ANNUAL REPORT 2017

SOLÖR BIOENERGI HOLDING AB (PUBL)

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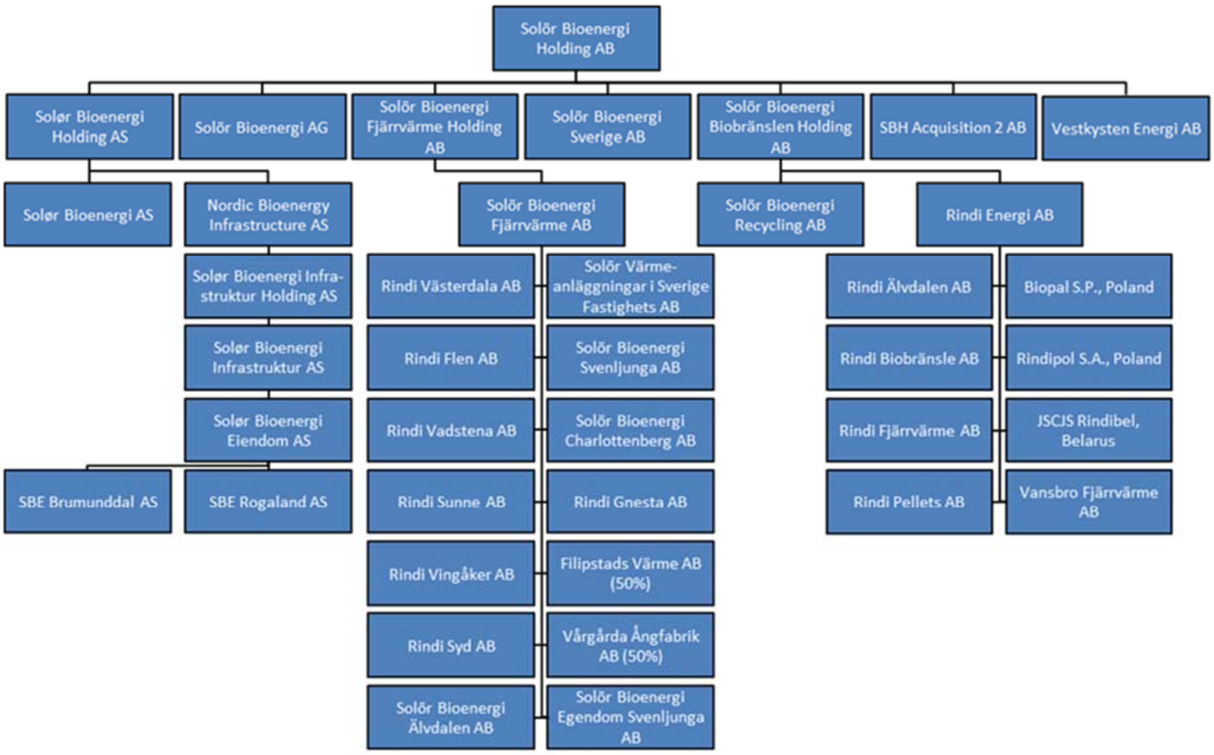
Board of Directors' Report

The Board of Directors and the Managing Director of Solör Bioenergi Holding AB (publ), corporate identity number 556907-9535, domiciled in Stockholm, hereby present the Annual Report including the consolidated financial statements for the financial year January 1, 2017 – December 31, 2017.

Solör Bioenergi Holding AB Group consists of the parent company Solör Bioenergi Holding AB and its subsidiaries according to the table below (see also Note 2):



The Group has its main operations in Sweden and a minor part in Norway and Poland. Solör Bioenergi Holding AB is the parent company in the Solör Bioenergi Group and is a Swedish limited liability company domiciled in Stockholm. The address of the corporate office is Norrlandsgatan 16, 111 43 Stockholm, Sweden. The Group's functional currency is Swedish Krona (SEK). All amounts in the Annual Report are presented in SEK million (SEK M) if not otherwise stated. Certain subtotals and totals in the tables may differ from the sum of the figures presented due to rounding.

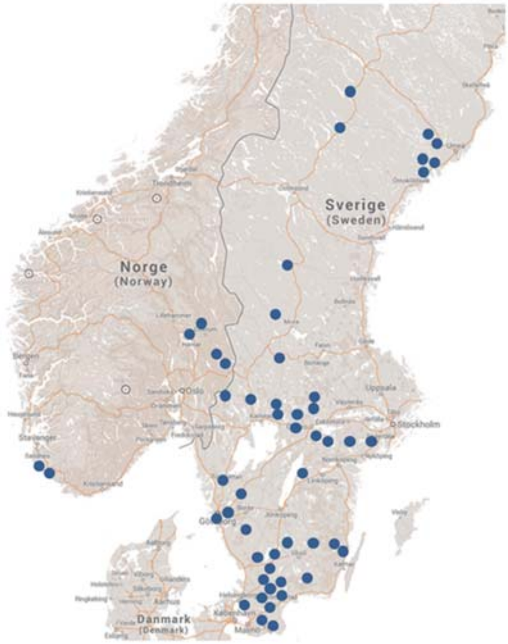
The operations

The Group business is production of thermal energy, biofuel production in the form of wood chips, briquettes and pellets and energy recovery of impregnated wood. The operations are organized in two main segments, district heating and biomass.

As part of the long-term growth strategy, in addition to the above, the Group also engages in transaction activities. These include acquisitions, operational and financial restructurings and disposals of businesses and assets.

Within the Group's operations, there are 52 power plants, 3 environmental terminals, 2 pellet plants and 1 briquette plant. Total installed power is 754 MW and total distribution pipeline length is 713 km. The annual energy delivery amounts to approximately 2.1 TWh in a normal year and the Group has approximately 8,000 customers.

The map to the right shows the plants in Sweden and Norway where the Group operates.



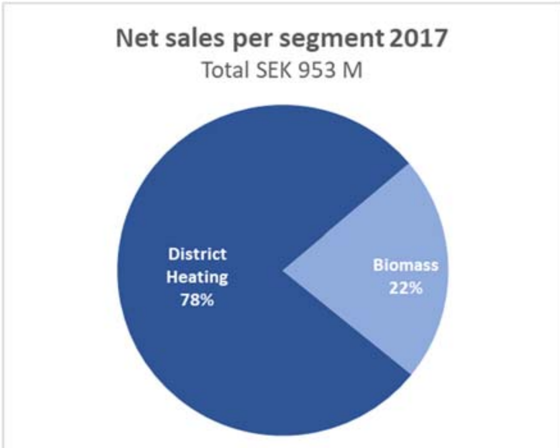
Multi-year review

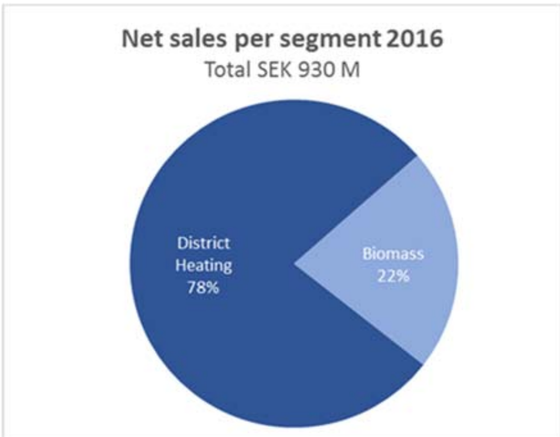
	2017	2016	2015	2014
Net sales	953	930	880	780
EBITDA	229	295	308	57
EBIT	46	114	129	-226
Profit/loss before tax	-141	-89	-23	-383
Net profit	-150	-43	-40	-431
Total assets	4,843	4,003	3,972	4,140
Equity	797	967	973	767
Equity ratio (%)	16%	24%	24%	19%
Average number of employees (persons)	168	174	185	180

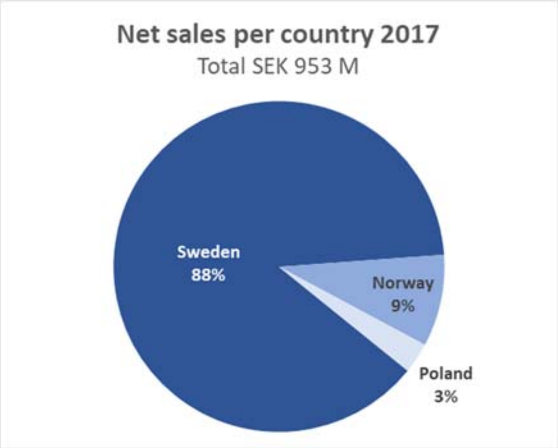
Net sales and earnings

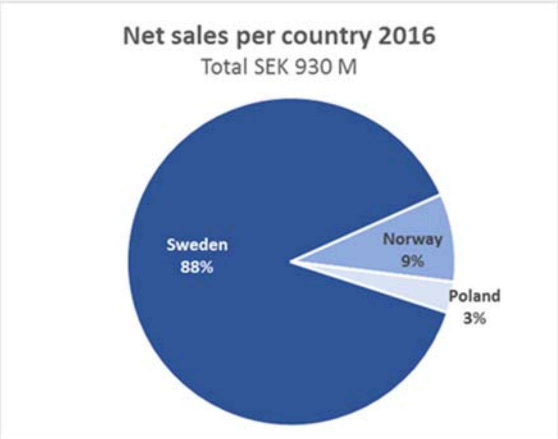
Throughout 2017, the Group successfully pursued operational improvements through its focus on raw material optimization and cost reductions.

Net sales increased by 2 percent compared with last year and amounted to SEK 953 M (930). The increase is mainly attributable to increased energy deliveries and increased customer prices in order to ensure a long-term and sustainable business and security of supply of heat.









Consolidated gross contribution, defined as total operating income less raw materials and cost of goods sold, amounted to SEK 590 M (667). Last year's consolidated gross contribution was impacted positively by unrealized gains on derivative financial instrument (the put & call option from the agreement with Nordic Bioenergy Infrastructure AS) by SEK 88 M. Adjusted for this effect, consolidated gross contribution improved by 2 percent to SEK 590 M (579).

Earnings Before Interest, Tax, Depreciations and Amortizations (EBITDA) amounted to SEK 229 M (295). EBITDA was impacted negatively by one-off project costs of SEK 17 M and other consultant expenses of one-off character of additional SEK 16 M. Last year's EBITDA was on the other hand impacted positively by the unrealized gain on derivative instruments by SEK 88 M. Adjusted for the above, EBITDA amounted to SEK 262 M (207), an increase by 27 percent. The increase is mainly a consequence of increased customer prices and performed operational improvements resulting in lower raw material costs. In addition to this, EBITDA was affected positively by lower rents subsequent to the acquisition of the infrastructure assets in Nordic Bioenergy Infrastructure AS (NBI).

Earnings Before Interest and Tax (EBIT) amounted to SEK 46 M (114). Adjusted for the effects described above, EBIT amounted to SEK 79 M (26).

Segment District heating

Segment District heating accounted for 78 percent (78) of consolidated net sales. The segments' energy plants produce energy for district heating, industrial steam and electricity to customers in the public and private sectors. Energy facilities are located in Sweden, Norway and Poland.

Total energy deliveries amounted to 1,148 GWh (1,133) and net sales amounted to SEK 756 M (744). The relative higher increase in net sales in comparison to the increase in energy deliveries, is mainly due to the Group's successful implementation of its pricing strategy.

Gross contribution amounted to SEK 513 M (485) and gross margin increased to 67 percent (65). The improvement is mainly a consequence of the above described pricing strategy as well as higher margins after performed operational improvements and lower raw material costs.

EBITDA amounted to SEK 293 M (220) and was charged with overhead expenses amounting to SEK 26 M (48). Adjusted for the above, EBITDA for the segment amounted to SEK 319 M (268). The improvement is a consequence of the higher gross contribution and lower rents after the acquisition of the infrastructure assets (NBI).

During the second half of December 2017, the Group acquired an energy plant in Älvdalen. Annual energy deliveries are expected at approximately 10 GWh.

Segment Biomass

The segment has three terminals receiving impregnated and treated wood, as well as biomass production for sales to our own power plants and external energy customers. The segment also includes production and sale of briquettes and pellets.

Net sales amounted to SEK 210 M (220). Gross contribution amounted to SEK 85 M (94) and gross margin to 40 percent (42). The difference in net sales and gross margin is essentially explained by an insurance contribution received during the previous year.

The environmental terminals showed positive developments regarding both volumes received and gate-fees. The pellets and briquettes business has stabilized on moderate volumes and prices per ton.

EBITDA amounted to SEK -28 M (-18). EBITDA was charged with overhead expenses amounting to SEK 30 M (20). Adjusted for this, EBITDA for the segment amounted to SEK 2 M (2).

Significant events during the financial year

During April 2017, the Group completed its refinancing project. The refinancing totaling SEK 3,070 M, meant that the Group prematurely redeemed the two bond loans and all liabilities to credit institutions, except in the two co-owned subsidiaries Filipstads Värme AB and Vårgårda Ångfabrik AB, as well as the Polish subsidiaries.

The new borrowing is divided into a so-called senior loan (SFA – Senior Facilities Agreement), which lasts over 5 years of SEK 1,800 M and a junior loan (JFA – Junior Facilities Agreement), which runs over 6 years, amounting to SEK 1,270 M. The SFA runs a floating rate corresponding to 3-month STIBOR plus a credit margin of 1.75 percentage points, rising annually by an additional 0.25 percentage points. The JFA runs a variable interest rate corresponding to 3-month STIBOR plus a credit margin of 6.50 percentage points. The SFA has been absorbed by the subsidiary Solör Bioenergi Fjärrvärme AB and the JFA by the subsidiary Solör Bioenergi Fjärrvärme Holding AB (name changed from SBH Acquisition 4 AB).

As collateral for the loans, shares in Group companies operating district heating operations in Sweden have been pledged. In connection with the new loans, a group internal reorganization has been carried out, which means that all Group companies operating district heating operations in Sweden have been transferred to Solör Bioenergi Fjärrvärme AB. For more information on refinancing please refer to Note 17.

As part of the refinancing process, the Group entered into an agreement with the shareholders of Nordic Bioenergy Infrastructure AS (NBI) regarding the acquisition of underlying infrastructure assets previously included in the lease agreements between a number of Group companies and NBI. This agreement meant that the shareholders in NBI accepted the Group's bid of NOK 28.75 per share. The underlying infrastructure assets were packaged in a number of Norwegian and Swedish companies and have been accounted for as an assets deal and not as business combination. The Group has consolidated the companies as of April 30, 2017. For more information regarding the acquisition of infrastructure assets, see Note 4.

The refinancing and acquisition of the infrastructure assets from NBI will on annual basis improve the Group's EBITDA by approximately SEK 69 M, while interest expenses are expected to increase on average by approximately SEK 21 M per year due to the fact that the new funding is significantly higher than previous funding. On the other hand, the currency exposure that the Group was previously exposed to through the NOK funding, has been eliminated. Through this the Group has overall secured access to long-term liquidity and created conditions for profitability and growth.

In 2017, the Administrative Court in Stockholm has revoked the Tax Agency's decision regarding Solör Bioenergi Fjärrvärme AB's taxation for fiscal year 2014. The decision of the Administrative Court has not affected the Group's earnings and financial position as no provisions were made previously. At the beginning of 2018, the Swedish Tax Agency appealed against the decision of the Administrative Court.

Financial net

Consolidated financial net amounted to SEK -187 M (-203), whereof unrealized foreign currency exchange effects related to the NOK denominated bond amounted to SEK 12 M (-63). In connection to the early redemption of the both bond loans, remaining financing expenditures were expensed. Total effect on consolidated financial net was SEK -23 M. Adjusted for the above, consolidated financial net amounted to SEK -176 M (-140). The difference is mainly related to the higher funding of approximately SEK 1 billion subsequent to the refinancing and the acquisition of NBI.

Cash flow

Cash flow from operating activities amounted to SEK 37 M (54). The difference is mainly related to higher working capital tied-up.

Cash flow from investing activities amounted to SEK -372 M (-81). The difference is mainly a result of the NBI acquisition.

Cash flow from financing activities was SEK 447 M (15). The difference in comparison to previous year is mainly a result of the completed refinancing.

Financial position and liquidity

At year-end, consolidated cash and cash equivalents were SEK 128 M (16) and there were unused bank overdraft facilities amounting to SEK 158 M (18) and CAPEX facilities amounting to SEK 451 M (-).

Consolidated interest-bearing debt amounted to SEK 3,681 M (2,626) and consolidated equity to SEK 797 M (967).

Organization, structure and employees

The number of employees in the Group decreased to 169 at year-end, compared with 174 at the beginning of the financial year. The average number of employees during the financial year amounted to 168 (174).

Sustainability report

This is Solör Bioenergi Holding AB's statutory sustainability report for fiscal year 2017. The report covers the Group companies according to the same principles as for the financial statements. The report is not based on any specific guidelines or framework and is not reviewed by third parties.

A description of the Group's business model can be found on pages 4-5 and description of sustainability risks can be found on pages 10-12.

Sustainability work in the Group

The Group performs an integrated bioenergy business operating in the entire value chain from procurement, production, distribution to sale of wood-based bioenergy, including energy recovery from contaminated wood. The core business is the production of thermal energy, biofuel production in the form of wood chips, briquettes and pellets and energy recovery of impregnated wood.

As part of the Group's ambition to be climate neutral, as much as possible, the Group aims to make the production facilities more efficient and use a fuel mix that, as far as possible, does not contain fossil fuels. During a longer period, the Group has been working on improvement projects aimed at increasing the proportion of biofuels, reduced electricity consumption and increased efficiency in production, which in turn will result in operational excellence. The work is done, among other things, by comparing different production facilities, thereby finding and implementing a "best practice" for all plants. Overall, this continuous work has been positive both from a sustainability perspective and from an economic perspective, resulting in lower fuel costs and higher gross margins.

Environment

Solör Bioenergi works actively with environmental issues and carefully observes the laws and regulations that apply in the environmental field. The subsidiaries within the Group operate district heating power plants that are notifiable under the Swedish Environmental Code. There are currently 49 notifiable production facilities and 2 licensed sites within the Group. Environmental impact consists of emissions of greenhouse and acid gases into the air.

As some flammable fuels are used in the operations, license is required for the handling and storage of such substances. The company holds all the essential permits and has made the necessary filings.

The companies in the Group also operate environmental terminals which receive wood-waste for storage, processing and production of contaminated wood chips. The operations run by Solør Bioenergi AS in Kirkenær, Norway, have a license from the Norwegian Environment Agency for collection of CCA and creosote treated wood and contaminated wood/demolition wood, as well as permission to receive, burn and store creosote-contaminated, CCA-impregnated or otherwise contaminated wood.

In Trollhättan, Solör Bioenergi Recycling AB has permission to receive, process and store up to 175,000 tons of waste wood each year. In Svenljunga, Solör Bioenergi Svenljunga AB has permission to produce thermal energy from waste wood, with a maximum annual volume of 25,000 tons. All other types of waste generated in the production are handled by current regulations. Environmental waste is delivered to collection terminals that are approved. Other waste is delivered to terminals for recycling.

Personnel, social conditions and respect for human rights

The Group continues its strong focus on further development of Health Environment and Safety (HMS – Hälsa Miljö och Säkerhet). The Group has an employee whose focus is on risk analysis and handling deviations at all facilities, especially related to fire prevention measures. All discrepancies are reported and handled. During the fiscal year an incident occurred which was of a more serious nature and led to personal injury.

In order to be an attractive employer, the Group continuously strives to offer the best possible conditions for its employees. The working conditions must be marketable, competitive and based on collective agreements and other current conditions in the labor market. It is also a matter of course within the Solör Bioenergi Group to respect fundamental human rights.

Within the Group, we have 168 employees, of which 17 percent are women and 83 percent are men. We have no reported cases of discrimination.

Counteraction against corruption

In Solör Bioenergi, we have zero tolerance for corruption in all aspects of our operations. This means that action is taken if any employee, board member or business partner violates applicable law. During the year there have been no cases of corruption.

The company's future development

The Solör Bioenergi Group operates in an attractive part of the energy industry with ever-increasing demand for wood-based energy. The company expects continued significant expansion in Scandinavia in the coming years.

The Group will continue to work with a number of ongoing improvement projects:

- Improvement projects are performed on all plants with a focus on increased bio-share and increased efficiency with the aim to reach operational excellence.
- Integration of the acquired entities with the aim to reach synergies primarily within administration.
- Strategic improvements in the raw materials sourcing process in order to reach synergies.

With the continuous improvement processes, the Group expects stable organic growth combined with further acquisitions. The Group will continue to pursue its growth strategy based primarily on acquisitions in Sweden.

The Board of Directors expects stable and increasing price trends for significant portions of energy sales. The customer base is stable with a significant share of public sector customers which ensures long-term stable level of activity on existing businesses.

Risks and uncertainties

The Group's earnings and financial position are affected by a number of factors. Some of these are beyond the Group's control. The Group has operations in several countries and is thereby exposed to risks as a result of differences in laws, regulations and guidelines. Risk management within the Group is guided by established policies and procedures which are regularly revised by Group management and/or the Board of Directors. The Board of Directors in Solör Bioenergi Holding AB has overall responsibility for identifying, monitoring and managing the risks.

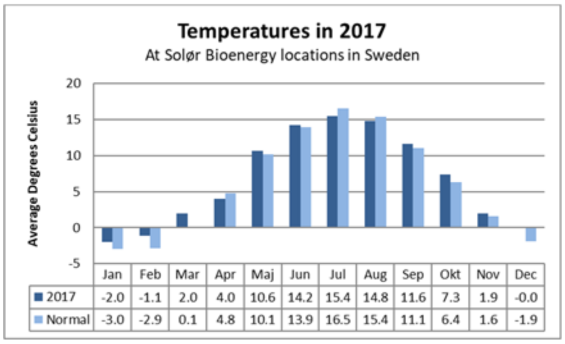
The principal risks and uncertainties for the Group can be divided into:

- industry and market risks,
- operational risks,
- legal risks, and
- financial risks.

Industry and market risks

The Group's business is subject to general fluctuations in the demand for energy, which includes weather conditions affecting customer needs.

Temperature affects the demand for district heating. Deviations from the "normal curve" are typically in the range of 4-7 percent. The weather in 2017 was warmer than normal.



	Jan	Feb	Mar	Apr	Maj	Jun	Jul	Aug	Sep	Okt	Nov	Dec
2017	-2.0	-1.1	2.0	4.0	10.6	14.2	15.4	14.8	11.6	7.3	1.9	-0.0
Normal	-3.0	-2.9	0.1	4.8	10.1	13.9	16.5	15.4	11.1	6.4	1.6	-1.9

Energy plants are designed to handle these fluctuations, for example through flexible production systems for heat energy. Base load normally delivers 90-95% of the energy needs during a year.

Particularly in cold winter periods however, the peak load drives raw material costs higher if the energy plants are producing more from the backup system (for example oil or electricity). This can be mitigated by design of the facilities and personnel know-how regarding the operations.

Energy production at the company's plants is based on biomass. The cost of biomass varies in line with the market prices of the various sources of biomass. There is currently a surplus of biomass on the market, which ensures necessary access to raw materials for the district heating business at predictable low prices. On the other hand, this excess has had a negative effect on profitability of the biomass segment.

Operational risks

In accordance with current industry practice, neither the Group's customers nor suppliers are, to any large extent, tied to the company through long-term, formal binding agreements. Traditionally, the Company relies primarily on its good customer and supplier relationships, which are often long lasting, as well as customs that arose between the parties.

The Group's business is subject to risks that are usually linked to industrial production, such as the risk of equipment failure, accidents, fire or explosion. These risks may result in personnel injuries or death, operational interruption, damage on property and equipment, pollution and environmental damages. The Group may be subject to claims due to these risks, and may also be subject to claims arising from the products supplied. The Group's policy to cover these risks, by contractual limitations of liability and damages, as well as by insurance, cannot always be effective. Failure to successfully protect the Group from any of the above industry risks, may expose the Group to significant costs and potentially lead to material losses. Moreover, the presence of any of these risks may damage the Group's reputation.

The Group has a strong focus on fire prevention measures because the risk of fire is seen as a risk factor. The focus is on risk analysis and management of abnormalities at all plants, especially deviations related to fire prevention. All deviations are reported and handled.

In addition to the above, the Group is insured to a satisfactory extent in order to be compensated for unplanned downtime and loss of each part in the value chain.

For its future development and success, the Group depends on competent employees. The ability to recruit, retain and develop skilled employees and being an attractive employer are important elements of success. If key people leave and successors cannot be recruited, this may have a negative effect on the operations.

Legal risks

The Group may in the future be subject to legal claims from customers, authorities, including tax authorities, and other third parties. The Group may from time to time be involved in disputes in the ordinary course of its business activities. Such disputes may disrupt business operations and adversely affect the results of operations and financial position. No assurance can be given to the outcome of any such disputes.

The Group's operations are also subject to numerous national laws and regulations regarding environment, health and safety, and also regulations, treaties and directives from EU (together "regulations"). Those include, among others regulations controlling the discharge of materials into the environment, requiring removal and clean-up of environmental contamination. Moreover certification, licensing, payment of certain taxes, development of working and training standards and other measures are required relating to the protection of human health and the environment. Amendments of existing regulations or the adoption of new regulations curtailing or further regulating the Group's operations could have a material adverse effect on the Group's operating results or financial position.

The Group cannot predict the extent to which future earnings may be affected by compliance with such new regulations. In addition, the Group may be subject to fines and penalties if it does not comply with such regulations, many of which relate to the discharge of chemicals or hazardous substances and the protection of the environment. Pursuant to these regulations, the Group could be held liable for remediation of some types of pollution, including the release of chemicals, hazardous substances and waste from production and industrial facilities. Such potential environmental remediation costs could be significant and cause the Group substantial losses. Furthermore, some environmental regulations provide joint and strict obligations for remediation of releases of hazardous substances, which could result in responsibility for environmental damage without regard to the Group's negligence or fault. Such laws and regulations could expose the Group to responsibility arising out of the conduct of operations or conditions caused by others, or for the Group's acts which were in compliance with all applicable laws at the time the acts were performed. Additionally, the Group may be subject to claims regarding personnel injuries or property damage as a result of alleged exposure to hazardous substances. Changes in environmental laws and regulations, or claims for damages to persons, property, natural resources or the environment, could result in substantial costs and liabilities to the Group.

Financial risks

The Group has its main activities in Sweden but is exposed to exchange rate fluctuations in different currencies, mainly Norwegian Krone (NOK). Since the Group's reporting currency is Swedish Krona (SEK), changes in relationships between SEK and other currencies in which the Group conducts its operations, can affect the Group's financial results.

More than half of the Group's customers are public or publicly-owned companies, which means that the credit risk is considered low. For private customers, the Group supplies a basic service and it is considered unlikely that customers will not pay. The probability for payments by customers is considered high. The credit risk is therefore viewed as limited.

The Group is mainly financed through loans at variable interest rates. Interest rate risk is attributable to changes in market interest rates and their impact on the Group's loan portfolio that could result in higher interest costs in the future.

The Group uses financial derivative instruments in its risk management in order to hedge underlying loans with variable interest rate, see further Note 17.

The Group management is responsible for managing financial risks. For more information, refer to Note 17.

The parent company

Operations

The parent company Solör Bioenergi Holding AB (publ), based in Stockholm, shall invest and manage ownership in companies operating in the bioenergy business. The parent company also provides Group internal administrative services to its subsidiaries.

Multi-year review

	2017	2016	2015	2014
Net sales	92	68	65	3
Profit/loss after financial items	1,070	-366	-147	-806
Net profit/loss for the year	1,076	-119	-172	-806
Total assets	3,119	3,596	3,985	2,850
Equity	2,824	1,748	1,867	1,870
Equity ratio (%)	91%	49%	47%	66%
Average number of employees (persons)	3	3	3	2

Significant events during the financial year

In April 2017, the Group completed its refinancing project. The refinancing means for the parent company that the two bond loans were prematurely terminated and that the parent company has no residual external financial liabilities subsequent to the refinancing. Overall, the risk exposure of the parent company has decreased significantly after the refinancing, both in terms of profitability of the underlying operations conducted in the subsidiaries through the Group's acquisition of underlying infrastructure assets, which substantially reduces rental costs, as well as the parent company's currency, interest rate and liquidity risk.

In connection with the refinancing, a group internal reorganization was also performed, which for the Parent Company has resulted in significant financial income, such as dividends from subsidiaries, and capital gains on intra-Group sales of subsidiaries, but also financial expenses in the form of impairment of shares in subsidiaries.

Results and financial position

Parent company net sales, which consist of intra-group services, amounted to SEK 92 M (68). The increase in net sales is mainly a result of refinancing expenses that have been further invoiced to group companies.

Operating profit before depreciation and amortization (EBITDA) was SEK -11 M (-2), while operating profit (EBIT) amounted to SEK -13 M (-3). The decline is a result of certain central overhead expenses, considered related to the shareholders, have not been allocated out to the subsidiaries.

Net financial items were SEK 1,083 M (-363), whereof currency exchange effects accounted SEK -3 M (-95). Moreover, net financial items were affected negatively with impairments of the parent company’s shareholdings in subsidiaries by SEK -1,381 M (-415) and positively with capital gains by SEK 2,237 M (-). Dividends from subsidiaries amounted to SEK 321 M (215). Adjusted for the above, net financial items amounted to SEK -91 M (-68). The difference is explained with remaining finance expenditures, related to the both bond loans, being expensed in connection to the early redemption. In addition, the parent company has incurred other financial expenses in connection with the Group's refinancing process. Otherwise, net financial items has improved as a result of early repayment of the bond loans.

Net profit/loss before and after tax amounted to SEK 1,076 M (-119).

As for the results and financial position, please refer to the financial statements and accompanying notes at the end of this report.

Employees

The number of employees amounted to 3 at year-end.

Risks and uncertainties

By managing ownership in companies operating in the bioenergy business, the parent company is exposed to the underlying business industry and market risks as well as operational risks, see the earlier description in the Group’s part of the Board of Directors’ report. These risks may affect the value of the parent company’s shares in subsidiaries and the recovery value of the parent company’s Group internal receivables and payables.

After the completion of the Group's refinancing, the parent company's financial risks have decreased with respect to both interest rate risk, currency risk and also refinancing risk.

Profit or loss for the year and appropriations of earnings

The Annual Shareholders Meeting has the following available funds:

	SEK
Share premium reserve	2,508,629,568
Retained earnings	-1,097,790,104
Profit/loss for the year	1,076,544,762
Total	**2,487,384,226**

The Board of Directors proposes that non-restricted equity of SEK 2,487,384,226 shall be distributed as follows:

	SEK
Dividends to shareholders	92,600,000
Retained earnings carried forward	2,394,784,226
Total	**2,487,384,226**

Consolidated statement of profit or loss

All amounts in SEK M if not otherwise stated	Note	2017	2016
Net sales	6	953	930
Other operating income	7	9	101
Total operating income		**962**	**1,031**
Raw materials and cost of goods sold	8	-372	-364
Personnel expenses	10	-120	-124
Depreciation, amortisation and impairment	6,14,15	-183	-181
Other operating expenses	9	-241	-248
Total operating expenses		**-916**	**-917**
Operating profit or loss (EBIT)	6	**46**	**114**
Financial income	12	43	25
Financial expenses	12	-230	-228
Financial net		**-187**	**-203**
Profit or loss before tax		**-141**	**-89**
Tax on profit or loss for the year	13	-9	46
Net profit or loss for the year		**-150**	**-43**
Attributable to:			
Shareholders of the Parent Company		-158	-48
Non-controlling interests		8	5
		-150	**-43**

Consolidated statement of other comprehensive income

All amounts in SEK M if not otherwise stated	**Note**	**2017**	**2016**
Net profit or loss for the year		**-150**	**-43**
Other comprehensive income:			
Items that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		-15	41
Total other comprehensive income		**-15**	**41**
Total comprehensive income for the year		**-165**	**-2**
Attributable to:			
Shareholders of the Parent Company		-173	-7
Non-controlling interests		8	5
		-165	**-2**

Consolidated statement of financial position

All amounts in SEK M if not otherwise stated	Note	Dec 31, 2017	Dec 31, 2016
Non-current assets			
Goodwill	14	34	34
Other intangible assets	14	73	95
Total intangible assets		**107**	**129**
Buildings and land	15	1,086	447
Energy centrals, machinery and technical equipment	15.16	2,852	2,569
Other equipment	15	18	29
Construction in progress	15	38	41
Total property, plant and equipment		**3,994**	**3,086**
Derivatives	17	4	0
Other receivables		3	5
Total financial assets		**7**	**5**
Total non-current assets		**4,108**	**3,220**
Current assets			
Inventories	18	73	94
Accounts receivable	19	113	98
Receivables from related parties	17	322	317
Derivatives	17	0	145
Other receivables		14	16
Accrued income	20	79	82
Prepaid expenses		6	15
Cash and cash equivalents	21	128	16
Total current assets		**735**	**783**
Total assets		**4,843**	**4,003**

All amounts in SEK M if not otherwise stated	Note	Dec 31, 2017	Dec 31, 2016
Equity			
Share capital	22	337	337
Other contributed capital	22	913	913
Currency translation reserve		9	24
Retained earnings including net profit or loss for the year		-498	-340
Equity attributable to the shareholders of the parent company		**761**	**934**
Non-controlling interests		**36**	**33**
Total equity		**797**	**967**
Non-current liabilities			
Bond loans	17	371	928
Liabilities to credit institutions	17	3,046	402
Finance lease obligations	16.17	136	141
Derivatives	17	3	0
Deferred tax liabilities	13	182	192
Total non-current liabilities		**3,738**	**1,663**
Current liabilities			
Bond loans	17	10	681
Bank overdraft	17	5	124
Liabilities to credit institutions	17	38	344
Finance lease obligations	16.17	6	6
Accounts payable	17	54	121
Liabilities to related parties	11	70	4
Income tax liabilities		4	4
Derivatives	17	0	2
Other liabilities		44	35
Accrued expenses	17	73	48
Deferred income		4	4
Total current liabilities		**308**	**1,373**
Total equity and liabilities		**4,843**	**4,003**

Consolidated statement of cash flows

All amounts in SEK M if not otherwise stated	Note	2017	2016
Cash flows from operating activities			
Profit or loss before tax		-141	-89
Adjustements for non-cash items			
Difference between recognized interest and received/paid interest	12	-34	-24
Effect of the effective interest method		22	13
Unrealized currency translation effects		-1	63
Depreciations and impairment of property, plant and equipment and intangible assets	14.15	183	181
Expensed establishment expenditures related to early redemption of bond loans		23	0
Unrealized gain on derivative instruments		10	-86
Other		6	3
Income tax paid		-1	-3
Change in working capital			
Change in inventories		21	17
Change in operating receivables		-1	-8
Change in operating liabilities		-50	-13
Net cash flows from operating activities		**37**	**54**
Cash flows from investing activities			
Acquisition of intangible assets	14	0	-11
Acquisition of property, plant and equipment	15	-74	-70
Acquisition of NBI	4.15	-257	0
Business combinations	5.15	-41	0
Net cash flows from investing activities		**-372**	**-81**
Cash flows from financing activities			
New loans	17	2,958	85
Repayment of bond loans	17	-1,627	0
Repayment of liabilities to credit institutions and finance lease obligations	17	-647	-90
Net change in used bank overdraft facilities	17	-119	23
Repayment of liabilities to related parties	17	-104	0
Payment for derivative interest rate cap		-9	0
Dividends to non-controlling interests		-5	-3
Net cash flows from financing activities		**447**	**15**
Net cash flows for the year		**112**	**-12**
Cash and cash equivalents at the beginning of the year		16	28
Currency translation effect in cash and cash equivalents		0	0
Cash and cash equivalents at the end of the year	21	**128**	**16**

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Consolidated statement of changes in equity

All amounts in SEK M if not otherwise stated	Share capital	Other contributed capital	Currency translation reserve	Retained earnings including net profit or loss for the year	Equity attributable to the share-holders of the parent company	Non-controlling interests	Total equity
Equity as of January 1, 2016	**337**	**913**	**-17**	**-291**	**942**	**31**	**973**
Net profit or loss for the year				-48	-48	5	-43
Other comprehensive income			41		41		41
Total comprehensive income	0	0	41	-48	-7	5	-2
Dividends to non-controlling interests					0	-3	-3
Equity as of December 31, 2016	**337**	**913**	**24**	**-340**	**934**	**33**	**967**
Net profit or loss for the year				-158	-158	8	-150
Other comprehensive income			-15		-15		-15
Total comprehensive income	0	0	-15	-158	-173	8	-165
Dividends to non-controlling interests					0	-5	-5
Equity as of December 31, 2017	**337**	**913**	**9**	**-499**	**761**	**36**	**797**

Group notes

Note 1: Accounting policies

Below are the most significant accounting policies applied in the consolidated financial statements. Those principles have been applied consistently for all periods, unless otherwise indicated.

1.1 Basis of preparation

The consolidated accounts of Solör Bioenergi Holding AB (publ) have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU). Moreover the Group has also applied the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups. All amounts are, unless otherwise stated, rounded to the nearest million Krona (SEK M).

These financial statements were approved by the Board of Director's on May 24, 2018 for adoption by the Annual General Meeting 2018.

The consolidated financial statements have been based on historical cost. Preparation of financial statements in accordance with IFRS requires management to make judgements and estimates. Areas that requires a high degree of judgement and areas where assumptions and estimates are significant for the financial statements are described in Note 2. The consolidated financial statements have been prepared on a going concern basis.

Below is a description of changes in accounting principles and disclosures:

<u>New IFRSs and interpretations for 2017</u>

There are no new or revised IFRSs or IFRIC interpretations which are effective for annual periods beginning on or after January 1, 2017 that had a material impact on the consolidated financial statements.

<u>New IFRSs and interpretations for 2018</u>

IFRS 9 Financial instruments

IFRS 9 Financial instruments is effective for annual periods beginning on or after January 1, 2018 and replaces then IAS 39 Financial instruments: Recognition and Measurement.

The new standard has been reworked in different phases, where one part covers classification and measurement of financial assets and financial liabilities. IFRS 9 classifies financial assets in three different categories. Classification is determined upon initial recognition based on characteristics of the asset and the entity's business model. For financial liabilities there are no major changes compared to IAS 39. The biggest change concerns liabilities measured at fair value. For those liabilities the part of the change in fair value attributable to the entity's own credit risk shall be presented in other comprehensive income instead of profit or loss, unless this causes inconsistency in the accounting. The other part covers hedge accounting. To large parts the new principles provides better conditions for an accounting showing a true and fair view of an entity's financial risk management. Finally new principles have been introduced regarding impairment of financial assets where the model is based on expected losses. The aim with the new model is that provisions for credit losses shall be utilized at an earlier stage.

The Group has made a review of the Group's financial instruments and the future accounting of these. The conclusion from the review made is that the new standard will have an insignificant impact on the consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers is effective for annual periods beginning on or after January 1, 2018 and replaces then all previous standards and interpretations dealing with revenue (i. e. IAS Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, SIC 31 Revenue – Barter Transactions Involving Advertising Services).

IFRS 15 contains a model for revenue recognition from contracts with customers. The idea with the standard is that everything starts with a contract between two parties regarding sale of goods or services. According to the model, revenue shall be recognized when the performance obligations to the customer have been fulfilled.

The Group has carried out an extensive investigation in order to identify the effects of the new standard and its impact on the Group. The investigation has included a detailed review of the different types of contracts used in the context of the Group's operations. Upon investigation, there has not been identified any contracts where the future revenue recognition will differ from the current practice. The conclusion is that contracts with customers already are divided into separate performance obligations where the transaction price is allocated to the separate performance obligations for revenue recognition.

<u>Standards, amendments and interpretations of standards not yet effective</u>

The description covers standards and interpretations that the Group expects to have a material impact on disclosures, financial position or performance when applied at a future date. The Group does not intend to apply early adoption of any new or amended IFRSs.

IFRS 16 Leases

IFRS 16 is a new standard relating to accounting for leases to be applied to annual periods starting January 1, 2019 or later. Earlier application is permitted provided that IFRS 15 also is applied from the same date.

For the lessee the current classification under IAS 17 in operating and finance leases disappears. In the new standard this is replaced with a model in which the assets and liabilities for all leases are recognized in the balance sheet. There are exceptions for accounting in the balance sheet regarding leasing contracts of lesser value and when the contract has a term of maximum 12 months. In the income statement, the depreciation is reported separately from interest expense related to the lease liability. For lessors is deemed that there are no major changes compared to the current rules in IAS 17 except for the additional disclosure requirements.

As the Group as lessee has entered into significant lease contracts, that in accordance with current rules have been classified as operating leases, the Group has performed an investigation in order to identify and quantify the effects on the consolidated financial statements. The preliminary assessment based on previous contractual structure was that total assets on the consolidated statement of financial position will be significantly affected by a couple of leases. During 2017 the Group acquired Nordic Bioenergy Infrastructure AS (NBI), with which a couple of the Group subsidiaries had lease arrangements. Subsequent to the acquisition of NBI, these contractual arrangements are group internal that are eliminated in the consolidated accounts. Thus, the new assessment based on current contractual arrangements, is that IFRS 16 only will have limited impact on the Groups financial statements. During 2018 the Group will establish the procedures and processes as part of the final preparation and implementation of the new standard.

1.2 Consolidation

a) Subsidiaries

Subsidiaries are companies under Solör Bioenergi Holding AB's control. A controlling influence exists if the parent company has influence over the investee, is exposed, or has rights to variable returns from its involvement and to use its influence over the investment to affect returns. When determining whether a controlling influence exists, potential voting rights are taken into account and whether de facto control exists. De facto control can occur in situations when other votes are distributed among a large number of owners who do not have a realistic opportunity to coordinate their voting. In the assessment of control, a decisive importance is given to situations where the Group can elect the Board of Directors. Financial statements of subsidiaries are included in the consolidated financial statements from the acquisition date until the date that control ceases.

Subsidiaries are consolidated using the acquisition method. The purchase price allocation determines the fair value of the acquired identifiable assets, liabilities and issued equity instruments. The consideration transferred also includes the fair value of all assets or liabilities resulting from a contingent consideration. Identifiable assets, liabilities and contingent liabilities are recognized at fair value at the acquisition date. Non-controlling interests in the acquired business is recognized either at fair value or at their share of the acquired business net assets.

Acquisition related costs are recognized directly in profit or loss of the year.

In business combinations achieved in stages, prior holdings are recognized at fair value and related changes are recognized in profit or loss of the year.

Contingent considerations are recognized at fair value at the acquisition date. If the contingent consideration is classified as an equity instrument, no revaluation is performed and settlement is done within equity. Regarding other contingent considerations, they are revalued at each reporting date and changes are recognized in profit or loss for the year. In business combinations where transferred consideration exceeds the fair value of acquired assets and assumed liabilities recognized separately, the difference is recognized as goodwill. If the difference is negative, known as bargain purchase, it is recognized directly in profit or loss.

Intercompany receivables and liabilities, income or expenses and unrealized gains or losses arising from intercompany transactions are eliminated in their entirety when preparing the consolidated financial statements. The Group's accounting principles have been consistently applied by the subsidiaries.

b) Disposal of subsidiaries

When controlling influence ceases any remaining interest is valued at fair value carried through profit or loss. Fair value thereafter represents the historical cost of holdings in associates, joint ventures or financial assets. Amount previously recognized in other comprehensive income relating to this company is treated as if the Group disposed the underlying assets and liabilities. This might lead to amounts previously recognized in other comprehensive income are reclassified to the statement of profit or loss.

1.3 Segment reporting

Operating segments are reported in accordance with the internal reporting provided to the chief operating decision maker in order to allocate and distribute resources and assess performance. The chief operating decision maker is defined as the Group management.

1.4 Currency translation

a) Functional currency and reporting currency

Functional currency is the currency in the primary economic environment where the companies carries out their operations. The parent company's functional currency is Swedish Krona (SEK), which also is the reporting currency for the parent company and the Group. The financial statements are presented in Swedish Krona.

b) Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing at the transaction date. Exchange rate differences arising from translation of assets and liabilities in foreign currencies are recognized in the statement of profit or loss at the exchange rate prevailing at the closing date.

Exchange gains and losses on operating receivables and liabilities are recognized in the operating results, while gains and losses on financial assets and liabilities are reported as financial items.

c) Group companies

The statement of profit or loss and the statement of financial position of group with a functional currency different from the reporting currency are translated as follows:

i. The statement of financial position is translated at the closing date rate.

ii. The statement of profit or loss is translated at average exchange rate (if the average rate used does not provide a reasonable estimate of the transaction, the transaction date rate is used instead).

iii. Exchange differences arising from translation of foreign operations are recognized in other comprehensive income and accumulated in a separate component within equity named currency translation reserve.

1.5 Property, plant and equipment

Property, plant and equipment primarily consists of district heating plants and the respective distribution networks as well as production facilities for briquettes and pellets. Property, plant and equipment are carried out at historical cost less depreciation. Historical cost includes costs directly related to the acquisition of the assets.

Additional expenditures are added to the asset's carrying amount or recognized separately when it is likely that future economic benefits associated with the item will benefit the Group and the acquisition cost can be measured reliably. The carrying amount of parts being replaced is derecognized from the statement of financial position. Other costs related to repair and maintenance are expensed in the period they occur.

Land is not depreciated. Other items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life as follows:

- Buildings 10-30 years
- Distribution network 60-75 years
- Shredding/Crushing lines 3-30 years
- Machinery and technical equipment 3-50 years
- Other equipment 3-10 years

Useful life and residual value is reviewed each reporting date and adjusted if necessary. If there is any impairment indication, a test is performed in order to determine the asset's recoverable amount. When the carrying amount of an asset exceeds its estimated recoverable amount, the asset is impaired to its recoverable amount.

The gain or loss arising from disposal or retirement of an asset comprise the difference between the sales price and the assets carrying amount minus directly related selling costs. Gains and losses are recognized as other operating income or other operating expenses.

1.6 Intangible assets

a) Goodwill

In business combinations where consideration transferred exceeds the fair value of the separately recognized acquired assets and assumed liabilities, the difference is recognized as goodwill.

Goodwill is not amortized, but tested for impairment annually or whenever changes in circumstances indicate that the carrying amount may not be recoverable.

In the impairment test goodwill is grouped at the lowest levels of which there are separately identifiable cash flows (cash generating units). Goodwill is allocated to cash generating units (CGU) or groups of cash generating units expected to benefit from the acquisition in which the goodwill arose.

Impairment loss is the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Impairment of goodwill is not reversed.

b) Licenses

Licenses are recognized at historical cost. Licenses obtained in connection with an acquisition is measured at fair value at the acquisition date. Licenses are depreciated over their expected useful life, usually 10 years.

The historical cost for software licenses includes the expenses of getting programs operational. Depreciation is done over the estimated useful life, which is usually 5 years.

1.7 Impairment of non-financial assets

Intangible assets with an indefinite useful life, for example goodwill, are not depreciated but tested annually for impairment. Depreciated assets are assessed with respect to impairment whenever changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized at the amount of which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less selling expenses or value in use. When assessing impairment, assets are grouped at the lowest levels of which there are separate identifiable cash flows (cash generating units). Prior recognized impairment losses are reversed if the recoverable amount is estimated to exceed the carrying amount. Impairment of goodwill is however not reversed.

1.8 Financial assets

1.8.1 Classification

The Group classifies its financial assets in the following categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Available for sale financial assets

A financial instrument is classified at initial recognition based on the purpose of which it was acquired.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of generating profit from short-term price fluctuations. Derivatives are classified as held for trading unless they are part of hedge accounting. Assets in this category are classified as current assets if expected to be recovered within 12 months from the balance sheet date, otherwise they are classified as fixed assets.

b) Loans and receivables

Loan receivables and trade receivables are financial assets that are not derivatives, that have predetermined or determinable payments and are not quoted in an active market. These assets are classified as current assets, except for items maturing more than 12 months after the closing date. Loan receivables and trade receivables consists of accounts receivables, other receivables and cash equivalents in the statement of financial position.

c) Available for sale financial assets

Available for sale financial assets are assets that are not derivatives and where the assets have been identified as available for sale or not classified in any other category. They are classified as non-current assets unless the investment matures or management intends to dispose of the investment within 12 months from the closing date. The Group has not had any assets in this category during the reporting period.

1.8.2 Recognition and measurement

Acquisitions and disposals of financial assets are recognized at the transaction date. The transaction date is the date the company commits to acquire or dispose the asset. All financial assets not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value excluding transaction costs. Financial assets are removed from the statement of financial position when the contractual rights are realized, have expired or if the Group loses control over them. Available for sale financial assets and financial assets at fair value through profit or loss are measured in subsequent periods at fair value. Loans receivables and trade receivables are measured at amortized cost using the effective interest method.

Gains or losses from changes in fair value of assets classified as financial assets at fair value through profit or loss are presented in the income statement either as operating income/ expenses or as financial income/expenses in the period incurred. Dividend income from financial assets at fair value through profit or loss are included in financial income when the Group's right to receive payment is established.

1.9 Netting of financial assets and liabilities

Financial assets and liabilities are accounted for at a net basis in the statement of financial position when there is a legal enforceable right to offset the recognized amounts and an intention to either settle on a net basis or to realize the asset and settle the liability.

1.10 Impairment of financial assets

a) Assets accounted at amortized cost

The Group assesses at each closing date whether there is objective evidence of impairment for a financial asset or group of financial assets. A financial asset or a group of financial assets is impaired only if there is objective evidence of impairment as a result of one or more events occurred after the initial recognition of the asset and that the loss event has an impact on estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

Among the criteria the Group uses to determine whether there is objective evidence that impairment exists includes significant financial difficulty of the issuer or obligator, a breach of contract, such as a defaulted or delayed payment of interest or principal payments, or if it is probable that the borrower will enter bankruptcy or other financial reconstruction.

For the category loans and receivables impairment is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses not yet occurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is written down and the impairment loss is recognized in the consolidated statement of profit or loss. If a loan or an investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate stated in the contract. As an alternative the Group can measure impairment on the basis of the instrument's fair value using an observable market price.

If the impairment decreases in a subsequent period and the decrease can be objectively attributed to an event occurring after the impairment loss was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated statement of profit or loss.

b) Assets classified as available for sale

The Group assesses at each balance sheet date whether there is objective evidence of impairment needs for a financial asset or group of financial assets. For debt instruments issued by other entities, the Group applies the criteria set out in section a) above. For equity instruments classified as available for sale, a significant or prolonged decline in the fair value of the instrument below its cost is also an indication of impairment.

If there is such an indication and value reductions previously transferred to other comprehensive income, should the cumulative amount recognized in other comprehensive income be reclassified to profit or loss. The amount is calculated as the difference between the acquisition cost and current fair value less any impairment loss previously recognized. Impairment losses recognized in the consolidated income statement for an investment in an equity instrument is not reversed through the income statement. If the fair value of a debt instrument classified as available for sale in a subsequent period increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, the reversal of the previously recognized impairment loss in done in the consolidated profit or loss.

1.11 Inventories

Inventories are measured at the lowest of the acquisition value and net realizable value. Acquisition value is calculated according to the so-called first-in, first-out principle. Acquisition value of finished manufactured goods and work in process includes raw material cost, direct labor, other direct costs and indirect production costs (based on normal production capacity). Borrowing costs are not included. Net realizable value is defined as the selling price less costs of completion and selling expenses.

1.12 Accounts receivable

Accounts receivable arise from sales of goods or services covered by the ordinary activities. If settlement of a receivable is expected within one year it is classified as a current asset. If not, they are classified as non-current assets. Accounts receivable are measured at fair value at initial recognition. At subsequent measurement, the accounts receivable are measured at amortized cost using the effective interest method, less any potential provisions for impairment.

1.13 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and immediately available balances at banks and similar institutions, and short-term liquid investments with original maturities of three months or less.

1.14 Share capital and other contributed capital

Ordinary shares are classified as equity.

Costs directly attributable to the issuance of new shares or options less tax are recognized as a reduction of shareholders' equity.

1.15 Accounts payable

Accounts payable are obligations to pay for goods or services from suppliers in the ordinary operations. Accounts payable are classified as current liabilities if payment is due within one year, otherwise they are classified as non-current liabilities.

Accounts payable are measured at fair value at initial recognition. In subsequent periods, accounts payable are measured at amortized cost using the effective interest method.

1.16 Loans and borrowings

Loans and borrowings are initially recognized at fair value, net after transaction costs. In subsequent periods, loans and borrowings are measured at amortized cost using the effective interest method. The difference between the loan amount (net of transaction costs) and the repayable amount is recognized over the loan term using the effective interest method.

If likely to occur, transaction costs related to committed credit facilities are carried forward pending the utilization of the facility and recognition of a financial liability. When the financial liability is recognized the transaction costs are accounted for as a part of the initial value of the financial liability.

1.17 Borrowing costs

Borrowing costs from general and specific financing related to purchasing, construction or production of qualifying assets, which are assets that takes a substantial period of time to prepare for its intended use or sale, are capitalized as part of cost of the asset, until the time the asset is substantially completed for its intended use or sale.

Any return on capital from temporary investment of the loan amount that has not yet been used for the acquisition of a qualifying asset, shall be deducted from interest expense capitalized as part of the acquisition cost of the asset.

All other interest expenses are expensed in the period in which they occur.

1.18 Current and deferred tax

Income taxes consists of current and deferred tax. Income tax is recognized in profit or loss unless the underlying transaction is recognized in other comprehensive income or in equity, in which related tax effect is recognized in other comprehensive income or in equity.

Current tax is the tax payable or refundable for the current year, using tax rates that have been decided or substantively enacted at the closing date in the countries where the parent company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions asserted in tax return where applicable tax regulation is subject to interpretation. Based on management's assessment provisions are recognized for expected tax payments when deemed necessary.

Deferred tax is recognized in its entirety on temporary differences arising between the tax basis of assets and liabilities and their corresponding carrying amounts. Temporary differences on goodwill is not considered. If a temporary difference arises from the initial recognition of an asset or liability that is not a business combination and at the time of the transaction neither affects the accounting profit nor the taxable profit, the corresponding deferred tax is not recognized. Deferred tax is calculated using the tax rates and tax laws that have been decided or substantially enacted at the closing date and is expected to be applied when related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets for deductible temporary differences and tax losses carry forward are recognized only to the extent that it is probable that they will be utilized.

Deferred tax is calculated at temporary differences arising from shares in subsidiaries and associates, except when the Group controls the timing of the reversal of the temporary differences that are not expected to reverse in the foreseeable future. Deferred tax assets and deferred tax liabilities are accounted for on a net basis when there is a legally enforceable right to set off current tax assets against current tax liabilities and deferred tax assets and deferred tax liabilities relate to taxes levied by the same taxation authority on the same taxable entity or different taxable entities which intends to settle debts and obtain payment of claims net.

1.19 Pensions obligations, bonuses and other employee benefits

The Group's pension obligations are only covered by defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or informal obligations to pay further contributions if this legal entity has insufficient assets to pay all employee contributions relating to employee service in the current and prior periods.

The Group has therefore no additional risk. The Group's obligations for defined contribution plans, are recognized as an expense in the statement of profit or loss as they are earned by the employee performing services for the Group during a period. Prepaid contributions are recognized as an asset to the extent they can be refunded or reduce future payments.

1.20 Provisions

The Group recognizes provisions for environmental restoration, restructuring costs and legal claims when there is a present legal or informal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable amount can be estimated. Provisions for restructuring costs include charges for lease terminations and termination payments to employees. Provisions are not recognized for future operating losses. If there are several similar obligations, an assessment of the likelihood that an outflow of resources will be required by considering the class of obligations as a whole. Therefore a provision can be made even if the probability of regulation linked to a single obligation may be low.

Provisions are measured at the present value of expected payments to settle the obligation. A discount rate before tax is used for reflecting the current market conditions and the risks specific to the obligation. Increase in liabilities due to changes in the time value are recognized as financial expenses.

1.21 Revenue

Revenue is measured at the fair value of the consideration received or receivable, after deduction of discounts, returns and VAT. The Group recognizes revenue when the amount can be measured reliably, when it is probable that future economic benefits will benefit the entity and specific criteria have been met for each of the Group's businesses. Estimates of revenue recognition is based on historical information, type of customer and transaction, as well as specific factors related to the transaction. Intercompany sales are eliminated.

1.21.1 Sale of goods

The Group sells thermal energy, electricity, wood fuel as well as receives, stores and recycles treated wood. The Group has no cash sales. Billing is made on a daily, weekly or monthly basis, depending on how it is regulated in the contract. Delivery does not occur until the products are delivered to the specified destination. Prices are regulated in the contracts with each customer. The credit period is between 10 and 45 days.

The Group sells thermal energy (district heating) to private and corporate clients. This is registered and billed after each month based on the prices specified in the agreements. Customers have 30 days credit. Sales are recognized when the energy is delivered and registered at the customer.

Upon receipt of impregnated wood to the environmental terminals, a gate fee from the suppliers is received. This fee is billed to the provider when weighing and control has been conducted based on agreed prices. Sales are recognized when this is completed.

When selling briquettes, pellets and wood-chips, customers are billed based on the agreements that have been concluded, either based on volume or the total content of energy. Sales are recognized when the customer has authorized the delivery.

1.21.2 Sale of services

Revenue from services is recognized in the statement of profit or loss in the period of which the service is performed based on the degree of completion of the total service delivery.

1.21.3 Government grants

Government grants are recognized at fair value when there is reasonable certainty that the grant will be received and the company will comply with the conditions associated with the grant.

If the group receives a grant related to assets, the Group has chosen a principle to recognize the contribution as deferred income that is recognized in profit or loss consistent with the achievement of production targets over the useful life of the asset. No such government grants have been received during 2017 and 2016.

Government grants in the form of emission rights are recognized at nominal value (zero) when received from the public authorities. When selling granted emission rights, the fair value of the consideration received is recognized in revenue.

1.22 Interest income

Interest income is recognized by applying the effective interest method. When loans and receivables are impaired, the carrying amount is written down to the recoverable amount. The recoverable amount is the estimated future cash flow discounted at the original effective interest rate. After an impairment loss, revenue is recognized based on the amortized cost and original effective interest rate.

1.23 Income from dividends

Dividends received are recognized when the right to receive dividends is established.

1.24 Lease contracts

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made are charged at a straight line basis over the lease term.

The Group leases certain property, plant and equipment, see Note 15 and 16. Leases of non-current assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Assets leased under finance lease contracts are recognized as assets in the statement of financial position and are initially measured at the lower of the leased asset's fair value and the present value of the minimum lease payments at the beginning of the contract. Obligations to pay future lease payments are recognized as non-current liabilities and next year’s installment shall be recognized as current liabilities. Non-current assets held under finance lease are depreciated over the shorter of the asset's useful life and the lease term, unless there is reasonable certainty that the lessee will obtain ownership at the end of the lease term. Lease payments are recognized as interest and repayment of debts.

1.25 Dividends

Dividends to shareholders are recognized as a liability at the time the dividends are approved by the Annual Shareholders Meeting.

1.26 Associated companies

Associated companies are entities over which the Group has a significant, but not controlling, influence over operational and financial activities, usually through holdings of between 20 and 50 percent of the votes. From the date on which the significant influence is acquired, participations in associated companies is accounted for according to the equity method in the consolidated financial statements. The equity method means that the carrying value of shares in associated companies corresponds to the Group's share of the associated companies' equity plus consolidated goodwill and other possible residual values of consolidated surplus and deficit values. The Group's share of associates' profit is reported in the consolidated profit or loss "Share of results of associated companies", adjusted for amortization, impairment losses and reversals of acquired surplus or deficit values. These profits, less dividends received from associates, represents the main change in the carrying value of investments in associates. The Group's share of other comprehensive income in associated companies is reported on a separate line in consolidated other comprehensive income.

1.27 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence is confirmed only by one or more uncertain future events beyond the Group's control or when there is a commitment that is not reported as a liability or provision because it is unlikely that an outflow of resources will be required or cannot be measured with sufficient reliability.

Note 2: Information regarding group companies

The below table shows the Group structure where Solör Bioenergi Holding AB (publ) is the parent company:

	Country	Share of capital	Voting share
Solør Bioenergi Holding AS	Norway	100%	100%
Solør Bioenergi AS	Norway	100%	100%
Nordic Bioenergy Infrastructure AS	Norway	100%	100%
Solør Bioenergi Infrastruktur Holding AS	Norway	100%	100%
Solør Bioenergi Infrastruktur AS	Norway	100%	100%
Solør Bioenergi Eiendom AS	Norway	100%	100%
SBE Brumunddal AS	Norway	100%	100%
SBE Rogaland AS	Norway	100%	100%
Solör Bioenergi Sverige AB	Sweden	100%	100%
Solör Bioenergi Biobränslen Holding AB	Sweden	100%	100%
Solör Bioenergi Recycling AB	Sweden	100%	100%
Rindi Energi AB	Sweden	99.9%	99.9%
Rindi Fjärrvärme AB	Sweden	100%	100%
Rindi Pellets AB	Sweden	100%	100%
HR Pellets AB	Sweden	100%	100%
Rindi Älvdalen AB	Sweden	100%	100%
Rindi Biobränsle AB	Sweden	100%	100%
Vansbro Fjärrvärme AB	Sweden	100%	100%
Rindipol SA	Poland	100%	100%
Biopal SA	Poland	100%	100%
SBH Acquisition 2 AB	Sweden	100%	100%
Solör Bioenergi Fjärrvärme Holding AB	Sweden	100%	100%
Solör Bioenergi Fjärrvärme AB	Sweden	100%	100%
Rindi Flen AB	Sweden	100%	100%
Rindi Gnesta AB	Sweden	100%	100%
Rindi Sunne AB	Sweden	100%	100%
Rindi Syd AB	Sweden	100%	100%
Rindi Vadstena AB	Sweden	100%	100%
Rindi Vingåker AB	Sweden	100%	100%
Rindi Västerdala AB	Sweden	100%	100%
Solör Bioenergi Charlottenberg AB	Sweden	100%	100%
Solör Bioenergi Svenljunga AB	Sweden	100%	100%
Solör Bioenergi Älvdalen AB	Sweden	100%	100%
Solör Värmeanläggningar i Sverige Fastighets AB	Sweden	50%	50%
Solör Bioenergi Egendom Svenljunga AB	Sweden	50%	50%
Filipstads Värme AB[1]	Sweden	100%	100%
Vårgårda Ångfabrik AB[1]	Sweden	100%	100%
Solör Bioenergi AG	Switzerland	100%	100%
Vestkysten Energi AB	Sweden	100%	100%
BE Bio Energy Group II AS	Norway	100%	100%

[1] Fully consolidated based on an assessment in accordance with IFRS 10 showing the Group's control over the investees. The assessment is based among others on the Group's performance and steering of all operating and administrative activities. The Group has right to variable returns and has ability to use its influence to affect those returns.
[2] In addition to the above, the Group has through Rindi Energi AB a share of 27.5% in JSCJS Rindibel in Belarus. From an accounting perspective this is treated as an assiciated company. The proportion of equity amounts to 0 SEK and the company is only running an insignificant business with non-material impact on the Group´s financial reports.

Solør Bioenergi Holding AS with company address in Kirkenær, Norway. The company supports the Group with central group functions such as financing, cash management, accounting and reporting.

Solør Bioenergi AS (100% owned by Solør Bioenergi Holding AS) with company address in Kirkenær, is an industrial company with the purpose to operate bioenergy plants, including production and sale of thermal heat and electricity based on biomass, as well as energy recovery from contaminated wood and production of briquettes. The company has the following production sites:

- Environmental Terminal in Kirkenær
- Combined heat and power plant (CHP) in Kirkenær
- Briquette production in Kirkenær
- District heating distribution in Kirkenær
- Energy plant in Brumunddal
- Energy plant in Rena
- Energy plant in Haslemoen
- Energy plant in Grødaland
- Environmental Terminal in Vigrestad

Solør Bioenergi Infrastruktur AS holds shares in subsidiaries owning infrastructure assets. The company has a bond loan.

Solør Bioenergi Eiendom AS owns infrastructure assets that are leased to Norwegian group companies.

SBE Brumunddal AS owns infrastructure assets that are leased to Norwegian group companies.

SBE Rogaland AS owns infrastructure assets that are leased to Norwegian group companies.

Solör Bioenergi Recycling AB is an industrial company with receipt of recycled wood as main operations and has an environmental terminal in Trollhättan.

Rindi Energi AB holds shares in subsidiaries and supports the Group with administrative services.

Rindi Fjärrvärme AB supports the Group with administrative services.

Rindi Pellets AB is the Group's retail company for pellets.

Rindi Älvdalen AB has production of pellets.

Rindipol S.A. operates 2 energy plants in Chojnice and Hajnowka, Poland.

Biopal S.A. biomass sourcing and operates 1 energy plant in Poland.

Solör Bioenergi Fjärrvärme Holding AB holds shares in subsidiaries and has the Group's junior debt (JFA).

Solör Bioenergi Fjärrvärme AB is the Group's main company regarding district heating in Sweden and is also the parent company of all operating district heating companies in Sweden. The company has also the Group's senior debt (SFA). The company operates the following energy plants:

- Blomstermåla
- Broby
- Dorotea
- Fliseryd
- Garphyttan
- Hanaskog
- Knislinge
- Lagan
- Lammhult
- Landvetter
- Lidhult
- Markaryd
- Mölnlycke
- Mönsterås
- Nora
- Nordmaling
- Odensbacken
- Rundvik
- Ryd
- Skinnskatteberg
- Strömsnäsbruk
- Svalöv
- Sveg
- Vilhelmina
- Vännäs
- Vännäsby
- Åseda

In addition operations are performed through the subsidiaries:

- Rindi Flen AB – energy plant in Flen.
- Rindi Gnesta AB – energy plant in Gnesta.
- Rindi Sunne AB – energy plant in Sunne.
- Rindi Syd AB – 4 energy plants in Svalöv, Tomelilla, Höör and Hörby.
- Rindi Vadstena AB – energy plant in Vadstena.
- Rindi Vingåker AB – energy plant in Vingåker.
- Rindi Västerdala AB – energy plant in Vansbro and is also delivering group internal packaging services regarding pellets
- Solör Bioenergi Charlottenberg AB – energy plant in Charlottenberg.
- Solör Bioenergi Svenljunga AB – energy plant in Svenljunga.
- Solör Bioenergi Älvdalen AB – energy plant in Älvdalen.
- Solör Värmeanläggningar i Sverige Fastighets AB – an infrastructure company owning the buildings and land where Solör Bioenergi Fjärrvärme AB runs operations.
- Solör Bioenergi Egendom Svenljunga AB – an infrastructure company owning infrastructure assets where Solör Bioenergi Charlottenberg AB and Solör Bioenergi Svenljunga AB runs operations.
- Filipstads Värme AB – 2 energy plants in Filipstad and Storfors.
- Vårgårda Ångfabrik AB – energy plant in Vårgårda.

Solör Bioenergi AG with company address in Zürich, Switzerland is a service company supporting the Group with expertise within financing, cash management, accounting and reporting.

Remaining group companies are holding companies and/or have no operations.

Note 3: Significant judgements and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions deemed to be realistic. There may be situations or changes in market conditions that could lead to changes in estimates, which consequently would affect the company's assets, liabilities, equity and profit.

The company's most significant judgements and estimates relate to the following items:

- Tangible and intangible assets
- Recognition of deferred tax assets

Tangible and intangible assets

Depreciation is recognized at a straight line basis over the asset's estimated useful life. Estimated useful life is based on historical experience and assumptions relating to the asset's future technical and economic use. The depreciation period is adjusted if there are changes in those estimates. Construction projects are completed when the project overall is considered delivered, accepted and ready for use. This can be after a period of testing. Depreciation begins at the date of completion. Until then the asset is classified as work in progress. For more information see Note 1 (subsection 1.5 and 1.6), 14 and 15.

If there are any indications regarding impairment of non-current tangible and intangible assets, an impairment test is performed. For information of the most important estimates for calculating future cash flows, please refer below regarding impairment of goodwill.

For more information, see Note 14.

Recognition of deferred tax assets

At each balance sheet date, an assessment must be made regarding deferred tax assets not previously recognized in the statement of financial position. Such tax assets are recognized to the extent it is considered likely that sufficient taxable profit will be available in the future.

For more information refer to Note 13.

Note 4: Acquisition of Nordic Bioenergy Infrastructure AS

As part of the Group's refinancing process, Solør Bioenergi Holding AS entered into an agreement with the shareholders of Nordic Bioenergy Infrastructure AS (NBI) regarding the acquisition of underlying infrastructure assets previously included in the lease agreements between a number of Group companies and NBI. This agreement meant that the shareholders in NBI accepted the Group's bid of NOK 28.75 per share. The underlying infrastructure assets were packaged in a number of Norwegian and Swedish companies and have been accounted for as an asset deal and not as business combination. The Group has consolidated the companies as of April 30, 2017.

The following table describes details of acquired net assets, paid purchase price including the value of the option and acquisition-related expenses:

	Fair value of acquired net assets
Assets	
Property, plant and equipment	955
Deferred tax assets*	19
Other short-term receivables	17
Cash and cash equivalents	48
	1,039
Liabilities	
Bond loan	-403
Deferred tax liabilities*	-25
Liabilities to related parties	-171
Other short-term liabilities	-25
	-624
Total acquired net assets	**415**
Consideration transferred (287.5 MNOK)	**297**
Fair value of utilized put & call option, net after tax	**110**
Transaction expenditures	**8**
Total acquisition price	**415**
Consideration transferred (287.5 MNOK)	297
Transaction expenditures	8
Acquired cash and cash equivalents	-48
Total cash flow effect	**257**

*Relates to deferred taxes in acquired companies

Note 5: Business combinations

On December 19, 2017, the Group acquired an energy plant in Älvdalen. The operations will be conducted in Solör Bioenergi Älvdalen AB. Annual energy supplies are expected at approximately 10 GWh. The following table describes the details of acquired net assets:

	Fair value of acquired net assets
Assets	
Property, plant and equipment	47
Other short-term receivables	1
	48
Liabilities	
Deferred tax liabilities	-7
	-7
Total acquired net assets	**41**
Consideration transferred	**41**

The purchase price allocation (PPA) is preliminary, pending the audited financial statements of the acquired company. However, the PPA is not expected to be adjusted with any significant amounts.

During the period 2017 in which the company was owned, the acquired company affected the Group's net sales and earnings before tax by SEK 0.4 M and SEK 0.2 M respectively. For 2018, the acquired company is expected to contribute to the Group's net sales by approximately SEK 8 M and earnings before tax by approximately SEK 2.5 M.

Note 6: Operating segments

Segment information is designed in accordance with the internal reporting made to the chief operating decision maker, which has been identified to be the Group Management. The Group has two operating segments in the course of ordinary business activities, which is reflected in the organization and the business model.

District heating

The energy plants produce energy for district heating, industrial steam and electricity for customers in the public and private sector. The energy plants are located in Sweden, Norway and Poland.

Biomass

Within the segment the Group has 3 environmental terminals receiving impregnated and treated wood, as well as production of biomass for sale to the Group's own energy plants and external energy customers. Within the segment there is also one production facility for briquettes and 2 production facilities for pellets.

Other

Other mainly includes the holding companies' income and expenses and other transactions not directly attributable to the operating segments.

Management monitors the segment's operating result before depreciation (EBITDA) and operating profit (EBIT). This information is used to assess the performance and to make decisions about allocation of resources.

Segment reporting is prepared according to the same principles as the consolidated financial statements. Transactions between segments are based on market prices, which are corresponding to the terms for external third parties. Transactions between segments are eliminated in the Group. The operating segments' operating results (EBIT) includes income and expenses from transactions with other segments of the Group. The segments District Heating and Biomass are charged with overhead expenses. In the internal monitoring, these charges are adjusted.

The Group does not disclose information on the assets and liabilities linked to each segment, since this is not part of the reporting to the chief operating decision maker.

The segments District Heating and Biomass contain almost entirely external revenues. Internal deliveries of biomass are limited.

Of total net sales SEK 835 M (821) is generated in Sweden which represents 88 percent (88) of consolidated net sales. SEK 90 M (81) of the net sales, corresponding to 9 percent (9), is generated in Norway, while SEK 28 M (28), corresponding to 3 percent (3), is generated in Poland. The distribution of revenues is based on the residence of the Group companies No customer represents more than 10% of total revenues.

Net sales are distributed as follows:

Distribution of net sales	2017	2016
Thermal energy	723	716
Pellets and briquettes	123	107
Impregnated wood	67	56
Other	40	51
Total net sales	**953**	**930**

The tables below present information of the Group's operating segments:

Net sales per segment	2017	2016
District heating		
External sales	746	726
Internal sales	10	18
	756	**744**
Biomass		
External sales	207	205
Internal sales	3	15
	210	**220**
Other/eliminations	**-13**	**-34**
Total net sales	**953**	**930**

Gross contribution per segment	2017	2016
District heating		
Total operating income	768	751
Raw materials	-255	-266
Gross contribution	**513**	**485**
Gross margin (%)	*67%*	*65%*
Biomass		
Total operating income	211	225
Raw materials and cost of goods sold	-126	-131
Gross contribution	**85**	**94**
Gross margin (%)	*40%*	*42%*

EBITDA per segment	2017	2016
District heating	293	220
Biomass	-28	-18
Other/eliminations	-36	93
Total EBITDA	**229**	**295**

EBITDA per segment adjusted for overhead expenses	2017	2016
District heating	319	268
Biomass	2	2
Other/eliminations	-92	25
Total EBITDA	**229**	**295**

Depreciation and impairment per segment	2017	2016
District heating	-131	-125
Biomass	-41	-49
Other/eliminations	-11	-7
Total depreciation and impairment	**-183**	**-181**

EBIT per segment	2017	2016
District heating	162	95
Biomass	-69	-67
Other/eliminations	-47	86
Total EBIT	**46**	**114**

EBIT per segment adjusted for overhead expenses	2017	2016
District heating	188	143
Biomass	-39	-47
Other/eliminations	-103	18
Total EBIT	**46**	**114**

Reconciliation of segment reporting to net profit or loss for the year	2017	2016
EBIT	46	114
Financial net	-187	-203
Income tax	-9	46
Net profit or loss for the year	**-150**	**-43**

The tables below show the distribution of the Group's goodwill, other intangible assets and property, plant and equipment per country:

Goodwill per country	2017	2016
Sweden	34	34
Norway	0	0
Other countries	0	0
Total goodwill	**34**	**34**

Other intangible assets per country	2017	2016
Sweden	69	88
Norway	4	7
Other countries	0	0
Total intangible assets	**73**	**95**

Property, plant and equipment per country	2017	2016
Sweden	3,026	2,826
Norway	877	178
Other countries	91	82
Total property, plant and equipment	**3,994**	**3,086**

Note 7: Other operating income

	2017	2016
Unrealized gain derivative	0	88
Other	9	13
Total other operating income	**9**	**101**

Note 8: Raw materials and cost of goods sold

	2017	2016
Raw materials	-227	-228
Finished goods	-81	-63
Transportation costs	-36	-43
Other cost	-28	-30
Total raw materials and cost of goods sold	**-372**	**-364**

Note 9: Other operating expenses

	2017	2016
Costs for hired staff	-21	-20
Rent of premisses	-32	-70
Other lease expenses	-7	-7
Repait and maintenance expenses	-50	-47
Consultant fees	-36	-16
Energy costs	-29	-27
IT costs	-9	-8
Insurance costs	-10	-11
Other	-47	-42
Total other operating expenses	**-241**	**-248**

Audit fees - KPMG	2017	2016
Audit engagement	-4	-5
Other audit in addition to the audit engagement	0	0
Tax advice	0	0
Other services	0	0
Total	**-4**	**-5**

Audit fees - other audit firms	2017	2016
Audit engagement	0	0
Other audit in addition to the audit engagement	0	0
Tax advice	0	0
Other services	0	0
Total	**0**	**0**

Note 10: Employees and personnel expenses

In the table below, the average number of employees in the Group is specified:

	2017		2016	
	Average employees	thereof women	Average employees	thereof women
Parent company				
Sweden	3	0	3	0
Subsidiaries				
Sweden	102	20	106	21
Norway	27	4	28	4
Poland	33	4	33	4
Switzerland	3	1	4	1
Italy			0	0
Group total	**168**	**29**	**174**	**30**

Gender distribution of the parent company and the Group for the Board of Directors and the Managing Director:

	2017		2016	
	Number Dec 31	thereof women	Number Dec 31	thereof women
Board members	4	0	4	0
Managing Director	1	0	1	0
Group total	**5**	**0**	**5**	**0**

Salaries and other remuneration, pension costs and social security expenses in total for the Group:

	2017	2016
Salaries and other remuneration	-86	-88
Pension costs	-13	-11
Social security expenses	-20	-23
Other personnel expenses	-1	-2
Total	**-120**	**-124**

Salaries and other remuneration to Board members, senior executives and other employees:

	2017		2016	
	Salaries and other remu-neration (thereof bonuses)	Social security expenses (thereof pensions)	Salaries and other remu-neration (thereof bonuses)	Social security expenses (thereof pensions)
Parent company				
Board and other senior executives	5	2	5	2
	(1)	(1)	(0)	(1)
Other employees	3	2	2	2
	(0)	(1)	(0)	(1)
Parent company total	**8**	**4**	**7**	**4**
Subsidiaries				
Board and other senior executives	5	1	3	0
Other employees	73	28	78	30
Subsidiaries total	**78**	**29**	**81**	**30**
Group total	**86**	**33**	**88**	**34**

Principles for remuneration

Fee to the Board of Directors is totaling SEK 1 M per year.

The Managing Director has a base salary of SEK 3 M. There is no fixed bonus system, but a discretionary bonus, determined by the board and usually runs over a three-year payment period. Other senior executives have a remuneration level between SEK 1.5-2.5 M as base salary. They are included in the same discretionary bonus arrangements as the Managing Director.

In connection with the successful refinancing process, the Board decided to allocate bonus for staff involved in the refinancing process of a total of SEK 8 M, of which one third was paid in May 2017, while one third is due to payout in September 2018 and the last part in December 2019. Of the resolved bonus, SEK 4 M was allocated to senior executives, of which SEK 1 M was attributable to the Managing Director.

Pensions

There are no defined benefit pension plans in the Group, neither to current nor former employees. All employees, including senior executives have defined contribution pension plans.

Termination and severance pay

The notice period for all senior executives is between three and six months. No contractual severance pay is determined, except for the Managing Director who has a severance pay equal to six months' salaries.

The table below outlines the remuneration of senior executives:

2017 *thousands kronor*	Board remu- neration	Base salary	Bonus	Benefits in kind	Pension costs	Total
Board of Directors						
Martinus Brandal (chairman)	250	0	0	0	0	250
Ola Strøm (vice chairman)	250	0	0	0	0	250
Jonathan F. Finn	250	0	0	0	0	250
Erik A. Lynne	250	0	0	0	0	250
Managing Director						
Anders Pettersson	0	3,054	863	0	630	4,547
Other senior executives						
(4 persons)*	0	15,380	1,792	13	632	17,817
Total	**1,000**	**18,434**	**2,655**	**13**	**1,262**	**23,364**
thereof parent company	*1,000*	*9,466*	*1,863*	*0*	*630*	*12,959*
thereof subsidiaries	*0*	*8,968*	*792*	*13*	*632*	*10,405*

* 2 of the senior executives have invoiced their fees. The total invoiced amount for the 2017 financial year amounts to SEK 11,556 thousands, whereof to the parent company SEK 7,412 thousands. These amounts are not included in personnel expenses but rather in other operating expenses. See also Note 11.

2016 *thousands kronor*	Board remu- neration	Base salary	Bonus	Benefits in kind	Pension costs	Total
Board of Directors						
Martinus Brandal (chairman)*	500	0	0	0	0	500
Ola Strøm (vice chairman)*	500	0	0	0	0	500
Jonathan F. Finn	250	0	0	0	0	250
Erik A. Lynne	250	0	0	0	0	250
Managing Director						
Anders Pettersson	0	3,058	0	0	806	3,864
Other senior executives						
(4 persons)**	0	11,748	0	9	115	11,872
Total	**1,500**	**14,806**	**0**	**9**	**921**	**17,236**
thereof parent company	*1,500*	*6,804*	*0*	*0*	*806*	*9,110*
thereof subsidiaries	*0*	*8,002*	*0*	*9*	*115*	*8,126*

* Half of the remuneration 2016 is regarding board fee for previous year (2015).

** 2 of the senior executives have invoiced their fees. The total invoiced amount for the 2016 financial year amounts to SEK 8,363 thousands, whereof to the parent company SEK 3,746 thousands. These amounts are not included in personnel expenses but rather in other operating expenses. See also Note 11.

Note 11: Related party transactions

The Group has conducted various transactions with related parties. All transactions are carried out as part of the regular business operations and to market conditions. No securities have been issued by the Group on behalf of related parties.

Related party	Relationship
BE Bio Energy Group AG	Solör Bioenergi Holding AB's parent company holding 62.76 procent (62.76) of the shares and votes.
Jilkén & Jilkén AG	Solör Bioenergi Holding AB has a consulting agreement with Jilkén & Jilkén AG regarding law services. One of the shareholders of the company holds shares in and is senior excecutive in Solör Bioenergi Holding AB.
Contactit AG	Solör Bioenergi AG has a consulting agreement with Contactit AG regarding technical services provided by one of the Group's senior executives.
Tips Real Performance AG	A company that is owned an controlled by one of BE Bio Energy Group AGs co-owners.
Asgard MX Holding AG	A company that is owned an controlled by one of BE Bio Energy Group AGs co-owners.
BEEM Industri og Eiendom AS	A company that is owned an controlled by one of BE Bio Energy Group AGs co-owners.
Socael AS	A company that is owned an controlled by one of BE Bio Energy Group AGs co-owners.

2017 Related party	Sale of goods and services	Purchase of goods and services	Interest income and expenses	Receivable at balance sheet date	Liability at balance sheet date
BE Bio Energy Group AG	0	-26	21	322	0
Jilkén & Jilkén AG	0	-9	0	0	-1
Contactit AG	0	-4	0	0	0
Tips Real Performance AG	0	0	0	0	-14
Asgard MX Holding AG	0	0	0	0	-14
BEEM Industri og Eiendom AS	0	0	-1	0	-27
Socael AS	0	-4	0	0	-14
	0	**-43**	**20**	**322**	**-70**

2016 Related party	Sale of goods and services	Purchase of goods and services	Interest income and expenses	Receivable at balance sheet date	Liability at balance sheet date
BE Bio Energy Group AG	0	-9	20	317	-4
Jilkén & Jilkén AG	0	-4	0	0	0
Contactit AG	0	-4	0	0	0
	0	**-17**	**20**	**317**	**-4**

Note 12: Financial items

	2017	2016
Financial income		
Interest income	26	23
Foreign currency exchange gains	16	2
Other financial income	1	0
Total financial income	**43**	**25**
Financial expenses		
Interest expenses on bond loans	-46	-93
Interest expenses on finance leases	-8	-8
Other interest expenses	-111	-41
Foreign currency exchange losses	-2	-65
Other financial expenses	-63	-21
Total financial expenses	**-230**	**-228**
Financial net	**-187**	**-203**

Received interest amounts to SEK 5 M (0), while paid interest amounts to SEK -178 M (-143).

Note 13: Tax

Specification of major components of tax expense/income for the year:

	2017	2016
Current tax		
Tax expense for the period	-4	-4
Adjustments relating to prior periods	2	0
Total current tax	**-2**	**-4**
Deferred tax		
Change in temporary differences	6	-12
Change in tax losses carryforward	-14	62
Effect of changes in income tax rate	1	0
Total deferred tax	**-7**	**50**
Total tax	**-9**	**46**

There has been no income tax effect posted in other comprehensive income or directly in equity.

Reconciliation of effective tax for the year:

	2017	2016
Profit or loss before tax	**-141**	**-89**
Tax based on the parent company's tax rate (22 percent)	31	20
Effect of foreign tax rates	1	4
Non deductible expenses (permanent differences)	0	-4
Non taxable income (permanent differences)	0	0
Effect of unrecognized tax value i current year's tax losses carryforward	-41	-14
Effect of utilized unrecognized tax value from prior year's tax losses carryforward	17	9
Revaluation/reassessment of previous year's tax value in tax losses carryforward	-18	34
Effect of changes in income tax rate	1	0
Other	0	-3
Total tax	**-9**	**46**

Specification of net deferred tax liability:

	2017	2016
Property, plant and equipment (including excess depreciation)	-358	-332
Intangible assets	-14	-17
Derivative instruments	0	-32
Other temporary differences	14	16
Recognized tax losses carryforward	176	173
Net deferred tax liability	**-182**	**-192**

Development of net deferred tax liability for the period:

	2017	2016
Opening balance January 1	-192	-242
Effect of acquired subsidiaries	18	0
Deferred tax of the period in profit or loss	-7	50
Currency translation effects	-1	0
Closing balance December 31	**-182**	**-192**

2017	**Opening balance**	**Deferred tax recognized in profit or loss**	**Effect of acquired subsid-iaries**	**Foreign currency effects**	**Closing balance**
Property, plant and equipment (including excess depreciation)	-332	5	-32	1	-358
Intangible assets	-17	3	0	0	-14
Other untaxed reserves *(Sw. periodiseringsfonder)*	0	0	-2	0	-2
Derivative instruments	-32	1	31	0	0
Other temporary differences	16	-2	3	-1	16
Recognized tax losses carryforward	173	-14	18	-1	176
Net deferred tax liability	**-192**	**-7**	**18**	**-1**	**-182**

2016	**Opening balance**	**Deferred tax recognized in profit or loss**	**Effect of acquired subsid-iaries**	**Foreign currency effects**	**Closing balance**
Property, plant and equipment (including excess depreciation)	-338	8	0	-2	-332
Intangible assets	-21	4	0	0	-17
Other untaxed reserves *(Sw. periodiseringsfonder)*	0	0	0	0	0
Derivative instruments	-13	-19	0	0	-32
Other temporary differences	27	-11	0	0	16
Recognized tax losses carryforward	103	68	0	2	173
Net deferred tax liability	**-242**	**50**	**0**	**0**	**-192**

Due to remaining uncertainty of the Group's ability to utilize tax losses carryforward within a foreseeable future, deferred tax assets related to tax losses carryforward corresponding to SEK 591 M (386) have not been recognized in the statement of financial position. Unrecognized tax losses carryforward are attributable to the Swedish operations corresponding to SEK 190 M (45) and the Norwegian operations corresponding to SEK 401 M (341), giving an unrecognized deferred tax effect of SEK 42 M (10) and SEK 92 M (82). There is no limitation in time for using the tax losses carryforward in Sweden and Norway against taxable profits in the future. The income tax rate in Norway has been reduced from 24 percent to 23 percent at the balance sheet date.

Note 14: Intangible assets

Licenses and software	2017	2016
Accumulated cost		
Opening balance January 1	199	190
Additions	0	11
Disposals	-2	-3
Currency translation differences	-1	1
Closing balance December 31	**196**	**199**
Accumulated depreciation		
Opening balance January 1	-105	-84
Depreciations	-21	-21
Disposals	2	1
Currency translation differences	1	-1
Closing balance December 31	**-123**	**-105**
Carrying amount	**73**	**94**

Licenses are primarily excess values attributable to the acquisition of Solör Bioenergi Recycling AB. Useful lives of intangible assets is between 5 and 10 years. Depreciation is utilized on a straight-line basis.

Goodwill	2017	2016
Opening balance January 1	34	34
Carrying amount	**34**	**34**

Goodwill is not depreciated but tested annually for impairment. Goodwill in the Group amounts at the end of the financial year to SEK 34 M (34) and is attributable to the cash generating units (CGU's) Solör Bioenergi Charlottenberg AB and Solör Bioenergi Recycling AB. In accordance with IAS 36, the goodwill is tested annually for impairment. The impairment test is performed as of December 31.

Goodwill	2017	2016
Solör Bioenergi Charlottenberg AB	10	10
Solör Bioenergi Recycling AB	24	24
Carrying amount	**34**	**34**

Upon impairment testing, the recoverable amount is determined based on an assessment of the value in use. The value in use is calculated by discounting expected future cash flows after tax, discounted by an interest rate taking into account maturity and risk. The forecasts for cash flows are based on budget approved by management. The detailed budget is extrapolated over the useful life of this type of long-term asset. The main assumptions on which cash flow forecasts are based are sales volumes and prices based on experience and historical figures combined with assumptions based on external sources of information such as expectations of price development in the market.

After the forecast period, the growth rate in net cash flows is estimated at 2.5 percent (2.5), reflecting the market according to the Group's experience.

The interest rate used to discount cash flows is 7.0 percent (7.0) after tax, which represents a rate of 8.0 percent before tax (8.1) for CGU Solör Bioenergi Charlottenberg AB and 8.4 percent before tax (8.1) for CGU Solör Bioenergi Recycling AB.

Sensitivity analysis

Both CGU's have been tested for sensitivity. For the CGU Solör Bioenergi Charlottenberg AB headroom is SEK 93 M (17). For the CGU Solör Bioenergi Recycling AB headroom is SEK 74 M (14). A change of the pretax interest rate with +1 percent would not cause impairment neither for CGU Solör Bioenergi Charlottenberg AB nor the CGU Solör Bioenergi Recycling AB. Impairment would be needed upon change of the pretax interest rate with +8.1 percentage points for CGU Solör Bioenergi Charlottenberg AB and +3.7 percentage points for CGU Solör Bioenergi Recycling AB.

The sensitivity analysis includes both goodwill and tangible assets. Any impairment in excess of the carrying amount of goodwill will also imply an impairment of tangible fixed assets.

Note 15: Property, plant and equipment

	Buildings and land		Energy centrals, machines and other technical equipment		Other equipment		Construction in progress	
	2017	2016	2017	2016	2017	2016	2017	2016
Accumulated cost								
Opening balance January 1	497	489	3,586	3,516	57	60	41	16
Additions	653	7	377	29	3	3	43	31
Disposals	-2	-2	-3	-20	0	-2	0	0
Reclassification	12	2	43	9	-9	-5	-46	-6
Currency translation differences	-1	1	-21	52	0	1	0	0
Closing balance December 31	**1,159**	**497**	**3,982**	**3,586**	**51**	**57**	**38**	**41**
Accumulated depreciation								
Opening balance January 1	-42	-33	-836	-707	-22	-22	0	0
Depreciations	-23	-9	-132	-131	-5	-5	0	0
Disposals	0	0	3	19	0	1	0	0
Reclassification	0	0	0	-4	0	4	0	0
Currency translation differences	0	0	8	-13	0	0	0	0
Closing balance December 31	**-65**	**-42**	**-957**	**-836**	**-27**	**-22**	**0**	**0**
Accumulated impairment								
Opening balance January 1	-8	-7	-181	-153	-6	-7	0	0
Impairment/reversal of impairment	0	0	-1	-14	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Reclassification	0	-1	0	0	0	1	0	0
Currency translation differences	0	0	9	-14	0	0	0	0
Closing balance December 31	**-8**	**-8**	**-173**	**-181**	**-6**	**-6**	**0**	**0**
Carrying amount	**1,086**	**447**	**2,852**	**2,569**	**18**	**29**	**38**	**41**

Property, plant and equipment are depreciated over their estimated useful lives as follows:

- Buildings 10-30 years
- Distribution network 60-75 years
- Shredding/crushing lines 3-30 years
- Machinery and technical equipment 3-50 years
- Other equipment 3-10 years

Construction in progress consists of on-going projects in the Group. The Group's project expenditures are capitalized or expensed depending on the probability of retaining a future economic value. Expenditures include both externally purchased services and internal direct and indirect wages and wage-related costs.

By the end of the fiscal year, the carrying amount of property, plant and equipment held under finance lease arrangements amounted to SEK 82 M (93), see also Note 16 regarding the Groups lease obligations. Essentially the entire amount is attributable to energy centrals, machinery and technical equipment. The Group has not entered into any commitments for new investments in property, plant and equipment.

Note 16: Lease arrangements

The Group as lessee – finance leases

The Group's assets obtained through finance leases include energy centrals, machinery and technical equipment. In addition to the lease payments, the Group has obligations with respect to maintenance, insurance and property taxes for the assets. The lease terms vary up to 25 years, several with a right of renewal. The Group’s most significant lease arrangement is with the Municipality of Vansbro and contains lease of an energy central for production of district heating and a production facility for pellets. The lease agreement with Vansbro Municipality runs until 2037 and the leasing fees are linked to STIBOR.

Finance lease obligations are due according to the table below:

2017	< 1 year	1 - 5 years	> 5 years	Total
Future minimum lease payments	14	51	169	234
Amount representing interest	-8	-28	-56	-92
Present value of minimum lease payments	**6**	**23**	**113**	**142**

2016	< 1 year	1 - 5 years	> 5 years	Total
Future minimum lease payments	14	52	181	247
Amount representing interest	-8	-29	-63	-100
Present value of minimum lease payments	**6**	**23**	**118**	**147**

The Group as lessee - operating leases

The Group has entered into various operating leases for property, plant and equipment. Most lease arrangements contain an option for extension of the term. Operating lease expenses for the financial year amounted to SEK 38 M (77), whereof variable fees amounted to SEK 0 M (0).

Future minimum lease payments for non-cancellable operating leases fall due as follows:

2017	< 1 year	1 - 5 years	> 5 years	Total
Future minimum lease payments	14	30	40	**84**

2016	< 1 year	1 - 5 years	> 5 years	Total
Future minimum lease payments	82	320	1,580	**1,982**

The decrease of the future minimum lease payments is mainly due to the Group’s acquisition of Nordic Bioenergy Infrastructure AS (NBI), significantly decreasing the Group’s lease expenses.

Note 17: Financial instruments and risk management

The main purpose of the Group's management of capital is to ensure that the Group has good creditworthiness and reasonable loan terms that relate to the business being conducted. By complying with all financial loan terms, the Group aims to pursue a sustainable business and thereby maximize shareholders' value.

Following the Group's successful completion of its refinancing project in April 2017, the operational activities are mainly financed through loan facilities in the form of a Senior Facilities Agreement (SFA) and a Junior Facilities Agreement (JFA).

SFA, which has been raised by the group company Solör Bioenergi Fjärrvärme AB, runs over 5 years and the total credit amounts to SEK 1,800 MK. In addition, the SFA also includes an overdraft credit limit of SEK 150 M and an investment (CAPEX) credit limit of SEK 300 M, of which SEK 35 M is utilized at the balance sheet date. SFA runs a floating rate corresponding to 3-month STIBOR plus a credit margin of 1.75 percentage points, rising annually by an additional 0.25 percentage point. The unutilized credit facility is charged with a credit charge corresponding to 35 percent of the credit margin (which at the balance sheet date amounted to 1.75 percentage points), i.e. 0.6125 percent. The establishment of SFA provided direct financing expenses of approximately SEK 131 M, which are expensed over the term of the loan in accordance with the effective interest method. The cost in 2017 amounted to approximately SEK 16 M.

JFA, which has been raised by the group company Solör Bioenergi Fjärrvärme Holding AB (name changed from SBH Acquisition 4 AB) lasts over 6 years and the total credit amounts to SEK 1,270 M. In addition, JFA also includes an investment (CAPEX) credit limit of SEK 200 M, of which SEK 13.5 M has been utilized at the balance sheet date. JFA runs a variable interest rate corresponding to 3-month STIBOR plus a credit margin of 6.50 percentage points. When calculating total interest, no negative 3-month STIBOR is considered, which in practice means that the interest rate will be at least 6.5 percentage points over the term of the loan. The unutilized credit facility is charged with a credit charge equivalent to 1.5 percent. The establishment of JFA provided direct financing expenses of approximately SEK 30 M which are expensed over the term of the loan in accordance with the effective interest method.

Costs in 2017 amounted to approximately SEK 3 M.

In connection with the Group's acquisition of Nordic Bioenergy Infrastructure AS (NBI), loans to related parties of NOK 166 M were added to the Group's loan portfolio, of which NOK 101 M were repaid in connection with the refinancing. The loans runs at 4 percent interest. At the balance sheet date, the debt plus accrued interest amounts to approximately NOK 69 M (SEK 69 M). In addition to this, the Group has added a bond loan held by the group company Solør Bioenergi Infrastruktur AS. The liability at the balance sheet date amounts to approximately NOK 380 M, which corresponds to SEK 381 M. The bond loan runs until 2021 with a fixed interest rate of 6.55%. Interest and amortization are due for payment annually in mid-July as follows:

2018: NOK 10 M

2019: NOK 9 M

2020: NOK 9 M

2021: NOK 353 M

In addition to the above, there are bank loans held by the two jointly owned subsidiaries Filipstads Värme AB and Vårgårda Ångfabrik AB. These amounts to SEK 73 M at the balance sheet date. These companies have also bank overdraft limits totaling SEK 8 M, not utilized at the balance sheet date.

In the Polish subsidiary Rindipol SA there are investment and fuel credits totaling approximately PLN 7 M, which corresponds to approximately SEK 15 M at the balance sheet date. Together with the other Polish subsidiary Biopal SA, the aggregate bank overdraft limits are approximately PLN 2.1 M (SEK 5.0 M), of which approximately PLN 2.0 M are utilized (SEK 4.8 M).

The subsidiary Rindi Pellets AB has factoring agreement regarding accounts receivable and inventory. The liability at the balance sheet date amounts to SEK 19 M (granted limit SEK 45 M).

The Group's borrowing through SFA, JFA and the bond loan has a number of financial credit terms (covenants) which are measured at certain fixed times. During 2017 and at the balance sheet date, all financial covenants are met and there are no indications that these will not be met in future.

The tables below show the Group's interest-bearing liabilities outstanding at the end of the financial year and the change in liabilities between the years and its impact on the Group's cash flow from the financing activities:

	Carrying amount 2017	Carrying amount 2016
SFA nominal loan	1,800	0
Remaining non-exepensed establishment expenditures	-115	0
Utilized investment credit (CAPEX) SFA	35	0
JFA nominal loan	1,270	0
Remaining non-exepensed establishment expenditures	-27	0
Utilized investment credit (CAPEX) JFA	14	0
Bond loans	381	1,609
Other liabilities to credit institutions	107	746
Bank overdraft	5	124
Finance lease obligations	142	147
Liabilities to related parties	69	0
	3,681	**2,626**

			Non-cash effective changes				
	1 January 2017	Cash flows (new loans / repayment of loans)	Acquisition of subsidiaries	New lease agreements	Deferred interest and effective interest method	Currency effects	**31 December 2017**
Bond loans	**1,609**	-1,627	403	0	17	-21	**381**
SFA	**0**	1,704	0	0	16	0	**1,720**
JFA	**0**	1,254	0	0	3	0	**1,257**
Other liabilities to credit institutions	**746**	-640	0	0	0	1	**107**
Bank overdraft	**124**	-119	0	0	0	0	**5**
Finance lease obligations	**147**	-7	0	2	0	0	**142**
Liabilities to related parties	**0**	-104	171	0	2	0	**69**
	2,626	**461**	**574**	**2**	**38**	**-20**	**3,681**

The main financial risks which the Group is exposed to are market risk (interest rate and currency risk), liquidity risk, and to a limited extent credit risk. The Group management continuously assess those risks and establishes guidelines for how they should be handled.

(i) Market risk

Market risk is the risk that fluctuations in market rates, such as interest and exchange rates, will impact the Group's profits or financial position.

Interest rate risk

Interest rate risk is attributable to fluctuations in market interest rates and their effect on the Group's loan portfolio. The Group´s interest-bearing debt is mainly subject to variable interest rates, except for the bond loan, financial leases and the loans from related parties that are at fixed interest rate.

In order to reduce the company's interest rate exposure for future interest rate increases (3-month STIBOR) linked to the SFA, Solör Bioenergi Fjärrvärme AB has signed interest rate swaps for the equivalent of 70% of the nominal loan (SEK 1,260 M), where paid variable interest according to 3-month STIBOR excluding credit margin, is swapped at a fixed rate of 0.1875 percentage points. Interest rate swaps run during parts of the loan term until June 30, 2021.

In order to reduce the company's exposure to future interest rate increases (3-month STIBOR) linked to the JFA, Solör Bioenergi Fjärrvärme Holding AB has signed a derivative agreement in the form of an interest rate cap. The agreement expires on December 31, 2020.

The terms of the derivative agreement are that if the 3-month STIBOR rises to more than + 0.5 percentage points, Solör Bioenergi Fjärrvärme Holding AB will be compensated for the interest paid on the loan of SEK 1,270 M exceeding 7 percentage points.

In addition to the above, the Group has through the jointly owned subsidiary Vårgårda Ångfabrik AB two interest rate swaps relating to underlying floating-rate loans with a total nominal value of SEK 15 M, swapped from variable to fixed interest. The swaps will run until May 2019 and January 2020 respectively.

A change in interest rates of +1 percentage point would affect consolidated net financial items negatively with SEK 20 M, while a change in interest rates of -1 percentage point would affect consolidated net financial items positively with approximately SEK 7 M. The sensitivity analysis has been conducted on the basis of variable interest bearing debt at the end of the financial year not being hedged with financial derivative instruments.

Currency risk

The Group is also exposed to currency exchange rate fluctuations related to the value of the Swedish Krona (SEK) against other currencies. For the Group the exposure in all material aspects is against the Norwegian Krone (NOK) connected to the NOK bond and partly also to the borrowings in Polish zloty (PLN). The Group has not used financial derivative instruments in its financial risk management with respect to those borrowings as the exposure is partly offset by the net assets of foreign operations since the Group's earnings and equity are also affected by the exchange rate used for translation of earnings and net assets in foreign subsidiaries with a different functional currency than the Group's reporting currency.

(ii) Liquidity risk

Liquidity risk is the risk that the Group cannot meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to have sufficient funds at any time to meet its financial obligations in time, under both normal and exceptional circumstances, without risking unacceptable losses or at the expense of the Group's reputation.

After the completion of the refinancing the liquidity risk of the Group has significantly decreased.

The following tables shows an overview of the maturity structure of the Group's financial liabilities based on undiscounted contractual payments:

2017	Within 1 year	1-2 years	2-5 years	Later than 5 years	Total
Bond loans	35	34	409	0	478
SFA	30	35	1,934	0	1,999
JFA	87	87	262	1,311	1,747
Other liabilities to credit institutions	41	23	35	16	115
Bank overdraft	5	0	0	0	5
Finance lease obligations	14	14	37	169	234
Liabilities to related parties	70	0	0	0	70
Accounts payable	54	0	0	0	54
Accrued expenses	72	0	0	0	72
Total	**408**	**193**	**2,677**	**1,496**	**4,774**

2016	Within 1 year	1-2 years	2-5 years	Later than 5 years	Total
Bond loans	757	45	970	0	1,772
Liabilities to credit institutions	363	144	187	131	825
Bank overdraft	124	0	0	0	124
Finance lease obligations	15	14	38	181	248
Liabilities to related parties	4	0	0	0	4
Accounts payable	121	0	0	0	121
Accrued expenses	48	0	0	0	48
Total	**1,432**	**203**	**1,195**	**312**	**3,142**

At the end of the year, the Group had unused credit facilities in the form of bank overdraft facilities amounting to SEK 158 M (18).

(iii) Credit risk

The Group is exposed to credit risk related to accounts receivable from sales in the ordinary course of business. There is no significant concentration of credit risk due to the diversified customer base. The Group has guidelines to ensure that sales are made to customers who have not had payment problems and that outstanding amounts do not exceed established credit limits. Maximum risk exposure is represented by the carrying amount of the financial assets in the statement of financial position. For more information regarding accounts receivable, see Note 19.

The Group furthermore has a financial receivable towards the related party BE Bio Energy Group AG, which at the end of the financial year amounted to SEK 322 M (317), see also Note 11. The receivable is denominated in NOK and is interest-bearing corresponding to NIBOR with an additional credit margin of 6 percentage points.

The tables below show the carrying amount and the fair value of the Group's financial instruments, divided in the fair value measurement hierarchy levels, where level 1 refers to quoted (unadjusted) prices in active markets, level 2 refers to values based on other directly or indirectly observable inputs other than level 1, and Level 3 relates to valuations based on unobservable inputs.

2017	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets					
Receivables from related parties	322	0	322	0	322
Derivatives	4	0	4	0	4
Accounts receivable	113	0	113	0	113
Other receivables	7	0	7	0	7
Accrued income	79	0	79	0	79
Cash and cash equivalents	128	0	128	0	128
	653	**0**	**653**	**0**	**653**
Financial liabilities					
Bond loans	381	0	381	0	381
Bank overdraft	5	0	5	0	5
Liabilities to credit institutions	3,084	0	3,084	0	3,084
Finance lease obligations	142	0	142	0	142
Liabilities to related parties	70	0	70	0	70
Derivatives	3	0	3	0	3
Accounts payable	54	0	54	0	54
Accrued expenses	73	0	73	0	73
	3,812	**0**	**3,812**	**0**	**3,812**

2016	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets					
Receivables from related parties	317	0	317	0	317
Derivatives	145	0	0	145	145
Accounts receivable	98	0	98	0	98
Other receivables	3	0	3	0	3
Accrued income	82	0	82	0	82
Cash and cash equivalents	16	0	16	0	16
	661	**0**	**516**	**145**	**661**
Financial liabilities					
Bond loans	1,609	1,134	0	0	1,134
Bank overdraft	124	0	124	0	124
Liabilities to credit institutions	746	0	746	0	746
Finance lease obligations	147	0	147	0	147
Liabilities to related parties	4	0	4	0	4
Derivatives	2	0	2	0	2
Accounts payable	121	0	121	0	121
Accrued expenses	48	0	48	0	48
	2,801	**1,134**	**1,192**	**0**	**2,326**

Essentially the fair values of the Group's financial instruments corresponds to carrying amounts in the statement of financial position. The carrying amount is considered to be a reasonable approximation of the fair value.

The assessment of the fair value of the financial assets and liabilities has been carried out in accordance with hierarchy level 2 as defined by IFRS 13. The Group uses a market assessment based on market interest rates in the assessment of fair value in accordance with hierarchy level 2. Previous year the listed bond loans were valued in accordance with hierarchy level 1, and the financial derivative instrument (put & call option) was valued in accordance with hierarchy level 3.

With the exception of derivative instruments measured at fair value through profit or loss, the Group's other financial instruments are measured at amortized cost, i. e. financial assets are included in the category "Loans and receivables", while financial liabilities are included in the category "Other financial liabilities".

Note 18: Inventories

	2017	2016
Raw materials and fuel	54	61
Finished goods	19	33
	73	**94**

Inventories are pledged for interest-bearing liabilities up to SEK 12 M (23), see Note 23.

Impairment of inventories has been recognized regarding the Group's production of pellets with an amount equivalent to SEK 0 M (2). Costs for raw materials and cost of goods sold is presented in Note 8.

Note 19: Accounts receivable

Accounts receivables are non-interest bearing and generally have an average credit period of 30 days. As of the balance sheet date, the Group had the accounts receivable as shown in the table below, which also shows the age analysis of accounts receivable and provisions for bad debt:

	2017		2016	
	Gross amount (sum of invoice amount)	Provision for bad debt	Gross amount (sum of invoice amount)	Provision for bad debt
Accounts receivable, not overdue as at Dec 31	98	0	91	0
Accounts receivable, overdue as at Dec 31				
< 30 days	14		5	
30-60 days	1		1	
60-90 days	0		0	
> 90 days	3	-3	4	-3
	116	-3	101	-3
Accounts receivable, gross amount	116		101	
Provision for bad debt	-3		-3	
Accounts receivable, carrying amount	**113**		**98**	

The provision for bad debt has changed according to the following:

	2017	2016
Opening balance January 1	-3	-1
Current year's provisions	-1	-2
Realized losses	1	0
Reversal of provisions	0	0
Foreign currency exchange rate differences	0	0
Closing balance December 31	**-3**	**-3**

Note 20: Accrued income

	2017	2016
Accrued revenue from energy sales	78	76
Other	1	6
	79	**82**

Note 21: Cash and cash equivalents

In the statement of financial position and the statement of cash flows, cash and cash equivalents consist of the following items at December 31:

	2017	2016
Cash and bank balances	128	16
Total cash and cash equivalents	**128**	**16**

In accordance with the junior loan agreement (JFA), there is an obligation to have bank deposits outstanding corresponding to future interest payments covering six months. At the balance sheet date, this amount amounts to SEK 42 M (-). In addition to the above, there are liquid assets in the Group corresponding to SEK 1 M (2) related to a bank account that is blocked in favor of the Norwegian Tax Agency for the regulation of, in particular, employee taxes. Otherwise, the Group has no other restricted liquid funds. See also Note 23.

Note 22: Share capital, information regarding shareholders and dividend

	2017	2016
No. of ordinary shares, quoted value SEK 10	33,717,434	33,717,434

Changes in share capital and other contributed capital of the Group:

	2017			2016		
thousands kronor	Share capital	Other contributed capital	Total	Share capital	Other contributed capital	Total
Ordinary shares issued and paid at the beginning of the year	337,174	912,469	1,249,643	337,174	912,469	1,249,643
Ordinary shares issued and paid at the end of the year	**337,174**	**912,469**	**1,249,643**	**337,174**	**912,469**	**1,249,643**

All shares have equal rights. Owners of ordinary shares are entitled to dividends and each ordinary share entitles the shareholder to vote at the Annual General Meeting with one vote per share. All shares are fully paid and no shares are reserved for transfer. No shares are held by the company itself or its subsidiaries. No dividend has been distributed to the parent company's shareholders during 2017 or 2016.

	2017		2016	
Shareholder	Number of shares	Ownership in percent	Number of shares	Ownership in percent
BE Bio Energy Group AG	21,160,000	62.76%	21,160,000	62.76%
Highview Finance Holding Company Limited	7,798,630	23.13%	7,798,630	23.13%
YRC Worldwide, Inc. Master Pension Plans Trust	2,293,065	6.80%	2,293,065	6.80%
Sunrise BE I, LLC	1,537,067	4.56%	1,537,067	4.56%
ArvinMeritor, Inc. Retirement Plan	811,465	2.41%	811,465	2.41%
Daniel Jilkén	117,207	0.34%	117,207	0.34%
Total	**33,717,434**	**100.00%**	**33,717,434**	**100.00%**

Solör Bioenergi Holding AB is a subsidiary of BE Bio Energy Group AG with domicile in Switzerland. The parent company's address is: Zollikerstrasse 226, 8008 Zürich, Switzerland.

Note 23: Pledged assets and contingent liabilities

	2017	2016
Pledged assets		
Property mortages	128	797
Floating charges	75	371
Property, plant and equipment	43	224
Inventories	12	23
Cash and cash equivalents	43	2
	301	**1,417**

In addition to the above, the Group has for the SFA and JFA loans pledged all shares in Solör Bioenergi Fjärrvärme Holding AB and Solör Bioenergi Fjärrvärme AB, including subsidiaries with the exception of the shares in the jointly owned companies Filipstads Värme AB and Vårgårda Ångfabrik AB. For the bond loan, the Group has pledged the shares in Solør Bioenergi Infrastruktur AS, including subsidiaries (see Group structure in Note 2).

	2017	2016
Contingent liabilities		
Guarantee commitments	8	7
Other	1	12
	9	**19**

Note 24: Subsequent events

On April 4, 2018, the Group acquired through the wholly owned subsidiary Solör Bioenergi Fjärrvärme AB all shares in Pemco Energi Holding AS (under name change to Solør Bioenergi Varme Holding AS). The acquisition comprises 82 heating plants in Sweden and Norway as well as 2 plants for pellet production. The preliminary purchase price was NOK 304 M, which at the transaction date amounted to approximately SEK 325 M. The acquisition has mainly been financed through an extension of the investment credit (CAPEX) linked to the Group's SFA funding. In connection with the acquisition, acquired liabilities to credit institutions have been repaid.

The following table shows the preliminary purchase price allocation:

	Fair value of acquired net assets
Assets	
Property, plant and equipment	436
Deferred tax assets	1
Inventories	10
Accounts receivable	44
Other short-term receivables	4
Cash and cash equivalents	47
	542
Liabilities	
Liabilities to credit institutions	-116
Deferred tax liabilities	-67
Accounts payable	-22
Other short-term liabilities	-12
	-217
Total acquired net assets	**325**
Consideration transferred	**325**

The acquisition of the Pemco Energi Group is expected to increase Solör Bioenergi Group's annual sales by approximately SEK 160 M and EBITDA by about SEK 40 M. The integration of the Pemco Energy Group will complement the Group's offer and create conditions for growth as well as cost savings through collaboration in operations and production of biofuels.

Parent company's income statement

All amounts in SEK M if not otherwise stated	Note	2017	2016
Net sales	4	92	68
Total operating income		**92**	**68**
Personnel expenses	5	-12	-9
Depreciation and impairment	12.13	-2	-1
Other external costs	6.22	-91	-61
Total operating expenses		**-105**	**-71**
Operating profit or loss (EBIT)		**-13**	**-3**
Profit or loss from participation in group companies	7	1,177	-200
Other interest income and similar profit items	8	33	52
Other interest expenses and similar loss items	9	-127	-215
Financial net		**1,083**	**-363**
Profit or loss after financial items		**1,070**	**-366**
Appropriations	10	6	247
Profit or loss before tax		**1,076**	**-119**
Tax on profit or loss for the year	11	0	0
Net profit or loss for the year		**1,076**	**-119**

Parent company's other comprehensive income

All amounts in SEK M if not otherwise stated	Note	2017	2016
Net profit or loss for the year		**1,076**	**-119**
Other comprehensive income		**0**	**0**
Total comprehensive income		**1,076**	**-119**

Parent company's balance sheet

All amounts in SEK M if not otherwise stated	Note	Dec 31, 2017	Dec 31, 2016
Non-current assets			
Other intangible assets	12	5	7
Total intangible assets		**5**	**7**
Equipment	13	0	0
Total property, plant and equipment		**0**	**0**
Participations in group companies	14	2,660	2,331
Receivables from group companies	15	0	883
Other receivables		1	1
Total financial assets		**2,661**	**3,215**
Total non-current assets		**2,666**	**3,222**
Current assets			
Receivables from group companies		452	360
Other receivables		0	0
Accured income and prepaid expenses	16	0	14
Cash and cash equivalents	17	1	0
Total current assets		**453**	**374**
Total assets		**3,119**	**3,596**

All amounts in SEK M if not otherwise stated	Note	Dec 31, 2017	Dec 31, 2016
<u>Equity</u>			
Share capital	18	337	337
Restricted equity		**337**	**337**
Share premium reserve	18.25	2,508	2,508
Profit or loss brought forward	25	-1,097	-978
Profit or loss for the year	25	1,076	-119
Non-restricted equity		**2,487**	**1,411**
Total equity		**2,824**	**1,748**
<u>Non-current liabilities</u>			
Bond loans	20	0	928
Liabilities to group companies	20	274	0
Total non-current liabilities		**274**	**928**
<u>Current liabilities</u>			
Bond loans	20	0	681
Accounts payables		3	6
Liabilities to group companies		5	210
Other liabilities		4	11
Accrued expenses and deferred income	19	9	12
Total current liabilities		**21**	**920**
Total equity and liabilities		**3,119**	**3,596**

Parent company's statement of cash flows

All amounts in SEK M if not otherwise stated	Note	2017	2016
Cash flows from operating activities			
Profit or loss before tax		1,076	-119
Adjustements for non-cash items			
Difference between recognized interest and received/paid interest	8.9	-4	-41
Effect of the effective interest rate method	9	3	13
Expensed establishment expenditures related to early redemption of bond loans	9	23	0
Unrealized currency translation effects	8.9	3	95
Depreciations and impairment of property, plant and equipment and intangible assets	12.13	2	1
Dividends from group companies	7	-321	-215
Impairment of non-current financial assets	7	1,381	415
Gain on disposals	7	-2,237	0
Received/distributed group contributions	10	-6	-247
Change in working capital			
Change in operating receivables		14	24
Change in operating liabilities		-13	-3
Net cash flows from operating activities		**-79**	**-77**
Cash flows from investing activities			
Acquisition of intangible assets		0	-8
Net cash flows from investing activities		**0**	**-8**
Cash flows from financing activities			
Repayment of bond loans		-1,627	0
Net change in deposits/lending from/to group companies		1,707	85
Net cash flows from financing activities		**80**	**85**
Net cash flows for the year		**1**	**0**
Cash and cash equivalents at the beginning of the year		0	0
Currency translation effect in cash and cash equivalents		0	0
Cash and cash equivalents at the end of the year	17	**1**	**0**

Parent company’s statement of changes in equity

All amounts in SEK M if not otherwise stated	Restricted equity	Non-restricted equity			
	Share capital	Share premium reserve	Profit or loss brought forward	Profit or loss for the year	Total equity
Equity as of January 1, 2016	**337**	**2,508**	**-806**	**-172**	**1,867**
Appropriation of previous year's ernings according to decision of the Annual Shareholders Meeting			-172	172	0
Net profit or loss for the year				-119	-119
Other comprehensive income				0	0
Total comprehensive income	0	0	0	-119	-119
Equity as of December 31, 2016	**337**	**0 2,508**	**-978**	**-119**	**1,748**
Appropriation of previous year's ernings according to decision of the Annual Shareholders Meeting			-119	119	0
Net profit or loss for the year				1,076	1,076
Other comprehensive income				0	0
Total comprehensive income	0	0	0	1,076	1,076
Equity as of December 31, 2017	**337**	**2,508**	**-1,097**	**1,076**	**2,824**

Parent company's notes

Note 1: Parent company's accounting principles

The parent company has prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 means that the parent company in the annual report for the legal company shall apply all EU-approved IFRS's and Interpretations as far as possible within the framework of the Annual Accounts Act, the Pension Protection Act and considering the relationship between accounting and taxation. The recommendation specifies the exceptions and additions from/to IFRS to be made.

Differences between the Group's and parent company's accounting principles are described below. The accounting principles of the parent company have been consistently applied in all periods presented in the parent company's financial statements.

Classification and presentation

Income statement and balance sheet for the parent company are presented in accordance with the Annual Accounts Act, while statement of other comprehensive income, statement of changes in equity and statement of cash flows are based on IAS 1 Preparation of Financial Statements and IAS 7 Statement of Cash Flows.

Subsidiaries and associated companies

Shares in subsidiaries and associated companies are accounted at the cost method. This means that transaction costs are included in the carrying amount of the shares in subsidiaries and associated companies.

Shareholder contributions

Shareholder contributions are accounted as an increase in shares to the extent impairment is not required.

Group contributions

Group contributions are presented as appropriations.

Financial instruments

In accordance with the rules of the Swedish Financial Reporting Board's recommendation RFR 2, and the relationship between accounting and taxation, the rules on financial instruments and hedge accounting in IAS 39 are not applied in the parent company as legal entity. Those rules are only applied in the consolidated accounts. In the parent company financial non-current assets are measured at cost less any impairment and financial current assets at the lower of cost and fair value. Liabilities that do not constitute derivatives are measured at amortized cost. Derivative assets are measured at the lower of cost and fair value and derivative liabilities are measured to the highest value principle.

Financial guarantees

The parent company's financial guarantee agreements mainly consist of capital guarantees on behalf of subsidiaries. Financial guarantees mean that the company has an obligation to compensate the holder of the debt instrument for losses it incurs because a specified debtor fails to make payments when due under the contract terms. When accounting for financial guarantees, the parent company applies one of the Swedish Financial Reporting Board's approved exemption rule in comparison to the rules in IAS 39. The exemption rule pertains to financial guarantees issued on behalf of subsidiaries and associated companies. The parent company presents financial guarantees as provisions in the balance sheet when the company has a commitment for which payment will probably be required to settle the obligation.

Leases

The parent company accounts all leases as operating leases.

Untaxed reserves

Untaxed reserves include deferred tax liabilities in the parent company's presentation. In the consolidated accounts, untaxed reserves are divided into deferred tax liabilities and equity.

Note 2: Information regarding parent company

Solör Bioenergi Holding AB is a subsidiary of BE Bio Energy Group AG, corporate registration number CHE-115.475.915 with its registered office in Zürich, Switzerland.

Note 3: Significant judgements and estimates

The parent company's most significant judgements and estimates relate to the valuation of shares in subsidiaries. Changes in profitability in the underlying business can affect the parent company's value in the investments made in subsidiaries. Changes in profitability and future cash generation capabilities in the underlying business may affect the value of the parent company's holdings in subsidiaries.

Note 4: Net sales

The parent company's net sales in all material aspects consists of group internal services.

Net sales divided in group external and group internal	2017	2016
Group external	0	0
Group internal	92	68
Total net sales	**92**	**68**

Net sales divided per country	2017	2016
Sweden	78	61
Other countries	14	7
Total net sales	**92**	**68**

Note 5: Employees and personnel expenses

The table below shows the average number of employees and the gender distribution:

	2017	2016
Average number of employees	3	3
(thereof women)	*(0)*	*(0)*

Salaries and other remuneration, social security expenses including pension costs amounts to the following for the parent company:

	2017	2016
Salaries and other remuneration	8	5
Social security expenses	4	4
(thereof pension costs)	*(2)*	*(2)*

Of the pension costs, SEK 1 M (1) is related to the Board of Directors and Managing Director. The company has only defined contribution pension plans and there are no outstanding pension commitments.

The table below shows salaries and other remuneration divided on Board of Directors and Managing Director and other employees:

	2017		2016	
	Styrelse och VD	Övriga anställda	Styrelse och VD	Övriga anställda
Salaries and other remuneration	5	3	5	2
(thereof bonuses)	*(1)*	*(1)*	*(0)*	*(0)*

The Managing Director has under the current agreement a gross salary of SEK 3 M per year and 6 months' notice. Upon termination by the company, in addition to salary during the notice period, severance pay equivalent to 6 months' salaries shall be paid.

The tables below sets out the remuneration of Board members and the Managing Director:

2017 *thousands kronor*	Board remu-neration	Base salary	Bonus	Benefits in kind	Pension costs	Total
Board of Directors						
Martinus Brandal (chairman)	250	0	0	0	0	250
Ola Strøm (vice chairman)	250	0	0	0	0	250
Jonathan F. Finn	250	0	0	0	0	250
Erik A. Lynne	250	0	0	0	0	250
Managing Director						
Anders Pettersson	0	3,054	863	0	630	4,547
Total	**1,000**	**3,054**	**863**	**0**	**630**	**5,547**

2016 *thousands kronor*	Board remu-neration	Base salary	Bonus	Benefits in kind	Pension costs	Total
Board of Directors						
Martinus Brandal (chairman)*	500	0	0	0	0	500
Ola Strøm (vice chairman)*	500	0	0	0	0	500
Jonathan F. Finn	250	0	0	0	0	250
Erik A. Lynne	250	0	0	0	0	250
Managing Director						
Anders Pettersson	0	3,058	0	0	806	3,864
Total	**1,500**	**3,058**	**0**	**0**	**806**	**5,364**

* Half of the remuneration 2016 is regarding board fee for previous year (2015).

Note 6: Other external costs

	2017	2016
Consulting fees, group internal	-38	-42
Consulting fees, group external	-46	-11
Other	-7	-8
Total other external costs	**-91**	**-61**

Group internal consulting fees pertain primarily to personnel related services performed on behalf of the parent company by staff employed in other subsidiaries, including travel costs and other related administrative expenses.

Group external consulting fees mainly relate to costs for legal issues.

Audit fees - KPMG	**2017**	**2016**
Audit engagement	-1	-1
Other services	0	0
Total	**-1**	**-1**

Audit engagement costs refer to the statutory audit of the annual accounts and the Board of Directors' and the Managing Director's duties, as well as audit or other review conducted in accordance with a specific engagement agreement. This includes other duties that are incumbent on the company's auditor, and advice or other assistance arising from observations during such examination or implementation of such other tasks.

Note 7: Profit or loss from participation in group companies

	2017	2016
Dividend	321	215
Gain on disposal	2,237	0
Impairment	-1,381	-415
Total	**1,177**	**-200**

The gain on disposal and impairment during the financial year are explained by the Group's internal restructuring as a result of the Group's refinancing process. The gain on disposal has mainly arisen through the Parent Company's acquisition of shares in subsidiaries from a Group company at book value, which in turn has been divested to another Group company at fair value. Impairments are a consequence of this and are related to shares in Group companies that divested shares to the parent company at book value.

Note 8: Interest income and similar profit items

	2017	2016
Interest income, group internal	21	51
Interest income, group external	0	1
Currency translation gains, group internal	0	0
Currency translation gains, group external	12	0
Total	**33**	**52**

Received interest amounts to SEK 0 M (0).

Note 9: Interest expenses and similar loss items

	2017	2016
Interest expenses, group internal	-27	-12
Interest expenses, group external	-29	-93
Currency translation losses, group internal	-15	-32
Currency translation losses, group external	0	-63
Interest expenses according to the effective interest method	-3	-13
Expensed establishment expenditures related to early redemption of bond loans	-23	0
Other	-30	-2
Total	**-127**	**-215**

Paid interest amounts to SEK 39 M (94).

Note 10: Appropriations

	2017	2016
Distributed group contribution	0	-18
Received group contribution	6	265
Total	**6**	**247**

Note 11: Tax on profit or loss for the year

Tax expense/income for the period consists of the following breakdown between current and deferred tax:

	2017	2016
Curent tax	0	0
Deferred tax	0	0
Total tax	**0**	**0**

The following table summarizes the reconciliation between actual and theoretical tax expense/income:

	2017	2016
Profit or loss before tax	**1,076**	**-119**
Tax based on current income tax rate (22 percent)	-237	26
Non-deductible expenses	-306	-91
Non-taxable income	563	47
Effect of unrecognized tax value in current year´s tax losses carryforward	-20	0
Effect of utilized unrecognized tax value from prior year's tax losses carryforward	0	18
Total tax	**0**	**0**

The company has a total tax loss carryforward amounting to SEK 91 M (1) for which there has not been recognized any deferred tax asset, giving an unrecognized deferred tax asset effect of SEK 20 M (0).

Note 12: Intangible assets

	2017	2016
Accumulated cost		
Opening balance January 1	8	0
Additions	0	8
Closing balance December 31	**8**	**8**
Accumulated depreciation		
Opening balance January 1	-1	0
Depreciations	-2	-1
Closing balance December 31	**-3**	**-1**
Carrying amount	**5**	**7**

Intangible assets refer software and databases for monitoring and analysis of the subsidiaries' results and economic development.

Note 13: Property, plant and equipment

Equipment	2017	2016
Accumulated cost		
Opening balance January 1	0	0
Additions	0	0
Disposals	0	0
Closing balance December 31	**0**	**0**
Accumulated depreciation		
Opening balance January 1	0	0
Depreciations	0	0
Disposals	0	0
Closing balance December 31	**0**	**0**
Carrying amount	**0**	**0**

The parent company's property, plant and equipment relates to the head office's furniture and equipment.

Note 14: Participation in group companies

	2017	2016
Accumulated cost		
Opening balance January 1	3,604	3,403
Acquisition	690	1
Disposal	-959	0
Shareholders' contribution	1,979	200
Closing balance December 31	**5,314**	**3,604**
Accumulated impairment		
Opening balance January 1	-1,273	-858
Impairment	-1,381	-415
Closing balance December 31	**-2,654**	**-1,273**
Carrying amount	**2,660**	**2,331**

The following table details the carrying amount per subsidiary:

	2017	2016
Solør Bioenergi Holding AS	629	629
Solör Bioenergi Sverige AB	-	40
Solör Bioenergi Recycling AB	-	269
Solör Bioenergi Biobränslen Holding AB	514	332
SBH Acquisition 2 AB	16	1,060
Solör Bioenergi Fjärrvärme Holding AB	1,500	0
Solör Bioenergi AG	1	1
Vestkysten Energi AB	0	0
BE Bio Energy Group II AS	0	0
Closing balance December 31	**2,660**	**2,331**

Number of owned shares in each subsidiary and the percentage of shareholdings:

2017	Number of shares	Stake in percent
Solør Bioenergi Holding AS	55,216	100%
Solör Bioenergi Biobränslen Holding AB	500	100%
SBH Acquisition 2 AB	500	100%
Solör Bioenergi Fjärrvärme Holding AB	500	100%
Solör Bioenergi AG	1,000,000	100%
Vestkysten Energi AB	50,000	100%
BE Bio Energy Group II AS	1,000	100%

2016	Number of shares	Stake in percent
Solør Bioenergi Holding AS	55,216	100%
Solör Bioenergi Sverige AB	1,000	100%
Solör Bioenergi Recycling AB	10,000	100%
Solör Bioenergi Biobränslen Holding AB	500	100%
SBH Acquisition 2 AB	500	100%
Solör Bioenergi Fjärrvärme Holding AB	500	100%
Solör Bioenergi AG	1,000,000	100%
Vestkysten Energi AB	50,000	100%
BE Bio Energy Group II AS	1,000	100%

Number of shares relates to both shares and votes.

The subsidiaries corporate identity numbers and headquarters:

	Corp. Id. Number	Headquarter
Solør Bioenergi Holding AS	989,244,051	Kirkenær, Norway
Solör Bioenergi Sverige AB	556795-2493	Trollhättan, Sweden
Solör Bioenergi Recycling AB	556211-2754	Trollhättan, Sweden
Solör Bioenergi Biobränslen Holding AB	556946-3432	Stockholm, Sweden
SBH Acquisition 2 AB	556959-8864	Stockholm, Sweden
Solör Bioenergi Fjärrvärme Holding AB	556982-8469	Stockholm, Sweden
Solör Bioenergi AG	CHE-152787201	Zürich, Switzerland
Vestkysten Energi AB	556873-8552	Trollhättan, Sweden
BE Bio Energy Group II AS	999,298,583	Kirkenær, Norway

For complete information about the structure of the Group, refer to Group Note 2.

Note 15: Receivables from group companies

The table below shows the development of non-current receivables from group companies:

	2017	2016
Accumulated cost		
Opening balance January 1	883	832
Additions/new loans	21	51
Disposals/repayment	-904	0
Closing balance December 31	**0**	**883**
Carrying amount	**0**	**883**

The receivables relate to the following subsidiaries:

	2017	2016
SBH Acquisition 2 AB	0	883
Closing balance December 31	**0**	**883**

Note 16: Accrued income and prepaid expenses

	2017	2016
Prepaid insurance	0	1
Prepaid expenses related to refinancing	0	7
Prepaid service expenses to related parties	0	5
Other prepaid expenses	0	1
Total	**0**	**14**

Note 17: Cash and cash equivalents

The parent company's cash and cash equivalents consist of bank balances.

Note 18: Number of shares, share capital and information regarding shareholders

	2017	2016
No. of ordinary shares, quoted value SEK 10	33,717,434	33,717,434

Changes in the parent company’s share capital and share premium:

	2017			2016		
thousands kronor	Share capital	Share premium reserve	Total	Share capital	Share premium reserve	Total
Ordinary shares issued and paid at the beginning of the year	337,174	2,508,630	2,845,804	337,174	2,508,630	2,845,804
Ordinary shares issued and paid at the end of the year	**337,174**	**2,508,630**	**2,845,804**	**337,174**	**2,508,630**	**2,845,804**

The parent company’s shareholders:

	2017		2016	
Shareholder	Number of shares	Ownership in percent	Number of shares	Ownership in percent
BE Bio Energy Group AG	21,160,000	62.76%	21,160,000	62.76%
Highview Finance Holding Company Limited	7,798,630	23.13%	7,798,630	23.13%
YRC Worldwide, Inc. Master Pension Plans Trust	2,293,065	6.80%	2,293,065	6.80%
Sunrise BE I, LLC	1,537,067	4.56%	1,537,067	4.56%
ArvinMeritor, Inc. Retirement Plan	811,465	2.41%	811,465	2.41%
Daniel Jilkén	117,207	0.34%	117,207	0.34%
Total	**33,717,434**	**100.00%**	**33,717,434**	**100.00%**

Note 19: Accrued expenses and deferred income

	2017	2016
Accrued interest expenses	0	10
Other accrued expenses	9	2
Total	**9**	**12**

Note 20: Financial instruments and risk management

In connection with the Group's refinancing process in April 2017, see Group Note 17, the parent company refunded both bond loans and delisted them from Oslo Børs. In connection with that, the remaining financing expenditures attributable to the two bond loans, amounting to SEK 23 M, were expensed. Following this refinancing, the parent company has no outstanding external financing and hence no remaining interest rate risk and currency risk. Financing is made solely through group companies. Interest-bearing intra-group liabilities amounted to SEK 274 M (0) at the balance sheet date, which run at a fixed interest rate of 5 percentage points and expires in April 2022.

The below tables of the parent company's financial instruments reflects the carrying amount and the fair value divided into levels according to the fair value hierarchy, where level 1 is for listed (unadjusted) prices in active markets, level 2 are values based on other directly or indirectly observable inputs other than level 1, and level 3 relates to valuations based on unobservable inputs. For cash and cash equivalents, accounts receivable, other non-interest bearing current receivables, accounts payable and other non-interest bearing liabilities, the carrying amount is considered to be a reasonable approximation of the fair value. The parent company´s carrying amount of non-current financial assets is equal to its cost less any impairment, while current financial assets are recognized at the lower of cost or fair value. Liabilities are measured at amortized cost.

2017	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Participations in group companies	2,660	0	2,660	0	2,660
Receivables from group companies	452	0	452	0	452
Other receivables	1	0	1	0	1
Cash and cash equivalents	1	0	1	0	1
	3,114	**0**	**3,114**	**0**	**3,114**
Financial liabilities					
Accounts payable	3	0	3	0	3
Liabilities to group companies	279	0	279	0	279
Other liabilities	0	0	0	0	0
Accrued expenses	9	0	9	0	9
	291	**0**	**291**	**0**	**291**

2016	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Participations in group companies	2,331	0	2,331	0	2,331
Receivables from group companies	1,243	0	1,243	0	1,243
Other receivables	1	0	0	0	0
Derivatives	0	0	0	145	145
Cash and cash equivalents	0	0	0	0	0
	3,575	**0**	**3,574**	**145**	**3,719**
Financial liabilities					
Bond loans	1,609	1,134	0	0	1,134
Accounts payable	6	0	6	0	6
Liabilities to group companies	210	0	210	0	210
Other liabilities	0	0	0	0	0
Accrued expenses	12	0	12	0	12
	1,837	**1,134**	**228**	**0**	**1,362**

The tables below are presenting an overview of the maturity structure of the parent company's financial liabilities based on undiscounted contractual payments. No liabilities are due later than 5 years after the closing date.

2017	Within 1 year	1-2 years	2-5 years	Later than 5 years	Total
Accounts payable	3	0	0	0	3
Liabilities to group companies	5	0	0	355	360
Accrued expenses	9	0	0	0	9
Total	**17**	**0**	**0**	**355**	**372**

2016	Within 1 year	1-2 years	2-5 years	Later than 5 years	Total
Bond loans					
NOK	714	0	0	0	714
SEK	43	45	970	0	1,058
Accounts payable	6	0	0	0	6
Liabilities to group companies	210	0	0	0	210
Accrued expenses	12	0	0	0	12
Total	**985**	**45**	**970**	**0**	**2,000**

The table below shows the impact of interest-bearing debt on the parent company's cash flow from financing activities:

			Non-cash effective changes			
	1 January 2017	Cash flows (new loans / repayment of loans)	Group contri-butions	Deferred interest and effective interest method	Currency effects	**31 December 2017**
Bond loans	**1,609**	-1,627	0	17	1	**0**
Liabilities to group companies	**0**	254	-6	26		**274**
	1,609	**-1,373**	**-6**	**43**	**1**	**274**

Note 21: Related party transactions

The parent company has conducted different transactions with related parties. All transactions are conducted as a part of the ordinary course of business and based on an arms' length principle. No pledges have been made by the parent company on behalf of related parties.

Related party	**Relationship**
BE Bio Energy Group AG	Solör Bioenergi Holding AB's parent company holding 62.76 percent (62.76) of the shares and votes.
Jilkén & Jilkén AG	Solör Bioenergi Holding AB has a consulting agreement with Jilkén & Jilkén AG regarding law services. One of the shareholders of the company holds shares in and is senior excecutive in Solör Bioenergi Holding AB.

The table below outlines Solör Bioenergi Holding AB's related party transactions except transactions with related group companies. For transactions with group companies, please refer to Note 4, 8, 9 and 15.

2017 Related party	Sale of goods and services	Purchase of goods and services	Interest income and expenses	Receivable at balance sheet date	Liability at balance sheet date
BE Bio Energy Group AG	0	-26	0	0	0
Jilkén & Jilkén AG	0	-8	0	0	-1
	0	**-34**	**0**	**0**	**-1**

2016 Related party	Sale of goods and services	Purchase of goods and services	Interest income and expenses	Receivable at balance sheet date	Liability at balance sheet date
BE Bio Energy Group AG	0	-9	1	0	-4
Jilkén & Jilkén AG	0	-4	0	0	0
	0	**-13**	**1**	**0**	**-4**

Note 22: Lease commitments

2017	< 1 year	1 - 5 years	> 5 years	Total
Future minimum lease payments	1	1	0	2

2016	< 1 year	1 - 5 years	> 5 years	Total
Future minimum lease payments	1	2	0	3

Future lease commitments relate to office premises. Lease expenses during the year amounted to SEK 1 M (1), of which variable fees amounted to SEK 0 M (0).

Note 23: Pledged assets and contingent liabilities

All amounts in SEK M if not otherwise stated	Note	2017	2016
Pledged assets			
Shares in group companies	14	1,500	2,330
Receivables from group companies	15	0	883
		1,500	**3,213**
Contingent liabilities			
Parent company guarantees on behalf of subsidiaries		0	57
		0	**57**

Note 24: Subsequent events

No events of material nature have occurred after the end of the financial year.

Note 25: Profit or loss for the year and appropriations of earnings

The Annual Shareholders Meeting has the following available funds:

	SEK
Share premium reserve	2,508,629,568
Retained earnings	-1,097,790,104
Profit/loss for the year	1,076,544,762
Total	**2,487,384,226**

The Board of Directors proposes that non-restricted equity of SEK 2,487,384,226 shall distributed as follows:

	SEK
Dividends to shareholders	92,600,000
Retained earnings carried forward	2,394,784,226
Total	**2,487,384,226**

The Board of Directors and the Managing Director hereby confirms that the Annual Report has been prepared in accordance with Generally Accepted Accounting Principles in Sweden and that the consolidated financial statements have been prepared in accordance with the Standards defined in Regulation (EC) 1606/2002 of the European Parliament and the Council of July 19, 2002 concerning application of International Financial Reporting Standards. The Annual Report and the consolidated financial statements give a true and fair view of the financial position and performance of the Parent Company and the Group. The Board of Directors' Report provides a true and fair overview regarding the development of the Parent Company and the Group's operations, financial position and performance and describes the significant risks and uncertainty factors relevant to the Parent Company and the subsidiaries included in the Group.

Stockholm May 24, 2018

Martinus Brandal
Chairman

Erik A. Lynne
Board Member

Ola Strøm
Vice Chairman

Jonathan F. Finn
Board Member

Anders Pettersson
Managing Director

Our Audit Report has been issued on May 29, 2018.

KPMG AB

Mattias Johansson
Authorized Public Accountant

Translation from the Swedish original

Auditor's Report

To the general meeting of the shareholders of Solör Bioenergi Holding AB (publ), corp. id 556907-9535

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Solör Bioenergi Holding AB (publ) for the year 2017, except for the sustainability report on pages 8-12.

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 December 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 December 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 opinions do not cover the sustainability report on pages 8-12. 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 statement of comprehensive income and statement of financial position for the group.

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.

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

Other Information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises pages 8-12.

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

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

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 Solör Bioenergi Holding AB (publ) for the year 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 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 8-12, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report 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 opinion.

A statutory sustainability report has been prepared.

Stockholm 29 May 2018

KPMG AB

INOFFICIAL TRANSLATION – SWEDISH
VERSION SIGNED

Mattias Johansson

Authorized Public Accountant