	-	-18,130	-16,618	-34,748
Depreciation for the year	-	-25,396	-3,029	-	-28,425	-	-2,414	-2,350	-4,764
Sales and disposals	-	21,928	846	-	22,774	-	3,102	845	3,947
Reclassifications	-		-4	-	-4	-	-	-	-
Exchange-rate differences	-	-404	-1	-	-405	-	-	-	-
Closing accumulated depreciation	-	-160,824	-20,443	-	-181,267	-	-17,442	-18,123	-35,565
Opening accumulated impairment	-2,312	-15,100	-	-	-17,412	-2,312	-	-	-2,312
Impairment for the year	-	-66,037	-	-	-66,037	-	-9,639	-	-9,639
Reclassifications	-	286	-	-	286	-	-	-	-
Closing accumulated impairment	-2,312	-80,851	-	-	-83,163	-2,312	-9,639	-	-11,951
Net carrying amount at year-end	11,207	322,421	3,911	1,209	338,748	221	76,535	2,245	79,001

INVESTMENTS AND SALES OF PROJECTS AND COMPLETED WIND TURBINES

In accordance with industry practice, wind power projects are often conducted in separate companies. This means that certain acquisitions and divestments of projects and completed wind turbines are conducted as share transactions.

A number of such transactions were carried out in the 2015/2016 and 2014/2015 fiscal years. All of these transactions are deemed to be sales or investments of assets and thus are not recognized as business combinations. Assets acquired through share transactions are measured at fair value on the acquisition date. For transactions involving an exchange of assets, both the acquired and delivered assets were measured at fair value.

NOTE 13 COMMITMENTS

INVESTMENT COMMITMENTS

No agreements regarding the acquisition of property, plant and equipment or intangible assets had been signed at the end of the accounting period.

LEASING AGREEMENTS

The Group has entered into leasing agreements regarding office premises, cars and office machines. The related costs for these are included in profit

or loss. The leasing periods vary between three months and three years and most leasing agreements can be extended at the end of the lease period on market-based conditions. However, the agreements are usually discontinued.

Paid and future lease payments pertaining to operating leasing agreements for premises and equipment amounted to the following for the fiscal year:

KSEK	PREMISES		EQUIPMENT	
	Group	Parent Company	Group	Parent Company
2014/2015	1,723	1,723	604	604
2015/2016	1,713	1,713	629	629
2016/2017	1,432	1,432	509	509
2017/2018	875	875	239	239
2018/2019	213	213	-	-
Total	5,956	5,956	1,981	1,981

NOTE 14 OTHER SECURITIES HELD AS FIXED ASSETS

Holdings in other companies	Number of participations	Equity/votes (%)	Aug 31, 2016	Aug 31, 2015
Istad Vind AB	1,666	13/13	-	167
Slättens Vind ek förening	645	2/2	1,567	1,567
Carrying amount			1,567	1,734

Information about equity refers to adjusted equity, which means including the equity portion of untaxed reserves. Net profit for the year according to the Annual Report has correspondingly been adjusted, where necessary, by the equity portion of change in untaxed reserves for the year.

Holdings in other companies	Corp. Reg. No.	Registered office	Profit/loss	Equity
Slättens Vind ek förening	769006-9082	Vara	-	-

NOTE 15 PARTICIPATIONS IN GROUP COMPANIES

	2015/2016	2014/2015
At September 1	187,246	187,123
Acquisitions	-	102
Divestments	-	-192
Shareholders' contributions, net	-22,726	8,040
Impairment	-1,377	-7,827
Reversal of impairment	24,688	-
At August 31	187,831	187,246
Profit from participations in Group companies	2015/2016	2014/2015
Impairment	-1,377	-7,827
Reversal of impairment	24,688	-
Dividends	-	95,000
Gain attributable to divestments	-	-
	23,311	87,173

Subsidiaries and sub-subsidiaries are listed in the table below.

Group companies	Number of participations	Equity/votes (%)	Aug 31, 2016	Aug 31, 2015
Eolus Vind Amnehärad AB	1,000	100/100	69	110
<i>Amnehärad Vindkraft Aktiefbolag</i>				
Blekinge Offshore AB	560	56/56	-	-
Bosberget Vindkraft AB	1,000	100/100	-	-
Ekovind AB	130,000	100/100	65,002	65,002
<i>Baltic Wind Energy</i>				
Eolus Elnät AB	1,000	100/100	100	100
Eolus Stensåsa Vindkraft AB	500	100/100	50	50
Eolus Oy	2,500	100/100	88	55
<i>Eolus Pörtom Vind Oy</i>				
Eolus Vind Norge AS	23,000	100/100	2,624	2,624
<i>Stigafjell Vind AS</i>				
Eolus North America Inc.		100/100		
<i>Comstock LLC</i>				
<i>Crescent Peak Renewables LLC</i>				

Group companies	Number of participations	Equity/votes (%)	Aug 31, 2016	Aug 31, 2015
Eolus Vindpark Ett AB	500	100/100	50	50
Eolus Vindpark Tre AB	500	100/100	50	65
Eolus Vindpark Fem AB	500	100/100	50	50
<i>Eolus Vindpark Sex AB</i>				
Eolus Vindpark Sju AB	500	100/100	50	50
<i>Eolus Vindpark Åtta AB</i>				
Eolus Vindpark Nio AB	500	100/100	658	50
Eolus Vindpark Elva AB	500	100/100	50	50
<i>Eolus Vindpark Tolv AB</i>				
Eolus Vindpark Tretton AB	500	100/100	50	50
<i>Eolus Vindpark Fjorton AB</i>				
Eolus Vindpark Femton AB	500	100/100	50	50
<i>Eolus Vindpark Sexton AB</i>				
Eolus Vindpark Sjutton AB	500	100/100	50	50
<i>Eolus Vindpark Arton AB</i>				
Eolus Vindpark Nitton AB	500	100/100	50	50
<i>Eolus Vindpark Tjugo AB</i>				
Eolus Wind Power Management AB	500	100/100	50	50
Kattegatt Vindkraft AB	16,500	100/100	1,724	1,724
Lunnekullen Vindkraft AB	1,000	100/100	-	-
Linusvind AB	50,000	100/100	450	450
Långmarken Vindkraft AB	1,000	100/100	5,127	5,127
Lärkeskogen Vindkraft AB	1,000	100/100	93	93
Näset Vindkraft AB	1,000	100/100	-	-
SIA Eolus	2,000	100/100	25	25
<i>Andruves wind SIA</i>				
<i>Virzas wind SIA</i>				
<i>Gulbji wind SIA</i>				
<i>Melderi wind SIA</i>				
<i>Pienava wind SIA</i>				
<i>Unas wind SIA</i>				
<i>Dobele wind SIA</i>				
<i>Osi wind SIA</i>				
<i>Mekji wind SIA</i>				
<i>Valpene wind SIA</i>				
Skogaryd Vindkraft AB	1,000	100/100	100	100
Skuggetorp Vindkraft AB	1,000	100/100	100	100
Svenska Vindbolaget AB	1,430	100/100	106,861	106,861
<i>Svenska Vindbolaget Vindpark ETT AB</i>				
<i>Svenska Vindbolaget Vindpark TVÅ AB</i>				
<i>Svenska Vindbolaget Vindpark TRE AB</i>				
<i>Svenska Vindbolaget Vindpark FYRA AB</i>				
<i>Eolus Vindpark Tjugoett AB</i>				
<i>Eolus Vindpark Tjugotvå AB</i>				
Uddevalla Vind AB	1,000	100/100	102	102
Vingkraft Rönnerum AB	1,000	100/100	1,100	1,100
Ölme Vindkraft AB	1,000	100/100	3,058	3,058
Carrying amount			187,831	187,246

Group companies	Corp. Reg. No.	Registered office
Eolus Vind Amnehärad AB	556738-6312	Hässleholm
<i>Amnehärad Vindkraft Aktiefbolag</i>	556719-3569	Hässleholm
Blekinge Offshore AB	556761-1727	Karlshamn
Bosberget Vindkraft AB	556755-4810	Hässleholm
Ekovind AB	556343-8208	Vårgårda
<i>Baltic Wind Energy</i>	10869166	Saare County, Estonia
Eolus Elnät AB	556639-2477	Hässleholm
Eolus Stensåsa Vindkraft AB	556911-5362	Hässleholm
Eolus Oy	2622599-6	Vaasa, Finland
<i>Eolus Pörtom Vind Oy</i>	2456946-1	Vaasa, Finland
Eolus Vind Norge AS	998127068	Stjørdal, Norway
<i>Stigafjell Vind AS</i>	998390966	Stjørdal, Norway
Eolus North America Inc.	47-5083428	Nevada, USA
<i>Comstock LLC</i>	35-2541188	Nevada, USA
<i>Crescent Peak Renewables LLC</i>	27-2068025	Delaware, USA
Eolus Vindpark Ett AB	556925-8139	Hässleholm
Eolus Vindpark Tre AB	556935-0423	Hässleholm
Eolus Vindpark Fem AB	556935-0365	Hässleholm
<i>Eolus Vindpark Sex AB</i>	556935-0373	Hässleholm
Eolus Vindpark Sju AB	556935-0381	Hässleholm
<i>Eolus Vindpark Åtta AB</i>	556935-0480	Hässleholm
Eolus Vindpark Nio AB	556935-0472	Hässleholm
Eolus Vindpark Elva AB	556935-0498	Hässleholm
<i>Eolus Vindpark Tolv AB</i>	556924-5094	Hässleholm
Eolus Vindpark Tretton AB	556935-0449	Hässleholm
<i>Eolus Vindpark Fjorton AB</i>	556935-0431	Hässleholm
Eolus Vindpark Femton AB	556935-0464	Hässleholm
<i>Eolus Vindpark Sexton AB</i>	556935-0456	Hässleholm
Eolus Vindpark Sjutton AB	556935-0514	Hässleholm
<i>Eolus Vindpark Arton AB</i>	556924-5144	Hässleholm
Eolus Vindpark Nitton AB	556924-5136	Hässleholm
<i>Eolus Vindpark Tjugo AB</i>	556924-5128	Hässleholm

Group companies	Corp. Reg. No.	Registered office
Eolus Wind Power Management AB	556912-1352	Hässleholm
Kattegatt Vindkraft AB	556411-7371	Hässleholm
Lunnekullen Vindkraft AB	556705-3045	Hässleholm
Linusvind AB	556832-0054	Hässleholm
Långmarken Vindkraft AB	556773-8033	Hässleholm
Lärkeskogen Vindkraft AB	556731-4710	Hässleholm
Näset Vindkraft AB	556721-1023	Hässleholm
SIA Eolus	40103392542	Riga, Latvia
<i>Andruves wind SIA</i>	40103703482	Riga, Latvia
<i>Virzas wind SIA</i>	40103702650	Riga, Latvia
<i>Gulbji wind SIA</i>	40103702769	Riga, Latvia
<i>Melderi wind SIA</i>	40103730387	Riga, Latvia
<i>Pienava wind SIA</i>	40103730508	Riga, Latvia
<i>Unas wind SIA</i>	40103761071	Riga, Latvia
<i>Dobele wind SIA</i>	40103786319	Riga, Latvia
<i>Osi wind SIA</i>	40103806530	Riga, Latvia
<i>Mekji wind SIA</i>	40103800684	Riga, Latvia
<i>Valpene wind SIA</i>	50103851451	Riga, Latvia
Skogaryd Vindkraft AB	556773-9791	Hässleholm
Skuggetorp Vindkraft AB	556773-7993	Hässleholm
Svenska Vindbolaget AB	556759-9013	Hässleholm
<i>Svenska Vindbolaget Vindpark ETT AB</i>	556814-9636	Hässleholm
<i>Svenska Vindbolaget Vindpark TVÅ AB</i>	556814-9560	Hässleholm
<i>Svenska Vindbolaget Vindpark TRE AB</i>	556814-9578	Hässleholm
<i>Svenska Vindbolaget Vindpark FYRA AB</i>	556765-1830	Hässleholm
<i>Eolus Vindpark Tjugoett AB</i>	556924-5110	Hässleholm
<i>Eolus Vindpark Tjugotvå AB</i>	556924-5102	Hässleholm
Uddevalle Vind AB	556707-1278	Hässleholm
Vingkraft Rönnerum AB	556796-9836	Hässleholm
Ölme Vindkraft AB	556755-5965	Hässleholm

NOTE 16 FINANCIAL RISK MANAGEMENT

The table below presents the remaining contractual maturities of the financial liabilities. The amounts stated in the table are the contractual and undiscounted cash flows. All currency derivatives have positive market values. The total market value of currency derivatives was KSEK 4,130 (5,653) at the end of

the accounting period. Contractual interest-rate derivatives had negative market values at the end of the accounting period. The total negative market value of interest-rate derivatives was KSEK 38,753 (neg: 35,323) at the end of the accounting period.

Aug 31, 2016	<3 months	3 months-1 year	1-2 years	2-5 years	>5 years	Total
Borrowing	13,803	22,961	7,447	19,152	23,063	86,426
Accounts payable	109,998	-	-	-	-	109,998
Derivatives	1,977	5,931	7,907	23,722	5,007	44,544
Other financial liabilities	28,269	8	-	854	-	29,131
Total	154,047	28,900	15,354	43,728	28,070	270,099
2015-08-31	<3 months	3 months-1 year	1-2 years	2-5 years	>5 years	Total
Borrowing	28,156	14,561	17,688	53,433	90,729	204,567
Accounts payable	5,436	-	-	-	-	5,436
Derivatives	1,823	5,470	7,294	21,881	12,025	48,493
Other financial liabilities	2,553	10	-	-	-	2,563
Total	37,968	20,041	24,982	75,314	102,754	261,059

NOTE 17 PARTICIPATIONS IN ASSOCIATED COMPANIES**GROUP**

Participations in associated companies	Corp. Reg. No.	Registered office	Capital/ votes (%)	CARRYING AMOUNT	
				Aug 31, 2016	Aug 31, 2015
Gårdslösa Drift AB	556762-4415	Borgholm	33/33	37	37
Isgrannatorp Drift AB	556787-6833	Kristianstad	33/33	37	37
Istad Wind Power Management AB	556680-5676	Borgholm	20/20	-	24
Kråge Vind AB	556387-1093	Kristianstad	20/20	102	105
Triventus AB	556627-3016	Falkenberg	40/40	7,900	8,500
Carrying amount				8,076	8,703

FINANCIAL INFORMATION REGARDING THE GROUP'S ASSOCIATED COMPANIES (RELATES TO ENTIRE ASSOCIATED COMPANIES, NOT ONLY THE GROUP'S PARTICIPATING INTEREST)

Income statement	2015/2016	2014/2015
Operating income	21,736	171,734
Operating expenses	-31,856	-117,946
Operating profit/loss	-10,120	53,788
Net financial items	1,501	-2,714
Tax	-459	10
Net profit for the period	-9,078	51,084
Balance sheet	Aug 31, 2016	Aug 31, 2015
Non-current assets	4,553	10,154
Current assets	48,863	62,345
Total assets	53,416	72,499
Equity	20,315	29,511
Provisions	17,000	20,390
Non-current liabilities	11,522	1,740
Current liabilities	4,579	20,858
Total equity and liabilities	53,416	72,499

Profit/loss from participations in associated companies	2015/2016	2014/2015
Kråge Vind AB	-3	-89
Triventus AB	-601	-
Other	-	-8
Total loss from participations in associated companies	-604	-97
Change in participations in associated companies	2015/2016	2014/2015
At September 1	8,703	8,803
Share in profits	-604	-97
Divestments	-24	-
Other	-	-3
At August 31	8,075	8,703

PARENT COMPANY

Participations in associated companies	Corp. Reg. No.	Registered office	Capital/votes (%)	CARRYING AMOUNT	
				Aug 31, 2016	Aug 31, 2015
Istad Wind Power Management AB	556762-4415	Borgholm	20/20	-	20
Kråge Vind AB	556387-1093	Kristianstad	20/20	200	200
Triventus AB	556627-3016	Falkenberg	40/40	8,500	8,500
Carrying amount				8,700	8,720
Change in participations in associated companies				2015/2016	2014/2015
At September 1				8,720	8,720
Divestments				-20	-
At August 31				8,700	8,720

NOTE 18 INVENTORIES OF WIND TURBINES, WIND TURBINES UNDER CONSTRUCTION AND PROJECTS UNDER DEVELOPMENT

Group	Aug 31, 2016	Aug 31, 2015
Inventories of wind turbines	11,995	139,494
Wind turbines under construction and projects under development	450,306	240,058
Total	462,301	379,552

NOTE 19 ACCOUNTS RECEIVABLE AND OTHER CURRENT RECEIVABLES

	Aug 31, 2016	Aug 31, 2015
Accounts receivable	28,793	18,148
Other current receivables	29,131	47,457
Total	57,924	65,605
Other current receivables relate to:	Aug 31, 2016	Aug 31, 2015
VAT receivables	140	-
Receivables from related parties	220	221
Blocked accounts	24,733	45,222
Other receivables	4,038	2,014
Total	29,131	47,457
<p>The credit risk of accounts receivable that have not yet fallen due for payment or been impaired is considered low. Because customers represent various categories, such as municipalities, companies and private individuals, and due to the geographically dispersed nature of these, it is considered unlikely that all would experience financial difficulties at the same point in time. Eolus has historically low bad debt losses and performs a credit rating review of all new customers. Accounts receivables that have fallen due for payment but have not been impaired have undergone a thorough individual assessment and are not considered to carry a material risk of losses.</p>		
Credit exposure	Aug 31, 2016	Aug 31, 2015
Accounts receivable, not yet fallen due or impaired	27,679	3,260
Accounts receivable, past due but not impaired	1,114	14,888
Accounts receivable, past due and impaired	-	191
Reserve for doubtful receivables	-	-191
Total accounts receivables	28,793	18,148
<p>At August 31, 2016, past due accounts receivable for which no reserve was considered necessary amounted to KSEK 1,114 (15,079).</p>		
Age analysis of accounts receivable, past due but not impaired	Aug 31, 2016	Aug 31, 2015
<30 days	1,114	3,288
30-90 days	-	7,100
91-180 days	-	-
>180 days	-	4,500
Total past due but not impaired accounts receivable	1,114	14,888
<p>Amount settled after the balance-sheet date.</p>		
Age analysis of accounts receivable, past due and impaired	Aug 31, 2016	Aug 31, 2015
>180 days	-	-191
Total past due and impaired accounts receivable	-	-191
<p>Provisions for doubtful receivables correspond to 0% (<1%) of the total accounts receivable.</p>		
Provision for doubtful receivables	Aug 31, 2016	Aug 31, 2015
Provision at beginning of year	-191	-191
Written-off receivables	191	-
Amount at year-end	-	-191
<p>Provisions for the reversals of reserves for doubtful receivables are included in the item "other operating expenses" in the income statement.</p>		
Recognized amount for accounts receivable per currency	Aug 31, 2016	Aug 31, 2015
SEK	1,536	17,158
EUR	27,257	945
NOK	-	45
Total KSEK	28,793	18,148
<p>The ten largest customers represent 99% (95%) of the Group's total accounts receivable. A single customer accounts for more than 94% (37%).</p>		

NOTE 20 ACCRUALS

	GROUP		PARENT COMPANY	
	Aug 31, 2016	Aug 31, 2015	Aug 31, 2016	Aug 31, 2015
Prepaid expenses and accrued income				
Prepaid rental charges	124	128	124	128
Other prepaid expenses	2,912	5,070	1,201	4,402
Accrued income	5,189	4,537	1,487	1,839
Total	8,225	9,735	2,812	6,369
Accrued expenses and deferred income	Aug 31, 2016	Aug 31, 2015	Aug 31, 2016	Aug 31, 2015
Accrued payroll expenses and personnel costs	7,628	7,471	7,571	7,357
Accrued expenses and deferred income pertaining to projects	4,397	10,317	4,397	10,317
Other accrued expenses	3,653	5,572	784	2,615
Total	15,678	23,360	12,752	20,289

NOTE 21 SHARE CAPITAL AND EARNINGS PER SHARE

Disclosure on number of shares	Aug 31, 2016	Aug 31, 2015
Number of issued and fully paid shares		
Class A shares (number of votes per share 1) quotient value SEK 1	1,285,625	1,285,625
Class B shares (number of votes per share 1/10) quotient value SEK 1	23,621,375	23,621,375
Number of issued and fully paid shares	24,907,000	24,907,000
<p>The specification of changes in equity can be found in the consolidated statement of changes in equity. Reserves consist of exchange-rate differences arising in connection with the translation of the financial statements of foreign subsidiaries.</p> <p>The Parent Company has no potential common shares, which is why earnings per share are the same before and after dilution for the reported years.</p>		
GROUP		
Earnings per share, before and after dilution	2015/2016	2014/2015
Earnings attributable to Parent Company shareholders	-22,925	80,906
Weighted average number of outstanding common shares	24,907,000	24,907,000
Earnings per share, before and after dilution	-0.92	3.25

NOTE 22 BORROWING

	GROUP		PARENT COMPANY	
	Aug 31, 2016	Aug 31, 2015	Aug 31, 2016	Aug 31, 2015
Non-current borrowing from credit institutions				
Bank loans (fixed interest rate)	4,000	4,000	-	-
Bank loans (variable interest rate)	46,216	145,192	-	-
Total non-current borrowing	50,216	149,192	-	-
Current borrowing				
Bank loans (variable interest rate)	31,558	39,745	-	10,850
Total current liabilities	31,558	39,745	-	10,850
Total borrowing	81,774	188,937	-	10,850

For information on pledged assets for loans raised, refer to Note 26.

BANK LOANS

The Group's and Parent Company's exposure, on the basis of loans, to interest-rate changes and contractual dates for renegotiations of interest rates are as follows:

	GROUP		PARENT COMPANY	
	Aug 31, 2016	Aug 31, 2015	Aug 31, 2016	Aug 31, 2015
6 months or less	77,774	184,937	-	10,850
6-12 months	4,000	-	-	-
1-5 years	-	4,000	-	-
More than 5 years	-	-	-	-
Total	81,774	188,937	-	10,850

	GROUP		PARENT COMPANY	
	Aug 31, 2016	Aug 31, 2015	Aug 31, 2016	Aug 31, 2015
Borrowing per currency				
SEK	79,995	186,052	-	10,850
EUR	1,779	2,885	-	-
Total	81,774	188,937	-	10,850

BANK OVERDRAFT FACILITIES

	GROUP		PARENT COMPANY	
	Aug 31, 2016	Aug 31, 2015	Aug 31, 2016	Aug 31, 2015
Amount granted	75,000	195,000	75,000	195,000
Unutilized credit is included in current borrowing and amounts to	-	-	-	-

Special undertakings, known as covenants, are in place for liabilities to credit institutions. If these undertaking are not fulfilled, the credit providers can withdraw the credit facilities. In the 2014/2015 fiscal year, all of the covenants were fulfilled.

NON-CURRENT LIABILITIES

Group's and Parent Company's non-current liabilities. Maturity dates as presented below:

	GROUP		PARENT COMPANY	
	Aug 31, 2016	Aug 31, 2015	Aug 31, 2016	Aug 31, 2015
1-5 years	28,026	59,002	-	-
More than 5 years	22,190	86,190	-	-
Total	50,216	145,192	-	-

NOTE 23 PROVISIONS**GROUP**

	After-treatment costs for disposal of wind turbines	Lease fees	Total
At September 1, 2015	7,995	846	8,841
Recognized in profit or loss			
additional provisions, interest	621	35	656
reversed amounts pertaining to divested turbines	-1,898	-	-1,898
At August 31, 2016	6,718	881	7,599

	After-treatment costs for disposal of wind turbines	Lease fees	Total
At September 1, 2014	7,672	914	8,586
Recognized in profit or loss			
additional provisions, interest	1,051	-	1,051
reversed amounts pertaining to divested turbines	-728	-	-728
utilized during the year	-	-68	-68
At August 31, 2015	7,995	846	8,841

COMMITMENTS REGARDING AFTER-TREATMENT

According to the Swedish Environmental Code, the regulatory authority is entitled to require that guarantees be provided for security with respect to dismantling and after-treatment. The costs for dismantling and after-treatment are estimated for each facility with guidance from investigations carried out for turbines. The basis is a normal value of SEK 250 per megawatt (MW) of installed output for steel hubs. About SEK 100 per MW is added if the turbine is constructed using concrete. The amounts apply to the cost scenario at September 1, 2011. The residual value is handled as a deductible item in the disposal analysis and is taken into account in these standard amounts. The time factor is taken into account through discounting. The price trend can be assumed to be equal to the long-term inflation target of 2%, while a certain level of technological progress should reduce the cost trend.

Provisions are established at the present value of the calculated future cost. In accordance with IAS 37, point 60, provisions are continuously adjusted upward using the discount rate and this upward adjustment is recognized as a borrowing cost (interest expense).

COMMITMENTS REGARDING FUTURE LEASING

The provision pertains to the commitment to pay future leases for turbines that have been sold.

PARENT COMPANY

The Parent Company's provisions at August 31, 2016 comprise KSEK 1,472 (1,775) in after-treatment costs and KSEK 881 (846) in lease fees, or a total of KSEK 2,353 (2,621).

NOTE 24 FINANCIAL INSTRUMENTS – DISCLOSURE ON FAIR VALUE PER CATEGORY**GROUP**

Aug 31, 2016	Carrying amount	Fair value	Level
Assets in the balance sheet			
Available-for-sale financial assets			
Other financial assets	24,356	24,356	2
Assets measured at fair value in profit or loss			
Currency derivatives	4,130	4,130	
Loan receivables and accounts receivable			
Cash and cash equivalents	221,549	221,549	2
Accounts receivable	28,793	28,793	2
Other current receivables	4,398	4,398	2
Blocked bank balances	24,733	24,733	2
Accrued interest income	15	15	2

Aug 31, 2016	Carrying amount	Fair value	Level
Liabilities in the balance sheet			
Liabilities measured at fair value in profit or loss			
Derivate liabilities			
Interest-rate swaps	38,753	38,753	2
Liabilities measured at amortized cost			
Interest-bearing liabilities	81,774	81,774	2
Accounts payable	109,998	109,998	2
Other liabilities	28,122	28,122	2
Accrued interest expense	155	155	2
Aug 31, 2015			
Assets in the balance sheet			
Available-for-sale financial assets			
Other financial assets	3,055	3,055	2
Assets measured at fair value in profit or loss			
Currency derivatives	5,653	5,653	
Loan receivables and accounts receivable			
Cash and cash equivalents	241,522	241,522	2
Accounts receivable	18,148	18,148	2
Other current receivables	2,235	2,235	2
Blocked bank balances	45,222	45,222	2
Accrued interest income	577	577	2
Liabilities in the balance sheet			
Liabilities measured at fair value in profit or loss			
Derivate liabilities			
Interest-rate swaps	35,323	35,323	2
Liabilities measured at amortized cost			
Interest-bearing liabilities	188,937	188,937	2
Accounts payable	5,436	5,436	2
Other liabilities	2,211	2,211	2
Accrued interest expense	352	352	2

DERIVATIVE INSTRUMENTS

Eolus does not apply hedge accounting. Derivative instruments for managing currency and interest-rate risk are recognized as current assets or current liabilities and classified as held for trading. Changes in the value of currency derivatives are recognized in profit or loss as other operating income or other operating expenses. Changes in the value of interest-rate derivatives are recognized in net financial items.

DESCRIPTION OF FAIR VALUE**Interest-bearing liabilities**

The fair value of interest-bearing liabilities is calculated by discounting future cash flows of capital amounts and interest discounted to the current market interest rate.

Derivatives

Currency futures are measured at fair value by discounting the difference between the contracted forward rate and the forward rate and can be agreed on the balance-sheet date for the remaining contract period. The fair value of interest-rate swaps is based on a discounting of expected future cash flows according to the contracts' terms and conditions and due dates, using the market interest rate as the baseline.

Other financial assets and liabilities

For accounts receivable, other receivables/liabilities, accrued income and expenses and accounts payable with a remaining term of less than six months, the carrying amount is considered to reflect the fair value.

NOTE 25 RECONCILIATION BETWEEN PROFIT BEFORE TAX AND NET CASH FLOW

Non-cash items	GROUP		PARENT COMPANY	
	2015/2016	2014/2015	2015/2016	2014/2015
Depreciation and impairment of property, plant and equipment	26,719	94,462	5,174	14,403
Unrealized exchange-rate differences	1,215	3,393	1,265	3,393
Capital gains from divestment of non-current assets	-390	1,048	-361	1,269
Changes in provisions	-1,240	255	-266	970
Measurement of derivatives at fair value	1,523	-5,861	-	-
Other	511	-3,157	273	-2,835
Total	28,337	90,140	6,085	17,200

NOTE 26 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets for liabilities to credit institutions	GROUP		PARENT COMPANY	
	2015/2016	2014/2015	2015/2016	2014/2015
Chattel mortgages	603,000	603,000	580,000	580,000
Wind turbines and leases used as collateral	109,063	193,725	-	10,850
Blocked bank balances	19,693	45,222	-	-
Shares in associated companies	34	54	-	-
Total	731,790	842,001	580,000	590,850

CONTINGENT LIABILITIES

The Group has contingent liabilities pertaining to legal claims that have arisen in the normal business operations. No significant liabilities, other than those for which provisions have been made (Note 23), are expected to arise on the basis of these.

Contingent liabilities	PARENT COMPANY	
	2015/2016	2014/2015
Contingent liabilities for the benefit of subsidiaries	69,885	69,885
Total	69,885	69,885

NOTE 27 RELATED-PARTY TRANSACTIONS**OWNER STRUCTURE AT AUGUST 31, 2016**

Largest shareholders	No. of Class A shares	No. of Class B shares	Share of equity (%)	Share of votes (%)
Domneåns Kraftaktiebolag	357,900	2,012,869	9.5	15.3
Hans-Göran Stennert, directly and through endowment insurance	380,100	518,984	3.6	11.8
Åke Johansson	175,200	567,200	3.0	6.4
Hans Johansson and Borgunda bygghandel, through companies	150,000	55,350	0.8	4.3
Försäkringsaktiebolaget Avanza Pension	-	1,030,764	4.1	2.8
Banque Öhman S.A.	-	888,217	3.6	2.4
Johan Markensten	-	712,910	2.9	2.0
Nordnet Pensionsförsäkring AB	500	669,012	2.7	1.8
BNYMSANV RE BNYM RE FT ISE Global W	-	664,637	2.7	1.8
Ingvar Svantesson	43,750	200,175	1.0	1.7
Other shareholders	178,175	16,301,257	66.1	49.7
Total	1,285,625	23,621,375	100.0	100.0

No Board members of other senior executives had any direct or indirect share transactions with the Group in 2015/2016 or 2014/2015, other than the remuneration stated in Note 6.

PARENT COMPANY'S TRANSACTIONS WITH OTHER GROUP COMPANIES

0.0% (0.0) of the Parent Company's sales pertain to intra-Group invoicing. The Parent Company's operating expenses include intra-Group purchases at only insignificant amounts. The same pricing policies apply to both purchases and sales between Group companies as to transactions with external parties.

NOTE 28 SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

In October, Eolus signed an agreement with E.ON Elnät regarding a grid connection for the Jenåsen wind farm, comprising 84 MW in the Municipality of Sundsvall. The agreement also includes a decision to develop a grid station in Nysäter, which will create the capacity to connect additional wind farms in the area. For Eolus, the development will enable the fully permitted Kråktorpet and Nylandsbergen projects, totaling just over 200 MW, to be connected in the future.

In October, Eolus and Vestas signed an agreement for the delivery of 23 Vestas V126-3.45 MW wind turbines, to be constructed at the Jenåsen wind farm.

In November, Eolus obtained the final permit for the Norwegian wind power project Öyffjellet in Nordland County. The project is Eolus's largest permitted project to date and will comprise up to 330 MW. The project will include up to 110 wind turbines, with an estimated annual generation of up to 1.4 TWh once the farm is fully constructed. Eolus's aim is for the project to be realized within the framework of the Swedish-Norwegian Electricity Certificate System.

In December, Eolus signed an agreement with Vestas for the delivery of 11 V100-2.2 MW wind turbines, to be constructed in 2017. The 11 turbines, with a total capacity of 24 MW, are to be constructed as part of the Gunilla-berg, Lunna, Tåppeshusen and Vilseberga projects. The agreement also includes a full-service agreement. The Gunilla-berg (four turbines), Lunna (three turbines) and Tåppeshusen (two turbines) projects are expected to become operational in August 2017. The Vilseberga (two turbines) project is expected to become operational in October 2017. Eolus intends to sign agreements with customers for all of the wind farms and to hand them over to customers as turnkey facilities after they are constructed.

The undersigned affirm that these consolidated financial statements and this Annual Report have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and generally accepted accounting principles, and provide a true and fair view of the Group's and the Parent Company's financial position and earnings, and that the Directors' Report provides a fair review of the Group's and Parent Company's operations, financial position and earnings and describes the material risks and uncertainty factors faced by the companies included in the Group.

Hässelholm, December 6, 2016

Hans-Göran Stennert

Chairman

Jan Bengtsson

Board member

Fredrik Daveby

Board member

Hans Johansson

Board member

Sigrun Hjelmquist

Board member

Per Witalisson

CEO

Our audit report was submitted on December 7, 2016.

PricewaterhouseCoopers AB

Eva Carlsvi

Authorized Public Accountant

AUDITOR'S REPORT

**To the annual meeting of the shareholders of Eolus Vind AB (publ),
corporate identity number 556389-3956**

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Eolus Vind AB (publ) for the financial year 2015-09-01 – 2016-08-31, except for the corporate governance statement on pages 39-41. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 34-82.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 August 2016 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 August 2016 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 39-41. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Eolus Vind AB (publ) for the financial year 2015-09-01 – 2016-08-31. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Hässleholm 7 December 2016

PricewaterhouseCoopers AB

Eva Carlsvi

Authorized Public Accountant

BOARD OF DIRECTORS



HANS-GÖRAN STENNERT CHAIRMAN OF THE BOARD

Born: 1954

Elected: 2008, Chairman since 2009.

Education and background: Holds a Master of Business Administration degree and has extensive experience from positions and assignments in the IKEA Group, including Board member of the IKEA Group's holding company INGKA Holding BV in 1993-2007. He served as Chairman of the Board for the last nine years of this period.

Other assignments: Chairman of the Board of Entreprenörinvest Sverige AB. Board member of Cuptronic Technology AB and Winplantan AB.

Shareholding in Eolus: 380,100 Class A shares, of which 378,000 Class A shares are held through endowment insurance, and 518,984 Class B shares, of which 516,984 Class B shares are held through endowment insurance.



JAN BENGTSSON BOARD MEMBER

Born: 1954

Elected: 2013

Education and background: Holds a Master of Business Administration degree and is President of Edoc AB. Previous experience includes CFO positions at Teligent AB, Spring Mobil AB, Brain-Heart Capital and AU-systems AB, and President of Almi Invest AB 2008-2015 .

Other assignments: Board member and President of Edoc AB. Board member of Fouriertransform Aktiebolag.

Shareholding in Eolus: 3,000 Class B shares



FREDRIK DAVEBY BOARD MEMBER

Born: 1962

Elected: 2009

Education and background: Agriculturalist. President of Motormännens Riksförbund. Formerly President of Länsförsäkring Kronoberg and held positions at Södra, the Swedish Government Offices and LRF.

Other assignments: Chairman of the Board and President of Motormännens Testcenter AB. Chairman of the Board of Motormännens Försäkringsförmedling AB. President of Motormännens Riksförbund.

Shareholding in Eolus: 10,000 Class B shares



HANS JOHANSSON BOARD MEMBER

Born: 1965

Elected: 2016

Education and background: Extensive experience in the Swedish building materials trade through duties at the purchasing firm Woody Bygghandel AB which has 50 member companies, and in operations at the family firm Borgunda Bygghandel where he is the CEO.

Other assignments: CEO and Board member of Borgunda Bygghandel AB and CEO or Board member in the associated subsidiaries. Chairman of the Boards of Borgunda Tributo AB and Borgunda Uterque AB. Member of the Boards of Woody Bygghandel AB, Borgunda Gård AB and Borgunda Fastighet Handelsbolag.

Shareholding in Eolus: 150,000 Class A shares and 55,350 Class B shares



SIGRUN HJELMQUIST BOARD MEMBER

Born: 1956

Elected: 2011

Education and background: Master of Science in Engineering and Licentiate of Engineering in Applied Physics degrees from the Royal Swedish Institute of Technology. Executive Partner at Facesso AB. Active in the Ericsson Group 1979-2000, most recently as President of Ericsson Components AB. Investment Manager at Brain-Heart Capital 2000-2005.

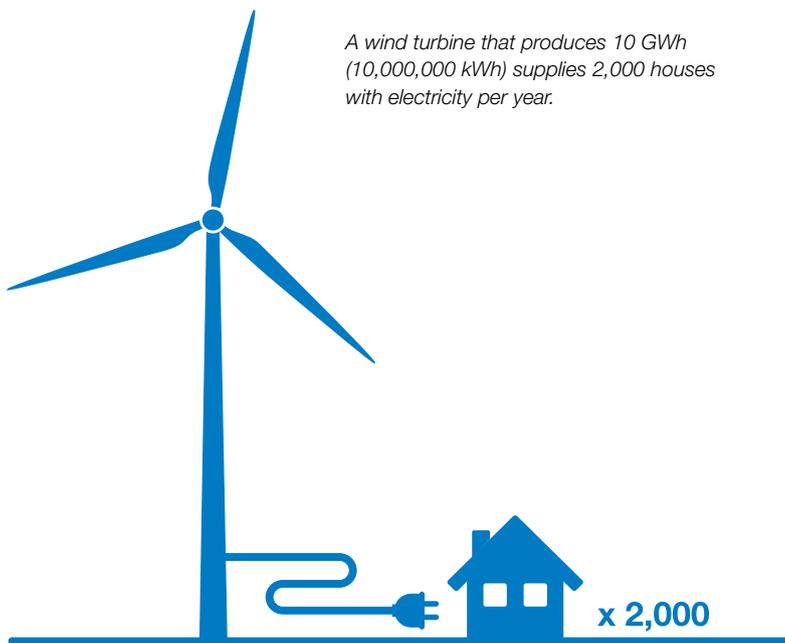
Other assignments: Chairman of the Board of Addnode group AB (publ), Almi Invest Stockholm AB, ALMI Stockholm Investeringsfond AB, Fouriertransform AB and ALMI Invest Östra Mellansverige AB. Board member of Edgeware AB, Facesso AB, Ragn-Sellsföretagen AB, the Technical University of Denmark and IGOT AB.

Shareholding in Eolus: 1,000 Class B shares

OTHER DISCLOSURES REGARDING THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

The assignments of Board members and senior executives described above pertain to assignments outside the Eolus Group and do not include assignments as deputy Board members. Reported shareholdings comprise both direct, indirect and related parties' shareholdings in accordance with the shareholder register maintained by Euroclear on August 31, 2016 and thereafter with any changes known by Eolus. Members of the Board were elected at the Annual General Meeting on January 30, 2016 for the period until the 2017 Annual General Meeting.

No separate agreements with major shareholders, customers, suppliers or other parties exist under which Board members or senior executives have been elected or appointed. No agreements exist with Eolus or any of its subsidiaries concerning benefits after the completion of each assignment. There are no close family ties between the company's Board members and senior executives. Nor do any conflicts of interest exist, whereby the private interests of Board members and senior executives could conflict with those of Eolus. All Board members and senior executives can be reached by contacting Eolus's head office.



A normal Swedish house uses about 5,000 kWh of electricity per year. This means that:

1 MWh is sufficient for 0.2 houses

1 GWh is sufficient for 200 houses

1 TWh is sufficient for 200,000 houses

GLOSSARY

Electricity certificates A technology-neutral system for promoting the expansion of renewable electricity generation. Producers of renewable electricity receive a certificate for each MWh (megawatt hour) generated, which is then sold to quota obligation electricity consumers.

Electricity Price Area Geographical divisions to highlight areas that require transmission and generation capacity to be expanded to better meet consumption in the area in question.

Renewable energy Renewable energy originates from sources that are continuously replenished at a rapid pace, such as wind, water, solar and biomass. Nuclear power is not considered a renewable energy form since it is based on finite resources.

Operational turbines Turbines that have undergone approved testing and are generating electricity.

Installed capacity For wind power, capacity is measured in MW and states the performance of the wind turbine according to design data.

Hub height The height of the hub plus the machine room.

Nord Pool The Nordic Power Exchange.

Normal year The definition of an average year of a generated amount of electricity. Determined based on long-term calculations from the Swedish Meteorological and Hydrological Institute (SMHI).

Offshore Wind power constructed in bodies of water.

Swept area The area of the circle swept by the rotor blades. A turbine with a rotor diameter of 126 meters will have a swept area of more than 12,500 square meters, nearly the same area as two soccer pitches.

Availability A measurement for the amount of total time that a wind turbine has been available to generate electricity.

Total height Height of a wind turbine when one of the blades is at its highest point.

Constructed turbines Turbines that have been constructed, undergone approved testing and have been taken over from the turbine supplier. The turbine is either transferred to the customer as a turnkey facility or is transferred to Eolus's inventories.

Volatility A measurement of the price variation of a product (for example, electricity) over a period of time.

Transmission capacity The amount of electricity that can be transmitted between different areas via the electricity grid.

Units

The unit of measurement for energy is kilowatt hours.

1 MWh = 1,000 kWh 1 GWh = 1,000,000 kWh

1 TWh = 1,000,000,000 kWh

The unit of measurement for capacity is watts.

1 MW = 1,000,000 W 1 GW = 1,000,000,000 W

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at Hässeholms Kulturhus on Saturday, January 28, 2017 at 3:30 p.m. In conjunction with the Annual General Meeting, Eolus will hold its traditional wind power seminar.

Anyone wishing to participate in the Annual General Meeting must:

- be registered as a shareholder in the shareholder register maintained by Euroclear Sweden AB on January 23, 2017.
- have notified the company of their attendance by not later than January 23, 2017 at 4:00 p.m. When notifying the company, name, personal identity number or corporate registration number, telephone number, address, shareholding and, where applicable, any details concerning proxies and advisors must be included.
- To be eligible to participate in the Annual General Meeting, shareholders whose shares are registered in the name of a trustee must also request that their shares be temporarily re-registered in their own names in the shareholder register maintained by Euroclear Sweden AB. Shareholders must inform the trustee thereof well in advance of January 23, 2017, which is the date on which such registration must be completed to ensure their inclusion in the shareholder register printed by Euroclear Sweden AB on the date specified.

FINANCIAL CALENDAR

Interim report Q1,	January 26, 2017
Annual General Meeting	January 28, 2017
Interim report Q2,	April 20, 2017
Interim report Q3,	July 5, 2017
Year-end report 2016/2017	October 26, 2017

DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES

This section contains definitions of certain financial non-IFRS measures compared with the closest comparable financial IFRS measure. Financial non-IFRS measures have limitations as analytical tools and should not be considered in isolation or as a replacement for financial mea-

asures produced in conformity with IFRS. Financial non-IFRS measures are reported to enhance investors' assessment of the company's operational result, to provide assistance when forecasting future periods and to simplify comparisons of earnings between periods. The man-

agement uses these non-IFRS measures to, for example, evaluate operating activities compared with earlier results, for internal planning and for forecasts. The financial non-IFRS measures presented in this report may differ from similar measures used by other companies.

Return on equity after tax Net profit for the year expressed as a percentage of average equity.

Return on capital employed Profit after financial items plus interest expense expressed as a percentage of average capital employed.

Equity per share before/after dilution Equity divided by the number of shares at the end of the period before/after dilution.

Net liability/cash Interest-bearing liabilities minus cash and cash equivalents.

Earnings per share before/after dilution

Net profit for the period divided by the weighted average number of shares during the year before/after dilution.

Operating margin Operating profit expressed as a percentage of net sales.

Equity/assets ratio Equity relative to total assets at the end of the period.

Capital employed Total assets minus non-interest-bearing liabilities.

Change in fair value of financial derivatives

Relates to the change in fair value of financial instruments, which is calculated using methods and based on observable input data for the asset or liability, either directly (prices) or indirectly (derived from prices).

Profit margin Profit/loss after financial items expressed as a percentage of net sales.

Eolus Vind AB ("Eolus") is a public company with corporate registration number 556389-3956. The company is based in Hässeholm, Sweden. This Annual Report has been published in Swedish and English. The Swedish Annual Report is the official version. The Annual Report consists of the Directors' Report (pages 34-38), the Corporate Governance Report (pages 39-41) and the financial statements (pages 42-83).

All monetary values are expressed in Swedish kronor (SEK), unless otherwise stated. The value in Swedish kronor is abbreviated SEK, thousand kronor (KSEK) and million kronor (SEK M). Figures in brackets refer to the preceding fiscal year, 2014/2015.

Cover photo: Alered wind farm. Photos: Daniel Larsson, Emma Tideman, Johan Funke, Petra Berggren, Per Pixel Petersson and Eolus.

This Annual Report has been partially produced in collaboration with Bysted AB. Layout: Mustasch Reklambyrå AB. Printed by: Norra Skåne Offset.

Eolus Vind is one of Sweden's leading wind power developers. Eolus creates value at every level of project development and the operation of renewable energy facilities. We offer attractive and competitive investment opportunities in the Nordic region, Baltic countries and the US to both local and international investors.

Founded in 1990, Eolus has been involved in the construction of about 500 of the approximately 3,300 wind turbines currently operating in Sweden. The Eolus Group currently has customer contracts for asset management services comprising some 300 MW. Eolus Vind AB has about 5,000 shareholders. Eolus's Class B share is traded on Nasdaq Stockholm, Small Cap.

Eolus Vind AB

Box 95,
SE-281 21 Hässleholm, Sweden

Street address:
Tredje Avenyen 3

Tel: +46 (0)10-199 88 00
E-mail: info@eolusvind.com
www.eolusvind.com

