



**ANNUAL REPORT 2018**  
**SOLÖR BIOENERGI HOLDING AB**  
**(PUBL)**

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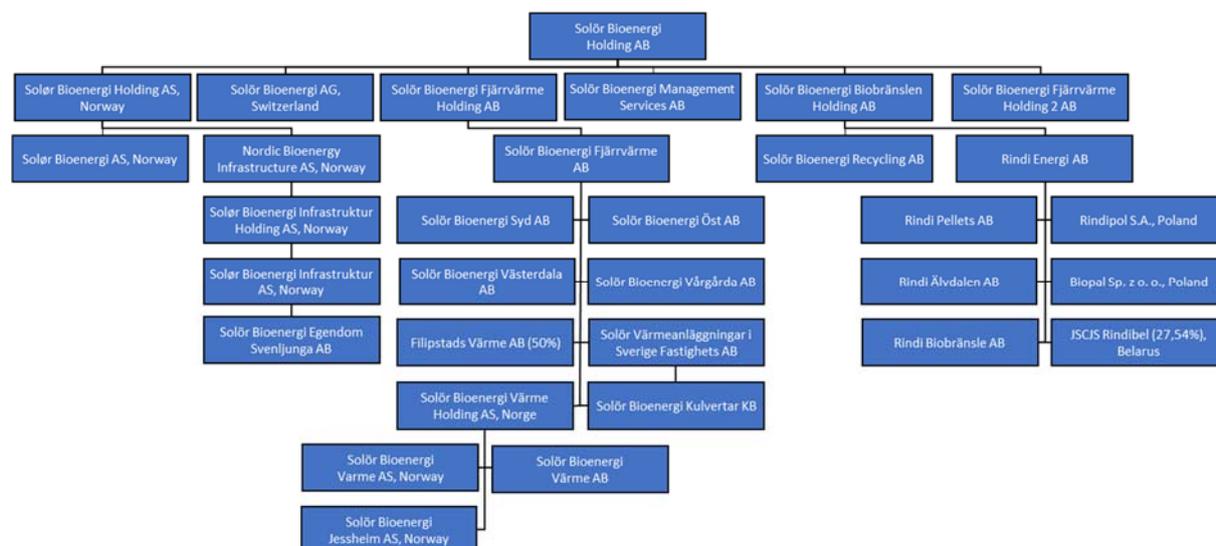
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## Board of Directors' Report

The Board of Directors and the Managing Director of Solør 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, 2018 – December 31, 2018.

Solør Bioenergi Holding AB Group consists of the parent company Solør 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. Solør Bioenergi Holding AB is the parent company in the Solør 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

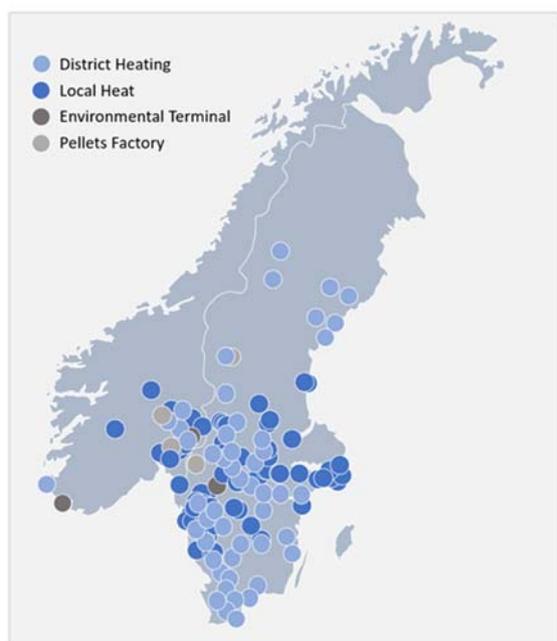
The Group business is production of thermal energy, biofuel production in the form of wood chips, briquettes and pellets and energy recovery of impregnated wood. The operations

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, 85 local heat plants, 3 environmental terminals, 4 pellets 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 2.3 TWh in a normal year and the Group has approximately 8,250 customers.

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



### Significant events during the financial year

In the beginning of April 2018, the Group successfully completed the acquisition of the Pemco Energi Group, rebranded to Solør Bioenergi Värme. The acquisition comprises of 85 heating plants in Sweden and Norway as well as 2 pellets production plants.

The integration of Solør Bioenergi Värme will complement the Group's existing operations and further strengthen the Group's platform for growth. Moreover, the Group will utilize the cross-selling potential from this acquisition as well as synergies through collaboration in operations and production of biofuels.

During autumn 2018, the Group successfully completed the acquisition of the minority stake in Vårgårda Ångfabrik AB, rebranded to Solør Bioenergi Vårgårda AB.

During 2018 the Group also performed organizational changes containing several asset and business transfers as well as mergers, which together will simplify the Group's structure.

### Multi-year review

	2018	2017	2016	2015	2014
Net sales	1,088	953	930	880	780
EBITDA	241	229	295	308	57
EBIT	28	46	114	129	-226
Profit/loss before tax	-179	-141	-89	-23	-383
Net profit	-397	-150	-43	-40	-431
Total assets	4,846	4,843	4,003	3,972	4,140
Equity	-170	797	967	973	767
Equity ratio (%)	neg.	16%	24%	24%	19%
Average number of employees (persons)	189	168	174	185	180

### Net sales and earnings

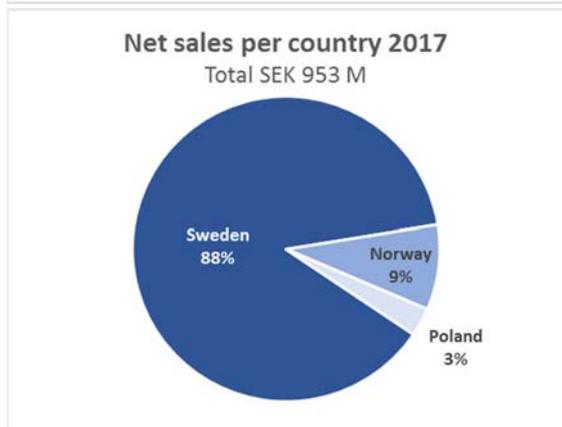
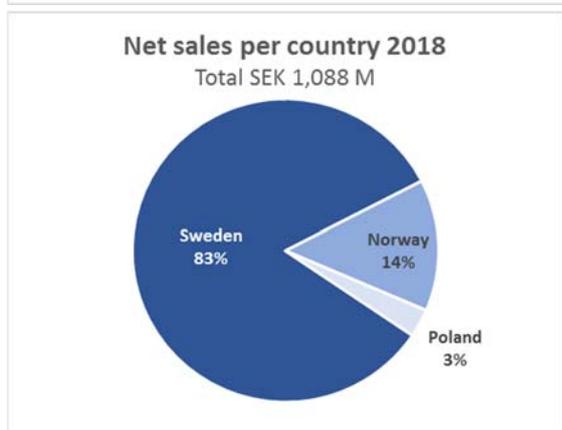
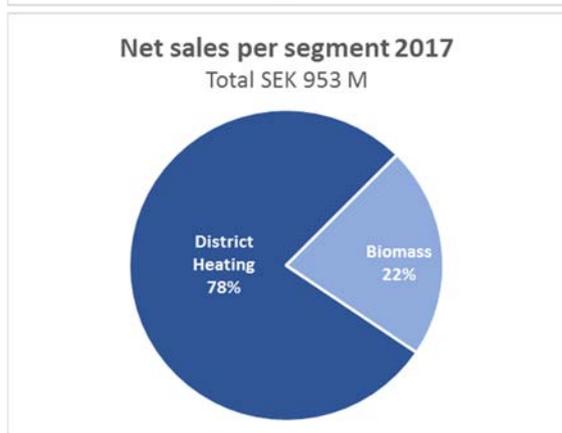
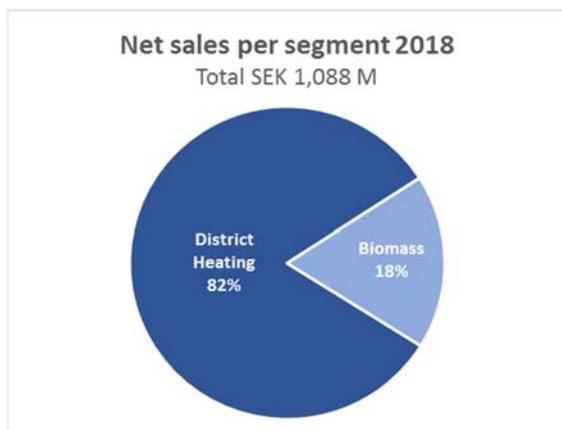
Throughout 2017, the Group successfully pursued operational improvements through its focus on raw material optimization and cost reductions.

Net sales increased by 14 percent and amounted to SEK 1,088 M (953). The increase is mainly an effect of the Solør Bioenergi Värme acquisition. Adjusted for this acquisition effect of SEK 109 M, net sales increased by 3 percent to SEK 979 M (953).

Consolidated gross contribution, defined as total operating income less raw materials and cost of goods sold, increased by 15 percent and amounted to SEK 680 M (590). The increase is mainly due to the acquisition of Solør Bioenergi Värme. Adjusted for this acquisition effect of SEK 67 M, gross contribution amounted to SEK 613 M (590) and gross margin was 63 percent (62).

Earnings Before Interest, Tax, Depreciations and Amortizations (EBITDA) increased to SEK 241 M (229). Adjusted for the acquisition effect of SEK 19 M, related party transactions of SEK 66 M (35) and acquisition related one-off expenses of SEK 18 M (17), EBITDA amounted to SEK 306 M (281), an increase by 9 percent. Based on the adjusted EBITDA, EBITDA-margin was 33 percent (29).

Earnings Before Interest and Tax (EBIT) amounted to SEK 28 M (46). The decrease in EBIT is due to increased depreciation following the Solør Bioenergi Värme acquisition. Moreover, depreciation following the NBI asset deal carried out in April 2017, has had full year effect on 2018 EBIT.



### Segment District heating

Segment District heating accounted for 82 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. In this segment Solör Bioenergi Värme is included that was acquired during 2018, consisting of heat plants in Sweden and Norway as well as two pellets production facilities in Sweden and Norway, supplying the heat plants with fuel.

2018 was in total characterized by warmer weather in comparison to 2017. The average number of heating hours was 92.4 percent of normal (93.9).

Total energy deliveries amounted to 1,226 GWh (1,148), whereof Solör Bioenergi Värme contributed with 84 GWh (-). Adjusted for the acquisition effect, energy deliveries amounted to 1,142 GWh (1,148).

Net sales increased to SEK 888 M (756). Adjusted for the Solör Bioenergi Värme acquisition effect of SEK 109 M, net sales increased by 3 percent to SEK 779 M (756).

Gross contribution increased to SEK 582 M (513) and gross margin was 64 percent (67). Adjusted for the Solör Bioenergi Värme acquisition effect of SEK 67 M, gross contribution amounted to SEK 515 M (513) and gross margin was 66 percent (67).

EBITDA amounted to SEK 291 M (293). Adjusted for the Solör Bioenergi Värme acquisition effect of SEK 19 M, EBITDA amounted to SEK 272 M (293). The decrease is mainly due to acquisition related one-off expenses following the Solör Bioenergi Värme acquisition of SEK 28 M. Adjusted for the above, EBITDA amounted to SEK 300 M (293), an increase by 2 percent. Based on the

adjusted EBITDA, EBITDA-margin was 39 percent (39).

### **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 increased to SEK 215 M (210).

Gross contribution increased to SEK 103 M (85) and gross margin was 47 percent (40). The increase is due to positive development of prices and volumes.

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 2 M (-28). The improvement is due the higher gross contribution and reduction in other operating expenses.

### **Financial net**

Consolidated financial net for 2018 amounted to SEK -207 M (-187). The difference is mainly explained by related party interest income on financial net during last year amounting to SEK 24 M.

### **Cash flow**

Cash flow from operating activities was SEK 104 M (37). The difference is mainly attributable to lower working capital tied-up.

Cash flow from investing activities was SEK -372 M (-372). In cash flow from investing activities is included the acquisition of Solör Bioenergi Värme, while in 2017 cash flow from investing activities was included the acquisition

of Nordic Bioenergy Infrastructure (NBI) and Solör Bioenergi Älvdalen AB.

Cash flow from financing activities was SEK 204 M (447). 2018 cash flow from financing activities was positively affected by the extension of the investment credit related to the Solör Bioenergi Värme acquisition and the utilized revolving credit facility, while dividends to shareholders and acquisition of non-controlling interests had an opposite effect. Cash flow from financing activities during 2017 was mainly an effect of the refinancing process.

### **Financial position and liquidity**

At year-end, consolidated cash and cash equivalents were SEK 64 M (128) and there were unused bank overdraft facilities amounting to SEK 14 M (158) and investment credit facilities amounting to SEK 187 M (451).

Consolidated interest-bearing debt amounted to SEK 4,190 M (3,681) and equity to SEK -170 M (797).

### **Organization, structure and employees**

The number of employees in the Group increased to 193 at year-end compared with 169 at the beginning of the financial year, mainly a consequence of the Solör Bioenergi Värme acquisition. The average number of employees during the financial year amounted to 189 (168).

### **Sustainability report**

This is Solör Bioenergi Holding AB's statutory sustainability report for fiscal year 2018. 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 8-9.

### 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 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 72 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 2018 no incidents occurred which were of 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 at the end of the year 193 employees, of which 15 percent are women and 85 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.

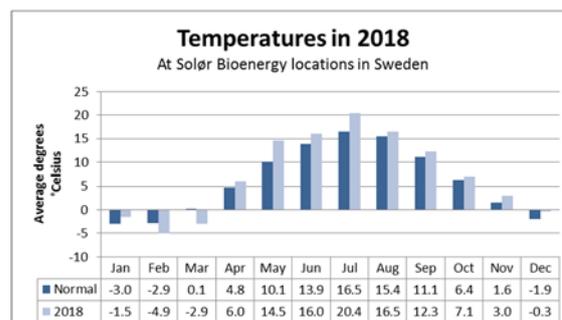
The principal risks and uncertainties for the Group can be divided into:

- 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 2018 was warmer than normal.



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. During the spring and summer of 2018, a change was noticed on the biomass market. Problems with, among other things, harvesting due to weather and fire hazards, have led to increased fuel prices and at present there is no real surplus of biomass in the market. The availability of raw materials for the district heating industry has been characterized by higher prices. On the other hand, this has had a positive impact on the 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 derivative instruments in its risk management in order to hedge underlying loans with variable interest rate.

The Group management is responsible for managing financial risks. For more information, refer to Note 16.

#### **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

	2018	2017	2016	2015	2014
Net sales	71	92	68	65	3
Profit/loss after financial items	208	1,070	-366	-147	-806
Net profit/loss for the year	257	1,076	-119	-172	-806
Total assets	2,938	3,119	3,596	3,985	2,850
Equity	2,544	2,824	1,748	1,867	1,870
Equity ratio (%)	87%	91%	49%	47%	66%
Average number of employees (persons)	3	3	3	3	2

## Significant events during the financial year

In 2018, the Group, under the leadership of the Parent Company, carried out organizational changes comprising a number of business transfers and mergers which, overall, will simplify the Group's structure and thus also the parent company's management.

## Results and financial position

Parent company net sales, which consist of intra-group services, amounted to SEK 71 M (92). The decrease in net sales is mainly a result of higher further invoiced refinancing expenses during 2017 in connection to the Group's refinancing project.

Operating profit before depreciation and amortization (EBITDA) was SEK -57 M (-11), while operating profit (EBIT) amounted to SEK -58 M (-13). The decline is mainly a result of higher related party expenses, in total of SEK 66 M (35), as well as further invoiced refinancing expenses during previous year, which had a positive impact on operating profit but was neutral for profit before tax.

Net financial items were SEK 266 M (1,083), whereof result of disposal of shares in subsidiaries amounted to SEK -9 M (2,237), while impairment of shares in subsidiaries amounted to SEK -355 M (-1,381). Dividends from subsidiaries amounted to SEK 634 M (321). Adjusted for the above, net financial items amounted to SEK -4 M (-94). The difference is mainly explained by higher interest expenses on the bond loans in the beginning of 2017 prior to the refinancing and remaining finance expenditures, related to the both bond loans, being expensed in connection

to the early redemption which had a negative impact on net financial items. In addition, the parent company incurred other financial expenses in connection with the Group's refinancing process during 2017.

Net profit/loss before and after tax amounted to SEK 257 M (1,076).

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.

## Profit or loss for the year and appropriations of earnings

The Annual Shareholders Meeting has the following available funds:

	SEK
Share premium reserve	2,180,418,432
Retained earnings	-203,845,342
Profit/loss for the year	257,136,295
<b>Total</b>	<b>2,233,709,385</b>

The Board of Directors proposes that non-restricted equity of SEK 2,233,709,385 shall be disposed as follows:

	SEK
Dividends to shareholders	40,800,000
Retained earnings carried forward	2,192,909,385
<b>Total</b>	<b>2,233,709,385</b>

## Consolidated statement of profit or loss

<i>All amounts in SEK M if not otherwise stated</i>	<b>Note</b>	<b>2018</b>	<b>2017</b>
Net sales	5	1,088	953
Other operating income	6	16	9
<b>Total operating income</b>		<b>1,104</b>	<b>962</b>
Raw materials and cost of goods sold	7	-424	-372
Personnel expenses	9	-151	-120
Depreciation, amortisation and impairment	5,13,14	-213	-183
Other operating expenses	8.10	-288	-241
<b>Total operating expenses</b>		<b>-1,076</b>	<b>-916</b>
<b>Operating profit or loss (EBIT)</b>	5	<b>28</b>	<b>46</b>
Financial income	11	1	43
Financial expenses	11	-208	-230
<b>Financial net</b>		<b>-207</b>	<b>-187</b>
<b>Profit or loss before tax</b>		<b>-179</b>	<b>-141</b>
Tax on profit or loss for the year	12	-218	-9
<b>Net profit or loss for the year</b>		<b>-397</b>	<b>-150</b>
<u>Attributable to:</u>			
Shareholders of the Parent Company		-401	-158
Non-controlling interests		4	8
		<b>-397</b>	<b>-150</b>

## Consolidated statement of other comprehensive income

<i>All amounts in SEK M if not otherwise stated</i>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>Net profit or loss for the year</b>		<b>-397</b>	<b>-150</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss in subsequent periods</i>			
Exchange differences on translation of foreign operations		15	-15
<b>Total other comprehensive income</b>		<b>15</b>	<b>-15</b>
<b>Total comprehensive income for the year</b>		<b>-382</b>	<b>-165</b>
<u>Attributable to:</u>			
Shareholders of the Parent Company		-386	-173
Non-controlling interests		4	8
		<b>-382</b>	<b>-165</b>

## Consolidated statement of financial position

<i>All amounts in SEK M if not otherwise stated</i>	Note	Dec 31, 2018	Dec 31, 2017
<b>Non-current assets</b>			
Goodwill	13	34	34
Other intangible assets	13	52	73
<b>Total intangible assets</b>		<b>86</b>	<b>107</b>
Buildings and land	14	911	1,086
Energy centrals, machinery and technical equipment	14.15	3,343	2,852
Other equipment	14	11	18
Construction in progress	14	75	38
<b>Total property, plant and equipment</b>		<b>4,340</b>	<b>3,994</b>
Derivatives	16	0	4
Other receivables		4	3
<b>Total financial assets</b>		<b>4</b>	<b>7</b>
Deferred tax assets		1	0
<b>Total non-current assets</b>		<b>4,431</b>	<b>4,108</b>
<b>Omsättningstillgångar</b>			
Inventories	17	85	73
Accounts receivable	18	150	113
Receivables from related parties		0	322
Other receivables		18	14
Accrued income	19	85	79
Prepaid expenses		13	6
Cash and cash equivalents	20	64	128
<b>Total current assets</b>		<b>415</b>	<b>735</b>
<b>Total assets</b>		<b>4,846</b>	<b>4,843</b>

<i>All amounts in SEK M if not otherwise stated</i>	<b>Note</b>	<b>Dec 31, 2018</b>	<b>Dec 31, 2017</b>
<b>Equity</b>			
Share capital	21	311	337
Other contributed capital	21	584	913
Currency translation reserve		24	9
Retained earnings including net profit or loss for the year		-1,107	-498
<b>Equity attributable to the shareholders of the parent company</b>		<b>-188</b>	<b>761</b>
<b>Non-controlling interests</b>		<b>18</b>	<b>36</b>
<b>Total equity</b>		<b>-170</b>	<b>797</b>
<b>Non-current liabilities</b>			
Bond loans	16	370	371
Liabilities to credit institutions	16	3,450	3,046
Finance lease obligations	15.16	131	136
Derivatives	16	3	3
Deferred tax liabilities	12	437	182
<b>Total non-current liabilities</b>		<b>4,391</b>	<b>3,738</b>
<b>Current liabilities</b>			
Bond loans	16	9	10
Bank overdraft	16	167	5
Liabilities to credit institutions	16	38	38
Finance lease obligations	15.16	6	6
Accounts payable	16	108	54
Liabilities to related parties	10.16	110	70
Income tax liabilities	12	40	4
Derivatives	16	0	0
Other liabilities		54	44
Accrued expenses	16	89	73
Deferred income		4	4
<b>Total current liabilities</b>		<b>625</b>	<b>308</b>
<b>Total equity and liabilities</b>		<b>4,846</b>	<b>4,843</b>

## Consolidated statement of cash flows

<i>All amounts in SEK M if not otherwise stated</i>	Note	2018	2017
<b>Cash flows from operating activities</b>			
Profit or loss before tax		-179	-141
Adjustments for non-cash items			
Difference between recognized interest and received/paid interest	11	5	-34
Effect of the effective interest method		32	22
Unrealized currency translation effects		0	-1
Depreciations and impairment of property, plant and equipment and intangible assets	13.14	213	183
Expensed establishment expenditures related to early redemption of bond loans		0	23
Unrealized gain on derivative instruments		3	10
Other		0	6
Income tax paid		0	-1
Change in working capital			
Change in inventories		-2	21
Change in operating receivables		-6	-1
Change in operating liabilities		38	-50
<b>Net cash flows from operating activities</b>		<b>104</b>	<b>37</b>
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets	13	0	0
Acquisition of property, plant and equipment	14	-88	-331
Business combinations	4	-284	-41
<b>Net cash flows from investing activities</b>		<b>-372</b>	<b>-372</b>
<b>Cash flows from financing activities</b>			
New loans	16	388	2,958
Repayment of bond loans	16	-10	-1,627
Repayment of liabilities to credit institutions and finance lease obligations	16	-141	-647
Net change in used bank overdraft facilities	16	162	-119
Repayment of liabilities to related parties	16	-54	-104
Payment for derivative interest rate cap		0	-9
Acquisition of non-controlling interests		-43	0
Dividends to shareholders		-93	0
Dividends to non-controlling interests		-5	-5
<b>Net cash flows from financing activities</b>		<b>204</b>	<b>447</b>
<b>Net cash flows for the year</b>		<b>-64</b>	<b>112</b>
Cash and cash equivalents at the beginning of the year		128	16
Currency translation effect in cash and cash equivalents		0	0
<b>Cash and cash equivalents at the end of the year</b>	20	<b>64</b>	<b>128</b>

## Consolidated statement of changes in equity

<i>All amounts in SEK M if not otherwise stated</i>	Share capital	Other contributed capital	Currency translation reserve	Retained earnings including net profit or loss for the year	Equity attributable to the shareholders of the parent company	Non-controlling interests	Total equity
<b>Equity as of January 1, 2017</b>	<b>337</b>	<b>913</b>	<b>24</b>	<b>-340</b>	<b>934</b>	<b>33</b>	<b>967</b>
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
<b>Equity as of December 31, 2017</b>	<b>337</b>	<b>913</b>	<b>9</b>	<b>-498</b>	<b>761</b>	<b>36</b>	<b>797</b>
Net profit or loss for the year				-401	-401	4	-397
Other comprehensive income			15		15		15
Total comprehensive income	0	0	15	-401	-386	4	-382
Reduction in share capital	-26	-329			-355		-355
Acquisition of non-controlling interests				-26	-26	-17	-43
Dividends to shareholders				-182	-182		-182
Dividends to non-controlling interests					0	-5	-5
<b>Equity as of December 31, 2018</b>	<b>311</b>	<b>584</b>	<b>24</b>	<b>-1,107</b>	<b>-188</b>	<b>18</b>	<b>-170</b>

## 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 April 24, 2019 for adoption by the Annual General Meeting 2019.

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:

### New IFRSs and interpretations for 2018

#### *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 new standard has had an insignificant impact on the Group's consolidated financial statements.

### *IFRS 15 Revenue from Contracts with Customers*

IFRS 15 Revenue from Contracts with Customers is effective as of January 1, 2018 and replaces then all previous standards and interpretations dealing with revenue.

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's contracts with customers have already been divided into separate performance obligations where the transaction price has been allocated to the separate performance obligations for revenue recognition. Thus the new standard has had a very limited and insignificant effect on the Group's consolidated financial statements.

#### *Other*

In addition to above, there are no new or revised IFRSs or IFRIC interpretations which are effective for annual periods beginning on January 1, 2018 that had a material impact on the consolidated financial statements.

### New IFRSs and interpretations for 2019

#### *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.

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.

Given the Group's total assets and results, IFRS 16 has on an overall perspective had a limited impact on the Group's consolidated financial statements. The effect on total assets as of January 1, 2019, amounts to approximately SEK 47 M, while the full year effect on consolidated statement of profit or loss, based on existing lease arrangements as of January 1, 2019, is estimated at approximately SEK 3 M regarding depreciations and approximately SEK 3 M regarding interest expenses.

### Standards, amendments and interpretations of standards not yet effective

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.

#### 1.2 Consolidation

##### a) Subsidiaries

Subsidiaries are companies under Solør 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, production facilities for briquettes and pellets as well as environmental terminals. 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.

#### 1.8 Financial assets

Financial assets are measured at fair value at recognition date. For financial assets and financial asset that are not measured at fair value through profit or loss, transaction costs are also included in the acquisition value.

Subsequent measurement for financial assets is carried out at:

- Amortized cost,
- Fair value through other comprehensive income, or
- Fair value through profit or loss.

Which measurement category that a financial asset is covered by is governed partly by the Group's business model and partly by which contractual cash flows the Group will receive from the financial asset. The Group's business model is based on the fact that financial assets are held to receive contractual cash flows. Thus, all of the Group's financial assets are valued at amortized cost, except derivative instruments that are valued at fair value through profit or loss.

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. 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.

#### 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

The impairment model in IFRS 9 entails a three-step model that is based on changes in the credit risk of the financial assets. Step 1 means that companies must report a reserve that corresponds to expected loan losses within the next twelve months (credit losses due to default) which are probable within twelve months. Step 2 means that if the credit risk on the financial instrument has increased significantly since the recognition date, a reserve corresponding to expected credit losses is recognized throughout the term (expected losses as a result of all possible payment suspensions during the term). This also applies to contract assets or accounts receivable which, according to IFRS 15, do not contain a significant financing component. Step 3 means that a loss event has occurred and impairments must be measured in the same way as in step 2, i. e. an amount corresponding to expected losses throughout the term. The difference between step 2 and step 3 has to do with how the interest income is calculated. The standard contains simplification rules for accounts receivable and contract assets (including those that have a significant financing component) and lease receivables. The simplification rule means that instead of making an assessment of whether the credit risk has increased since the first recognition date, companies can directly report a reserve that corresponds to expected credit losses throughout the term, i. e. directly apply step 2.

### 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 Financial liabilities

Financial liabilities are valued at fair value at recognition date.

Subsequent measurement for financial liabilities is carried out at:

- Amortized cost, or
- Fair value profit or loss.

All of the Group's financial liabilities are measured at amortized cost, except for derivative instruments that are measured at fair value through profit or loss.

### 1.16 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.

### 1.17 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.

### 1.18 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. Revenue is recognized when the Group's performance obligation is fulfilled, which coincides with the delivery of the energy to 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. In most

cases, the Group's performance obligation is fulfilled in connection with the receipt of impregnated wood, where revenue is recognized. If, however, a contract would stipulate that the Group's performance obligation is only fulfilled in connection with treatment and further processing of the material received, revenue is reported in such a case over time as the Group's performance obligation is fulfilled by allocating the total transaction price pro rata per treated and processed quantity, relative to the total amount of material received.

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. The Group's performance obligation is fulfilled in connection with delivery, after which revenue is recognized.

#### 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 2018 or 2017.

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 14 and 15. 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 Solør 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 Egendom Svenljunga AB	Sweden	100%	100%
Solør Bioenergi Management Services AB	Sweden	100%	100%
Solør Bioenergi Biobränslen Holding AB	Sweden	100%	100%
Solør Bioenergi Recycling AB	Sweden	100%	100%
Rindi Energi AB	Sweden	100%	100%
Rindi Pellets AB	Sweden	100%	100%
Rindi Älvdalen AB	Sweden	100%	100%
Rindi Biobränsle AB	Sweden	100%	100%
Rindipol S.A.	Poland	100%	100%
Biopal Sp. z o. o.	Poland	100%	100%
Solør Bioenergi Fjärrvärme Holding AB	Sweden	100%	100%
Solør Bioenergi Fjärrvärme AB	Sweden	100%	100%
Solør Bioenergi Öst AB	Sweden	100%	100%
Solør Bioenergi Syd AB	Sweden	100%	100%
Solør Bioenergi Västerdala AB	Sweden	100%	100%
Solør Bioenergi Vårgårda AB	Sweden	100%	100%
Solør Bioenergi Älvdalen AB	Sweden	100%	100%
Solør Värmeanläggningar i Sverige Fastighets AB	Sweden	100%	100%
Filipstads Värme AB <sup>1</sup>	Sweden	50%	50%
Solør Bioenergi Varme Holding AS	Norway	100%	100%
Solør Bioenergi Varme AS	Norway	100%	100%
Solør Bioenergi Jessheim AS	Norway	100%	100%
Solør Bioenergi Värme AB	Sweden	100%	100%
Solør Bioenergi AG	Switzerland	100%	100%
Solør Bioenergi Fjärrvärme Holding 2 AB	Sweden	100%	100%

<sup>1</sup>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.

<sup>2</sup>In addition to the above, the Group has through Rindi Energi AB a share of 27.54% in JSCJS Rindibel in Belarus. From an accounting perspective this is treated as an associated 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 Grøddaland
- Environmental Terminal in Vigrestad

**Solør Bioenergi Infrastruktur AS** owns infrastructure assets in Norway that are leased to Norwegian group companies. The company has a bond loan. During 2018, the companies Solør Bioenergi Eiendom AS, SBE Brumunddal AS and SBE Rogaland AS were merged into Solør Bioenergi Infrastruktur AS.

**Solør Bioenergi Egendom Svenljunga AB** owns infrastructure assets in Charlottenberg and Svenljunga that are leased to Solør Bioenergi Fjärrvärme AB.

**Solør 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.

**Solør Bioenergi Management Services AB** (former 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 Sp. z o. o.** biomass sourcing and operates 1 energy plant in Czersk, Poland.

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

**Solør 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:

- o Blomstermåla
- o Charlottenberg
- o Dorotea
- o Fliseryd
- o Garphyttan
- o Hanaskog
- o Lagan
- o Lammhult
- o Landvetter
- o Lidhult
- o Markaryd
- o Mölnlycke
- o Mönsterås
- o Nora
- o Nordmaling
- o Odensbacken
- o Pershyttan
- o Rundvik
- o Ryd
- o Skinnskatteberg
- o Strömsnäsbruk
- o Sunne
- o Sveg
- o Svenljunga
- o Vilhelmina
- o Vännäs
- o Vännäsby
- o Åseda
- o Älvdalen

In addition operations are performed through the subsidiaries:

- o Solør Bioenergi Öst AB – 4 energy plants in Flen, Gnesta, Vadstena and Vingåker.
- o Solør Bioenergi Syd AB – 7 energy plants in Broby, Höör, Hörby, Knislinge, Sjöbo, Svalöv and Tomelilla.
- o Solør Bioenergi Västerdala AB – energy plant in Vansbro and is also delivering group internal packaging services regarding pellets
- o Solør Värmeanläggningar i Sverige Fastighets AB – an infrastructure company owning the buildings and land where Solør Bioenergi

- Fjärrvärme AB and its subsidiaries runs operations.
- Solør Bioenergi Vårgårda AB – energy plant in Vårgårda.
  - Filipstads Värme AB – 2 energy plants in Filipstad and Storfors.
  - Solør Bioenergi Varme AS – 15 local heat plants in Norway and a pellet production facility in Brumunddal, Norway.
  - Solør Bioenergi Värme AB – 70 local heat plants in Sweden and a pellet production facility in Säffle.

**Solør 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), 13 and 14.

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 regarding impairment of goodwill, see Note 13.

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 12.

**Note 4: Business combinations**

On April 4, 2018, through the wholly-owned subsidiary Solør Bioenergi Fjärrvärme AB, the Group acquired all shares in Pemco Energi Holding AS (renamed to Solør Bioenergi Varme Holding AS). The acquisition comprises 85 heating plants in Sweden and Norway within local heating and 2 plants for pellet production. The integration of Solør Bioenergi Värme will complement the Group's existing operations and further strengthen the Group's growth platform. In addition, the Group can benefit from cross-selling potential from the acquisition as well as synergies through collaborations in operations and production of biofuels.

The purchase price amounted to NOK 311 M, which amounted to approximately SEK 331 M on the transaction date. The acquisition has mainly been financed through an extension of the investment credit linked to the Group's SFA financing. In connection with the acquisition, acquired liabilities to credit institutions have been repaid. Acquisition-related costs amounted to SEK 18 M.

The table below describes details of acquired net assets:

	Fair value of acquired net assets
<b>Assets</b>	
Property, plant and equipment	444
Deferred tax assets	1
Inventories	10
Accounts receivable	44
Other short-term receivables	4
Cash and cash equivalents	47
	<b>550</b>
<b>Liabilities</b>	
Liabilities to credit institutions	-116
Deferred tax liabilities	-69
Accounts payable	-22
Other short-term liabilities	-12
	<b>-219</b>
<b>Total acquired net assets</b>	<b>331</b>
<b>Consideration transferred</b>	<b>331</b>

The purchase price allocation (PPA) is final. During the period 2018 in which the company was owned, the acquired company affected the Group's net sales and earnings before tax by SEK 109 M and SEK -7 M respectively. For 2019, the acquired company is expected to contribute to the Group's net sales and earnings before tax by SEK 183 M and SEK 9 M respectively.

On December 19, 2017, the Group acquired an energy plant in Älvdalen (Solör Bioenergi Älvdalen AB). During 2018 the company was merged into Solör Bioenergi Fjärrvärme AB. The following table describes the details of acquired net assets:

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

The purchase price allocation (PPA) is final. 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. During 2018, the acquired company has contributed to the Group's net sales by SEK 7.2 M and earnings before tax by SEK 2.2 M.

## Note 5: 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. This segment includes Solør Bioenergi Värme, which was acquired in 2018, consisting of local heating plants in Sweden and Norway and 2 production plants for pellets in Sweden and Norway, which supply the local heating plants with fuel.

### 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 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 903 M (835) is generated in Sweden which represents 83 percent (88) of consolidated net sales. SEK 156 M (90) of the net sales, corresponding to 14 percent (9), is generated in Norway, while SEK 29 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	2018	2017
Thermal energy	832	723
Pellets and briquettes	148	123
Impregnated wood	74	67
Other	34	40
<b>Total net sales</b>	<b>1,088</b>	<b>953</b>

Net sales per segment	2018	2017
<b>District heating</b>		
Thermal energy	832	723
Pellets	29	0
Other	20	23
<b>Biomass</b>		
Pellets and briquettes	119	123
Impregnated wood	74	67
Other	14	17
<b>Total net sales</b>	<b>1,088</b>	<b>953</b>

The Group's contracts with customers regarding the sale of thermal energy are

characterized by a stable customer base with low credit risks and a stable prices. The revenues from these customer contracts depend on weather and prices. The prices are subject to indirect competition in relation to, in particular, heating solutions based on electricity. At present, thermal energy is priced at a competitive level in relation to heating solutions based on electricity. An increase in the price of the electricity market increases the Group's competitive advantage.

The Group's contracts with customers for the sale of pellets and briquettes are relatively local operations that are characterized by a diversified customer base, from small private customers to large energy companies and commercial customers, who use the Group's products for their own heat supply, heat production or in their own retail business. Market prices depend on both access to raw materials in the form of unprocessed biomass and demand from end customers. After a number of years with good access to raw materials and relatively low demand, a trend during the last fiscal year has been shown with strongly rising demand and thus higher prices. The price trend and hence the Group's revenues with respect to this type of contracts with customers, therefore, become more volatile overall.

The Group's contracts with customers regarding the reception and further processing of impregnated wood are an international market that is characterized by the competition between various European recycling companies. This competition is in turn affected by demand and market prices for biomass as described above. There is currently a positive trend for prices for the reception of impregnated wood.

The table below shows the Group's receivables, contract assets and, where applicable, contract liabilities relating to contracts with customers:

	2018	2017
Receivables	150	113
Contract assets	85	79
Contract liabilities	0	0
	<b>235</b>	<b>192</b>

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

Net sales per segment	2018	2017
<b>District heating</b>		
External sales	881	746
Internal sales	7	10
	<b>888</b>	<b>756</b>
<b>Biomass</b>		
External sales	207	207
Internal sales	8	3
	<b>215</b>	<b>210</b>
<b>Other/eliminations</b>	<b>-15</b>	<b>-13</b>
<b>Total net sales</b>	<b>1,088</b>	<b>953</b>

Gross contribution per segment	2018	2017
<b>District heating</b>		
Total operating income	905	768
Raw materials	-323	-255
<b>Gross contribution</b>	<b>582</b>	<b>513</b>
Gross margin (%)	64%	67%
<b>Biomass</b>		
Total operating income	219	211
Raw materials and cost of goods sold	-116	-126
<b>Gross contribution</b>	<b>103</b>	<b>85</b>
Gross margin (%)	47%	40%

EBITDA per segment	2018	2017
District heating	291	293
Biomass	2	-28
Other/eliminations	-52	-36
<b>Total EBITDA</b>	<b>241</b>	<b>229</b>

Depreciation and impairment per segment	2018	2017
District heating	-159	-131
Biomass	-40	-41
Other/eliminations	-14	-11
<b>Total depreciation and impairment</b>	<b>-213</b>	<b>-183</b>

EBIT per segment	2018	2017
District heating	132	162
Biomass	-38	-69
Other/eliminations	-66	-47
<b>Total EBIT</b>	<b>28</b>	<b>46</b>

Reconciliation of segment reporting to net profit or loss for the year	2018	2017
EBIT	28	46
Financial net	-207	-187
Income tax	-218	-9
<b>Net profit or loss for the year</b>	<b>-397</b>	<b>-150</b>

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

	2018	2017
<b>Goodwill per country</b>		
Sweden	34	34
<b>Total goodwill</b>	<b>34</b>	<b>34</b>

	2018	2017
<b>Other intangible assets per country</b>		
Sweden	51	69
Norway	1	4
Other countries	0	0
<b>Total intangible assets</b>	<b>52</b>	<b>73</b>

	2018	2017
<b>Property, plant and equipment per country</b>		
Sweden	3,185	3,026
Norway	1,064	877
Other countries	91	91
<b>Total property, plant and equipment</b>	<b>4,340</b>	<b>3,994</b>

#### Note 6: Other operating income

	2018	2017
Rental income	4	4
Insurance reimbursement	4	1
Capital gain upon disposal of property, plant and equipment	3	0
Other	5	4
<b>Total other operating income</b>	<b>16</b>	<b>9</b>

#### Note 7: Raw materials and cost of goods sold

	2018	2017
Raw materials	-256	-227
Finished goods	-100	-81
Transportation costs	-36	-36
Other cost	-32	-28
<b>Total raw materials and cost of goods sold</b>	<b>-424</b>	<b>-372</b>

#### Note 8: Other operating expenses

	2018	2017
Costs for hired staff	-17	-21
Rent of premises	-7	-32
Other lease expenses	-6	-7
Repair and maintenance expenses	-64	-50
Consultant fees	-102	-54
Energy costs	-38	-29
IT costs	-11	-9
Insurance costs	-17	-10
Other	-26	-29
<b>Total other operating expenses</b>	<b>-288</b>	<b>-241</b>

	2018	2017
<b>Audit fees - KPMG</b>		
Audit engagement	-3	-4
Other audit in addition to the audit engagement	0	0
Tax advice	0	0
Other services	-1	0
<b>Total</b>	<b>-4</b>	<b>-4</b>

	2018	2017
<b>Audit fees - other audit firms</b>		
Audit engagement	0	0
Other audit in addition to the audit engagement	0	0
Tax advice	0	0
Other services	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## Note 9: Employees and personnel expenses

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

	2018		2017	
	Average employees	thereof women	Average employees	thereof women
<b>Parent company</b>				
Sweden	3	0	3	0
<b>Subsidiaries</b>				
Sweden	122	21	102	20
Norway	30	3	27	4
Poland	31	3	33	4
Switzerland	3	1	3	1
<b>Group total</b>	<b>189</b>	<b>28</b>	<b>168</b>	<b>29</b>

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

	2018		2017	
	Number Dec 31	thereof women	Number Dec 31	thereof women
Board members	4	0	4	0
Managing Director	1	0	1	0
<b>Group total</b>	<b>5</b>	<b>0</b>	<b>5</b>	<b>0</b>

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

	2018	2017
Salaries and other remuneration	-108	-86
Pension costs	-15	-13
Social security expenses	-26	-20
Other personnel expenses	-2	-1
<b>Total</b>	<b>-151</b>	<b>-120</b>

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

	2018		2017	
	Salaries and other remuneration (thereof bonuses)	Social security expenses (thereof pensions)	Salaries and other remuneration (thereof bonuses)	Social security expenses (thereof pensions)
<b>Parent company</b>				
Board and other senior executives	5	2	5	2
	(2)	(1)	(1)	(1)
Other employees	3	2	3	2
	(0)	(1)	(0)	(1)
<b>Parent company total</b>	<b>8</b>	<b>4</b>	<b>8</b>	<b>4</b>
<b>Subsidiaries</b>				
Board and other senior executives	6	1	5	1
Other employees	94	36	73	28
<b>Subsidiaries total</b>	<b>100</b>	<b>37</b>	<b>78</b>	<b>29</b>
<b>Group total</b>	<b>108</b>	<b>41</b>	<b>86</b>	<b>33</b>

### 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 1-3 M as base salary, while other senior executives working on a consultancy basis, are invoicing their time on the basis of agreement and time spent, see also Note 10. Other senior executives are included in the same discretionary bonus arrangements as the Managing Director and receive any bonus decided upon over a three-year period, except other senior executives who work on a consultancy basis and who receive their entire bonus in connection with decisions.

In 2018, the Board decided to distribute bonuses to the Managing Director and other senior executives totaling SEK 6 M, of which SEK 1.5 M related to the bonus to the Managing Director and SEK 4.5 M to other senior executives. As of the balance sheet date, the unpaid bonus debt is SEK 1 M for the Managing Director and SEK 2 M for other senior executives.

In 2017, the Board of Directors decided to distribute bonuses to staff involved in the refinancing process of a total of SEK 8 M, of which SEK 1 M related to bonus to the Managing Director and SEK 3 M to other senior executives. Outstanding unpaid bonus debt at the balance sheet date amounts to SEK 2 M, of which SEK 1 M relates to the Managing Director and other senior executives.

In addition to the above, the Group has signed agreements on cash-settled share-based payments in the form of synthetic shares with the Managing Director, two other senior executives and two additional employees. Remuneration is paid to those who are covered by the agreements in the event of a possible sale of the current shareholders' shareholdings in the parent company Solör Bioenergi Holding AB to third parties and is based on price per

share. Payment is made over a three-year period; of which one-third is paid in connection with a possible change of ownership, one-third is paid 18 months after a possible change of ownership, and one-third is paid 36 months after a possible change of ownership. A prerequisite for payment is that the employees who are covered by the agreements are still employed by the group at the respective payment opportunity. The agreement comprises a total of 467,836 synthetic shares, of which 146,199 are for the Managing Director, 204,678 are for other senior executives and 116,959 are for other employees. There is no higher ceiling for the compensation, however, 100 per cent compensation is defined at a price of SEK 171 per share, which would mean a total cash-settled compensation of SEK 80 M, of which SEK 25 M to the Managing Director, SEK 35 M to other senior executives, and SEK 20 M to other employees. The possible compensation for a change of ownership will thus ultimately be calculated based on the price per share

multiplied by the number of synthetic shares issued. At the time of the submission of this annual report, it has not been considered probable that such a change of ownership will occur which triggers payment in accordance with the agreements. Thus no expense nor debt has been included in the consolidated financial statements.

### 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:

<b>2018</b> <i>thousands kronor</i>	Board remuneration	Base salary	Bonus	Benefits in kind	Pension costs	Total
<b>Board of Directors</b>						
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
<b>Managing Director</b>						
Anders Pettersson	0	3,047	1,235	0	696	4,978
<b>Other senior executives</b> (4 persons)*						
	0	21,168	3,653	16	511	25,348
<b>Total</b>	<b>1,000</b>	<b>24,215</b>	<b>4,888</b>	<b>16</b>	<b>1,207</b>	<b>31,326</b>
<i>thereof parent company</i>	<i>1,000</i>	<i>16,563</i>	<i>2,735</i>	<i>0</i>	<i>696</i>	<i>20,994</i>
<i>thereof subsidiaries</i>	<i>0</i>	<i>7,652</i>	<i>2,153</i>	<i>16</i>	<i>511</i>	<i>10,332</i>

<b>2017</b> <i>thousands kronor</i>	Board remuneration	Base salary	Bonus	Benefits in kind	Pension costs	Total
<b>Board of Directors</b>						
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
<b>Managing Director</b>						
Anders Pettersson	0	3,054	863	0	630	4,547
<b>Other senior executives</b> (4 persons)*						
	0	15,380	1,792	13	632	17,817
<b>Total</b>	<b>1,000</b>	<b>18,434</b>	<b>2,655</b>	<b>13</b>	<b>1,262</b>	<b>23,364</b>
<i>thereof parent company</i>	<i>1,000</i>	<i>9,466</i>	<i>1,863</i>	<i>0</i>	<i>630</i>	<i>12,959</i>
<i>thereof subsidiaries</i>	<i>0</i>	<i>8,968</i>	<i>792</i>	<i>13</i>	<i>632</i>	<i>10,405</i>

\* 2 of the senior executives have invoiced their fees. The total invoiced amount for the 2018 financial year amounts to SEK 18,797 thousands (11,556), whereof to the parent company SEK 15,016 thousands (7,412). These amounts are not included in personnel expenses but rather in other operating expenses. See also Note 10.

#### Note 10: 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.

<b>Related party</b>	<b>Relationship</b>
BE Bio Energy Group AG	Solör Bioenergi Holding AB's parent company, directly or indirectly holding 59.58 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 is senior executive in Solör Bioenergi Holding AB. Moreover, the company holds 0.38 percent of the shares in Solör Bioenergi Holding AB.
Daniel Jilkén	Shareholder in Jilkén & Jilkén AG.
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 and controlled by BE Bio Energy Group AG's co-owners.
Asgard MX Holding AG	A company that is owned and controlled by BE Bio Energy Group AG's co-owners.
BEEM Industri og Eiendom AS	A company that is owned and controlled by BE Bio Energy Group AG's co-owners.
Socael AS	A company that is owned and controlled by BE Bio Energy Group AG's co-owners.

<b>2018</b>	Sale of goods and services	Purchase of goods and services	Interest income and expenses	Receivable at balance sheet date	Liability at balance sheet date
Related party					
BE Bio Energy Group AG	0	-30	0	0	0
Jilkén & Jilkén AG	0	-15	0	0	-1
Contactit AG	0	-4	0	0	0
Tips Real Performance AG	0	0	0	0	-3
Asgard MX Holding AG	0	0	0	0	-3
BEEM Industri og Eiendom AS	0	0	-1	0	-6
Socael AS	0	0	-1	0	-6
	<b>0</b>	<b>-49</b>	<b>-2</b>	<b>0</b>	<b>-19</b>

In addition to the above, Daniel Jilkén received a compensation corresponding to SEK 21 M based on a long-term incentive program linked to the company's value development and value creation in combination with Daniel Jilkén's investment in Solör Bioenergi Holding AB. In previous years, the company's obligation was valued at zero. In 2018, a positive value arose and at the time of settlement in August 2018, the parties agreed that the value corresponded to SEK 21 M.

The parent company Solör Bioenergi Holding AB also has a liability to shareholders as of the balance sheet date of a total of SEK 90 M relating to the approved dividend at the extraordinary general meeting in December where payment was made in January 2019.

<b>2017</b>	Sale of goods and services	Purchase of goods and services	Interest income and expenses	Receivable at balance sheet date	Liability at balance sheet date
Related party					
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
	<b>0</b>	<b>-43</b>	<b>20</b>	<b>322</b>	<b>-70</b>

## Note 11: Financial items

	2018	2017
<b>Financial income</b>		
Interest income	0	26
Foreign currency exchange gains	0	16
Other financial income	1	1
<b>Total financial income</b>	<b>1</b>	<b>43</b>
<b>Financial expenses</b>		
Interest expenses on bond loans	-26	-46
Interest expenses on finance leases	-8	-8
Other interest expenses	-130	-111
Foreign currency exchange losses	-3	-2
Other financial expenses	-41	-63
<b>Total financial expenses</b>	<b>-208</b>	<b>-230</b>
<b>Financial net</b>	<b>-207</b>	<b>-187</b>

Received interest amounts to SEK 0 M (5), while paid interest amounts to SEK -159 M (-178).

## Note 12: Tax

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

	2018	2017
<b>Current tax</b>		
Tax expense for the period	-3	-4
Adjustments relating to prior periods	-32	2
<b>Total current tax</b>	<b>-35</b>	<b>-2</b>
<b>Deferred tax</b>		
Change in temporary differences	-51	6
Change in tax losses carryforward	-159	-14
Effect of changes in income tax rate	27	1
<b>Total deferred tax</b>	<b>-183</b>	<b>-7</b>
<b>Total tax</b>	<b>-218</b>	<b>-9</b>

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

Reconciliation of effective tax for the year:

	2018	2017
<b>Profit or loss before tax</b>	<b>-179</b>	<b>-141</b>
Tax based on the parent company's tax rate (22 percent)	39	31
Effect of foreign tax rates	0	1
Non deductible expenses (permanent differences)	-6	0
Non taxable income (permanent differences)	2	0
Effect of unrecognized tax value i current year's tax losses carryforward	-12	-41
Effect of utilized unrecognized tax value from prior year's tax losses carryforward	28	17
Revaluation/reassessment of previous year's tax value in tax losses carryforward	-159	-18
Effect of changes in income tax rate	27	1
Prior year adjustments/other	-137	0
<b>Total tax</b>	<b>-218</b>	<b>-9</b>

Specification of net deferred tax liability:

	2018	2017
Property, plant and equipment (including excess depreciation)	-463	-358
Intangible assets	-9	-14
Derivative instruments	0	0
Other temporary differences	18	14
Recognized tax losses carryforward	18	176
<b>Net deferred tax liability</b>	<b>-436</b>	<b>-182</b>
<i>thereof deferred tax asset</i>	<i>1</i>	<i>0</i>
<i>thereof deferred tax liability</i>	<i>-437</i>	<i>-182</i>

Development of net deferred tax liability for the period:

	2018	2017
Opening balance January 1	-182	-192
Effect of acquired subsidiaries	-68	18
Deferred tax of the period in profit or loss	-183	-7
Currency translation effects	-3	-1
<b>Closing balance December 31</b>	<b>-436</b>	<b>-182</b>
<i>thereof deferred tax asset</i>	<i>1</i>	<i>0</i>
<i>thereof deferred tax liability</i>	<i>-437</i>	<i>-182</i>

2018	Opening balance	Deferred tax recognized in profit or loss	Effect of acquired subsidiaries	Foreign currency effects	Closing balance
Property, plant and equipment (including excess depreciation)	-358	-33	-69	-3	-463
Intangible assets	-14	5	0	0	-9
Other untaxed reserves (Sw. periodseringsfonder)	-2	2	0	0	0
Derivative instruments	0	0	0	0	0
Other temporary differences	16	2	0	0	18
Recognized tax losses carryforward	176	-159	1	0	18
<b>Net deferred tax liability</b>	<b>-182</b>	<b>-183</b>	<b>-68</b>	<b>-3</b>	<b>-436</b>

2017	Opening balance	Deferred tax recognized in profit or loss	Effect of acquired subsidiaries	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. periodseringsfonder)	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
<b>Net deferred tax liability</b>	<b>-192</b>	<b>-7</b>	<b>18</b>	<b>-1</b>	<b>-182</b>

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 1,092 M (591) have not been recognized in the statement of financial position. Unrecognized tax losses carryforward are attributable to the Swedish operations corresponding to SEK 668 M (190) and the Norwegian operations corresponding to SEK 424 M (401), giving an unrecognized deferred tax effect of SEK 143 M (42) and SEK 93 M (92). 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 Sweden was during 2018 fiscal year 22 percent. For fiscal years beginning on or after January 1, 2019, the income tax rate has been decreased to 21.4 percent. For fiscal years beginning on or after January 1, 2021, the income tax rate has been further decreased to

20.6 percent. The income tax rate in Norway has been reduced from 24 percent to 23 percent at the balance sheet date.

### Note 13: Intangible assets

Licenses and software	2018	2017
<b>Accumulated cost</b>		
Opening balance January 1	196	199
Additions	0	0
Disposals	0	-2
Currency translation differences	-1	-1
<b>Closing balance December 31</b>	<b>195</b>	<b>196</b>
<b>Accumulated depreciation</b>		
Opening balance January 1	-123	-105
Depreciations	-23	-21
Disposals	0	2
Currency translation differences	3	1
<b>Closing balance December 31</b>	<b>-143</b>	<b>-123</b>
<b>Carrying amount</b>	<b>52</b>	<b>73</b>

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

Goodwill	2018	2017
Opening balance January 1	34	34
<b>Carrying amount</b>	<b>34</b>	<b>34</b>

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) Charlottenberg and Svenljunga, both included in the subsidiary Solør Bioenergi Fjärrvärme AB. In accordance with IAS 36, the goodwill is tested annually for impairment. The impairment test is performed as of December 31.

Goodwill	2018	2017
CGU Charlottenberg	10	10
CGU Svenljunga	24	24
<b>Carrying amount</b>	<b>34</b>	<b>34</b>

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 (8.0) for CGU Charlottenberg and 8.5 percent before tax (8.4) for CGU Svenljunga.

### Sensitivity analysis

Both CGU's have been tested for sensitivity. For the CGU Charlottenberg headroom is SEK 89 M (93). For the CGU Svenljunga headroom is SEK 182 M (74). A change of the pretax interest rate with +1 percent would not cause impairment neither for CGU Charlottenberg nor the CGU Svenljunga. Impairment would be needed upon change of the pretax interest rate with +7.5 percentage points for CGU Charlottenberg and +16.5 percentage points for CGU Svenljunga.

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 14: Property, plant and equipment

	Buildings and land		Energy centrals, machines and other technical equipment		Other equipment		Construction in progress	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>Accumulated cost</b>								
Opening balance January 1	1,159	497	3,982	3,586	51	57	38	41
Additions	14	653	456	377	5	3	57	43
Disposals	-1	-2	-6	-3	-2	0	-4	0
Reclassification	-207	12	233	43	-9	-9	-17	-46
Currency translation differences	5	-1	12	-21	0	0	1	0
<b>Closing balance December 31</b>	<b>970</b>	<b>1,159</b>	<b>4,677</b>	<b>3,982</b>	<b>45</b>	<b>51</b>	<b>75</b>	<b>38</b>
<b>Accumulated depreciation</b>								
Opening balance January 1	-65	-42	-957	-836	-27	-22	0	0
Depreciations	-24	-23	-160	-132	-4	-5	0	0
Disposals	0	0	6	3	1	0	0	0
Reclassification	40	0	-42	0	2	0	0	0
Currency translation differences	-2	0	-4	8	0	0	0	0
<b>Closing balance December 31</b>	<b>-51</b>	<b>-65</b>	<b>-1,157</b>	<b>-957</b>	<b>-28</b>	<b>-27</b>	<b>0</b>	<b>0</b>
<b>Accumulated impairment</b>								
Opening balance January 1	-8	-8	-173	-181	-6	-6	0	0
Impairment/reversal of impairment	0	0	-2	-1	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0	0	0
Currency translation differences	0	0	-2	9	0	0	0	0
<b>Closing balance December 31</b>	<b>-8</b>	<b>-8</b>	<b>-177</b>	<b>-173</b>	<b>-6</b>	<b>-6</b>	<b>0</b>	<b>0</b>
<b>Carrying amount</b>	<b>911</b>	<b>1,086</b>	<b>3,343</b>	<b>2,852</b>	<b>11</b>	<b>18</b>	<b>75</b>	<b>38</b>

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 71 M (82), see also Note 15 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 15: 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:

2018	< 1 year	1 - 5 years	> 5 years	Total
Future minimum lease payments	14	49	158	221
Amount representing interest	-8	-26	-50	-84
Present value of minimum lease payments	6	23	108	137

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

### The Group as lessee - operating leases

The Group has entered into various operating leases for property, plant and equipment. Several lease arrangements contain an option for extension of the term. Operating lease expenses for the financial year amounted to SEK 14 M (38), whereof variable fees amounted to SEK 0 M (0).

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

2018	< 1 year	1 - 5 years	> 5 years	Total
Future minimum lease payments	15	32	36	83

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

### Note 16: 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 Solør Bioenergi Fjärrvärme AB, runs over 5 years and the total credit amounts to

SEK 1,800 M. In addition, the SFA also includes an overdraft credit limit of SEK 150 M and an investment (CAPEX) credit limit of SEK 435 M. The overdraft and CAPEX facilities are fully utilized as per the balance sheet date. SFA runs a floating rate corresponding to 3-month STIBOR plus a credit margin that currently is 2 percentage points. The credit margin is adjusted annually in April by additional 0.25 percentage point. Potential unutilized credit facility is charged with a credit charge corresponding to 35 percent of the credit margin, i. e. 0.70 percent. The establishment of SFA provided direct financing expenses which are expensed over the term of the loan in accordance with the effective interest method. The cost in 2018 amounted to approximately SEK 27 M.

JFA, which has been raised by the group company Solør Bioenergi Fjärrvärme Holding 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 which are expensed over the term of the loan in accordance with the effective interest method. The cost in 2018 amounted to approximately SEK 4 M.

The group company Solør Bioenergi Infrastruktur AS has a bond loan. The liability at the balance sheet date amounts to approximately NOK 371 M, which corresponds to SEK 379 M. The bond loan runs until 2021

with a fixed interest rate of 6.55 percent. Interest and amortization are due for payment annually in mid-July as follows:

2019: NOK 9 M  
 2020: NOK 9 M  
 2021: NOK 353 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 2018 and at the balance sheet date, all financial covenants are met and there are no indications that these will not be met in future.

In addition to the above, there are bank loans held by the fully owned subsidiary Solør Bioenergi Vårgårda AB and the jointly owned subsidiary Filipstads Värme AB. These amounts to SEK 60 M at the balance sheet date. These companies have also bank overdraft limits totaling SEK 8 M, not utilized at the balance sheet date.

The group company Solør Bioenergi Holding AS has a bank overdraft facility totaling NOK 20 M (approximately SEK 20 M), whereof approximately NOK 14 M (approximately SEK 14 M) is utilized at the balance sheet date.

In the Polish subsidiary Rindipol S.A. there are investment and fuel credits totaling

approximately PLN 7 M at the balance sheet date, which corresponds to approximately SEK 16 M. Together with the other Polish subsidiary Biopal Sp. Z o. o., the aggregate bank overdraft limits are approximately PLN 1.2 M (SEK 2.9 M), of which approximately PLN 1.1 M are utilized (SEK 2.7 M).

The subsidiary Rindi Pellets AB has factoring agreement regarding accounts receivable and inventory. The liability at the balance sheet date amounts to SEK 13 M (granted limit SEK 45 M).

The group company Nordic Bioenergy Infrastructure AS has interest-bearing liabilities from related parties amounting to approximately NOK 18 M (approximately SEK 19 M) at the balance sheet date.

In addition to the above, there are two interest-bearing loans regarding acquired machinery and equipment, amounting to SEK 3 M at the balance sheet date, and also finance lease liabilities, see Note 15.

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 2018	Carrying amount 2017
SFA nominal loan	1,800	1,800
Remaining non-expensed establishment expenditures	-100	-115
Utilized investment credit (CAPEX) SFA	435	35
JFA nominal loan	1,270	1,270
Remaining non-expensed establishment expenditures	-23	-27
Utilized investment credit (CAPEX) JFA	14	14
Bond loans	379	381
Other liabilities to credit institutions	92	107
Bank overdraft	167	5
Finance lease obligations	137	142
Liabilities to related parties	19	69
	<b>4,190</b>	<b>3,681</b>

	1 januari 2018	Cash flows (new loans / repayment of loans)	Non-cash effective changes				31 december 2018
			Acquisition of subsidiaries	New lease agreements	Deferred interest and effective interest method	Currency effects	
Bond loans	381	-10	0	0	0	8	379
SFA	1,720	388	0	0	27	0	2,135
JFA	1,257	0	0	0	4	0	1,261
Other liabilities to credit institutions	107	-137	116	0	0	6	92
Bank overdraft	5	162	0	0	0	0	167
Finance lease obligations	142	-5	0	0	0	0	137
Liabilities to related parties	69	-54	0	0	0	4	19
	<b>3,681</b>	<b>344</b>	<b>116</b>	<b>0</b>	<b>31</b>	<b>18</b>	<b>4,190</b>

	1 January 2017	Cash flows (new loans / repayment of loans)	Non-cash effective changes				31 December 2017
			Acquisition of subsidiaries	New lease agreements	Deferred interest and effective interest method	Currency effects	
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
	<b>2,626</b>	<b>461</b>	<b>574</b>	<b>2</b>	<b>38</b>	<b>-20</b>	<b>3,681</b>

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 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 subsidiary Solör Bioenergi Vårgårda 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 25 M, while a change in interest rates of -1 percentage point would affect consolidated net financial items positively with approximately SEK 12 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 related to the bond loan, bank overdraft and liabilities to related parties denominated in Norwegian Krone (NOK), 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.

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

<b>2018</b>	Within 1 year	1-2 years	2-5 years	Later than 5 years	Total
Bond loans	34	33	385	0	452
SFA	50	55	2,312	0	2,417
JFA	87	87	1,486	0	1,660
Liabilities to credit institutions	40	19	27	12	98
Bank overdraft	167	0	0	0	167
Finance lease obligations	14	13	36	158	221
Liabilities to related parties	110	0	0	0	110
Accounts payable	108	0	0	0	108
Accrued expenses	89	0	0	0	89
<b>Total</b>	<b>699</b>	<b>207</b>	<b>4,246</b>	<b>170</b>	<b>5,322</b>

<b>2017</b>	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
<b>Total</b>	<b>408</b>	<b>193</b>	<b>2,677</b>	<b>1,496</b>	<b>4,774</b>

At the end of the year, the Group had unused credit facilities in the form of bank overdraft facilities amounting to SEK 6 M (158).

### (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 18.

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.

2018	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
Receivables from related parties	0	0	0	0	0
Derivatives	0	0	0	0	0
Accounts receivable	150	0	150	0	150
Other receivables	4	0	4	0	4
Accrued income	85	0	85	0	85
Cash and cash equivalents	64	0	64	0	64
	<b>303</b>	<b>0</b>	<b>303</b>	<b>0</b>	<b>303</b>
<b>Financial liabilities</b>					
Bond loans	379	0	379	0	379
Bank overdraft	167	0	167	0	167
Liabilities to credit institutions	3,488	0	3,488	0	3,488
Finance lease obligations	137	0	137	0	137
Liabilities to related parties	110	0	110	0	110
Derivatives	3	0	3	0	3
Accounts payable	108	0	108	0	108
Accrued expenses	89	0	89	0	89
	<b>4,481</b>	<b>0</b>	<b>4,481</b>	<b>0</b>	<b>4,481</b>
<b>2017</b>					
2017	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
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
	<b>653</b>	<b>0</b>	<b>653</b>	<b>0</b>	<b>653</b>
<b>Financial liabilities</b>					
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
	<b>3,812</b>	<b>0</b>	<b>3,812</b>	<b>0</b>	<b>3,812</b>

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 market assessment and a return value assessment. When applying market assessment, prices and other relevant information from comparable market transactions is used. The valuation technique

means that market multiples are calculated based on quantitative and qualitative assessments in the individual cases. When applying return value assessment, present value of future cash flows is calculated. Besides assessment of future cash flows, important input in the valuation technique is also the discount rate reflecting the time value of money, i. e. the risk free interest rate, and the uncertainty in the cash flows, i. e. the risk premium.

With the exception of derivative instruments measured at fair value through profit or loss,

the Group's other financial instruments are accounted at amortized cost.

### Note 17: Inventories

	2018	2017
Raw materials and fuel	65	54
Finished goods	20	19
	<b>85</b>	<b>73</b>

Inventories are pledged for interest-bearing liabilities up to SEK 7 M (12), see Note 22.

No impairment of inventories has been recognized during the year. Costs for raw materials and cost of goods sold is presented in Note 7.

### Note 18: 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:

	2018		2017	
	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	105	0	98	0
Accounts receivable, overdue as at Dec 31				
< 30 days	44		14	
30-60 days	1		1	
60-90 days	0		0	
> 90 days	2	-2	3	-3
	152	-2	116	-3
Accounts receivable, gross amount	152		116	
Provision for bad debt	-2		-3	
Accounts receivable, carrying amount	150		113	

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

	2018	2017
Opening balance January 1	-3	-3
Current year's provisions	0	-1
Realized losses	1	1
Reversal of provisions	0	0
Foreign currency exchange rate differences	0	0
Closing balance December 31	<b>-2</b>	<b>-3</b>

### Note 19: Accrued income

	2018	2017
Accrued revenue from energy sales	84	78
Other	1	1
	<b>85</b>	<b>79</b>

### Note 20: 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:

	2018	2017
Cash and bank balances	64	128
Total cash and cash equivalents	<b>64</b>	<b>128</b>

## Note 21: Share capital, information regarding shareholders and dividend

In conjunction with the Annual General Meeting in June 2018, a reduction was made in the share capital and the number of ordinary shares was reduced by 2,646,864.

	2018	2017
No. of ordinary shares, quoted value SEK 10	31,070,570	33,717,434

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.

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

<i>thousands kronor</i>	2018			2017		
	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
Redemption of shares	-26,468	-354,680	-381,148	0	0	0
Bonus issue	0	26,468	26,468	0	0	0
<b>Ordinary shares issued and paid at the end of the year</b>	<b>310,706</b>	<b>584,257</b>	<b>894,963</b>	<b>337,174</b>	<b>912,469</b>	<b>1,249,643</b>

During the financial year 2018, dividend was paid to the parent company's shareholders totaling SEK 182.6 M, of which SEK 92.6 M at the annual general meeting in June 2018 and SEK 90 M at the extraordinary general meeting in December 2018. The later resolved dividend was paid to the shareholders in January 2019. In 2017, no dividend was paid out to the parent company's shareholders. In connection with the Annual General Meeting 2018, a reduction was also made in the share capital through redemption of shares and a corresponding bonus issue.

Shareholder	2018		2017	
	Number of shares	Ownership in percent	Number of shares	Ownership in percent
Nordic Infrastructure AG*	15,406,079	49.58%	0	0.00%
Highview Finance Holding Company Limited	7,798,630	25.10%	7,798,630	23.13%
BE Bio Energy Group AG	3,107,057	10.00%	21,160,000	62.76%
YRC Worldwide, Inc. Master Pension Plans Trust	2,293,065	7.38%	2,293,065	6.80%
Sunrise BE I, LLC	1,537,067	4.95%	1,537,067	4.56%
ArvinMeritor, Inc. Retirement Plan	811,465	2.61%	811,465	2.41%
Jilkén & Jilkén AG	117,207	0.38%	0	0.00%
Daniel Jilkén	0	0.00%	117,207	0.34%
<b>Total</b>	<b>31,070,570</b>	<b>100.00%</b>	<b>33,717,434</b>	<b>100.00%</b>

\*The company is fully owned by BE Bio Energy Group AG

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 22: Pledged assets and contingent liabilities

	2018	2017
<b>Pledged assets</b>		
Property mortgages	138	128
Floating charges	114	75
Property, plant and equipment	44	43
Inventories	7	12
Cash and cash equivalents	0	43
	<b>303</b>	<b>301</b>

In addition to the above, the Group has for the SFA and JFA loans pledged all shares in Solør Bioenergi Fjärrvärme Holding AB and Solør Bioenergi Fjärrvärme AB, including subsidiaries with the exception of the shares in fully owned subsidiary Solør Bioenergi Vårgårda AB and the jointly owned subsidiary Filipstads Värme AB. For the bond loan, the Group has pledged the shares in Solør Bioenergi Infrastruktur AS.

	2018	2017
<b>Contingent liabilities</b>		
Guarantee commitments	5	8
Other	1	1
	<b>6</b>	<b>9</b>

## Note 23: Subsequent events

On January 8, 2019, the Group acquired through its fully owned subsidiary Solør Bioenergi Fjärrvärme AB all shares in Borgstena Energi AB (rebranded to Solør Bioenergi Herrljunga AB). The acquisition comprises a district heating plant in Herrljunga, producing approximately 23 GWh on annual basis and is currently providing district heating to approximately 200 customers. The price amounts to SEK 19 M and is paid cash.

The below table shows the final purchase price allocation:

	Fair value of acquired net assets
<b>Assets</b>	
Property, plant and equipment	21
Inventories	1
Other short-term receivables	2
Cash and cash equivalents	1
	<b>25</b>
<b>Liabilities</b>	
Deferred tax liabilities	-5
Other short-term liabilities	-1
	<b>-6</b>
<b>Total acquired net assets</b>	<b>19</b>
<b>Consideration transferred</b>	<b>19</b>

On an annual basis the acquisition is expected to contribute with SEK 9 M on the Group's net sales and SEK 3 M on the Group's EBITDA.

In 2017, the Administrative Court in Stockholm revoked the Tax Agency's decision regarding Solør Bioenergi Fjärrvärme AB's taxation for fiscal year 2014. At the beginning of 2018, the Swedish Tax Agency appealed against the court decision. On January 18, 2019, the Administrative Court of Appeal in Stockholm revoked partly the Administrative Court's decision. The new court decision has significant impact on the Group's tax base on Property, Plant and Equipment, which was decreased by approximately SEK 743 M as a consequence of the court decision. Based on 2018's income tax rate of 22 percent, the deferred tax effect is approximately SEK 163 M.

Another consequence of the Administrative Court of Appeal's decision is that current income tax of approximately SEK 37 M regarding fiscal year 2014 would have to be paid, if the company had accepted the court decision. Solør Bioenergi Fjärrvärme AB will, however, appeal the court decision to the Supreme Administrative Court. Moreover, the company has requested a reassessment of its income tax return for fiscal year 2014 and pending a final solution the current income tax payment has been deferred.

The accounting effect of the Administrative Court's decision has been included in the 2018 financial statements.

On March 29, 2019, the Group completed the expansion of financing related to the SFA and JFA loan financing (which is described in more detail in Note 16). The expansion means that the nominal SFA loan has been increased by SEK 217 M, from SEK 1,800 M to SEK 2,017 M.

In addition, the investment credit limit is increased by a total of SEK 1,000 M, of which SFA with SEK 750 M and JFA with SEK 250 M. In connection with the expansion, the JFA credit margin has been adjusted upwards by 0.2 percentage points, from 6.50 percentage points to 6.70 percentage points. Otherwise, the maturities and other credit terms are unchanged on the SFA and JFA financing.

## Parent company's income statement

<i>All amounts in SEK M if not otherwise stated</i>	Note	2018	2017
Net sales	4	71	92
<b>Total operating income</b>		<b>71</b>	<b>92</b>
Personnel expenses	5	-12	-12
Depreciation and impairment	12.13	-1	-2
Other external costs	6.19	-116	-91
<b>Total operating expenses</b>		<b>-129</b>	<b>-105</b>
<b>Operating profit or loss (EBIT)</b>		<b>-58</b>	<b>-13</b>
Profit or loss from participation in group companies	7	270	1,177
Other interest income and similar profit items	8	10	33
Other interest expenses and similar loss items	9	-14	-127
<b>Financial net</b>		<b>266</b>	<b>1,083</b>
<b>Profit or loss after financial items</b>		<b>208</b>	<b>1,070</b>
Appropriations	10	49	6
<b>Profit or loss before tax</b>		<b>257</b>	<b>1,076</b>
Tax on profit or loss for the year	11	0	0
<b>Net profit or loss for the year</b>		<b>257</b>	<b>1,076</b>

## Parent company's other comprehensive income

<i>All amounts in SEK M if not otherwise stated</i>	Note	2018	2017
<b>Net profit or loss for the year</b>		<b>257</b>	<b>1,076</b>
<b>Other comprehensive income</b>		<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>257</b>	<b>1,076</b>

## Parent company's balance sheet

<i>All amounts in SEK M if not otherwise stated</i>	<b>Note</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
<b>Non-current assets</b>			
Other intangible assets	12	4	5
<b>Total intangible assets</b>		<b>4</b>	<b>5</b>
Equipment	13	0	0
<b>Total property, plant and equipment</b>		<b>0</b>	<b>0</b>
Participations in group companies	14	2,614	2,660
Other receivables		1	1
<b>Total financial assets</b>		<b>2,615</b>	<b>2,661</b>
<b>Total non-current assets</b>		<b>2,619</b>	<b>2,666</b>
<b>Current assets</b>			
Receivables from group companies		318	452
Other receivables		0	0
Accured income and prepaid expenses		1	0
Cash and cash equivalents	15	0	1
<b>Total current assets</b>		<b>319</b>	<b>453</b>
<b>Total assets</b>		<b>2,938</b>	<b>3,119</b>

<i>All amounts in SEK M if not otherwise stated</i>	<b>Note</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
<b>Equity</b>			
Share capital	16	311	337
<b>Restricted equity</b>		<b>311</b>	<b>337</b>
Share premium reserve	16.22	2,180	2,508
Profit or loss brought forward	22	-204	-1,097
Profit or loss for the year	22	257	1,076
<b>Non-restricted equity</b>		<b>2,233</b>	<b>2,487</b>
<b>Total equity</b>		<b>2,544</b>	<b>2,824</b>
<b>Non-current liabilities</b>			
Liabilities to group companies	17	272	274
<b>Total non-current liabilities</b>		<b>272</b>	<b>274</b>
<b>Current liabilities</b>			
Accounts payables		1	3
Liabilities to group companies		22	5
Other liabilities		96	4
Accrued expenses and deferred income		3	9
<b>Total current liabilities</b>		<b>122</b>	<b>21</b>
<b>Total equity and liabilities</b>		<b>2,938</b>	<b>3,119</b>

## Parent company's statement of cash flows

<i>All amounts in SEK M if not otherwise stated</i>	Note	2018	2017
<b>Cash flows from operating activities</b>			
Profit or loss before tax		257	1,076
Adjustements for non-cash items			
Difference between recognized interest and received/paid interest	8.9	14	-4
Effect of the effective interest rate method	9	0	3
Expensed establishment expenditures related to early redemption of bond loans	9	0	23
Currency translation effects	8.9	-10	3
Depreciations and impairment of property, plant and equipment and intangible assets	12.13	1	2
Dividends from group companies	7	-541	-321
Impairment of non-current financial assets	7	355	1,381
Gain on disposals	7	9	-2,237
Received/distributed group contributions	10	-49	-6
Change in working capital			
Change in operating receivables		45	14
Change in operating liabilities		11	-13
<b>Net cash flows from operating activities</b>		<b>92</b>	<b>-79</b>
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets		0	0
<b>Net cash flows from investing activities</b>		<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Repayment of bond loans		0	-1,627
Net change in deposits/lending from/to group companies		0	1,707
Dividends to shareholders		-93	0
<b>Net cash flows from financing activities</b>		<b>-93</b>	<b>80</b>
<b>Net cash flows for the year</b>		<b>-1</b>	<b>1</b>
Cash and cash equivalents at the beginning of the year		1	0
Currency translation effect in cash and cash equivalents		0	0
<b>Cash and cash equivalents at the end of the year</b>		<b>0</b>	<b>1</b>

## Parent company's statement of changes in equity

	Restricted equity		Non-restricted equity		Total equity
	Share capital	Share premium reserve	Profit or loss brought forward	Profit or loss for the year	
<i>All amounts in SEK M if not otherwise stated</i>					
<b>Equity as of January 1, 2017</b>	<b>337</b>	<b>2,508</b>	<b>-978</b>	<b>-119</b>	<b>1,748</b>
Appropriation of previous year's earnings 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
<b>Equity as of December 31, 2017</b>	<b>337</b>	<b>0</b>	<b>2,508</b>	<b>-1,097</b>	<b>2,824</b>
Appropriation of previous year's earnings according to decision of the Annual Shareholders Meeting			1,076	-1,076	0
Net profit or loss for the year				257	257
Other comprehensive income				0	0
Total comprehensive income	0	0	0	257	257
Redemption of shares	-26	-328			-354
Dividend			-183		-183
<b>Equity as of December 31, 2018</b>	<b>311</b>	<b>2,180</b>	<b>-204</b>	<b>257</b>	<b>2,544</b>

## 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 IFRS 9 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 IFRS 9. 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 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	2018	2017
Group external	0	0
Group internal	71	92
<b>Total net sales</b>	<b>71</b>	<b>92</b>

Of the net sales, SEK 19 M (36) pertains to further invoiced costs.

Net sales divided per country	2018	2017
Sweden	55	78
Other countries	16	14
<b>Total net sales</b>	<b>71</b>	<b>92</b>

#### **Note 5: Employees and personnel expenses**

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

	2018	2017
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:

	2018	2017
Salaries and other remuneration	8	8
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:

	2018		2017	
	Board and MD	Other employees	Board and MD	Other employees
Salaries and other remuneration	5	3	5	3
(thereof bonuses)	(2)	(0)	(1)	(1)

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. There is no fixed bonus system, but a discretionary bonus, determined by the board and usually runs over a three-year payment period.

In 2018, the Board decided to distribute bonus to the Managing Director with SEK 1.5 M. As of

the balance sheet date, the unpaid bonus debt is SEK 1 M.

In 2017, the Board of Directors decided to distribute bonuses to staff involved in the refinancing process of a total of SEK 2 M, of which SEK 1 M related to bonus to the Managing Director and SEK 1 M to other employees. Outstanding unpaid bonus debt at the balance sheet date amounts to SEK 1 M, of which SEK 0.5 M relates to the Managing Director.

In addition to the above, the parent company has signed agreements on cash-settled share-based payments in the form of synthetic shares with the Managing Director and one additional employee. Remuneration is paid to those who are covered by the agreements in the event of a possible sale of the current shareholders' shareholdings in the parent company Solör Bioenergi Holding AB to third parties and is based on price per share. Payment is made over a three-year period; of which one-third is paid in connection with a possible change of ownership, one-third is paid 18 months after a possible change of ownership, and one-third is paid 36 months after a possible change of ownership. A prerequisite for payment is that

the employees who are covered by the agreements are still employed by the group at the respective payment opportunity. The agreement comprises a total of 204,678 synthetic shares, of which 146,199 are for the Managing Director. There is no higher ceiling for the compensation, however, 100 per cent compensation is defined at a price of SEK 171 per share, which would mean a total cash-settled compensation of SEK 35 M, of which SEK 25 M to the Managing Director. The possible compensation for a change of ownership will thus ultimately be calculated based on the price per share multiplied by the number of synthetic shares issued. At the time of the submission of this annual report, it has not been considered probable that such a change of ownership will occur which triggers payment in accordance with the agreements. Thus no expense nor debt has been included in the financial statements of the parent company.

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

<b>2018</b> <i>thousands kronor</i>	Board remuneration	Base salary	Bonus	Benefits in kind	Pension costs	Total
<b>Board of Directors</b>						
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
<b>Managing Director</b>						
Anders Pettersson	0	3,047	1,235	0	696	4,978
<b>Total</b>	<b>1,000</b>	<b>3,047</b>	<b>1,235</b>	<b>0</b>	<b>696</b>	<b>5,978</b>

<b>2017</b> <i>thousands kronor</i>	Board remuneration	Base salary	Bonus	Benefits in kind	Pension costs	Total
<b>Board of Directors</b>						
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
<b>Managing Director</b>						
Anders Pettersson	0	3,054	863	0	630	4,547
<b>Total</b>	<b>1,000</b>	<b>3,054</b>	<b>863</b>	<b>0</b>	<b>630</b>	<b>5,547</b>

## Note 6: Other external costs

	2018	2017
Consulting fees, group internal	-34	-38
Consulting fees, related parties	-66	-25
Consulting fees, other	-1	-21
Other	-15	-7
<b>Total other external costs</b>	<b>-116</b>	<b>-91</b>

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	2018	2017
Audit engagement	-1	-1
Other services	0	0
<b>Total</b>	<b>-1</b>	<b>-1</b>

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

	2018	2017
Dividend	634	321
Gain on disposal	-9	2,237
Impairment	-355	-1,381
<b>Total</b>	<b>270</b>	<b>1,177</b>

Impairment losses of SEK 355 M relate to the shares in the Norwegian subsidiary Solør Bioenergi Holding AS. The impairment is equal to the dividend received. The capital gains and impairments during the preceding financial year are explained by the intra-group reorganization as a consequence of the Group's refinancing process in 2017. The capital gain arose mainly through the parent company's

acquisition of shares in subsidiaries from a Group company at book value, which in turn was sold to another Group company at fair value. The impairments were a consequence of this and are related to shares in Group companies that sold shares to the parent company at book value.

## Note 8: Interest income and similar profit items

	2018	2017
Interest income, group internal	0	21
Interest income, group external	0	0
Currency translation gains, group internal	10	0
Currency translation gains, group external	0	12
<b>Total</b>	<b>10</b>	<b>33</b>

Received interest amounts to SEK 0 M (0).

## Note 9: Interest expenses and similar loss items

	2018	2017
Interest expenses, group internal	-14	-27
Interest expenses, group external	0	-29
Currency translation losses, group internal	0	-15
Currency translation losses, group external	0	0
Interest expenses according to the effective interest method	0	-3
Expensed establishment expenditures related to early redemption of bond loans	0	-23
Other	0	-30
<b>Total</b>	<b>-14</b>	<b>-127</b>

Paid interest amounts to SEK 0 M (39).

## Note 10: Appropriations

	2018	2017
Distributed group contribution	0	0
Received group contribution	49	6
<b>Total</b>	<b>49</b>	<b>6</b>

## 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:

	2018	2017
Current tax	0	0
Deferred tax	0	0
<b>Total tax</b>	<b>0</b>	<b>0</b>

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

	2018	2017
<b>Profit or loss before tax</b>	<b>257</b>	<b>1076</b>
Tax based on current income tax rate (22 percent)	-57	-237
Non-deductible expenses	-89	-306
Non-taxable income	140	563
Effect of unrecognized tax value in current year's tax losses carryforward	0	-20
Effect of utilized unrecognized tax value from prior year's tax losses carryforward	6	0
<b>Total tax</b>	<b>0</b>	<b>0</b>

The company has a total tax loss carryforward amounting to SEK 69 M (91) for which there has not been recognized any deferred tax asset, giving an unrecognized deferred tax asset effect of SEK 15 M (20).

#### Note 12: Intangible assets

	2018	2017
<b>Accumulated cost</b>		
Opening balance January 1	8	8
Additions	0	0
<b>Closing balance December 31</b>	<b>8</b>	<b>8</b>
<b>Accumulated depreciation</b>		
Opening balance January 1	-3	-1
Depreciations	-1	-2
<b>Closing balance December 31</b>	<b>-4</b>	<b>-3</b>
<b>Carrying amount</b>	<b>4</b>	<b>5</b>

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

#### Note 13: Property, plant and equipment

Equipment	2018	2017
<b>Accumulated cost</b>		
Opening balance January 1	0	0
Additions	0	0
Disposals	0	0
<b>Closing balance December 31</b>	<b>0</b>	<b>0</b>
<b>Accumulated depreciation</b>		
Opening balance January 1	0	0
Depreciations	0	0
Disposals	0	0
<b>Closing balance December 31</b>	<b>0</b>	<b>0</b>
<b>Carrying amount</b>	<b>0</b>	<b>0</b>

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

#### Note 14: Participation in group companies

	2018	2017
<b>Accumulated cost</b>		
Opening balance January 1	5,314	3,604
Acquisition	0	690
Disposal	-16	-959
Shareholders' contribution	325	1,979
<b>Closing balance December 31</b>	<b>5,623</b>	<b>5,314</b>
<b>Accumulated impairment</b>		
Opening balance January 1	-2,654	-1,273
Impairment	-355	-1,381
<b>Closing balance December 31</b>	<b>-3,009</b>	<b>-2,654</b>
<b>Carrying amount</b>	<b>2,614</b>	<b>2,660</b>

The following table details the carrying amount per subsidiary:

	2018	2017
Solør Bioenergi Holding AS	599	629
Solør Bioenergi Biobränslen Holding AB	514	514
SBH Acquisition 2 AB	0	16
Solør Bioenergi Fjärrvärme Holding AB	1,500	1,500
Solør Bioenergi AG	1	1
Solør Bioenergi Fjärrvärme Holding 2 AB	0	0
BE Bio Energy Group II AS	0	0
<b>Closing balance December 31</b>	<b>2,614</b>	<b>2,660</b>

In 2018, the name of the subsidiary Vestkysten Energi AB was changed to Solør Bioenergi Fjärrvärme Holding 2 AB.

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

2018	Number of shares	Stake in percent
Solør Bioenergi Holding AS	55,216	100%
Solør Bioenergi Biobränslen Holding AB	500	100%
Solør Bioenergi Management Services AB	500	100%
Solør Bioenergi Fjärrvärme Holding AB	500	100%
Solør Bioenergi AG	1,000,000	100%
Solør Bioenergi Fjärrvärme Holding 2 AB	50,000	100%

2017	Number of shares	Stake in percent
Solør Bioenergi Holding AS	55,216	100%
Solør Bioenergi Biobränslen Holding AB	500	100%
SBH Acquisition 2 AB	500	100%
Solør Bioenergi Fjärrvärme Holding AB	500	100%
Solør Bioenergi AG	1,000,000	100%
Solør Bioenergi Fjärrvärme Holding 2 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, Norge
Solør Bioenergi Recycling AB	556211-2754	Trollhättan, Sverige
Solør Bioenergi Management Services AB	556962-2566	Stockholm, Sverige
Solør Bioenergi Biobränslen Holding AB	556946-3432	Stockholm, Sverige
Solør Bioenergi Fjärrvärme Holding AB	556982-8469	Stockholm, Sverige
Solør Bioenergi AG	CHE-152787201	Zürich, Schweiz
Solør Bioenergi Fjärrvärme Holding 2 AB	556873-8552	Stockholm, Sverige

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

### Note 15: Cash and cash equivalents

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

## Note 16: Number of shares, share capital and information regarding shareholders

	2018	2017
No. of ordinary shares, quoted value SEK 10	31,070,570	33,717,434

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

<i>thousands kronor</i>	2018			2017		
	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
Redemption of shares	-26,468	-354,680	-381,148	0	0	0
Bonus issue	0	26,468	26,468	0	0	0
<b>Ordinary shares issued and paid at the end of the year</b>	<b>310,706</b>	<b>2,180,418</b>	<b>2,491,124</b>	<b>337,174</b>	<b>2,508,630</b>	<b>2,845,804</b>

During the financial year 2018, a dividend was paid to the parent company's shareholders totaling SEK 182.6 M, of which SEK 92.6 M at the annual general meeting in June 2018 and SEK 90 M at the extraordinary general meeting in December 2018. The later resolved dividend was paid to the shareholders in January 2019. In 2017, no dividend was paid out to the parent company's shareholders. In connection with the Annual General Meeting 2018, a reduction was also made in the share capital through redemption of shares and a corresponding bonus issue.

The parent company's shareholders:

Shareholder	2018		2017	
	Number of shares	Ownership in percent	Number of shares	Ownership in percent
Nordic Infrastructure AG*	15,406,079	49.58%	0	0.00%
Highview Finance Holding Company Limited	7,798,630	25.10%	7,798,630	23.13%
BE Bio Energy Group AG	3,107,057	10.00%	21,160,000	62.76%
YRC Worldwide, Inc. Master Pension Plans Trust	2,293,065	7.38%	2,293,065	6.80%
Sunrise BE I, LLC	1,537,067	4.95%	1,537,067	4.56%
ArvinMeritor, Inc. Retirement Plan	811,465	2.61%	811,465	2.41%
Jilkén & Jilkén AG	117,207	0.38%	0	0.00%
Daniel Jilkén	0	0.00%	117,207	0.34%
<b>Total</b>	<b>31,070,570</b>	<b>100.00%</b>	<b>33,717,434</b>	<b>100.00%</b>

\*The company is fully owned by BE Bio Energy Group AG

## Note 17: Financial instruments and risk management

In connection with the Group's refinancing process in April 2017, the parent company refunded both bond loans and delisted them from Oslo Børs. 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 272 M (274) 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.

2018	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
Participations in group companies	2,614	0	2,614	0	2,614
Receivables from group companies	318	0	318	0	318
Other receivables	1	0	1	0	1
Cash and cash equivalents	0	0	0	0	0
	<b>2,933</b>	<b>0</b>	<b>2,933</b>	<b>0</b>	<b>2,933</b>
<b>Financial liabilities</b>					
Accounts payable	1	0	1	0	1
Liabilities to group companies	294	0	294	0	294
Other liabilities	91	0	91	0	91
Accrued expenses	3	0	3	0	3
	<b>389</b>	<b>0</b>	<b>389</b>	<b>0</b>	<b>389</b>

2017	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
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
	<b>3,114</b>	<b>0</b>	<b>3,114</b>	<b>0</b>	<b>3,114</b>
<b>Financial liabilities</b>					
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
	<b>291</b>	<b>0</b>	<b>291</b>	<b>0</b>	<b>291</b>

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.

<b>2018</b>	Within 1 year	1-2 years	2-5 years	Later than 5 years	Total
Accounts payable	1	0	0	0	1
Liabilities to group companies	22	0	320	0	342
Other liabilities	91	0	0	0	91
Accrued expenses	3	0	0	0	3
<b>Total</b>	<b>117</b>	<b>0</b>	<b>320</b>	<b>0</b>	<b>437</b>

<b>2017</b>	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
<b>Total</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>355</b>	<b>372</b>

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

	Non-cash effective changes					31 december 2018
	1 januari 2018	Cash flows (new loans / repayment of loans)	Reclassified to short-term	Accrued interest	Currency effects	
Liabilities to group companies	274	0	-16	14	0	272
	274	0	-16	14	0	272

	Non-cash effective changes					31 December 2017
	1 January 2017	Cash flows (new loans / repayment of loans)	Group contributions	Deferred interest and effective interest method	Currency effects	
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 18: 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, directly or indirectly holding 59.58 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 is senior executive in Solör Bioenergi Holding AB. Moreover, the company holds 0.38 percent of the shares in Solör Bioenergi Holding AB.
Daniel Jilkén	Shareholder in Jilkén & Jilkén AG.

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, 6, 8 and 9.

2018	Sale of goods and services	Purchase of goods and services	Interest income and expenses	Receivable at balance sheet date	Liability at balance sheet date
Related party					
BE Bio Energy Group AG	0	-30	0	0	0
Jilkén & Jilkén AG	0	-15	0	0	-1
	<b>0</b>	<b>-45</b>	<b>0</b>	<b>0</b>	<b>-1</b>

In addition to the above, Daniel Jilkén received a compensation corresponding to SEK 21 M based on a long-term incentive program linked to the company's value development and value creation in combination with Daniel Jilkén's investment in Solör Bioenergi Holding AB. In previous years, the company's obligation was valued at zero. In 2018, a positive value arose and at the time of settlement in August 2018, the parties agreed that the value corresponded to SEK 21 M.

The parent company Solör Bioenergi Holding AB also has a liability to shareholders as of the balance sheet date of a total of SEK 90 M relating to the approved dividend at the extraordinary general meeting in December where payment was made in January 2019.

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

## Note 19: Lease commitments

2018	< 1 year	1 - 5 years	> 5 years	Total
Future minimum lease payments	1	6	0	3

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

Future lease commitments relate to office premises. During the financial year, the lease contract was extended to the end of 2023. Lease expenses during the year amounted to SEK 1 M (1), of which variable fees amounted to SEK 0 M (0).

## Note 20: Pledged assets and contingent liabilities

All amounts in SEK M if not otherwise stated	Note	2018	2017
<b>Pledged assets</b>			
Shares in group companies	14	1,500	1,500
		<b>1,500</b>	<b>1,500</b>
<b>Contingent liabilities</b>		<b>0</b>	<b>0</b>

## Note 21: Subsequent events

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

## Note 22: Profit or loss for the year and appropriations of earnings

The Annual Shareholders Meeting has the following available funds:

	SEK
Share premium reserve	2,180,418,432
Retained earnings	-203,845,342
Profit/loss for the year	257,136,295
<b>Total</b>	<b>2,233,709,385</b>

The Board of Directors proposes that non-restricted equity of SEK 2,233,709,385 shall be disposed as follows:

	SEK
Dividends to shareholders	40,800,000
Retained earnings carried forward	2,192,909,385
<b>Total</b>	<b>2,233,709,385</b>

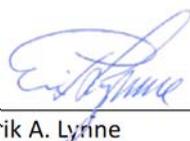
The Board of Directors and the Managing Director hereby confirms that the Annual Report has been prepared in accordance with Generally Accepted Accounting Principles in Sweden and that the consolidated financial statements have been prepared in accordance with the Standards defined in Regulation (EC) 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 April 9, 2018**




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Martinus Brandal  
Chairman




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Erik A. Lynne  
Board Member




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Ola Strøm  
Vice Chairman




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Jonathan F. Finn  
Board Member




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Anders Pettersson  
Managing Director

Our Audit Report has been issued on April 10, 2019.

KPMG AB

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Mattias Johansson  
Authorized Public Accountant

# 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

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### Opinions

We have audited the annual accounts and consolidated accounts of Solör Bioenergi Holding AB (publ) for the year 2018, except for the sustainability report on pages 7-9.

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 2018 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 2018 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 7-9. 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.

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### 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.

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### 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 7-9.

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.

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### 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.

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### 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 2018 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.

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**The auditor's opinion regarding the statutory sustainability report**

The Board of Directors is responsible for the sustainability report on pages 7-9, 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 10 April 2019

KPMG AB

INOFFICIAL TRANSLATION – SWEDISH  
VERSION SIGNED

Mattias Johansson  
Authorized Public Accountant