

Expansion continues in Europe and the U.S.

1 July–30 September 2022

- Net sales amounted to 111 (691) MSEK.
- EBIT amounted to -8 (0) MSEK. Profit before tax amounted to -11(-5) MSEK.
- Net profit amounted to -11 (2) MSEK, of which -11 MSEK is attributable to Eolus's shareholders after reduction of the minority stakeholders' part.
- Earnings per share, before and after dilution equaled -0.45 (0.19) SEK.
- During the period, energy facilities with a total installed capacity of 0 (0) MW were taken into operations and handed over to customer.
- At the end of the period Eolus had 882 (921) MW under asset management.

1 January–30 September 2022

- Net sales amounted to 1 991 (1 606) MSEK.
- EBIT amounted to 54 (-21) MSEK. Profit before tax amounted to 51 (-30) MSEK.
- Net profit amounted to 75 (-17) MSEK, of which -47 MSEK is attributable to Eolus's shareholders after reduction of the minority stakeholders' part.
- Earnings per share, before and after dilution equaled -1.88 (-0.55) SEK.
- During the period, energy facilities with a total installed capacity of 0 (47) MW were taken into operations and handed over to customer.
- At the end of the period Eolus had 882 (921) MW under asset management.

Significant events during the period

- Eolus secured funding of SEK 1,500 million by signing credit facilities with Swedbank totaling SEK 1,200 million and increasing its credit agreement with the Swedish Export Credit Corporation to SEK 300 million.
- From September 1, Eolus expanded the Group Management with Michiel Messing, Head of Delivery & Construction, Hélène Sebrén, Head of HR and Magnus Axelsson, new Chief Operating Officer.

Significant events after the balance sheet date

- In October, Eolus sold a solar and battery storage project located in Arizona, US, which is expected to have an initial aggregate capacity of 750 MWac solar photovoltaic generation and battery storage capacity. Commissioning is planned for 2025. Eolus has received an initial payment of USD 12 million.
- Inga Abolina was appointed Head of Baltics and took office on 24 October 2022.

Financial summary	Unit	Q3	Q3	9 months	9 months	Rolling 12	Full year
		2022	2021	2022	2021	Oct-Sep	2021
Net sales	MSEK	111	691	1 991	1 606	2 999	2 614
EBIT	MSEK	-8	0	54	-21	49	-25
Profit before tax	MSEK	-11	-5	51	-30	41	-40
Net profit	MSEK	-11	2	75	-17	69	-24
Earnings per share before and after dilution	SEK	-0,45	0,19	-1,88	-0,55	-2,08	-0,74
Equity per share	SEK	38,25	39,55	38,25	39,55	38,25	39,50
Cashflow from operating activities	MSEK	-204	-30	-53	284	-433	-97
Total assets	MSEK	1 880	1 844	1 880	1 844	1 880	1 885
Net debt - /net cash +	MSEK	401	532	401	532	401	439
Order backlog	MSEK	682	3 658	682	3 658	682	1 793
Project under construction	MW	786	477	786	477	786	737
Taken into operation and handed over to customer	MW	-	-	-	47	-	47
Project portfolio	MW	17 843	9 057	17 843	9 057	17 843	13 823
Managed turbines	MW	882	921	882	921	882	914
Equity/assets ratio	%	54	54	54	54	54	67
Return on equity after tax	%	neg	0,2	neg	0,2	neg	neg

Message from the CEO

Leaders of all stripes – state, government, and business – and representatives of civil society are now meeting in Egypt at COP27, the world’s largest annual gathering for climate action. Faced with an escalating energy crisis, record levels of greenhouse gas emissions, and increasing extreme weather events, we must gather all our forces to meet the targets of the Paris Agreement for limiting global warming to under 2 degrees Celsius – and preferably 1.5 degrees. As a developer of facilities for production of renewable energy, we can make a tremendous contribution toward helping countries achieve their climate targets.

The climate crisis and the acute energy crisis in combination with electrification means that the world will need enormous amounts of renewable and fossil-free energy. For example, energy consumption in Sweden is expected to more than double by 2045, at which point the country will have energy needs of 300 TWh per year. Considering that our current electricity generation is approximately 160 TWh and that 80 TWh will be lost when facilities reach their age limit, Sweden will need to add new electricity generation corresponding to 220 TWh. Accordingly, an average of 10 TWh will need to be added every year between 2023 and 2045, which corresponds to the amount of electricity that is produced annually by a nuclear reactor the size of Oskarshamn 3. In light of this, I believe it is obvious to nearly everyone that any fossil-free energy that can be added will be needed. Offshore wind power will have to account for a substantial part of additional electricity production. Land-based grid connections are planned for the majority of Eolus’ offshore projects in Sweden. This limits the impact of proposed changes to government funding of offshore grid connections.

The development will mean great business opportunities in energy efficiency, energy storage and services associated with consumer flexibility. We are pleased to see that industry is clearly communicating the need for wind and solar power projects that can be implemented within a reasonable amount of time at attractive prices. It is also clear that industry wants to be part of the energy transition, and that it is happy to become involved in developing the technology together with developers like Eolus. Of course, we are seeing similar developments in the other markets where we operate as well, even if the conditions are different.

In the US, the new tax legislation that stimulates investments in renewable energy is accelerating this development. One expression of the willingness to invest in renewables is the transaction in October where we sold a 750 MW solar power project and battery storage in Arizona to a portfolio company that is part of a listed global venture capital company. We received an initial payment of USD 12 million in the fourth quarter. Provided that the project is realized according to plan, the consideration could total between USD 104 and 190 million, to be paid between 2023 and 2025.

Third-quarter sales and earnings were primarily attributable to increases in the percentage of completion of ongoing projects, since no new divestments took place. This means that we posted relatively low net sales and a negative operating profit. During the quarter, we secured funding of SEK 1,500 million through new credits agreement with Swedbank and the Swedish Export Credit Corporation. In the Øyfjellet project in Norway, all 72 wind power turbines are now in operation. As of September 30, the percentage of completion in the project was 90%. In early November, our customer took over all the wind turbines from the turbine supplier Nordex.

Our project portfolio continues to develop, and diversification as regards markets and technology types is increasing. This will be an important success factor going forward when circumstances in the form of political governance and economic conditions will differ over time and among different countries. In Sweden, we now have a total of 114 MW in permitted solar power projects. We started in Poland in 2021, where we have begun building up a solid project portfolio and now have a number of solar power projects under development. In the Baltic states, we are shifting into a higher gear by expanding our organization under the management of our new Head of Baltics, Inga Abolina. We have several first-rate projects in the Baltics, and under Inga’s management we will be able to further increase the pace of development.



We have set an ambitious business plan for the 2022–2024 period, and in line with this we are investing heavily in projects and employees. At September 30, we had 93 employees, of whom 43 started during the year. To ensure that we grow with the proper quality, Group Management was expanded in September with Magnus Axelsson, COO; Michiel Messing, Head of Delivery & Construction; and Heléne Sebrén, Head of HR. Read more about the development of the organization on page 10. I am grateful that so many new employees with various background and experience have chosen to start working with us. I look forward with pleasure to continuing to develop Eolus as a company alongside colleagues both old and new, and thereby helping to counteract both climate change and the energy crisis.

Hässleholm, 16 November 2022

Per Witalisson, CEO

54%

Equity/assets ratio
30-09-2022

415

Growth, project portfolio,
third quarter 2022, MW

17,843

Total project portfolio 30-09-2022,
MW

Eolus financial targets 2022–2024

Eolus's business plan for the period 2022–2024 entails expansion in all technologies and in all the markets where Eolus conducts business. Based on the business plan Eolus communicates the following financial goals:

- Sales of 1,000 MW per year on average during the period 2022–2024.
- From 2025, sales shall amount to 1,500 MW per year on average.
- Return on equity at Group level shall exceed 10% per year on average.
- Equity ratio at Group level shall exceed 30%.
- Eolus's dividend over time shall follow the earnings and correspond to 20-50% of the Group's profit after tax. However, dividends will be subject to the Group's investment requirements and financial position.

Significant events during the first quarter 1 July–30 September 2022

Eolus has secured financing of SEK 1,500 million by signing credit facilities with Swedbank totaling SEK 1,200 million and increasing its credit agreement with the Swedish Export Credit Corporation. The company has thus secured funding for the planned expansion over the next four years. The credit agreement with Swedbank comprises liquidity and construction loans of SEK 1,200 million with a four-year term. The agreement facilitates funding for ongoing and future establishments in which Eolus is responsible for financing during the construction phase, and ensures strong liquidity during ongoing operations. At the same time, the credit agreement with the Swedish Export Credit Corporation was increased to SEK 300 million.

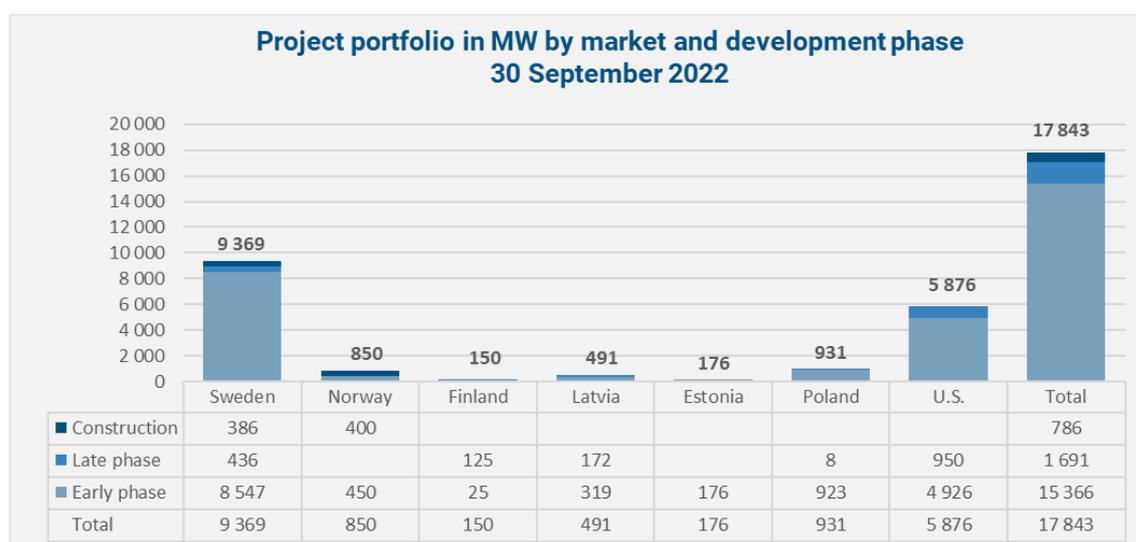
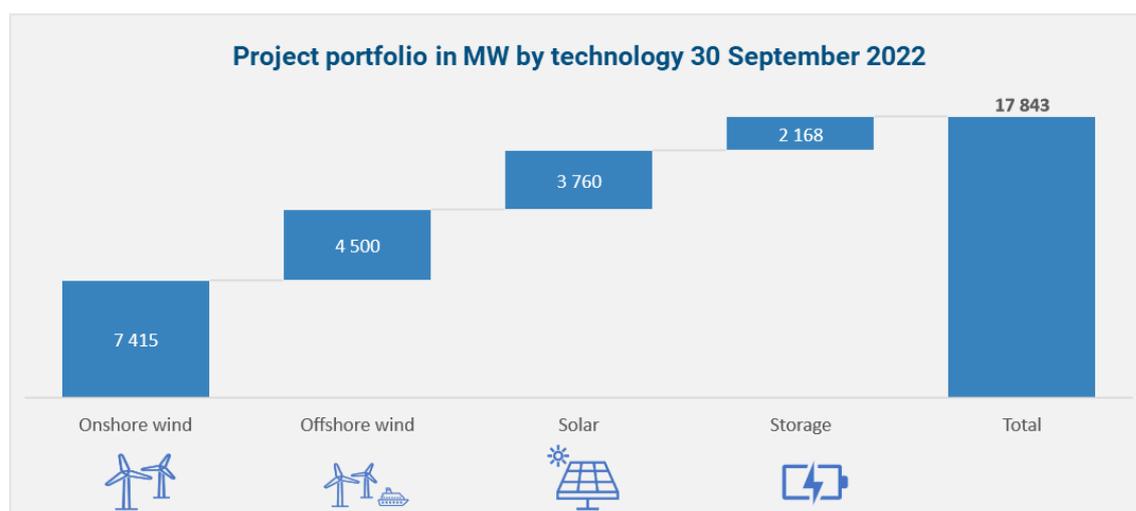
As of 1 September 2022, Eolus's Group Management was expanded with the addition of Head of Delivery and Construction Michiel Messing and Head of HR Heléne Sebrén. On the same day, Magnus Axelsson took office as new COO and member of Group Management. Heléne Sebrén has held the position as HR Manager since 2020 and Michiel Messing joined Eolus as Head of Delivery and Construction in 2021.

Significant events after the third quarter

In October, Eolus signed an agreement to sell a solar and battery storage project located in Arizona, US. The buyer is a United States-based portfolio company backed by a large publicly traded global private equity investment firm. The project is a mid-stage development asset that is expected to have an initial aggregate capacity of 750 MWac solar photovoltaic generation and battery storage capacity. Commissioning is currently planned for 2025. The buyer has acquired all the membership units in the project company from Eolus and has also signed an agreement for Eolus to provide certain development services to the project through commercial operation. Eolus has received an initial payment of USD 12 million and will be paid additional purchase price instalment payments depending upon the progress of the project and the fulfilment of certain milestones. The milestones involve advancing the development of the project and preparing it for financing and construction. A significant portion of the total consideration will be paid to Eolus upon commencement of construction of the project. At this stage, the total purchase price is estimated to be between USD 104 and 190 million and will be paid throughout 2023–2025. The buyer's continued development and dimensioning of the project will influence the amounts of further payments to Eolus within the above-mentioned range.

Inga Abolina was appointed Head of Baltics and took office on 24 October. Inga Abolina is an experienced finance manager with a proven track record in the energy industry including management of large-scale energy projects. She has, among others, held positions as CFO and Board Member of the Latvian natural gas company Latvijas Gāze and Director of Project Management of state-owned energy provider Latvenergo.

Project portfolio



Projects in late development phase or sales phase

Eolus continuously reports the status of the projects that are in a late development phase or sales phase. These projects are thus the ones that we currently deem to have the greatest potential to obtain the necessary permits and where the sales process has begun, or will begin soon. The compilation covers projects in all markets that Eolus operates in as well as relevant technologies. This information can be found on our website eolusvind.com.

Projects under construction 30 September 2022

	Location	Technology	Capacity, MW	Estimated yearly pro- duction, GWh	Planned Commissioning	Degree of Completion
Øyfjellet	Vefsn, Norway, NO4	Onshore wind	400	1 300	2022	90%
Stor-Skälsjön	Sundsvall and Timrå, Sweden SE2	Onshore wind	260 *	800	2023	22%
Rosenskog	Falköping, Sweden, SE3	Onshore wind	18	55	2023	0%
Skallberget/ Utterberget	Falköping, Sweden, SE3	Onshore wind	74	208	2023	0%
Tjärnäs	Falköping, Sweden, SE3	Onshore wind	25	65	2023	0%
Timmele	Ulricehamn, Sweden, SE3	Onshore wind	8	23	2023	0%
Total			786	2 451		

*100% of capacity in Stor-Skälsjön

Consolidated income statement

MSEK	Q3 2022	Q3 2021	9 months 2022	9 months 2021	Rolling 12 Oct-Sep	Full year 2021
Net sales	111	691	1 991	1 606	2 999	2 614
Other operating income	6	8	26	25	42	42
	117	699	2 016	1 631	3 041	2 656
Operating expenses						
Cost for goods and project development	-71	-655	-1 789	-1 520	-2 754	-2 485
Other external costs	-28	-24	-89	-62	-119	-93
Employee benefits expenses	-20	-12	-59	-40	-78	-59
Depreciation of property, plant and equipment	-2	-1	-4	-4	-5	-5
Result from participations in associated companies	0	-	2	-	2	-
Other operating expenses	-4	-7	-24	-26	-37	-39
Operating profit	-8	0	54	-21	49	-25
Profit/loss from financial items	-3	-5	-3	-9	-8	-15
Profit before tax	-11	-5	51	-30	41	-40
Tax on profit	0	6	25	14	27	16
Net profit for the period	-11	2	75	-17	69	-24
Whereof related to the shareholder of the parent company	-11	5	-47	-14	-52	-19
Whereof related to minority stakeholders	0	-3	122	-3	120	-5
Net profit for the period	-11	2	75	-17	69	-24
Total shares	24 907	24 907	24 907	24 907	24 907	24 907
Profit per share before/after dilution (SEK)	-0,45	0,19	-1,88	-0,55	-2,08	-0,74

Consolidated statement of comprehensive income

MSEK						
Net profit for the period	-11	2	75	-17	69	-24
Other comprehensive income						
<u>Items that may be reclassified to profit or loss</u>						
Translation differences	28	10	70	15	74	18
Tax related to items that may be reclassified to profit or loss	-6	-2	-13	-4	-15	-5
Other comprehensive income for the	22	8	57	11	59	13
Total comprehensive income for the period	11	10	132	-6	128	-10
Whereof related to the shareholder of the parent company	10	13	6	-2	5	-3
Whereof related to minority stakeholders	1	-4	126	-4	123	-7
Total comprehensive income for the period	11	10	132	-6	128	-10

Consolidated balance sheet

MSEK	30 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets	9	21	11
Property, plant and equipment	35	30	26
Participations in associated companies	30	-	-
Deferred tax asset	43	4	6
Other financial assets	18	16	16
Total fixed assets	135	70	59
Current assets			
Work in progress and projects under development	656	750	843
Advance payment to suppliers	171	64	170
Account receivable - trade	108	70	71
Derivative instruments	-	11	2
Current tax assets	35	51	24
Other receivables	44	16	55
Prepaid expenses and accrued income	7	85	35
Cash and bank balances	723	726	625
Total current assets	1 745	1 774	1 826
TOTAL ASSETS	1 880	1 844	1 885

MSEK	30 Sep 2022	30 Sep 2021	31 Dec 2021
EQUITY AND LIABILITIES			
Equity			
Equity related to the share holders of parent company	953	985	984
Equity related to minority stake holders	59	5	280
Total equity	1 012	990	1 264
Non-current liabilities			
Non-current interest bearing liabilities	231	30	21
Provision, non current	0	1	0
Deferred taxes	2	6	18
Other liabilities	65	71	65
Total non-current liabilities	299	107	105
Current liabilities			
Current interest bearing liabilities	91	164	165
Bills payable	240	195	186
Derivative instruments	10	4	5
Current tax liabilities	5	6	4
Accrued expenses and deferred income	200	150	116
Advance payment from customers	13	10	10
Other liabilities	10	218	31
Total current liabilities	569	747	516
Total equity and liabilities	1 880	1 844	1 885

Consolidated cash flow statement

MSEK	Q3 2022	Q3 2021	9 months 2022	9 months 2021	Rolling 12 Oct-Sep	Full year 2021
Operating activities						
Operating profit	-8	0	54	-21	49	-25
Non cash items	6	11	-107	34	-95	46
	-2	11	-54	13	-46	21
Interest received	0	0	1	1	3	2
Interest paid	-4	-8	-10	-16	-14	-19
Income tax paid	-5	-4	-19	-14	-31	-26
Net cash flow from operating activities before changes in working capital	-12	0	-82	-16	-88	-22
Adjustments of working capital	-192	-31	29	300	-346	-75
Cash flow from operating activities	-204	-30	-53	284	-433	-97
Acquisition of property, plant and equipment	-2	0	-3	-2	-5	-4
Sales of property, plant and equipment	0	0	1	0	1	1
Acquisition of financial assets	-	-	-30	-	-30	-
Cash flow from investing activities	-2	0	-33	-2	-34	-3
Borrowings	-	-	300	47	303	50
Repayment of loans	-9	-9	-178	-246	-190	-258
Paid dividends	-	-	-37	-50	-37	-50
Payments from non-controlling interests	4	0	77	0	367	290
Cash flow from financing activities	-5	-9	161	-248	442	32
Cash flow for the year	-212	-39	76	33	-25	-68
Cash and cash equivalents at beginning of year	928	765	625	691	726	691
Exchange-rate differences in cash and cash equivalents	7	1	22	2	22	2
Cash and cash equivalents at year-end	723	726	723	726	723	625

Consolidated statement of changes in equity

MSEK	Share capital	Additional paid-in capital	Reserves	Retained earnings	Total, Eolus's shareholders	Non-controlling interests	Total equity
At 1 January 2021	25	191	-17	838	1 037	-1	1 036
Net profit for the year	-	-	-	-14	-14	-3	-17
Other comprehensive income	-	-	8	3	11	0	11
Total comprehensive income	-	-	8	-11	-2	-4	-6
Dividend	-	-	-	-50	-50	-	-50
At 30 September 2021	25	191	-8	777	985	5	990
Net profit for the year	-	-	-	-5	-5	-2	-7
Other comprehensive income	-	-	7	-3	4	-2	2
Total comprehensive income	-	-	7	-8	-1	-4	-4
Transactions with shareholders							
Capital contribution from non-controlling interests	-	-	-	-	-	279	279
At 31 December 2021	25	191	-1	770	984	280	1 264
At 1 January 2022	25	191	-1	770	984	280	1 264
Net profit for the year	-	-	-	-47	-47	122	75
Other comprehensive income	-	-	53	-	53	4	57
Total comprehensive income	-	-	53	-47	6	126	132
Transactions with shareholders							
Dividend	-	-	-	-37	-37	-	-37
Change in non-controlling interest at divestment of subsidiaries	-	-	-	-	-	-427	-427
Capital contribution from non-controlling interests	-	-	-	-	-	79	79
At 30 September 2022	25	191	52	686	953	59	1 012



Vindpark Jenåsen, outside Sundsvall, was commissioned in 2018.

Sustainability for Eolus

The energy issue is still an urgent matter, and the need for secure access to renewable, decentralized energy at reasonable prices for people and companies is clearer than ever. Eolus is proud to be involved in this transition by developing and enabling investments in renewable energy. Of course, we are also working in our own operations to take responsibility and contribute to all aspects of the field of sustainability. In light of increased expectations from various stakeholder groups and new regulatory requirements, we are working actively to systematize and expand Eolus's sustainability efforts and reporting. In the third quarter, our work on a renewed stakeholder dialogue began as part of a project that also includes risk analysis, materiality analysis and mapping for compliance with the EU's future Corporate Sustainability Reporting Directive (CSRD). We are also holding trainings and workshops with both the Board of Directors and Group Management on the EU taxonomy and CSRD.

Sustainalytics, a company that provides ESG data, published the yearly ranking of Eolus in October. There was a marked improvement, which largely is related to externally available sustainability data being relatively limited historically, as well as the absence of certain formal policy instruments. Development work is in progress and a large number of initiatives have already been carried out, which means that we expect our ranking will improve further.

Environmental sustainability

Currently, we are measuring our carbon emissions in Scope 1 (for example, from vehicles) and Scope 2 (for example, from the purchase of energy) in our Swedish operations and will commence the measurement of these in all our markets as of January 1, 2023. In the third quarter, we continued our work on a project to create a structure to measure our Scope 3 emissions (indirect emissions, for example, from our supplier chain) and the plan is still to initiate two pilot projects in 2023. We have also begun to measure business travel as part of Scope 3.

As regards biodiversity, we have begun investigating how to measure the impact of our projects, work systematically on compensatory measures, and set targets. At present, the impact of the projects is surveyed through environmental impact assessments or similar documents, but we also want to set targets for Eolus as a company. That is why we have joined the CLIMB (Changing Land use Impact on Biodiversity) project, which intends to create a tool for evaluating nature in Sweden and the Nordic region on a comparable basis. Our participation promotes research, and will help us set science-based targets for biodiversity.

Social responsibility

As a company, we have a major social responsibility for the welfare of our employees and suppliers, and for the people who live and work in the vicinity of our projects. Since the company's inception 30 years ago, Eolus has maintained a strong sense of social responsibility, but processes and standpoints need to be formalized and communicated in pace with the company's growth. During the third quarter, we continued our review of our Code of Conduct, policies and guidelines, and in November, Eolus' Board of Directors adopted a Human Rights Policy.

Responsible client

Eolus does not manufacture its own energy facilities, or employ construction workers – instead we sign agreements with suppliers. This means that other companies account for most of our impact on the environment and work environment. We are therefore engaged in systematizing procurement and how we impose requirements on suppliers. This includes measures such as creating a specific Code of Conduct for suppliers as well as procedures for imposing requirements relating to such aspects as the environment, social relations and staff, respect for human rights, and anti-corruption.

News at Eolus

A growing company and a growing organization

Eolus has set an ambitious business plan for 2022 to 2024 that involves an expansion in all technologies and markets where we operate. There are also financial targets linked to the plan; refer to the detailed description on page 2. To achieve these targets, the organization needs to grow considerably. The average number of employees in the third quarter (counted in full-time equivalents) was 72, compared with 52 for the year-earlier quarter. Counted individually, we had 93 employees on September 30.

To date during the year, we welcomed a total of 43 new employees throughout our organization, from project operations and asset management to support functions. The majority of the recruitments were managed by Eolus's own HR department. Recruiting under own management was a strategic choice, since we regard employees as the most important resource in creating, developing, and delivering projects. Of course, it is a question of finding employees with the right competence and experiences, but it is also an issue of creating the best conditions for collaboration and building our corporate culture.

Eolus has an ambitious introduction program that all employees take part in during their first months on the job. The program comprises roughly fifteen digital sessions that present the company's strategy, working methods, procedures, and functions. To date in 2022, the program has been run five times, with between 5 and 15 participants each time. Equal treatment of all new employees in the introductory process is ensured through our HR system, which was implemented in September 2022.

Developing the organization

Eolus conducts annual employee surveys that are reported and processed at both the company and the team level. The surveys provide valuable knowledge about what is working well, and where there is room for improvement. In the 2022 employee survey, we had an Employee Net Promoter Score (ENPS) of 31. Our goal is to increase this figure yearly, and to ensure success we are creating action plans and activities to develop employees, teams, and the organization as a whole. We hold an annual staff conference for all employees, and competence development initiatives are implemented in areas such as project management. Going forward, we will also work on leadership development.

The work environment and health are key areas of focus so that our employees will both feel well and do well. We are of course engaged in systematic health and safety initiatives based on legal requirements, but we also offer, for example, health check-ups, health insurance, and health and wellness subsidies as a supplement to our statutory obligations.



Three of the new employees who started during the year: Emil Nordström, Origination Manager, Kamila Ziemecka, Business Developer and Magnus Axelsson, Chief Operating Officer.

About Eolus

Since the company's inception thirty years ago, Eolus has grown to become one of the leading developers of renewable energy in the Nordic region. Today, we develop, establish, and manage renewable energy projects in onshore and offshore wind power, solar power and energy storage. Eolus offers attractive and competitive investment opportunities in the Nordic region, the US, Poland and the Baltics. With our competent and dedicated staff, we are taking the company forward at a rapid pace and driving the transition to renewable electricity generation.

Business idea

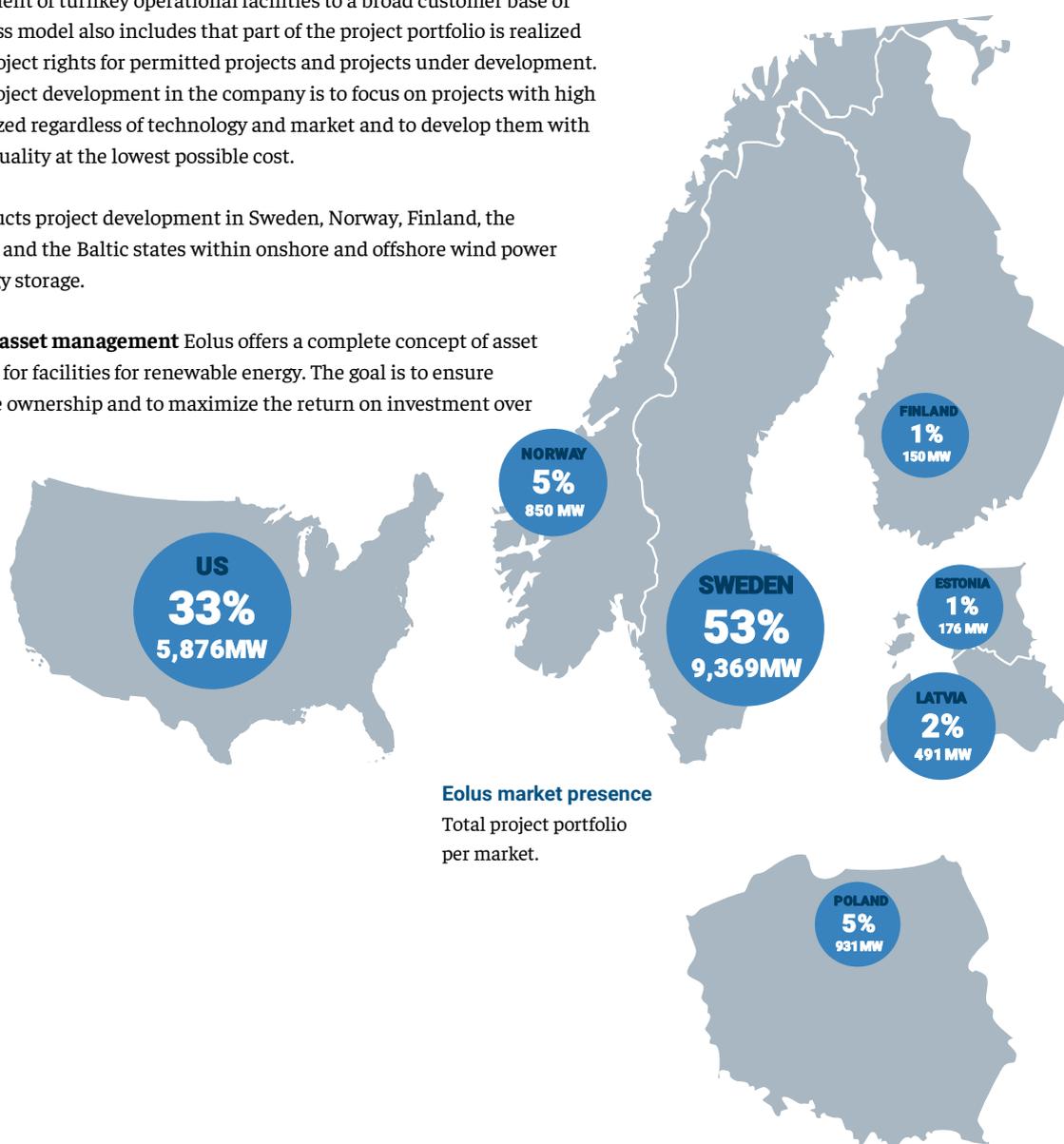
The business idea of the Eolus group is to create value in all steps of development, establishment, and operations of facilities for renewable energy and energy storage and offer local and international investors attractive and competitive investment opportunities.

Segment

Within the segment development, which is Eolus main business, projects are realized mainly by the divestment of turnkey operational facilities to a broad customer base of Investors. The business model also includes that part of the project portfolio is realized through the sale of project rights for permitted projects and projects under development. The strategy in the project development in the company is to focus on projects with high probability to be realized regardless of technology and market and to develop them with the highest possible quality at the lowest possible cost.

Currently Eolus conducts project development in Sweden, Norway, Finland, the United States, Poland and the Baltic states within onshore and offshore wind power solar power and energy storage.

Within the segment asset management Eolus offers a complete concept of asset management services for facilities for renewable energy. The goal is to ensure owners of a worry-free ownership and to maximize the return on investment over time.



Eolus Vind AB (publ)
Box 95
281 21 Hässleholm
Tel (vx): +46 (0)10 – 199 88 00

info@eolusvind.com
www.eolusvind.com
Org nr. 556389-3956