An aerial photograph showing the construction of a wind turbine. A large white nacelle is positioned on a dirt road, with two yellow tower cranes lifting a long white tower section. The surrounding area is a mix of dirt, gravel, and green forest. The text 'Annual Report 2018/2019' is overlaid in white on the left side of the image.

**Annual Report
2018/2019**

The logo for 'eolus' features a stylized white wave icon to the left of the word 'eolus' in a lowercase, sans-serif font. A small trademark symbol (TM) is located at the bottom right of the word.

eolus™

Significant events during the fiscal year

130 MW to be built in Bäckhammar

In October 2018, Eolus signed an agreement with KGAL regarding divestment of the Bäckhammar wind farm, located on the border between the municipality of Kristinehamn and the municipality of Degerfors. The farm will comprise 22 Vestas V136-4.2 MW and nine Vestas V150-4.2 MW wind turbines with a total capacity of 130 MW. When the wind farm is completed, which is scheduled for August 2020, Eolus will manage the facility's assets on behalf of KGAL. In turn, KGAL has signed a power purchase agreement (PPA) with Amazon Web Services for deliveries of renewable electricity to their Swedish data centers when the facility is completed.



Total 115 MW of wind power completed

During the fiscal year, Eolus completed a total of three wind farms with a combined capacity of 115 MW. The Anneberg wind farm (11 MW) was completed and handed over in January 2019, while Nylandsbergen (68 MW) and Sötterfällan (36 MW) were completed and handed over in August 2019.



First solar-plus-storage project

In September 2018, Eolus acquired a solar-plus-storage project in the western US region through its subsidiary, Eolus North America Inc. This early-phase project has a planned capacity of 500 MW and storage capacity of 250 MW. The project is Eolus's first acquisition with these technologies in any market.



New credit agreement with Swedbank

In September 2018, Eolus signed a new credit agreement with Swedbank. The agreement comprises liquidity and construction loans totaling SEK 1,050 M with a four-year term. The loans have secured funding for ongoing and future establishments in which Eolus is responsible for financing during the installation phase, as well as strong liquidity in the ongoing operations.



Divestment of 400 MW in the Øyfjellet project

In July 2019, Eolus signed an agreement with Aquila Capital to sell 100% of the shares in the subsidiary that owns all rights to establish the Øyfjellet wind farm in Norway, comprising 400 MW. The agreement also includes the 15-year PPA that Eolus signed with Alcoa. Eolus will manage the construction of the wind farm on behalf of Aquila and manage the facility's assets on behalf of Aquila Capital when the facility is completed. In October 2018, the wind farm's concession was increased from 330 MW to 400 MW.



Did you know that the rotor blades of a Vestas V136 wind turbine weigh 15 tonnes each? The crane that lifts them into place has a capacity of 36 tonnes.

400

During the fiscal year, Eolus's concession for Øyfjellet was expanded from 330 MW to 400 MW.

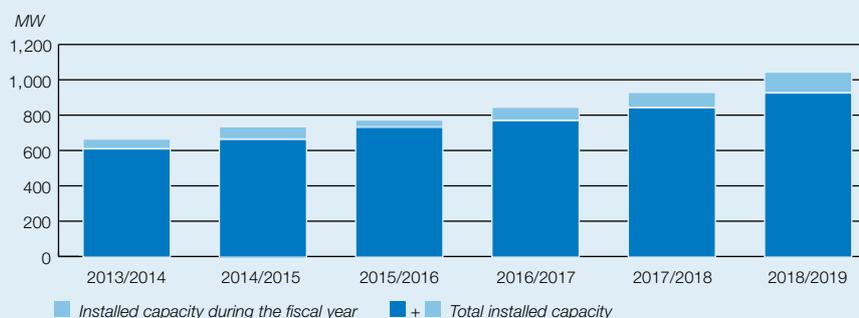
120

During the fiscal year, the equivalent of 34 wind turbines with a total capacity of 120 MW were handed over to customers.

115

During the fiscal year, Eolus deployed 31 wind turbines with a total capacity of 115 MW.

EOLUS'S CUMULATIVE INSTALLED CAPACITY



FIVE-YEAR SUMMARY

SEK M	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
Net sales	2,031.9	1,366.0	1,065.7	693.4	1,502.1
Operating profit/loss	118.3	202.4	40.2	-15.9	90.0
Profit/loss before tax	116.0	198.9	34.2	-29.1	75.2
Net profit/loss for the year	132.8	194.3	24.5	-23.9	80.0
Earnings/loss per share, before and after dilution, SEK	5.33	7.81	1.02	-0.92	3.25
No. of turbines constructed and deployed	31	25	25	14	33
Turbines constructed and deployed, MW	115.2	83.8	72.2	37.7	68.6
Managed turbines, MW	524	415	351	293	303
Own electricity generation, GWh	11.7	30.2	58.6	123.6	242.3

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A year with strong commitment and high-quality projects

“Eolus has been a major player in the wind farm market for a long time and will continue to play a key role in the realization of sustainable, efficient and profitable facilities in all of our markets.”

The competitiveness of wind power has continued to strengthen and the effects of investment decisions in recent years are becoming clearer. Since the Swedish Energy Agreement was adopted in 2016, decisions to invest in Swedish wind power projects have corresponded to approximately SEK 80 billion. Over the past 12-month period, electricity generated from Swedish wind power has exceeded 20 TWh. According to forecasts from Swedish Wind Energy, wind power generation is expected to almost double by 2022.

Establishment of Swedish wind power facilities

Eolus has been a major player in the wind farm market for a long time and will continue to play a key role in the realization of sustainable, efficient and profitable facilities in all of our markets. During the fiscal year, the Anneberg, Nylandsbergen and Sötterfällan farms were deployed, totaling 31 turbines with a capacity of 115 MW and estimated annual generation of about 398 GWh. Since its inception, Eolus has subsequently established wind power facilities with a capacity of more than 1,000 MW in Sweden. By the end of 2021, Eolus expects to deploy an additional 800 MW in Sweden, Norway and the US.

In August, the Sötterfällan (36 MW) and Nylandsbergen (68 MW) wind farms

were handed over to KGAL and Aquila Capital, respectively. Both wind farms were handed over on schedule at the end of August, which gave rise to a high cash flow on the balance sheet date, mainly because some project-related liabilities were not paid until after the balance sheet date.

Outstanding efforts by employees and sub-contractors

During the spring, the establishment of our Sundsvall projects, Nylandsbergen and Kråktorpet, was affected by some delays and cost increases when the completed contract work did not meet our functional requirements. Thanks to the outstanding efforts of our own employees and sub-contractors, we are now back on schedule. At the end of August, Nylandsbergen was handed over to Aquila as planned. In Kråktorpet, all turbines are now in full commercial operation and the farm is scheduled for handover to Aquila during the autumn. Speeding up the projects and defects in the underlying contract work led to additional costs for the projects, as well as demands from the turbine manufacturer. While reasonable to a certain extent, these demands had a negative impact on both projects, as well as the expected project margin for Kråktorpet. Eolus has now filed a claim against the contractor that was engaged to construct roads and crane sites.





The Sötterfållan Wind Farm

Divestment of the Øyfjellet project

In July, we announced that Eolus had entered into a conditional agreement with Aquila Capital regarding divestment and construction of the Øyfjellet project in Norway. The Norwegian Government has granted a concession for the project, comprising 400 MW and estimated generation of more than 1.3 TWh per year. The project has signed a 15-year PPA with Alcoa, and the agreement is backed by a credit guarantee from the Norwegian Export Credit Guarantee Agency (GIEK). A procurement process is under way for wind turbines and contractors for roads, foundations and grid connection. In combination with approved zoning plans, these agreements provide the conditions for Aquila's access to shares in the project company. Construction is expected to commence before the end of the year and the wind farm is scheduled for completion in autumn 2021. The construction is fully financed by our customer.

Wind Wall, first construction in the US

In June, we announced our conclusion of a wind turbine supply agreement for our first US project in California. Eolus owns 60% of the rights to replace about 400 old wind turbines from the mid-1980s with up to 13 new turbines. The total capacity will remain largely unchanged, but the new wind farm's

generation will be about three times higher than the former facility. This gives some indication of the fantastic advancements in wind turbine technology over the past few decades! The 15-year PPA that we signed with Amazon Web Services has made the project even more attractive. The divestment process has commenced. Construction started in the autumn and the farm is scheduled for deployment during summer 2020.

In addition to the above, agreements with customers and construction start-ups of the Bäckhammar (130 MW) and Stiga-fjellet (30 MW) projects were milestones during the fiscal year. Both projects are scheduled for deployment in early autumn 2020. That means that seven of our eight high-priority projects for 2021 have now been divested to customers. As a result, the focus on final development of the portfolio as of 2022 is a top priority for the company.

Asset management in strong growth

Eolus now manages wind power assets with a capacity of more than 500 MW on behalf of its customers. Asset management is showing strong growth and generating a continuous stream of revenue and cash flow for the company with less capital tied-up. In addition to operational farms, agreements were also concluded for all of the farms that Eolus is currently installing. In recent years, our

strategy has been to divest essentially all our own wind turbines and invest the freed-up funds in new and modern projects under development. Because we have succeeded with that goal, our third operating segment, Electricity Generation, now has very little significance for the operations. As of the next quarter, Electricity Generation will therefore be included in the Project Development segment and not reported separately.

Due to a strong financial position, high-quality projects and highly skilled and dedicated employees, Eolus is well-equipped to remain a leading player in the ongoing energy revolution.

PER WITALISSON
Chief Executive Officer

Experience, expertise and a focus on profitability make Eolus an attractive partner

Eolus is one of the leading wind farm developers in the Nordic region. Eolus creates value at every level of project development, establishment and operation of facilities for renewable energy and energy storage. The company offers attractive and competitive investment opportunities in the Nordic region, Baltic countries and the US to both local and international investors. Since the company's inception in 1990, Eolus has been involved in the construction of 572 wind turbines across Sweden and Estonia, with a combined capacity of 1,044 MW. Eolus divests most of its projects to customers as turnkey facilities. At the end of the fiscal year, Eolus's asset management organization managed 524 MW on behalf of customers.

Business concept

Eolus aims to create value at every level of project development, establishment and operation of facilities for renewable energy and energy storage, and to offer attractive and competitive investment objects to both local and international investors.

Extensive experience

Since the company's inception in 1990, Eolus has developed, installed and divested turnkey wind power facilities to investors. Eolus therefore has extensive experience and expertise in the installation of wind power facilities and a broad network of contacts within the framework of commenced project development through to facility completion and deployment. The company's success and strong market position are largely attributable to its diverse and strong customer base as well as the ability to adapt the company's business strategy to meet existing demand. Eolus has established a total capacity of 1,044 MW, which is about 13% of the wind power constructed in Sweden.

Business model

Eolus's mission is to develop and install 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. Similarly, projects under development may be acquired. In 2017, the Articles of Association were amended to also include activities related to other forms of renewable energy, as well as energy storage – which has broadened the range of business opportunities. The company currently conducts operations in the Nordic region, Baltic countries and the US. Eolus offers a full range of asset management services to investors, enabling carefree ownership of wind power facilities installed by either Eolus or other operators.

During the year, the company had three operating segments: Project Development, Asset Management and Electricity Generation. Project Development is by far the most dominant segment. The Asset Management segment is growing steadily, while the Electricity Generation segment has declined in line with the strategy to reduce Eolus's own wind power holding.

The Eolus Group

The Group comprises the Parent Company, Eolus Vind AB (publ), as well as such wholly owned subsidiaries as Ekovind AB, Svenska Vindbolaget AB, Eolus Elnät AB, Eolus Wind Power Management AB, SIA Eolus, Eolus

Vind Norge Holding 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. In December 2016, the Swedish Government decided not to grant a permit for the project under the Environmental Code. Although the activities of Blekinge Offshore have been reduced, the company will continue to monitor future potential business opportunities for the project.

At August 31, 2019, Eolus's Swedish project portfolio contained sites for 624 on-shore wind turbines with a potential capacity of approximately 2,377 MW in the pre-study, project development, granted permits and establishment phases. Most projects in the foreign project portfolio are in the pre-study or project development phase, except in Norway, where Øyfjellet (Eolus's largest permitted project to date) and Stigafjellet are currently in the establishment phase. The US project portfolio is the largest foreign portfolio in terms of volume, and also includes solar-and-storage projects. Overall, the portfolio of wind power projects in countries other than Sweden comprises 1,581 MW. Refer to pages 20-21 for more information about the foreign business operations, and to page 13 for more information about the project portfolio.

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.

Eolus's overall objectives for the next three-year period (2019-2021) are:

- that our stakeholders (customers, employees, suppliers and shareholders) perceive us as an attractive and leading renewable energy player in all of the markets in which we operate.
- an average return of at least 10% of equity after tax.
- to broaden the technological platform of our operations by participating in the establishment of at least one solar PV farm or energy storage facility.
- to initiate the development of new wind power projects in Nordic and Baltic countries to secure a long-term and commercially viable portfolio for establishment from 2022 and onwards.



- to evaluate new markets with the aim of enabling establishment in at least one more geographic market from 2022.

Strategy

Eolus's core business is to install turnkey wind power facilities in favorable wind locations and transfer them to customers. At present, the company is also active in early-phase solar-and-storage projects.

The strategy for the company's project development activities is to focus on projects that are most likely to be realized, regardless of technology and market, 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 cost per megawatt-hour generated

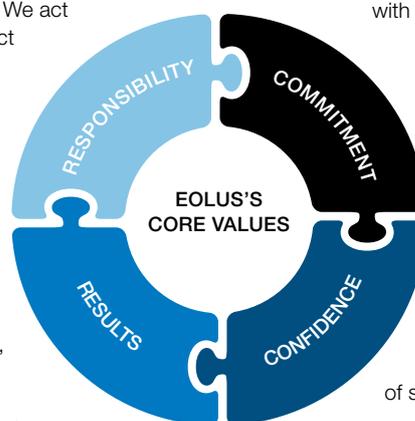
over the life span of the facility. A careful selection process based on access to wind or solar, opportunities for grid connection, and constructability in terms of roads and foundations is paramount, combined with a commercial focus in the early stages. This ensures that projects with the greatest potential receive sufficient priority. To assess wind resources, Eolus conducts wind measurements for all large projects. Eolus normally secures user rights through leasehold agreements, rather than owning the land on which turbines are installed. Eolus'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.

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

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

We strive for dialog and engagement with stakeholders affected by our wind power projects and offer opportunities for investment in renewable energy.

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



Renewables are gaining ground

The global energy market is undergoing a major shift, driven by political ambitions to reduce greenhouse gas emissions and economic motives. The rapidly declining cost of establishing renewable energy sources, such as wind power and solar PV, is driving the trend toward an increasingly higher share of renewables in the energy mix. This is strictly for economic reasons, as the costs per megawatt-hour from solar and wind are the lowest, or among the lowest, in many markets. The argument that wind and solar are too expensive is no longer valid. The shift is now moving faster than many predicted and according to the New Energy Outlook 2019 report by Bloomberg New Energy Finance (BNEF), zero-carbon sources will account for two-thirds of the power generation mix by 2050, compared with today's systems, in which fossil fuels account for two-thirds of the mix.

Innovators will win

According to BNEF, wind (26%) and solar (22%) combined will make up almost 50% of world electricity in 2050. Hydropower will only show modest growth, while nuclear power will stay flat. The prices for energy storage systems will decline steeply and, in combination with systems for demand-side flexibility, help wind and solar reach more than 80% penetration in some markets. According to BNEF, Europe will be one of these markets and is generally considered the market that will transition fastest. BNEF predicts that 77% of investments will go to renewables until 2050, and wind will attract most investment.

Coal will be the biggest loser and not even increases in Asia can stop coal from peaking globally in the mid-2020s. BNEF also expects there will be more wind and solar electricity in the world than coal-fired

electricity by 2032. The declining cost of wind and solar will reduce the need for subsidies in the market and technologies will be able to stand on their own feet moving forward. This trend is challenging existing business models and presenting new business opportunities for anyone who wishes to embrace change, rather than sticking to past truths and old business models.

China tops the list

According to statistics from the Global Wind Energy Council (GWEC), global turbine installations totaled 51,300 MW of wind power in 2018. That amounts to more than 50,000 MW of installed capacity every year over the past five years. Cumulative capacity was approximately 591,000 MW. In 2018, China, the US and Germany remained the countries with the highest share of annual installed capacity. These three countries have also added the most cumulative installed wind power capacity worldwide.

China has been the largest wind power market in the world since 2008 and with the installation of 21,200 MW in 2018, became the first country in the world to reach a cumulative installed capacity of more than 200,000 MW. The US installed about 7,600 MW in 2018 while, Germany's installations declined compared with 2017.

Sweden in 12th position

In Europe, four countries installed 65% of the new wind power: Germany, the UK, France and Sweden. Germany was the country that added most new wind power in total, while the UK accounted for most offshore installations. Notably, neither France nor Sweden installed any new offshore wind power capacity. Despite ideal conditions for extensive expansion, Sweden is generally far behind the leading countries in terms of off-

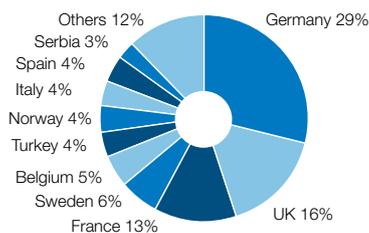
shore wind power installation. At the end of 2018, with an installed capacity of about 7,400 MW, Sweden was ranked 12th in the world in terms of wind power penetration. In Europe, Sweden is ranked seventh after Germany, Spain, the UK, France, Italy and Turkey. According to the Swedish Energy Agency's report Generation costs for wind power in Sweden, Sweden has the lowest generation costs for wind power of any country in Europe.

Wind power in the Nordic region

The development of wind power in Sweden has been fantastic. In 2006, wind power accounted for approximately 1 TWh, or less than 0.5%, of the country's electricity generation. In 2019, wind-generated electricity surpassed 20 TWh over a rolling 12-month period for the very first time. Wind power is undoubtedly established as the country's third-largest source of electricity generation after hydropower and nuclear power. According to Swedish Wind Energy's forecast from the third quarter of 2019, Sweden will add approximately 2,000 MW of new wind power generation in 2019. In the coming years, the rate of development will fall slightly but remain historically high. During the 2019-2021 period, approximately 5,400 MW will be added compared with the cumulative installed capacity of approximately 7,400 MW in 2018. According to the same forecast, annual wind power generation at the existing rate of expansion could reach nearly 40 TWh by 2022. Swedish Wind Energy's assessment shows that Swedish wind power could generate 70 TWh by 2040 and then, combined with hydropower, become the leading source of power generation.

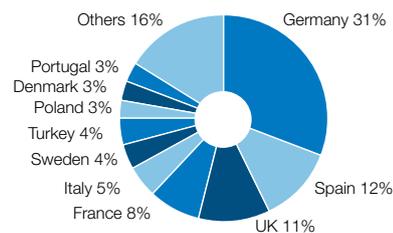
In Norway, expansion began later but is now gathering momentum. In 2018, energy generated from wind power in Norway was

PROPORTION OF INSTALLED CAPACITY IN 2018 IN EUROPE



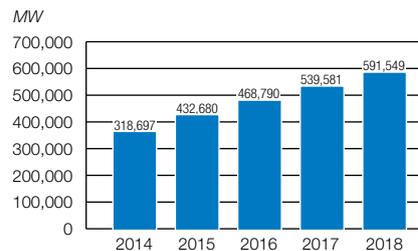
Source: WindEurope, Wind Energy in Europe 2018

PROPORTION OF CUMULATIVE INSTALLED WIND POWER CAPACITY IN 2018 IN EUROPE



Source: WindEurope, Wind Energy in Europe 2018

TOTAL GLOBAL CUMULATIVE INSTALLED WIND POWER CAPACITY, 2014-2018



Source: GWEC, Global Wind Report 2018

The Nylandsbergen wind farm



20

In 2019, wind-generated electricity surpassed 20 TWh over a rolling 12-month period for the very first time.

3.9 TWh and by early 2019, additional capacity of 7 TWh was under construction.

Good chance for net exports

In recent years, more electricity has been generated than consumed in the Swedish market, enabling Sweden to become a net exporter of electricity and create another export industry. Norway and Sweden combined have major potential to become Europe's green battery, with large-scale carbon-free electricity generation that can replace the dirty fossil-fuel energy used by other countries. Further opportunities to export electricity are positive for Sweden and Norway, making expansion of the transmission capacity even more important, not only within these countries but also to other countries, in addition to the transmission opportunities that already exist or

are under construction to Germany and the UK, for example. The future potential to store electricity will present major opportunities for Sweden and Norway to increase their share of intermittent energy sources, such as wind and solar.

Renewables include more than wind

Since 2017, Eolus's Articles of Association have included other types of renewable energy in addition to wind power, as well as energy storage. This is a natural change in order to be part of a trend in which solar power, for example, accounts for an increasingly larger and more important share of the global energy mix. The rapidly falling costs of renewable generation from wind and solar are presenting exciting combination solutions in terms of both generation and storage, as well as market offers with two independent sources of energy.

Electricity storage – falling costs and new opportunities

Electricity can be stored in a variety of forms including batteries, hydrogen and pumped storage. The electrification of vehicle fleets has led to a focus on the development and cost of both small and industrial-scale batteries. Costs are falling fast, in line with the trend for renewable electricity generation from solar and wind. Between 2010 and 2016 alone, prices for lithium-ion batteries decreased by approximately 75%, according to McKinsey, and will continue to fall. Rocky Mountain Institute predicts that prices for lithium-ion batteries will fall to USD 87 per kWh by 2025, compared with USD 1,000 per kWh in 2010.

More reliable electricity systems with large-scale storage

The rapidly falling costs of electricity storage are presenting opportunities for a major transformation of the electricity market. In addition to small-scale battery storage for vehicles and households, large-scale battery storage is also possible. This type of storage can contribute to increased intermittent renewable energy generation, provide opportunities for balancing capacity, reduce consumption peaks and improve the reliability of electricity systems by simply replacing generation facilities because of their availability.



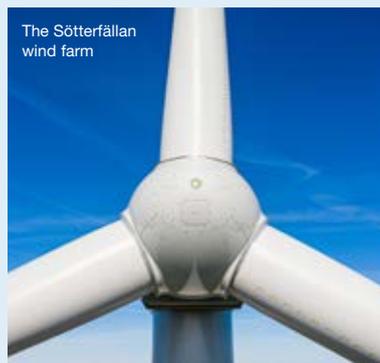
NET GENERATION OF ELECTRICITY IN SWEDEN, 2014-2018

TWh	2014	2015	2016	2017	2018
Hydropower	64.2	73.9	61.2	63.9	61.0
Nuclear power	62.2	54.3	60.5	63.0	65.8
Wind power	11.5	16.6	15.4	17.3	16.6
Cogeneration	6.9	7.1	7.8	7.9	8.1
Cogeneration in industry	5.9	5.9	5.9	6.1	5.9
Condensation power	0.5	0.4	0.6	1.0	1.0
Total net generation	151.2	158.3	151.5	159.1	158.4

Source: Statistics Sweden

TRENDS IN THE SWEDISH WIND POWER MARKET:

- Fewer but larger establishments
- Foreign investors account for a major share of the expansion
- Power purchase agreements (PPA) are becoming more common
- Sharp decline in establishment costs
- Major need for professional asset management for facilities, including long-term service agreements



Power purchase agreements – a growing trend in the Nordic region

Power purchase agreements (PPA) are a growing trend in the Swedish and European electricity markets. A corporate PPA is a contract between an electricity generator and an electricity purchaser to buy electricity directly from specific facilities, usually from wind power or photovoltaic (PV) facilities. The contractual terms can vary from five years and upwards, with fixed predetermined prices for all electricity generated by the facility. Long-term contracts with predetermined prices provide security for electricity purchasers and clarity in relation to costs during the contractual term. They also provide security for both the owner of the facility and the builder by defining the revenue terms.

Highly significant agreements

This type of contract is already common in the US, and becoming increasingly common in Europe, particularly for facilities owned by institutional investors that do not have electricity generation as their core business. PPAs have played a pivotal role in the rapid expansion of wind power in the Nordic market and will continue to do so for the continued financing of the expansion of facilities for renewable electricity generation. In the Nordic market, such companies as Google, Norsk Hydro, Vattenfall, Alcoa and Amazon Web Services have actively sourced wind power facilities for PPAs. According to BNEF, the volume of corporate PPAs reached 6,873 MW globally in 2018. 60% of these agreements were concluded in North America, and the largest purchasers were AT&T, Walmart and Facebook. Google, which has signed two PPAs with Eolus in Sweden, is the largest corporate buyer of renewable electricity in the world.

Batteries in focus

The rising share of intermittent energy sources in the energy mix is also creating a growing need to identify smart solutions for storing energy. New market conditions are presenting opportunities for a range of storage solutions. In general, both large-scale industrial batteries and small-scale flexible battery solutions are expected to offer major opportunities for storage. Just like wind and solar, battery costs are falling fast and helping to change market conditions. Eolus's first introduction to technologies other than wind took place in September 2018 when an early-phase solar-plus-storage project was acquired in southwestern US. The project comprises up to 500 MW of solar capacity and 250 MW of battery storage.

Profitable establishments

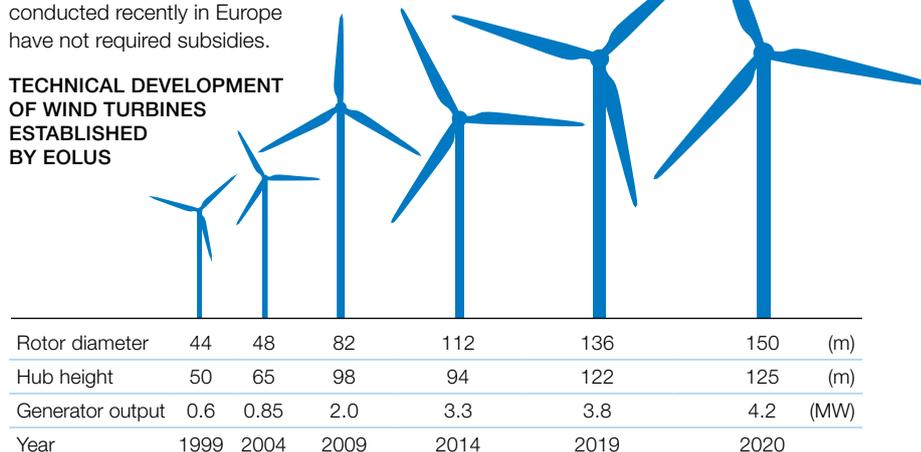
Eolus's objective is to continue pushing down costs per megawatt-hour. The aim is to reach a position where no extra support is needed to make the establishment of new facilities profitable for investors in the markets where Eolus is currently active or may enter in the future. Investments are now being made in the Nordic region without the presence of subsidies. Value-chain efficiencies throughout the lifespan of a wind power project are essential for meeting investors' ROI requirements. By significantly reducing the costs of wind power establishment, projects can be profitable for end-investors in a range of markets.



Rapid technological advancements

Modern wind power technology is relatively new compared with hydro or nuclear power. Technological improvements in recent years include longer rotor blades, higher towers and higher generating capacity, resulting in more efficient turbines that can harness more energy from the wind. Rapid technological advancements combined with more efficient construction methods, for example, have reduced the investment cost per megawatt-hour by approximately 75% since the advent of wind power in the 1980s. Onshore wind power is one of the cheapest methods for adding new generation capacity. The cost of establishing new wind power has been lower than the cost of establishing new nuclear power for several years. Offshore wind power holds major potential in both the Nordic region and globally, and plays a key role in the shift toward more renewable electricity generation. Once high, the cost of establishing offshore wind power is now falling rapidly and some of the winning bids in auctions conducted recently in Europe have not required subsidies.

TECHNICAL DEVELOPMENT OF WIND TURBINES ESTABLISHED BY EOLUS



Benefits for everyone in the broad and diverse customer base

Since its inception in 1990, Eolus has built trust and credibility with customers, land-owners, shareholders, creditors and employees. Creating and maintaining a high level of trust is a prerequisite for attracting both capital and the expertise required for continued growth and new business. With a flexible business model and strong balance sheet, Eolus has adapted to market fluctuations and existing market conditions to best meet investors' past and future demands.

The customer base is broad and diverse – from global investors in the form of insurance companies, pension funds, infrastructure funds and energy companies, to small businesses and private individuals. Due to the trend toward larger projects, the vast majority of sales in recent years have been generated by major investors. Eolus offers asset management services to all customer groups.

Institutional investors

International institutional investors, such as various types of funds, insurance companies and reinsurance companies, now account for the majority of investments in the Nordic wind power market. Ownership of public infrastructure, such as wind power and PV facilities, 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 reinsurance and pension investment segments. Anyone who invests in renewable electricity generation is also supporting the transition to fossil-free electricity generation, which reduces CO₂ emissions and, in the long term, reduces risk in other climate-related investments and insurance commitments. In recent years, major global players such as Aquila Capital, Munich Re, KGAL, Allianz, Black Rock, Mirova and HG Capital have made extensive investments in Swedish wind power.

Major consumers

Major consumers are companies and organizations that consume large amounts of electricity but do not have energy generation as their core business. This customer group is growing – partly because electricity from wind power provides secure, low and stable electricity costs over time, but also because wind power is a sustainable option.



The Jenåsen wind farm

More and more companies want to be recognized for their role in the transition to a fossil-free future. Investments can take the form of direct investments, or long-term PPAs, which are common in the US. A PPA is a contract whereby a party agrees to purchase the power generated by a specific facility for a certain period of time and can thereby contribute to expanded capacity without owning any facilities. This type of agreement has become increasingly common in the Nordic region in recent years and Eolus, for example, has entered into two PPAs with Google and one with Alcoa. In the US, Eolus has entered into a PPA with Amazon Web Services.

Energy companies

Onshore wind power is one of the most cost-efficient methods for adding new generation capacity and is therefore attractive to companies with energy generation as their core business. In addition to adding cost-efficient generation capacity, by investing in wind power, energy companies are able to offer customers green electricity from their own facilities. Over the years, Eolus has divested both turnkey facilities and operational turbines to both Swedish and international energy companies.

Public-sector investors

Public-sector investors are mainly municipalities, county councils/regions and municipal companies. Ownership of electricity generation facilities creates predictability and control over costs for electricity consumption in their own operations. Investments in wind power contribute to sustain-

able development and thus meet the environmental and energy objectives that many public-sector players have set for their operations.

Wind turbine cooperatives

Eolus has been selling shares in wind turbines to customers almost since the company was founded, enabling thousands of private individuals and companies to become wind power shareholders. This cooperative model has also been a critical success factor for Eolus over the years. However, new market conditions and a greater focus on large establishments have led to a decline in the number of shared-ownership projects being established.

Clear customer benefits

With nearly 30 years of experience and participation in the installation of 572 wind turbines with a capacity of 1,044 MW at August 31, 2019, Eolus has built up expertise across the entire value chain and a financial position that makes the company a strong and stable partner. Eolus's project portfolio presents major opportunities to offer facilities tailored to the specific needs of individual investors at the lowest possible cost per megawatt-hour. Eolus's full range of asset management services ensures professional management that maximizes revenue for both large and small investors. As one of the largest players in the industry, Eolus can push investment and operating expenses down, which benefits investors in all customer groups.

Biggest climate gains at lowest possible cost per megawatt-hour



The aim of project development is to deploy renewable energy projects that are possible to establish at the lowest possible cost per megawatt-hour. That is a basic requirement for meeting the strong demand for sustainable and profitable investments. In addition to contributing to attractive investment options, socio-economic benefits are created in the form of an opportunity, in harmony with other social interests, to contribute to environmentally friendly electricity generation. In turn, that creates conditions for the transition that is necessary for meeting the challenge of climate change. This should be carried out as profitably as possible for the company, which requires a clear focus on the projects with the greatest chance of being realized, regardless of technology or market.

High-priority projects

Eolus has an extensive project portfolio with wind power projects in various phases. Overall, this provides good opportunities for meeting various categories of investor requirements and demands. Within the framework of project development activities, a number of projects have been classified as high priority in the coming years, three of which have been completed and handed over. The remaining projects on the list are described on pages 16-19. Alongside of efforts to complete and divest these high-priority projects in the coming years, new high-priority projects are also being advanced for subsequent establishment in the markets in which Eolus operates.

Four phases

Projects have four phases: pre-study, project development, construction and divestment of the facilities. Projects are realized either by selling the project rights combined with a construction contract for installation of the wind farm, or by establishing wind turbines that are then divested as turnkey facilities to investors. In both cases, revenue is recognized over time in accordance with the degree of completion, which means that revenue and expenses are reported over the life of the project. Sales and earnings vary between individual quarters and fiscal years, depending on the pace of wind farm installation, and the structure of the agreements.

Costs and financing

The most costly item when establishing a facility is the actual wind turbines. 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 (by raising loans in EUR) or by divestment to customers in EUR. Over-

94

At the end of the fiscal year, 94 wind turbines were under installation.



PROJECT DEVELOPMENT

all, the wind turbines account for 65-75% of the costs for a turnkey facility. Other costs include project development, road and foundation construction, and grid connection. Project development activities are mainly financed with advance payments from customers, construction loans or equity. Eolus is currently conducting project development in Sweden, Norway, Finland, the US and Baltic countries. Establishments are under way in Sweden, Norway and the US.

Turbines are getting bigger

Due to new market conditions in terms of technological advancements, electricity prices and investors, Eolus is now establishing fewer but larger facilities, with larger wind turbines. The largest wind turbines currently under installation are nine Vestas V150-4.2 MW wind turbines for the Bäckhammar wind farm. The largest wind turbines ever installed by Eolus are the Vestas V136-3.8 MW model for the Nylandsbergen wind farm.

The company also offers sales of project rights only, and acquires project rights for projects in various phases of development. In addition, Eolus can provide various types of consultancy services related to the establishment of wind power facilities.

Generation and storage

At the company's Annual General Meeting in 2017, the Articles of Association were amended to include project development, installation and operation of facilities for renewable energy and energy storage. Eolus's business model was thereby expanded into more areas than wind power. In September 2018, the subsidiary, Eolus North America Inc, subsequently acquired a solar-plus-storage project in the western US region. This early-phase project has a planned capacity of 500 MW and storage capacity of 250 MW.

Over the past five fiscal years, project development activities have accounted for 92-99% of Eolus's overall revenue.

From the company's inception in 1990 until the balance sheet date on August 31, 2019, Eolus has been involved in the construction of 572 wind turbines with a combined capacity of approximately 1,044 MW. During the 2018/2019 fiscal year, 31 wind turbines (25), with a combined capacity of 115.2 MW (83.8), were installed and completed. At the end of the fiscal year, 94 wind turbines were under installation, compared with 74 on the corresponding date in the preceding year. Of these 94 wind turbines, 74 are in Sweden, 13 in the US and 7 in Norway.

PROJECT DEVELOPMENT – KEY FIGURES

SEK M	Full-year Sep 1, 2018-Aug 31, 2019	Full-year Sep 1, 2017-Aug 31, 2018
Net sales	2,007.0	1,336.5
Other operating income	50.1	14.5
Operating profit	114.1	201.4

EOLUS'S SWEDISH PROJECT PORTFOLIO

	Group Aug 31, 2019		Group Aug 31, 2018	
	No. of turbines	Total capa- city, MW	No. of turbines	Total capa- city, MW
Pre-study	211	800	201	767
Project development	242	920	298	1,139
Projects with relevant permits	97	363	162	586
Under establishment	74	294	74	279
Total	624	2,377	735	2,771

EOLUS'S PROJECT PORTFOLIO

Country	Group Aug 31, 2019						Group Aug 31, 2018					
	Wind power		Solar PV		Battery storage		Wind power		Solar PV		Battery storage	
	No. of turbines	Total capa- city, MW	No. of projects	Total capa- city, MW	No. of projects	Total capa- city, MW	No. of turbines	Total capa- city, MW	No. of projects	Total capa- city, MW	No. of projects	Total capa- city, MW
Sweden	624	2,377	-	-	-	-	736	2,771	-	-	-	-
US	97	407	3	1,194	5	363	99-292	258-740	-	-	2	23
Norway	80	430	-	-	-	-	100	400	-	-	-	-
Latvia	130	520	-	-	-	-	117	468	-	-	-	-
Estonia	42	168	-	-	-	-	42	168	-	-	-	-
Finland	14	56	-	-	-	-	14	56	-	-	-	-

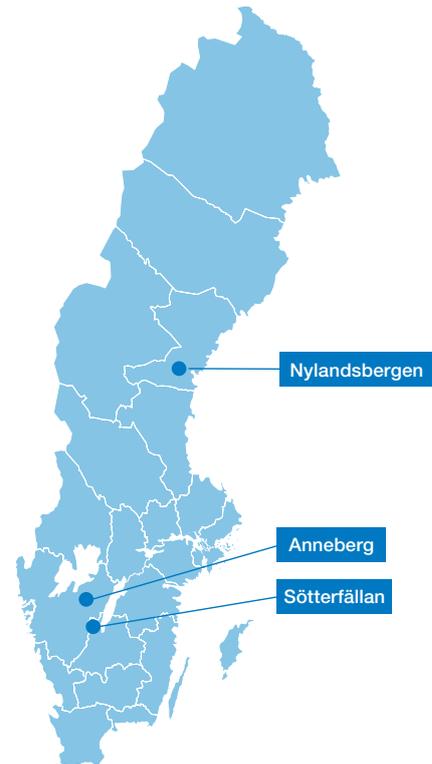
Projects established during the year

During the fiscal year, Eolus completed and handed over three wind farms with a total installed capacity of 115 MW. A total of 31 wind turbines were established, compared with 25 wind turbines with a capacity of 84 MW in

the preceding fiscal year. The wind farms were established in Electricity Price Areas 2 and 3, and divestment agreements had been signed for all three farms when construction started.

INSTALLED DURING THE 2018/2019 FISCAL YEAR

Name	Municipality	Capacity in MW
Anneberg	Tidaholm	10.8
Nylandsbergen	Sundsvall	68.4
Sötterfällan	Jönköping	36.0
Total		115.2



Anneberg

This wind farm is located in the Municipality of Tidaholm, in an upland agricultural landscape about 250 meters above sea level. There were already a number of wind turbines in the area. The original permit was for six wind turbines but after an optimization process with newer and larger turbines, three Vestas V136-3.6 MW were established. When the wind farm was completed and handed over in January 2019, the first Vestas V136 wind turbines were deployed in Sweden. Eolus manages the facility's assets on behalf of KGAL

No. of turbines: 3 Vestas V136-3.6 MW

Hub height: 105 meters

Installed capacity: 10.8 MW

Owner: KGAL

Nylandsbergen

The Nylandsbergen wind farm is situated in a cluster of wind farms that Eolus has established, or is currently establishing, in the Municipality of Sundsvall (Electricity Price Area 2). The total capacity of the three wind farms (Kråktorpet, Nylandsbergen and Jenåsen) is 311 MW, of which Nylandsbergen accounts for approximately 68 MW. The wind farm is connected to the national grid substation in Nysäter, which was dimensioned and installed for transmission of the wind power capacity that Eolus and other players are building in the area.

The wind farm site is located in forest areas with altitudes ranging from 300 to 390 meters above sea level. Eolus entered into a divestment agreement with Aquila Capital in December 2017, and the wind farm was handed over in August 2019. Eolus manages the facility's assets on behalf of Aquila Capital.

No. of turbines: 18 Vestas V136-3.8 MW

Hub height: 112 meters

Installed capacity: 68.4 MW

Owner: Aquila Capital



Sötterfällan

The Sötterfällan wind farm site is located about 14 km west of Jönköping in Electricity Price Area 3. The turbines have been placed at heights ranging from 265 to 305 meters above sea level at a treeline altitude, surrounded by relatively flat terrain. Lake Vättern is located to the east, at a significantly lower altitude than the wind farm.

Eolus entered into a divestment agreement with KGAL in December 2017, and the wind farm was handed over in August 2019. Eolus manages the facility's assets on behalf of KGAL.

No. of turbines: 10 Vestas V136-3.6 MW

Hub height: 122 meters

Installed capacity: 36 MW

Owner: KGAL



Eolus's high-priority projects

Market conditions are changing fast in terms of technological advancements, electricity prices and investors. Eolus's strategic focus is to concentrate on the development, divestment and establishment of several high-priority projects in the coming years, meaning those with the best potential to be realized at the lowest cost per megawatt-hour. With fewer but larger established wind farms, fluctuations between periods will be greater in relation to wind turbines installed, capital tied-up, sales and earnings. At the same time, fluctuations will decrease due to the recognition of revenue using the percentage of completion accounting method.

Continuous status reports

To highlight information about the status of these high-priority projects, they will be reported under a separate heading in Eolus's interim reports. Corresponding information

is presented on Eolus's website. The website is updated following the publication of quarterly reports, or due to other significant project events that have been announced in a press release.

Current status

The following projects are currently a top priority for the coming years. However, this compilation does not rule out the establishment of other projects from Eolus's high-quality project portfolio that meet investor demands and requests. The Jenåsen, Nylandsbergen and Sötterfällan wind farms are no longer included in this compilation of high-priority projects. Jenåsen was completed and handed over during the 2017/2018 fiscal year, while Nylandsbergen and Sötterfällan were completed and handed over in 2018/2019.



HIGH-PRIORITY PROJECTS

Project	Location	No. of turbines	Capacity, MW	Estimated generation, GWh	Planned deployment	Comments
Kråktorpet	Sundsvall, Sweden, SE2	43	163	550-590	2019	The wind farm was divested to Aquila Capital, which is expected to take possession of the facility in the second half of 2019. Commissioning of turbines is ongoing.
Wind Wall	Tehachapi, California, US	13	40-47	145-155	2020	Repowering project. Full-value Production Tax Credit (PTC) granted for the project. 15-year PPA signed with Amazon Web Services. Turbine supply agreement signed with Vestas. Divestment process is ongoing.
Stigafjellet	Bjerkreim, Norway, NO2	7	30	110-130	2020	The farm was divested to ewz, which is expected to take possession of the facility in the second half of 2020. Turbine supply agreement signed with Siemens Gamesa. Under construction.
Bäckhammar	Kristinehamn/ Degerfors, Sweden, SE3	31	130	400	2020	The farm was sold to KGAL, which is expected to take possession of the facility in summer 2020. Turbine supply agreement signed with Vestas. Under construction.
Øyfjellet	Vefsn, Norway, NO4	70-75	400	1,400	2021	Fully concessioned. Grid capacity reserved. 15-year PPA with Alcoa. Divestment agreement signed with Aquila Capital. Turbine procurement is ongoing.

Øyfjellet

Øyfjellet is Eolus's first Norwegian project and the largest permitted project that the company has ever developed. The project is located just south of Mosjøen in the Municipality of Vefsn. The project site comprises 55 km² of montane area, with altitudes ranging from 600 to 800 meters above sea level and good wind resources.

Extended and optimized

Originally a local initiative, Eolus acquired the rights to the project in 2012. The original concession from the Norwegian Water Resources and Energy Directorate (NVE) was for 330 MW, but this was extended to 400 MW in October 2018. Due to the rapid advancements in wind turbine technology, the extension will result in the establishment of fewer but larger wind turbines than the original concession. In the optimization

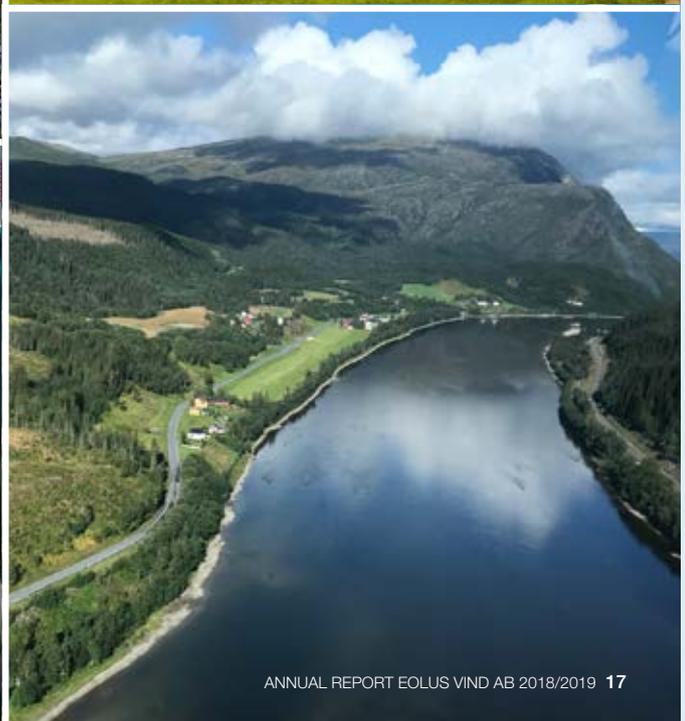
of the farm and its layout, the actual Øyfjellet site was excluded and the 70-75 wind turbines will be installed on other parts of the project site. Deployment is scheduled for late 2021, which means that the project will qualify for inclusion in the Swedish-Norwegian Electricity Certificate System.

Agreements enable locally generated electricity

In March 2018, Eolus signed a 15-year PPA with Alcoa Norway AS for all electricity generated by the completed wind farm. The wind farm will subsequently supply Alcoa's production facility in Mosjøen with local renewable electricity. As part of the arrangement, Eolus has signed a power guarantee with the Norwegian Export Credit Guarantee Agency (GIEK). The guaranteed amount is EUR 256 M.

Buyer: Aquila Capital

In July 2019, Eolus concluded an agreement with Aquila Capital regarding divestment of the wind farm. This agreement involves a conditional sale of 100% of the shares in the subsidiary that owns all of the rights to establish the wind farm, including the 15-year PPA with Alcoa, and an outsourcing agreement whereby Eolus will manage construction of the wind farm on behalf of Aquila Capital.





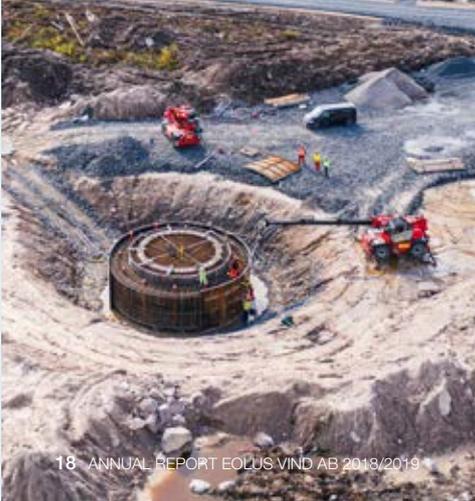
Kråktorpet

With a capacity of 163 MW, this is the largest facility ever established by Eolus, and means that Eolus has now installed over 600 wind turbines and reached more than 1,200 MW of installed capacity. The wind farm site is located in the Municipality of Sundsvall (Electricity Price Area 2) about 50 km west of Sundsvall/Timrå. The wind farm has been established in forest areas with altitudes ranging from 400 to 450 meters above sea level. The area features good wind resources and is sparsely populated, which has enabled the establishment. The wind farm comprises 43 Vestas V136-3.8 MW turbines.

The Kråktorpet, Jenåsen (79 MW) and Nylandsbergen (68 MW) wind farms make up Eolus's Sundsvall cluster of 311 MW. The establishment of these wind farms also required construction of a new national grid substation in Nysäter to ensure sufficient transmission capacity. As well as enabling the construction of projects developed by Eolus, the substation has also meant that other players in the area can establish wind power facilities.

Part of the Sundsvall cluster

Aquila Capital purchased Kråktorpet in December 2017. Eolus will manage the facility's assets on behalf of Aquila Capital, which has signed a 15-year PPA with Vattenfall for the electricity generated by Kråktorpet.



Bäckhammar

The wind farm site is located on the border between the Municipality of Kristinehamn and the Municipality of Degerfors (Electricity Price Area 3). The wind turbines will be placed on a wooded ridge, approximately 140-155 meters above sea level. The area has good wind resources and is sparsely populated. The wind farm will comprise 22 Vestas V136-4.2 MW and nine Vestas V150-4.2 MW wind turbines, with a total installed capacity of 130 MW. The Vestas V150 model is the largest wind turbine, in terms of rotor diameter, ever installed by Eolus.

German owner

In October 2018, Eolus signed an agreement with the German asset manager KGAL regarding divestment of the wind farm. Bäckhammar is scheduled for handover in August 2020 and after deployment, Eolus will manage the facility's assets. KGAL's co-investor is Kempen Private Markets Fund.

Stigafjellet

Stigafjellet is the first wind farm that Eolus has established in Norway. The wind farm is located some 35 km south-east of Stavanger, relatively close to the Norwegian coast. The wind farm site is mainly hilly, with altitudes ranging from 395 to 440 meters above sea level, and has good wind resources. When the farm is completed, which is scheduled for August 2020, it will comprise seven Siemens Gamesa SWT-DD-130 4.3 MW wind turbines, with an installed capacity of approximately 30 MW. The turbines established in Stigafjellet will be the largest, in terms of capacity, ever installed by Eolus.

When Stigafjellet is completed, it will be handed over to ewz, which signed a divestment agreement with Eolus in July 2018. Eolus will manage the facility's assets on behalf of ewz.



Wind Wall

In December 2016, Eolus acquired 60% of the Wind Wall project in Tehachapi, California, in the US. This is a repowering project, in which old turbines are being replaced by new modern turbines. The farm currently comprises about 400 old wind turbines with an installed capacity of approximately 36 MW. The old wind turbines will be replaced by up to 13 new wind turbines, with a total capacity of up to 47 MW. Electricity generation in the new wind farm will be approximately 3-3.5 times higher than in the current facility. Wind Wall is a textbook example of advancements in wind turbine technology.

Long-term agreement with Amazon

Eolus signed turbine supply agreements with Vestas for up to 13 V126 model turbines with a capacity of 3.45-3.8 MW per turbine. The project received the full amount of a PTC and Eolus's subsidiary, Eolus North America Inc (ENA), signed a long-term PPA with Amazon Web Services, Inc (AWS).



Eolus around the world

In addition to Sweden, Eolus also develops projects in Norway, the US, Latvia, Estonia and Finland. Projects are currently under establishment in the US and Norway. At the balance sheet date of August 31, 2019, 13 wind turbines were under establishment in the US and seven in Norway. These are also the two markets that Eolus currently considers most interesting for the company in addition to Sweden. As the company develops projects and completes facilities in

countries other than Sweden, the operations will become less dependent on a geographic breakdown and it will be easier to see where the most profitable projects can be established regardless of technology.

As with project development activities in Sweden, Eolus will be able to start its own projects, or acquire projects under development in the markets where the company is active. Projects outside Sweden are generally in earlier phases of development than most

projects in the Swedish portfolio, which is understandable because Sweden is Eolus's original market. These markets are diverse in terms of wind capacity currently under establishment, or under development. The countries also have varying conditions in terms of their geography, infrastructure, grid capacity and support systems for renewable electricity generation.



Norway

Norway joined the Swedish-Norwegian Electricity Certificate System on January 1, 2012. Facilities must be deployed by the end of 2021 to qualify for inclusion in the Electricity Certificate System. Projects in the Norwegian market are often characterized by challenging terrain and complex infrastructure, but also by high average wind speeds, enabling high generation rates in established facilities. Eolus began operating in Norway in 2012 following the acquisition of the Øyfjellet project.

Time is a key aspect

In recent years, the pace of development has been high in Norway and many facilities are under establishment. One reason for the high pace of development is the ambition to commission wind farms before the Electricity Certificate System stops accepting new facilities. According to statistics from NVE, Norway's installed wind power capacity was approximately 1,425 MW in October 2018. In October 2019, installed capacity amounted to 2,130 MW with an estimated annual generation of 6.75 TWh.

Eolus's largest to date

In the 2017/2018 fiscal year, Eolus signed its first wind farm divestment agreement in this market, regarding divestment of the Stigafjellet project, comprising 30 MW, to ewz. In the 2018/2019 fiscal year, a conditional divestment agreement was signed with Aquila Capital to sell 100% of the shares in the subsidiary that owns all of the rights to establish Øyfjellet. Øyfjellet is Eolus's largest-ever permitted project, regardless of market.

The Norwegian project portfolio currently comprises a potential capacity of 430 MW, of which the largest project is Øyfjellet. Eolus's ambition is to expand the portfolio, which could involve the start-up of completely new projects as well as acquisitions of projects under development.

US

Eolus established operations in the US during the 2015/2016 fiscal year. The operations are conducted by the subsidiary Eolus North America Inc. The project portfolio in the US comprises both wind, solar and storage projects, which means that Eolus has its broadest portfolio of technologies in this market.

Eolus has up to 13 wind turbines with a capacity of up to 47 MW under establishment in the Wind Wall project in California. The project is covered by a PPA with Amazon Web Services. In addition, the wind portfolio comprises about 400 MW. The portfolio also includes solar and storage projects, including the first solar-and-storage project acquired in September 2018. This early-phase project in the western US region features 500 MW of solar PV generation and 250 MW of battery storage.

Changed incentives and a higher tempo

The current federal support system for wind energy, Production Tax Credits (PTC), will be phased out in 2019. A tax credit is provided for the first ten years of electricity generation and the amount depends on when the project was started. Wind facilities that commenced construction in 2015 and 2016 qualify for the full tax credit amount. The tax credit is phased down the closer to 2019 that a facility commences construction. In addition to the federal PTC incentive, a number of US states have offensive targets for the development of renewable energy.

The US has the highest amount of installed wind power capacity after China. In 2018, 7,588 MW of new wind power was added, representing an 8% increase compared with 2017. In the first three quarters of 2019, new capacity additions rose 123% compared with the same period in 2018. According to statistics from AWEA, 22,651 MW was under construction at the end of the third quarter of 2019.

The five states with the most wind power installed to date are Texas, Iowa, Oklahoma, Kansas and California. According to statistics from the AWEA, Texas has the largest installed capacity by far, with 27,000 MW at the end of the third quarter of 2019, which is over 18,000 MW more than Iowa.

Strong solar PV in a heterogeneous market

In the US, solar PV accounted for 36% of all new electricity generating capacity additions in the first half of 2019, according to statistics from the Solar Energy Industries Association (SEIA). The installations comprise both utility-scale solar PV farms and small-scale privately owned establishments.

The US market should really be seen as several different markets because of its geography, and the regulatory diversity in regard to permitting, grid connection, electricity trading and renewable energy targets. Eolus has initially chosen to focus on the western US region.



Finland and the Baltic countries

Of the other markets in which Eolus is active, the country with the most wind power installed is Finland. According to statistics from WindEurope, Finland's installed capacity was 2,041 MW at the end of 2018. Eolus's project portfolio in Finland comprises 56 MW.

Investments in Dobele and Tukums

No new wind power was added in Latvia and Estonia in 2018. Latvia has excellent wind conditions in both the western and central regions of the country, which offers great potential for wind power. At present, Eolus is one of the few active project developers in

the country and, at the end of the fiscal year, had a project portfolio with an estimated capacity of approximately 468 MW. In 2019, the Latvian Environmental Agency presented its conclusions on the environmental impact assessment carried out for the Dobele and Tukums wind farms, and granted a permit to construct 35 wind turbines. Of these 35 turbines, 22 may be built in Tukums and 13 in Dobele. The next stage of the potential construction process is to receive approval for the projects from local authorities. According to statistics from WindEurope, Latvia's total installed wind power capacity was 66 MW at the end of 2018.

Delays caused by radar disruptions

In Estonia, severe restrictions on the construction of large wind turbines due to interference with the Armed Forces' radar activities have led to a decline in project development activities, thereby making investments impossible. According to WindEurope's statistics, Estonia's total installed capacity is 310 MW. 1.6 MW of this capacity is divided between two wind turbines installed and owned by Eolus on the island of Saaremaa, where Eolus also owns land. Eolus's project portfolio in Estonia amounts to 168 MW.

Development is a continuous process

During the present and preceding fiscal year, a total of three projects from the high-priority project portfolio were completed and handed over. Alongside of efforts to complete and divest the remaining high-priority projects, a project development process is also taking place to ensure that new projects advance. These projects are developed in the markets where Eolus is active and in various technologies in accordance with Eolus’s Articles of Association, which state that the company’s operations now include the development of projects in renewable energy and energy storage.

Rapid development of the market and technologies

Next in line is the optimization and divestment of several small wind power projects in Electricity Price Areas 2 and 3 in Sweden, where the permits, in several cases, have been adapted to the technological advancements of larger rotor blades and taller towers. Projects in the US, Latvia and Finland will also be deployed within this timeframe.

The next stage includes potential realization of large-scale early-phase projects, regardless of market and technology, as of 2022. The market is moving fast and, compared with the preceding year, the divestment process is starting earlier and investors are becoming involved in the development stage of projects – before permits are granted.

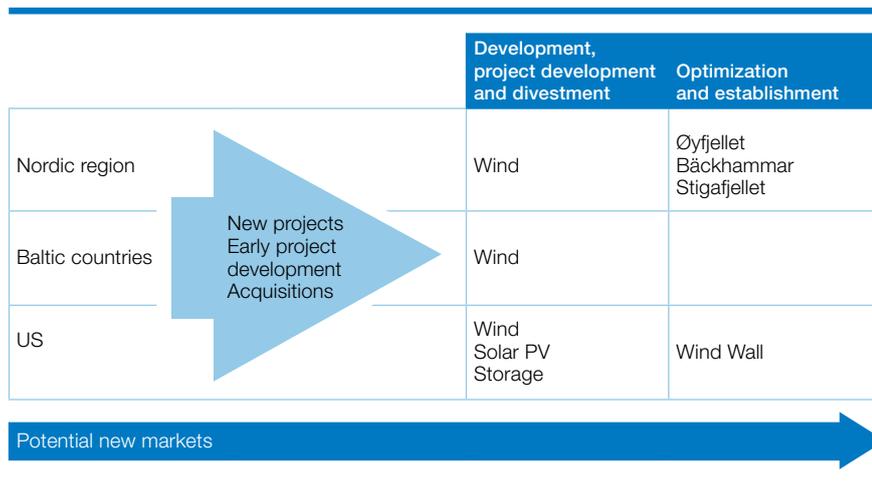
As well as starting up its own development projects, Eolus may also acquire projects and become the developer, or acquire permitted projects. Projects can also be developed and realized together with partners. The company’s objective is to evaluate new markets with the aim of enabling establishment in at least one more geographic market from 2022.

Realization of potential projects

Eolus intends to return with new projects like the high-priority projects that are currently under development. In future, projects that meet investors’ requirements but are not classified as high-priority for project development may also be realized.



The Sötterfällan Wind Farm



Rapidly falling prices are making solar PV farms attractive investments in many parts of the world.



Outsourced management for maximum revenue and problem-free ownership

Eolus offers wind power owners of various sizes a complete package of asset management services to maximize the revenue generated by their facilities. The goal of our asset management services is to ensure that the owner receives professional management of all aspects related to the operation of a facility, including surveillance, control, monitoring, administration and contact with the owner's contracted service supplier. As asset manager, Eolus works closely with a range of service suppliers. In partnership with them, Eolus ensures that the facility's availability is high and that downtime is minimized.

Expertise center

Eolus's driving force is that we want our customers to see the company as a partner that will do anything to maximize availability and minimize operating expenses over the life span of their facility. Eolus also takes care of all other practical and administrative aspects. Since its inception in 1990, Eolus has built up extensive expertise in wind farm operation. The company has developed and packaged this experience and expertise, and offers it to customers. This has also meant that Eolus's asset management department has evolved into a center for expertise, and can offer knowledge on a consulta-

tive basis, both externally to turbine customers and manufacturers, and internally within the organization during the project development and installation phases.

Established source of energy with major potential

Not only does wind power hold a firm 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, regardless of their size. Eolus sees significant market demand, from international investors as well as other players, for professional management of operational facilities. Investors whose core operations are neither wind power nor energy generation offer strong growth potential. Parties without any business operations in the relevant geographic market also offer potential. Institutional investors that invest in the Nordic market often belong to both of these categories.

Managed wind power is growing

During the fiscal year, the Nylandsbergen, Sötterfällan and Anneberg wind farms increased the volume of Eolus's asset management portfolio from 415 MW to 524 MW, up approximately 26%. 521 MW of these wind

1,250

At August 31, 2019, Eolus had signed asset management agreements for 1,250 MW. These have either been deployed, or will be deployed between 2019 and 2021.

power assets is managed on behalf of external customers. At the end of the fiscal year, asset management agreements had also been signed with external customers for the Kråktorpet (163 MW), Stigafjellet (30 MW), Bäckhammar (130 MW) and Øyfjellet (400 MW) wind farms, which are scheduled for deployment between 2019 and 2021. When these farms are deployed, the estimated annual generation of Eolus's managed assets will be more than 3.9 TWh, compared with 1.6 TWh at the end of the fiscal year. This operating segment provides recurring, stable and long-term revenue streams for Eolus.

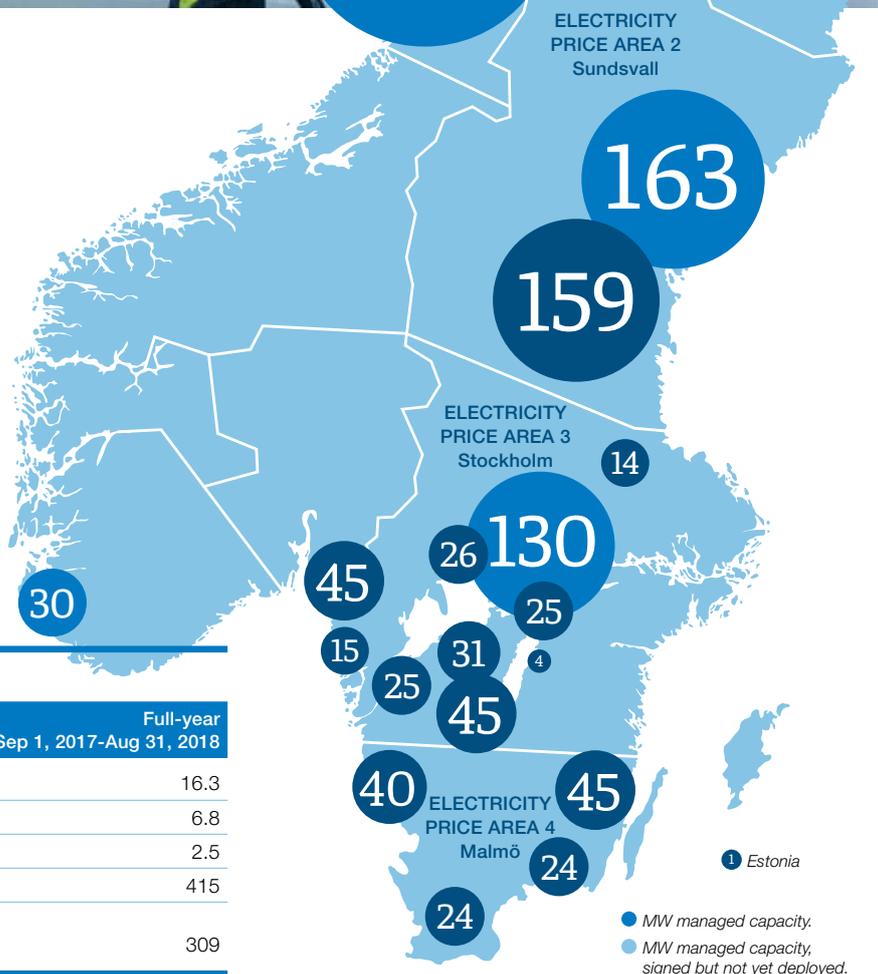


Operations center, Halmstad

The Nylandsbergen wind farm

Secure and profitable. A competent asset management partner

Eolus's services in this segment offer technical operation and all administration of a facility, such as responsibility for electrical operations, occupational health and safety, accounting and financial statements and insurance. The company also serves as the point of contact for the facility's relevant suppliers, regulators and insurance companies. Eolus's staff check and monitor the facility via the company's operations center, follow up planned and unplanned service, make regular visits to the site, conduct annual inspections of the facility and ensure compliance with regulatory conditions and requirements. Customers can purchase either a total solution or some of the services offered by Eolus and this offer is not limited to the Swedish market.



At the end of the fiscal year, Eolus had asset management assignments on both its own behalf and that of customers of 524 MW, plus signed agreements for an additional 723 MW. Investors that have chosen Eolus's asset management concept include Aquila Capital, ewz, Munich Re, KGAL, Tolvmanstegen Drift AB, Mirova/European Investment Bank and a range of public-sector investors.

ASSET MANAGEMENT – KEY FIGURES

SEK M	Full-year Sep 1, 2018-Aug 31, 2019	Full-year Sep 1, 2017-Aug 31, 2018
Net sales	20.0	16.3
Other operating income	8.1	6.8
Operating profit	2.6	2.5
Managed turbines, MW	524	415
Signed agreements, not yet deployed farms, MW	723	309

Phase-out of own holding and own electricity generation

Eolus's objective has been to reduce its own wind power holding in order to free up capital for the development of new projects and the divestment of turnkey facilities. A strong focus on project development and asset management services has gradually reduced the significance of this operating segment for Eolus. The strategy to reduce the company's own holding has been successful, and from the end of the 2013/2014 fiscal year until the end of the 2018/2019 fiscal year, the number of facilities owned by Eolus declined 96%. The remaining 3.4 MW will either be

divested or remain in operation until the facilities reach the end of their useful life.

Revenues in this operating segment are derived from sales of electricity, with the related electricity certificates and guarantees of origin. In view of the strategy to reduce Eolus's own holding, Electricity Generation's share of the Group's total revenue has fallen and during the fiscal year, accounted for just over 0.3%. This operating segment will not be reported separately as of the 2019/2020 fiscal year, and instead be included in the Project Development segment.

At the end of the fiscal year, Eolus owned operational wind power facilities with a total installed capacity of 3.4 MW (8.2) and estimated annual generation of 7.8 GWh (17.2). All turbines are recognized as non-current assets. Average revenue for the electricity generated during the fiscal year was SEK 560 (470) per MWh.

ELECTRICITY GENERATION – KEY FIGURES

SEK M	Full-year Sep 1, 2018-Aug 31, 2019	Full-year Sep 1, 2017-Aug 31, 2018
Net sales	6.5	14.2
Other operating income	0.5	1.2
Operating profit, before impairment losses	1.6	0.8
Operating profit/loss, after impairment losses	1.6	-1.4
Electricity generation, MWh	11,663	30,233

This operating segment will not be reported separately as of the 2019/2020 fiscal year, and instead be included in the Project Development segment.

Unloading, Härnösand



Sustainability – part of Eolus’s offering

The company’s operations touch all parts of the sustainability concept: environmental, economic and social sustainability. Eolus therefore has a corporate social responsibility – in addition to generating a profit for our shareholders, offering cost-efficient solutions to our customers and providing meaningful, stimulating work for our employees. This responsible approach is not contradictory. On the contrary – it is a competitive advantage and a prerequisite for our future success.

Socio-economic benefits

The transition to a sustainable society is one of today’s most important issues. Eolus considers the company and its operations an important part of the infrastructure development that is benefiting society and creating a range of jobs and employment opportunities. Electricity generation from wind is also helping to make our society more sustainable. Wind power is a popular source of energy in Sweden, and the third-largest source of electricity in Sweden after hydro-power and nuclear power. In 2019, wind-generated electricity surpassed 20 TWh over a rolling 12-month period for the very first time. Swedish Wind Energy predicts that wind power capacity will reach almost 40 TWh by 2022. Wind power will play an increasingly important role in the transition to a sustainable energy system, where the political target is 100% renewable electricity generation by 2040.

Built-in value creation

Eolus has been a leading Nordic player in the transition to renewable energy since 1990. The company has driven the trend toward higher efficiency and has extensive knowledge of where and how wind farms should be planned for optimal electricity generation while showing consideration for other community interests. Value creation is inherent to our long experience – including the ability to account for people, the landscape, the environment and society across the entire value chain. With a large order backlog and attractive projects under development, Eolus will continue to contribute to the transition in both Sweden and other countries.

Eolus aims to be a respected company that creates value for its stakeholders. The company’s employees are expected to act properly, fairly and honestly. The same standards are imposed on consultants, suppliers and other business partners. Impartiality shall prevail in all business relationships. Eolus aims for a high degree of transparency when communicating with shareholders and society in general.

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

Sustainability targets

Given the material topics with high importance identified by the company, Eolus’s targets for the coming fiscal year are as follows.

Climate impacts of the company’s activities

Eolus does not conduct any manufacturing or construction activities with own staff. Wind turbines and other components for the operation of facilities for renewable electricity generation and transmission are purchased from long-established manufacturers. Eolus has a limited ability to influence greenhouse gas emissions in these stages. Like other parts of society, however, the company’s activities are a source of greenhouse gas emissions. These range from the environmental impact of offices, traveling with private vehicles or public transport, and various types of purchasing. Gathering knowledge about the current situation provides opportunities for making well-informed decisions about the company’s climate impact.

Target: In 2019/2020, map the company’s carbon footprint and create an action plan proposal.

Fulfillment of the targets in the preceding year’s Sustainability Report

In Eolus’s first Sustainability Report (for the 2017/2018 fiscal year), three sustainability topics were identified and prioritized. These were the supply chain, an attractive employer and anti-corruption. Within the framework of these material topics, three targets were determined for 2018/2019. A summary of the company’s target fulfillment is presented below.

The supply chain

Target: In 2018/2019, prepare a Code of Conduct for the companies that are contracted for the establishment of facilities installed by Eolus.

Target fulfillment: This target was fully achieved when Eolus’s Board of Directors, at a Board meeting in October 2019, adopted the Code of Conduct drafted by Group Management. This Code of Conduct applies to employees as well as Eolus’s sub-contractors.

Attractive employer

Target: In 2018/2019, Group Management will assess the need for a separate HR position and should a need exist, propose the duties involved in such a position.

Target fulfillment: In March 2019, a part-time (30%) HR position was introduced after Group Management confirmed the need for such a position in the company. Since assuming the role, the HR Manager has completed an HR mapping process, created guidelines for the payroll process and salary setting, created a new OHS plan and started working on a diversity plan and action plan to combat discrimination.

Anti-corruption

Target: In 2018/2019, the company will create anti-corruption guidelines and set a target of zero corruption cases per year.

Target fulfillment: Efforts to create anti-corruption guidelines were incorporated into the Code of Conduct process and the guidelines have therefore been adopted.

UN Sustainable Development Goals

Our work with sustainable development is based on the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) set by the United Nations General Assembly in 2015. The SDGs affect all sectors of society, and the business sector has a key role to play in their achievement. Eolus's business concept embraces several SDGs, such as combating climate change, ensuring access to sustainable energy for all, and promoting decent working conditions and sustainable economic growth.



Climate action

Take urgent action to combat climate change and its impacts

Through its business concept of developing, installing and managing facilities for renewable energy and energy storage, Eolus, as a company, is contributing to the social transition. By continuously striving to establish facilities at the lowest cost per megawatt-hour, Eolus is creating attractive investment opportunities for our customers. This was initially confined to Sweden, but Eolus has also installed two wind turbines in Estonia, and has 13 wind turbines under installation in the US and seven wind turbines under installation in Norway.

Affordable and clean energy

Ensure access to affordable, reliable, sustainable and modern energy for all

Continued technological improvements and reduced costs for renewable energy are fundamental for reaching the target of sustainable energy for all. Eolus does not develop or manufacture technology, but contributes to these advancements by adopting new technologies and continuously seeking innovative business solutions that suit the needs of our customers. As one of the leading Nordic project developers, Eolus has been first to establish new wind turbine models in Sweden on several occasions.

Decent work and economic growth

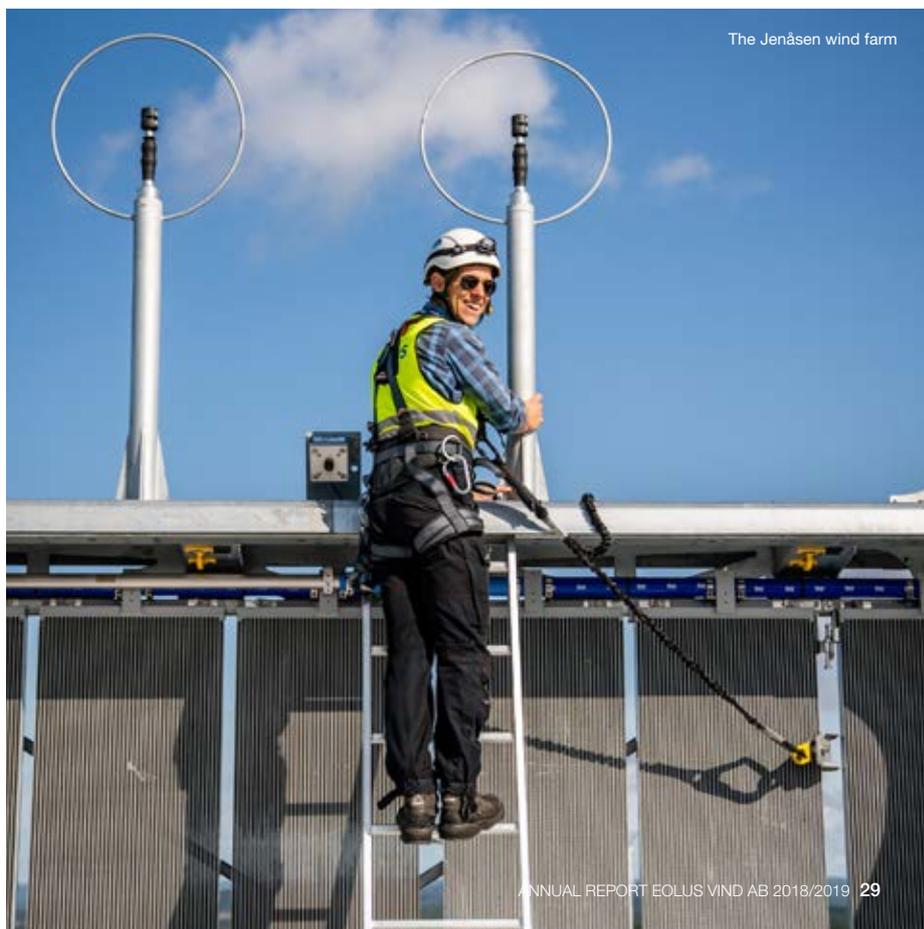
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

As a company, Eolus strives to create value not only for its shareholders and employees, but also for society as a whole. Since the company's inception in 1990, Eolus has only posted negative results for one fiscal year, which has helped to build a strong and healthy company.

Eolus is a knowledge-intensive company with a small-scale organization. This means that the experience, knowledge, creativity and commitment of our employees is important for the company, and for the development of Eolus's market offering. Achieving this target requires a corporate culture in which every employee is able to find a balance between work, life and personal development. Our corporate culture also enables us to recruit and retain the best employees.

Sustainability Report

Eolus's Sustainability Report has been prepared as a separate document. The Sustainability Report, and this Annual Report, are available on the company's website www.eolusvind.com When preparing the first Sustainability Report in the preceding fiscal year, the company performed a materiality assessment to identify the most important sustainability topics for Eolus and where the company has the greatest impact. This year's Sustainability Report has continued to build on these efforts by adding one new target, and also includes a presentation of Eolus's target fulfillment.



The Jenåsen wind farm



FINANCIAL SUMMARY

Amounts in KSEK	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
Income statement					
Net sales	2,031,911	1,365,977	1,065,668	693,446	1,502,137
Operating profit/loss	118,321	202,411	40,233	-15,949	90,040
Profit/loss after financial items	115,971	198,879	34,224	-29,057	75,243
Net profit/loss for the year	132,794	194,313	24,504	-23,918	79,994
Balance sheet					
Non-current assets	110,817	177,271	147,959	291,795	351,787
Current assets	1,946,973	1,717,730	752,805	977,821	907,568
Assets	2,057,789	1,895,002	900,764	1,269,616	1,259,355
Equity, Eolus's shareholders	887,817	814,013	657,791	671,025	731,313
Equity, non-controlling interests	2,037	1,912	1,719	140	51
Non-current liabilities	159,762	124,145	74,617	136,434	248,607
Current liabilities	1,008,173	954,932	166,637	462,017	279,384
Equity, provisions and liabilities	2,057,789	1,895,002	900,764	1,269,616	1,259,355
Cash flow statement					
Cash flow from operating activities	566,631	241,724	90,971	134,190	714,911
Cash flow from investing activities	-100,785	-952	-9,718	-10,395	44,167
Cash flow from financing activities	-103,167	296,832	-101,037	-143,754	-604,049
Cash flow for the year	362,678	537,604	-19,784	-19,959	155,029
Cash and cash equivalents at beginning of year	739,825	201,509	221,549	241,522	86,499
Exchange rate differences in cash and cash equivalents	480	712	-256	-13	-6
Cash and cash equivalents at year-end	1,102,983	739,825	201,509	221,549	241,522

KEY FIGURES FOR THE GROUP***

	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
No. of turbines taken into operation	31	25	25	14	33
Turbines taken into operation, MW	115.2	83.8	72.2	37.7	68.6
Managed turbines, MW	524	415	351	293	303
Electricity generation, GWh	11.7	30.2	58.6	123.6	242.3
Average number of employees, full-time positions	39	35	33	33	33
Operating margin, %	5.8	14.8	3.8	neg.	6.0
Profit margin, %	5.7	14.6	3.2	neg.	5.0
Return on capital employed, %	10.9	21.9	5.8	neg.	7.8
Return on equity after tax, %	15.6	26.4	3.7	neg.	9.7
Equity/assets ratio, %	43.2	43.0	73.0	52.9	58.1
Earnings/loss per share, SEK	5.33	7.81	1.02	-0.92	3.25
Equity per share, SEK	35.65	32.68	26.41	26.94	29.36
Dividend per share, SEK	1.50 [*]	1.50	1.50	1.50	11.50 ^{**}
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

* Proposed dividend

** Extra dividend of SEK 10 paid on July 3, 2015.

*** Refer to page 95 for a definition of key figures.

Eolus's share and ownership structure

Eolus Vind has two share classes, 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 had been 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 from the lowest price of SEK 36.55 on October 25, 2018, and the highest price of SEK 84.70 on July 3, 2019. At the end of the fiscal year, on August 31, 2019, the closing price was SEK 78.70. Eolus's share price rose approximately 104.9% during the fiscal year, compared with the Nasdaq Stockholm Small Cap's index, which rose about 4.3% during the same period. A total of 16,388,226 Class B shares were traded. The turnover rate increased about 115.6% compared with the preceding 12-month period.

Ownership structure

At August 31, 2019, the company had 13,897 shareholders, up 5,720 during the fiscal year. The ten largest shareholders accounted for 30.4% (33.9) of the capital, and 49.0% (51.4) of the voting rights. The largest shareholders were mainly Domneåns Kraftaktiebolag and Hans-Göran Stennert. At the end of the 2018/2019 fiscal year, Eolus Vind AB did not hold any treasury shares.

Share capital

At August 31, 2019, 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 dividend payments in amounts determined by the Annual General Meeting. There are no restrictions on the transfer of shares or the voting rights of each shareholder at Annual General 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 1990-2019 period is presented in the table on page 33.

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 divestment of wind turbines is an essential part of the business, maintaining a strong financial position is imperative. The Board will therefore consider the company's long-term financing requirements on each occasion. In view of Eolus's strong financial position, the Board of Directors proposes that a dividend of SEK 1.50 (1.50) per share be adopted by the Annual General Meeting. That corresponds to a transfer of SEK 37.4 M (37.4), and a direct yield of 1.9%.

Financial information

Eolus's Investor Relations (IR) communication is characterized by open, relevant and accurate information to shareholders, investors and analysts with the aim of raising awareness 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 and financial reports via the company's website. Company presentations and interviews with the CEO of Eolus are also available on the website.

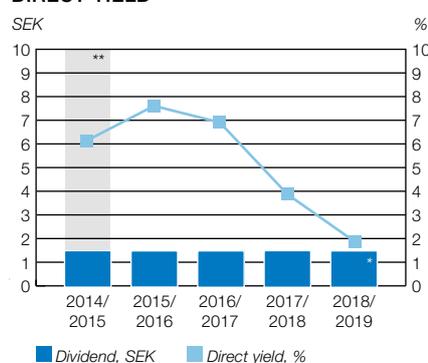
KEY FIGURES PER SHARE

	2018/ 2019	2017/ 2018
Earnings per share, before and after dilution, SEK	5.33	7.81
Ordinary dividend, SEK	1.50 ¹	1.50
Direct yield, % ²	1.9	3.9
Share price at year-end, SEK	78.7	38.4
Market capitalization, SEK M	1,960	956
No. of shares outstanding, 000s	24,907	24,907
Average number of shares during the year, 000s	24,907	24,907

¹ Based on the Board of Director's dividend proposal.

² Dividend divided by the closing price for each fiscal year.

DIVIDEND PER SHARE AND DIRECT YIELD



* The 2018/2019 dividend is based on the Board's proposal to the Annual General Meeting.

** During the 2014/2015 fiscal year, an extra dividend of SEK 10 was paid in the form of a share split with a redemption procedure. Direct yield including the extra dividend was 46.9%.

SHARE PRICE PERFORMANCE



SHAREHOLDERS AT AUG 31, 2019

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	194,720	567,200	761,920	3.1%	6.9%
Hans Johansson and Borgunda bygghandel, through companies	169,520	59,168	228,688	0.9%	4.8%
Försäkringsaktiebolaget Avanza Pension	0	1,411,324	1,411,324	5.7%	3.9%
Ingvar Svantesson	43,750	200,175	243,925	1.0%	1.7%
Nordnet Pensionsförsäkring AB	500	480,955	481,455	1.9%	1.3%
Swedbank Försäkring AB	0	477,468	477,468	1.9%	1.3%
Stiftelsen Riksbankens Jubileumsfond	0	347,198	347,198	1.4%	1.0%
Kieryd Gård AB	0	340,392	340,392	1.4%	0.9%
Other shareholders	139,135	17,205,642	17,344,777	69.6%	51.0%
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	1,222,877	4.9%	11,098	79.9%
501-1,000	860,613	3.5%	1,069	7.7%
1,001-5,000	2,769,964	11.1%	1,219	8.8%
5,001-10,000	1,722,033	6.9%	236	1.7%
10,001-15,000	702,609	2.8%	57	0.4%
15,001-20,000	941,450	3.8%	53	0.4%
20,001-	16,687,454	67.0%	165	1.2%
	24,907,000	100.0%	13,897	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's Group Management

During the 2018/2019 fiscal year, Eolus had five senior executives: Per Witalisson, Marcus Landelin, Catharina Persson, Karl Olsson and Richard Larsson. Information regarding when these executives assumed their positions, their dates of birth, experience, shareholdings in Eolus at October 31, 2019 and their ongoing assignments is presented below. Assignments within the Group and the assignments of deputy Board members are not specified. Company shareholdings include own shares, both direct and indirect, and 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 from 1996-2006, where he was an authorized public accountant from 2003-2006.

Other assignments: Chairman of the Board of Rockneby Vind AB and Långmarken Wind AB. Board member of Hästhalla Wind AB and Triventus AB.

Shareholding in Eolus: 15,925 Class A shares and 49,376 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 Head of Origination and Project Development for onshore wind power in Northern Europe, as well as working with offshore wind power. He also worked with export and trade issues at the Swedish Trade Council in Eastern Europe and ran his own trading and construction businesses.

Other assignments: None.

Shareholding in Eolus: 2,425 Class B shares



CATHARINA PERSSON
CFO

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

Other assignments: Chairman of the Board of Wind Farms Götaland Svealand AB and Wind Farm Jenasen AB. Board member of SD Förvaltning i Malmö AB

Shareholding in Eolus: 4,020 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 law 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: Chairman of the Board of Vindkraft i Dalåsen AB. 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: 6,660 Class B shares



RICHARD LARSSON
Head of Project Delivery

Born: 1979. Employed since 2011. Master of Electrical Engineering. Came to Eolus through the acquisition of Svenska Vindbolaget, where he was responsible for onshore wind power project development, mainly in Sweden. Has also worked in several consultant companies, where he undertook technical assignments in the field of engineering for the power industry.

Other assignments: None

Shareholding in Eolus: 3,176 Class B shares

The Nylandsbergen wind farm



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, 2018-August 31, 2019 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 aims to create value at all levels of project development, establishment and operation of facilities for renewable energy and energy storage, and to offer attractive and competitive investment objects to both local and international investors in the Nordic region, 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 permitted projects, and projects under development. In these cases, sales are often supplemented with a contract for the construction of the farm. Eolus offers a full range of asset management services to wind power owners for care-free ownership where revenue is maximized and production loss is minimized. Eolus also uses its own wind power facilities to generate electricity. The importance of the segment to Eolus's sales and earnings is limited since the company has achieved its goal of reducing the number of turbines that it owns. The Electricity Generation operating segment will not be reported separately for the 2019/2020 fiscal year, and instead will be included in the Project Development segment.

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

Project development

Since its inception in 1990, Eolus has evolved into a leading wind power developer throughout Sweden and the Nordic region. By the end of the fiscal year, Eolus had participated in the installation of 572 wind turbines with a combined capacity of 1,044 MW. Projects are realized either by selling the project rights combined with a contract for construction of the wind farm, or by establishing wind turbines that are then divested as turnkey facilities to investors. In both cases, revenue is recognized over time in accordance with the degree of completion, which means that revenue and expenses are reported over the life of the project. Sales and earnings vary between individual quarters and fiscal years, depending on the pace of wind farm construction. The project development operations are mainly financed by equity, advance payments from customers and construction loans.

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

Sales from the development, establishment and divestment of wind power facilities amounted to SEK 2,007.0 M (1,336.5). During the fiscal year, 31 (25) wind turbines with a combined capacity of 115.2 MW (83.8) were installed and completed, all of which were handed over. Other operating income of SEK 50.1 M (14.5) mainly comprised exchange rate gains.

Asset management

Over the years, Eolus has developed extensive expertise in virtually all areas related to the establishment and operation of wind turbines. Eolus offers full asset management services to wind power owners to provide carefree ownership that maximizes revenue and minimizes production loss. Eolus sees increasing demand for these services both from major institutional investors that own large wind farms, and from local opera-

tors with smaller facilities. These operations provide Eolus with stable, recurring and long-term revenue streams. Sales from wind power asset management services amounted to SEK 20.0 M (16.3), of which external customers accounted for SEK 18.7 M (15.7). At the end of the fiscal year, Eolus's customer contracts relating to asset management assignments for its own holdings and on behalf of customers totaled 524 MW (415), of which external customers accounted for 521 MW (408). In addition to these assignments, the company has signed asset management agreements for the following wind farms that have not yet been deployed: Kråktorpet (163 MW), Stigafjellet (30 MW) and Bäckhammar (130 MW). All of these farms will be deployed and handed over in 2019/2020, Kråktorpet in the first half of the year and Stigafjellet and Bäckhammar in the second half.

Electricity generation

The Group uses its own wind power facilities to generate electricity, which are recognized as either a non-current asset or inventories. Revenue is derived from sales of electricity, and from sales of the electricity certificates allocated to renewable electricity producers. The importance of the segment to Eolus's sales and earnings is limited since the company has achieved its goal of reducing the number of turbines that it owns. The Electricity Generation operating segment will not be reported separately for the 2019/2020 fiscal year, and instead will be included in the Project Development segment.

Sales from the Group's electricity generation amounted to SEK 6.5 M (14.2). This decline was attributable to lower electricity generation due to the strategy to reduce the number of owned turbines. In comparable facilities, generation was in line with the year-earlier period. At the end of the fiscal year, the Group owned a combined installed capacity of 3.4 MW with estimated generation of 8 GWh per year, recognized as non-current assets. Average revenue for the electricity generated during the fiscal year was SEK 560 (470) per MWh.

THE GROUP'S NET SALES AND EARNINGS

Net sales amounted to SEK 2,031.9 M (1,366), up SEK 665.9 M compared with the preceding year. Operating profit amounted to SEK 118.3 M (202.4), down SEK 84.1 M. The increase in sales was mainly due to a higher number of turbines and turbines with superior capacity being established and handed over, and the sale of project rights and electricity certificates. The introduction of IFRS 15 impacted comparisons with former accounting policies. Sales and operating profit for the Project Development segment were positively affected by SEK 461.2 M and SEK 11.4 M, respectively. For more information on the impact of the percentage of completion method, refer to the accounting policies and supplementary disclosures in Note 5. During the year, 31 wind turbines with a capacity of 115.2 MW were installed, all of which were handed over. In the preceding year, 25 wind turbines with a capacity of 83.8 MW were installed, all of which were handed over. Changes in the fair value of currency derivatives had a negative impact of SEK 27.0 M on operating profit, compared with a negative impact of SEK 0.4 M in the preceding year. Loss from financial items amounted to SEK 2.4 M, compared with a loss of SEK 3.5 M in the preceding year. Changes in the fair value of interest rate derivatives had a positive impact of SEK 2.1 M on operating profit, compared with a positive impact of SEK 2.8 M in the preceding year. In total, changes in the fair value of financial currency and interest rate derivatives had a negative impact of SEK 24.9 M on profit before tax, compared with a positive amount of

EARNINGS AND FINANCIAL POSITION

Amounts in KSEK	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
Overview Group					
Net sales	2,031,911	1,365,977	1,065,668	693,446	1,502,137
Operating profit/loss	118,321	202,411	40,233	-15,949	90,040
Profit/loss after financial items	115,971	198,879	34,224	-29,057	75,243
Return on capital employed, %	11	22	6	neg.	8
Return on equity after tax, %	16	26	4	neg.	10
Total assets	2,057,789	1,895,002	900,764	1,269,616	1,259,355
Equity/assets ratio, %	43	43	73	53	58
Average number of employees	39	35	33	33	33

Amounts in KSEK	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
Overview Parent Company					
Net sales	1,412,833	1,115,620	910,062	611,873	1,348,830
Profit after financial items	206,990	288,869	82,560	26,663	160,261
Total assets	2,374,888	2,039,782	890,371	1,176,727	1,088,855
Equity/assets ratio, %	45	44	74	47	50
Average number of employees	27	25	32	31	31

DEFINITIONS OF KEY FINANCIAL FIGURES

<i>Return on equity after tax</i>	Rolling 12-month earnings relative to average equity.
<i>Equity/assets ratio</i>	Equity expressed as a percentage of total assets.
<i>Return on capital employed</i>	Profit after financial items plus interest expense expressed as a percentage of average capital employed.
<i>Capital employed</i>	Total assets minus non-interest-bearing liabilities.

SEK 2.4 M in the preceding year. The effective tax rate varies considerably between periods, depending on the structure of wind turbine divestments.

FINANCIAL POSITION

Total assets are significantly affected by the size of ongoing wind power projects, the phase they are in, and the use of credit facilities. For the construction of wind farms, the company aims to secure customer financing in pace with the project's completion.

The Group's equity/assets ratio was 43.2% at end of the fiscal year, compared with 43.1% at the end of the preceding fiscal year.

CASH FLOW AND CASH AND CASH EQUIVALENTS

Cash flow from operating activities amounted to SEK 566.6 M, compared with SEK 241.7 M in the preceding year. The higher cash flow was due to a decline in ongoing projects after the handover of the Nylandsbergen and Sötterfällan wind farms. Cash flow from investing activities was a negative SEK 100.8 M, compared with a negative SEK 1.0 M in the preceding year. Cash flow from financing activities amounted to a negative SEK 103.2 M, compared with a positive SEK 296.8 M in the preceding year. The change was mainly attributable to loan repayments.

At the end of the fiscal year, cash and cash equivalents amounted to SEK 1,103.0 M (739.8), an increase of SEK 363.2 M. In addition to cash and cash equivalents, there was a overdraft facility of SEK 100 M that was unutilized. Of the company's total construction loans of SEK 950 M, SEK 150 M had been utilized. On the corresponding date in the preceding year, the overdraft facility at the time was unutilized and the framework credit agreement and construction loans had been utilized in an amount of SEK 255.0 M.

At the end of the fiscal year, net cash amounted to SEK 800.1 M (371.1), up SEK 429.0 M.

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

At the end of the fiscal year, wind turbine inventories, wind turbines under construction, projects under development and electricity certificates amounted to SEK 472.4 M (574.7), representing a decline of SEK 102.3 M. The difference is due to the number of ongoing establishments and their current phase.

At the end of the fiscal year, there were 94 wind turbines under construction, of which 74 were in Sweden, seven in Norway and 13 in the US, compared with 25 in Sweden on the corresponding date in the preceding year.

During the fiscal year, three 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 800.1 M, compared with SEK 371.1 M on the corresponding date in the preceding year. Interest-bearing liabilities to credit institutions amounted to SEK 302.9 M (368.7) at the end of the fiscal year. Liabilities are affected by the size of ongoing wind power projects and the phase they are in.

SIGNIFICANT EVENTS DURING THE FISCAL YEAR

In September 2018, Eolus's wholly owned subsidiary Eolus North America, Inc acquired a solar and battery storage project in the western US with a capacity of 500 MW and 250 MW, respectively. The project is in an early stage of development and is on the waiting list for a grid connection to deliver electricity to California.

In September 2018, Eolus signed an agreement with Siemens Gamesa for the delivery of seven wind turbines of the SWT-DD-130 model with a capacity of 4.3 MW each to the Norwegian Stigafjellet project, located in Bjerkreim south of Stavanger. This wind farm will be

deployed in the second half of 2020 and is subject to a sale agreement with ewz.

In September 2018, Eolus signed a credit agreement with Swedbank comprising liquidity and construction loans totaling SEK 1,050 M. The four-year agreement ensures financing for Eolus's expansion in this forthcoming period in terms of both financing ongoing and future establishments for which Eolus provides the financing during the construction phase, and ensuring high liquidity for the operating activities.

In October 2018, Eolus signed an agreement to divest the Bäckhammar wind farm (130 MW) in Sweden to KGAL for a preliminary purchase consideration of EUR 131 M. At the same time, Eolus placed an order for wind turbines from Vestas. Bäckhammar will comprise 22 Vestas V136-4.2 MW and nine Vestas V150-4.2 MW. Eolus will construct the wind farm and KGAL will provide financing during the construction process. Bäckhammar is scheduled to be completed in August 2020 and Eolus was commissioned to deliver asset management services for the facility.

In October 2018, the Norwegian Water Resources and Energy Directorate extended the concession for the Øyfellet wind farm from 330 MW to 400 MW.

In January 2019, the Anneberg wind farm (11 MW) in the Municipality of Tidaholm was completed and handed over to KGAL. Anneberg was the first wind farm in Sweden to deploy a Vestas V136 wind turbine.

In June 2019, Eolus North America, Inc signed an agreement with Vestas for the delivery of up to 13 Vestas V126 wind turbines with a total capacity of up to 47 MW to the Wind Wall wind farm in California, US.

In July 2019, Eolus signed an agreement with Aquila Capital regarding the divestment of the Øyfellet wind farm (400 MW) in Norway. This agreement is based on the conditional sale of 100% of the shares in the subsidiary that owns all rights to establish the wind farm, including a 15-year power purchase agreement (PPA) with Alcoa Norway, and an outsourcing agreement whereby Eolus will manage construction of the wind farm on behalf of Aquila Capital.

In August 2019, the Nylandsbergen (68 MW) and Sötterfällan (36 MW) wind farms were completed and handed over. Eolus will provide asset management services for both wind farms.

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.

Asset management of wind turbines owned by customers is performed by the subsidiary Eolus Wind Power Management. The customers hold the necessary permits for generating electricity, which is performed by Eolus Wind Power Management.

EMPLOYEES

During the year, the average number of employees in the Group was 39 (35). The number of women employees was 12 (10), corresponding to 31% (28). 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 6 and 7.

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 regu-

lations. 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.

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.

Sweden introduced the Electricity Certificate System in 2003 and Norway became affiliated in 2012, and had the target of increasing renewable electricity generation by 28.4 TWh between 2012 and 2020. Within the framework of the energy agreement reached by five parliamentary parties in 2016, Sweden decided to extend the Electricity Certificate System by adding 18 TWh of new electricity certificates until 2030. In Norway, facilities established after 2021 will not be included in the System. Considering that wind power is one of the cheapest methods for adding new generation capacity, the vast majority of investing decisions have been related to wind power.

In April 2017, the Swedish and Norwegian Governments reached an agreement on how the Swedish extension of the Electricity Certificate System would be designed in relation to the existing joint Swedish-Norwegian certificate system. The agreement created clear incentives for further expansion and the pace of development under the System has exceeded all expectations. As can be seen in statistics from Swedish Wind Energy, the investments implemented in 2018 were likely sufficient to meet the objectives of the Electricity Certificate System. The market will therefore be able to meet the objective long before 2030. 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.

Dependence on agreements

Eolus has not concluded any operational or financial agreements with terms considered uncommon for the industry. When establishing wind farms, 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 establishes wind farms 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 megawatt-hour generated in a wind turbine varies greatly, depending on the wind conditions at the actual location. Establishing wind farms on appropriate sites and accurate generation assessments are thus crucial to the company's earning capacity. The wind conditions at each individual farm 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.

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 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 wind farms to the market. In the project development phase, Eolus competes with smaller players, major utilities companies and international wind power developers. In terms of its offering of asset management services, Eolus competes with both major wind power developers offering complete managements services and owners who choose to carry out these services themselves. 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.

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.

Eolus secured financing for the next four years in September. The credit agreement, signed with Swedbank, comprises liquidity and construction loans totaling SEK 1,050 M. The agreement has secured funding for Eolus's expansion in this forthcoming period in terms of both ongoing and future establishments in which Eolus is responsible for financing during the construction phase, and ensuring strong liquidity in the ongoing operations. Of the company's total construction loans of SEK 950 M, SEK 150 M had been utilized at the end of the fiscal year. In addition, there was an unutilized overdraft facility of SEK 100 M. On the corresponding date in the preceding year, the overdraft facility at the time was unutilized and the framework credit agreement and construction loans had been utilized in an amount of SEK 255 M. All agreements were with Handelsbanken. 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 large portion of Eolus's sales of wind farms and purchases of wind turbines take place in EUR. Exchange rate fluctuations against the SEK can thus affect the profitability of wind farm construction. This is offset

by currency futures, advance payments from customers and borrowing 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 futures for selling contracts amounted to EUR 68.0 M (10.0). These had a negative market value of SEK 27.8 M (0.8).

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 2018/2019 fiscal year, more than 100% of the Group's liabilities to credit institutions attributable to electricity generation operations 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 9.7 M (1.8).

OUTLOOK

A social shift, with lower greenhouse gas emissions, such as CO₂, is vital. The latest report from the UN Intergovernmental Panel on Climate Change (IPCC) warns that humanity has 12 years to significantly reduce carbon emissions to keep global warming to a maximum of 1.5°C. Beyond that, even half a degree could significantly worsen the risks of drought, floods, extreme heat and poverty. A transitioning energy market is playing a key role in meeting this challenge, which the IPCC claims is possible to achieve both economically and time-wise.

The energy market is undergoing a process of rapid and major change. The cost of renewable electricity generation is falling every year and new business models are emerging to challenge existing structures in the energy market. Although the pricing scenario is largely driven by global prices for fossil-based energy generation, investments in renewable generation methods account for a majority of the new investments at the global level.

From a Swedish perspective, wind power has undergone tremendous growth. In 2006, wind power accounted for approximately 1 TWh, or less than 0.5%, of Swedish electricity generation. In 2018, Swedish wind power accounted for 17 TWh, or 11%, of Swedish electricity generation, and Swedish Wind Energy's forecast is that generation in 2019 will be about 22 TWh. Wind power is now well-established as the country's third-highest source of electricity generation after hydropower and nuclear power. The pace of development is currently high and, according to Swedish Wind Energy's statistics, Swedish wind power will be able to generate almost 40 TWh in 2022. Rapid development is also taking place in Norway. In 2018, energy generated from wind power in Norway was 3.9 TWh and by early 2019, additional capacity of 7 TWh was under construction.

The Swedish Energy Agreement from 2016 is based on the objective of transitioning to 100%-renewable electricity generation in Sweden. The agreement contains a new development target of 18 TWh for the Electricity Certificate System between 2021 and 2030. With the current cost base for the establishment of new renewable electricity generation, most of these investments have been made in wind power. As can be seen in statistics from Swedish Wind Energy, the investments implemented in 2018 were likely sufficient to meet the objectives of the Electricity Certificate System. The market will therefore be able to meet the objective long before 2030.

In recent years, more electricity has been generated than consumed in the Swedish market, enabling Sweden to become a net exporter of electricity. The Nordic region 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. The future potential to store electricity will present major opportunities for Sweden and Norway to increase their share of intermittent energy sources, such as wind and solar.

SHAREHOLDERS

On August 31, 2019, Eolus had 13,897 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 33. The number of shares held by individuals with an insider position are presented on Eolus's website: www.eolusvind.com.

SHARES

On August 31, 2019, 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 41-45.

SUSTAINABLE PERFORMANCE

Eolus proactively assumes responsibility for people and the environment throughout its operations. In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Eolus Vind AB must prepare a Sustainability Report that is separate from the Annual Report. This Sustainability Report is available on www.eolusvind.com. The Sustainability Report was submitted to the auditor at the same time as the Annual Report. A summary of the Sustainability Report is provided on pages 28-29 of this Annual Report.

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 2017/2018 fiscal year, the Annual General Meeting on January 26, 2019 resolved to pay dividends corresponding to SEK 1.50 (1.50) per share. Payment of the dividends took place on February 1, 2019.

PROPOSED DISTRIBUTION OF PROFIT

The Board of Directors proposes a dividend of SEK 1.50 (1.50) per share for the 2018/2019 fiscal year in line with the company's dividend policy.

The proposed record date for the dividends is Tuesday, January 28, 2020.

Payment of the dividend is expected to take place on Friday, January 31, 2020. 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	542,756,722
Net profit for the year	193,152,422
SEK	904,571,717

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

dividend to the shareholders	37,360,500
to be carried forward	867,211,217
SEK	904,571,717

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.

DEFINITIONS OF KEY FINANCIAL FIGURES

Return on equity after tax Rolling 12-month earnings relative to average equity.

Equity/assets ratio 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.

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.

ARTICLES OF ASSOCIATION

The current Articles of Association were adopted at the Annual General Meeting on January 28, 2017. It states that the Board's registered office is to be in Hässleholm, Sweden, that the Board's members are to 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 the holder to one-tenth of a vote. The complete Articles of Association are available 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.

The notice is to be advertised in Post- och Inrikes Tidningar and on Eolus's website. The fact that notification has been issued is to be announced in the 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.

2019 Annual General Meeting

Eolus's 2019 Annual General Meeting was held in Hässleholm, Sweden, on Saturday, January 26. Some 131 shareholders, representing 36% 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 2017/2018 fiscal year.
- The Board of Directors is to comprise seven members, with no deputy members.
- Re-election of Board members Hans-Göran Stennert, Fredrik Daveby, Sigrun Hjelmquist, Hans Johansson, Hans Linnarson and Bodil Rosvall Jönsson. Jan Johansson elected as a new Board member.
- 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.

2020 Annual General Meeting

The next Annual General Meeting of Eolus's shareholders will be held at Hässleholms Kulturhus on Saturday, January 25, 2020 at 3:00 p.m. More details about the Annual General Meeting, registration, etc. are available on page 95.

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 17, 2019.

The Nomination Committee comprises the following members:

Name	Represents	Holding on May 31, 2019
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	6.9%

The Nomination Committee held its first meeting on September 17, 2019. The Nomination Committee has held two minuted meetings ahead of the 2019 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 Nomination Committee agreed unanimously that the current composition is satisfactory. The number of Board members is considered appropriate and the expertise possessed by the Board is both complementary and relevant. The composition of the Board is also considered satisfactory in terms of equality.

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 seven members as of the Annual General Meeting on January 26, 2019. For a presentation of the Board Chairman and Board members, see pages 92-93. Eolus's CEO is not a member of the Board but participates as a rule at the Board meetings as a rapporteur, as do the Deputy CEO, CFO and General Counsel.

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 held 12 minuted Board meetings during the 2018/2019 fiscal year. Items on the agenda for 2018/2019 included:

- Annual accounts 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.
- Annual review of policies.
- Budget.
- Strategic issues and risks.
- Ongoing forecasts.
- Outline plans (prioritized projects for the next three years).
- Liquidity planning with respect to future prioritized projects.
- Economic climate and conditions.

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 Witalissson, 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 sheets 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 IN 2018/2019

	Function	Independent ¹	Board meetings	Remuneration Committee
Hans-Göran Stennert	Chairman	2)	12 of 12	3 of 3
Fredrik Daveby	Board member	X	12 of 12	3 of 3
Sigrun Hjelmquist	Board member	X	12 of 12	3 of 3
Hans Johansson	Board member	X	12 of 12	
Hans Linnarson	Board member	X	12 of 12	
Bodil Rosvall Jönsson	Board member	X	12 of 12	
Jan Johansson*	Board member	X	7 of 12	

* Elected to the Board at the Annual General Meeting on January 26, 2019.

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 Hjelmquist and Fredrik Daveby. Hans-Göran Stennert is the Committee's Chairman.

The duties of the Remuneration Committee include:

- preparing and on behalf of the Board make decisions on matters regarding the remuneration policy, remuneration and other terms of employment for senior management including submitting proposals to the Annual General Meeting on behalf of the Board on the guidelines for remuneration of senior executives that the Annual General Meeting is to resolve on,
- monitoring and evaluating any ongoing and during-the-year adopted programs for variable remuneration to company management,
- monitoring and evaluating 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,
- ensuring 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
- carrying 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 three minuted meetings during 2018/2019 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:

- monitoring the company's financial reporting,
- monitoring the effectiveness of the company's internal control and risk management in relation to financial reporting and providing recommendations and proposals to ensure the reliability of financial reporting,
- annually evaluating the need for an internal audit function that is the responsibility of the Board,
- remaining informed about the audit of the annual report and consolidated financial statements, and assessing how the audit contributed to the reliability of financial reporting,
- regularly meeting the company's auditor for updates concerning the scope and methodology of the audit and to discuss the approach to the company's risks,
- determining guidelines for non-auditing services that the company may request from the company's auditor,
- reviewing and monitoring the auditor's impartiality and independence,
- assisting the Nomination Committee in preparing proposals for the General Meeting's decisions regarding auditors and fees for the audit assignment,
- executing the other duties of the Audit Committee required by law, the Swedish Corporate Governance Code, and other relevant rules and regulations for the company.

CEO

The CEO of Eolus is Per Witalissson (born 1971), Master of Business Administration. The Board 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, refer to page 34. For remuneration of the CEO, refer to Note 7.

GROUP MANAGEMENT

Per Witalissson leads the work of Group management and makes decisions in consultation with other members of management. Group management consists of five people: the CEO, Deputy CEO, CFO, General Counsel and Head of Project Delivery. During the 2018/2019 fiscal year, management convened on nine occasions in Hässleholm, Halmstad or Malmö in Sweden. The year's meetings were dominated by continuous reconciliation of the rolling business plan, strategy issues and action plans. Standing items on the agenda are minutes from the previous

meeting, reports from project delivery, the operational team, finances, project development, establishment, sales and marketing, operation, foreign operations, personnel, occupational health and safety, and legal issues.

AUDIT

At the Annual General Meeting on January 26, 2019, PricewaterhouseCoopers AB (PwC) was re-elected with Eva Carlsvi as Auditor in Charge.

The auditors review the annual accounts and the annual report as well as the company's ongoing operations and routines in order to express an opinion on the accounts and the administration of the Board of Directors and the CEO. The annual accounts and the annual report are audited in October and November. An examination is then made of whether the Annual General Meeting's guidelines for the remuneration of senior executives have been followed. Eolus's second-quarter report is reviewed in April and an interim review is performed in May. In addition to Eolus, Eva Carlsvi is also Auditor in Charge for Bygghemma Group First AB (publ), BE Group AB (publ), E.ON Nordic Aktiebolag and Kapp-Ahl AB (publ). Eva Carlsvi is an authorized public accountant and member of FAR. In 2018/2019, fees paid to PwC for non-audit assignments totaled SEK 1.0 M (1.0).

REMUNERATION

Remuneration of the Board

Fees and other remuneration of the Board, including the Chairman of Eolus's Board, are determined by the Annual General Meeting. The Annual General Meeting on January 26, 2019, resolved on total annual fees of KSEK 1,425, of which KSEK 375 was to be paid to the Board Chairman and KSEK 175 to each of the other Board members. For more information about remuneration of the Board, refer to Note 7.

Remuneration of senior executives

Remuneration of the CEO and other members of Group Management (currently the Deputy CEO, CFO, General Counsel and Head of Project Delivery) is paid in accordance with the guidelines for remuneration of senior executives. The guidelines were adopted by the Annual General Meeting on January 26, 2019, for the period up until the next Annual General Meeting.

According to the guidelines, senior executives shall be 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 shall be able to offer senior executives maximum variable remuneration of four monthly salaries for the CEO and Deputy CEO, and three monthly salaries for other senior executives.

Variable salary shall be based on the achievement of one or more quantitative and/or qualitative targets. The targets shall be formulated with the objective of promoting the company's long-term value creation. Furthermore, the company shall also be able to offer senior executives a share ownership program under which the company, three years after payment of variable remuneration, will reimburse the cost of acquiring half as many shares as the executive acquired for their variable remuneration and continues to hold, and on the condition that the executive is still employed at the company. Participation in the share ownership program is maximized to the equivalent of not more than one monthly salary for all senior executives. For more information about remuneration of senior executives, refer to Note 7.

THE BOARD PROPOSED GUIDELINES FOR FUTURE REMUNERATION OF SENIOR EXECUTIVES

The executives encompassed by and the application of the guidelines

These guidelines encompass the individuals who are members of Eolus Vind AB's (publ) ("Eolus") company management. These individuals cur-

rently are the CEO, Deputy CEO/Chief Operating Officer, CFO, General Counsel and Head of Project Delivery.

To the extent that a Board member performs work for Eolus alongside his or her Board duties, these guidelines shall also apply to any remuneration (such as consultant's fees) for such work.

The guidelines are to be applied to remuneration that is contracted, and changes made in previously contracted remuneration, after the guidelines are adopted by the 2020 Annual General Meeting. The guidelines do not encompass remuneration resolved by the General Meeting.

How the guidelines advance the company's business strategy, long-term interests and sustainability

In brief, Eolus's business strategy is for the company, by construct turn-key facilities for renewable energy and energy storage, to create value at all levels of project development, establishment and operation of such facilities, and to offer attractive and competitive investment objects to both local and international investors. For more information about the company's strategy, refer to the most recent Eolus Annual Report. Successful implementation of the company's business strategy and safeguarding the company's long-term interests, including its sustainability, require the company to recruit and retain a highly skilled management team with the capacity to achieve set targets. In order to do so, the company must offer competitive remuneration, as these guidelines permit. Variable cash remuneration encompassed by these guidelines is to be based on criteria aimed at advancing the company's business strategy and long-term interests, including its sustainability.

Forms of remuneration, etc.

Remuneration is to be market-based and competitive and may comprise the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The level of remuneration for individual executives is to be based on such factors as position, expertise, experience and performance. In addition, the General Meeting can, irrespective of these guidelines, resolve on share and share-price based remuneration, for example.

It must be possible to measure fulfillment of criteria for a period of one or more years in order to receive payment of variable cash remuneration. The variable cash remuneration may amount to a maximum of four monthly salaries for the CEO and Deputy CEO, and a maximum of three monthly salaries for other senior executives. Variable remuneration may not be pensionable, unless otherwise stipulated in mandatory collective agreements.

Pension benefits, including health insurance, are to be defined-contribution, unless the executive is part of a defined-benefit pension according to mandatory collective agreements. The pension premiums for defined-contribution pension plans may amount to a maximum of 30% of pensionable income.

Other benefits may include, for example, life assurance, medical expense insurance and company car benefits. Premiums and other costs associated with such benefits may amount to a maximum of 15% of pensionable income.

For employment conditions subject to non-Swedish regulations, the appropriate adjustments must be made to pension benefits and other benefits to follow such regulations or fixed local practice, with the aim of meeting the overall purpose of the guidelines as far as possible.

Termination of employment

Senior executives are to be employed on a permanent basis or for a specific period of time. The period of notice for termination of employment is a maximum of 12 months. Severance pay is not paid. The period of notice if the CEO terminates employment is a maximum of 12 months, and six months if other senior executives terminate employment.

Criteria for payment of variable cash remuneration, etc.

Variable cash remuneration is to be based on predefined and measurable financial and non-financial criteria determined by the Board, such as return on equity, delivery of ongoing projects, order intake and capex reduction, that are to be weighted at between 10% and 50%. The criteria

are to apply for periods of one fiscal year. By rewarding clear and measurable progress in relation to bonus targets linked to the company's financial and operational development, these criteria help support and motivate employees to achieve Eolus's established business strategies, long-term targets and sustainability.

After the end of the measurement period for fulfillment of the criteria for payment of variable cash remuneration, the level of fulfillment of the criteria is assessed and confirmed. The Remuneration Committee is responsible for performing the assessment of variable cash remuneration for the CEO, and the CEO is responsible for the assessment for other senior executives. Fulfillment of financial criteria is to be confirmed based on the most recent financial information published by the company.

Salary and employment terms

The Board considers salary and employment terms of the company's employees when preparing proposals on remuneration criteria by including information amount total employee remuneration, remuneration components and the increase and rate of increase in remuneration over time in the decision-making data used by the Remuneration Committee and Board to evaluate the reasonableness of the guidelines and their limitations.

Consultant's fees to Board members

If Board members (including through their wholly owned companies) perform services for Eolus in addition to their Board duties, special fees are paid for such work (consultant's fees), provided that such services contribute to the implementation of Eolus's business strategy and safeguarding of Eolus's long-term interests, including its sustainability. The annual consultant's fee for each Board member may never exceed the annual Board fee. The fee is to be market-based and set in relation to the value for Eolus.

Decision-making process for establishing, reviewing and implementing the guidelines

The Board has established a Remuneration Committee. The Committee's duties include preparing the Board's decisions on proposed guidelines for remuneration of senior executives. The Board is to prepare proposals for new guidelines when significant changes are required and at least once every four years, and the proposal is to be presented for resolution by the Annual General Meeting. These guidelines are to apply until new guidelines are adopted by the General Meeting. The Remuneration Committee is also to monitor and evaluate the variable remuneration program for company management, the application of the guidelines for remuneration of senior executives as well as relevant remuneration structures and levels in the company. The members of the Remuneration Committee are independent in relation to the company and company management. The CEO and other members of company management do not participate in the Board's discussions and decisions on remuneration-related matters that pertain to them.

Deviations from these guidelines

The Board may decide to temporarily deviate, wholly or partly, from these guidelines if there are special reasons to do so in individual cases and such a deviation is necessary to safeguard the company's long-term interests, including its sustainability, or to ensure the company's financial strength. As stated above, the Remuneration Committee's duties include preparing the Board's decisions on remuneration matters, including decisions to deviate from these guidelines.

Information on approved remuneration not yet due for payment

New regulations on the design of remuneration guidelines were introduced to the Swedish Companies Act on June 10, 2019. According to the transition rules for the new regulations, the proposed remuneration guidelines are to include information on previously approved remuneration not yet due for payment. Other than the commitments to pay ongoing remuneration such as salary, pension and other benefits, there is no other previously approved remuneration for any senior executives that is

not yet due for payment. For more information about remuneration of senior executives, refer to Note 6 of this Annual Report.

REMUNERATION OF AUDITORS

Fees for the audit assignment are paid against invoice and amounted to SEK 0.5 M for the 2018/2019 fiscal year. For the 2018/2019 fiscal year, fees paid to PwC for non-audit assignments totaled SEK 1.0 M. For more information about the remuneration of auditors, refer to Note 8.

THE BOARD'S DESCRIPTION OF INTERNAL CONTROL OVER FINANCIAL REPORTING FOR THE 2018/2019 FISCAL YEAR

The Board's responsibility for internal control is governed by the Swedish Companies Act and Swedish Corporate Governance Code. This includes monitoring Eolus's financial reporting and the effectiveness of the company's internal control and risk assessment.

Internal control over financial reporting aims to provide reasonable assurance of the reliability of the external financial reporting in the form of annual reports and interim reports published by Eolus every year, and that financial reporting is prepared in accordance with the law, applicable accounting standards and other requirements for listed companies. Internal control is also aimed at ensuring high-quality financial reporting to company management and the Board so that decisions can be made on correct grounds.

To describe internal control over financial reporting, Eolus proceeds from the five components of internal control defined in the COSO Internal Control-Integrated Framework – Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. The description below therefore relates to Eolus's internal control system in relation to the 2013 edition of the COSO Framework.

Control environment

The Board's rules of procedure and the Board's instructions for the duties of the CEO and the Board's Committees clearly define the division of responsibility and powers in order to ensure effective management of risks in the business operations. In its role as Audit Committee, the Board of Eolus reviews the instructions and procedures used in the financial reporting process as well as accounting policies and any amendments of these. The CEO reports to the Board of Directors, according to established procedures, on the operations and financial performance prior to every Board meeting. Internal control instruments for financial reporting mainly comprise the finance and risk policy, information and insider policy and the Group's accounting manual, which defines the accounting and reporting rules.

Risk assessment

Significant risks for the operations are analyzed by the Board of Directors as part of financial reporting. These are described in the company's guidelines for risk management and internal control. The risk areas are documented on the basis of probability and their probable impact. Based on this, control processes are designed to ensure high-quality financial reporting.

Control structures

The organizational structure, and the division of responsibility and rules of authorization, are clearly described and communicated through instructions. The operations are organized into segments that are monitored. The company performs an annual self-assessment of internal controls in management, core and support processes. The results of these self-assessments form the basis for ongoing improvement initiatives within risk management and internal control.

Information and communication

An accounting manual with guidelines and instructions for financial reporting has been produced. The accounting manual is continuously updated and issued to the concerned employees at Eolus. Prior to all quarterly financial statements and the annual accounts, specific written instructions are also provided to ensure accurate information in the ex-

ternal reporting. External communication is governed by Eolus's information and insider policy and communication plan, which address responsibilities, procedures and rules. The policy is continuously evaluated to ensure that information to the stock market maintains high quality and is in accordance with the stock exchange's rules. 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.

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

The Board and the auditor engage in regular dialog. All members of the Board and the auditor receive a copy of interim reports before they are published. The Board and the auditor meet at least once per year, without the presence of management.

Internal audit opinion

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

Consolidated statement of income

KSEK	Note	2018/2019	2017/2018
Net sales	3	2,031,911	1,365,977
Other operating income	9	58,706	22,533
Total operating income		2,090,617	1,388,511
Change in wind turbine inventories, wind turbines under construction and projects under development		-289,576	171,724
Cost of goods and project development		-1,503,682	-1,248,858
Other external expenses	8.15	-58,141	-51,542
Employee benefits expenses	6.7	-39,088	-32,702
Depreciation and impairment of property, plant and equipment	14	-4,968	-14,765
Loss from participations in associated companies	19	-	-4,589
Other operating expenses	9	-76,842	-5,367
Total operating expenses		-1,972,296	-1,186,100
Operating profit		118,321	202,411
Interest income	10	3,110	2,727
Interest expense	10	-14,179	-6,586
Other financial items	10	8,719	327
Loss from financial items		-2,350	-3,532
Profit before tax		115,971	198,879
Tax	12	16,823	-4,566
Net profit for the year		132,794	194,313
Attributable to Parent Company shareholders		132,876	194,460
Attributable to non-controlling interests		-82	-147
Total		132,794	194,313
Earnings per share, before and after dilution	23	5.33	7.81

Consolidated statement of other comprehensive income

KSEK	Note	2018/2019	2017/2018
Net profit for the year		132,794	194,313
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		-1,501	-538
Total other comprehensive income		-1,501	-538
Comprehensive income for the year		131,293	193,775
Attributable to Parent Company shareholders		131,169	193,582
Attributable to non-controlling interests		125	193
Total		131,293	193,775

Consolidated statement of financial position

KSEK	Note	Aug 31, 2019	Aug 31, 2018
ASSETS			
Non-current assets			
Intangible assets	13	54,084	96,162
Property, plant and equipment	14	31,810	52,024
Participation in associated companies	19	-	37
Deferred tax assets	12	4,421	3,095
Other financial assets	26	20,502	25,953
Total non-current assets		110,817	177,271
Current assets			
Wind turbine inventories, wind turbines under construction and projects under development	20	472,359	574,666
Advance payments to suppliers		277,014	307,225
Accounts receivable	21, 26	25,277	53,018
Current tax assets		5,705	-
Other current receivables	21, 26	35,411	37,023
Prepaid expenses and accrued income	22	28,223	5,973
Cash and cash equivalents	26	1,102,983	739,825
Total current assets		1,946,973	1,717,730
TOTAL ASSETS		2,057,789	1,895,002

KSEK	Note	Aug 31, 2019	Aug 31, 2018
EQUITY AND LIABILITIES			
Equity			
Share capital	23	24,907	24,907
Additional paid-in capital		190,843	190,843
Reserves		-2,170	-496
Retained earnings		674,240	598,759
Equity attributable to Eolus's shareholders		887,817	814,013
Non-controlling interests		2,037	1,912
Total equity		889,854	815,924
Non-current liabilities			
Non-current interest-bearing liabilities to credit institutions	24, 26, 28	152,400	81,780
Non-current provisions	25	925	2,107
Deferred tax liabilities	12	6,153	39,994
Other non-current liabilities	28	284	264
Total non-current liabilities		159,762	124,145
Current liabilities			
Current interest-bearing liabilities to credit institutions	24, 26, 28	150,533	286,960
Accounts payable	26	229,381	140,806
Derivative instruments	26	37,521	12,647
Current tax liabilities		32	35,099
Accrued expenses and deferred income	22, 26	91,585	61,606
Advance payments from customers		293,791	318,782
Other current liabilities	26	205,330	99,031
Total current liabilities		1,008,173	954,932
TOTAL EQUITY AND LIABILITIES		2,057,789	1,895,002

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 23							
At September 1, 2018	24,907	190,843	-496	598,759	814,013	1,912	815,924
Adjustment for changed accounting policy*:							
IFRS 15 Revenue from Contracts with Customers				-20,000	-20,000		-20,000
Adjusted at September 1, 2018	24,907	190,843	-496	578,759	794,013	1,912	795,924
Net profit for the year				132,876	132,876	-82	132,794
Other comprehensive income			-1,674	-33	-1,707	206	-1,501
Total comprehensive income			-1,674	132,843	131,169	125	131,293
Transactions with shareholders							
Dividends				-37,361	-37,361		-37,361
At August 31, 2019	24,907	190,843	-2,170	674,240	887,817	2,037	889,854
KSEK	Share capital	Additional paid-in capital	Reserves	Retained earnings	Total, Eolus's shareholders	Non-controlling interests	Total equity
Note 23							
At September 1, 2017	24,907	190,843	369	441,673	657,791	1,719	659,510
Net profit for the year				194,460	194,460	-147	194,313
Other comprehensive income			-864	-14	-878	340	-538
Total comprehensive income			-864	194,446	193,582	193	193,775
Transactions with shareholders							
Dividends				-37,361	-37,361		-37,361
At August 31, 2018	24,907	190,843	-496	598,759	814,013	1,912	815,924

* Based on the assessment of the financial effect of the transition to IFRS 15 and percentage of completion, Eolus's equity was negatively impacted due to a variable parameter for determining the final price in contracts with customers. For a more detailed description of the impact of the transition to IFRS 15, refer to pages 58-59.

Consolidated cash flow statement

KSEK	Note	2018/2019	2017/2018
Operating activities			
Operating profit		118,321	202,411
Non-cash items	27	29,896	15,399
		148,217	217,810
Interest received		4,261	2,667
Interest paid		-13,807	-7,174
Income tax paid		-59,140	-3,424
Net cash flow from operating activities before changes in working capital		79,532	209,879
Adjustments of working capital			
Increase/decrease in wind turbine inventories, wind turbines under construction, projects under development and advance payments to suppliers		200,469	-347,147
Increase/decrease in operating receivables		11,514	-11,975
Decrease in operating liabilities		275,116	390,967
Cash flow from operating activities		566,631	241,724
Cash flow from investing activities			
Acquisition of participations in subsidiaries/asset acquisitions		-1,681	-
Acquisition of intangible assets		-96,162	-
Acquisition of property, plant and equipment	14	-1,939	-1,388
Sale of property, plant and equipment	14	310	437
Acquisition of financial assets	18	-1,376	-
Sale of financial assets		63	-
Cash flow from investing activities		-100,785	-952
Cash flow from financing activities			
Borrowings	24	721,810	360,000
Repayment of loans	24	-787,617	-25,807
Dividends		-37,361	-37,361
Cash flow from financing activities		-103,167	296,833
Cash flow for the year			
Cash and cash equivalents at beginning of year		739,825	201,509
Exchange rate differences in cash and cash equivalents		480	711
Cash and cash equivalents at year-end		1,102,983	739,825

Parent company income statement

KSEK	Note	2018/2019	2017/2018
Net sales	4	1,412,833	1,115,620
Change in wind turbine inventories, wind turbines under construction and projects under development		195,464	209,495
Other operating income	9	53,084	20,420
Total operating income		1,661,381	1,345,535
Cost of goods and project development		-1,476,746	-1,194,017
Other external expenses	8, 15	-26,885	-31,378
Employee benefits expenses	6, 7	-29,900	-25,429
Depreciation and impairment of property, plant and equipment	14	-1,419	-5,524
Other operating expenses	9	-49,637	-12,033
Total operating expenses		-1,584,587	-1,268,381
Operating profit		76,794	77,154
Profit from participations in Group companies	17	130,221	209,898
Interest income	10	2,098	582
Interest expense	10	-10,662	-2,232
Other financial items	10	8,539	3,467
Profit from financial items		130,196	211,715
Profit after financial items		206,990	288,869
Appropriations	11	4,027	20,484
Profit before tax		211,017	309,353
Tax on profit for the year	12	-17,865	-23,008
Net profit for the year		193,152	286,345

Parent company statement of other comprehensive income

KSEK	Note	2018/2019	2017/2018
Net profit for the year		193,152	286,345
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		193,152	286,345

Parent company balance sheet

KSEK	Note	Aug 31, 2019	Aug 31, 2018
ASSETS			
Intangible assets	13	54,084	96,162
Property, plant and equipment			
Land and buildings	14	221	221
Wind turbines	14	-	5,458
Equipment	14	5,490	6,285
		5,711	11,964
Financial assets			
Participations in Group companies	17	20,436	64,529
Other securities held as non-current assets	16	722	722
Deferred tax assets	12	-	71
Other non-current receivables		-	5,000
		21,158	70,322
Total non-current assets		80,953	178,448
Inventories, etc.			
Wind turbines under construction, projects under development and electricity certificates	20	602,899	392,045
Advance payments to suppliers		141,887	304,490
		744,786	696,535
Current receivables			
Accounts receivable	21	22,916	51,505
Receivables from Group companies		414,833	388,519
Current tax assets		6,401	-
Other current receivables	21	10,718	13,299
Prepaid expenses and accrued income	22	11,823	2,145
		466,691	455,468
Cash and cash equivalents		1,082,458	709,331
Total current assets		2,293,935	1,861,334
TOTAL ASSETS		2,374,888	2,039,782

KSEK	Note	Aug 31, 2019	Aug 31, 2018
EQUITY AND LIABILITIES			
Restricted equity	23		
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		542,757	293,773
Net profit for the year		193,152	286,345
		904,572	748,781
Total equity		951,738	795,947
Untaxed reserves	11	153,061	140,457
Provisions	25	168	511
Non-current liabilities to credit institutions	24	150,000	75,000
Current liabilities			
Liabilities to credit institutions	24	150,000	285,000
Advance payments from customers		505,742	203,782
Accounts payable		144,586	137,872
Liabilities to Group companies		41,401	208,960
Current tax liabilities		-	34,954
Other liabilities		201,334	97,862
Accrued expenses and deferred income	22	76,858	59,437
Total current liabilities		1,119,921	1,027,867
TOTAL EQUITY AND LIABILITIES		2,374,888	2,039,782

Parent Company statement of changes in equity

KSEK	Note 23	Share capital	Additional paid-in capital	Reserves	Retained earnings	Total equity
At September 1, 2018		24,907	22,259	168,663	580,118	795,947
Net profit for the year					193,152	193,152
Total comprehensive income					193,152	193,152
<i>Transactions with shareholders</i>						
Dividends					-37,361	-37,361
At August 31, 2019		24,907	22,259	168,663	735,909	951,738

KSEK	Note 23	Share capital	Additional paid-in capital	Reserves	Retained earnings	Total equity
At September 1, 2017		24,907	22,259	168,663	331,134	546,963
Net profit for the year					286,345	286,345
Total comprehensive income					286,345	286,345
<i>Transactions with shareholders</i>						
Dividends					-37,361	-37,361
At August 31, 2018		24,907	22,259	168,663	580,118	795,947

Parent Company cash flow statement

KSEK	Note	2018/2019	2017/2018
Operating activities			
Operating profit		76,794	77,154
Non-cash items	27	195	9,234
		76,989	86,388
Interest received		3,204	582
Interest paid		-11,008	-2,800
Income tax paid		-59,149	-11,580
Net cash flow from operating activities before changes in working capital		10,036	72,590
Adjustments of working capital			
Decrease in wind turbine inventories, wind turbines under construction, projects under development and advance payments to suppliers		-6,173	-386,079
Decrease in operating receivables		-4,710	-246,743
Decrease in operating liabilities		448,588	644,702
Cash flow from operating activities		447,741	84,470
Cash flow from investing activities			
Acquisition of participations in subsidiaries		-	250
Acquisition of property, plant and equipment	14	-885	-1,054
Sale of property, plant and equipment	14	5,644	23,101
Cash flow from investing activities		4,759	22,297
Cash flow from financing activities			
Borrowings	24	721,810	360,000
Repayment of loans	24	-781,810	-
Group contributions received/paid		17,988	98,540
Dividends		-37,361	-37,361
Cash flow from financing activities		-79,373	421,179
Cash flow for the year		373,127	527,946
Cash and cash equivalents at beginning of year		709,331	181,385
Cash and cash equivalents at year-end		1,082,458	709,331

Notes

NOTE 1 GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

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, divestment and establishment of wind turbines and performance of operating services on behalf of wind farm owners. The address of the head office is Tredje Avenyen 3, Hässleholm, Sweden, under the postal address Box 95, SE-281 21 Hässleholm, Sweden. The company is listed on Nasdaq Stockholm.

The Board of Directors approved these consolidated financial statements and the financial statements for the Parent Company on November 28, 2019 and they will be presented for adoption at the Annual General Meeting on January 25, 2020.

The most important accounting policies 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 POLICIES

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.

NEW IFRS THAT HAVE NOT YET BEEN APPLIED

The standards, interpretations and amendments that are to be applied on or after the 2019/2020 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 16 LEASES

Eolus is making preparations for the introduction of IFRS 16, which will come into force on September 1, 2019. IFRS 16 introduces a standardized lease accounting model for lessees. A lessee is to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Short-term leases and low-value leases are exempted. IFRS 16 Leases replaces existing IFRS related to lease recognition, such as IAS 17 Leases.

Under the new standard, lease payments will be divided in two: amortization and interest expense, compared with the current standard under which they are recognized as operating expenses. The exceptions are leases with a term of 12 months or less and leases of low value. Eolus intends to introduce the standard based on the simplified transition method, entailing that the comparative year is not restated and instead the accumulated effect is adjusted in the opening balance of retained earnings on August 31, 2019. Based on the assessment performed, the change in the recognition of leases will require capitalization of leases of SEK 3.8 M.

Low-value leased assets (assets valued at less than about KSEK 50 in new condition) – mainly comprising computers, printers/photocopiers and coffee machines – are not included in the lease liability and instead

will continue to be expensed straight-line over the lease term. Leases with a term of not more than 12 months are not deemed to be significant in the Group. Under IFRS 16, the Group will exclude non-leasing components from lease payments.

NEW IFRS THAT HAVE BEEN APPLIED

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 came into force on September 1, 2018 and replaced the previous standard IAS 39 Financial Instruments: Recognition and Measurement. Compared with IAS 39, IFRS 9 entails certain changes to the recognition and measurement of financial assets, impairment testing of financial assets and hedge accounting. The amendments to hedge accounting did not impact Eolus since the Group does not apply hedge accounting. Eolus has decided not to restate comparative information in accordance with the transition rules for IFRS 9.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 came into force on September 1, 2018 and replaced the previous standards IAS 18 Revenue and IAS 11 Construction Contracts. For a description of the impact of IFRS 15 on Eolus, refer to the section "Revenue" below.

REVENUE

Accounting policies applied to 2018/2019 fiscal year

Revenue is measured at the fair value of what has been received or will be received, excluding value-added tax. Sales proceeds are recognized as follows:

Revenue from transfer of project rights and signed construction contracts

Revenue from wind farm contracts in which the customer takes over the project rights and signs a construction contract with Eolus are recognized by Eolus satisfying the performance obligation over time (successively). Since the construction contracts entail that Eolus carries out work on land that the customer controls under leases, Eolus creates an asset that the customer controls as the asset is completed. Eolus thus applies the percentage of completion method.

Revenue from transfer of wind farms being built

Revenue from wind farm contracts is to be recognized over time (successively) for a successive transfer of control in the accounts when Eolus does not have any alternative use for the sold wind farm and Eolus is entitled to receive payment from the customer for the work performed at any time. If one of these criteria is not fulfilled, revenue is to be recognized on completion and handover to the customer. The extent to which Eolus is entitled to receive payment for work performed at any time depends on the contractual terms and the legislation applicable at any time, and is an assessment that is to be made on a contract-by-contract basis.

Percentage of completion

When applying the percentage of completion method, earnings are generated in line with the degree of completion of the wind farm. Information about the following components is required to determine the earnings generated at any given time:

- Revenue from construction: the nature of revenue must be that Eolus can credit the revenue in the form of actual payments or consideration to the company.
- Expense: expenses attributable to Eolus's construction corresponding to the revenue.
- Degree of completion: stages of completion of wind farms.

The fundamental condition for the percentage of completion method is that it must be possible to reliably quantify revenue and expenses based on the degree of completion. The effect of the percentage of completion method is that the earnings trend of construction in progress is directly reflected in the accounts. Percentage of completion involves an element of uncertainty. Sometimes unforeseen events occur that make the end result of construction projects either higher and lower than expected. It is particularly difficult to assess results at the start of construction projects and for projects that extend over a long period of time. Provisions for losses are established as soon as they become known.

Balance sheet items, accrued income and advance payments from customers are recognized net on a project-by-project basis. The construction projects that have higher accrued income than advance payments from customers will be recognized as current assets, while the projects that have higher advance payments from customers than accrued income will be classified as non-interest-bearing current liabilities.

Financial effects of transition to IFRS 15

The percentage of completion method is applied to construction projects, once the terms have been fulfilled, for the fiscal year beginning September 1, 2018. Since work on construction in progress had commenced on September 1, 2018, but no stages had been completed, there was no change to the financial statements on the transition to IFRS 15 related to the percentage of completion method. However, opening equity was negatively impacted by approximately SEK 20 M on September 1, 2018 due to a variable parameter for determining the final price in a contract with a customer. Advance payments from customers were impacted in a corresponding amount.

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.

Sale of electricity

Revenue attributable to the sale of produced electricity is recognized in the period in which delivery is made.

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.

Accounting policies applied to 2017/2018 fiscal year

Revenue is recognized to the extent that it is probable that the economic 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. The establishment stage is completed after final commissioning. Revenue is recognized in net sales in connection with handover to the customer. For cases in which the customer takes over the project rights and signs a construction contract with Eolus, revenue is recognized on the sale of the project company that normally includes project rights and permits for the farm, and on the date of the handover of the wind farm under the construction contract with Eolus for the construction of the wind farm. Since there are relatively few, but large, projects in the establishment stage at any one time, sales and earnings may vary considerably from quarter to quarter and fiscal year to fiscal year. The project development operations are mainly financed by equity, advance payments from customers and credit facilities.

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 or divest wind power projects 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 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.

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 foreign exchange rates recognized under the section "Receivables and liabilities in foreign currencies" were used.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Receivables and liabilities in foreign currencies 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, 2019	10.8078	1.0750	9.7905
Average exchange rate for the period 2018/2019	10.4834	1.0794	9.2496
Closing day rate, Aug 31, 2018	10.6372	1.0929	9.1044
Average exchange rate for the period 2017/2018	10.0493	1.0497	8.4305

RELATED-PARTY TRANSACTIONS

Transactions with related parties 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, divestment and establishment of wind farms. This also includes technical consultancy services for wind power stakeholders.
- Asset management which pertains to full asset management services for external and internal wind power facilities.
- Electricity generation encompassing the operation of owned wind turbines, the sale of electric power and electricity certificates pertaining to these wind turbines.

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.

INTANGIBLE ASSETS

In connection with the divestment of the Jenåsen wind farm, Eolus acquired the right to 96% of the electricity certificates that the wind farm will generate over the 15-year certificate period. This right was acquired for a non-recurring amount and recognized as an intangible asset. Electricity certificates are recognized as inventory as they are issued, at which point production-based amortization of the intangible asset item will take place.

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	3-5 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.

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 INSTRUMENTS

Financial instruments recognized in the statement of financial position include, on the assets side, derivative receivables, accounts receivable, other receivables, participations in unlisted companies, and cash and cash equivalents. The liabilities side includes derivative liabilities, accounts payable, other liabilities and accrued interest expense.

Recognition and derecognition from statement of financial position

A financial asset or financial liability is recognized in the statement of financial position when Eolus becomes party to the contractual provisions of the instrument. Accounts receivable are recognized in the statement of financial position when an invoice has been sent. Liabilities are recognized when the counterparty has performed and has a contractual obligation to pay. Accounts payable are recognized when an invoice has been received. A financial instrument is derecognized from the statement of financial position when the contractual rights have been realized, expire or Eolus relinquishes control of them. A financial liability is derecognized from the statement of financial position when the contractual obligation has been discharged or otherwise extinguished. On-demand acquisitions and sales of financial assets are recognized on the settlement date. The settlement date is the date on which an asset is delivered to or from the company.

Recognition and measurement of financial assets

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

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.

Recognition and measurement of financial liabilities

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.

Recognition of financial assets and financial liabilities in 2017/2018 fiscal year

In the 2017/2018 fiscal year, the Group's financial assets were recognized in the following categories in accordance with IAS 39:

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

In the 2017/2018 fiscal year, the Group's financial liabilities were recognized in the following categories in accordance with IAS 39:

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

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 bal-

ance 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.

WIND TURBINE INVENTORIES, WIND TURBINES UNDER CONSTRUCTION, PROJECTS UNDER DEVELOPMENT AND ELECTRICITY CERTIFICATES

Wind turbine inventories are the wind turbines that are available for sale, but that are operational and generate electricity. At the end of every quarter, a wind turbine that has not been divested after 12 months is reclassified from an inventory to a tangible asset. An exception can be made if divestment discussions are advanced and expected to lead to divestment of the turbine in the near future.

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 wind turbine inventories before being divested. Reclassification also takes place in cases where divestment discussions are advanced and expected to lead to divestment of the turbine in the next quarter. Sales of wind turbines in inventories are recognized under net sales.

Wind turbines under construction are wind turbines that are 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 losses are recognized if, for example, a project has not been approved by the regulator. Wind turbines under construction and projects under development are measured at the lowest of costs incurred and fair value.

The right to electricity certificates acquired by Eolus in connection with the divestment of the Jenåsen wind farm was recognized as an intangible asset. Electricity certificates are recognized as inventory as they are issued.

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 of the wind power facility. The main costs for dismantling and after-treatment are estimated for each facility with guidance from investigations carried out for 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.

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 lease. 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 term at the lower of the fair value of the leasing object and the present value of the minimum leasing fees. Other leases are classified as operating leases. Payments made over the lease period are expensed in profit or loss in a straight line over the lease term. Eolus only has leases 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 policies 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:

Percentage of completion

Percentage of completion involves an element of uncertainty. Sometimes unforeseen events occur that make the end result of construction proj-

ects either higher and lower than expected. It is particularly difficult to assess results at the start of construction projects and for projects that extend over a long period of time. Provisions for losses are established as soon as they become known.

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 10.

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 of wind turbines. 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 every 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. An impairment requirement exists 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 POLICIES

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 policies 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 recognizes appropriations 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.

NOTE 2 FINANCIAL RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT AT EOLUS

Through its operations, Eolus is exposed to a variety of financial risks: market risk (interest rate risk, currency risk and energy price risk), credit risk and liquidity and refinancing risk. 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 expense for floating interest loans, the impact of sales in EUR on wind farms, the impact of exchange rate fluctuations on wind turbine purchases in EUR, 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. Follow-ups of the Group's finance and risk policy are reported to the Board every quarter.

MARKET RISK

Eolus's primary operations comprise developing and divesting wind farms. Most of the company's market risks are both direct and indirect since Eolus's customers also need to manage these risks and Eolus may thus be indirectly impacted by lower demand and/or lower sales prices.

Interest rate risk

Eolus's customers usually borrow for their investments in wind power. Consequently, interest rates affect demand for wind farms. The Group's loans are primarily attributable to the construction of wind farms. Interest on these credit facilities is currently floating, refer to Note 24. 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, mainly regarding wind farms under construction if they are 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 can be 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, 2019, the Group had interest rate derivatives outstanding that amounted to a nominal SEK 90 M (90), of which SEK 45 M falls due in 2020 and SEK 45 M in 2023. Including interest rate derivatives, the loan portfolio had an average fixed-interest period of 0.7 years on the closing date. Interest-bearing liabilities amounted to SEK 302.9 M (368.7) at August 31, 2019. On the closing date, more than 100% (100) of the Group's liabilities to credit institutions, attributable to electricity generation operations, were covered by interest rate hedging instruments. The deviations from the finance and risk policy were approved by the Board of Directors. Excluding interest rate derivatives, the average interest rate was 2.0% (1.85). Including interest rate derivatives, the average interest rate was 2.5% (2.3). A change in interest rates of +/- 1 percentage point would have an earnings impact of +/- SEK 3.0 M (3.7). A corresponding change would have an earnings impact of +/- SEK 2.1 M (11) attributable to the market value of interest rate derivatives.

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 Parent Company's financial statements.

Currency risk

Eolus's currency risk exposure primarily arises through a large portion of sales of wind farms and purchases of wind turbines taking place in EUR. Exchange rate fluctuations can thus affect the profitability of wind farm projects. The Group's finance and risk policy stipulates how the risk of negative effects of changes in exchange rates is to be managed. The policy entails that at least 75% and at most 125% of the forecast net flow (inward and outward payments in EUR) within 12 months is to be managed using, for example, currency futures, currency swaps, loans in foreign currency or currency deposits. Calculated flows later than 12 months but within 24 months may be managed at a maximum of 75%. The risk inherent in forecast flows later than 24 months is not managed. At August 31, 2019, the Group had outstanding currency hedges amounting to a nominal EUR 68.0 M (10.0). All currency futures fall due within 12 months and pertain to sales forwards. Signed currency futures, together with forecast inflows for the next 12 months, amount to about 91% of forecast outflows. The forecast net inflow includes the agreed purchase consideration for wind farms under construction, and raised and repaid loans in EUR. The EUR/SEK and EUR/NOK rates were hedged during the year. A change in the EUR/SEK exchange rate of SEK 1 at the end of the fiscal year would result in an earnings impact of +/- SEK 60.5 M (2.9), given the translation of currency accounts and currency futures outstanding at August 31, 2019. A change in the EUR/NOK exchange rate of NOK 1 at the end of the fiscal year would result in an earnings impact of +/- SEK 7.5 M.

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. The future transfer price of electricity and electricity certificates is the single most important parameter in customers' investment calculations. As a result, fluctuations in the price of electricity affect the Group's potential customers. 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.

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 21. All customers are highly transparent. 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 wind farms 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 2018/2019 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 largely comprise establishing wind farms for which customer contracts have already been signed. The company works continuously on preparing 36-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 farms 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.

Eolus secured financing for the next four years in September. The credit agreement, signed with Swedbank, comprises liquidity and construction loans totaling SEK 1,050 M. The agreement has secured funding for Eolus's expansion in this forthcoming period in terms of both ongoing and future establishments in which Eolus is responsible for financing during the construction phase, and ensuring strong liquidity in the ongoing operations.

Given that some wind turbines are available for sale and that the mortgaged facilities that conduct electricity generation are covered by

separate loans, the Board stipulated 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 2.9 M (8.7) 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%. 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 plans for forthcoming wind power projects.

Separate covenants are in place for liabilities to credit institutions. Covenants for current credit agreements pertain to the equity/assets ratio and available liquidity. If these undertakings are not met, the bank can withdraw the credit facilities. In the 2018/2019 fiscal year, all of the covenants to credit institutions were met.

Interest-bearing liabilities amounted to SEK 302.9 M (368.7), of which SEK 2.9 M (8.7) is non-current. The fixed-term period for loans amounted to about one year (one) at the end of the fiscal year, with an average interest rate of 2.0% (1.85) excluding interest rate derivatives. Refer to Note 18 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 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, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
6 months or less	150,267	255,000	150,000	255,000
6-12 months	266	30,000	-	30,000
1-5 years	152,133	75,000	150,000	75,000
More than 5 years	267	8,740	-	-
Total	302,933	368,740	300,000	360,000

NOTE 3 OPERATING SEGMENTS

Project development involving pre-study, project development, divestment and establishment of wind farms. This also includes technical consultancy services for wind power stakeholders.

Asset management which pertains to full asset management services for external and internal wind power facilities.

Electricity generation encompassing the operation of wind turbines, the sale of electric power and electricity certificates pertaining to these wind turbines.

2018/2019	Project development	Asset management	Electricity generation	Joint eliminations	Total Group
Segment revenue					
Net sales, external customers	2,006,686	18,693	6,532	-	2,031,911
Inter-segment transactions	279	1,342	-	-1,621	-
Other revenue	50,112	8,093	501	-	58,706
Expenses	-1,942,993	-25,520	-5,403	1,621	-1,972,296
(of which depreciation and impairment)	(-1,576)	(-90)	(-3,302)	-	(-4,968)
Operating profit	114,084	2,608	1,629	-	118,321
Financial items					-2,350
Profit before tax					115,971
Tax					16,823
Net profit for the year					132,794
Segment's assets at August 31, 2019	863,450	9,878	11,812	1,172,649	2,057,789
Assets include:					
Purchase of non-current assets	1,713	227	-	-	1,940

Following a review of the project portfolio, projects that are deemed to have lower potential for future realization were impaired. The effect on operating profit for the Project Development segment was KSEK 30,227 (24,694).

2017/2018	Project development	Asset management	Electricity generation	Joint eliminations	Total Group
Segment revenue					
Net sales, external customers	1,336,048	15,722	14,207	-	1,365,977
Inter-segment transactions	405	606	-	-1,011	-
Other revenue	14,492	6,835	1,206	-	22,533
Expenses	-1,149,589	-20,692	-16,829	1,011	-1,186,100
(of which depreciation and impairment)	(-5,297)	(-70)	(-9,398)	-	(-14,765)
Operating profit	201,356	2,471	-1,416	-	202,411
Financial items					-3,532
Profit before tax					198,879
Tax					-4,566
Net profit for the year					194,313
Segment's assets at August 31, 2018	1,026,806	4,655	32,180	831,361	1,895,002
Assets include:					
Purchase of non-current assets	1,388	-	-	-	1,388

99% (100) of the Group's revenue is attributable to Sweden.

Two customers account for 95% of revenue: 62% and 33%.

In the preceding year, one customer accounted for 83% of revenue.

Non-current assets	Aug 31, 2019	Aug 31, 2018
Sweden	16,301	35,531
Estonia	15,509	16,530
Total	31,810	52,061

NOTE 4 REVENUE

2018/2019	Project development	Asset management	Electricity generation	Total Group
Time of revenue recognition				
Over time (successively) ¹⁾	1,890,225	18,693	-	1,908,918
At a point in time	116,461	-	6,532	122,993
Net sales, external customers	2,006,686	18,693	6,532	2,031,911
Geographic market				
Sweden	1,980,964	18,693	4,582	2,004,239
Norway	25,722	-	-	25,722
Baltic countries	-	-	1,950	1,950
Net sales, external customers	2,006,686	18,693	6,532	2,031,911
Type of contract				
Transfer of project rights and signed construction contracts	528,851	-	-	528,851
Transfer of wind farms under construction	1,447,447	-	-	1,447,447
Electricity certificates	30,388	-	1,185	31,573
Asset management	-	18,693	-	18,693
Electricity generation	-	-	5,347	5,347
Net sales, external customers	2,006,686	18,693	6,532	2,031,911

¹⁾ Eolus has applied IFRS 15 by applying the modified retrospective approach, which means that comparative figures are not restated.

Contract assets	GROUP	
	Aug 31, 2019	Aug 31, 2018
Wind turbines under construction	155,887	338,301
Advance payments to suppliers	276,820	306,736
Accounts receivable	-	24,168
Accrued contract income	15,386	-
Total	448,093	669,205
Contract liabilities	Aug 31, 2019	Aug 31, 2018
Advance payments from customers	296,254	298,782
Invoiced but not accrued revenue	-	-
Total	296,254	298,782

All contract liabilities recognized on August 31, 2018 were recognized as revenue in the fiscal year.

No information is provided about the transaction price allocated to the outstanding performance obligations since at August 31, 2019 no such obligations existed with an expected term of more than one year.

NOTE 5 IMPACT OF IFRS 15

Impact on consolidated income statement		2018/2019	
KSEK	Recognized	Adjustment Total	Excluding impact of IFRS 15
Net sales	2,031,911	-461,178	1,570,733
Other operating income	58,706		58,706
	2,090,617	-461,178	1,629,439
Operating expenses			
Change in wind turbine inventories, wind turbines under construction and projects under development	-289,576		-289,576
Cost of goods and project development	-1,503,682	449,753	-1,053,929
Other external expenses	-58,141		-58,141
Employee benefits expenses	-39,088		-39,088
Depreciation and impairment of property, plant and equipment	-4,968		-4,968
Other operating expenses	-76,842		-76,842
Operating profit	118,321	-11,425	106,896
Profit from financial items	-2,350		-2,350
Profit before tax	115,971	-11,425	104,546
Tax on net profit for the period	16,823	6,317	23,140
Net profit for the period	132,794	-5,108	127,686

Impact on consolidated working capital		Aug 31, 2019	
KSEK	Recognized	Adjustment Total	Excluding impact of IFRS 15
Wind turbine inventories, wind turbines under construction, projects under development and electricity certificates	472,359	449,753	922,112
Advance payments to suppliers	277,014		277,014
Accounts receivable	25,277		25,277
Other current receivables	35,411		35,411
Prepaid expenses and accrued income	28,223	-15,386	12,837
Accounts payable	-229,381		-229,381
Accrued expenses and deferred income	-91,585		-91,585
Advance payments from customers	-293,791	-425,792	-719,583
Other current liabilities	-205,330		-205,330
	18,198	8,575	26,773

Degree of completion per wind farm under construction	Aug 31, 2019
Wind farm	Degree of completion
Kråktorpet	73%
Bäckhammar	14%

IFRS 15 is based on revenue being recognized when control of the good or service is passed to the customer, as opposed to former standards related to revenue recognition for which the transfer of risks and benefits is central. Eolus has two significant revenue streams that are impacted by IFRS 15: **Revenue from the transfer of project rights and signed construction contracts** and **revenue from the transfer of wind farms under construction**. When applying the percentage of completion method, earnings are generated in line with the degree of completion of the wind farm.

Under former standards, revenue from the construction of wind farms was not recognized until the completed wind farm had been handed over. For a more detailed description of the percentage of completion method and IFRS 15, refer to pages 58-59.

NOTE 6 SALARIES, REMUNERATION AND NUMBER OF EMPLOYEES

The members of the Parent Company's management team also comprise Group Management.

	2018/2019		2017/2018	
	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	25,627	11,150	20,931	9,907
		(3,507)		(2,600)
Sweden – subsidiaries	5,762	2,516	4,521	1,978
		(453)		(418)
Estonia	315	105	281	100
		(-)		(-)
Norway	764	79	-	-
		(38)		(-)
Group	32,468	13,850	25,733	11,985
		(3,998)		(3,018)

	2018/2019		2017/2018	
	Salaries and other remuneration (of which bonus)	Pension expenses	Salaries and other remuneration (of which bonus)	Pension costs
Board of Directors and CEO	4,565	610	3,726	527
	(-)		(-)	
Other employees	27,903	3,388	22,007	2,491
	(-)		(-)	
Group	32,468	3,998	25,733	3,018
	(-)		(-)	

Gender distribution, Board of Directors and other senior executives	Aug 31, 2019		Aug 31, 2018	
	Number at balance sheet date	Of whom men	Number at balance sheet date	Of whom men
Board of Directors	7	5	6	4
CEO and other senior executives	5	4	4	3
Group and Parent Company	12	9	10	7

Average number of employees	2018/2019		2017/2018	
	Average number of employees	Of whom men	Average number of employees	Of whom men
Sweden – Parent Company	27	17	25	17
Sweden – subsidiaries	10	8	9	7
Estonia	1	1	1	1
Norway	1	1	-	-
Group	39	27	35	25

Eolus has established a bonus and share ownership program for all of the company's employees. A bonus is paid if the company achieves earnings targets set by the Board of Directors. The bonus corresponds to half a month's salary and is paid in the form of a cash payment and/or shares. As regards senior executives, the company is able to offer maximum variable remuneration of four monthly salaries for the CEO and Deputy CEO, and three monthly salaries for other senior executives. Participation in the share ownership program for senior executives is maximized to the equivalent of not more than one monthly salary for

all senior executives. Under the share ownership program, an additional bonus may be paid in the form of bonus shares to individuals acquiring shares in the company, retaining them for three years and remaining employed at the company, 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 7 REMUNERATION OF BOARD OF DIRECTORS, CEO AND OTHER SENIOR EXECUTIVES

CONDITIONS FOR BOARD OF DIRECTORS

The Annual General Meeting held on January 26, 2019 resolved that the Chairman of the Board would receive an annual fee of KSEK 375 and other Directors would each receive a fee of KSEK 175. No remuneration was paid to Directors other than the Board fees described below and the transactions reported in Notes 6 and 30. 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. CEO Per Witalisson received fixed salary, variable 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 2018/2019 fiscal year, the members of Group Management are considered to be senior executives. Remuneration of other senior executives is determined by the CEO in consultation with the Chairman of the Board. 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 2018/2019	Basic salary/ Board fee	Variable remuneration	Pension costs	Car benefits	Total
Board of Directors:					
Chairman of the Board Hans-Göran Stennert	375	-	-	-	375
Director Fredrik Daveby	175	-	-	-	175
Director Sigrun Hjelmquist	175	-	-	-	175
Director Hans Johansson	175	-	-	-	175
Director Hans Linnarson	175	-	-	-	175
Director Bodil Rosvall Jönsson	175	-	-	-	175
Director Jan Johansson	175	-	-	-	175
Senior executives:					
Per Witalisson, CEO	2,263	69	518	96	2,946
Marcus Landelin, Deputy CEO	1,876	137	455	50	2,518
Other senior executives (3 individuals)	3,554	123	788	259	4,724
Total	9,118	329	1,761	405	11,613

Remuneration and other benefits 2017/2018	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 Hans Johansson	150	-	-	-	150
Director Hans Linnarson	150	-	-	-	150
Director Bodil Rosvall Jönsson	150	-	-	-	150
Senior executives:					
Per Witalisson, CEO	1,758	-	399	53	2,210
Marcus Landelin, Deputy CEO	1,522	-	337	45	1,904
Other senior executives (2 individuals)	2,086	-	462	110	2,658
Total	6,466	-	1,198	208	7,872

NOTE 8 REMUNERATION OF AUDITORS

	GROUP		PARENT COMPANY	
	2018/2019	2017/2018	2018/2019	2017/2018
PricewaterhouseCoopers				
Audit assignment	550	484	480	484
Audit activities in addition to the audit assignment	391	165	391	165
Tax consultancy	-	-	-	-
Other services	610	890	419	890
Total	1,551	1,539	1,290	1,539
EY				
Other services	-	150	-	150
Total	-	150	-	150
Assertum Audit OÜ				
Audit assignment	21	20	-	-
Total	21	20	-	-
Revisorgruppen Trøndelag AS				
Audit assignment	-	18	-	-
Total	-	18	-	-
Total	1,572	1,727	1,290	1,689

NOTE 9 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

Other operating income	GROUP		PARENT COMPANY	
	2018/2019	2017/2018	2018/2019	2017/2018
Exchange rate gains attributable to project activities	47,087	13,835	44,442	13,832
Capital gains attributable to other non-current assets	77	232	76	101
Invoiced expenses	9,589	8,051	7,319	6,247
Other	1,952	416	1,247	240
Total	58,706	22,533	53,084	20,420
Other operating expenses	2018/2019	2017/2018	2018/2019	2017/2018
Exchange rate losses attributable to project activities	-49,884	-5,016	-49,637	-4,972
Capital losses attributable to sale of wind power facilities	-	-	-	-2,553
Capital losses attributable to other non-current assets	-	-	-	-4,508
Fair value of change in currency derivatives	-26,958	-351	-	-
Total	-76,842	-5,367	-49,637	-12,033

Eolus hedges future forecast payment flows in accordance with an established finance and risk policy. The difference between the price paid and 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 10 FINANCIAL INCOME AND EXPENSES

	GROUP		PARENT COMPANY	
	2018/2019	2017/2018	2018/2019	2017/2018
Interest income				
Loans and receivables	3,110	2,727	505	-10
Loans and receivables to Group companies	-	-	1,593	592
Total financial income	3,110	2,727	2,098	582
Interest expense				
Bank loans	-14,179	-6,586	-10,365	-1,951
Liabilities to Group companies	-	-	-297	-281
Total financial expenses	-14,179	-6,586	-10,662	-2,232
Other financial items				
Exchange rate differences intra-Group receivables and liabilities	14,337	15,574	13,698	13,819
Exchange rate differences in cash and cash equivalents	592	914	592	-81
Exchange rate differences, other	-5,751	-8,478	-5,751	-8,846
Other financial expenses	-2,543	-10,484	-	-1,425
Fair value of change in interest rate derivatives	2,084	2,801	-	-
Total financial expenses	8,719	327	8,539	3,467
of which attributable to balance sheet items measured at fair value	2,084	2,801	-	-

NOTE 11 APPROPRIATIONS AND UNTAXED RESERVES

Appropriations	PARENT COMPANY	
	2018/2019	2017/2018
Change in tax allocation reserve	-18,857	-21,068
Depreciation in excess of plan	6,253	23,564
Group contributions received/paid	16,631	17,988
Total	4,027	20,484
Untaxed reserves	Aug 31, 2019	Aug 31, 2018
Tax allocation reserve	147,571	128,714
Accumulated depreciation in excess of plan	5,490	11,743
Total	153,061	140,457

NOTE 12 INCOME TAX

	GROUP		PARENT COMPANY	
	2018/2019	2017/2018	2018/2019	2017/2018
Current tax:				
Current tax on net profit for the year	-15,682	-22,927	-17,794	-22,842
Current tax attributable to prior periods	-	-	-	-
Total current tax	-15,682	-22,927	-17,794	-22,842
Deferred tax:				
Origination and reversal of temporary differences	32,903	15,395	-71	-166
Deferred tax due to changes in tax rate	-399	2,966	-	-
Total deferred tax	32,504	18,361	-71	-166
Tax	16,823	-4,566	-17,865	-23,008

Reconciliation of effective tax rate	GROUP		PARENT COMPANY	
	2018/2019	2017/2018	2018/2019	2017/2018
Profit before tax	115,971	198,879	211,017	309,353
Tax calculated at applicable tax rate in Sweden	-25,514	-43,753	-46,424	-68,058
Difference between Swedish and foreign tax rates	-246	-96	-	-
Non-taxable income	45,147	39,948	38,704	66,141
Non-deductible expenses	-979	-3,141	-10,040	-21,006
Interest surcharge for tax allocation reserve	-105	-85	-105	-85
Deferred tax due to changes in tax rate	-399	2,966	-	-
Non-capitalized loss carryforwards	-1,081	-405	-	-
Total tax expense/tax income	16,823	-4,566	-17,865	-23,008

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

GROUP

Specification of deferred tax assets and tax liabilities:	2018/2019		2017/2018	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	60	-	57	-
Assets measured at fair value	8,799	-	5,218	-
Provisions	74	-	141	-
Untaxed reserves	-	33,409	-	33,681
Wind turbine inventories, wind turbines under construction and projects under development	-	4,285	457	9,614
Temporary differences:	20,893	-	-	-
Recognized tax losses:	6,136	-	523	-
Total	35,962	37,694	6,396	43,295
of which to be utilized/paid after more than 12 months	6,270	37,694	1,178	43,295
of which to be utilized/paid within 12 months	29,692	-	5,218	-

PARENT COMPANY

Specification of deferred tax assets:	2018/2019	2017/2018
Provisions	-	71
Total	-	71

Recognized in the statement of financial position/balance sheet:	GROUP		PARENT COMPANY	
	2018/2019	2017/2018	2018/2019	2017/2018
Deferred tax assets	4,421	3,095	-	71
Deferred tax liabilities	-6,153	-39,994	-	-
Deferred tax liabilities (assets), net	-1,732	-36,899	-	71

Change in deferred taxes	GROUP		PARENT COMPANY	
	2018/2019	2017/2018	2018/2019	2017/2018
At September 1	-36,899	-55,053	71	238
Tax income/expenses recognized in profit or loss	32,504	18,344	-71	-166
Reclassification to current tax	2,663	-190	-	-
At August 31	-1,732	-36,899	-	71

The Group's non-capitalized loss carryforwards attributable to the Swedish operations amounted to KSEK 64 (142) on August 31, 2019. Deferred tax assets for the Group were recognized on tax deficits amounting to KSEK 6,137 (3,137). Deficits have no determined maturity date.

NOTE 13 INTANGIBLE ASSETS

Certificates	GROUP		PARENT COMPANY	
	2018/2019	2017/2018	2018/2019	2017/2018
Opening accumulated cost	96,162	-	96,162	-
Investments	-	96,162	-	96,162
Reclassifications	-42,078	-	-42,078	-
Closing accumulated cost	54,084	96,162	54,084	96,162

In connection with the divestment of the Jenåsen wind farm, Eolus acquired the right to 96% of the electricity certificates that the wind farm will generate over the 15-year certificate period. This intellectual property right was acquired for a non-recurring amount of EUR 9 M, corresponding to SEK 96.2 M. The total acquired volume is expected to amount to 264,000 electricity certificates per year over a 15-year period, meaning a total of 3,960,000 electricity certificates. Electricity certificates are recognized as inventory as they are issued, at which point the intangible asset item will be impaired.

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

	GROUP				Total	PARENT COMPANY				Total
	Land and buildings	Wind turbines	Equipment	Constructions in progress and advance payments		Land and buildings	Wind turbines	Equipment	Constructions in progress and advance payments	
2018/2019										
Opening accumulated cost	15,056	110,115	29,116	-	154,288	2,533	6,822	24,543	-	33,898
Investments	52	-	1,887	-	1,940	-	-	885	-	885
Sales and disposals	-	-	-406	-	-406	-	-6,822	-368	-	-7,190
Reclassifications	-	-53,110	-	-	-53,110	-	-	-	-	-
Exchange rate differences	193	352	43	-	588	-	-	-	-	-
Closing accumulated cost	15,302	57,357	30,640	-	103,299	2,533	-	25,060	-	27,593
Opening accumulated depreciation	-	-70,134	-22,017	-	-92,150	-	-1,364	-18,258	-	-19,622
Depreciation for the year	-	-3,302	-1,665	-	-4,967	-	-90	-1,329	-	-1,419
Sales and disposals	-	-	55	-	1,509	-	1,454	17	-	1,471
Reclassifications	-	28,315	-	-	26,861	-	-	-	-	-
Exchange rate differences	-	-317	-5	-	-322	-	-	-	-	-
Closing accumulated depreciation	-	-45,437	-23,632	-	-69,069	-	-	-19,570	-	-19,570
Opening accumulated impairment	-2,312	-7,801	-	-	-10,113	-2,312	-	-	-	-2,312
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	7,695	-	-	7,695	-	-	-	-	-
Exchange rate differences	-	-2	-	-	-2	-	-	-	-	-
Closing accumulated impairment	-2,312	-108	-	-	-2,420	-2,312	-	-	-	-2,312
Net carrying amount at year-end	12,990	11,812	7,009	-	31,810	221	-	5,490	-	5,711

During the fiscal year, 0 (0) wind turbines previously recognized as inventories were reclassified as non-current assets.

During the fiscal year, 3 (5) new wind turbines recognized as non-current assets were reclassified to inventories and subsequently sold.

	GROUP					PARENT COMPANY				
	Land and build-ings	Wind turbines	Equip-ment	Construc-tions in progress and advance payments	Total	Land and build-ings	Wind turbines	Equip-ment	Construc-tions in progress and advance payments	Total
2017/2018										
Opening accumulated cost	13,669	199,696	25,027	4,799	243,190	2,533	48,589	20,811	4,799	76,732
Investments	251	-	118	1,019	1,388	-	-	35	1,019	1,054
Sales and disposals	-151	-	-643	-	-794	-	-41,767	-583	-	-42,350
Reclassifications	-	-91,963	4,560	-5,818	-93,221	-	-	4,280	-5,818	-1,538
Exchange rate differences	1,287	2,382	55	-	3,724	-	-	-	-	-
Closing accumulated cost	15,056	110,115	29,116	-	154,288	2,533	6,822	24,543	-	33,898
Opening accumulated depreciation	-	-87,631	-21,322	-	-108,953	-	-7,744	-17,784	-	-25,528
Depreciation for the year	-	-7,187	-1,263	-	-8,450	-	-2,414	-1,058	-	-3,472
Sales and disposals	-	-	584	-	584	-	8,794	584	-	9,378
Reclassifications	-	26,485	-	-	26,485	-	-	-	-	-
Exchange rate differences	-	-1,801	-16	-	-1,816	-	-	-	-	-
Closing accumulated depreciation	-	-70,134	-22,017	-	-92,150	-	-1,364	-18,258	-	-19,622
Opening accumulated impairment	-2,312	-20,484	-	-	-22,796	-2,312	-5,368	-	-	-7,680
Impairment for the year	-	-6,315	-	-	-6,315	-	-2,052	-	-	-2,052
Reclassifications	-	19,008	-	-	19,008	-	7,420	-	-	7,420
Exchange rate differences	-	-10	-	-	-10	-	-	-	-	-
Closing accumulated impairment	-2,312	-7,801	-	-	-10,113	-2,312	-	-	-	-2,312
Net carrying amount at year-end	12,744	32,180	7,100	-	52,024	221	5,458	6,285	-	11,964

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 2018/2019 and 2017/2018 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.

NOTE 15 COMMITMENTS

INVESTMENT COMMITMENTS

No agreements regarding the acquisition of property, plant and equipment or intangible assets had been signed on the closing date.

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

LEASING AGREEMENTS

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

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

KSEK	PREMISES		EQUIPMENT	
	Group	Parent Company	Group	Parent Company
2018/2019	2,182	1,635	941	755
2019/2020	1,841	1,439	769	609
2020/2021	1,615	1,289	618	474
2021/2022	407	380	340	219
2022/2023	208	208	-	-
Total	6,253	4,951	2,668	2,057

NOTE 16 OTHER SECURITIES HELD AS NON-CURRENT ASSETS

Holdings in other companies	Number of participations	Equity/votes (%)	Aug 31, 2019	Aug 31, 2018
Långmarken Wind AB	50	10/10		
Slättens Vind AB	22,575	2/2	722	722
Carrying amount			722	722

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
Långmarken Wind AB	559032-9636	Hässleholm	-13,245	-11,889
Slättens Vind AB	559022-2583	Vara	-	63,234

NOTE 17 PARTICIPATIONS IN GROUP COMPANIES

	2018/2019	2017/2018
At September 1	64,529	137,696
Acquisitions	-	250
Divestments	-1,924	-
Shareholders' contributions, net	33	3,083
Impairment	-42,202	-76,500
At August 31	20,436	64,529

Profit from participations in Group companies	2018/2019	2017/2018
Impairment	-47,423	-90,743
Reversal of impairment	1,678	-
Dividends	175,925	300,641
Gain attributable to divestments	41	-
	130,221	209,898

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

Group company	Number of participations	Equity/votes (%)	Aug 31, 2019	Aug 31, 2018
Eolus Vind Amnehärad AB	1,000	100/100	69	69
<i>Amnehärad Vindkraft Aktiebolag</i>				
Blekinge Offshore AB	660	60/60	-	-
Ekovind AB	130,000	100/100	10,000	25,002
<i>Baltic Wind Energy</i>				
Eolus Elnät AB	1,000	100/100	100	100
Eolus Oy	2,500	100/100	132	99
<i>Eolus Pörtom Vind Oy</i>				
Eolus Vind Norge Holding AS	23,000	100/100	5,707	5,707
<i>Øyfellet Wind AS</i>				
Eolus North America Inc.		100/100		
<i>Comstock LLC</i>				
<i>Crescent Peak Renewables LLC</i>				
<i>ENA BESS1, LLC</i>				
<i>ENA BESS2, LLC</i>				
<i>Upstream HC-1 LLC</i>				
<i>Eolus Project Holdings LLC</i>				

Group company	Number of participations	Equity/votes (%)	Aug 31, 2019	Aug 31, 2018
<i>Wind Wall Development LLC</i>				
<i>Wind Wall 1 LLC</i>				
Eolus Vindpark Ett AB	500	100/100	50	50
Eolus Vindpark Fem AB	500	100/100	50	50
Eolus Vindpark Sju AB	500	100/100	50	50
Eolus Vindpark Nio AB	500	100/100	50	50
Eolus Vindpark Elva AB	500	100/100	50	50
Eolus Vindpark Tretton AB	500	100/100	50	50
Eolus Vindpark Femton AB	500	100/100	50	50
Eolus Vindpark Sjutton AB	500	100/100	50	50
Eolus Vindpark Nitton AB	500	100/100	50	50
Eolus Vindpark 23 AB	500	100/100	50	50
Eolus Vindpark 25 AB	500	100/100	50	50
<i>Eolus Vindpark 26 AB</i>				
Eolus Vindpark 27 AB	500	100/100	50	50
<i>Eolus Vindpark 28 AB</i>				
Eolus Vindpark 29 AB	500	100/100	50	50
Eolus Vindpark 31 AB	500	100/100	50	50
Eolus Vindpark 33 AB	500	100/100	50	50
<i>Eolus Vindpark 34 AB</i>				
Eolus Vindpark 35 AB	500	100/100	50	50
<i>Eolus Vindpark 36 AB</i>				
Eolus Vindpark 37 AB	500	100/100	50	50
<i>Eolus Vindpark 38 AB</i>				
Eolus Wind Power Management AB	500	100/100	50	50
Kattegatt Vindkraft AB	16,500	100/100	-	1,724
Lunnekullen Vindkraft AB	1,000	100/100	-	-
Linusvind AB	50,000	100/100	50	50
Långmarken Vindkraft AB	1,000	100/100	-	100
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>Dobeles 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	-	27,200
<i>Eolus Vindpark Tjugoett AB</i>				
Uddevalla Vind AB	1,000	100/100	102	102
Vingkraft Rönnerum AB	1,000	100/100	-	100
Ölme Vindkraft AB	1,000	100/100	3,058	3,058
Carrying amount			20,436	64,529

Group company	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
Ekovind AB	556343-8208	Hässleholm
<i>Baltic Wind Energy</i>	10869166	Saare County, Estonia
Eolus Elnät AB	556639-2477	Hässleholm
Eolus Oy	2622599-6	Vaasa, Finland
<i>Eolus Pörtom Vind Oy</i>	2456946-1	Vaasa, Finland
Eolus Vind Norge Holding AS	920964826	Oslo, Norway
<i>Øyfellet Wind AS</i>	998127068	Oslo, 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
<i>ENA BESS 1 LLC</i>	61-1906369	Nevada, USA
<i>ENA BESS 2 LLC</i>	35-2645294	Nevada, USA
<i>Upstream HC-1 LLC</i>	35-2646877	Delaware, USA
<i>Eolus Project Holdings LLC</i>	32-0598206	Delaware, USA
Wind Wall Development LLC	32-0514251	Nevada, USA
Wind Wall 1 LLC	81-5141504	Nevada, USA
Eolus Vindpark Ett AB	556925-8139	Hässleholm
Eolus Vindpark Fem AB	556935-0365	Hässleholm
Eolus Vindpark Sju AB	556935-0381	Hässleholm
Eolus Vindpark Nio AB	556935-0472	Hässleholm
Eolus Vindpark Elva AB	556935-0498	Hässleholm
Eolus Vindpark Tretton AB	556935-0449	Hässleholm
Eolus Vindpark Femton AB	556935-0464	Hässleholm
Eolus Vindpark Sjutton AB	556935-0514	Hässleholm
Eolus Vindpark Nitton AB	556924-5136	Hässleholm
Eolus Vindpark 23 AB	556956-6168	Hässleholm
Eolus Vindpark 25 AB	556956-6028	Hässleholm
<i>Eolus Vindpark 26 AB</i>	556956-6010	Hässleholm
Eolus Vindpark 27 AB	556956-6002	Hässleholm
<i>Eolus Vindpark 28 AB</i>	559121-3193	Hässleholm

Group company	Corp. Reg. No.	Registered office
Eolus Vindpark 29 AB	559136-0002	Hässleholm
Eolus Vindpark 31 AB	559135-9988	Hässleholm
Eolus Vindpark 33 AB	559163-5106	Hässleholm
<i>Eolus Vindpark 34 AB</i>	559164-6798	Hässleholm
Eolus Vindpark 35 AB	559193-5114	Hässleholm
<i>Eolus Vindpark 36 AB</i>	559164-6541	Hässleholm
Eolus Vindpark 37 AB	559163-5122	Hässleholm
<i>Eolus Vindpark 38 AB</i>	559164-6996	Hässleholm
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>Dobeles wind SIA</i>	40103786319	Riga, Latvia
<i>Osi wind SIA</i>	40103806530	Riga, Latvia
<i>Mekļi 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>Eolus Vindpark Tjuogoett AB</i>	556924-5110	Hässleholm
Uddevalle Vind AB	556707-1278	Hässleholm
Vingkraft Rönnerum AB	556796-9836	Hässleholm
Ölme Vindkraft AB	556755-5965	Hässleholm

NOTE 18 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 negative market values. The total negative market value of currency derivatives

was KSEK 27,772 (neg: 814) on the closing date. Contractual interest rate derivatives had negative market values on the closing date. The total negative market value of interest rate derivatives was KSEK 9,749 (neg: 11,833) on the closing date.

Aug 31, 2019	<3 months	3 months-1 year	1-2 years	2-5 years	>5 years	Total
Borrowing	151,351	3,004	3,994	154,772	268	313,389
Accounts payable	229,381	-	-	-	-	229,381
Derivatives	862	2,586	3,449	5,691	-	12,588
Other financial liabilities	206,158	8	-	284	-	206,450
Total	587,752	5,598	7,443	160,747	268	761,808

Aug 31, 2018	<3 months	3 months-1 year	1-2 years	2-5 years	>5 years	Total
Borrowing	257,199	33,434	4,137	83,191	812	378,773
Accounts payable	140,806	-	-	-	-	140,806
Derivatives	950	2,850	3,800	6,261	-	13,861
Other financial liabilities	99,840	8	-	264	-	100,112
Total	498,795	36,292	7,937	89,716	812	633,552

NOTE 19 PARTICIPATIONS IN ASSOCIATED COMPANIES

GROUP

Participations in associated companies	Corp. Reg. No.	Registered office	Capital/votes (%)	CARRYING AMOUNT	
				Aug 31, 2019	Aug 31, 2018
Isgrannatorp Drift AB	556787-6833	Kristianstad	33/33	-	37
Triventus AB	556627-3016	Falkenberg	40/40	-	-
Carrying amount				-	37

Change in participations in associated companies	2018/2019	2017/2018
At September 1	37	3,761
Share in profits	-	-3,725
Divestments	-37	-
Other	-	1
At August 31	-	37

PARENT COMPANY

Participations in associated companies	Corp. Reg. No.	Registered office	Capital/votes (%)	CARRYING AMOUNT	
				Aug 31, 2019	Aug 31, 2018
Triventus AB	556627-3016	Falkenberg	40/40	-	-
Carrying amount				-	-

NOTE 20 WIND TURBINE INVENTORIES, WIND TURBINES UNDER CONSTRUCTION AND PROJECTS UNDER DEVELOPMENT

	GROUP		PARENT COMPANY	
	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
Inventories of certificates	15,611	-	15,611	-
Wind turbines under construction and projects under development	456,748	574,666	587,288	392,045
Total	472,359	574,666	602,899	392,045

NOTE 21 ACCOUNTS RECEIVABLE AND OTHER CURRENT RECEIVABLES

	GROUP		PARENT COMPANY	
	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
Accounts receivable	25,277	53,018	22,916	51,505
Other current receivables	35,411	37,023	10,718	13,299
Total	60,688	90,041	33,634	64,804
Other current receivables relate to:	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
VAT receivables	1,727	12,689	-	11,682
Receivables from related parties	-	-	-	-
Other receivables	33,684	24,334	10,718	1,617
Total	35,411	37,023	10,718	13,299

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 receivable that have fallen due for payment but have not been impaired have undergone a thorough individual assessment. Other than the reserve for doubtful receivables, the remaining receivables are not considered to entail a material risk of losses.

Credit exposure	GROUP		PARENT COMPANY	
	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
Accounts receivable, not yet fallen due or impaired	6,482	9,386	1,176	9,152
Accounts receivable, past due but not impaired	23,795	43,632	21,740	42,353
Reserve for doubtful receivables	-5,000	-	-	-
Total accounts receivable	25,277	53,018	22,916	51,505

At August 31, 2019, past due accounts receivable for which no reserve was considered necessary amounted to KSEK 18,795 (43,632). KSEK 0 (24,169) in past due accounts receivable was settled after the balance sheet date.

Age analysis of accounts receivable, past due but not impaired	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
<30 days	3,741	24,169	3,741	24,169
30-90 days	429	840	235	643
91-180 days	194	195		
>180 days	19,431	18,428	17,764	17,541
Total past due but not impaired accounts receivable	23,795	43,632	21,740	42,353

Age analysis of accounts receivable, past due and impaired	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
>180 days	5,000	-	-	-
Total past due and impaired accounts receivable	5,000	-	-	-

Provisions for doubtful receivables correspond to 16% (0) of the total accounts receivable.

Provision for doubtful receivables	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
Provision at beginning of year	-	30	-	-
Provision for doubtful receivables for the year	5,000	-	-	-
Written-off receivables	-	-30	-	-
Amount at year-end	5,000	-	-	-

Provisions for the reversals of reserves for doubtful receivables are included in the item "Other operating expenses" in profit or loss.

Recognized amount for accounts receivable per currency including the reserve for doubtful receivables	GROUP		PARENT COMPANY	
	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
SEK	12,889	15,098	5,528	13,585
EUR	12,388	37,920	17,388	37,920
Total KSEK	25,277	53,018	22,916	51,505

The ten largest customers represent 95% (99) of the Group's total accounts receivable. A single customer accounts for 59% (46).

NOTE 22 ACCRUALS

Prepaid expenses and accrued income	GROUP		PARENT COMPANY	
	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
Prepaid rental charges	160	321	133	321
Other prepaid expenses	9,725	3,313	8,768	1,414
Accrued contract income	15,386	-	-	-
Other accrued income	2,952	2,339	2,922	410
Total	28,223	5,973	11,823	2,145

Accrued expenses and deferred income	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
Accrued payroll expenses and personnel costs	11,511	9,047	10,243	8,065
Accrued expenses and deferred income pertaining to projects	64,354	45,044	64,354	45,044
Other accrued expenses	15,720	7,516	2,261	6,328
Total	91,585	61,606	76,858	59,437

NOTE 23 SHARE CAPITAL AND EARNINGS PER SHARE

Disclosure on number of shares	Aug 31, 2019	Aug 31, 2018
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

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.

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.

GROUP

Earnings per share, before and after dilution	2018/2019	2017/2018
Earnings attributable to Parent Company shareholders	132,876	194,460
Weighted average number of outstanding common shares	24,907,000	24,907,000
Earnings per share, before and after dilution	5.33	7.81

NOTE 24 BORROWING

	GROUP		PARENT COMPANY	
	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
Non-current borrowing from credit institutions				
Bank loans (variable interest rate)	152,400	81,780	150,000	75,000
Total non-current borrowing	152,400	81,780	150,000	75,000
Current borrowing				
Bank loans (variable interest rate)	150,533	286,960	150,000	285,000
Total current liabilities	150,533	286,960	150,000	285,000
Total borrowing	302,933	368,740	300,000	360,000

For information on pledged assets for loans raised, refer to Note 29.

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, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
6 months or less	302,933	368,740	300,000	360,000
Total	302,933	368,740	300,000	360,000

Borrowing per currency	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
	SEK	302,933	368,740	300,000
Total	302,933	368,740	300,000	360,000

BANK OVERDRAFT FACILITIES

	GROUP		PARENT COMPANY	
	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
Amount granted	100,000	75,000	100,000	75,000
Unutilized credit is included in current borrowing and amounts to	-	-	-	-

NON-CURRENT LIABILITIES

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

	GROUP		PARENT COMPANY	
	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
1-5 years	152,133	80,980	150,000	75,000
More than 5 years	267	800	-	-
Total	152,400	81,780	150,000	75,000

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 2018/2019 fiscal year, all of the covenants were fulfilled.

NOTE 25 PROVISIONS**Group**

	After-treatment costs for disposal of wind turbines	Lease fees	Total
At September 1, 2018	1,921	186	2,107
Recognized in profit or loss			
additional provisions, interest	30	-	30
reversed amounts pertaining to divested turbines	-1,194	-18	-1,212
At August 31, 2019	757	168	925

	After-treatment costs for disposal of wind turbines	Lease fees	Total
At September 1, 2017	3,421	368	3,789
Recognized in profit or loss			
additional provisions, interest	115	-	115
reversed amounts pertaining to divested turbines	-1,615	-182	-1,797
At August 31, 2018	1,921	186	2,107

COMMITMENTS REGARDING AFTER-TREATMENT

According to the Swedish Environmental Code, financial guarantees must be provided as security for dismantling and after-treating the locations of wind turbines. The costs for dismantling and after-treatment are estimated for each facility with guidance from investigations carried out for particular turbines. The basis is a normal value of SEK 250 per megawatt (MW) of installed capacity for steel hubs. About SEK 100 per MW is added if the turbine is constructed in 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 estab-

lished 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, 2019 comprise KSEK 0 (325) in after-treatment costs and KSEK 168 (186) in lease fees, or a total of KSEK 168 (511).

NOTE 26 FINANCIAL INSTRUMENTS – DISCLOSURE ON FAIR VALUE PER CATEGORY**GROUP**

Aug 31, 2019	Carrying amount	Fair value	Level
Assets in the balance sheet			
Loan receivables and accounts receivable			
Cash and cash equivalents	1,102,983	1,102,983	2
Accounts receivable	25,277	25,277	2
Other financial assets	20,502	20,502	2
Liabilities in the balance sheet			
Liabilities measured at fair value through profit or loss			
Derivate liabilities			
Currency futures	27,719	27,719	2
Currency swaps	53	53	2
Interest rate swaps	9,749	9,749	2
Liabilities measured at amortized cost			
Interest-bearing liabilities	302,933	302,933	2
Accounts payable	229,381	229,381	2
Accrued interest expense	836	836	2

Aug 31, 2018	Carrying amount	Fair value	Level
Assets in the balance sheet			
Loan receivables and accounts receivable			
Cash and cash equivalents	739,825	739,825	2
Accounts receivable	53,018	53,018	2
Other current receivables	25	25	2
Blocked bank balances	5,000	5,000	2
Other financial assets	20,953	20,953	2
Accrued interest income	388	388	2
Liabilities in the balance sheet			
Liabilities measured at fair value through profit or loss			
Derivate liabilities			
Currency futures	814	814	2
Interestrate swaps	11,833	11,833	2
Liabilities measured at amortized cost			
Interest-bearing liabilities	368,740	368,740	2
Accounts payable	140,806	140,806	2
Accrued interest expense	849	849	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 27 RECONCILIATION BETWEEN PROFIT BEFORE TAX AND NET CASH FLOW

Non-cash items	GROUP		PARENT COMPANY	
	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
Depreciation and impairment of property, plant and equipment	4,967	14,765	1,419	-1,896
Unrealized exchange rate differences	-915	2,195	-958	2,195
Capital gains from divestment of non-current assets	75	-231	75	9,871
Changes in provisions	-1,180	-1,682	-341	-936
Measurement of derivatives at fair value	26,958	351	-	-
Total	29,896	15,399	195	9,234

NOTE 28 CHANGES IN LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

	Loan liabilities falling due within 1 year	Loan liabilities falling due after 1 year	Other liabilities	Total
At September 1, 2018	-286,960	-81,780	-264	-369,004
Cash flow	136,427	-70,620		65,807
Exchange rate differences		-	-20	-20
At August 31, 2019	-150,533	-152,400	-284	-303,217

	Loan liabilities falling due within 1 year	Loan liabilities falling due after 1 year	Other liabilities	Total
At September 1, 2017	-21,169	-12,740	-797	-34,706
Cash flow	-265,752	-69,040	599	-334,193
Exchange rate differences	-39	-	-66	-105
At August 31, 2018	-286,960	-81,780	-264	-369,004

NOTE 29 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets for liabilities to credit institutions	GROUP		PARENT COMPANY	
	2018/2019	2017/2018	2018/2019	2017/2018
Chattel mortgages	648,000	603,000	625,000	580,000
Wind turbines and leases used as collateral	6,230	15,288	-	-
Shares in associated companies	-	34	-	-
Total	654,230	618,322	625,000	580,000

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 25), are expected to arise on the basis of these.

Contingent liabilities	PARENT COMPANY	
	2018/2019	2017/2018
Contingent liabilities for the benefit of subsidiaries	5,000	5,000
Total	5,000	5,000

NOTE 30 RELATED-PARTY TRANSACTIONS**OWNER STRUCTURE AT AUGUST 31, 2019**

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
Stennart, Hans-Göran Total	380,100	518,984	3.6	11.8
Johansson, Åke	194,720	567,200	3.1	6.9
Borgunda Total	169,520	59,168	0.9	4.8
Försäkringsaktiebolaget Avanza Pension	-	1,411,324	5.7	3.9
Svantesson, Ingvar	43,750	200,175	1.0	1.7
Nordnet Pensionsförsäkring AB	500	480,955	1.9	1.3
Swedbank Försäkring AB	-	477,468	1.9	1.3
Stiftelsen Riksbankens, Jubileumsfond	-	347,198	1.4	1.0
Kieryd Gård AB	-	340,392	1.4	0.9
Other shareholders	139,135	17,205,642	69.6	51.1
Total	1,285,625	23,621,375	100.0	100.0

No Board members or other senior executives had any direct or indirect share transactions with the Group in 2018/2019 or 2017/2018, other than the remuneration stated in Note 7.

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 31 SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events took place after the end of the fiscal year.

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.

Hässleholm, November 28, 2019

Hans-Göran Stennert

Chairman

Hans Linnarson

Board member

Jan Johansson

Board member

Fredrik Daveby

Board member

Hans Johansson

Board member

Sigrun Hjelmquist

Board member

Bodil Rosvall Jönsson

Board member

Per Witalisson

CEO

Our auditor's report was submitted on November 28, 2019.

PricewaterhouseCoopers AB

Eva Carlsvi

Authorised Public Accountant

Auditor's report

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Eolus Vind AB (publ) for the year 1st September 2018 to 31 August 2019, excluding the corporate governance report on pages 41-45. The annual accounts and consolidated accounts of the company are included on pages 36-88 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 August 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 August 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinion does not include the corporate governance report on pages 41-45. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the supplementary report that has been submitted to the Parent Company's Audit Committee in accordance with Article 11 of the Auditors Ordinance (537/2014).

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This means that, based on our best knowledge and belief, no prohibited services referred to in Article 5.1 of the Auditors Ordinance (537/2014) have been provided to the audited company or, as the case may be, its parent company or its controlled company within the EU.

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

Our audit approach

Audit focus and scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

KEY AUDIT MATTER

Revenue recognition – sale of wind farms

Eolus Vind has a business plan and strategy which implies the construction and sale of wind farms, either directly or via companies.

During the financial year, Eolus completed the projects Anneberg, Sötterfällan and Nylandsbergen, sold the project rights for Bäckhammar and Stigafjellet and started the construction of Kråktorpet and Bäckhammar.

Each separate transaction is individually produced and the contracts contain specific terms and conditions which, amongst other things, stipulate the payment model to apply and which also stipulate the respective parties' commitments and requirements for completion of the contract within the determined time period.

The business approach and associated contract comprises a complex area where various interpretations of the executed transaction and the associated contract terms can have a significant impact on the company's accounting and revenue recognition.

Valuation of projects in progress

Eolus Vind reports projects in progress in its balance sheet associated with the design of wind farms. The projects are realized when Eolus Vind sells the project as a construction-ready project or when the wind farm is already constructed and is either sold to a client or moved to the inventory. A project can also be realized through the sale of project rights. The reported value of projects in progress amounted at 31 August 2019 to MSEK 472.

This balance sheet item is significant in its size and with the current electricity prices and prices of electricity certificates, the valuation of projects in progress is a focus area in our audit.

Each project is valued individually, and the company considers the realization potential of the project in the long and short term. The value of a project which is not seen to be realizable is written down immediately. This takes place, for example, when a project is rejected in the working permit process.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-35 and 92-95. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Each separate contract for the sale of a wind farm, either directly or via a company, is individually produced and contains various regulations and clauses. In our audit we have:

- Audited the company's calculation of capital gains by reconciling the calculation against the sales contracts
- Audited the company's bookkeeping regarding sales at company level
- Audited the company's assessments of percentage-of-completion method at group level and reviewed that the bookkeeping of percentage-of-completion method has been handled correctly.
- Examined to determine if the classification of capital gains has been handled correctly in accordance with the company's accounting principles.

In performing our audit, we have noted no significant deviations.

We have studied company management's assessments and have challenged them as regarding these assessments.

In performing our audit, we have obtained an understanding of the manner in which macro economic developments impact Eolus Vind and how the Board of Directors and company management work to compile information to serve as the basis of their decision making. Projects in progress have been audited on the basis of our:

- detailed testing to determine that the costs referring to the projects actually refer to relevant project costs
- studied the company's assessment of the realization of projects in the short and long term
- assessed the inherent parameters, such as the time plans and budgets, in the projects for which a contract has already been signed with a client
- discussed and assessed projects included in the business plan and budget with management and followed up the outcome against last year's business plan and budget
- performed random sample testing for the remaining projects included in the project portfolio and obtained comments from project managers regarding the status and assessed value of the projects.

In performing our audit, we have noted no significant deviations.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

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

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the

assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Board's Audit Committee shall, without affecting the other tasks and responsibilities of the Board, monitor the company's financial reporting, among other things.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar.

This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Eolus Vind AB (publ) for the year 1 September 2018 to 31 August 2019 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among

other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

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

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Audit of the corporate governance report

The Board of Directors is responsible for the corporate governance report on pages 41-45 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance report has been prepared. Disclosure in accordance with Chapter 6. § 6 subparagraphs 2-6 of the Annual Accounts Act and Chapter 7. § 31, second paragraph of the same Act are consistent with the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

PricewaterhouseCoopers AB was appointed Eolus Vind AB (publ)'s auditor at the Annual General Meeting on 26 January 2019 and has been the company's auditor since 24 January 2015.

Hässelholm, 28 November 2019
PricewaterhouseCoopers AB

Eva Carlsvi
Authorised Public Accountant

Eolus 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.



FREDRIK DAVEBY *Board member*

Born: 1962

Elected: 2009

Education and background: Entrepreneur. Agriculturalist. Former President of Länsförsäkring Kronoberg 2002-2014 and the Swedish Automobile Association 2014-2019. Held many Board assignments in the Länsförsäkringar Alliance, including Board member of Länsförsäkringar AB 2010-2014.

Head of Members at Södra Skogsägarna 1997-2002 and previously held positions at the Swedish Government Offices and the Federation of Swedish Farmers.

Other assignments: None.

Shareholding in Eolus: 10,000 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, Facesso AB. Active in the Ericsson Group 1979-2000, most recently as President of Ericsson

Components AB. Investment Manager at BrainHeart Capital 2000-2005.

Other assignments: Chairman of the Board of Facesso AB. Board member of Addnode Group AB (publ), Azelio AB, Edgware AB (publ), Ragn-Sells-företagen AB, Transcendent Group AB, Teqnion AB and IGOT AB.

Shareholding in Eolus: 1,000 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 Chairman 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 and Borgunda Gård AB. Partner of Borgunda Fastighet Handelsbolag.

Shareholding in Eolus: 169,520 Class A shares and 59,168 Class B shares.



JAN JOHANSSON *Board member*

Born: 1959

Elected: 2019

Education and background: Master of Science in Road and Hydraulic Engineering from the Faculty of Engineering, Lund University. Active within the Peab Group between 1986-2013, most recently as CEO of Peab AB. From 2014 to the end of 2018/2019 CEO of Malmö Cityfastigheter AB.

Other assignments: CEO and Board member of Centuria AB and Marta Lodge AB. Board member of Bravida Holding AB, Götenehus Group AB, Starka AB, Malmö Cityfastigheter AB and Erik Hemberg Fastighets AB.

Shareholding in Eolus: 2,000 Class B shares



HANS LINNARSON *Board member*

Born: 1952

Elected: 2017

Education and background: Electronics engineer and B.A. Experience from a number of different assignments as CEO of Swedish international industrial companies for more than 30 years, such as Enertec Component AB, CTC AB, Asko Cylinda AB. Leading positions within the Electrolux Group and CEO of Husqvarna AB.

Other assignments: Chairman of the Board of Nibe Industrier AB, Hörberg Petersson Tronic AB, N.P. Nilssons Trävaruaktiebolag and Scandbio AB. Board member of Inission AB, Nordiska Plast AB and Zinkteknik i Bredaryd Aktiebolag.

Shareholding in Eolus: 2,500 Class B shares



BODIL ROSVALL JÖNSSON *Board member*

Born: 1970

Elected: 2017

Education and background: Master of Business Administration from the Faculty of Economics and Business Administration, Lund University. Senior Advisor at Hypergene and Navet and member of office Board at Handelsbanken Malmö-Triangeln. Former CEO of the Business Region Skåne and Enterprise Manager

at Skåne County Council 2013-2016, CEO of Minc 2006-2013 as well as positions within E.On 1996-2006.

Other assignments: CEO and Board member of BRJ Management AB.

Shareholding in Eolus: 4,000 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, 2019 and thereafter with any changes known by Eolus. Members of the Board were elected at the Annual General Meeting on January 26, 2019 for the period until the 2020 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.

2800

A wind turbine that produces 14 GWh (14,000,000 kWh) supplies 2,800 houses with household electricity per year.

*A normal Swedish house uses about 5,000 kWh of household 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 final commissioning 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.

Intermittent energy source A method of generating power where the level of power generated varies over time depending on external factors. For wind power, this means how much and when the wind blows, and for photovoltaics, how much sunlight the cells receive depending on the time of day and weather.

Hub height The height of the tower plus the nacelle.

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 150 meters will have a swept area of about 17,700 square meters, almost the same as three soccer fields.

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 final commissioning and 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 Hässleholms Kulturhus on Saturday, January 25, 2020 at 3:00 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 20, 2020.
- have notified the company of their attendance by not later than January 20, 2020 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 20, 2020, 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 23, 2020
Annual General Meeting	January 25, 2020
Interim report Q2,	April 23, 2020
Interim report Q3,	July 8, 2020
Year-end report 2019/2020	October 21, 2020

Eolus Vind AB ("Eolus") is a public company with Corporate Registration Number 556389-3956. The company is based in Hässleholm, 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 36-40), the Corporate Governance Report (pages 41-45) and the financial statements (pages 46-91).

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, 2016/2017.

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 measures 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 management 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 Rolling 12-month earnings relative to 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.



Cover photo: A blade is mounted on to one of the 43 Vestas V136-3.8 MW wind turbines in Kråktorpet in the Municipality of Sundsvall. The length of each blade is 66.7 meters, contributing to a total swept area of about 14,500 m² or more than two soccer fields. The farm was handed over to the owners Aquila Capital in autumn 2019 and all electricity generated is encompassed by the power purchase agreement (PPA) with Vattenfall. The Kråktorpet wind farm's estimated generation is almost 600 MWh per year. Photos: Daniel Larsson

Other photographers: Daniel Larsson, Johan Funke, Fotograf Cecilia, Istock Photo and Eolus
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Eolus Vind is a leading Nordic wind power developer. Eolus creates value at every level of project development, establishment and 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.

Since the company's inception in 1990, Eolus has been involved in the construction of more than 570 wind turbines with an installed capacity of nearly 1,050 MW. The Eolus Group currently has customer contracts for asset management services comprising some 525 MW of wind power deployment. At August 31, 2019, Eolus Vind AB had approximately 14,000 shareholders. Eolus's Class B share is traded on Nasdaq Stockholm, Small Cap.

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