

Annual Report 2019/2020





Our forward-thinking goes way back

Last year, Eolus celebrated 30 years as a company. We may have been around for a long time, but we have always been more focused on the future than the past. We did allow ourselves to make an anniversary video, however, with a look back at everything that's happened since 1990.

If you haven't seen it already, you can watch the video on eolusvind.com or our YouTube channel. It tells the story of how not many saw the potential of wind power for electricity production when Eolus was formed, and how Eolus became a wind power pioneer.

Forward thinking is with us everywhere, and every day. Over the years, the company has grown in step with rising demand for renewable energy to ensure a sustainable future. We have built Eolus with knowledge and commitment, and wind power is now in good company with innovations and investments in solar energy and storage solutions.

Big, high and long-term

We are now in a highly expansive phase and devoting extra effort to communicating the opportunities to drive change and develop as an employee at Eolus. To attract employees with the right skills and motivation, we are strengthening our communication across all channels with a clear message: Eolus builds big, aims high and thinks long-term, but our organization is agile with short decision routes and close co-worker relationships.

We need more employees because we want to make a difference – to change and improve – in the future as well. Our forward-thinking goes way back, and that's a mindset we plan to keep.



Eolus is active on several digital and social media channels. Follow us for the latest news and insights into our operations. Search for "Eolus Vind."

Significant events during the fiscal year

Construction start for Norwegian Øyfjellet

In December 2019, construction of Eolus's largest project to date – Øyfjellet – commenced in the Municipality of Vefsn in Norway. With 400 MW of installed capacity, the wind farm is the single largest facility in Norway. Upon completion, which is scheduled for autumn 2021, the wind farm will comprise 72 N149/5.X MW wind turbines from Nordex. The wind farm is owned by Aquila Capital via Øyfjellet Wind AS, and Eolus will provide asset management services for the wind farm. The wind farm is covered by a 15-year power purchase agreement (PPA) with Alcoa, whose aluminum smelter is located in Mosjøen, the administrative center of the Municipality of Vefsn.



Kråktorpet – largest to date

In November 2019, the Kråktorpet wind farm in the Municipality of Sundsvall was completed and handed over to Aquila Capital. The wind farm comprises 43 Vestas V136-3.8 MW wind turbines with 163 MW of combined installed capacity. Upon completion, this was the single largest wind farm established by Eolus. Kråktorpet was the third wind farm in Eolus's 'Sundsvall cluster' to be completed after Jenåsen (79 MW) and Nylandsbergen (68 MW). To enable the establishment of these three farms, Eolus assumed the investment costs for a new main grid substation in Nysäter to manage the grid connection. The main grid substation in Nysäter has also created opportunities to establish other wind farms in the area.



New partnerships for future opportunities

In July 2020, strategic agreements were signed to fill Eolus's portfolio of future projects. The agreements included acquisitions of ongoing projects as well as green-field project opportunities. Eolus entered into an agreement with Modern Energy to acquire seven early-phase wind power projects. The combined capacity of the projects, which are situated in SE3 and SE4, is estimated to be about 450 MW. Eolus also entered into an agreement regarding the development of wind power projects on land owned by SCA in Sweden and the Baltics. The partnership agreement relates to the initiation of projects that Eolus and SCA will develop jointly and, in addition, to opportunities for Eolus to conclude usufruct agreements in other identified project areas. The aim is to achieve realizable projects of about 1,000 MW.

Power from Värmland for Amazon

In August 2020, the Bäckhammar wind farm in the municipalities of Kristinehamn and Degerfors was completed and handed over to the customer, KGAL. The farm comprises 22 Vestas V136-4.2 MW and nine Vestas V150-4.2 MW wind turbines with a combined capacity of 130 MW, and was handed over to the customer according to schedule. Bäckhammar is covered by a PPA that KGAL signed with Amazon Web Services regarding the purchase of renewable electricity for its Swedish data centers. Eolus provides asset management services for the wind farm.

324 MW established during the fiscal year

During the fiscal year, Eolus completed three wind farms – Kråktorpet, Bäckhammar and Stigafjellet – with a combined capacity of 324 MW.

First Norwegian farm completed

In August 2020, the company completed its first wind farm in Norway. Stigafjellet was completed and handed over to the customer, ewz, according to schedule. The wind farm is located in Bjerkreim in Rogaland County and comprises seven SWT-DD-130 4.3 MW wind turbines from Siemens Gamesa with a total installed capacity of 30 MW. Eolus provides asset management services for the wind farm.

163

During the fiscal year, Eolus completed its largest wind farm to date, Kråktorpet, with an installed capacity of 163 MW.

903

At the end of the fiscal year, Eolus managed 903 MW of wind power on behalf of customers and had signed contracts for an additional 515 MW that is still under construction.

324

During the fiscal year, Eolus deployed 81 wind turbines with an installed capacity of 324 MW.

EOLUS'S CUMULATIVE INSTALLED CAPACITY



FIVE-YEAR SUMMARY

SEK M	2019/2020 16 months	2018/2019 12 months	2017/2018 12 months	2016/2017 12 months	2015/2016 12 months
Net sales	2,468.6	2,031.9	1,366.0	1,065.7	693.4
Operating profit/loss	280.0	118.3	202.4	40.2	-15.9
Profit/loss before tax	182.6	116.0	198.9	34.2	-29.1
Net profit/loss for the year	198.3	132.8	194.3	24.5	-23.9
Earnings/loss per share, before and after dilution, SEK	7.96	5.33	7.81	1.02	-0.92
No. of turbines constructed and deployed	81	31	25	25	14
Turbines constructed and deployed, MW	323.7	115.2	83.8	72.2	37.7
Managed turbines, MW	903	524	415	351	293

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Eolus is standing strong and is well equipped to face the continuing challenges and opportunities in all of its markets

In August 2020, an Extraordinary General Meeting decided to change Eolus's fiscal year to the calendar year. The change was motivated by the fact that most wind farms are normally established during the summer and completed by early autumn, and that comparisons with other companies would be easier. The Annual Report therefore pertains to the extended fiscal year of September 2019 to December 2020.

Swedish wind power is growing, as is the need

In 2020, electricity generation from Swedish wind power was 27.6 TWh, corresponding to 17% of the country's electricity generation and a 39% increase compared with 2019. At the expected pace of expansion, more electricity will be generated from Swedish wind power than remaining nuclear power in three to four years. The expansion is enabling a transition to electricity generation from renewable sources, lower electricity prices for Swedish companies and consumers, and stable exports of renewable electricity from Sweden to the continent. However, a successful transition requires heavy investments in grid transmission capacity and efficient permitting processes for both wind power and grid expansion projects. The need for new wind power expansion is particularly high in southern Sweden, where electricity is in short supply and electricity prices are highest.

During the fiscal year, three wind farms – Kråktorpet, Bäckhammar and Stigafjellet – were completed and handed over to our customers. This means that Eolus's projects added around 324 MW of additional wind power to the Nordic system with annual estimated generation of just over 1.1 TWh.

The largest to date by far

Establishment of the 400 MW Øyafjellet project in Norway is ongoing. Roads and crane sites have been completed and most

of the foundations are in place. The grid connection process is under way, the first tower sections have been delivered and installation of the wind turbines is expected to commence in spring 2021. Construction has been fully financed by our customer, Aquila Capital, and the facility is scheduled to gradually become operational during autumn 2021. The project has signed a 15-year PPA with Alcoa. The project will deliver estimated generation of 1.3 TWh, corresponding to 1% of all electricity generated in Norway. This is the largest project ever established by Eolus. The physical challenges of establishing such a facility are huge and must also account for the restrictions introduced during the COVID-19 pandemic.

A fraction delivers four times more

The Wind Wall project in California is currently being constructed and deployed. In this project, about 400 older wind turbines on a wind farm are being replaced by 13 modern turbines with a combined capacity of 47 MW. Power lines, transformers and some infrastructure are largely reusable. The new farm is expected to generate approximately four times more electricity than the old farm. In my view, this is one of the best examples of how wind power technology has advanced in recent decades. Our customer, Cubico Sustainable Investments, will take possession of the farm upon completion and pay the consideration when the park has been transferred. The project is being financed with construction loans issued by Swedbank and own funds.

In addition to the above projects, Eolus has another 13 wind turbines under construction for completion during 2022 and 2023. Two of these are related to Timmele, for which a purchasing agreement was concluded after the end of the fiscal year. The new projects include models with 170-meter rotor diameters and installed capacity of more than 6 MW.





“Eolus aims to develop and offer its customers attractive facilities for renewable electricity generation and energy storage. The best technology or mix of technologies varies over time and between markets.”

Rotors of this size give each turbine a rotor-swept area of nearly 2.3 hectares.

Solar PV and storage is expanding the portfolio

Eolus aims to develop and offer its customers attractive facilities for renewable electricity generation and energy storage. The best technology or mix of technologies varies over time and between markets. An increasing proportion of Eolus’s project portfolio therefore pertains to solar PV projects and storage projects. In the coming decades, offshore wind power will play an increasingly important role in the transition to renewable electricity generation in many markets. Eolus is involved in the early stages of development of several offshore wind power projects.

Growing markets in challenging times

The ambitious climate action plan of the new US administration, including a carbon pollution-free power sector by 2035, calls for

heavy investments in wind power and solar PV facilities. Eolus has a growing portfolio of projects in the southwestern US and invested in wind power components during the year to qualify projects for the Production Tax Credit (PTC) introduced by Congress.

Poland is one of the European countries that is most dependent on coal-fired electricity generation. Meanwhile, the country is planning to phase out all coal mining by 2049 in order to meet its energy policy targets. Eolus will enter the Polish market in 2021 with the aim of developing, establishing and selling solar PV farms and wind power facilities.

Customers have shown a great deal of interest in investing in our projects, but we regret to announce that in some cases, final permit procedures and grid connections have taken longer than expected. This is partly due to the effects of COVID-19, which has led to a temporary postponement of opportunities to realize the projects. To ensure our long-term success, the project

portfolio must be continuously re-filled with high-quality development projects. Due to new development and acquisitions in 2020, Eolus’s total project portfolio now comprises 7,800 MW from wind, solar PV and energy storage projects.

Business model with solid opportunities

A capital-efficient business model enables more parallel projects, and contributed to an equity/assets ratio of 57% and net cash of just over SEK 300 M in the balance sheet. With a strong balance sheet and an order backlog of SEK 5.1 billion, Eolus is well equipped to face the continuing challenges and opportunities in the transition to a sustainable energy supply in all of our markets.

PER WITALISSON
Chief Executive Officer

A pioneering spirit, expertise and good business sense have taken us a long way

30 years of continuous development, with one eye on profitability and the other on opportunities to drive the renewable energy transition. Since the company's inception in 1990, Eolus has become a leading wind power developer in the Nordic region. In 2017, the company's business concept was broadened to include other forms of renewable electricity generation and energy storage as well as wind power facilities. The company offers attractive and competitive investment opportunities for both local and international investors, currently in the Nordic region, the Baltics and the US. Eolus has entered a strong expansion phase and is aiming to establish the company in more geographic markets and extend its offering to more technologies than wind power.

To date, Eolus has been involved in the construction of 653 wind turbines in Sweden, Norway and Estonia, with an accumulated installed capacity of approximately 1,370 MW. Most of these projects are divested to customers as turnkey facilities. Establishments are under way in Sweden, Norway and the US. At the end of the fiscal year, Eolus's asset management organization managed 903 MW of wind power on behalf of customers.

Business concept

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

High level of expertise

Since the company's inception in 1990, Eolus has been a successful wind power developer with an ability to adapt and develop the company's operations to prevailing demand and market conditions. Work with other technologies for renewable electricity generation and energy storage is a natural element of development for both the company and the market, where the lessons learned and contact network established can be used for new business and new business models.

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. In total, Eolus has established approximately 13% of the wind power constructed in Sweden.

Business model

Eolus's mission is to develop and install facilities for renewable energy and energy storage. The choice of technology is determined by the site and the prevailing market conditions. 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 or companies may also be acquired. The company currently conducts operations in the Nordic region, the Baltics, Poland and the US. Eolus entered the Polish market in early 2021. Eolus offers a full range of asset management services to investors, enabling carefree ownership of wind power facilities installed by either Eolus or other companies.

During the year, the company had two operating segments: Project Development and Asset Management. Project Development is by far the most dominant segment. The Asset Management segment showed steady growth, and successful management of customer facilities is creating opportunities for new project sales.

The Eolus Group

The Group comprises the Parent Company, Eolus Vind AB (publ), and associated operating subsidiaries, and a number of companies formed to manage the development of specific wind power projects.

At December 31, 2020, Eolus's project portfolio in Sweden, Norway, the US, Finland, Estonia and Latvia comprised 5,632 MW of wind power, 1,420 MW of solar power and 778 MW of energy storage from early phase to establishment. Of the 5,632 MW of wind power, 515 MW was under construction in Norway, Sweden and the US. The projects under construction include Eolus's largest wind farm to date, the Øyfjellet wind farm, comprising 400 MW.

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 three-year period of 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 at present 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-plus-storage projects.



The Nylandsbergen wind farm

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 facility's lifetime. 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.

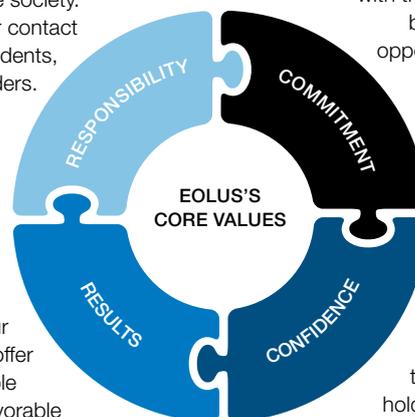
Eolus does not normally own the land on which facilities are established, but secures usufruct through land leases. Eolus's strategy is to offer landowners a commercial lease that is normally paid as an annual lease equivalent to a certain percentage of the value of the electricity generated by the facility. In some projects, neighboring landowners are also offered land lease income.

We are taking 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 facilities, we also aim to offer our customers a profitable investment as well as favorable terms for the landowners affected.

We strive for dialog and engagement with the stakeholders affected by our 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 confidence of shareholders, customers, banks, authorities, landowners and the public.



Renewable is the new normal

It's difficult to predict the future but one thing is certain: renewable energy is the new normal. The global energy market is now changing fast. This change is partly being driven by political ambitions to reduce GHG emissions, but also by economic realities. In more and more markets, renewable energy sources like wind and solar are proving

cheapest to install per generated MWh. Due to rapid technological development and major cost reductions, renewables are no longer a costly and exotic feature in the energy mix, but the new normal. The shift towards a higher proportion of renewable electricity generation from a global perspective is tending to move faster than predicted.

From a national perspective, the ambitious targets set by Sweden for renewable electricity generation were exceeded long ago, and well ahead of the political objectives. The market has delivered.

Fossil is losing ground

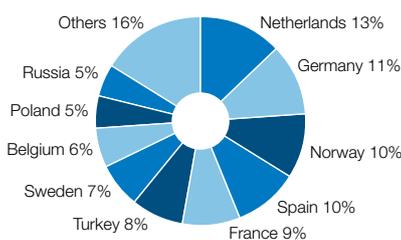
In the New Energy Outlook 2020, Bloomberg New Energy Finance (BNEF) predicts that wind and solar technologies will account for 56% of the world's electricity generation by 2050. That can be compared with 9% at present, and should also be seen in light of the significant increase in worldwide electricity demand. BNEF has revised up its forecasts here, compared with last year's prediction that wind and solar would account for 48% of electricity generation. The 2020 outlook predicts that carbon-free sources of generation will account for 76% globally, compared with 24% for fossil-fuel power generation. The trend is clear – fossil-fuel sources such as oil, coal and gas are losing ground. The transition is being driven by lower installation costs for wind, solar and various energy storage technologies, primarily batteries. BNEF predicts that wind and solar will generate more of the world's electricity than coal by 2031. BNEF also believes that coal use may already have peaked in 2018 and will gradually decline to only 12% of the market by 2050.

Wind and solar dominate

Due to the sharp decline in prices for various storage technologies and the development of demand-side flexibility solutions, wind and solar may reach more than 80% penetration in some markets. The transition is expected to move fastest and furthest in Europe,

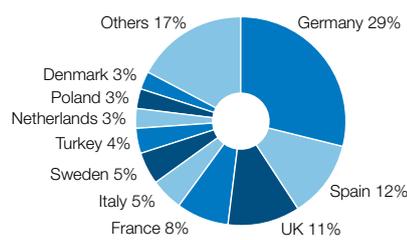


PROPORTION OF INSTALLED WIND POWER CAPACITY IN 2020 IN EUROPE.



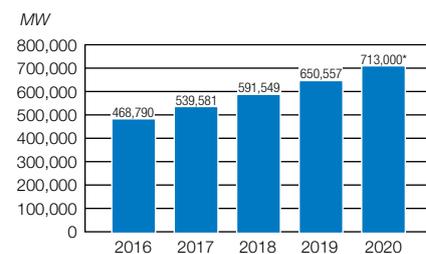
Source: WindEurope, Wind Energy in Europe 2020

PROPORTION OF CUMULATIVE INSTALLED WIND POWER CAPACITY IN 2020 IN EUROPE



Source: WindEurope, Wind Energy in Europe 2020

TOTAL GLOBAL CUMULATIVE INSTALLED WIND POWER CAPACITY, 2016–2020



* The figures for 2020 refer to forecasts Source: GWEC



Wind Wall wind farm

where wind may account for more than 50% of electricity generation by 2050. In southern Europe, solar may already account for about 30% of electricity generation by 2030.

Business models under pressure

As costs for wind and solar fall, the need for subsidies in the market will also decline and these technologies will be able to stand on their own two feet moving forward – if they don't already do so. In Sweden and Norway, for example, no new facilities will be granted

electricity certificates after December 31, 2021. This trend is challenging existing business models and presenting new business opportunities for those who are embracing the change, rather than sticking to past truths and old business models.

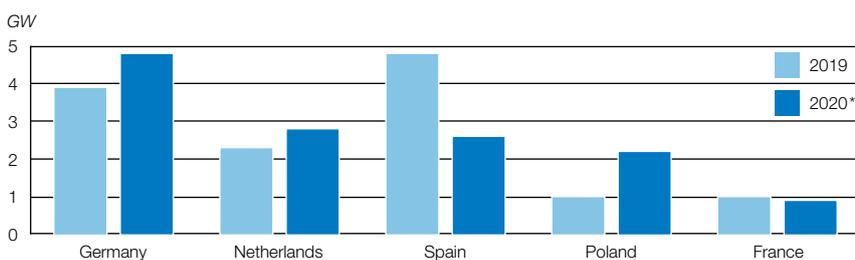
Offshore wind is growing

Wind and solar are also growing from a short-term perspective. According to preliminary figures from the International Energy Agency (IEA), 107 GW of solar PV and 65 GW of wind power were added in 2020, of which

approximately 60 GW was onshore. China continued to account for the highest proportion of wind and solar PV installations. The IEA predicts a ramp-up of installation activity in 2021, while wind will decline in 2022 when incentive systems in China and the US are phased out. While these markets decline in 2022, Europe is expected to increase, as is the share of offshore wind power installations.

The IEA predicts annual wind additions of 65–100 GW between 2023 and 2025. By 2025, the IEA predicts that offshore

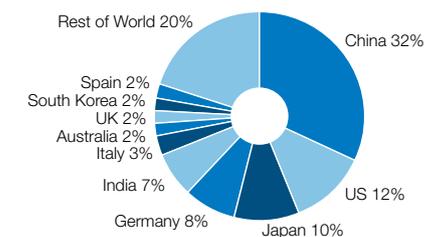
THE LARGEST EU MARKETS FOR INSTALLED SOLAR PV CAPACITY, 2019 AND 2020



* The figures for 2020 are forecasts.

Source: SolarPower Europe, EU Market Outlook for Solar Power, 2020-2024.

PROPORTION OF GLOBAL INSTALLED SOLAR PV CAPACITY IN 2019



Source: SolarPower Europe, Global Market Outlook for Solar Power, 2020-2024.

24.8

In 2020, Sweden's net exports of electricity totaled 24.8 TWh.

wind power will account for about 20% of installed wind capacity.

The IEA predicts that solar PV additions will continue in 2021 and 2022 despite a small decline between 2021 and 2022 due to the phase-out of subsidies in China. The IEA predicts solar PV capacity additions of 129–162 GW per year between 2023 and 2025.

Significantly reduced costs

The rapid development of wind technology in recent years includes longer rotor blades, higher towers and higher generating capacity, resulting in more efficient turbines that can harness more power from the wind. Combined with more efficient construction processes, the levelized cost of electricity (LCOE) has fallen 75–80%. The installation costs for new wind power have been lower than for 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 renewable energy transition. The installation costs for offshore wind power were previously high but are now falling fast, and under the right conditions, facilities are being established without subsidies.



Cheaper and better batteries

Just like costs for wind and solar PV, the price of batteries has fallen sharply for both utility-scale storage and electric vehicles, albeit from a lower level of maturity. In 2020, for example, a battery cost fell below USD 100 per installed kWh in an electric vehicle for the first time. The electric vehicle battery market is larger than utility-scale battery storage and the rapidly falling costs have a certain spillover effect on utility-scale solutions. According to BNEF, the cost of

utility-scale battery storage was halved between 2018 and 2020 to a benchmark LCOE of about USD 150 per MWh for storage with four-hour discharge duration. These rapidly falling costs have been driven by technological advancements combined with scaled-up facilities. Varying market conditions in terms of generation methods, prices and consumption patterns are creating opportunities for other storage solutions in addition to batteries. In general, both utility-scale batteries and small-scale flexible battery

TECHNICAL DEVELOPMENT OF WIND TURBINES ESTABLISHED BY EOLUS

Rotor diameter	27	44	82	112	136	150	149	170	(m)
Hub height	30	50	98	94	122	125	105	115	(m)
Generator output	0,225	0.6	2.0	3.3	3.8	4.2	5.7	6.2	(MW)
Year	1991	1999	2009	2014	2019	2020	2021	2023	

Power purchase agreements

– 2020 was a record year

Practically all major wind power establishments in the Nordic region are covered by various forms of PPAs. There is a similar trend in other markets and also includes solar PV facilities in countries where utility-scale facilities are established. A corporate PPA is a contract between an electricity generator and an electricity purchaser to buy electricity directly from specific facilities. The agreements can vary from five years and upwards, with fixed predetermined prices for all, or a predetermined portion, of the 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. Guaranteed levels of revenue also provide security for both owners and the company that constructs the facility.

Important for financing

PPAs have played a pivotal role in the rapid expansion of wind power in the Nordic market. These agreements will also be important in the future for financing the expansion of renewable electricity generation in both the Nordic region and globally.

Amazon is leading the field

In 2020, corporate PPAs for 23.7 GW were signed globally, according to Bloomberg New Energy Finance (BNEF), which is the largest volume ever. The US was once again the world's largest market, but less dominant than in previous years. In 2020, Amazon announced new PPAs totaling 5.1 GW, making the company the leading buyer of renewable power for the year and the company that has signed PPAs for the highest volume to date. Google was next in terms of purchased volume, followed by Facebook. In 2020, French oil company Total was the next largest corporate buyer of clean energy.



solutions for households and electric vehicles are expected to offer significant potential for storage. Utility-scale 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 based on their availability.

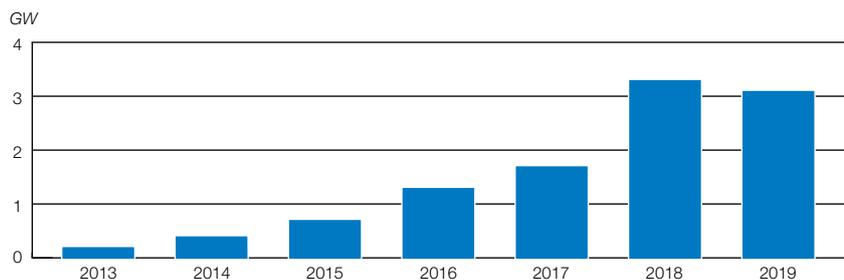
Potential net exporters

From a Nordic perspective, more electricity has been generated than consumed in the Swedish and Norwegian markets in recent years, enabling these countries to become net exporters of electricity and to create an-

other export industry. These countries have also been among the European countries that have added most wind power in recent years. In 2019, for example, Sweden was ranked fourth in Europe in terms of new wind power installations, and Norway was ranked sixth. In 2020, Norway was ranked third and Sweden seventh in total installed wind power capacity in Europe. Norway and Sweden combined have major potential to become Europe's green battery, with utility-scale carbon-free electricity generation that can replace the dirty fossil-fuel energy used by other countries. Continued opportunities to export electricity are positive for Sweden and Norway, which is why continued expan-

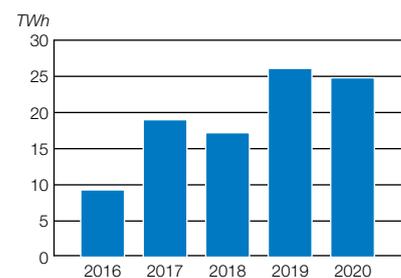
sion of transmission capacity is important not only within these countries, but also to other countries, in addition to the transmission possibilities that already exist or are currently under construction to countries such as Germany and the UK. The future potential to store electricity will present major opportunities for Sweden and Norway to increase their share of intermittent energy sources such as wind and solar.

GLOBAL ENERGY STORAGE DEPLOYMENT, 2013–2019



Source: International Energy Agency

SWEDEN'S NET ELECTRICITY EXPORTS, 2016–2020



Source: Svenska Kraftnät

Major players driving market investments

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

More major players

The customer base has changed over time. From divesting most of the established wind power to various types of domestic investors in the Swedish market, the vast majority of customers are now major international players. These players are mainly active in the institutional investor and major consumer segments, where geographic market and technology are not as critical as for smaller domestic players.

Long experience, comprehensive offering

With over 30 years of experience and involvement in the installation of 653 wind turbines with a capacity of 1,370 MW at

December 31, 2020, Eolus has built up expertise across the entire value chain and a financial position that makes the company a strong, stable and reliable partner. Eolus's project portfolio in wind, solar and energy storage presents major opportunities to offer facilities tailored to the specific needs of individual investors at the lowest possible cost per generated or stored MWh. 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 Nordic region, Eolus can push investment and operating costs down, which benefits investors in 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. This trend is also noticeable from a global perspective. Ownership of public infrastructure, such as renewable energy in the form of 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 own

customers in the 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. With a strong trend in sustainable investments, this category of players will continue to play a key role in the social transition.

Major consumers

Major consumers are those companies and organizations that consume large amounts of electricity but do not have electricity generation as their core business. This customer group is growing – partly because electricity generated by wind and solar guarantees secure, low and stable electricity costs over time, but also because of the sustainability aspect. More and more companies want to be recognized for their role in the transition to a fossil-free future. Quite simply, to meet their customers' demands and requests for a lower environmental impact and accountability. Investments can take the form of direct investments in own facilities or, most commonly, be made by signing long-term PPAs. A PPA is a contract whereby a party



The Sötterfällan wind farm

agrees to purchase the power generated by a specific facility for a certain period of time and thereby contributes to expanded capacity without actually owning any facilities. This type of arrangement does not tie up capital needed for core operations, but still creates benefits for the environment. Eolus has signed PPAs for wind farms in Sweden, Norway and the US with a wide range of players. Amazon Web Services is the leading buyer of renewable power through PPAs in the world, followed by Google.

Energy companies

Onshore wind power is one of the most cost-efficient ways to add new generation capacity in many markets, including the Nordic region. Solar power is the cheapest alternative in other markets. These basic conditions make investments in renewable electricity generation attractive to companies with energy generation as their business concept. In addition to adding cost-efficient generation capacity, investments in wind and solar power are enabling energy companies to offer customers green electricity from their own facilities. In the US, energy companies are actively signing PPAs instead of owning their own facilities. This has also started happening in Europe. Over the years, Eolus has divested wind power facilities 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 renewable electricity generation are contributing to sustainable development and thus meeting the environmental and energy objectives that many public-sector players have set for their operations. In recent years, transactions with these types of customers have been less common in Sweden.

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. The cooperative model was also one of Eolus's critical success factors for many years. However, due to changed market conditions and a focus on utility-scale facilities or the packaging of several small facilities into one larger transaction, Eolus is not establishing any shared-ownership projects at present. But that does not rule out the possibility of future establishments in this customer segment given the right conditions. It is also possible that these types of investments can help to engage the local community in various projects.



New technologies and lower costs are driving the transition

Eolus's project development is based on the objective to create renewable energy projects that are possible to establish at the lowest possible cost per MWh. That is a basic condition for meeting investors' demands for sustainable and profitable investments in specific technologies and markets. As well as contributing to attractive investment options, social value is also created by opportunities to contribute to clean electricity generation or energy storage in harmony with other social interests. In turn, that contributes to the social transition required to meet the challenges of climate change. Ensuring Eolus's continued profitability and success requires a clear focus on the projects with the greatest chance of being realized, regardless of technology or market.

Origination – a new function

Eolus has an extensive portfolio of wind, solar and energy storage projects in various phases. Overall, this presents good opportunities for meeting the conditions and demands of various types of investors. Projects have four phases: pre-study, project

development, installation and divestment of the facilities. In January 2020, a new function, Origination, was established within the framework of project development. The aim of the function is to strengthen the pre-study stage of project development and, by building strategic partnerships with landowners, to acquire projects under development and evaluate new geographic markets. This will also guarantee a high-quality project portfolio over time. Projects commenced in Origination are handed over, and other parts of the organization will continue with project development and optimization.

Flexible realization of projects

Projects are realized either by selling the project rights combined with a construction contract for installation of the facility, or by establishing and divesting turnkey facilities to investors. In both cases, revenue is recognized over time in proportion to 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, depend-

150

During the fiscal year, Eolus established wind turbines with a rotordiameter of 150 meters for the first time.

ing on the pace of installation, and the structure of the agreements. The company also offers projects in various stages of project development if this is considered favorable for Eolus. In addition, Eolus can provide various types of consultancy services related to the development and establishment of renewable energy facilities and energy storage. Project development activities are mainly financed with advance payments from customers, construction loans or equi-





The Nylandsbergen wind farm

PROJECT DEVELOPMENT – KEY FIGURES

SEK M	Full-year Sep 1, 2019-Dec 31, 2020, 16 months	Full-year Sep 1, 2018-Aug 31, 2019 12 months
Net sales	2,435.9	2,007.0
Other operating income	113.6	50.1
Operating profit	272.0	114.1

ty. Eolus is currently developing projects in Sweden, Norway, Finland, the US, the Baltics and Poland. Wind power is currently under establishment in Sweden, Norway and the US.

Technological development is reducing costs

There is a market trend in which renewables are growing and can be viewed as the new normal, not a marginal phenomenon. Much of this development is attributable to rapid technological development combined with a lower cost per MWh generated. Project development must take into account the technological development that enables larger wind turbines in terms of tower height, rotor diameter and generating capacity. Project are therefore developed with future technological readiness. The largest wind turbines ever established by Eolus in terms of rotor diameter are nine Vestas V150-4.2 MW for the Bäckhammar wind farm. The largest wind turbines established

in terms of capacity can be found in Stigafjellet, where seven Siemens Gamesa SWT-DD-130 turbines with an installed capacity of 4.3 MW have been constructed.

In 2023, the company will establish wind turbines with a rotor diameter of 170 meters in Boarp and Rosenskog (the largest to date), and with an installed capacity of 6.6 MW in Dällebo (the highest to date).

Sights set on solar, energy storage and offshore wind power

Eolus's project portfolio for solar and energy storage is in earlier stages of development and the company has not established any facilities in these technologies as yet. These portfolios consist of projects in the US at present, but Eolus sees potential to broaden the portfolios to include projects in the markets where the company is currently active, as well as new geographic markets. Offshore wind power will play a key role in the transition to a sustainable electricity system. As establishment costs fall, more

offshore wind power will be established and Eolus is aiming to be part of the value chain in this segment by being involved in the development of attractive projects.

From the company's inception in 1990 until the balance sheet date on December 31, 2020, Eolus has been involved in the installation of 653 wind turbines with a combined capacity of approximately 1,370 MW. During the 2019/2020 fiscal year, 81 wind turbines (31) with a total capacity of 324 MW (115) were installed and completed. At the end of the fiscal year, 96 wind turbines were under construction, compared with 94 on the corresponding date in the preceding year. Of these 96 wind turbines, 72 are in Norway, 11 in Sweden and 13 in the US.

Projects completed during the year

During the fiscal year, Eolus completed and handed over three wind farms with an aggregate installed capacity of 324 MW. A total of 81 wind turbines were established, compared with 31 wind turbines with a capacity of

115 MW in the preceding fiscal year. The established wind farms are located in Electricity Price Areas 2 and 3 in Sweden, and Electricity Price Area 2 in Norway.

WIND FARMS ESTABLISHED DURING THE 2019/2020 FISCAL YEAR, 16 MONTHS

Name	Municipality	Capacity in MW
Kråktorpet	Sundsvall, SE2	163
Bäckhammar	Kristinehamn/Degerfors, SE3	130
Stigafjellet	Bjerkheim, NO2	31
Total		324



No. of turbines: 22 Vestas V136-4.2 MW and 9 Vestas V150-4.2 MW
Hub heights: 132 and 125 meters, respectively
Installed capacity: 130 MW
Investors: KGAL and Kempen Private Markets Fund

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 have been placed on a forested ridge top, approximately 140–155 meters above sea level. The area has good wind resources and is sparsely populated. The Vestas V150 model is the largest wind turbine, in terms of rotor diameter, ever installed by Eolus. Bäckhammar is covered by a PPA with Amazon Web Services (AWS). When the wind farm was deployed and handed over to the investors in August 2020, it was the first wind power facility outside the US to supply Amazon with renewable electricity.



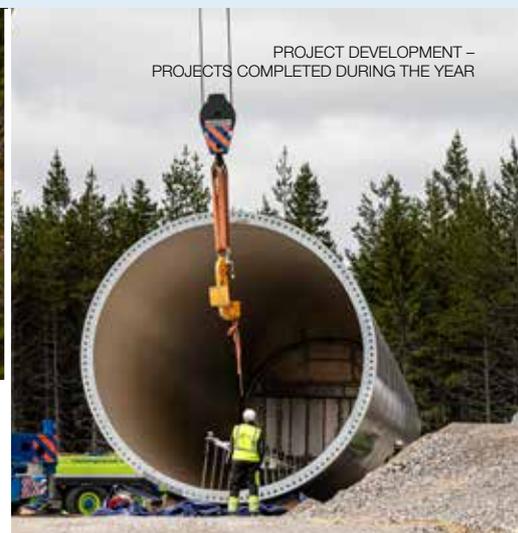
Kråktorpet

With an installed capacity of 163 MW, this is the largest facility ever established by Eolus. 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 400–450 meters above sea level. The area features good wind resources and is sparsely populated, which has enabled the establishment. Together with Jenåsen (79 MW) and Nylandsbergen (68 MW), the Kråktorpet wind farm is part of Eolus's Sundsvall cluster of 311 MW. To enable the establishment of these three farms, Eolus assumed the investment costs for a new main grid substation in Nysäter to manage the grid connection. The main grid substation in Nysäter has also created opportunities to establish other wind farms in the area.

The wind farm is covered by a 15-year PPA with Vattenfall and Eolus manages the facility's assets. The facility was completed and handed over to the investor in November 2019.



No. of turbines: 43 Vestas V136-3.8 MW
Hub height: 112 meters
Installed capacity: 163.4 MW
Investor: Aquila Capital



Stigafjellet

Stigafjellet is the first wind farm that Eolus has completed in Norway. The wind farm is located about 35 km south-east of Stavanger in Rogaland, relatively close to the Norwegian coast. The wind farm site is mainly hilly, with altitudes ranging from 395–440 meters above sea level, and has excellent wind resources. The turbines established in Stigafjellet are the largest ever installed by Eolus in terms of capacity. The wind farm was completed and handed over to the investor in August 2020. Eolus provides asset management services for the facility.



No. of turbines: 7 Siemens Gamesa SWT-DD-130 4.3 MW
Hub height: 115 meters
Installed capacity: 30 MW
Investor: ewz



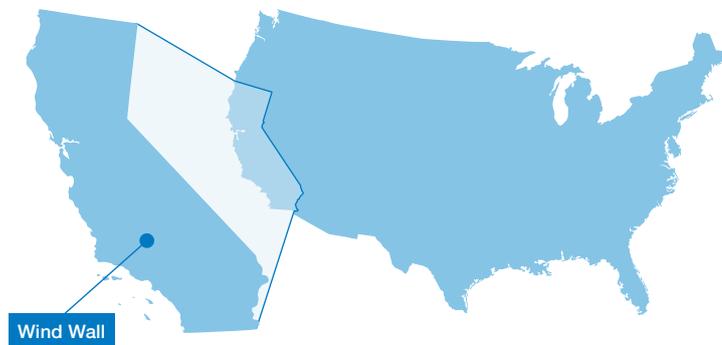
Ongoing establishments

At the end of the fiscal year, 515 MW of wind power was under construction in Norway, Sweden and the US. The largest establishment is under way in Norwegian Øyfjellet, comprising 400 MW divided between 72 wind turbines. In Sweden, civil works for total of 68 MW is under procurement, divided between 11 wind turbines on three wind farms. In the Wind Wall project in the US, 13 wind turbines with a capacity of 47 MW are under construction.

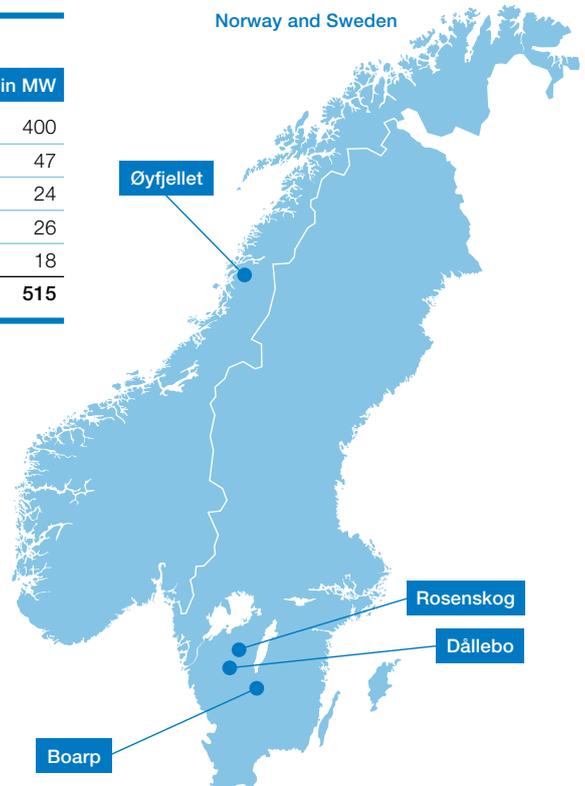
WIND FARMS UNDER CONSTRUCTION

Name	Municipality	Capacity in MW
Øyfjellet	Vefsn, NO4	400
Wind Wall	Kern, CA	47
Boarp	Vaggeryd, SE3	24
Dållebo	Ulricehamn, SE3	26
Rosenskog	Falköping, SE3	18
Total		515

California, US



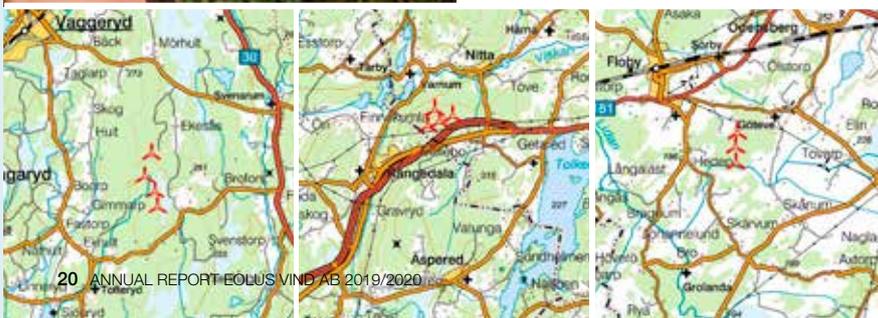
Norway and Sweden



No. of turbines: 7 Siemens Gamesa SG 5.8-170 and 4 Siemens Gamesa SG 5.8-155
Hub height: 115 and 102.5 meters, respectively
Installed capacity: 68 MW
Investors: Commerz Real AG Group

Boarp, Dållebo and Rosenskog

Eolus has signed an agreement with Commerz Real AG Group to establish and divest three wind farms in southern Sweden. The combined capacity of the three wind farms, which are all situated in Electricity Price Area 3, is 68 MW. The packaging of three small-scale wind farms into one combined transaction also shows the potential for realizing small individual projects, particularly in Electricity Price Areas 3 and 4 in Sweden. The wind farms are scheduled for completion in autumn 2023 and are all covered by a 15-year full-service agreement with Siemens Gamesa. In January 2021, Eolus signed a PPA for the three wind farms with a large international energy company. Civil works is under procurement. The wind turbines in Boarp and Rosenskog, with rotor diameters of 170 meters, will be the largest diameters ever established by Eolus. The wind turbines in Dållebo, with a capacity of 6.6 MW per turbine, will be the largest installed capacity ever established by Eolus.



Wind Wall

The Wind Wall Project is a repowering project located in Tehachapi in California, US. The farm comprised about 400 older wind turbines with an installed capacity of approximately 36 MW. The older wind turbines is replaced by 13 new wind turbines, with a combined capacity of 46.5 MW. Electricity generation in the new wind farm will be approximately four times higher than in the old facility.

The project is eligible for the full amount of production tax credits (PTC) and a long-term PPA has been signed with Amazon Web Services (AWS). The facility has been divested to Cubico Sustainable Investments and will be handed over upon completion in spring 2021. Completion of the facility has been delayed due to various factors, including COVID-19 restrictions. Electricity generation commenced at the wind farm in March of 2021.



No. of turbines: 11 Vestas V126 3.6 MW and 2 Vestas V126-3.45 MW
Hub height: 87 meters
Installed capacity: 46.5 MW
Investors: Cubico Sustainable Investments



Øyfjellet

Øyfjellet is Eolus's largest permitted project to date. The project is located close to Mosjøen in the Municipality of Vefsn in Norway. The project site comprises 40 km² of montane area, with altitudes ranging from 600-800 meters above sea level and good wind resources. Originally a local initiative, Eolus acquired the rights to the project in 2012. The original concession was for 330 MW but was extended to 400 MW in October 2018. Due to rapid technological advancements, the extension will result in the establishment of fewer but larger wind turbines than originally planned. A total of 72 wind turbines will be installed.

The wind farm is covered by a 15-year PPA with Alcoa Norway AS. 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.

In 2019, Eolus sold 100% of the shares in the subsidiary that owns all rights to establish the wind farm, including the 15-year PPA with Alcoa, to Aquila Capital. An outsourcing agreement was signed at the same time, whereby Eolus will manage construction of the wind farm on behalf of the investor. Construction commenced in December 2019. During spring 2021, roads, foundations and power grids will be completed and construction of the wind turbines will commence. The wind farm is scheduled for completion in autumn 2021.



No. of turbines: 72 Nordex N149/5.X MW
Hub height: 105 meters
Installed capacity: 400 MW
Investors: Aquila Capital



Country by country: Eolus is contributing to the renewable transition

Eolus is currently active in Sweden, Norway, the US, Latvia, Estonia, Finland and Poland. Eolus entered the Polish market in 2021. The largest project portfolio is in Sweden, followed by the US. In the US, the portfolio is dominated by solar, while other markets are currently focused on onshore wind power. As the company develops projects and completes facilities in countries other than Sweden, the country that has dominated to date, the operations will become less dependent on individual geographic markets and it will be easier to see where the most profitable projects exist – regardless of technology. Projects outside Sweden are general-

ly in earlier phases of development compared with the Swedish portfolio, which is understandable because Sweden is Eolus's original market. These markets are diverse in terms of how much renewable power has been deployed, and what is currently under construction. The countries have varying conditions in terms of geography, infrastructure, grid capacity and support systems for renewable electricity generation.



Sweden

In Sweden, wind power has shown a very strong trend. In 2006, wind power accounted for approximately 1 TWh, or less than 0.5%, of the country's electricity generation. In 2020, the figure was about 27.6 TWh, or 17% of Sweden's electricity generation. Wind power is undoubtedly established as the country's third largest source of electricity generation and if the forecasts for deployment hold true, wind power will overtake nuclear power as a generating source in the relatively near future. According to Swedish Wind Energy's Q4 2020 forecast, Swedish wind power will generate more than 45 TWh by 2024. At the end of 2020, Sweden had about 10,000 MW of installed wind power capacity, the sixth-highest in Europe. There is potential for continued wind capacity additions in Sweden. Wind power will play a key role in reaching the target of 100%

renewable electricity generation in Sweden by 2040. The Swedish Energy Agency and the Swedish Environmental Protection Agency have worked jointly to produce national guidelines for sustainable wind power deployment that highlight potential wind power capacity of 100 TWh, of which offshore accounts for 20 TWh. Offshore wind power has accounted for a very small proportion in Sweden to date, so future potential is great.

Net exporter with potential

Some of the factors behind Sweden's favorable conditions for a high share of wind power generation are good access to a regulated power supply, good wind resources, stable grids and a relatively low population density. Due to good transmission capacity to other countries, Sweden has become a net export-

er of electricity, which is displacing fossil generation in other countries. At the same time, it is also possible to import electricity should it be needed.

Bright future

Solar has accounted for a minor share of Swedish electricity generation to date – approximately 0.5 TWh in 2020. However, there is potential for a considerably higher proportion, preferably in combination with improved storage technologies. The pairing of wind and solar is an advantageous complement due their varying strengths throughout the day and year.

Renewable electricity generation facilities deployed after December 31, 2021 will not be included in the Swedish-Norwegian Electricity Certificate System.

NET GENERATION OF ELECTRICITY IN SWEDEN, 2016–2020

TWh	2016	2017	2018	2019	2020
Hydropower	61.7	64.6	61.8	65	71.2
Nuclear power	60.6	63	65.8	64.3	47.3
Wind power	15.4	17.6	16.6	19.8	27.6
Cogeneration	8.8	8.7	8.8	8.9	6.6
Cogeneration in industry	5.5	6	5.9	6.7	6.1
Total net generation	152.5	160.5	159.7	165.6	158.8

Source: Statistics Sweden. The figures for 2020 are preliminary

TRENDS IN THE SWEDISH WIND POWER MARKET:

- Fewer transactions but larger volume of installed capacity per transaction
- Foreign investors account for a major share of the deployment
- 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

Norway

In Norway, new power generation has been deployed at the highest rate since the end of the 1970s, according to the Norwegian Water Resources and Energy Directorate (NVE). The deployment of onshore wind power has been high in recent years and in 2020, wind power accounted for approximately 6% (9.9 TWh) of Norway's electricity generation. At the end of 2020, Norway had 4,000 MW of installed wind power capacity, of which 1,532 MW had been added during the year. The estimated generation of the deployed facilities is 13.1 TWh on an annual basis, compared with a cumulative installed capacity of 1,675 MW at the end of 2018. Norway added most onshore wind power of all countries in Europe in 2020 and is ranked fifteenth in Europe in terms of cumulative installed wind capacity. In 2020, Eolus completed Stigafjellet (30 MW), which is the first wind farm constructed by the company in Norway.

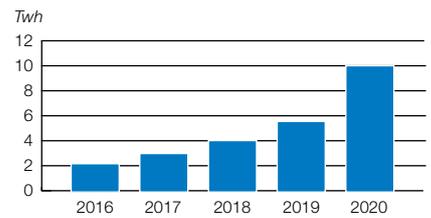
First-rate conditions

In 2021, a further 5.7 TWh of new wind and hydropower is scheduled for deployment, of which Eolus's largest wind farm to date, Øyfjellet, will account for over 20%. The regulatory framework for wind power deployment is currently being revised, which is why the granting of concessions has been temporarily suspended. Projects in the Norwegian market are often characterized by challenging terrain and complex infrastructure, but also by high average wind speeds, which leads to high productivity in established facilities. The conditions for wind power are among the best in Europe. The country's emissions reduction targets and the need for additional electricity generation bode well for continued deployment of both onshore and offshore wind power. As in Sweden, the prospects for offshore wind power to contribute to the electrification of society are good.

Electricity generation from solar PV is low in the country, but has a similar potential to Sweden.

Renewable electricity generation facilities deployed after December 31, 2021 will not be included in the Swedish-Norwegian Electricity Certificate System.

ELECTRICITY GENERATION FROM WIND IN NORWAY PER YEAR



Source: The Norwegian Water Resources and Energy Directorate (NVE)



The Stigafjellet wind farm

US

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. Texas, for example, runs a stand-alone electricity grid with no transmission capacity to or from other US states.

Fossil-free grew, despite negative rhetoric

Renewable energy sources such as solar and wind grew under the former administration, despite the presentation of renewable energy in a negative light and a push to improve conditions for fossil fuels such as oil and coal. One driving factor was the federal support mechanism to stimulate wind power deployment, the Production Tax Credit (PTC). The system enjoys wide political support and in December 2020, the 60% PTC was extended by one year for wind projects that begin construction before December 31, 2021.

Record for solar and wind

Despite an initially negative impact on installations of rooftop solar PV due to COVID-19 restrictions, solar deployment in the US reached a new high in 2020. This was because the construction of utility-scale facilities could continue despite restrictions. 11,158 MW of solar farms were deployed during the year. Wind power also broke new records in 2020, when the industry added 16,913 MW of wind power capacity to the grid. Utility-scale battery storage also reached new highs in 2020. Under the new administration, opportunities for renewable energy deployment are expected to further improve as part of the social transition in the US. The aim of the new administration is that the US energy sector will be carbon-free by 2035. In the short term, the International Energy Agency (IEA) predicts that PV deployment will accelerate in the coming years compared with 2020, while wind additions will be lower than in the record year of 2020.

Texas is leading the US in wind power generation

With 122,468 MW of operating wind power capacity, the US is the largest installer of wind power capacity in the world after China. In 2020, Texas was by far the leading US state in terms of annual and cumulative capacity. Texas accounts for about 27% of all wind power in the US. Compared with the Nordic market, for example, turbines established in the US are generally smaller in terms of generating capacity. In 2020, 71% of the installed turbines had a capacity of 2–3 MW. As in other markets, offshore wind power has huge potential in the US, currently with a strong focus on the east coast moving northwards from North Carolina.

Solar focus in California

At the end of 2020, operational utility solar power capacity was 47,318 MW. Most operational utility solar power capacity is in California, which accounts for nearly 30% of total installed capacity. In 2020, Texas and California added the most utility solar power in terms of MW. In addition, smaller installations by households and businesses helped to accelerate the rate of deployment.

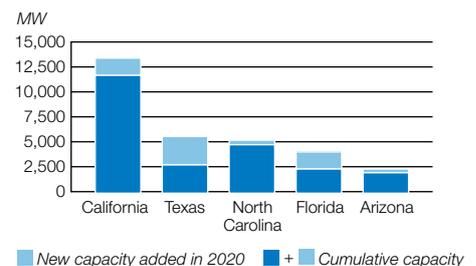
Utility-scale battery storage

Utility-scale battery storage systems have major potential in the US market as solar and wind generation account for a growing share of the energy mix. Standalone energy storage systems also have a key role to play in approaches to balancing and improving system reliability. In 2020, the cumulative capacity of utility-scale battery storage rose a full 72% as 734 MW was added, bringing the total amount to 1,756 MW.

Eolus's project portfolio in the US includes projects in wind, solar and energy storage and is currently focused on the western US region.



TOP FIVE US STATES IN TERMS OF OPERATIONAL UTILITY SOLAR POWER



Source: American Clean Power Market Report Fourth Quarter 2020

Finland

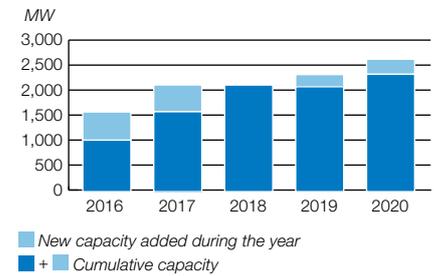
The Finnish wind power market has picked up again following a slump in 2018, when no new facilities were deployed due to the phase-out of a support system. Wind power is now established without government support and the market has adapted to these market conditions.

Highest average capacity and positive forecast

Long-term PPAs are a key element of the Finnish market, as for the Swedish and

Norwegian markets. Following new additions of 243 MW in 2019 and 302 MW in 2020, Finland's cumulative installed wind capacity totaled 2,586 MW. According to statistics from WindEurope, the turbines constructed in the Finnish market had the highest average generating capacity in Europe. There is a major interest in Finnish wind power so the generation of 7.8 TWh in 2020 is expected to increase significantly in the coming years.

CUMULATIVE INSTALLED WIND POWER CAPACITY IN FINLAND



Estonia and Latvia

Wind power deployment in Estonia and Latvia has virtually ceased in recent years. Apart from 10 MW of capacity added in Estonia in 2019, no wind power has been constructed in these two countries over the past four years.

Restrictions due to Armed Forces' interests

In Estonia, wind farm establishments have not been possible in many favorable wind locations due to restrictions imposed by the Estonian Defense Forces. The restrictions are based on the claim that the construction of large wind turbines could cause radar interference. This has reduced project development activities in general and made investments difficult. According to WindEurope's statistics, Estonia's total installed capacity is 320 MW. During the fiscal year, Eolus divested 600 hectares of land in Estonia

to SCA and simultaneously signed an agreement giving Eolus the right to continue developing wind power projects on this land as well as other SCA properties in the country. The agreement also applies to the potential development of wind power projects on properties that SCA owns in Latvia.

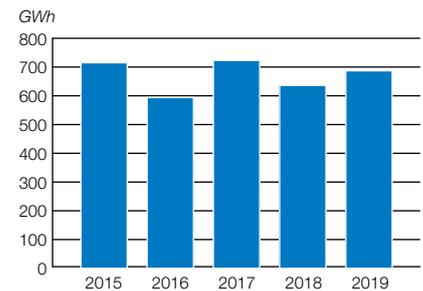
Eolus's presence in a promising market

Latvia has excellent wind conditions in both the western and central regions of the country, which offers great potential for wind power. However, very little wind power has been established to date in the country, whose total installed capacity is 66 MW. At present, Eolus is one of the few active project developers in the country, which would be an advantage if the market picked up. The Pieneva/Dobele project is on Eolus's list of late-phase projects. If the project obtains the permits required and is estab-

lished, the country's wind power capacity will increase significantly.

Continued renewable energy deployment is vital for meeting the emissions reduction targets of both Estonia and Latvia.

ELECTRICITY GENERATION FROM WIND IN ESTONIA PER YEAR



Poland

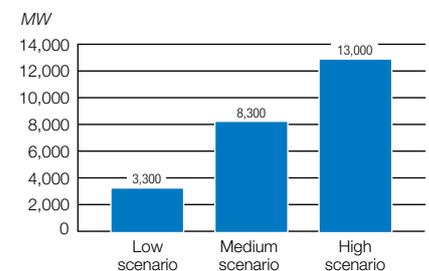
As one of the largest economies in Europe with a major need to shift from mainly coal power, Poland is a market with major development potential for renewable electricity generation. Poland is one of the most fossil-dependent countries in Europe, but has also committed to reducing its CO₂ emissions.

Favorable market conditions

In 2020, 731 MW of new wind power was added, bringing the total installed capacity to 6,614 MW. That makes Poland the ninth-largest producer of wind power in Europe. With relatively strict regulations for the establishment of onshore wind power, the large addition of onshore renewable electricity generation is expected to come from solar power in the coming years, despite the forecast that more wind power will be estab-

lished in 2021 than in 2020. Due to the strict permitting requirements, many projects that started as wind power projects subsequently became solar PV projects. In 2020, about 2,200 MW of new solar capacity was added, which is more than double compared with 2019 and the fourth highest in Europe. Industry association SolarPower Europe predicts that Poland will be able to reach 13,000 MW between 2021 and 2024. This is a best-case scenario, but a lower result would also offer favorable market conditions. Poland has no offshore wind power at present, but there are good opportunities for establishments in the Baltic Sea. As for many other countries, offshore wind power has a key role to play in Poland's transition, and this technology will become increasingly attractive as costs decline.

PROJECTED GROWTH IN SOLAR PV INSTALLED CAPACITY IN POLAND 2021-2024



Eolus's project portfolio: the basis for our success

Eolus's success as a project developer in renewable energy and energy storage is determined by access to a high-quality project portfolio that is developed and optimized over time. Market conditions are changing fast in terms of technological advancements, establishment costs, electricity prices and investors. Eolus's strategic focus is to concentrate on the development, divestment and establishment of projects with the best conditions to be realized at the lowest cost per MWh, regardless of technology or market. Over the years, the company has succeeded in meeting the demands and requests of investors, which have changed over time.

A long process

The company's project portfolio currently consists of proprietary and acquired wind, solar and energy storage projects in various phases and in various markets. Projects

can also be developed and realized together with partners. Project development and optimization is a long process and for various reasons, not all ongoing projects will be realized. It may not be possible to obtain the permits required, or the cost of establishment could be too high per MWh generated. All project development is normally carried out at Eolus's own risk. The prioritization and optimization of projects in the project portfolio that are most likely to be realized is therefore of major importance. The rapidly changing market has meant that the divestment process starts earlier and investors are already involved during the project development stage – before permits are obtained.

Solar and energy storage in a new market

Eolus's project portfolio for solar and energy storage is generally in earlier stages of devel-

opment compared with wind power projects, and the company has not yet established any facilities in these technologies. These portfolios consist of projects in the US at present, but Eolus sees potential to broaden the portfolios moving forward to include projects in the markets where the company is currently active, and in new geographic markets. Obtaining permits and establishing solar power projects generally takes less time than for wind power projects.

Offshore wind power is important

Offshore wind power will play a key role in the transition to a sustainable electricity system. As establishment costs fall, more offshore wind power will be established and Eolus is aiming to be part of the value chain in this segment by being involved in the development of attractive projects.

New partnerships

During the past fiscal year, strategic agreements were concluded with SCA and Vindkraft Värmland (a subsidiary of Modern Energy) for the development of new projects. The partnership agreement with SCA relates to the initiation of projects that Eolus and SCA will develop jointly and, in addition, to opportunities for Eolus to conclude usufruct agreements in other identified project areas in Sweden and the Baltics. The aim is to achieve realizable projects of about 1,000 MW. The agreement with Vindkraft Värmland relates to the acquisition of seven early-phase wind power projects. The combined capacity of the projects, which are situated in SE3 and SE4, is estimated to be about 450 MW.

Regular reports for greater clarity

To increase the clarity of information related to the project portfolio, the status of projects with the highest priority over the coming years is presented. This information is presented on an ongoing basis in interim reports and on the company's website. However, the compilation does not rule out establishments of other projects from Eolus's project portfolio that meet investors' demands and requirements. Similarly, projects may be added or removed from this compilation depending on how they develop.



PROJECT PORTFOLIO, MW

					Dec 31, 2020	Aug 31, 2019			
Country	Greenfield and early project development	Late project development and divestment	Optimization and establishment	Total Wind	Solar	Energy storage	Total renewables	Total renewables	
Sweden	3,256	239	68	3,563	-	-	3,563	2,377	
Norway	450	-	400	850	-	-	850	430	
Finland	21	44	-	65	-	-	65	56	
Latvia	399	172	-	571	-	-	571	520	
Estonia	176	-	-	176	-	-	176	168	
US	360	-	47	407	1,420	778	2,605	1,964	
Group	4,662	455	515	5,632	1,420	778	7,830	5,515	

LATE-PHASE OR DIVESTMENT-PHASE PROJECTS

Project	Location	Technology	Capacity, MW	Planned deployment	Comments
Stockåsbodarna	Sundsvall, Sweden	Wind	39	2023	Sales- and procurement process initiated. Environmental permit appealed. Grid connection secured.
Ölme	Kristinehamn, Sweden	Wind	64	2024	Environmental permit with legal force for maximum height of 150 meters. Application for increased maximum height in process.
Stor-Vrången	Ockelbo, Sweden	Wind	64	2023	Environmental permit with legal force for maximum height of 150 meters. Ongoing optimization in regards to the restriction of the permit.
Fågelås	Hjo, Sweden	Wind	34	2023	Environmental permit with legal force for maximum height of 150 meters. Permit regarding increased total height for in total seven wind turbines approved in April 2020. The decision has been appealed to the Land- and Environmental court.
Vaberget	Sollefteå, Sweden	Wind	49	2024	Environmental permit with legal force. The project dependent on other projects being connected to a new grid sub station. New permit process for project optimization initiated.
Siggebohyttan	Lindesberg, Sweden	Wind	20	2025	Environmental permit granted for 4 of 15 wind turbines in March 2020. Eolus has filed an appeal of the decision to the Land and Environmental Court to grant permit for more wind turbines.
Pörtom	Närpes, Finland	Wind	44	2023	Permit with legal force. The project is dependent on grid connection with other projects in the area. Grid connection design work initiated
Peineva/Dobele	Tukums and Dobeļe, Latvia	Wind	172	2024	Environmental impact assessment approved at federal level. Negative decision on municipality level in March 2020. Eolus has filed an appeal of the municipal decision.
Centennial Flats	Arizona, US	Solar + storage	500 + 250	2023	Grid connection secured. Required permits are expected to be obtained during 2021.
Group			1,236		

The compilation applies at February 18, 2021.

Maximum availability and lowest possible operating cost

Eolus offers wind power owners a complete package with asset management services to maximize the return on investment over time. 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 providers. In partnership with them, Eolus ensures that the facility's availability is high and that downtime is minimized. When Eolus establishes facilities for renewable electricity generation with technologies other than wind and facilities for energy storage, the aim is to offer similar services.

A center of expertise for asset management

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 costs over the life of their facility. Eolus also takes care of all other practical and administrative aspects. Over the years, since the company's foundation in 1990, extensive expertise in asset management for wind power facilities has been built up and refined into the services that Eolus can offer the market. Eolus's asset management organization, headed by the Eolus Wind Power Management subsidiary, has evolved into a center of expertise where knowledge is offered on a consultative basis, both externally to turbine customers and manufacturers, and internally within the organization during the project development and installation phases.

Changed view

Wind power is now clearly established as a relevant source of power in a total energy mix, and has continued to grow rapidly. This trend has also led to a more professional approach to, and view of, asset management for wind power facilities, regardless

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Eolus increased the amount of managed wind power by 72% during the fiscal year, from 524 MW to 903 MW.

of size. Eolus sees significant market demand, from institutional investors as well as other players, for professional asset management. Investors whose core operations are neither wind power nor energy generation offer strong growth potential. Players 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.

Stable revenue streams

During the fiscal year, Eolus's portfolio of managed wind power assets rose from 524 MW to 903 MW through the addition of wind farms established by the company – Kråktorpet, Bäckhammar and Stigafjellet. In addition, a new agreement was signed for facilities in operation at Näsudden on Gotland, comprising 57 MW, corresponding to a total increase of about 72%. At the end of the fiscal year, asset management agreements had also been signed with external customers for the Øyfjellet (400 MW), Wind Wall (47 MW), Boarp (24 MW), Dållebo (26 MW) and Rosenskog (18 MW) wind farms, which are scheduled for deployment between 2021 and 2023. When these farms have been deployed, Eolus will manage wind power assets with estimated generation of more than 4.3 TWh per year. This segment provides recurring, stable and long-term revenue streams for Eolus, and enables the company to build long-term customer relationships.

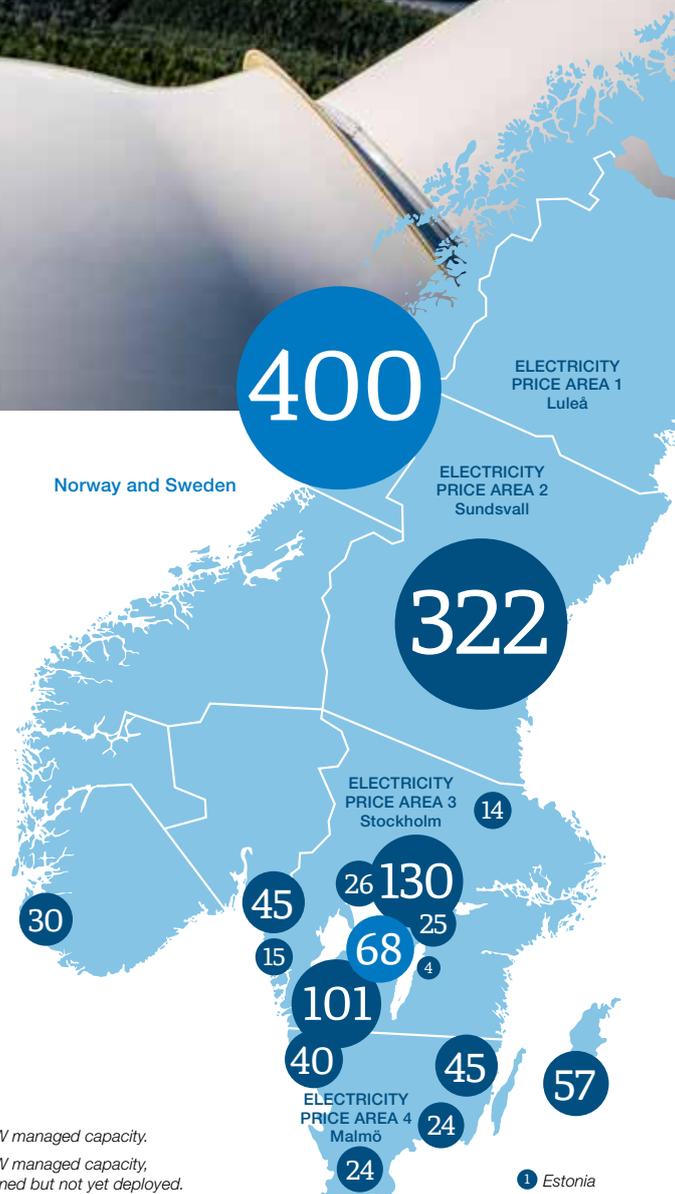
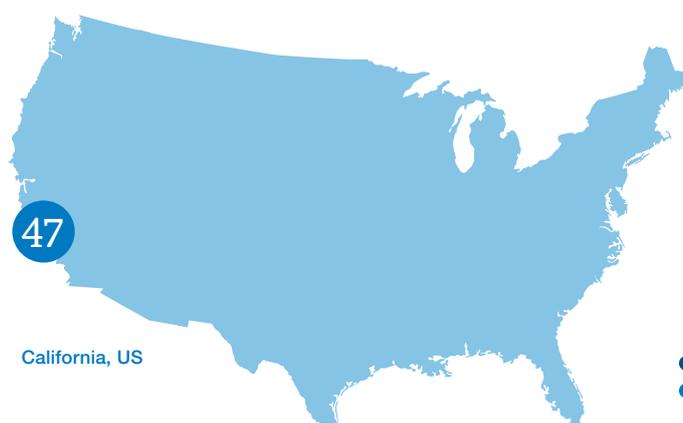


The Jenåsen wind farm

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. Our customers can purchase total solutions or some of the services that Eolus offers in all markets where the company is active.



At the end of the fiscal year, Eolus had asset management assignments on both its own behalf and that of customers of 903 MW, plus signed agreements for an additional 515 MW. Investors that have chosen Eolus's asset management concept include Aquila Capital, ewz, Munich Re, KGAL, Commerz Real, Tolvmanstegen Drift and Mirova/European Investment Bank.

ASSET MANAGEMENT – KEY FIGURES

SEK M	Full-year Sep 1, 2019–Dec 31, 2020 16 months	Full-year Sep 1, 2018–Aug 31, 2019 12 months
Net sales	35.0	20.0
Other operating income	9.2	8.1
Operating profit	8.0	2.6
Managed turbines, MW	903	524
Signed agreements, not yet deployed farms, MW	515	723

Fundamental sustainability: economic, environmental and social

As a company that is active in the construction of renewable energy facilities and energy storage, Eolus has a key role to play in the social transition. By developing projects and establishing facilities for renewable electricity generation and energy storage at the lowest possible cost per MWh, the company is contributing to a cost-efficient reduction of CO₂ emissions. Eolus's operations touch on all three pillars of sustainability: economic, environmental and social.

Higher share, lower costs

Renewable electricity generation is playing an increasingly important role in the global energy mix and will play an even greater role moving forward. In the New Energy Outlook 2020, Bloomberg New Energy Finance (BNEF) predicts that wind and solar technologies will account for 56% of the world's electricity generation by 2050. This can be compared with 9% at present, and should also be seen in light of the significant increase in worldwide electricity demand. The transition is being driven by lower installation costs for wind, solar and various energy storage technologies, primarily batteries. This shift is challenging existing business models and presenting new business opportunities for those who are embracing the change, rather than sticking to past truths and old business models.

Consideration and knowledge

Project development and permitting of renewable energy facilities is subject to a number of laws and regulations. The aim is to ensure that the facilities can co-exist with other community interests such as local residents, nature and wildlife, military and other critical infrastructure. Permitting is preceded by a democratic process where various stakeholders are able to present their views, and a number of surveys are conducted. During operation, the facilities must comply with a range of conditions for wind power, including noise emission and shadow casting.

The company has extensive knowledge of where and how wind farms should be installed 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. We take this approach with us when developing facilities in other markets in other technologies, such as solar and energy storage.

Eolus aims to be a respected company that creates value for its stakeholders, and an attractive partner in the transition to a sustainable society.

Sustainability targets

Based on the prioritized sustainability topics identified, the current situation and potential risks associated with the targets that Eolus has set for the coming fiscal year are outlined below.

Introduction of a new position with responsibility for sustainability

Given the company's business concept of working with renewable energy and energy storage, Eolus has a key role to play in the transition to a sustainable society. As such, the business concept fosters a sustainability mindset for the company's employees. However, the challenges to building a sustainable business are greater and there is a need to systematize the company's efforts – not least because the establishment and deployment phases of facilities have the greatest impact on other community interests.

Eolus does not conduct any manufacturing or construction activities. Wind turbines and other components for the operation of facilities for renewable electricity generation and transmission are purchased from long-established manufacturers.

Target: To establish a new position with responsibility for sustainability in 2021.

Implementation of annual employee satisfaction surveys

As a knowledge-intensive company with a small-scale organization, Eolus is dependent on attracting and retaining the best employees. The experience, knowledge, creativity and commitment of our employees is important for the company, and for the development of Eolus's market offering. Having a systematic understanding and knowledge of the employee experience and what our employees perceive as satisfactory and less satisfactory in the organization, and listening to suggestions for improvements, are crucial to Eolus's continued success. This knowledge and systemization is important for a growing, but still small-scale organization with short decision-making paths and good opportunities for individual employees to influence the company.

Target: As of 2021, conduct annual employee satisfaction surveys and establish methods for working with improvements based on past results.

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

When preparing Eolus's Sustainability Report for the 2018/2019 fiscal year, one sustainability topic was identified as high priority for the coming year: the environmental impacts of the company's operations. In the preceding year, three topics were identified: the supply chain, an attractive employer and anti-corruption. A summary of the target fulfillment for the preceding year is presented below.

Environmental impacts of the company's activities

Target: In 2019/2020, map the company's environmental impacts and create an action plan proposal.

Target fulfillment: *The COVID-19 pandemic changed the circumstances for achieving this target. Due to the operational changes throughout the year, such as new business travel patterns and a high degree of working from home for employees, a mapping of the company's environmental impacts was considered misleading compared with normal operations. In order to be fair and enable concrete measures to reduce emissions, the company's environmental impacts should be mapped in a normal situation. Due to the ongoing pandemic, the company's view is that a mapping of the company's environmental impacts should be postponed until a fair starting point exists for the company's efforts. The conditions for fulfilling this target have not therefore existed.*

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 climate action, affordable and clean energy, and decent work and economic growth.

Climate action

Take urgent action to combat climate change and its impacts

Worldwide, nations are going to have to slash their greenhouse gas emissions drastically to limit global warming to the 1.5°C target specified in the Paris Agreement. A shift in the energy market is essential for meeting this challenge, which the UN Panel on Climate Change (IPCC) claims is possible to achieve both economically and time-wise. 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 MWh, Eolus is creating attractive investment opportunities for a range of investors.

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 our customers and their needs. As one of the leading Nordic project developers, Eolus has been first to establish new wind turbine models in Sweden from various manufacturers on several occasions. The development of improved opportunities for energy storage is also a key aspect for achieving this goal.

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. The operations should generate a profit and the company's target is an average return of at least 10% of equity after tax.

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 helps us to recruit and retain the best employees and ensures that we are – and are perceived as – an attractive employer.

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 Prior to Eolus's first Sustainability Report (for the 2017/2018 fiscal year), an assessment was carried out to determine the material sustainable business topics for the company and where the company has the greatest impact. This year's Sustainability Report has continued to build on these efforts by adding two new targets, and also includes a presentation of the fulfillment of previous targets.



The Bäckhammar wind farm

Remuneration report

INTRODUCTION

This report describes how the remuneration guidelines for senior executives of Eolus Vind AB (publ), adopted by the 2020 Annual General Meeting (AGM), were applied during the 2019/2020 fiscal year (16 months). The report also contains information about the remuneration of the CEO and Deputy CEO. The report has been prepared in accordance with the Swedish Companies Act and the *Rules on Remuneration of the Board and Executive Management and on Incentive Programmes issued by the Swedish Corporate Governance Board*.

For further information about the remuneration of senior executives, refer to Note 6 (Remuneration of Board of Directors, CEO and other senior executives) on page 73 of the 2019/2020 Annual Report. For information about the Remuneration Committee's work, refer to the Corporate Governance Report on pages 45–49 of the Annual Report.

Board fees are not covered by this report. Such fees are decided annually by the Annual General Meeting and are presented in Note 6 on page 73 of the Annual Report.

Developments during 2019/2020

The CEO summarizes the overall performance of the company in his comments on pages 6–7 of the Annual Report.

The company's remuneration guidelines: application, purpose and deviations

On January 25, 2020, the AGM adopted remuneration guidelines for senior executives. These guidelines were applied during the fiscal year. One condition for successful implementation of the company's business

strategy and safeguarding its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified employees. This requires that the company can offer competitive remuneration. According to the company's remuneration guidelines, senior executives may be offered a competitive total remuneration package. According to the guidelines, the remuneration of senior executives should be market-based and may comprise the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial and non-financial criteria. The criteria should be designed to promote the company's business strategy and long-term interests, including its sustainability, by being clearly linked to the business strategy, for example, or promoting the executive's long-term development.

The guidelines can be found on pages 47–48 of the Annual Report. In 2019/2020, the company adhered to the applicable remuneration guidelines adopted by the AGM. According to the guidelines adopted by the 2020 AGM, the Board is able to deviate from the principles if there are special reasons to motivate such action and the deviation is necessary for meeting the long-term interests of the company. During the fiscal year, there was a deviation from the guidelines regarding the relative weighting of individual targets against total possible variable remuneration. The deviation refers to the return on equity bonus target of 80% of total possible variable remuneration, which is a deviation from the adopted guidelines allowing individual targets of 10-50%. The auditor's opinion on the company's compliance with the guidelines is available at <https://www.eolusvind.com/ir-financial/bolagsstyrning/ersattningar> (Swedish only). There was no request for repayment of the remuneration.

Total remuneration of the CEO and Deputy CEO, KSEK

Name of executive (position)	Fiscal year	FIXED REMUNERATION		VARIABLE REMUNERATION			Total remuneration	Percentage of fixed and variable remuneration, resp.
		Basic salary ¹⁾	Other benefits ²⁾	One-year	Multi-year	Pension costs		
Per Witalisson, CEO	2019/2020 16 months	2,766	51	304 ³⁾	-	638	3,759	92%/8%
	2018/2019 12 months	2,263	96	69 ⁴⁾	-	518	2,946	98%/2%
Marcus Landelin, Deputy CEO	2019/2020 16 months	2,514	64	266 ³⁾	-	537	3,381	92%/8%
	2018/2019 12 months	1,876	50	137 ⁴⁾	-	455	2,518	95%/5%

¹⁾ Including vacation pay.

²⁾ Refers to company car.

³⁾ Paid during the fiscal year, refers to the 2018/2019 fiscal year.

⁴⁾ Paid during the fiscal year, refers to the 2017/2018 fiscal year.

SHARE OWNERSHIP PROGRAMS

The company currently has three ongoing share ownership programs for the company's employees, including the CEO and Deputy CEO – the 2017/2018, 2018/2019 and 2019/2020 Share Ownership Programs. Within the framework of each Share Ownership Program, the CEO and Deputy CEO have invested vested variable cash remuneration corresponding to a maximum of one monthly salary in Savings Shares. Provided that the CEO or Deputy CEO, respectively, retains all Savings Shares and is still employed by the Eolus Group three years after the

acquisition, Eolus will reimburse the CEO or Deputy CEO, respectively, for the cost of acquiring a number of shares corresponding to half the number of Savings Shares (Matching Shares). The acquisition of Matching Shares will take place through the agency of the company on Nasdaq Stockholm within 20 trading days of the three-year date of acquiring the Savings Shares. Within the framework of each Share Ownership Program, the CEO and Deputy CEO, respectively, have been allotted share options (the right to acquire Matching Shares) on the basis of the number of Savings Shares as set out in the table below.

Share Ownership Program (CEO and Deputy CEO)

Name of executive (position)	Name of program (fiscal year)	MAIN TERMS OF SHARE OWNERSHIP PROGRAMS				INFORMATION ABOUT MATCHING SHARES FOR THE REPORTED FISCAL YEAR			
		Vesting period	Allotment date ¹⁾	Vesting date	End of lock-up period	Opening balance	During the year		Closing balance
						Share options at beginning of year	Allotted Matching Shares	Vested Matching Shares	Allotted but not vested at year-end
Per Witalisson, CEO	2017/2018	2018–2021	Dec 4, 2018	Aug 31, 2021	Aug 31, 2021	703	-	-	703
	2018/2019	2019–2022	Feb 6, 2020	Aug 31, 2022	Aug 31, 2022	-	205 ²⁾	-	205
Marcus Landelin, Deputy CEO	2017/2018	2018–2021	Dec 4, 2018	Aug 31, 2021	Aug 31, 2021	1,213	-	-	1,213
	2018/2019	2019–2022	Feb 6, 2020	Aug 31, 2022	Aug 31, 2022	-	-	-	-

¹⁾ The allotment date depends on when the Savings Shares were acquired.

²⁾ The aggregate market value of the underlying shares on the allotment date is KSEK 36.

APPLICATION OF PERFORMANCE CRITERIA

The performance criteria for the variable remuneration paid to the CEO and Deputy CEO have been chosen in order to realize the company's strategy and to encourage actions that promote the long-term interests

of the company. When determining performance criteria, the strategic objectives and long and short-term business priorities for 2020 have been taken into account. The non-financial performance criteria contribute to further adaptation to sustainability and to the company's values.

The performance of the CEO and Deputy CEO during the reported fiscal year: variable cash remuneration

	Description of criteria for the remuneration component	Relative weighting of performance criteria	Performance measurement (%)	Actual allotment/remuneration outcome (KSEK)
Per Witalisson, CEO	Return on equity for the fiscal year	80.0	37.5	275.8
	Operational objectives for the operations	20.0	87.5	160.9
Marcus Landelin, Deputy CEO	Return on equity for the fiscal year	80.0	37.5	252.1
	Operational objectives for the operations	20.0	87.5	147.0

COMPARATIVE INFORMATION REGARDING CHANGES IN REMUNERATION AND THE COMPANY'S RESULTS

Change in remuneration and the company's results over the past five fiscal years reported (IS), KSEK

Remuneration of CEO and Deputy CEO	IS-4 vs. IS-5	IS-3 vs. IS-4	IS-2 vs. IS-3	IS-1 vs. IS-2	IS vs. IS-1	IS 2019/2020 ¹⁾
Per Witalisson, CEO	808 (53%)	82 (4%)	-194 (-8%)	736 (33%)	-127 (-4%)	2,819
Marcus Landelin, Deputy CEO	463 (38%)	202 (12%)	25 (1%)	614 (32%)	18 (1%)	2,536
Operating profit	-18%	-252%	503%	58%	177%	209,981
Average remuneration based on number of full-time equivalents, excl. Group management	66 (11%)	61 (9%)	-19 (-3%)	53 (7%)	102 (13%)	884

¹⁾ The 2019/2020 fiscal year refers to 16 months. Outcome for the fiscal year was adjusted to 12 months for comparability.



FINANCIAL SUMMARY

Amounts in KSEK	2019/2020 16 months	2018/2019 12 months	2017/2018 12 months	2016/2017 12 months	2015/2016 12 months
Income statement					
Net sales	2,468,639	2,031,911	1,365,977	1,065,668	693,446
Operating profit/loss	279,974	118,321	202,411	40,233	-15,949
Profit/loss after financial items	182,553	115,971	198,879	34,224	-29,057
Net profit/loss for the year	198,302	132,794	194,313	24,504	-23,918
Balance sheet					
Non-current assets	83,029	110,817	177,271	147,959	291,795
Current assets	1,725,193	1,946,973	1,717,730	752,805	977,821
Assets	1,808,222	2,057,789	1,895,002	900,764	1,269,616
Equity, Eolus's shareholders	1,036,920	887,817	814,013	657,791	671,025
Equity, non-controlling interests	-956	2,037	1,912	1,719	140
Non-current liabilities	227,688	159,762	124,145	74,617	136,434
Current liabilities	544,570	1,008,173	954,932	166,637	462,017
Equity, provisions and liabilities	1,808,222	2,057,789	1,895,002	900,764	1,269,616
Cash flow statement					
Cash flow from operating activities	-483,666	566,631	241,724	90,971	134,190
Cash flow from investing activities	4,261	-100,785	-952	-9,718	-10,395
Cash flow from financing activities	72,913	-103,167	296,832	-101,037	-143,754
Cash flow for the year	-406,492	362,678	537,604	-19,784	-19,959
Cash and cash equivalents at beginning of year	1,102,983	739,825	201,509	221,549	241,522
Exchange rate differences in cash and cash equivalents	-5,553	480	712	-256	-13
Cash and cash equivalents at year-end	690,938	1,102,983	739,825	201,509	221,549

KEY FIGURES FOR THE GROUP***

	2019/2020 16 months	2018/2019 12 months	2017/2018 12 months	2016/2017 12 months	2015/2016 12 months
No. of turbines taken into operation	81	31	25	25	14
Turbines taken into operation, MW	323.7	115.2	83.8	72.2	37.7
Managed turbines, MW	903	524	415	351	293
Average number of employees, full-time positions	45	39	35	33	33
Operating margin, %	11.3	5.8	14.8	3.8	neg.
Profit margin, %	7.4	5.7	14.6	3.2	neg.
Return on capital employed, %	15.5	10.9	21.9	5.8	neg.
Return on equity after tax, %	20.6**	15.6	26.4	3.7	neg.
Equity/assets ratio, %	57.3	43.2	43.0	73.0	52.9
Earnings/loss per share, SEK	7.96	5.33	7.81	1.02	-0.92
Equity per share, SEK	41.63	35.65	32.68	26.41	26.94
Dividend per share, SEK	2,00*	1.50	1.50	1.50	1.50
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.

** Return on equity after tax calculated for 16-month earnings relative to average equity.

*** For a definition of key figures, refer to page 99.

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 Mid Cap since January 1, 2020, under the ticker EOLU B. Prior to that, the company's Class B share was traded on Nasdaq OMX First North between May 28, 2009 and May 4, 2014, on Nasdaq First North Premier between May 5, 2014 and February 1, 2015 and on Nasdaq Stockholm Small Cap between February 2, 2015 and December 31, 2019.

Share price performance

During the 16-month fiscal year, the share price fluctuated from the lowest price of SEK 74.00 on March 19, 2020, and the highest price of SEK 249.20 on December 29, 2020. On the closing day of the fiscal year, December 30, 2020, the price was SEK 236.80. Eolus's share price rose approximately 178.3% during the fiscal year, compared with the Nasdaq Stockholm Mid Cap's index, which rose about 56.2% during the same period. A total of 58,374,330 Class B shares were traded during the 16 months of the fiscal year.

Ownership structure

At December 31, 2020, the company had 33,892 shareholders, up 19,995 during the 16-month fiscal year. The ten largest shareholders accounted for 28.1% (30.4) of the capital, and 48.4% (49.0) of the voting rights. The largest shareholders were mainly Domneåns Kraftaktiebolag and Hans-Göran Stennert. At the end of the 2019/2020 fiscal year, Eolus Vind AB did not hold any treasury shares.

Share capital

At December 31, 2020, 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 AGM. 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. An Extraordinary General Meeting (EGM) in August 2020 resolved on an amendment to the Articles of Association to enable the conversion of Class A shares to Class B shares. For information about the procedure, refer to the company's website. 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 1990–2020 period is presented in the table on page 37.

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 2.00 (1.50) per share be adopted by the AGM, corresponding to a transfer of SEK 49.8 M (37.4), and a direct yield of 0.8%.

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

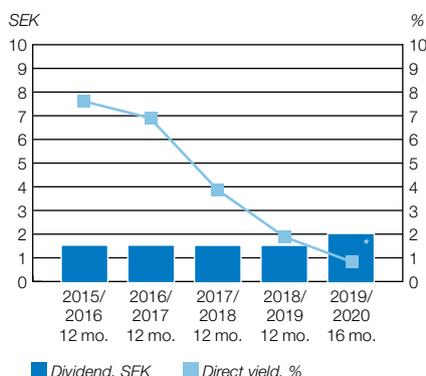
	2019/ 2020 16 months	2018/ 2019 12 months
Earnings per share, before and after dilution, SEK	7.96	5.33
Ordinary dividend, SEK	2.00 ¹	1.50
Direct yield, % ²	0.8	1.9
Share price at year-end, SEK	236.8	78.7
Market capitalization, SEK M ³	5,898	1,960
No. of shares outstanding, 000s	24,907	24,907
Average 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

³ Also includes unquoted Class A shares

DIVIDEND PER SHARE AND DIRECT YIELD



*The 2019/2020 dividend is based on the Board's proposal to the AGM.

SHARE PRICE PERFORMANCE



SHAREHOLDERS AT DEC 31, 2020

Shareholder	No. of Class A shares	No. of Class B shares	Total no. of shares	% of capital	% of votes
Domneåns Kraftaktiebolag	370,150	1,992,925	2,363,075	9.5%	15.6%
Hans-Göran Stennert, directly and through endowment insurance	380,100	518,984	899,084	3.6%	11.8%
Åke Johansson	202,120	400,000	602,120	2.4%	6.6%
Hans Johansson and Borgunda bygghandel, through companies	189,520	40,418	229,938	0.9%	5.3%
Försäkringsaktiebolaget Avanza Pension	0	909,569	909,569	3.7%	2.5%
Mediuminvest A/S	0	671,000	671,000	2.7%	1.8%
Odin Small Cap	0	500,000	500,000	2.0%	1.4%
Clearstream Banking S.A., W8IMY	0	445,177	445,177	1.8%	1.2%
Ingvar Svantesson	40,000	0	40,000	0.2%	1.1%
VIEM Invest AB	0	340,392	340,392	1.4%	0.9%
Other shareholders	103,735	17,802,910	17,906,645	71.8%	51.8%
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	2,395,156	9.6%	30,874	91.1%
501-1,000	1,129,863	4.5%	1,448	4.3%
1,001-5,000	2,579,889	10.4%	1,171	3.5%
5,001-10,000	1,171,086	4.7%	160	0.5%
10,001-15,000	596,207	2.4%	48	0.1%
15,001-20,000	773,819	3.1%	43	0.1%
20,001-	16,260,980	65.3%	148	0.4%
	24,907,000	100.0%	33,892	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 2019/2020 fiscal year, Eolus had five senior executives: Per Witalisson, Marcus Landelin, Catharina Persson, Karl Olsson and Richard Larsson. Information regarding when these executives were employed, their dates of birth, experience, shareholdings in Eolus at February 28, 2020 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 46,166 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: Board member of Nima Energy AB.

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: Chair 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: 5,120 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 Daläsen 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: 7,760 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

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, 2019–December 31, 2020 fiscal year. All amounts are in thousands of Swedish kronor (KSEK), unless specified otherwise. Figures in parentheses pertain to the preceding fiscal year.

CHANGE OF FISCAL YEAR

Eolus held an Extraordinary General Meeting (EGM) on Thursday, August 27, 2020. The EGM resolved to change the company's fiscal year to the calendar year, January 1 to December 31, instead of September 1 to August 31. The current fiscal year was extended to December 31, 2020 and encompasses the period of September 1, 2019 to December 31, 2020. This meant that five interim reports were presented, with the fifth encompassing four months from September 1 to December 31, 2020. The fiscal year extends over a period of 16 months.

The reason for the change in fiscal year is to adapt it to Eolus's operations since wind farms in the Nordic region are normally completed in the summer when winds are at their weakest. Although Eolus applies the percentage of completion method to projects currently under establishment, this will nonetheless have a major impact on full-year earnings depending on whether a project is completed before or after the end of August.

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 opportunities to both local and international investors in the Nordic region, the 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 installation of the farm. Eolus offers a full range of asset management services to wind power owners for carefree ownership where revenue is maximized and production loss is minimized.

The Group comprises the Parent Company, Eolus Vind AB (publ), and associated operating subsidiaries, and a number of companies formed to manage the development of specific wind power projects.

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 653 wind turbines with a combined capacity of approximately 1,370 MW. Projects are realized either by selling the project rights combined with a construction contract or a contract for construction management services 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. 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 2,435.9 M (2,013.5). During the fiscal year, 81 (31) wind turbines with a combined capacity of 323.7 MW (115.2) were installed and completed, all of which were handed over.

Other operating income of SEK 113.6 M (50.6) mainly comprised exchange rate gains and capital gains on the sale of land in Estonia.

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 operators 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 35.0 M (20.0), of which external customers accounted for SEK 33.6 M (18.7).

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 903 MW (524), of which external customers accounted for 902 MW (521). In addition to these assignments, the company has signed asset management agreements for the following wind farms that have not yet been deployed: Øyfjellet (400 MW), Wind Wall (47 MW) as well as Boarp, Dällebo and Rosenskog (68 MW). Wind Wall is scheduled for deployment and customer handover in the first half of 2021 and Øyfjellet in the second half of 2021.

THE GROUP'S NET SALES AND EARNINGS

Net sales amounted to SEK 2,468.6 M (2,031.9), up SEK 436.7 M compared with the preceding year. Operating profit amounted to SEK 280.0 M (118.3), up SEK 161.7 M. The higher sales were due to the degree of completion of the Wind Wall farm in the US and the Øyfjellet wind farm in Norway, which were recognized according to the percentage of completion method. In addition to percentage of completion of construction in progress, 81 wind turbines with a capacity of 323.7 MW were installed and handed over to the customer during the period. Two other turbines from inventories were also handed over. 34 wind turbines with a capacity of 120.0 MW were handed over to customers in the preceding fiscal year. The transfer of the turbine agreements for the construction of Bäckhammar and Kråktorpet to the respective project companies had a negative impact on sales, but not on the gross margin in SEK.

DEGREE OF COMPLETION PER WIND FARM UNDER CONSTRUCTION

Wind farm	Dec 31, 2020
Wind Wall	57%
Øyfjellet	17%
Boarp	0%
Dällebo	0%
Rosenskog	0%

Changes in the fair value of currency derivatives had a positive impact of SEK 64.8 M on operating profit, compared with a negative impact of SEK 27.0 M in the preceding year. Profit from financial items amounted to SEK 97.4 M, compared with a loss of SEK -2.4 M in the preceding

EARNINGS AND FINANCIAL POSITION

Amounts in KSEK	2019/2020 16 months	2018/2019 12 months	2017/2018 12 months	2016/2017 12 months	2015/2016 12 months
Overview Group					
Net sales	2,468,639	2,031,911	1,365,977	1,065,668	693,446
Operating profit/loss	279,974	118,321	202,411	40,233	-15,949
Profit/loss after financial items	182,553	115,971	198,879	34,224	-29,057
Return on capital employed, %	16	11	22	6	neg.
Return on equity after tax, %	21*	16	26	4	neg.
Total assets	1,808,222	2,057,789	1,895,002	900,764	1,269,616
Equity/assets ratio, %	57	43	43	73	53
Average number of employees	45	39	35	33	31

Amounts in KSEK	2019/2020 16 months	2018/2019 12 months	2017/2018 12 months	2016/2017 12 months	2015/2016 12 months
Overview Parent Company					
Net sales	1,073,083	1,412,833	1,115,620	910,062	611,873
Profit/loss after financial items	-97,987	206,990	288,869	82,560	26,663
Total assets	1,701,203	2,374,888	2,039,782	890,371	1,176,727
Equity/assets ratio, %	59	45	44	74	47
Average number of employees	28	27	25	32	31

* Return on equity after tax is calculated for 16-month earnings relative to average equity.

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.

year. A stronger SEK exchange rate during the period had a negative impact on the revaluation of receivables attributable to capital tied-up in operations outside Sweden. Changes in the fair value of interest rate derivatives had a positive impact of SEK 4.9 M, compared with a positive impact of SEK 2.0 M in the preceding year. In total, changes in the fair value of financial currency and interest rate derivatives had a positive impact of SEK 69.6 M before tax, compared with a negative amount of SEK 24.9 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 installation of wind farms, the company aims to secure customer financing in pace with the project's completion.

The Group's equity/assets ratio was 57.3% at end of the fiscal year, compared with 43.2% at the end of the preceding fiscal year.

CASH FLOW AND CASH AND CASH EQUIVALENTS

Cash flow from operating activities amounted to SEK -483.7 M, compared with SEK 566.6 M in the preceding year. Cash flow from investing activities was SEK 4.3 M, compared with SEK -100.8 M in the preceding year. The change was due to a payment made in the preceding year for the acquisition of electricity certificates from Jenåsen. Cash flow from financing activities was SEK 72.9 M, compared with SEK -103.2 M in

the preceding year. The increase was attributable to higher borrowing for construction in progress in the US.

Cash and cash equivalents at the end of the fiscal year amounted to SEK 690.9 M (1,103), down SEK 412.1 M. In addition to cash and cash equivalents, there was an overdraft facility of SEK 100 M that was unutilized. Of the company's total construction loans of SEK 950 M, SEK 244 M had been utilized. At the end of the preceding fiscal year, the overdraft facility was unutilized and construction loans had been utilized in an amount of SEK 150 M.

Net cash at the end of the fiscal year amounted to SEK 304.2 M (800.1), down SEK 495.9 M.

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

At the end of the fiscal year, wind turbine inventories, wind turbines under construction, projects under development and electricity certificates amounted to SEK 429.3 M (472.4), representing a decline of SEK 43.1 M. The difference is due to the number of ongoing establishments and their current phase.

At the end of the fiscal year, there were 96 (94) wind turbines under construction, of which 11 (74) were in Sweden, 72 (7) in Norway and 13 (13) in the US.

During the fiscal year, two wind turbines were reclassified from non-current assets to inventories in preparation for sale.

LIABILITIES

Interest-bearing liabilities to credit institutions amounted to SEK 386.8 M (302.9) 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 December 2019, Aquila Capital acquired all of the shares in Øyffjellet Wind AS, which holds the rights to establish the Øyffjellet wind farm with a capacity of 400 MW. Eolus will manage the construction of the wind farm on behalf of the customer.

The project company Øyffjellet Wind AS, for which Eolus is responsible for construction, signed a turbine supply agreement in March 2020 with Nordex for 72 N149 wind turbines with a total installed capacity of 400 MW. In addition, a 20-year Premium Service contract with options for extension was signed.

In July, Eolus signed a partnership agreement with SCA for the development of wind power projects. The aim is to achieve realizable projects of about 1,000 MW in Sweden, Estonia and Latvia.

In July, Eolus has signed an agreement to acquire seven early-phase wind power projects from Vindkraft Värmland. The combined capacity of the projects is estimated to be about 450 MW.

An Extraordinary General Meeting was held on August 27, which resolved, among other matters, to change the fiscal year to the calendar year. The current fiscal year was extended to encompass 16 months, from September 1, 2019 to December 31, 2020.

In August, the Bäckhammar wind farm (130 MW) was completed and handed over to KGAL, which also signed a PPA with Amazon Web Services. Bäckhammar is the first wind farm outside North America that has been deployed with a PPA with Amazon Web Services. Eolus will provide asset management services for the wind farm.

In August, the Stigafjellet wind farm (30 MW) was completed and handed over to ewz. The wind farm is the first to be completed by Eolus in Norway, and Eolus will provide asset management services for the wind farm.

In September, an agreement was signed with Commerz Real for the sale of the wind farms Boarp (24 MW), Dållebo (26 MW) and Rosenskog (18 MW) encompassing a total of 68 MW for a preliminary purchase price of EUR 82.5 M. An agreement was signed with Siemens Gamesa Renewables for the delivery of 11 wind turbines. The wind farms are scheduled for completion in autumn 2023. Eolus will manage the assets on behalf of the customer.

In October, an agreement was signed with Cubico Sustainable Investments for the sale of the turnkey wind farm Wind Wall 1 located near Tehachapi, California, US, with an installed capacity of 46.5 MW. Establishment is continuing.

ENVIRONMENTAL IMPACT

Through its wind power holdings, the Parent Company and its subsidiaries 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 45 (39). The number of women employees was 15 (12), corresponding to 33% (31). For information regarding distribution of the number of employees and salaries paid, other remuneration, social security expenses

pertaining to the Board and the CEO, as well as remuneration of senior executives, refer to Notes 5 and 6 and the remuneration report on pages 32–33.

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.

Permitting of renewable electricity generation facilities is subject to a number of laws and regulations. These differ between countries. Since project development of these facilities can take a long time, there is a risk that laws and regulations could change during the project development and permit process based on changes in political intent. As project development takes place at Eolus's own risk, the company must closely monitor potential changes in all markets in which the company is active. Different countries also have differing regulations and processes for appealing issued permits, which can lead to delays or make projects impossible to implement. In Sweden, the relevant municipality must actively recommend that the environmental permit be granted for a wind power facility whose turbines have a total height of more than 150 meters. In practice, the municipalities have a right of veto and the implementation of projects is therefore dependent on the willingness of the municipality to contribute to a sustainable energy supply. A review and restructuring of the permitting process for wind power is under way in Norway, which could affect future opportunities.

There is widespread consensus among the world's researchers and politicians that action needs to be taken to reduce greenhouse gas emissions. This has fostered political willingness around the world to expand renewable electricity generation, both with and without various forms of subsidies. Rapid expansion is predicted for financial reasons as well since renewable wind and solar energy is the cheapest way of adding new capacity in many markets. However, this is no guarantee that political decisions will not be made in the future that could make it more difficult to expand renewable electricity generation in individual markets, which could impact Eolus's operations and financial position.

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 levelized cost of electricity 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. An economic life of 30 years is also applied. 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. We are also seeing increased interest from other investors in acquiring projects. 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 working on short-, medium-, and long-term projects as well as monitoring building permits and other permits to ensure they do not expire before the wind turbines are installed.

Eolus secured financing for the next four years in September 2018. 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 244 M had been utilized at the end of the fiscal year. In addition, there was an unutilized overdraft facility of SEK 100 M. At the end of the preceding fiscal year, the overdraft facility was unutilized and construction loans had been utilized in an amount of SEK 150 M. 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 and USD. 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 bor-

rowing in EUR and USD. The Board has stated in the finance and risk policy that at least 75%, and a maximum of 125%, of the estimated net flow of each currency 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 32.0 M (68.0) and USD 24.0 M (0). These had a total positive market value of SEK 37.0 M (27.8).

Interest rate risk

Eolus's operations are partly financed by bank loans. Each credit facility that Eolus draws on during construction could involve significant amounts but for relatively short periods. Changes in market interest rates may therefore have limited effects on future earnings and profitability. In the finance and risk policy, the Board has outlined the possibility of fixing interest rates if more long-term financing is required. This can be achieved by a combination of fixed interest rates, variable interest rates and derivative instruments. Interest rate derivatives may not exceed 100% of interest-bearing liabilities to credit institutions. On the balance sheet date, signed interest rate derivatives had a negative market value of SEK 5.0 M (9.7).

OUTLOOK

A social shift, with lower greenhouse gas emissions, such as CO₂, is vital. The UN Intergovernmental Panel on Climate Change (IPCC) warns that humanity has a little more than ten 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. It is currently too early to say whether and to what degree the COVID-19 pandemic will have long-term effects on the energy market.

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. According to Svenska Kraftnät, Swedish wind power generated 27.6 TWh, or 18%, of Swedish electricity generation in 2020. This is an impressive increase from 19.9 TWh in 2019. 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 43 TWh in 2023. Rapid development is also taking place in Norway, although there is some uncertainty regarding new projects in the future based on a political review of the regulations on development.

Onshore wind power is one of the cheapest methods for adding new generation capacity. The installation costs for new wind power are lower than for new nuclear power. One of the consequences of the rapid reduction in costs is that the targets of the electricity certificate system have been surpassed and the system will be closed early. Eolus's objective is to continue pushing down costs per megawatt-hour. Value-chain efficiencies throughout a wind power project or other renewable energy facilities are essential for meeting investors' ROI requirements. By significantly reducing the costs of wind power establishment, the realization of projects with profitability for end-investors can also continue in times with low overall price levels for electricity and electricity certificates or the support systems available in the individual market. For many years, Eolus has focused on developing projects that do not require support.

The costs for establishing offshore wind power are also falling quickly and the market will grow. Sweden and Norway have large and as yet untapped potential for offshore wind power, which presents opportunities for a company such as Eolus.

For Eolus, solar power and storage opportunities have significant potential mainly in the US market, but also in other markets depending on their specific conditions.

In recent years, more electricity has been generated than consumed in the Swedish market, enabling Sweden to become a net exporter of electricity. In 2020, Sweden's net exports of electricity totaled 24.6 TWh according to Svenska Kraftnät. The Nordic region is already a driving force for sustainability in Europe, but has excellent opportunities to expand its role 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 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.

Eolus is now active in a number of markets beside Sweden. Eolus continuously reviews its opportunities to establish operations in new markets and to develop new business models. The US market is where the company has made the most progress in non-wind power technologies. For example, Eolus is developing a solar and battery storage project in the western US region with a capacity of 500 MW and 250 MW, respectively. This is Eolus's first project in these sectors and shows the potential in the renewables industry. In Norway, the large onshore Øyfjellet project (400 MW) is being established.

Eolus's extensive experience in the construction of wind power facilities, combined with a full range of asset management services, will safeguard the company's continued ability to offer attractive investment opportunities in various technologies in different markets to various types of investors, but primarily to customer groups that invest in major production facilities.

SHAREHOLDERS

On December 31, 2020, Eolus had 33,892 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 37. The number of shares held by individuals with an insider position are presented on Eolus's website: www.eolusvind.com.

SHARES

On December 31, 2020, 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 45–49.

Eolus's remuneration guidelines for senior executives were resolved on by the AGM held on January 25, 2020. For information about these guidelines, refer to the Corporate Governance Report on pages 47–48. The Board has presented a proposal adjustments to the guidelines for remuneration of senior executives to the 2021 AGM. For further information, refer to Corporate Governance Report on page 48.

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 30–31 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 2018/2019 fiscal year, the Annual General Meeting on January 25, 2020 resolved to pay dividends corresponding to SEK 1.50 (1.50) per share. The dividend was paid on January 31, 2020.

PROPOSED DISTRIBUTION OF PROFIT

The Board of Directors proposes a dividend of SEK 2.00 (1.50) per share for the 2019/2020 fiscal year in line with the company's dividend policy.

The proposed record date for the dividends is Friday, May 21, 2021.

Payment of the dividend is expected to take place on Wednesday, May 26, 2021. 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	698,548,144
Net profit for the year	84,091,051
SEK	951,301,768

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

dividend to the shareholders	49,814,000
to be carried forward	901,487,768
SEK	951,301,768

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 Extraordinary General Meeting held on August 27, 2020. 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.

2020 Annual General Meeting

Eolus's 2020 Annual General Meeting was held in Hässleholm, Sweden, on Saturday, January 25. Some 167 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 2018/2019 fiscal year.
- The Board of Directors is to comprise six members, with no deputy members.
- Re-election of Board members Hans-Göran Stennert, Sigrun Hjelmquist, Hans Johansson, Hans Linnarson Bodil Rosvall Jönsson and Jan Johansson.
- 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 Extraordinary General Meeting

An Extraordinary General Meeting was held on August 27, 2020 and involved the following amendments to the Articles of Association: (i) a change of the company's fiscal year to run from January to December, resulting in the current fiscal year being extended to encompass 16 months (September 1, 2019 to December 31, 2020) and (ii) the introduction of a conversion provision.

2021 Annual General Meeting

The next Annual General Meeting of Eolus's shareholders will be held on May 19, 2021. More details about the Annual General Meeting, registration, etc. are available on page 99.

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 appointed by Eolus's three largest shareholders in terms of the number of votes on May 29. Hans-Göran Stennert, Board Chairman, presented the composition of the Nomination Committee on July 16, 2020.

The Nomination Committee comprises the following members:

Name	Represents	Holding on May 29, 2020
Hans-Göran Stennert	In his capacity as Chairman of the Board	
Ingvar Svantesson	Domneåns Kraftaktiebolag	15.6%
Hans Gydel (Chairman)	Hans-Göran Stennert	11.8%
Hans Johansson	Åke Johansson	6.6%

The Nomination Committee held its first meeting on January 19, 2021. The Nomination Committee has another meeting scheduled before it presents its proposals to the 2021 AGM. The work of the Nomination Committee begins with the members reviewing the evaluation of the Board carried out during the year.

DIVERSITY ON THE BOARD

The Nomination Committee applies rule 4.1 of the Swedish Corporate Governance Code as its diversity plan. Under this rule, the Board is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances. The Board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The company is to strive for gender balance on the Board. 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 six members as of the Annual General Meeting on January 25, 2020. For a presentation of the Board Chairman and Board members, see pages 96-97. 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. During the fiscal year, the Board decided that the Audit Committee was to comprise two members of the Board.

The Board convenes according to a one-year plan proposed in advance and more meetings are arranged as needed. The Board held 14 minuted Board meetings during the 2019/2020 fiscal year.

Items on the agenda for 2019/2020 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.
- Effects of the COVID-19 pandemic on the operations

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

will also have access to the balance statements and cash flow statements.

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

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

BOARD ATTENDANCE IN 2019/2020

	Function	Independent ¹	Board meetings	Remuneration Committee
Hans-Göran Stennert	Chairman	2)	14 of 14	3 of 3
Sigrun Hjelmquist	Board member	X	14 of 14	3 of 3
Hans Johansson	Board member	X	14 of 14	
Hans Linnarson	Board member	X	14 of 14	
Bodil Rosvall Jönsson	Board member	X	14 of 14	2 of 2
Jan Johansson	Board member	X	14 of 14	
Fredrik Daveby ³⁾	Board member	X	4 of 4	1 of 1

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

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

³⁾ Resigned from the Board at the Annual General Meeting on January 25, 2020.

REMUNERATION COMMITTEE

The Remuneration Committee comprises Hans-Göran Stennert, Sigrun Hjelmquist and Bodil Rosvall Jönsson. 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 2019/2020 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.

At the Board meeting held on October 20, 2020, the Board decided that two of its members would make up an Audit Committee. The Board appointed Hans Linnarsson and Bodil Rosvall Jönsson as members of the Audit Committee. The first meeting was held on February 15, 2021.

CEO

The CEO of Eolus is Per Witalisson (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 39. For remuneration of the CEO, refer to Note 6.

GROUP MANAGEMENT

Per Witalisson 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 2019/2020 fiscal year, management convened on 17 occasions in Hässleholm, Halmstad or Malmö in Sweden. The year's meetings were dominated by a continuous reconciliation of the rolling business plan, strategy issues, action plans and the impact of COVID-19 on the Group's operations. 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 25, 2020, 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 February and March. An examination is then made of whether the Annual General Meeting's guidelines for the remuneration of senior executives have been followed. Eolus's third-quarter report is reviewed in October and an interim review is performed in November. In addition to Eolus, Eva Carlsvi is also Auditor in Charge for BHG Group AB (publ), BE Group AB (publ), E.ON Nordic Aktiebolag and KappAhl AB (publ). Eva Carlsvi is an authorized public accountant and member of FAR SRS. In 2019/2020, 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 25, 2020 resolved on total annual fees of KSEK 1,250, of which KSEK 375 would be paid to the Chairman and KSEK 175 to each of the other Board members. For more information about remuneration of the Board, refer to Note 6.

CURRENT GUIDELINES FOR 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 currently 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 were 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 establishing turnkey 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 opportunities to both local and international investors.

Successful implementation of Eolus's business strategy and safeguarding of its long-term interests, including its sustainability, require Eolus to recruit and retain a highly skilled management team with the capacity to achieve set targets. In order to do so, Eolus 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

These remuneration guidelines consider salary and employment terms of Eolus's employees 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 Eolus and its 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 Eolus's long-term interests, including its sustainability, or to ensure Eolus'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 and the remuneration report on pages 32–33.

The Board's proposed guidelines for remuneration of senior executives

The Board proposes that the 2021 AGM resolve on guidelines for remuneration of senior executives that primarily correspond to the guidelines adopted by the 2020 AGM, with the following adjustments: variable cash remuneration for the CEO is to amount to five monthly salaries (previously four monthly salaries); variable cash remuneration measured over several years is to entitle senior executives to receive an additional certain maximum number of monthly salaries; the criteria for variable remuneration are to be adjusted so that the relative weighting is removed; and a small number of editorial adjustments.

Remuneration of auditors

Fees for the audit assignment are paid against invoice and amounted to SEK 1.0 M for the 2019/2020 fiscal year. For the 2019/2020 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 7.

THE BOARD'S DESCRIPTION OF INTERNAL CONTROL OVER FINANCIAL REPORTING FOR THE 2019/2020 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 relevant 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 external 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 regarding any shortcomings and proposed measures that have arisen during the internal control and external audit.

The Board and the auditor have regular dialogues. 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	2019/2020 16 months	2018/2019 12 months
Net sales	3, 4	2,468,639	2,031,911
Other operating income	8	122,061	58,706
Total operating income		2,590,700	2,090,617
Change in wind turbine inventories, wind turbines under construction and projects under development		22,957	-289,576
Cost of goods and project development		-2,147,034	-1,503,682
Other external expenses	7, 14	-82,772	-58,141
Employee benefits expenses	5, 6	-55,953	-39,088
Depreciation and impairment of property, plant and equipment	13	-8,131	-4,968
Other operating expenses	8	-39,792	-76,842
Total operating expenses		-2,310,725	-1,972,296
Operating profit		279,975	118,321
Interest income	9	3,553	3,110
Interest expense	9	-20,012	-14,179
Other financial items	9	-80,963	8,719
Loss from financial items		-97,422	-2,350
Profit before tax		182,553	115,971
Tax	11	15,749	16,823
Net profit for the year		198,302	132,794
Attributable to Parent Company shareholders		198,348	132,876
Attributable to non-controlling interests		-46	-82
Total		198,302	132,794
Earnings per share, before and after dilution	22	7.96	5.33

Consolidated statement of other comprehensive income

KSEK	Note	2019/2020 16 months	2018/2019 12 months
Net profit for the year		198,302	132,794
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		-20,736	-1,501
Tax attributable to other comprehensive income	11	5,905	-
Total other comprehensive income		-14,831	-1,501
Comprehensive income for the year		183,471	131,293
Attributable to Parent Company shareholders		183,824	131,169
Attributable to non-controlling interests		-353	125
Total		183,471	131,293

Consolidated statement of financial position

KSEK	Note	Dec 31, 2020	Aug 31, 2019
ASSETS			
Non-current assets			
Intangible assets	12	24,865	54,084
Property, plant and equipment	13	29,955	31,810
Deferred tax assets	11	13,120	4,421
Other financial assets	25	15,089	20,502
Total non-current assets		83,029	110,817
Current assets			
Wind turbine inventories, wind turbines under construction and projects under development	19	429,289	472,359
Advance payments to suppliers		47,367	277,014
Derivative instruments	25	37,011	-
Accounts receivable	20, 25	16,365	25,277
Current tax assets		34,730	5,705
Other current receivables	20, 25	6,864	35,411
Prepaid expenses and accrued income	21	462,629	28,223
Cash and cash equivalents	25	690,938	1,102,983
Total current assets		1,725,193	1,946,973
TOTAL ASSETS		1,808,222	2,057,789

KSEK	Note	Dec 31, 2020	Aug 31, 2019
EQUITY AND LIABILITIES			
Equity			
Share capital	22	24,907	24,907
Additional paid-in capital		190,843	190,843
Reserves		-16,687	-2,173
Retained earnings		837,857	674,240
Equity attributable to Eolus's shareholders		1,036,920	887,817
Non-controlling interests		-956	2,037
Total equity		1,035,964	889,854
Non-current liabilities			
Non-current interest-bearing liabilities to credit institutions	23, 25, 27	135,116	152,400
Non-current provisions	24	583	925
Deferred tax liabilities	11	21,291	6,153
Other non-current liabilities	27	70,698	284
Total non-current liabilities		227,688	159,762
Current liabilities			
Current interest-bearing liabilities to credit institutions	23,25,27	251,664	150,533
Accounts payable	25	169,408	229,381
Derivative instruments	25	4,899	37,521
Current tax liabilities		6,889	32
Accrued expenses and deferred income	21,25	102,830	91,585
Advance payments from customers		-	293,791
Other current liabilities		8,880	205,330
Total current liabilities		544,570	1,008,173
TOTAL EQUITY AND LIABILITIES		1,808,222	2,057,789

Consolidated statement of changes in equity

KSEK	Note 22	Share capital	Additional paid-in capital	Reserves	Retained earnings	Total, Eolus's shareholders	Non-controlling interests	Total equity
At September 1, 2019		24,907	190,843	-2,173	674,240	887,817	2,037	889,854
Net profit for the year					198,348	198,348	-46	198,302
Other comprehensive income				-14,514	-10	-14,524	-307	-14,831
Total comprehensive income				-14,514	198,338	183,823	-353	183,471
Transactions with shareholders								
Acquisition of shares from non-controlling interests					2,640	2,640	-2,640	-
Dividends					-37,361	-37,361		-37,361
At December 31, 2020		24,907	190,843	-16,687	837,857	1,036,920	-956	1,035,964

KSEK	Note 22	Share capital	Additional paid-in capital	Reserves	Retained earnings	Total, Eolus's shareholders	Non-controlling interests	Total equity
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	-2,173	674,240	887,817	2,037	889,854

* 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.

Consolidated statement of cash flows

KSEK	Note	2019/2020 16 months	2018/2019 12 months
Operating activities			
Operating profit		279,975	118,321
Non-cash items	26	-57,837	29,896
		222,138	148,217
Interest received		3,553	4,261
Interest paid		-20,795	-13,807
Income tax paid		21	-59,140
Net cash flow from operating activities before changes in working capital		204,917	79,532
Adjustments of working capital			
Decrease in wind turbine inventories, wind turbines under construction, projects under development and advance payments to suppliers		104,267	200,469
Increase/decrease in operating receivables		-565,842	11,514
Decrease/increase in operating liabilities		-227,008	275,116
Cash flow from operating activities		-483,666	566,631
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	13	-16,260	-1,939
Sale of property, plant and equipment	13	20,521	310
Acquisition of financial assets	17	-	-1,376
Sale of financial assets		-	63
Cash flow from investing activities		4,261	-100,785
Cash flow from financing activities			
Borrowings	27	263,207	721,810
Repayment of loans	27	-152,933	-787,617
Dividends		-37,361	-37,361
Cash flow from financing activities		72,913	-103,167
Cash flow for the year			
Cash and cash equivalents at beginning of year		1,102,983	739,825
Exchange rate differences in cash and cash equivalents		-5,553	480
Cash and cash equivalents at year-end		690,938	1,102,983

Parent Company income statement

KSEK	Note	2019/2020 16 months	2018/2019 12 months
Net sales		1,073,083	1,412,833
Change in wind turbine inventories, wind turbines under construction and projects under development		-527,425	195,464
Other operating income	8	17,947	53,084
Total operating income		563,605	1,661,381
Cost of goods and project development		-652,590	-1,476,746
Other external expenses	7, 14	-33,134	-26,885
Employee benefits expenses	5, 6	-37,032	-29,900
Depreciation and impairment of property, plant and equipment	13	-1,835	-1,419
Other operating expenses	8	-15,454	-49,637
Total operating expenses		-740,045	-1,584,587
Operating profit/loss		-176,440	76,794
Profit from participations in Group companies	16	182,815	130,221
Interest income	9	11,331	2,098
Interest expense	9	-16,705	-10,662
Other financial items	9	-98,989	8,539
Profit from financial items		78,452	130,196
Profit/loss after financial items		-97,988	206,990
Appropriations	10	155,413	4,027
Profit before tax		57,425	211,017
Tax on profit for the year	11	26,666	-17,865
Net profit for the year		84,091	193,152

Parent Company statement of other comprehensive income

KSEK	Note	2019/2020 16 months	2018/2019 12 months
Net profit for the year		84,091	193,152
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		84,091	193,152

Parent Company balance sheet

KSEK	Note	Dec 31, 2020	Aug 31, 2019
ASSETS			
Intangible assets	12	24,865	54,084
Property, plant and equipment			
Land and buildings	13	421	221
Equipment	13	3,630	5,490
		4,051	5,711
Financial assets			
Participations in Group companies	16	17,376	20,436
Other securities held as non-current assets	15	722	722
Non-current receivables from Group companies		226,502	-
		244,600	21,158
Total non-current assets		273,516	80,953
Inventories, etc.			
Wind turbines under construction, projects under development and electricity certificates		75,548	602,899
Advance payments to suppliers		-	141,887
		75,548	744,786
Current receivables			
Accounts receivable		3,663	22,916
Receivables from Group companies		659,506	414,833
Current tax assets		27,446	6,401
Other current receivables		3,649	10,718
Prepaid expenses and accrued income	21	7,441	11,823
		701,705	466,691
Cash and cash equivalents		650,433	1,082,458
Total current assets		1,427,686	2,293,935
TOTAL ASSETS		1,701,202	2,374,888

KSEK	Note	Dec 31, 2020	Aug 31, 2019
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	22	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		698,548	542,757
Net profit for the year		84,091	193,152
		951,302	904,572
Total equity		998,467	951,738
Untaxed reserves	10	3,630	153,061
Provisions	24	152	168
Non-current liabilities			
Non-current liabilities to credit institutions	23	131,250	150,000
Other non-current liabilities		70,458	-
Total non-current liabilities		201,708	150,000
Current liabilities			
Liabilities to credit institutions	23	249,669	150,000
Advance payments from customers		-	505,742
Accounts payable		123,714	144,586
Liabilities to Group companies		66,862	41,401
Other liabilities		4,504	201,334
Accrued expenses and deferred income	21	52,496	76,858
Total current liabilities		497,245	1,119,921
TOTAL EQUITY AND LIABILITIES		1,701,202	2,374,888

Parent Company statement of changes in equity

KSEK	Note 22	Share capital	Additional paid-in capital	Reserves	Retained earnings	Total equity
At September 1, 2019		24,907	22,259	168,663	735,909	951,738
Net profit for the year					84,089	84,089
Total comprehensive income					84,089	84,089
<i>Transactions with shareholders</i>						
Dividends					-37,361	-37,361
At December 31, 2020		24,907	22,259	168,663	782,638	998,467

KSEK	Note 22	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

Parent Company cash flow statement

KSEK	Note	2019/2020 16 months	2018/2019 12 months
Operating activities			
Operating profit/loss		-176,441	76,794
Non-cash items	26	11,060	195
		-165,381	76,989
Interest received		11,547	3,204
Interest paid		-21,734	-11,008
Income tax paid		5,621	-59,149
Net cash flow from operating activities before changes in working capital		-169,947	10,036
Adjustments of working capital			
Decrease/increase in wind turbine inventories, wind turbines under construction, projects under development and advance payments to suppliers		693,548	-6,173
Increase in operating receivables		-251,991	-4,710
Decrease/increase in operating liabilities		-796,597	448,588
Cash flow from operating activities		-524,987	447,741
Cash flow from investing activities			
Acquisition of property, plant and equipment	13	-458	-885
Sale of property, plant and equipment	13	944	5,644
Cash flow from investing activities		486	4,759
Cash flow from financing activities			
Borrowings	23	263,208	721,810
Repayment of loans	23	-150,000	-781,810
Group contributions received/paid		16,629	17,988
Dividends		-37,361	-37,361
Cash flow from financing activities		92,476	-79,373
Cash flow for the year		-432,025	373,127
Cash and cash equivalents at beginning of year		1,082,458	709,331
Cash and cash equivalents at year-end		650,433	1,082,458

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, Håssleholm, Sweden, under the postal address Box 95, SE-281 21 Håssleholm, 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 March 24, 2021 and they will be presented for adoption at the Annual General Meeting on May 19, 2021.

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 2021 fiscal year are currently being evaluated. The initial assessment is that they will not have any significant impact on the consolidated financial statements.

NEW IFRS THAT HAVE BEEN APPLIED

IFRS 16 LEASES

IFRS 16 came into effect on September 1, 2019 and introduced a standardized lease accounting model for lessees. IFRS 16 Leases replaces existing IFRS related to lease recognition, such as IAS 17 Leases. For a description of the impact of IFRS 16 on Eolus, refer to the section "Leases" below.

REVENUE

Accounting policies applied to 2019/2020 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 recog-

nized 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.

Sale of administrative and technical management services

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

Interest

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

Dividends

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

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. Exchange rate differences arising on the translation of non-current internal receivables and liabilities do not impact net profit for the year and instead are recognized in other comprehensive income in the consolidated financial statements.

	EUR	NOK	USD
Closing day rate, Dec 31, 2020	10.0375	0.9546	8.1886
Average exchange rate for the period 2019/2020	10.5317	0.9992	9.3195
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

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 renewable electricity generation and energy storage facilities. This also includes technical consultancy services for renewable energy stakeholders.
- Asset management which pertains to full asset management services for external renewable electricity generation and energy storage facilities.

CASH FLOW STATEMENT

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

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.

FAIR VALUE MEASUREMENT

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

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

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

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

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 a project has not been approved by the regulator or has otherwise been deemed to be unrealizable. Wind turbines under construction and projects under development are measured at the lowest of costs incurred and fair value.

Certain projects recognized as projects under development were acquired from third parties, whereby the purchase consideration may be paid depending on the progress of the projects. These projects are recognized at an amount corresponding to the costs incurred less any impairment. Additional consideration is recognized as part of the cost on the date on which the consideration is determined.

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

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.

Lease payments are divided into two components: amortization and interest expense. The exceptions are leases with a term of 12 months or less and leases of low value.

Accounting policies applied to 2018/2019 fiscal year

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 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.

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.

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.

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.

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 and USD on wind farms, the impact of exchange rate fluctuations on wind turbine purchases in EUR and USD, 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 23. 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 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 December 31, 2020, the Group had interest rate derivatives outstanding amounting to a nominal SEK 45 M (90) that fall due in 2023. Including interest rate derivatives, the loan portfolio had an average fixed-interest period of 0.5 years on the closing date. Interest-bearing liabilities amounted to SEK 386.8 M (302.9) at December 31, 2020. On the closing date, 12% (30) of the Group's liabilities to credit institutions were covered by interest rate hedging instruments. Excluding interest rate derivatives, the average interest rate was 2.1% (2.0). Including interest rate derivatives, the average interest rate was 2.3% (2.5). A change in interest rates of +/- 1 percentage point would have an earnings impact of +/- SEK 3.8 M (3.0). A corresponding change would have an earnings impact of +/- SEK 1.1 M (2.1) attributable to the market value of interest rate derivatives.

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 foreign currency, usually EUR or USD. Exchange rate fluctuations can thus affect the profitability of wind power 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 and USD) 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 December 31, 2020, the Group had outstanding currency hedges amounting to a nominal

EUR 32.0 M (68.0) and USD 24.0 M (0). All currency futures fall due within 12 months and pertain to sales forwards. Signed currency futures in relation to forecast net flows for the next 12 months amount to about 80%. The forecast net inflow includes the agreed purchase consideration for wind farms under construction, and raised and repaid loans in USD. The EUR/SEK, EUR/NOK and USD/SEK 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 31.2 M (60.5), given the translation of currency accounts and currency futures outstanding at December 31, 2020. A change in the USD/SEK exchange rate of SEK 1 at the end of the fiscal year would result in an earnings impact of +/- SEK 37.9 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 is the single most important parameter in customers' investment calculations. 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. 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 20. 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 2019/2020 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's current financing includes liquidity and construction loans totaling SEK 1,050 M that safeguard the financing of both ongoing and future establishments and facilitate a high level of liquidity for the ongoing operations.

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 2019/2020 fiscal year, all of the covenants to credit institutions were met.

Interest-bearing liabilities amounted to SEK 386.8 M (302.9), of which SEK 135.1 M (152.4) is non-current. The fixed-term period for loans amounted to about 0.5 years (one) at the end of the fiscal year, with an average interest rate of 2.1% (2.0) excluding interest rate derivatives. Refer to Note 17 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	
	Dec 31, 2020	Aug 31, 2019	Dec 31, 2020	Aug 31, 2019
6 months or less	232,014	150,267	230,919	150,000
6–12 months	19,650	266	18,750	-
1–5 years	135,116	152,133	131,250	150,000
More than 5 years	-	267	-	-
Total	386,780	302,933	380,919	300,000

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.

2019/2020, 16 months	Project development	Asset management	Joint eliminations	Total Group
Segment revenue				
Net sales, external customers	2,435,093	33,546	-	2,468,639
Inter-segment transactions	769	1,445	-2,214	-
Other revenue	113,623	9,192	-753	122,061
Expenses (of which depreciation and impairment)	-2,277,496 (-8,023)	-36,197 -108	2,967 (-)	-2,310,726 (-8,131)
Operating profit	271,988	7,986	-	279,974
Financial items				-97,422
Profit before tax				182,553
Tax				15,749
Net profit for the year				198,302
Segment's assets at December 31, 2020	1,014,003	15,475	778,744	1,808,222
Assets include: Purchase of non-current assets	18,951	-	-	18,951

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).

2018/2019, 12 months	Project development	Asset management	Joint eliminations	Total Group
Segment revenue				
Net sales, external customers	2,013,218	18,693	-	2,031,911
Inter-segment transactions	279	1,342	-1,621	-
Other revenue	50,613	8,093	-	58,706
Expenses	-1,948,397	-25,520	1,621	-1,972,296
(of which depreciation and impairment)	(-4,878)	(-90)	(-)	(-4,968)
Operating profit	115,713	2,608	-	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	875,262	9,878	1,172,649	2,057,789
Assets include:				
Purchase of non-current assets	1,713	227	-	1,940

34% (99) of the Group's revenue is attributable to Group companies in Sweden. Refer to Note 4 for a specification by geographic market. Four customers account for 92% of revenue: 40%, 18%, 17% and 17%, respectively. In the preceding year, two customers accounted for 95% of revenue: 62% and 33%, respectively.

Non-current assets	Dec 31, 2020	Aug 31, 2019
Sweden	11,331	16,301
US	13,716	-
Estonia	4,908	15,509
Total	29,955	31,810

NOTE 4 REVENUE

2019/2020, 16 months	Project development	Asset management	Total Group
Time of revenue recognition			
Over time (successively)	2,118,536	33,546	2,152,082
At a point in time	316,557	-	316,557
Net sales, external customers	2,435,093	33,546	2,468,639
Geographic market			
Sweden	800,665	33,311	833,976
Norway	1,218,195	235	1,218,430
Baltic countries	2,011	-	2,011
US	416,233	-	416,233
Net sales, external customers	2,435,093	33,546	2,468,639
Type of contract			
Transfer of project rights and signed construction contracts	1,956,419	-	1,956,419
Transfer of wind farms under construction	424,833	-	424,833
Electricity certificates	51,556	-	51,556
Asset management	-	33,546	33,546
Electricity generation	2,285	-	2,285
Net sales, external customers	2,435,093	33,546	2,468,639

2018/2019, 12 months	Project development	Asset management	Total Group
Time of revenue recognition			
Over time (successively)	1,890,225	18,693	1,908,918
At a point in time	122,993	-	122,993
Net sales, external customers	2,013,218	18,693	2,031,911
Geographic market			
Sweden	1,985,546	18,693	2,004,239
Norway	25,722	-	25,722
Baltic countries	1,950	-	1,950
Net sales, external customers	2,013,218	18,693	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	31,573	-	31,573
Asset management	-	18,693	18,693
Electricity generation	5,347	-	5,347
Net sales, external customers	2,013,218	18,693	2,031,911

Contract assets	GROUP	
	Dec 31, 2020	Aug 31, 2019
Wind turbines under construction	227,404	155,887
Advance payments to suppliers	47,366	276,820
Accounts receivable	-	-
Accrued contract income	454,474	15,386
Total	729,244	448,093
Contract liabilities	GROUP	
	Dec 31, 2020	Aug 31, 2019
Advance payments from customers	-	296,254
Invoiced but not accrued revenue	-	-
Total	-	296,254

All contract liabilities recognized on August 31, 2019 were recognized as revenue in the fiscal year.

No information is provided about the transaction price allocated to the outstanding performance obligations since at December 31, 2020 no such obligations existed with an expected term of more than one year.

NOTE 5 SALARIES, REMUNERATION AND NUMBER OF EMPLOYEES

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

	2019/2020 16 months		2018/2019 12 months	
	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	36,659	15,425	25,627	11,150
		(4,270)		(3,507)
Sweden – subsidiaries	10,474	4,090	5,762	2,516
		(775)		(453)
Estonia	348	137	315	105
		(-)		(-)
Latvia	811	284	-	-
		(-)		(-)
Norway	5,211	260	764	79
		(198)		(38)
Group	53,503	20,196	32,468	13,850
		(5,243)		(3,998)

In 2020, Eolus received a total of KSEK 950 in government assistance related to COVID-19, partly as a reduction in employer's contributions and partly as compensation for paid sick pay.

	2019/2020 16 months		2018/2019 12 months	
	Salaries and other remuneration (of which bonus)	Pension costs	Salaries and other remuneration (of which bonus)	Pension costs
Board of Directors and CEO	4,371	638	4,565	610
	(304)		(-)	
Other employees	49,132	4,605	27,903	3,388
	(1,484)		(-)	
Group	53,503	5,243	32,468	3,998
	(1,788)		(-)	

Gender distribution, Board of Directors and other senior executives	Dec 31, 2020		Aug 31, 2019	
	Number at balance sheet date	Of whom men	Number at balance sheet date	Of whom men
Board of Directors	6	4	7	5
CEO and other senior executives	5	4	5	4
Group and Parent Company	11	8	12	9

Average number of employees	2019/2020 16 months		2018/2019 12 months	
	Average number of employees	Of whom men	Average number of employees	Of whom men
Sweden – Parent Company	28	16	27	17
Sweden – subsidiaries	12	10	10	8
Estonia	1	1	1	1
Latvia	1	1	-	-
Norway	3	2	-38	1
Group	45	30	0	27

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 a whole month's salary and is paid in the form of a cash payment and/or savings 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 matching shares to individuals acquiring savings shares in the company, corresponding to a maximum of one monthly salary, 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 6 REMUNERATION OF BOARD OF DIRECTORS, CEO AND OTHER SENIOR EXECUTIVES

CONDITIONS FOR BOARD OF DIRECTORS

The Annual General Meeting held on January 25, 2020 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 5 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 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 2019/2020 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 for the CEO and other senior executives 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 2019/2020, 16 months	Basic salary/ Board fee	Variable remuneration	Pension costs	Car benefits	Total
Board of Directors:					
Chairman of the Board Hans-Göran Stennert	375	-	-	-	375
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	2,766	304	638	51	3,759
Marcus Landelin, Deputy CEO	2,514	266	537	64	3,381
Other senior executives (3 individuals)	4,764	553	1,057	229	6,603
Total	11,294	1,123	2,232	344	14,993

Remuneration and other benefits 2018/2019, 12 months	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

NOTE 7 REMUNERATION OF AUDITORS

	GROUP		PARENT COMPANY	
	2019/2020 16 months	2018/2019 12 months	2019/2020 16 months	2018/2019 12 months
PricewaterhouseCoopers				
Audit assignment	1,036	550	720	480
Audit activities in addition to the audit assignment	679	391	679	391
Tax consultancy	294	-	294	-
Other services	33	610	33	419
Total	2,042	1,551	1,726	1,290
of which to PricewaterhouseCoopers AB				
Audit assignment	720	480	720	480
Audit activities in addition to the audit assignment	679	391	679	391
Tax consultancy	294	-	294	-
Other services	33	419	33	419
Total	1,726	1,290	1,726	1,290
Assertum Audit OÜ				
Audit assignment	21	21	-	-
Total	21	21	-	-
Total	2,063	1,572	1,726	1,290

NOTE 8 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

	GROUP		PARENT COMPANY	
	2019/2020 16 months	2018/2019 12 months	2019/2020 16 months	2018/2019 12 months
Other operating income				
Exchange rate gains attributable to project activities	32,334	47,087	12,773	44,442
Capital gains attributable to divestment of land	11,125	-	-	-
Capital gains attributable to other non-current assets	767	77	657	76
Fair value of change in currency derivatives	64,783	-	-	-
Invoiced expenses	12,499	9,589	4,335	7,319
Other	554	1,952	182	1,247
Total	122,061	58,706	17,947	53,084
Other operating expenses				
Exchange rate losses attributable to project activities	-39,792	-49,884	-15,454	-49,637
Fair value of change in currency derivatives	-	-26,958	-	-
Total	-39,792	-76,842	-15,454	-49,637

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 9 FINANCIAL INCOME AND EXPENSES

	GROUP		PARENT COMPANY	
	2019/2020 16 months	2018/2019 12 months	2019/2020 16 months	2018/2019 12 months
Interest income				
Loans and receivables	3,553	3,110	36	505
Loans and receivables to Group companies	-	-	11,295	1,593
Total financial income	3,553	3,110	11,331	2,098
Interest expense				
Bank loans	-20,012	-14,179	-14,971	-10,365
Liabilities to Group companies	-	-	-1,734	-297
Total financial expenses	-20,012	-14,179	-16,705	-10,662
Other financial items				
Exchange rate differences intra-Group receivables and liabilities	-126,281	14,337	-153,893	13,698
Exchange rate differences in cash and cash equivalents	9,651	592	13,219	592
Exchange rate differences, other	38,120	-5,751	46,057	-5,751
Other financial expenses	-7,303	-2,543	-4,372	-
Fair value of change in interest rate derivatives	4,850	2,084	-	-
Total other financial items	-80,963	8,719	-98,989	8,539
of which attributable to balance sheet items measured at fair value	4,850	2,084	-	-

NOTE 10 APPROPRIATIONS AND UNTAXED RESERVES

Appropriations	PARENT COMPANY	
	2019/2020 16 months	2018/2019 12 months
Change in tax allocation reserve	147,570	-18,857
Depreciation in excess of plan	1,861	6,253
Group contributions received/paid	5,982	16,631
Total	155,413	4,027
Untaxed reserves	Dec 31, 2020	Aug 31, 2019
Tax allocation reserve	-	147,571
Accumulated depreciation in excess of plan	3,630	5,490
Total	3,630	153,061

NOTE 11 INCOME TAX

	GROUP		PARENT COMPANY	
	2019/2020 16 months	2018/2019 12 months	2019/2020 16 months	2018/2019 12 months
Current tax:				
Current tax on net profit for the year	23,277	-15,682	26,666	-17,794
Current tax attributable to prior periods	-	-	-	-
Total current tax	26,285	-15,682	26,666	-17,794
Deferred tax:				
Origination and reversal of temporary differences	-6,227	32,903	-	-71
Deferred tax due to changes in tax rate	-1,302	-399	-	-
Total deferred tax	-7,529	32,504	-	-71
Tax	15,749	16,823	26,666	-17,865

Reconciliation of effective tax rate	GROUP		PARENT COMPANY	
	2019/2020 16 months	2018/2019 12 months	2019/2020 16 months	2018/2019 12 months
Profit before tax	182,553	115,971	57,425	211,017
Tax calculated at applicable tax rate in Sweden	-39,066	-25,514	-12,289	-46,424
Difference between Swedish and foreign tax rates	-399	-246	-	-
Non-taxable income	63,956	45,147	41,023	38,704
Non-deductible expenses	-4,636	-979	-1,900	-10,040
Interest surcharge for tax allocation reserve	-168	-105	-168	-105
Deferred tax due to changes in tax rate	-1,302	-399	-	-
Non-capitalized loss carryforwards	-2,635	-1,081	-	-
Total tax expense/tax income	15,749	16,823	26,666	-17,865

Tax of 5,905 attributable to translation differences is recognized in other comprehensive income.

GROUP

Specification of deferred tax assets and tax liabilities:	2019/2020 16 months		2018/2019 12 months	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	1,076	3,911	60	-
Assets measured at fair value	75	7,625	8,799	-
Provisions	-	-	74	-
Untaxed reserves	-	797	-	33,409
Wind turbine inventories, wind turbines under construction and projects under development	5,115	2,254	-	4,285
Temporary differences	538	10,397	20,893	-
Recognized tax losses	10,009	-	6,136	-
Total	16,813	24,984	35,962	37,694
of which to be utilized/paid after more than 12 months	16,200	6,962	6,270	37,694
of which to be utilized/paid within 12 months	613	7,625	8,799	-

Recognized in the statement of financial position/balance sheet:	GROUP		PARENT COMPANY	
	2019/2020 16 months	2018/2019 12 months	2019/2020 16 months	2018/2019 12 months
Deferred tax assets	13,120	4,421	-	-
Deferred tax liabilities	-21,291	-6,153	-	-
Deferred tax liabilities (assets), net	-8,171	-1,732	-	-

Change in deferred taxes	GROUP		PARENT COMPANY	
	2019/2020 16 months	2018/2019 12 months	2019/2020 16 months	2018/2019 12 months
At September 1	-1,732	-36,899	-	71
Tax income/expenses recognized in profit or loss	-7,529	32,504	-	-71
Reclassification to current tax	1,090	2,663	-	-
At December 31 / August 31	-8,171	-1,732	-	-

The Group's non-capitalized loss carryforwards attributable to the Swedish operations amounted to KSEK 64 (64) on December 31, 2020. Deferred tax assets for the Group were recognized on tax deficits amounting to KSEK 10,000 (6,137). Deficits have no determined maturity date.

NOTE 12 INTANGIBLE ASSETS

Certificates	GROUP		PARENT COMPANY	
	2019/2020 16 months	2018/2019 12 months	2019/2020 16 months	2018/2019 12 months
Opening accumulated cost	54,084	96,162	54,084	96,162
Reclassifications	-29,219	-42,078	-29,219	-42,078
Closing accumulated cost	24,865	54,084	24,865	54,084

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 reclassified as inventory as they are issued.

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

2019/2020, 16 months	GROUP				Total	PARENT COMPANY			
	Land and buildings	Wind turbines	Equip-ment	Right-of-use assets		Land and buildings	Wind turbines	Equip-ment	Total
Opening accumulated cost	15,302	57,357	30,640	-	103,299	2,533	-	25,060	27,593
Investments	15,350	-	649	2,953	18,951	200	-	258	458
Sales and disposals	-8,283	-	-2,437	-	-10,720	-	-	-2,158	-2,158
Reclassifications	-	-14,762	-	6,408	-8,354	-	-	-	-
Exchange rate differences	-2,562	-1,591	-233	-	-4,386	-	-	-	-
Closing accumulated cost	19,807	41,004	28,619	9,361	98,790	2,733	-	23,160	25,893
Opening accumulated de- preciation	-	-45,437	-23,632	-	-69,069	-	-	-19,570	-19,570
Depreciation for the year	-	-2,263	-2,311	-3,557	-8,131	-	-	-1,835	-1,835
Sales and disposals	-	-	2,091	-	2,091	-	-	1,871	1,871
Reclassifications	-	6,806	4	388	7,198	-	-	4	4
Exchange rate differences	-	1,436	52	-	1,488	-	-	-	-
Closing accumulated depre- ciation	-	-39,459	-23,796	-3,169	-66,424	-	-	-19,530	-19,530
Opening accumulated im- pairment	-2,312	-108	-	-	-2,420	-2,312	-	-	-2,312
Impairment for the year	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Exchange rate differences	-	8	-	-	8	-	-	-	-
Closing accumulated im- pairment	-2,312	-100	-	-	-2,412	-2,312	-	-	-2,312
Net carrying amount at year-end	17,495	1,445	4,822	6,192	29,955	421	-	3,630	4,051

During the fiscal year, 2 (3) new wind turbines recognized as non-current assets were reclassified to inventories and subsequently sold.

2018/2019, 12 months	GROUP				Total	PARENT COMPANY			
	Land and buildings	Wind turbines	Equip-ment	Right-of-use assets		Land and buildings	Wind turbines	Equip-ment	Total
Opening accumulated cost	15,056	110,115	29,116	-	154,287	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	-	55	-	1,454	17	1,471
Reclassifications	-	28,315	-	-	28,315	-	-	-	-
Exchange rate differences	-	-317	-5	-	-322	-	-	-	-
Closing accumulated depreciation	-	-45,437	-23,632	-	-69,069	-	-	-19,570	-19,570
Opening accumulated impairment	-2,312	-7,802	-	-	-10,114	-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

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 conduct-

ed as share transactions. A number of such transactions were carried out in the 2019/2020 and 2018/2019 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 14 RIGHT-OF-USE ASSETS**LEASES**

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

The leasing periods vary between three months and 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.

Eolus applies IFRS 16 Leases from September 1, 2019. The standard was introduced based on the simplified transition method, entailing

that the comparative year is not restated and instead the accumulated effect was adjusted in the opening balance of retained earnings on August 31, 2019. Under the new standard, lease payments were divided into two components: amortization and interest expense, compared with the previous standard under which they were recognized as operating expenses.

The following amounts related to leases were recognized in the balance sheet:

Right-of-use assets	Dec 31, 2020	Aug 31, 2019
Properties	1,170	3,322
Equipment	124	190
Vehicles	4,898	2,896
Total	6,192	6,408

Liabilities	Dec 31, 2020	Aug 31, 2019
Current	1,995	3,706
Non-current	3,886	2,702
Total	5,881	6,408

KSEK	PREMISES		EQUIPMENT	
	Group	Parent Company	Group	Parent Company
2019/2020 (16 months)	3,230	2,083	1,755	847
2021	1,010	761	1,045	447
2022	604	604	1,395	568
2023	-	-	295	13
2024	-	-	-	-
Total	4,844	3,448	4,490	1,875

NOTE 15 OTHER SECURITIES HELD AS NON-CURRENT ASSETS

Holdings in other companies	No. of shares	Capital/votes (%)	Dec 31, 2020	Aug 31, 2019
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	-20,722	718
Slättens Vind AB	559022-2583	Vara	-	63,234

NOTE 16 PARTICIPATIONS IN GROUP COMPANIES

	2019/2020 16 months	2018/2019 12 months
At September 1	20,436	64,529
Acquisitions	300	-
Divestments	-3,360	-1,924
Shareholders' contributions, net	-	33
Impairment	-	-42,200
At December 31 / August 31	17,376	20,436

	2019/2020 16 months	2018/2019 12 months
Profit from participations in Group companies		
Impairment	-9,689	-47,423
Reversal of impairment	1,000	1,678
Dividends	191,600	175,925
Profit/loss attributable to divestments	-96	41
	182,815	130,221

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

Group company	Number of participations	Equity/votes (%)	Dec 31, 2020	Aug 31, 2019
Eolus Vind Amnehärad AB	1,000	100/100	69	69
<i>Amnehärad Vindkraft Aktiebolag</i>				
Blekinge Offshore AB	560	60/60	-	-
Ekovind AB	130,000	100/100	10,000	10,000
<i>Baltic Wind Energy</i>				
Eolus Elnät AB	1,000	100/100	100	100
Eolus Oy	2,500	100/100	130	132
<i>Eolus Pörtom Vind Oy</i>				
Eolus Vind Norge Holding AS	23,000	100/100	5,707	5,707
<i>Eolus Norway Offshore 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>Eolus Assets Management LLC</i>				
<i>Eolus Project Holdings LLC</i>				
<i>Pome BESS LLC</i>				
<i>Upstream HC-1 LLC</i>				
<i>Wind Wall Development LLC</i>				
<i>Wind Wall 1 LLC</i>				
Eolus Vindpark Ett AB	500	100/100	-	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
Eolus Vindpark Elva AB	500	100/100	-	50
Eolus Vindpark Tretton AB	500	100/100	-	50
Eolus Vindpark Femton AB	500	100/100	-	50
Eolus Vindpark Sjutton AB	500	100/100	-	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>				
<i>Eolus Vindpark 40 AB</i>				

Group company	Number of participations	Equity/votes (%)	Dec 31, 2020	Aug 31, 2019
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 Vindpark 39 AB	500	100/100	50	
<i>Ölme Vindkraft AB</i>				3,058
Eolus Vindpark 41 AB	500	100/100	50	
<i>Eolus Vindpark 42 AB</i>				
Eolus Vindpark 43 AB	500	100/100	50	
<i>Eolus Vindpark 44 AB</i>				
Eolus Vindpark 45 AB	500	100/100	50	
<i>Eolus Vindpark 46 AB</i>				
Eolus Vindpark 47 AB	500	100/100	50	
<i>Eolus Vindpark 48 AB</i>				
Eolus Vindpark 49 AB	500	100/100	50	
<i>Pörtom Wind Farm Ab</i>				
Eolus Wind Power Management AB	500	100/100	50	50
<i>Eolus Wind Power Management Norge AS</i>				
Linusvind AB	50,000	100/100	50	50
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>Alokste wind SIA</i>				
<i>Andruves wind SIA</i>				
<i>Dobele wind SIA</i>				
<i>Gulbji wind SIA</i>				
<i>Mekji wind SIA</i>				
<i>Melderi wind SIA</i>				
<i>Mindes wind SIA</i>				
<i>Osi wind SIA</i>				
<i>Pienava wind SIA</i>				
<i>Pievikas wind SIA</i>				
<i>Unas wind SIA</i>				
<i>Valpene wind SIA</i>				
<i>Virzas 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	-	-
<i>Eolus Vindpark Tjuogoett AB</i>				
Uddevalla Vind AB	1,000	100/100	102	102
Carrying amount			17,376	20,436

Group company	Corp. Reg. No.	Registered office
Eolus Vind Amnehärad AB	556738-6312	Hässleholm
<i>Amnehärad Vindkraft Aktieföretag</i>	556719-3569	Hässleholm
Blekinge Offshore AB	556761-1727	Karlshamn
Ekovind AB	556343-8208	Vårgårda
<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>Eolus Norway Offshore AS</i>	926131699	Enebakk, Norway
Eolus North America Inc.	47-5083428	Nevada, USA
<i>Comstock LLC</i>	35-2541188	Nevada, USA
Crescent Peak Renewables LLC	27-2068025	Delaware, USA
<i>ENA BESS1, LLC</i>	61-1906369	Nevada, USA
<i>ENA BESS2, LLC</i>	35-2645294	Nevada, USA
<i>Eolus Assets Management LLC</i>	85-1836304	Delaware, USA
<i>Eolus Project Holdings LLC</i>	32-0598206	Delaware, USA
<i>Pome BESS LLC</i>	85-2510057	Delaware, USA
<i>Upstream HC-1 LLC</i>	35-2646877	Delaware, USA
<i>Wind Wall Development LLC</i>	32-0514251	Nevada, USA
<i>Wind Wall 1 LLC</i>	81-5141504	Nevada, USA
Eolus Vindpark Fem AB	556935-0365	Hässleholm
Eolus Vindpark Sju AB	556935-0381	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
<i>Eolus Vindpark 40 AB</i>	559244-3153	Hässleholm
Eolus Vindpark 27 AB	556956-6002	Hässleholm
<i>Eolus Vindpark 28 AB</i>	559121-3193	Hässleholm
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	559163-5114	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

Group company	Corp. Reg. No.	Registered office
Eolus Vindpark 39 AB	559277-5901	Hässleholm
<i>Ölme Vindkraft AB</i>	556755-5965	Hässleholm
Eolus Vindpark 41 AB	559277-5893	Hässleholm
<i>Eolus Vindpark 42 AB</i>	559244-3112	Hässleholm
Eolus Vindpark 43 AB	559277-5968	Hässleholm
<i>Eolus Vindpark 44 AB</i>	559244-4151	Hässleholm
Eolus Vindpark 45 AB	559277-5950	Hässleholm
<i>Eolus Vindpark 46 AB</i>	559251-3963	Hässleholm
Eolus Vindpark 47 AB	559281-7448	Hässleholm
<i>Eolus Vindpark 48 AB</i>	559251-4003	Hässleholm
Eolus Vindpark 49 AB	559281-7356	Hässleholm
<i>Pörtom Wind Farm Ab</i>	3178978-8	Vaasa, Finland
Eolus Wind Power Management AB	556912-1352	Hässleholm
<i>Eolus Wind Power Management Norge AS</i>	925247979	Oslo, Norway
Linusvind AB	556832-0054	Hässleholm
Lärkeskogen Vindkraft AB	556731-4710	Hässleholm
Näset Vindkraft AB	556721-1023	Hässleholm
SIA Eolus	40103392542	Riga, Latvia
<i>Alokste wind SIA</i>	40203267822	Riga, Latvia
<i>Andruves wind SIA</i>	40103703482	Riga, Latvia
<i>Dobeles wind SIA</i>	40103786319	Riga, Latvia
<i>Gulbji wind SIA</i>	40103702769	Riga, Latvia
<i>Mekji wind SIA</i>	40103800684	Riga, Latvia
<i>Melderis wind SIA</i>	40103730387	Riga, Latvia
<i>Mindes wind SIA</i>	40203267771	Riga, Latvia
<i>Osi wind SIA</i>	40103806530	Riga, Latvia
<i>Pienava wind SIA</i>	40103730508	Riga, Latvia
<i>Pievikas wind SIA</i>	40203269522	Riga, Latvia
<i>Unas wind SIA</i>	40103761071	Riga, Latvia
<i>Valpene wind SIA</i>	50103851451	Riga, Latvia
<i>Virzas wind SIA</i>	40103702650	Riga, Latvia
Skogaryd Vindkraft AB	556773-9791	Hässleholm
Skuggetorp Vindkraft AB	556773-7993	Hässleholm
Svenska Vindbolaget AB	556759-9013	Hässleholm
<i>Eolus Vindpark Tjugoett AB</i>	556924-5110	Hässleholm
Uddevallavind AB	556707-1278	Hässleholm

NOTE 17 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 market value of currency derivatives was

KSEK 37,012 (-27,772) 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 -4,899 (-9,749) on the closing date.

Dec 31, 2020	<3 months	3 months-1 year	1-2 years	2-5 years	>5 years	Total
Borrowing	232,886	21,398	114,548	18,881	-	387,713
Accounts payable	169,408	-	-	-	-	169,408
Derivatives	429	1,286	1,714	1,143	-	4,572
Other financial liabilities	6,351	2,587	9,623	19,406	41,668	79,635
Total	409,074	25,271	125,885	39,430	41,668	641,328

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

NOTE 18 PARTICIPATIONS IN ASSOCIATED COMPANIES**GROUP AND PARENT COMPANY**

Participations in associated companies	Corp. Reg. No.	Registered office	Capital/votes (%)	CARRYING AMOUNT	
				Dec 31, 2020	Aug 31, 2019
Triventus AB	556627-3016	Falkenberg	40/40	-	-
Carrying amount				-	-

Change in participations in associated companies	2019/2020	2018/2019
	16 months	12 months
At September 1	-	37
Share in profits	-	-
Divestments	-	-37
Other	-	-
At August 31	-	-

NOTE 19 WIND TURBINE INVENTORIES, WIND TURBINES UNDER CONSTRUCTION, PROJECTS UNDER DEVELOPMENT AND ELECTRICITY CERTIFICATES

	GROUP		PARENT COMPANY	
	Dec 31, 2020	Aug 31, 2019	Dec 31, 2020	Aug 31, 2019
Inventories of certificates	5,800	15,611	5,800	15,611
Wind turbines under construction and projects under development	423,489	456,748	69,748	587,288
Total	429,289	472,359	75,548	602,899

NOTE 20 ACCOUNTS RECEIVABLE AND OTHER CURRENT RECEIVABLES

	GROUP		PARENT COMPANY	
	Dec 31, 2020	Aug 31, 2019	Dec 31, 2020	Aug 31, 2019
Accounts receivable	16,365	25,277	3,663	22,916
Other current receivables	6,864	35,411	3,649	10,718
Total	23,229	60,688	7,312	33,634
Other current receivables relate to:	Dec 31, 2020	Aug 31, 2019	Dec 31, 2020	Aug 31, 2019
VAT receivables	2,133	1,727	1,721	-
Receivables from related parties	-	-	-	-
Other receivables	4,732	33,684	1,928	10,718
Total	6,864	35,411	3,649	10,718

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	
	Dec 31, 2020	Aug 31, 2019	Dec 31, 2020	Aug 31, 2019
Accounts receivable, not yet fallen due or impaired	13,260	6,482	3,582	1,176
Accounts receivable, past due but not impaired	3,105	23,795	81	21,740
Reserve for doubtful receivables	-	-5,000	-	-
Total accounts receivable	16,365	25,277	3,663	22,916

At December 31, 2020, past due accounts receivable for which no reserve was considered necessary amounted to KSEK 3,105 (18,795).

KSEK 3,024 (0) in past due accounts receivable was settled after the balance sheet date.

Age analysis of accounts receivable, past due but not impaired	Dec 31, 2020	Aug 31, 2019	Dec 31, 2020	Aug 31, 2019
<30 days	194	3,741	-	3,741
30-90 days	-	429	-	235
91-180 days	194	194	-	-
>180 days	2,717	19,431	81	17,764
Total past due but not impaired accounts receivable	3,105	23,795	81	21,740
Age analysis of accounts receivable, past due and impaired	Dec 31, 2020	Aug 31, 2019	Dec 31, 2020	Aug 31, 2019
>180 days	-	5,000	-	-
Total past due and impaired accounts receivable	-	5,000	-	-

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

Provision for doubtful receivables	GROUP		PARENT COMPANY	
	Dec 31, 2020	Aug 31, 2019	Dec 31, 2020	Aug 31, 2019
Provision at beginning of year	5,000	-	-	-
Provision for doubtful receivables for the year	-	5,000	-	-
Doubtful receivables paid	-5,000	-	-	-
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	
	Dec 31, 2020	Aug 31, 2019	Dec 31, 2020	Aug 31, 2019
SEK	7,816	12,889	18	5,528
EUR	2,573	12,388	2,342	17,388
NOK	5,976	-	1,303	-
Total KSEK	16,365	25,277	3,663	22,916

The ten largest customers represent 99% (95%) of the Group's total accounts receivable. A single customer accounts for 37% (59).

NOTE 21 ACCRUALS

Prepaid expenses and accrued income	GROUP		PARENT COMPANY	
	Dec 31, 2020	Aug 31, 2019	Dec 31, 2020	Aug 31, 2019
Prepaid rental charges	159	160	360	133
Other prepaid expenses	4,495	9,725	4,080	8,768
Accrued contract income	454,474*	15,386*	-	-
Other accrued income	3,501	2,952	3,001	2,922
Total	462,629	28,223	7,441	11,823

Accrued expenses and deferred income	GROUP		PARENT COMPANY	
	Dec 31, 2020	Aug 31, 2019	Dec 31, 2020	Aug 31, 2019
Accrued payroll expenses and personnel costs	16,604	11,511	13,395	10,243
Accrued expenses and deferred income pertaining to projects	80,274	64,354	34,354	64,354
Other accrued expenses	5,952	15,720	4,747	2,261
Total	102,830	91,585	52,496	76,858

* Accrued contract income refers to percentage of completion for Øyfjellet and Wind Wall.

NOTE 22 SHARE CAPITAL AND EARNINGS PER SHARE

Disclosure on number of shares	Dec 31, 2020	Aug 31, 2019
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	2019/2020 16 months	2018/2019 12 months
Earnings attributable to Parent Company shareholders	198,348	132,876
Weighted average number of outstanding common shares	24,907,000	24,907,000
Earnings per share, before and after dilution	7.96	5.33

NOTE 23 BORROWING

Non-current borrowing from credit institutions	GROUP		PARENT COMPANY	
	Dec 31, 2020	Aug 31, 2019	Dec 31, 2020	Aug 31, 2019
Bank loans (variable interest rate)	131,250	152,400	131,250	150,000
Leases	3,866	-	-	-
Total non-current borrowing	135,116	152,400	131,250	150,000
Current borrowing				
Bank loans (variable interest rate)	249,669	150,533	249,669	150,000
Leases	1,995	-	-	-
Total current liabilities	251,664	150,533	249,669	150,000
Total borrowing	386,780	302,933	380,919	300,000

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	
	Dec 31, 2020	Aug 31, 2019	Dec 31, 2020	Aug 31, 2019
6 months or less	386,780	302,933	380,919	300,000
Total	386,780	302,933	380,919	300,000
Borrowing per currency				
SEK	155,861	302,933	150,000	300,000
USD	230,919	-	230,919	-
Total	386,780	302,933	380,919	300,000

BANK OVERDRAFT FACILITIES

	GROUP		PARENT COMPANY	
	Dec 31, 2020	Aug 31, 2019	Dec 31, 2020	Aug 31, 2019
Amount granted	100,000	100,000	100,000	100,000
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	
	Dec 31, 2020	Aug 31, 2019	Dec 31, 2020	Aug 31, 2019
1-5 years	135,116	152,133	131,250	150,000
More than 5 years	-	267	-	-
Total	135,116	152,400	131,250	150,000

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 2019/2020 fiscal year, all of the covenants were fulfilled.

NOTE 24 PROVISIONS**GROUP**

2019/2020, 16 months	After-treatment costs for disposal of wind turbines	Lease fees	Total
At September 1, 2019	757	168	925
Recognized in profit or loss			
additional provisions, interest	20	-	20
reversed amounts pertaining to divested turbines	-339	-17	-356
Exchange rate differences	-7	-	-7
At December 31, 2020	431	152	583
2018/2019, 12 months	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

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 KSEK 250 per megawatt (MW) of installed capacity for steel hubs. About KSEK 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 established at the present value of the calculated future cost. In accordance with IAS 37, point 60, provisions are continuously adjusted upward using the discount rate and this upward adjustment is recognized as a borrowing cost (interest expense).

COMMITMENTS REGARDING FUTURE LEASING

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

PARENT COMPANY

The Parent Company's provisions at December 31, 2020 comprise 152 (168) in lease fees.

NOTE 25 FINANCIAL INSTRUMENTS – DISCLOSURE ON FAIR VALUE PER CATEGORY

GROUP			
Dec 31, 2020	Carrying amount	Fair value	Level
Assets in the balance sheet			
Assets measured at fair value through profit or loss			
Currency derivatives	36,354	36,354	2
Currency swaps	657	657	2
Loan receivables and accounts receivable			
Cash and cash equivalents	690,938	690,938	2
Accounts receivable	16,365	16,365	2
Other financial assets	15,089	15,089	2
Liabilities in the balance sheet			
Liabilities measured at fair value through profit or loss			
Derivative liabilities			
Interest-rate swaps	4,899	4,899	2
Liabilities measured at amortized cost			
Interest-bearing liabilities	386,780	386,780	2
Accounts payable	169,408	169,408	2
Accrued interest expense	59	59	2
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			
Derivative liabilities			
Currency derivatives	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

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 base-line.

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 26 RECONCILIATION BETWEEN PROFIT BEFORE TAX AND NET CASH FLOW

Non-cash items	GROUP		PARENT COMPANY	
	2019/2020 16 months	2018/2019 12 months	2019/2020 16 months	2018/2019 12 months
Depreciation and impairment of property, plant and equipment	8,131	4,967	1,835	1,419
Unrealized exchange rate differences	11,047	-915	9,899	-958
Capital gains from divestment of non-current assets	-11,892	75	-656	75
Changes in provisions	-342	-1,180	-18	-341
Measurement of derivatives at fair value	-64,783	26,958	-	-
Total	-57,837	29,896	11,060	195

NOTE 27 CHANGES IN LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

2019/2020, 16 months	Loan liabilities falling due within 1 year	Loan liabilities falling due after 1 year	Other liabilities	Total
At September 1, 2019	-150,533	-152,400	-284	-303,217
Cash flow	-112,674	2,400	-	-110,274
Exchange rate differences	32,288	-	44	32,335
Other non-cash items	-20,745	14,884	-70,458	-76,319
At December 31, 2020	-251,664	-135,116	-70,698	-457,474

2018/2019, 12 months	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

NOTE 28 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets for liabilities to credit institutions	GROUP		PARENT COMPANY	
	Dec 31, 2020	Aug 31, 2019	Dec 31, 2020	Aug 31, 2019
Chattel mortgages	648,000	648,000	625,000	625,000
Wind turbines and leases used as collateral	-	6,230	-	-
Total	648,000	654,230	625,000	625,000

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

Contingent liabilities	PARENT COMPANY	
	Dec 31, 2020	Aug 31, 2019
Contingent liabilities for the benefit of subsidiaries	5,000	5,000
Total	5,000	5,000

NOTE 29 RELATED-PARTY TRANSACTIONS**OWNER STRUCTURE AT DECEMBER 31, 2020**

Largest shareholders	No. of Class A shares	No. of Class B shares	Share of equity (%)	Share of votes (%)
Domneåns Kraftaktiebolag	370,150	1,992,925	9.5	15.6
Hans-Göran Stennert, directly and through endowment insurance	380,100	518,984	3.6	11.8
Åke Johansson	202,120	400,000	2.4	6.6
Hans Johansson and Borgunda bygghandel, through companies	189,520	40,418	0.9	5.3
Försäkringsaktiebolaget Avanza Pension	-	909,569	3.7	2.5
Mediuminvest A/S	-	671,000	2.7	1.8
Odin Small Cap	-	500,000	2.0	1.4
Clearstream Banking S.A., W8IMY	-	445,177	1.8	1.2
Ingvar Svantesson	40,000	-	0.2	1.1
VIEM Invest AB	-	340,392	1.4	0.9
Other shareholders	103,735	17,802,910	71.8	51.8
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 2019/2020 or 2018/2019, other than the remuneration stated in Note 6.

PARENT COMPANY'S TRANSACTIONS WITH OTHER GROUP COMPANIES

0.0% (0.0) of the Parent Company's sales pertain to intra-Group invoicing. The Parent Company's operating expenses include intra-Group purchases at only insignificant amounts.

The same pricing policies apply to both purchases and sales between Group companies as to transactions with external parties.

NOTE 30 SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

In January 2021, Eolus signed individual PPAs with a large international energy company for the three wind farms Boarp, Dällebo and Rosenskog with a total capacity of 68 MW. These agreements cover 100% of the electricity generated in the wind farms, which have been sold to Commerz Real.

In March 2021, Eolus announced that the company is establishing operations in Poland, which is a fast-growing market when it comes to renewable energy. Currently, Poland is one of the European countries most dependent on fossil-based electricity production, which provides great business opportunities for an experienced project developer like Eolus. Eolus intends to contribute to the necessary transition through development, construction, sales, and asset management services of facilities with the lowest possible cost for the benefit of Polish industry

and Polish consumers. Eolus will focus on both onshore and offshore wind power and solar PV. Eolus has hired Daniel Larsson to head the operations in Poland. He most recently worked at the Swedish Embassy in Warsaw where he supported and developed Swedish companies and investors in Poland. The main focus was on energy and climate-related projects.

In March 2021, Eolus signed an agreement with an investor regarding the delivery of a turnkey wind power facility in Timmele, Municipality of Ulricehamn, Sweden. Eolus has signed a turbine supply agreement with Enercon for the delivery of two wind turbines of the model E-138 with an installed capacity of 4.2 MW each. Construction of the wind farm will start during 2021 and is expected to be completed during the summer of 2022.

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, March 26, 2021

Hans-Göran Stennert

Chairman

Hans Linnarson

Board member

Jan Johansson

Board member

Hans Johansson

Board member

Sigrun Hjelmquist

Board member

Bodil Rosvall Jönsson

Board member

Per Witalisson

Chief Executive Officer

Our auditor's report was submitted on March 26, 2021.

PricewaterhouseCoopers AB

Eva Carlsvi

Authorized 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 financial year 1 September 2019 to 31 December 2020 except for the corporate governance statement on pages 45–49.

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 parent company and the group as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 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 opinions do not cover the corporate governance statement on pages 45–49. 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 additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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 includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies 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 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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. 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

HOW OUR AUDIT ADDRESSED THE 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 Kråktorpet, Bäckhammar and Stigafjellet, and started the construction of Öyfjellet and Wind Wall.

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.

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.

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 December 2020 to MSEK 417.

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.

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.

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 1–39 and 96–100. 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.

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 Director's 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 intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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 Director's and the Managing Director of Eolus Vind AB (publ) for the financial year 1 September 2019 to 31 December 2020 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 Director's 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 Director's 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' 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 accord-

ing to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill 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.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 45–49 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 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 statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

PricewaterhouseCoopers AB, Anna Lindhs plats 4, 203 11 Malmö, was appointed auditor of Eolus Vind AB (publ) by the general meeting of the shareholders on the 25 January 2020 and has been the company's auditor since the 24 January 2015

Malmö 26 March 2021

PricewaterhouseCoopers AB

Eva Carlsvi

Authorized 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: Board member of Cuptronic Technology AB, Entreprenörinvest Sverige 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.



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 Teqnon AB and Facesso AB. Board member of Addnode Group AB (publ), Azelio AB, Ragn-Sellsföretagen AB, Transcendent Group AB (publ) 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 former 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 Board of Borgunda Tributo AB and Borgunda Uterque AB. Board member of Borgunda Gård AB, EDCA Sweden AB and Norskär Invest AB. Partner of Borgunda Fastighet Handelsbolag.

Shareholding in Eolus: 189,520 Class A shares and 40,418 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, CEO of Malmö Cityfastigheter AB.

Other assignments: CEO of Centuria AB. Chairman of the Board of Malmö Cityfastigheter AB and Starka AB. Board member of Bravida Holding AB, Erik Hemberg Fastigheter AB and Götenehus Group 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 and Askö Cylinda AB. Leading positions within the Electrolux Group and CEO of Husqvarna AB.

Other assignments: Chairman of the Board of Ellwee AB (publ), Hörberg Petersson Tronic AB, Nibe Industrier 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. Former 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 December 31, 2020 and thereafter with any changes known by Eolus. Members of the Board were elected at the Annual General Meeting on January 25, 2020 for the period until the 2021 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.

3,000

A wind turbine that produces 15 GWh (15,000,000 kWh) supplies 3,000 houses with electricity per year.

A normal Swedish house uses about 5,000 kWh of electricity per year. This means that:
 1 MWh is sufficient for 0.2 houses
 1 GWh is sufficient for 200 houses
 1 TWh is sufficient for 200,000 houses



Glossary

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

Electricity certificates A technology-neutral system for promoting the expansion of renewable electricity generation in Sweden and Norway. Producers of renewable electricity receive a certificate for each MWh (megawatt-hour) generated, which is then sold to quota obligation electricity consumers. Facilities that were deployed after December 31, 2021 are not entitled to electricity certificates.

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.

Hub height The height of the tower plus the nacelle of a wind turbine.

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

Installed turbines Turbines that have been installed, 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.

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.

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.

Power Purchase Agreement (PPA) A PPA is a contract between an electricity generator and an electricity purchaser to buy electricity directly from specific facilities.

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.

Swept area The area of the circle swept by the rotor blades of a wind turbine. 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.

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

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

Turbines taken into operation Turbines that have undergone final commissioning and are generating electricity.

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

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 next Annual General Meeting will be held on May 19, 2021. Due to the COVID-19 pandemic and the restrictions introduced to prevent the spread of infection, the Annual General Meeting will be held without the physical attendance of shareholders, proxies or other parties, and prior to the Meeting shareholders will be able to exercise their voting rights only by voting in advance (postal voting). Instructions on how to register and vote by post at the Annual General Meeting will be provided in the notice of the Meeting.

Financial calendar

Interim report Q1	May 18, 2021
Annual General Meeting	May 19, 2021
Interim report Q2	August 31, 2021
Interim report Q3	November 18, 2021
Year-end report 2021	February 18, 2022

Eolus Vind AB ("Eolus") is a public company with Corporate Registration Number 556389-3956.

The company is based in Häsleholm, 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 40–44), the Corporate Governance Report (pages 45–49) and the financial statements (pages 50–95).

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, 2018/2019.

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.

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).

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.

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

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.

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

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

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.



Cover photo: The Stigafjellet wind farm is writing history for Eolus. It is the company's first wind farm established in Norway and in terms of capacity it is the largest wind turbine ever installed by Eolus. The wind farm comprises seven Siemens Gamesa SWT-DD-130 4.3 MW wind turbines with a hub height of 115 meters. The total installed capacity is 30 MW.

The facility was completed and handed over to the investor ewz in August 2020 and Eolus is responsible for asset management. Photos: Simen Haugom / SpectacularNorway

Other photographers: Daniel Larsson / Fotograf Daniel, Simen Haugom / SpectacularNorway, Johan Funcke, Fotograf Cecilia, Istock, Envato, Siemens Gamesa, and Eolus.

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