

AUDITOR'S REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Eolus Vind AB (publ) for the year 1st September 2016 to 31 August 2017, excluding the corporate governance report on pages 37-39. The annual accounts and consolidated accounts of the company are included on pages 32-80 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 August 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 August 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinion does not include the corporate governance report on pages 37-39. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Our audit approach

Audit focus and scope

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

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

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

KEY AUDIT MATTER

Revenue recognition – sale of wind farms

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

During the financial year, Eolus sold the projects Långmarken, Iglasjön, Gunillaberg, Lunna and Tappeshusen. 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.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

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

- Audited the company's calculation of capital gains by reconciling the calculation against the sales contracts
- Audited the company's bookkeeping regarding sales at company level
- Audited the company's bookkeeping regarding sales at Group level
- Examined to determine if the classification of capital gains has been handled correctly in accordance with the company's accounting principles.

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

KEY AUDIT MATTER***Impairment testing of wind farms in operation***

Refer to Note 1 page 55 of the annual financial statements "Assessments, estimates and assumptions", and Note 12 page 66 "Tangible fixed assets".

The reported value of the commissioned wind farms amounted, as at 31 August 2017, to MSEK 101. The market prices of electricity and electricity certificates have declined in recent years and remain at a relatively low level. These price declines are indications of changes in factors which can impact the valuation of the wind farms. Due to this, the company has performed write-downs amounting to MSEK 8. The company undertakes write-down tests on an on-going basis to ensure the correctness of the value of the assets. The company has not identified any further impairment requirements.

Certain of the assumptions and assessments made by management in conjunction with the impairment testing regarding future cash flows and circumstances are complex and have a major impact on the calculation of the value in use. This applies, in particular, to the assessment of the future price levels of electricity and of electricity certificates and of the discount rate, where limited deviations result in a major impact on the calculation of the value in use.

Valuation of projects in progress

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

The reported value of projects in progress amounted at 31 August 2017 to MSEK 335.

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

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-31 and 84-87. The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

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

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We have studied company management's impairment tests. These calculations contain the company's assessments regarding future cash flows and the choice of discount rates. The assumption on future price developments as regards electricity and electricity certificates has been based on price forecasts estimated by external expertise.

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. The impairment tests have been examined through our:

- Assessment of the correctness of the calculation models
- Checking of the calculation and assessment of the applied WACC
- Comparison of input data regarding planned production against external data and we have undertaken a reasonability assessment comparing such data with data regarding historical production.
- Comparison of input data regarding estimated operating costs and other data against the company's forecasts and we have undertaken a reasonability assessment comparing such data with historical information.
- Executed sensitivity analyses regarding, amongst other things, changes in price developments and the discount rate.

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

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

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

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

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

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

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Eolus Vind AB (publ) for the year 1 September 2016 to 31 August 2017 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

A further description of our responsibility for the audit of the administration is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

Audit of the corporate governance report

The Board of Directors is responsible for the corporate governance report on pages 37-39 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Our review has been conducted in accordance with FAR's statement RevU 16 Auditor's examination of the corporate governance report. This means that our review of the corporate governance report has a different focus and a much more limited scope compared to the focus and scope of an audit in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this examination provides a sufficient basis for our opinion.

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

PricewaterhouseCoopers AB was appointed Eolus Vind AB (publ)'s auditor at the Annual General Meeting on 28 January 2017, and has been the company's auditor since 24 January 2015.

*Hässleholm, 4 December 2017
PricewaterhouseCoopers AB*

Eva Carlsvi
Authorised Public Accountant