

Rabbalshede Kraft Annual Report 2017



WE ALWAYS FIND
POWER IN THE WIND

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Rabbalshede Kraft in brief

Rabbalshede Kraft makes a difference.

In the move toward sustainable development, it is important that society increases the percentage of electricity derived from renewable energy sources, one such energy source is wind. Rabbalshede Kraft is a leading company in wind power in Sweden. From the company's founding in 2005 up until December 2017, Rabbalshede Kraft has invested nearly SEK 2.6 billion in wind power. The company's strength lies in developing and operating wind farms. Rabbalshede Kraft ensures sound control of the entire value chain, from planning and establishing wind farms to production and sales of electricity.

Production and sales of renewable

electricity from its own wind farms represent Rabbalshede Kraft's largest source of revenue, and is an area that is growing further in pace with the company's investments in new wind farms. Electricity is sold on the Nord Pool open electricity market and through power purchase agreements. Investments are made in the company's project portfolio to deliver profitable turnkey wind-power projects for sale to partners or for commissioning by the company itself.

Rabbalshede Kraft offers asset management services in operational management. Operating wind farms entails a long list of commit-

ments in addition to the obvious aspect of producing electricity.

Rabbalshede Kraft offers investors and wind power owners a comprehensive operational management solution.

A professional service organisation, in close cooperation with the suppliers of the turbines, contributes to high operational reliability. What Rabbalshede Kraft offers is the opportunity to own wind turbines without having to build a proprietary organization. This provides investors with long-term, secure profitability and a low operating risk. Rabbalshede Kraft has management assignments of nearly 1200 GWh, of which 750 GWh are proprietarily or jointly owned.

The owners of Rabbalshede Kraft include

the family owned investment firm Manor Group, which is the largest shareholder; the Canadian asset management firm Greystone Infrastructure; the property company Ernst Rosén; the Chalmers University of Technology Foundation; Nordea Investment Funds and approximately 1,100 additional companies and private shareholders.

Rabbalshede Kraft is certified in accordance with ISO 9001 and ISO 14001.



Manages wind farms
with production of
1200 GWh of
which
750 GWh
own or co-owned

VISION, BUSINESS CONCEPT AND TARGET

Vision

To be the Nordic region's leading independent developer and operator of renewable energy by 2025.

Business concept

To plan and establish land-based wind farms, both for sales of electricity and for sales of entire wind farms or individual wind turbines.

To offer asset management services, as well as to procure and to manage the construction of wind farms.

To evaluate other opportunities in renewable energy in the Nordic region.

Target

Rabbalshede Kraft will own and operate its own platform of wind farms.

- Develop the platform to grow 2-3 times

Rabbalshede Kraft will commission new wind farms with the best technology and production in the market

- We will commission new farms every year
- Our service operations will grow 10 times
- We must increase the value in all the farms we manage by optimizing production and being the best choice for cost per turbine

2017 IN BRIEF

First quarter

On January 31, 2017, Rabbalshede Kraft held an extraordinary general meeting where, among other items, a decision was taken on a direct issue of shares to Sweden Holdco RK AB ("Greystone"). The placement of SEK 283 M was carried out on February 1, 2017. Following the investment, Greystone is, after Manor Group, the company's second largest shareholder.

After many years as an employee and as CEO of Rabbalshede Kraft AB, the Board announced in February, following a joint decision, that Thomas Linnard had chosen to leave his position.



Second quarter

Mads Miltersen took over as the company's new CEO on June 1. Mads joined the company from EnergiMidt in Denmark's Jutland region, where he held several positions including CFO and CEO. Prior to EnergiMidt, Mads served as Finance Manager at Ericsson DiAx and as an auditor at BDO.

During the quarter Vindpark Åndberg in Härjedalen Municipality gained legal force for 57 wind turbines.

Third quarter

In August, the company entered into a three-year management agreement with Vindpark Vänern. Under the agreement, Rabbalshede is responsible for the management, monitoring, service and maintenance for seven of Vindpark Vänerns turbines. The agreement is for three years, with an option to extend for an additional two years.

On August 31, Rabbalshede Kraft finalized a refinancing of the company together with Swedbank, this means that the company now has a new loan structure in place that creates a stable base for the company for the foreseeable future. As a result of the refinancing, the company has concluded a period of focus on internal consolidation, and is now ready for growth.



Fourth quarter

On October 1, Vindpark Lyrestad was inaugurated. Nearly 400 visitors came to meet with Rabbalshede Kraft and Ardian and to listen to Lise Nordin, member of the Riksdag and energy policy spokesperson for the Green Party, and Lars Fröding, Director of External Affairs for Västra Götaland County Administrative Board, who spoke during the inauguration.

On December 22, construction and trial operation were completed and Lyrestad Vind AB took over legal responsibility.

PERFORMANCE DURING THE YEAR



Key figures

Fully owned wind farms excluding Lyrestad	Year 2017	Year 2016	Year 2015	Year 2014	Year 2013
Installed capacity at the close of the period, MW	190	190	190	190	89
Electricity production, MWh	509,535	500,628	576,412	314,665	189,431
Net sales, KSEK	234,163	235,628	264,204	146,161	104,694
EBITDA, KSEK	132,618	143,299	169,655	81,270	77,821
EBIT, KSEK	3,081	44,263	-110,669	14,325	38,027
Equity/assets ratio, %	59	46	45	37	58
Cash flow for the period, KSEK	-16,146	-182,811	105,738	-14,134	46,218

PRODUCTION FOR 2017 IN GRAPHS

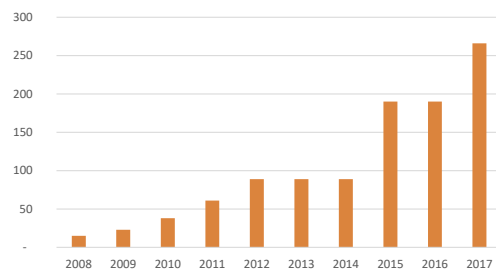
The graphs for Production and Installed Capacity show the development from the start in 2008, when Rabbalshede Kraft's first wind farm – Hud in Tanum Municipality – was commissioned, up through 2017 when Vindpark Lyrestad in Mariestad and Törboda Municipality was commissioned.

Since 2008, the company has installed 93 wind turbines, which are either own or co-owned. The total capacity, 266 megawatts (MW), is a measure of the capacity of the company's wind turbines. Together, they can produce just over 0.75 terawatt hour (TWh) electricity over a normal wind year.

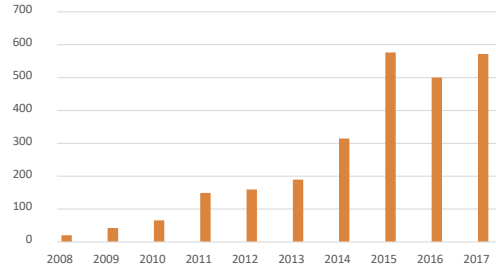
In 2017, Rabbalshede Kraft's own and co-owned wind farms produced 571.7 GWh. This is equivalent to the total electricity consumption for nearly 30,000 normal-sized houses, with electric heating, per year.

Accessibility shows how the company's wind turbines produce when conditions for production exist.

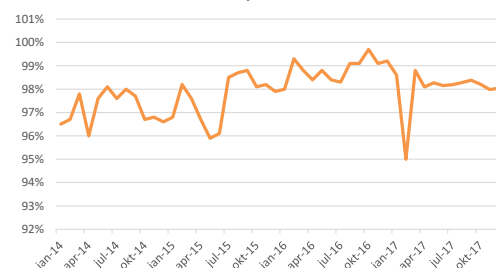
Installed Capacity, MW



Production, GWh (own or co-owned)



Production based Accessibility %



CEO's statement

2017 has been a year of transition. It began with turmoil and falling certificate prices, and finished with a strong faith in the future.

During the autumn, we improved our strategy with an exciting, ambitious plan for growth. We have also strengthened the company with several new recruitments, including expansions to the management group with Wenche Gullaksen and Martin Pettersen, responsible for sales and business development, respectively. In February, we further strengthened the team with Dick Foberg as Business Controller.

In February 2017, Greystone Infrastructure invested in the company through a private placement. After Manor Group, they are the next largest owner in Rabbalshede Kraft. Greystone is also represented on the Board.

During the autumn, the company was refinanced and all its established wind farms were placed into a jointly owned company financed by Swedbank. In connection with the refinancing, non-recurring costs arose that impacted the profit for the year. Over the long term, this will lower our financial cost.

On June 1, I took office as new CEO. During the autumn, I worked together with the team on the company's development. This led to an updated strategy that runs up through 2025, with an exciting, ambitious plan for growth.

We have identified three main processes in the company.

- Business development, where we are developing new wind farms for customers and for our own portfolio, and we are looking at opportunities to grow through acquisition and collaboration.
- Service, where we offer technical, financial, and commercial services. We currently have a total of 170 wind turbines in our service portfolio.
- RKAB Assets, Rabbalshede Kraft's own assets, where we currently have 93 either fully or jointly owned turbines.

For us as a company, it is key to own the turbines ourselves, as that allows us to understand the importance of always being at the forefront as regarding technical development in order to give ourselves and our partners more value from the wind.

Together with our owners, we have set ambitious goals for growth, which means that we will add to our own asset portfolio as well as our service operations.

In 2017, we signed a new service agreements with Vindpark Vänern, which means that we are handling service and maintenance for seven of its turbines. In March 2018, we signed an agreement for financial management with Kalix Wind AB that covers eight turbines in Kalix.

Vindpark Lyrestad outside of Mariestad was completed in

December 2017, and today the 22 turbines produce electricity for Google. The farm was inaugurated on October 1. Nearly 400 visitors met Rabbalshede Kraft and our construction partner, Ardian Infrastruktur. The farm was inaugurated by Lise Nordin, member of the Riksdag and energy policy spokesperson for the Green Party, and Lars Fröding, Director of External Affairs for the Västra Götaland County Administrative Board. On December 22, construction and trial operation were completed and Lyrestad Vind took over legal responsibility.

We see that the trend towards larger, more efficient turbines is continuing, which results in there being a tremendous number of projects in the market that would do well from renewing their permits so that we can build larger turbines. As a result of rapid technological development, we can today achieve a higher level of production with fewer turbines, which also has an effect on the price tag. If this is to be possible, however, it requires a smooth process when we renew applications for already authorized wind farms.

Going forward, the company will work more actively on supporting society's transformation towards renewable energy. We place great importance on social responsibility and long-term sustainability. These are values that are important to us both as a company and as individuals.

We laid a stable foundation in 2017, and now we are looking forward to building on this further, together with both new and existing partners. There is only one way to go in 2018: forward!

Mads Miltersen, CEO



2017

VINDPARK LYRESTAD

A collaboration between Ardian Infrastructure and Rabbalshede Kraft

- 22 windturbines (76 MW)
- Model Vestas V126-3,45 MW
- Tipheight 200 meter
- Rotor diameter 126 meter
- Tower height 137 meter
- Annual production 234 GWh energy
- Google buys all production through a long-term power purchase agreement



Operations in 2017

Rabbalshede Kraft was founded in 2005, and today has nearly 30 employees. The company's strategy is to be a leading player in developing and servicing renewable energy in the Nordic region.

The company is involved in the entire value chain, from planning, procurement and construction of land-based wind turbines to production and sales of electricity. It also offers management and service of wind turbines to other participants in the market. At year-end 2017, Rabbalshede Kraft was managing wind farms with a capacity of 1.2 TWh. Stringent requirements are imposed on operation, as regards both the company's proprietary wind farms and wind turbines managed for partners. Rabbalshede Kraft's operation and maintenance organization has in-depth know-how and established processes certified in accordance with ISO 9001 and ISO 14001.

Rabbalshede Kraft has a strong ownership structure through Manor Group, Greystone Infrastructure and Ernst Rosén Invest, read more about our shareholders on page 16-17.

Rabbalshede Kraft's operations can be divided into three business areas: Business Development, Services and Production

RABBALSHED KRAFT AB

Business Development

Develops new wind farms for customers and own portfolio

Services

Technical, Financial and Commercial Management of proprietary, jointly owned and customers' wind farms

RKAB Assets/Production

Own portfolio of wind farms

Business Development

The Business Development unit works with managing and developing the project portfolio. Focus is on finding opportunities in the market for renewable energy, refining them, and bringing them to investors. Possibilities can be found in the most competitive projects in the market, proprietary projects, operational wind turbines and other assets – not only in Sweden but other markets as well such as Norway and other technology may be of interest.

Project planning has been a fundamental part of Rabbalshede Kraft's operations since it was founded. Focus in project planning operations is on delivering efficient, profitable turnkey projects for sale to partners or for commissioning by the company itself. The price trend for electricity places considerable demands on all electricity producers in the Nordic region.

Services

Owning wind turbines without a proprietary organization is what Rabbalshede Kraft offers to a growing number of partners. Rabbalshede Kraft is an independent wind power company that offers asset management services such as technical, commercial and financial management for commissioned wind farms. This provides investors with long-term, secure profitability and a low operating risk.

Rabbalshede Kraft creates added value for its customers through efficient management that yields a high degree of accessibility and production. This is made possible through our employees, who have a broad skill set and a high degree of know-how regarding many different turbines in various conditions, as well as through close collaboration with research and development in order to always be on top of monitoring and analysis.

Production

The Production operating area covers Rabbalshede Kraft's own operational wind farms and sales of electricity from them. At December 31, 2017, Rabbalshede Kraft's proprietary wind farms had a capacity of 190 MW and annual production of just over 0.5 TWh. The wind farms are located in Västra Götaland and Värmland provinces, locations with uniform and stable wind resources which make them well suited for wind power. The company had a high level of availability of just over 98 percent in 2017, which shows that Rabbalshede Kraft's wind farms essentially produced electricity as long as the wind blew. Rabbalshede Kraft's focus in production operations are cost-efficient production and structured sales of electricity.

Focus growth and sales

During 2017, several major changes took place in the company's organisation. Rabbalshede Kraft strengthened both its finance department and its service department with new hires. Over the year, two new divisions – Business Development and Sales – were also established in conjunction with the new strategy taking form. The company recruited Wenche Gullaksen and Martin Pettersen to lead these divisions.

Wenche

Wenche lived most of her adult life abroad with her family, where she was active in such matters as the startup of the Swedish Women's Educational Association and the Chamber of Commerce. Once back in Sweden, she became active in the energy industry at leading company such as Danske Commodities and Energi Försäljning Sverige AB. For the last eight years, Wenche has worked successfully with customers in both production and consumption, and with energy companies of various sizes. Her work has been focused on helping electricity producers increase their production value of renewable energy, and at the same time to take control over their risk exposure.

Wenche's area of responsibility is sales, across all business areas where Rabbalshede is active today. Rabbalshede's unique breadth in its operation means there are possibilities for sales at all stages.

"There is great interest from the market for new players who can create added value in renewable electricity production."

"We see strategically attractive solutions where we can connect our own wind-power production with larger end users who share our commitment to the environment."

Rabbalshede has long experience and a high level of competence within the company, which result in high level of production availability at a low cost for customers. The company's extensive product portfolio means that we can offer broad customized solutions regardless of need.

"We see several advantages in entering into partnerships with the right players in the market."

"The challenge the industry is facing is the rapid development of technology, which means that we are continually confronted with more efficient turbines. This means that those who invested early will have difficulties competing and are often encumbered with high costs. This in turn creates the possibility for us as an independent player to come in and help by reducing service and management costs."



Martin

Martin began working with wind power in 2008, when the industry was still quite new and undeveloped in Sweden. Martin's orientation has primarily been the phases and tasks that arise before the first shovelful of dirt is turned and construction of a wind farm begins. Over the years, it has turned out that this work could take anywhere between three and twelve years, depending on the project.

Over the last three years, Martin has worked with consulting and advisory services through his own company, Mpiro Windpower. His clients have ranged from major state energy companies to smaller private players who needed help with both acquisition and sale of wind power projects and wind farms.

"One of my strengths has been my broad competence, which allowed me to quickly evaluate and assess a wind farm. Developing and establishing wind farms is relatively complex, and is affected by a range of factors and conditions both locally and nationally."

"There are many disciplines that need to be gathered together and have to collaborate when establishing a wind farm: technicians, environmental scientists, lawyers, economists, systems engineers, contractors and so on. It feels particularly great to work with Rabbalshede Kraft, as all these competences are gathered under one roof. This is also an important reason why I believe strongly in potential profitable growth for the company."

Martin is responsible for ensuring that Rabbalshede Kraft's project portfolio for establishment for the next few years keeps a high level of quality and is competitive. Recently, he has been looking at acquisitions that have not yet have been built into commissioned wind farms, where the current owners need to divest.

"Finding projects to acquire is not that difficult, but choosing the right project requires more from the buyer."

HISTORY

2005

Entrepreneurs Ingemar Ung and Bertil Jönsson founded Rabbalshede Kraft.

2008

The company's first wind farm, Vindpark Hud in Tanum Municipality with 6 wind turbines (15 MW), is put into operation.

2009

Vindpark Kil, with 4 wind turbines (8 MW) in Tanum Municipality, is put into operation.

2010

Vindpark Brattön, with 6 wind turbines (15 MW) in Munkedal Municipality, is put into operation.

ISO 9001 quality certification and ISO 14001 environmental certification are received for procedures and processes in respect of the planning, purchasing, operation and maintenance of wind farms and for sales of electricity.

2011

Vindpark Töftedalsfjället, with 21 wind turbines (23 MW) in Dals-Ed Municipality, is put into operation. 10 wind turbines are owned by Göteborg Energi and one is owned by a private landowner. Rabbalshede Kraft manages the entire wind farm.

A partnership agreement is signed with Axpo as regards sales of electricity, electricity certificates and Guarantees of Origin.

2012

The first two wind turbines at Vindpark Dingle-Skogen in Munkedal Municipality are put into operation. The wind farm's 14 wind turbines would gradually be put into operation during 2012–13.

2013

Vindpark Dingle-Skogen, with 14 wind turbines (32 MW), is completed. Two wind turbines in the wind farm are sold to the Diocese of Gothenburg. Rabbalshede Kraft manages the entire wind farm.

2014

The wind farms in Årjäng Municipality – Årjäng Nordväst with 9 wind turbines (27 MW) and Årjäng Sydväst with 13 wind turbines (39 MW) – are put into operation, as is Vindpark Skaveröd/Gurseröd with 11 wind turbines (33 MW) in Tanum Municipality.

Service agreements are signed with Tanum Municipality to manage a wind turbine in Tanum.

2015

Service agreements are signed with Power Wind Partners AB and with LEVA i Lysekil AB to manage these companies' wind farms.

Permits are obtained for Vindpark Lillhärda Åndberg with 57 wind turbines (197 MW) in Lillhärda, Härjedalen Municipality.

2016

Rabbalshede Kraft and the investment company Ardian Infrastruktur invest nearly SEK 1 billion in Vindpark Lyrestad with 22 wind turbines (76 MW) in Mariestad and Töreboda Municipalities.

An agreement is reached concerning the construction, sale and management of a wind turbine in Hällevadsholm for Mölndal Energi, which is commissioned during the year.

Management agreements are signed with Gnosjö Energi.

2017

Management agreements are signed with Vindpark Väner.

The permit for Vetteberget is sold to Waros Holding AB.

Vindpark Lyrestad, with 22 wind turbines (76 MW) in the Mariestad and Töreboda Municipalities, is put into operation. Production will be purchased by Google under a long-term agreement. 75 percent is owned by Ardian Infrastruktur and 25 percent by Rabbalshede Kraft. Rabbalshede Kraft manages the entire wind farm.

ORGANISATION

Rabbalshede Kraft's operations are located in Sweden, with the head office in Rabbalshede. The company also has offices in Gothenburg and Lillhärda, and a service office in Dals-Ed.

At the end of 2017, Rabbalshede Kraft had 29 employees with expertise in all key areas required for the establishment and operation of wind farms such as the environment and quality, environmental inquiries, per-

mit inquiries, meteorology, surveying, calculations of sound and shadows, purchasing, construction, technology, electricity, high-voltage electricity, reporting, financing and investor relations.

At the end of 2017, the average age among employees was 45 (49). The gender distribution was 36 percent women (36) and 64 percent men (64).



**JUST LIKE
YOU, WE'RE
INTO WIND!**

We care for your windturbines as much as we do for our own.

We develop to make you gain more from the wind.

Rest assured that we'll be around as long as the wind blows.

Wind farms under operation and development

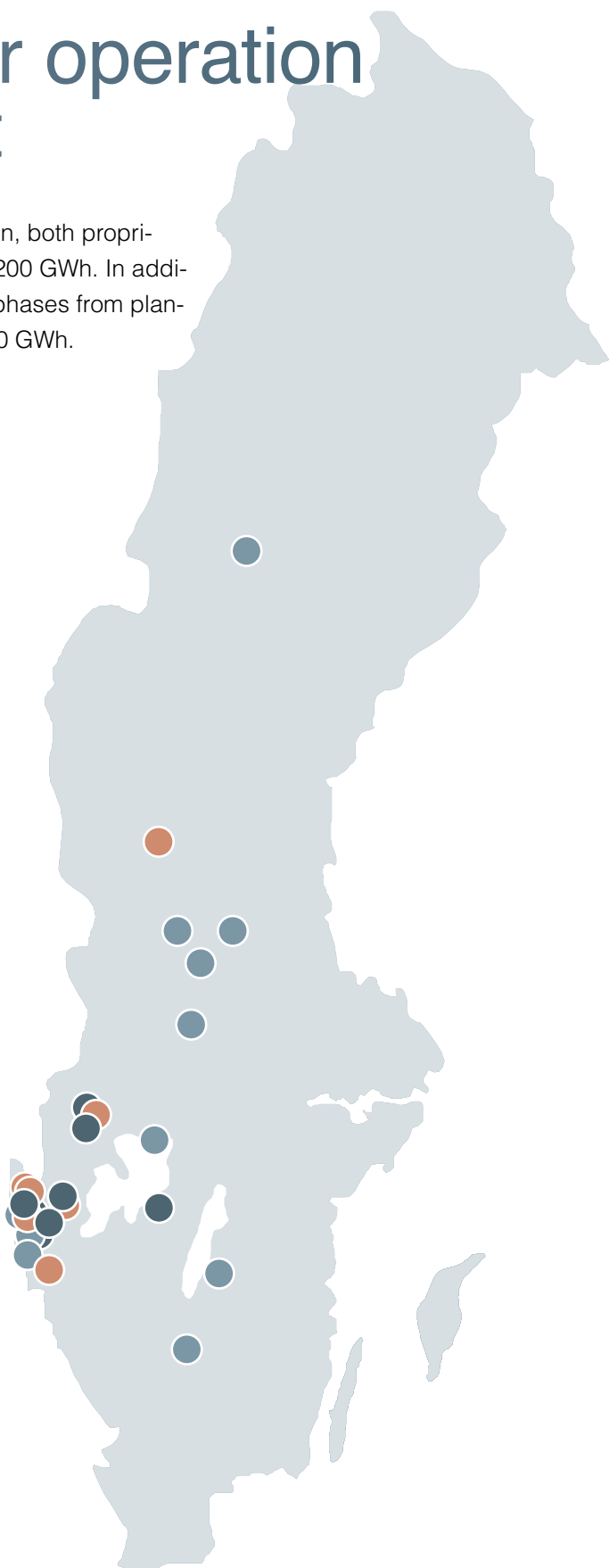
Rabbalshede Kraft manages wind farms around Sweden, both proprietarily and for partners, with a production capacity of 1200 GWh. In addition, the company has a project portfolio of 500 MW in phases from planning to construction, with a production capacity of 1,400 GWh.

- Fully or jointly owned wind farms (266 MW)
- Wind farms/wind turbines managed for partners (151 MW)
- Authorized wind farms (339 MW)

Wind farms under application and project planning (152 MW)

The projects that are under application and project planning are subject to assessment by the municipality and/or county administrative board. Accordingly, there may be some uncertainty as to whether or not the company will receive the permits for the projects that are being planned and the projects for which the company has submitted applications. Projects that are not granted permits are moved down into the planning phase for review or are terminated.

TURBINES MANAGES FOR OTHERS			
Windpark	Capacity (turbine)	Production (GWh)	Owner
Bleikevare	36 MW (18)	84	Power Wind Partners, Kvarkenvindens, Dorotea kommun
Braehus	11,5 MW (5)	32	Power Wind Partners
Granberg	10 MW (5)	27	Power Wind Partners
Säliträddberget	16 MW (8)	44	Power Wind Partners
Rödbergsfjället	16 MW (8)	47	Power Wind Partners
Hedbodberget	10 MW (5)	28	Power Wind Partners
Töftedalsfjället	25,3 MW (11)	73	Göteborg Energi, Västan Vind, Privat Markägare
Dingle-Skogen	4,6 MW (2)	10	Göteborg Stift
Lyse	6 MW (2)	17	Leva i Lysekil
Tyft	3,3 MW (1)	8	Tanums kommun
Hällevadsholm	2 MW (1)	6	Mölnåls Energi
Kulltorp	10 MW (4)	23	Gnosjö Energi
Vindpark Vänern	21 MW (7)	56	Vinpark Vänern Kraft AB, Kyrkvinden EF, Vindkraft Gässlinge EF



WIND FARMS IN-HOUSE

Hud

Municipality	Tanum
In operation	2008
Manufacturer	Nordex
Capacity (no. of turbines)	15 MW (6)
Est. annual production ¹⁾	36 GWh
Production in 2017	36 GWh



Kil

Municipality	Tanum
In operation	2009
Manufacturer	Enercon
Capacity (no. of turbines)	8 MW (4)
Est. annual production ¹⁾	20 GWh
Production in 2017	19 GWh



Brattön

Municipality	Munkedal
In operation	2010
Manufacturer	Nordex
Capacity (no. of turbines)	15 MW (6)
Est. annual production ¹⁾	35 GWh
Production in 2017	37 GWh



¹ Estimated annual production for all windparks equals the calculated production under a normal "wind-year".

Töftedalsfjället

Municipality	Dals-Ed
In operation	2011
Manufacturer	Siemens
Capacity (no. of turbines)	23 MW (10)
Est. annual production ¹⁾	61 GWh
Production in 2017	69 GWh



The wind farm comprises a total of 21 wind turbines, of which 10 are proprietarily managed. Rabbalshede Kraft and the supplier are together responsible for the operation and maintenance of the entire windfarm.

Dingle-Skogen

Municipality	Munkedal
In operation	2012-13
Manufacturer	Enercon
Capacity (no. of turbines)	32 MW (12)
Est. annual production ¹⁾	68 GWh
Production in 2017	72 GWh



The wind farm comprises a total of 14 wind turbines, of which 12 are proprietarily managed. Rabbalshede Kraft and the supplier are together responsible for the operation and maintenance of the entire wind farm.

Årjäng Sydväst

Municipality	Årjäng
In operation	2014
Manufacturer	Vestas
Capacity (no. of turbines)	40 MW (13)
Est. annual production ¹⁾	113 GWh
Production in 2017	111 GWh



Årjäng Nordväst

Municipality	Årjäng
In operation	2014
Manufacturer	Vestas
Capacity (no. of turbines)	27 MW (13)
Est. annual production ¹⁾	79 GWh
Production in 2017	76 GWh



Skaveröd/Gurseröd

Municipality	Tanum
In operation	2014
Manufacturer	Vestas
Capacity (no. of turbines)	33 MW (11)
Est. annual production ¹⁾	94 GWh
Production in 2017	90 GWh



Lyrestad

Municipality	Mariestad/ Töreboda
In operation	2017
Manufacturer	Vestas
Capacity (no. of turbines)	76 MW (22)
Est. annual production ¹⁾	234 GWh
Production in 2017	62 GWh



Four questions to our main shareholders

In 2017, The Greystone Infrastructure Fund (Global Master) LP (Greystone), through a directed new issue, became the second largest shareholder in Rabbalshede Kraft. Together with Manor Group and Ernst Rosén, they own 76% of Rabbalshede Kraft shares. What is their view on the company today and going forward? Find out by reading their answers to our questions below.



Jeff Moulard (JM)
Head of infrastructure Greystone
Greystone invested in
Rabbalshede Kraft 2017



Annika Ahl Åkesson (AA)
CFO Ernst Rosén
Ernst Rosén invested in
Rabbalshede Kraft 2007



Jean Baptiste Oldenhove (JBO)
CEO Manor Group
Manor invested in
Rabbalshede Kraft 2013

Why did you invest in Rabbalshede Kraft?

JM - Rabbalshede Kraft provides an excellent opportunity to expand upon our renewable portfolio in an attractive new market. From a portfolio construction and credit perspective, our interest in Rabbalshede Kraft is supported by a number of investment criteria, including strong operating & financial performance for existing portfolio assets, investment scalability based on an attractive pipeline of near and mid-term development and M&A activities, a professional management team with proven development capabilities, a shareholder base that shares common goals and values and finally the strong political support for renewables throughout Europe and particularly within Scandinavia. The investment in Rabbalshede Kraft is highly complementary to the fund's existing portfolio and strategic focus.

AA - At the beginning of 2007, Ernst Rosén decided to enter as an early shareholder in Rabbalshede Kraft AB, thereby contributing to the company's construction. Ernst Rosén's investment was based on an interest in the development of alternative energy sources for a reduced environmental impact and a strong belief in Rabbalshede Kraft AB's opportunities in the wind power market. Through ownership, it can also be noted that Ernst Rosén's share in Rabbalshede Kraft closely corresponds to the need for energy in Ernst Rosén's property portfolio.

JBO - Manor invested in Rabbalshede Kraft in 2013 as we identified the company as a strong player in an attractive market. At that time, Manor had already built a successful portfolio in renewable energy across Europe with a wind investment in France and a biomass company in Austria. Leveraging our experience, we wanted to develop a position in the Nordic market as it shifts faster towards renewables. We identified Rabbalshede Kraft as a robust and leading independent player with a strong management team, operational excellence and attractive development and acquisition opportunities.

What are your other investments beside Rabbalshede Kraft?

JM - The Greystone Infrastructure Fund is active throughout North America and Europe, focusing on a number of infrastructure sectors, including renewables. Some of our complementary investments to Rabbalshede Kraft include Silicon Ranch Corporation, a U.S.-based developer and owner of solar farms across the continental United States with an operating portfolio of 253 MW, and Ballycadden, an Irish on-shore wind farm with an operating portfolio of 24 MW. In addition to growing our existing renewables platform, we are currently active in acquiring additional renewable assets that will be accretive to our overall portfolio in 2018.

AA - Ernst Rosén's core business is to own, manage and develop real estate with high quality and the tenant in focus in the Gothenburg region. In Kungsbacka, operations are carried out through semi-owned Aranäs AB. The property portfolio also includes Nääs Fabriker, an attractive textile factory converted into a renowned business center with one of Sweden's best hotel and conference facilities. The Ernst Rosén Group also consists of several engagements in various businesses, such as Flodén Byggnads AB, a construction company active in Greater Gothenburg and SafetyRespect AB, which develops, manufactures and supplies fall protection solutions to the construction industry. Ernst Rosén also develops land and real estate through the subsidiary Ernst Rosén Projektutveckling AB. The Vallda Golf & Country Club facility is also included in the Group.

JBO - Manor is a global investor with an energy portfolio centered on Europe, Atalantes Energies with 90 MW of wind operations in France, and CycleEnergy with circa 9 MW electrical and 23 MW thermal from Biomass resources in Austria. Besides renewable energy, Manor is the lead shareholder in Agrinos and Ecoalf. Agrinos is a worldwide technology leader in biofertilizers and biostimulants offering a sustainable alternative to chemical agriculture. Ecoalf is our cornerstone investment in the sustainable consumption field. It develops and commercializes textile fabrics and clothing products made entirely from recycled materials with the same quality, design and technical properties as the best non-recycled products.

How important is ESG in your investment decision-making process?

JM - Greystone is a signatory to the United Nations' Principles for Responsible Investment. Incorporating ESG Principles in the Greystone Infrastructure Fund's investment strategy is important in achieving optimal and predictable investor returns, while maintaining a strong sustainability profile. We support the Scandinavian focus towards greater reliance on renewables and think in many ways the region is on the leading edge of this increasingly global trend. We are pleased to be a part of that story via Rabbalshede Kraft.

AA - Ernst Rosén consider long-term sustainability a prerequisite for sustainable development. It's about big and small, that in every part of the work consider how nature is affected. When we build for future generations, when we create the conditions for energy-efficient solutions, we reduce waste and add to greener transports. It's really about Ernst Rosén's responsibility to raise the issue, to take initiative and to make the tenants, partners and the surroundings aware of how to make environmentally smart choices with simple means. Ernst Rosén was early to meet the expectations and their own requirements to participate actively in reducing the burden on the environment. This resulted in Ernst Rosén being one of the first companies in the real estate industry who chose to be certified. The company has been operating since 2001 with an environmental management system that is certified according to ISO 14001.

JBO – ESG is at the heart of our investment philosophy. We only invest in companies with a positive environmental and social impact that are in line with the values of Manor. Sustainability & Legacy, we foster a long term sustainable economic model and encourage the preservation of natural resources for the common good of future generations. We inspire cross-fertilization of projects and transfer of knowledge throughout the portfolio companies. Freedom & Responsibility, we aim to be responsible and ethical players and contribute to the development of sustainable initiatives and solutions. Trust & Consideration, we want to create and maintain relationships of trust and loyalty. We aim to be a respectful and a respected partner. We encourage an environment of mutual consideration and accountability, allowing everyone to be their best, personally and professionally, with a fair remuneration. In 2018, Manor has launched a reporting initiative to translate its exemplary ESG mindset into tangible, non-financial performance criteria that will further underline Manor's strong commitment to shared value creation.

As a main shareholder in the company, what are your long-term objectives and how will you define the success of your investment?

JM - As an open-ended infrastructure fund, our focus is on delivering value and growth over the long term. We believe the current market environment provides Rabbalshede Kraft with attractive opportunities to grow its platform in wind and other renewables across the Nordic region through both greenfield development and accretive acquisitions. Achieving strong and consistent investment returns, "best-in-class" operational excellence, and a scalable and competitive market position that provides opportunities for additional capital deployment, are some of the fundamental goals for our partnership in Rabbalshede Kraft. Beyond growth targets and financial successes, as owners we put high priority on ensuring that Rabbalshede Kraft continues to deliver and continuously improve on its occupational health and safety and environmental standards.

AA – The long-term goal is a company that develops over time, thus creating value for the shareholders. The platform that Rabbalshede Kraft has built with in the ownership and operation of wind farms, services and project management creates good conditions for future development, value growth and returns.

JBO – Success for us means confirming Rabbalshede Kraft as a leading energy platform achieving best in class financial returns through operations of existing assets, servicing of third party assets and pursuing growth opportunities. This is a long-term game and our assets are built to last through multiple investment cycles. This vision requires leadership and commitment of management and aligned shareholders. This is the platform we have today and on which we can build the next part of the journey.

Read more about our shareholders at

www.greystone.ca
www.ernstrosen.se
www.manor-group.com

Greystone was founded in 1988, Greystone is a privately owned Canadian institutional asset manager, with C\$33.6 billion in assets under management (as at December 31, 2017). The Greystone Infrastructure Fund (Global Master) LP (the "Greystone Infrastructure Fund") invests globally in medium-sized companies with attractive risk-adjusted returns.

Ernst Rosén is one of the largest privately owned real estate companies in the Gothenburg region. The company was founded in 1952 by the builder Ernst Rosén and today the fourth generation is active in the company and is building for the future.

Manor Group is a family owned evergreen investor in the field of natural resource efficiency. Their mission is to invest in businesses, teams and people who are the drivers behind the change for a more sustainable use of those resources. Manor has origination, execution and management capabilities and is backed by private evergreen investors with a strong industrial and entrepreneurial tradition. They are committed to strong ethics and governance standards.

Establishing wind farms with a focus on sustainability

The first step toward a profitable wind farm is to conduct a thorough analysis of the conditions.

The phases, from preplanning to operation and monitoring, are described briefly below, based on the perspective that Rabbalshede Kraft is to be a leading player in renewable electricity production in the Nordic region.

Structured work based on certification

Establishing a wind farm is a long process. Experience gained from operational wind farms, ongoing construction and applications provides a strong foundation for future projects. Rabbalshede Kraft has introduced industrial processes in all areas of operation, from the planning to the operation and maintenance of wind turbines. The company conducts its environmental work with the support of an environmental management systems and has been certified in accordance with ISO 14001 since 2010.

The first step toward a profitable wind farm is to conduct a thorough analysis of the conditions. As part of this work, Rabbalshede Kraft analyzes the financial, social and environmental aspects involved in every business decision. Establishing a wind farm requires extensive studies, analysis, consultations and regulatory assessment. An overwhelming part of the planning work today involves applying for changes to existing permits with a low total height to a higher, or extending a too short startup period. Average winds generally increase at greater heights, which yields increased electricity production and better estimates. Greater electricity production over the same area means that the area requisitioned is better utilized. Entirely new areas comprise a small share of planning today. Acquisitions of projects with planning begun in various stages is increasing. Partial implementation in planning will also be of importance in the future.

1. PLANNING

In planning, the conditions for a new wind power establishment are studied. Ground conditions, wind, grid connections, opposing interests and other factors are investigated. Leasehold agreements are signed with land owners, at which point a consultation is initiated with the authorities, local residents and any interest groups. Biologists, archaeologists and other experts are commissioned for more in-depth studies. To optimize electricity production and adapt new wind farms to developments in wind turbine technology, authorized projects are further developed.

Wind turbines affect the landscape locally, for example by emitting noise and casting shadows. Choosing a good location for the wind turbines is therefore central to planning. Exploiting an area's potential to ensure favorable production while limiting the impact on the surrounding environment as far as possible is always a balancing act. If the conditions are correct, wind measurements com-

mence and these can continue for up to two years.

2 APPLICATION

An environmental impact assessment (EIA) is submitted to the County Administrative Board along with a permit application for review in accordance with the Environmental Code. The municipality must first approve the project, otherwise the application is rejected. In the case of smaller wind farms with up to six turbines that have a total height of 150 meters and which cannot be deemed to have a significant impact on the environment, municipal approval in line with the Environmental Code and a building permit are required. If no appeal is submitted then the decision gains legal force after three weeks. Appeals are sent to the Land and Environment Court and potentially on to the Land and Environment Court of Appeal.



3. PROCUREMENT

When permission or building permits have been granted and gained legal force, additional estimates regarding production, sound, and shadows are carried out; the wind turbines, electrical and contracting work, other engineering works are procured and financing is also determined.

Wind power is undergoing rapid technological advancement. Taller, larger and more efficient turbines could enable the establishment of profitable wind farms at ever-lower electricity prices. Land-based wind power is increasingly competitive and is currently an obvious alternative for investors in the electricity market. In procurement with suppliers and contractors, the company conducts a supplier assessment that covers human rights, the environment, quality and financial analyses. Wind farms are established using wind turbines from known manufacturers.

4. CONSTRUCTION

Roads and parking areas for the wind turbines are built by contractors, ideally as far as possible with those who have a local or regional connections as this leads to local job creation. An internal power grid is built at the wind farm. Connection to the national grid is carried out by the electricity companies that own the adjacent networks. The turbine suppliers are responsible for assembling wind turbines and conducting trial operations. It is important for Rabbalshede Kraft that the impact on the local natural environment is as small as possible when land is utilized for wind turbines and roads. The size of the wind farms and their boundaries are determined by such factors as wind conditions, sound, nature values and cultural values. The conditions governing the establishment of wind farms are stated in the permit. When the construction phase starts for a prospective wind farm, a control plan is prepared to ensure compliance with the conditions stated in the permit.

5. OPERATION

Rabbalshede Kraft contributes to the creation of a long-term sustainable society by helping to increase the share of renewable and carbon-free electricity in Sweden as well as in other neighboring countries through the export of Sweden's surplus electricity. Consumers can decide to purchase renewable electricity from an electricity supplier. These electricity suppliers, in turn, purchase their electricity from Rabbalshede Kraft and other producers on the Nord Pool power market. Together, we have the power to influence our future.

During operation, minimizing environmental impact is important. Improvements can be made continuously thanks to the expertise and experience built up by the company's employees. There is a control plan for each wind farm that ensures the conditions set by the permits are adhered to. Funds are set aside for future dismantling of wind turbines in accordance with the requirements imposed by authorities on the company's operations. Each wind turbine follows a precise service and maintenance plan. We take part in improvement projects to optimize production. Monitoring and operations are performed remotely by both the supplier and Rabbalshede Kraft. Local personnel may also be hired for larger sites. This ensures a very high level of operational reliability to ensure that, if possible, the turbines always produce electricity when the wind blows.

When a wind turbine has served its useful life after approximately 25 years and is no longer profitable, it is dismantled and sold on the secondary market or is scrapped for materials recycling. The concrete foundations are demolished or covered. The environmental permits from the County Administrative Board include requirements for financial undertakings that are to guarantee that the turbines are dismantled and that the foundations and locations of wind turbines are adapted to the surrounding environment.

It takes about 6–8 months for a wind turbine to generate electricity that corresponds to the amount of energy used for the manufacture, transportation and assembly of the wind turbine (footnote: www.vindlov.se)



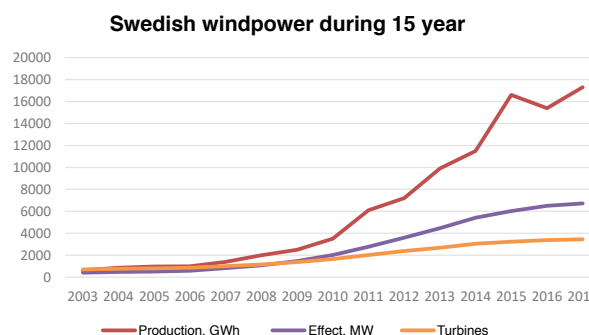
The Market

WIND POWER

In 2017, Swedish wind power set a new production record of 17.6 TWh. From 2018, expansion is expected to increase rapidly after three years of decline. In 2021, wind power could deliver 60 percent more renewable electricity than it does today. This forecast is based on the major investment decisions taken over the past year. The political objective that electricity production is to be completely renewable by 2040 makes this development possible.

In just over a decade, wind power has grown to become a significant power source in the Swedish electricity system. Today, wind is the "fourth leg" of electricity supply in Sweden alongside hydroelectric power, nuclear power and bioenergy. In 2017, 3,437 wind turbines produced 17.6 terawatt hours (TWh), an increase of 14 percent year-on-year. As late as 2005, total production amounted to barely 1 TWh.

Rapid technological development and cost trends, coupled with strong political will, governs continued development. The so-called "energy agreement" of 2016 in the Swedish Parliament laid the foundation for more tangible political decisions. Five political parties then agreed that electricity production was to be completely renewable by 2040. The most important step was then taken in June 2017, when Parliament decided that the electricity certificate system would be expanded by 18 TWh of renewable electricity between 2022 and 2030. (sv.wikipedia.org/wiki/Energiöverenskommelsen)



According to the industry association Swedish Wind Energy, this lays the foundation for a rapid, comprehensive extension over next few years. In 2017, record-setting investment decisions covering slightly more than 2,000 MW were taken. According to the industry association, the expansion target of 18 TWh could therefore be achieved even before 2020. (svenskwindenergi.org, *Pressmeddelanden och Statistik*)

The Swedish Parliament has established a framework for electricity from wind power by 2020 of 20 TWh on land and 10 TWh at sea. This is not a goal, but the government agencies concerned should facilitate this expansion. The goals for renewable electricity are set in the electricity certificate system and cover all approved forms of renewable electricity production.

Potential for Swedish wind power

Wind power is considered to have the greatest potential in terms of future renewable electricity production in Sweden, according to the Swedish Energy Agency. The expansion of hydropower slowed several decades ago. Biofuel-based electricity production, especially in municipal cogeneration units, is growing primarily through expansion of existing facilities.

According to the Swedish Energy Agency, the theoretical wind power potential in Sweden amounts to approximately 100 TWh, just over six times more than the past year's production. From an EU perspective, Sweden is a sparsely populated country with favorable wind conditions in many places.

313 areas in Sweden are marked as of national interest for wind consumption, which is regulated in the Swedish Environmental Code. 29 of these areas are located offshore and in inland lakes. They cover a total of 7,887 km², which comprises a total of just over 1.5 percent of Sweden's surface area. (*Detailed information on national interests can be found on the Swedish Energy Agency website*)

Swedish wind power since 2003, the first year of electricity certificates. The rapid pace of technological advancement and price pressure on wind power have contributed to an extensive expansion in recent years. Source: Swedish Wind Energy

Cost trend

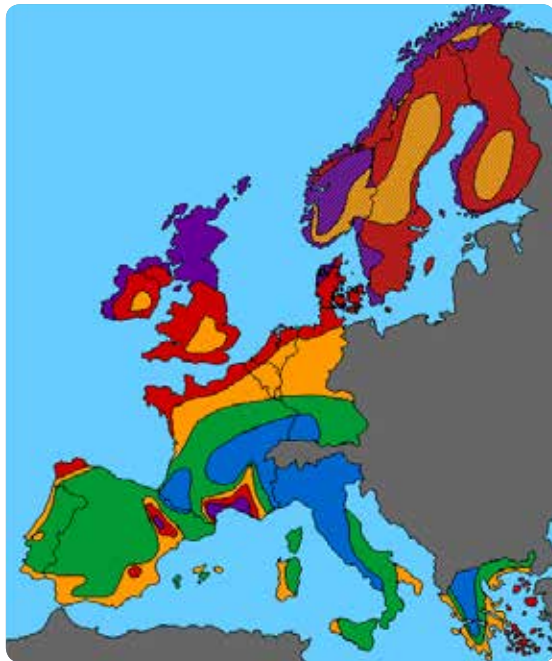
The costs for producing electricity from wind power have decreased sharply. The turbines are becoming increasingly larger, more efficient, and more reliable at the same time as knowledge in planning and operation of wind farms is also improving.

The latest cost report from the Swedish Energy Agency, from 2016, estimates that approximately 50 TWh of wind power can be built at a cost of around SEK 0.40–0.50/kWh, and approximately 40 TWh for SEK 0.50–0.60/kWh. At the same time, the Agency notes that development is proceeding rapidly. This year, an updated report will be published that is expected to report lower costs. (*Production Costs for Wind Power in Sweden, ER 2016:17*)

The positive cost trend is continuing, according to the latest forecast from Bloomberg New Energy Finance regarding the global energy market. By 2040, the production cost for new land-based wind power may have decreased a full 47 percent. (*bnf.com, New Energy Outlook 2017*)

Market players

When the electricity certificate system was introduced in 2003, it was expected that the expansion of Swedish wind power would primarily occur under the auspices of the traditional energy companies. State-owned Vattenfall is certainly the largest in wind power, but a range of new players are dominating the market together.



The map (European Wind Atlas) shows a generalized wind climate, which entails average winds at 50 m above ground level if the terrain were flat, even, and undefinable with a specific surface roughness. Source: DTU Wind Energy, formerly Risø National Laboratory

Wind power companies. These companies plan, construct and operate wind farms on a proprietary basis, and also on behalf of others. They include Rabbalshede Kraft, Eolus Vind, Arise, OX2, Vindin, Svevind, Nordisk Vindkraft, Slitevind and others.

Other industries. Companies active primarily in the forestry, real estate, industrial and retail fields, as well as municipalities. Most often work together with others and are joint owners of wind power companies.

Long-term investors and financial players. Pension funds, investment companies and banks, for example. These investors are increasingly taking over large shareholdings in Swedish wind power. They represent the absolute majority of investments in 2017. Rabbalshede Kraft's owners Manor Group, Greystone fall into this category, as do many others.

Global outlook

Up through 2040, world electricity consumption is expected to increase 58 percent, according to the Bloomberg annual report mentioned above. This corresponds to annual growth of 2 percent. A full 72 percent of all new investments in electricity production are expected to go towards renewable power sources during these years. Wind is the fastest growing power source in the report, with an expected average growth of 3.4 percent per year.

Globally, wind turbines with a combined capacity of 52,600 MW were installed over the past year, according to the Global Wind Energy Council. This is a decrease for the second year in a row, which is primarily linked to a slowdown in China, the world's largest wind power market. For several years, the country was responsible for over one third of all new investments in wind power in the world, and at year-end 2017 represented 35 percent of all installed capacity in the world. (*gwec.net, Global Wind Statistics 2017*)

Europe. Wind investments in Europe last year remained at record levels with an addition of 16,800 MW, one fifth of which was offshore, according to the industry organisation Wind Europe. EU countries accounted for 90 percent of this. Within Europe, wind is the second largest power source, counted in installed capacity. Only natural gas is larger, as regards capacity. Germany retains its position as the country with the most wind power, followed by Spain, the UK, and France. (*windeurope.org, Wind in Power 2017*)

- 1 Production Costs for Wind Power in Sweden, ER 2016:17
- 2 Swedish Wind Energy, Statistics and Forecast Q4 2016, published February 2017
- 3 Economic Conditions for Different Types of Power, Sweco 2016
- 4 Levelised Cost of Electricity Update, Bloomberg New Energy Finance. Several issues published. New Energy Outlook 2016
- 5 GWEC, Global Wind Statistics 2016

THE ELECTRICITY MARKET

For the second year in a row, prices on the Nordic power market have risen. The average price of electricity for 2017 in Rabbalshede Kraft's bidding area totalled SEK 301/MWh (0.30/kWh), nearly 50 percent higher than 2015. Long-term political work on Sweden's future electricity market, which is expected to be of great significance for the country's wind power producers, has been initiated.

Nordic electricity prices continued cautiously upward last year. One driving force is increased coal prices on the world market. Sweden is affected by coal prices through electricity connections with Germany, Denmark, and the Baltic countries, where coal power still has a significant share of electricity production. The expansion of networks among countries allows export and import of electricity, which also promotes price equalization.

Electricity price 2018. During the initial part of the year, the price of electricity varied with the weather. After a few weeks with favorable and warmer winds than normal, prices increased in early February when the temperature dropped drastically. When the melting begins, the large amounts of snow from the winter are expected to provide a significant boost to hydroelectric power, which will lead to price pressure.

The price of electricity in the next few years is also expected to be affected by developments in Nordic nuclear power. Last year, Sweden's Oskarshamn 1 reactor was closed down. The phaseout will continue in 2019 and 2020, with the significantly larger Ringhals 2 and Ringhals 1 reactors. Several analysts, like the electricity trading company Bixia, expect higher electricity prices starting in 2019 owing to the two reactors being discontinued.

Ringhals is located in the same bidding area (SE3) as most of Rabbalshede Kraft's wind farms. This could mean an additional impact on prices in this bidding area. At the same time, Nordic electricity prices may be forced down somewhat starting in 2019, when the Finnish Olkiluoto 3 reactor is planned to become operational after many years of delays.

The Swedish electricity market was deregulated in 1996, and Nordic electricity prices have swung dramatically since then. This could continue, owing in part to the factors mentioned above. Accordingly, it is not possible to assess the electricity market based on a few years alone.

In the short term, weather is an important price factor. During the warm, rainy and windy year of 2015, when water reservoirs were filled, wind power reached

record-breaking production levels and electricity consumption declined. The spot price in bidding area 3 sank to SEK 205/MWh (0.21/kWh) on an annual basis.

Globally, 2016 was the warmest year ever, but this did not include Sweden. Less precipitation and weaker winds contributed to prices increasing to SEK 277/MWh (0.28/kWh).

In 2017, the average spot price in the bidding area increased marginally to SEK 301 SEK/MWh (0.30/kWh).

In the medium term, with a time horizon of approximately five years, electricity prices will also be affected by the global economic situation. This will be through both increased or decreased electricity consumption in industry, and through economic conditions also affecting the price of fossil fuels – coal and natural gas – for electricity production. Opinions among many analysts on economic conditions for the next few years are cautiously positive, but there is significant disagreement here.

In the long term, other additional factors will determine the rate of expansion of new power production in relation to demand and the technology that will be used. A significant shift in Swedish technology is taking place in pace with three nuclear reactors being closed down, as noted above. At some point, the remaining six must also be phased out.

Policy – continued electricity market reform

Efforts aimed at the future energy market will continue in 2018. One starting point is the energy agreement among five Riksdag parties from June 2016 mentioned above.

One obstacle on the path to 100 percent renewable electricity production is the uncertainty around trends in electricity prices. The question is a complex one, as transformation of the Swedish production system also contributes to price fluctuations. Wind and solar are power sources that produce the most electricity when the wind blows and the sun shines, which at times forces electricity prices down.

The share of intermittent (varying) electricity production, primarily from wind, must nevertheless increase in order to achieve the renewable electricity target. With Sweden's and Norway's extremely high share of hydroelectric power, intermittency is still a manageable problem. Power sources engage and interact smoothly. The challenges are expected to increase, however, in pace with continued expansion of wind and solar power in combination with continued phase-out of Swedish nuclear power and of fossil fuel power in neighboring countries.

Collaboration between countries, network operators and power markets are part of a solution. Surplus production of electricity in one region can thereby be exported to a region where there is a risk of a shortage. The EU supports hundreds of projects that strengthen connec-

tions. (*European Commission, Projects of Common Interest*) A further step was taken in June 2018 with XBID, the Cross-Border Intraday initiative. Network operators in 11 countries and four power markets will account for ongoing electricity trading during the day, which will even out the electricity balance between regions and countries more quickly. (*nordpoolspot.com, Cross-Border Intraday: Questions & Answers*)

Another type of collaboration is Powering Past Coal, which was launched by Great Britain and Canada at the climate meeting in Bonn in November. This is a global alliance for phasing out coal power. Sweden and 20 other countries have joined.

Improved regulations. Completely renewable electricity production by 2040 assumes that electricity market regulations will continue to be adapted to changed conditions. Reviews of the systems for electricity certificates and emission rights are a link in this chain. One requirement, from organizations such as the industry Swedish Wind Energy, is introducing a 'stopping rule', as described in the next section, into the electricity certificate system.

More challenges remain to be solved. This was noted in a report from the industry body Energiforsk in the summer of 2017. The report can be regarded as a Swedish starting point in the continued development of electricity market regulations. It presents proposals for a range of reforms concerning the function of the electricity market over the long and short term. Similar questions are being discussed and investigated throughout the EU. (*Time for a second electricity market reform, Energiforsk Report 2017:402*)

Sweden at the top in the EU

Among EU member countries, Sweden has the largest share of renewable energy in total energy consumption, which covers electricity, heating, and transportation. (*Renewable Energy in the EU. Eurostat press release 25 January 2018*) Sweden's share was 53.8 percent in both 2015 and 2016. We thereby have met and exceeded our country's goal for 2020, which was set at 49 percent. (*EU directive 2009:28*).

All countries in the EU have individual renewable electricity targets for 2020, from 10 percent in Malta to 49 percent in Sweden. 11 countries had reached the goals they set by 2016. Apart from Sweden, both Denmark and Finland managed their goals: 30 percent and 38 percent respectively. Denmark has carefully expanded its wind power, and Finland has a high share of bioenergy.

As regards electricity consumption, the picture is much the same: Sweden at the top, with 64.9 percent of electricity use from renewable sources in 2016. Norway is also in the report, with 104.7 percent renewable electricity. Luxembourg is last in the EU, with only 5.6 percent renewable electricity. For the entire EU, the share of renewable electricity in total electricity consumption amounted to 29.6 percent.

EU Emissions Trading System indirect support for renewable

Emission rights (ETS) is a tool for achieving the Union's energy and climate goals. It was set up as a result of the Kyoto Protocol, and went into effect in 2005. The goal for the current trading period is to reduce climate-impacting emissions, from the companies concerned, in the EU by 21 percent up through 2020 compared to 2005.

At the same time, the system is a form of indirect support for renewable electricity production. This is due in part to the fact that it burdens fossil-based electricity production with a cost for greenhouse gas emissions, and in part because trade in emission rights affect the price of electricity. (*naturvardsverket.se, the Utsläppshandel page is continually updated*) (*energiforetagen.se, page on EU emission rights*) According to the industry organization Svensk Energi's latest published analysis, a price of EUR 10/ton would result in the price of electricity on the Nord Pool power market rising SEK 0.05–0.07/kWh. (*Svensk Energi, "Styrmedel i elsektorn"*)

The price per emission right varied greatly during 2017. Up through September, the price stood around EUR 4.50–5.50/ton, only to rise in February 2018 towards EUR 10/ton (Dec 2018 contract). Since the introduction of the system, prices have varied between EUR 3–30/ton.

This is how it works: An emission right entitles the holder to discharge one ton of carbon dioxide and other greenhouse gases. The system encompasses some 13,000 facilities in electricity production, industry and transportation. Approximately 770 of these are located in Sweden. Since 2012, this has also included airline operators. At EU level, a number of initiatives are being taken to expand the emissions trading to more countries, sectors and to include greenhouse gases. Today, only 40 percent of total carbon dioxide emissions within the Union are included.

For every ton of greenhouses gas equivalents released, one emission right must be cancelled. Companies that discharge more emissions than anticipated have two options: buy more rights or invest in measures to reduce its emissions. The third alternative is a penalty charge.

Cutbacks through 2030. The allocation decreases annually. The intent is that it should gradually become more profitable to take care of emissions than to pay for emission rights. To avoid future surplus, a "stability reserve" will be introduced in 2019 that will mean an automatic regulation of the number of emission rights. This spring, a reformed EU directive for the coming trade period from 2021 to 2030 will also be resolved. For example, a requirement will be imposed that emissions are to be reduced 43 percent in the "trading sector" (energy production and industries).



ELECTRICITY CERTIFICATES

On the energy market, there are different forms of support for expansion of renewable electricity production. Sweden uses electricity certificates in collaboration with Norway. A rapid expansion of renewables has contributed to a surplus of certificates that had reduced the price of this support. Early in 2018, prices increased as a consequence of adjustments in the system that were resolved. More adjustments are required to ensure future expansion.

In the EU, the member countries use various support systems to govern the expansion of renewable electricity production. In 2003, Sweden introduced electricity certificates, which are paid via electricity bills to wind power, bioenergy, and other renewable production types. Since 2012, the system has been run in collaboration with Norway.

Price trend. Electricity certificates are allocated to approved producers of renewable electricity over 15 years. They are priced according to the principle of supply and demand. A vigorous expansion of renewable electricity production has led to a rapid increase in the supply of electricity certificates, although electricity consumption has not kept up with the supply. This has led to a surplus and resulted in lower certificate prices, and thus decreasing support for approved electricity producers.

Spot prices were at their highest in August 2008, at approximately SEK 372/MWh (SEK 0.37/kWh). After that, they sank until the summer of 2017, only to climb weakly to SEK 62/MWh (SEK 0.06/kWh) in December 2017. The price trend has entailed growing profitability problems for many companies in renewable electricity production.

In 2018, the trend turned upward towards SEK 100/MWh (0.10/kWh). This was primarily the result of adjustments in the electricity certificate system. In 2015, the Riksdag resolved new goals up through 2020 that mean that Sweden and Norway together will contribute to the expansion of 28.4 TWh of renewable electricity production. In 2017, the Riksdag resolved a further 18 TWh by 2030, and that the system would be extended until 2045. (*energimyndigheten.se*, "The Electricity Certificate System") Norway resolved last year to withdraw from the electricity certificate system but will be bound for a long time by agreements it entered.

New review 2019. The Swedish Wind Energy industry association recommends a review of the system, including the introduction of a stopping rule. The intent is to prevent the decline in electricity certificate prices – and electricity prices, as well – that a strong expansion of new electricity production could contribute to. The proposal is a volume-related goal that, for example, means when the expansion of new wind power in Sweden and Norway is deemed to have reached the goal of 28.4 TWh of wind-generated electricity, the allocation of electricity certificates is stopped. Considering the investment decisions taken, this will lead to a stop by 2020. (*svenskvindeenergi.se*, *Slutsatser av Svensk Vindenergis medverkan i Elcertifikatkonferensen*, Gardemoen 18/1)

Planning for the next review, called "Control Station 2019", began last autumn. Swedish-Norwegian collaboration is expected to be a central issue, as is the issue of a stopping rule. (*regeringen.se/pressmeddelanden/2017/12/tydligare-regler-for-investeringar-i-elcertifikatsystemet*)

Guarantees of origin

Guarantees of origin were introduced in the EU in December 2010. Electricity producers are given a guarantee by the state for each MWh produced, which can then be sold on to electricity consumers. The guarantee of origin indicates which energy source the electricity came from. The price is set between seller and buyer in each individual transaction. (*Ordinance on Guarantee of Origin*, SFS 2010:83)

Naturally, it is not possible to guarantee that a given MWh in the electric system comes from wind power, but for buyers the choice of renewable electricity through guarantees of origin is both a support for producers and something that the buyer can use for promotional purposes. No public price statistics are available.

Share of company revenue

For Rabbalshede Kraft, electricity certificates and guarantees of origin accounted for 32 percent (34) of net sales in 2017.

Rabbalshede Kraft's share

The company and its shares are affiliated to the electronic securities system known as the VP system, with Euroclear Sweden AB as the central securities depository.

The company's Class B shares have been traded since April 1, 2014 on the Alternative list. This list is a marketplace for unlisted shares and has been under the supervision of the Swedish Financial Supervisory Authority since 2003.

Rabbalshede Kraft's total number of shares amounted to 160,108,636 shares at the end of 2017. The shares were distributed among 1,000,000 Class A shares and 159,108,636 Class B shares. Class A shares entitle the holder to one vote and Class B shares entitle the holder

to one-tenth of a vote. As of February 2017, Sweden Holdco RK AB ("Greystone") was added as a significant owner.

The Board of Rabbalshede Kraft has adopted the following dividend policy: When the requisite earnings and cash flow so permit, this is to accrue to the shareholders in the form of a dividend corresponding to at least 30 percent of profit after tax.

Largest shareholders (at December 31, 2017)

	No. of Class A shares	No. of Class B shares	Holding, %	Votes, %
Manor Investment S.A.	347,500	72,683,334	45.61	45.04
Sweden HoldCo RK (Greystone)	-	33,264,705	20.78	19.67
Ernst Rosén Invest, Reine Rosén and related parties	345,000	16,029,882	10.23	11.52
Thorén-Jönsson family and company	307,500	5,359,325	3.52	4.97
Chalmers University of Technology Foundation	-	5,000,000	3.12	2.96
Nordea Investment Funds	-	4,680,471	2.92	2.77
SEB Investment Management	-	3,185,730	1.99	1.88
SEB Life International Assurance	-	3,114,540	1.95	1.84
Tibia Konsult AB	-	2,930,000	1.83	1.73
Trogen, Karl-Erling with company and related parties	-	1,440,517	0.90	0.85
Pegroco Venture AB	-	1,305,000	0.82	0.77
Other shareholders	-	5,285,889	6.33	5.90
Total	1,000,000	159,108,636	100.00	100.00

The holdings encompass personal holdings, or holdings of a wife/husband/cohabitant, sibling or relative in a direct line of ascent as well as legal entities where the person has a controlling influence.

Share capital trend (at December 31, 2017)

Share capital trend	Change	Accumulated total						
Year	Event	Class A shares	Class B shares	Class A shares	Class B shares	Quotient value	Share capital increase	Accumulated share capital
June 2005	Company foundation	1,000	-	1,000	-	100	100,000	100,000
July 2006	Amended quotient value	99,000	-	100,000	-	1	-	100,000
July 2006	New share issue	4,000,000	300,000	4,100,000	300,000	1	4,300,000	4,400,000
Aug 2006	New share issue	1,600,000	-	5,700,000	300,000	1	1,600,000	6,000,000
Dec 2006	New share issue	4,000,000	6,000,000	9,700,000	6,300,000	1	10,000,000	16,000,000
Nov 2007	Non-cash issue	-	8,000,000	9,700,000	14,300,000	1	8,000,000	24,000,000
Dec 2007	Stock dividend 3:1	-	72,000,000	9,700,000	86,300,000	1	72,000,000	96,000,000
Jan 2008	Preferential rights issue	-	24,000,000	9,700,000	110,300,000	1	24,000,000	120,000,000
May 2008	Preferential rights issue	-	39,029,000	9,700,000	149,329,000	1	39,029,000	159,029,000
May 2008	Private placement	-	16,671,000	9,700 00	166,000,000	1	16,671,000	175,700,000
June 2008	Preferential rights issue	300,000	-	10,000,000	166,000,000	1	300,000	176,000,000
Jan 2010	New share issue	-	46,054,314	10,000,000	212,054,314	-	46,054,314	222,054,314
Apr 2010	Private placement	-	6	10,000 00	212,054,320	1	6	222,054,320
May 2010	Reverse split 1:10	-	-	1,000,000	21,205,432	10	-	222,054,320
2011	Share subscription due to warrants	-	482,500	1,000,000	21,687,932	10	4,825,000	226,879,320
July 2012	Preferential rights issue	-	8,356,845	1,000,000	30,044,777	10	83,568,450	310,447,770
Jun 2013	Private placement	-	14,300,000	1,000,000	44,344,777	10	143,000,000	453,447,770
Jul 2013	Preferential rights issue	-	29,480,153	1,000,000	73,824,930	10	294,801,530	748,249,300
Dec 2015	Preferential rights issue	-	52,019,001	1,000,000	125,843,931		312,114,006	1,060,363,306
Dec 2015	Impairment share capital	-		1,000,000	125,843,931	6	299,299,722	761,063,584
Feb 2017	Private placement		33,264,705	1,000,000	159,108,636	5	166,323,525	927,387,109
Feb 2017	Impairment			1,000,000	159,108,636	5	- 126,843,931	800,543,178

Financial calendar

Annual General Meeting for the 2017 fiscal year	April 26, 2018
Interim report January–March 2018	May 17, 2018
Interim report January–June 2018	August 23, 2018
Interim report January–September 2018	November 22, 2018
Year-end report for 2018	February 28, 2019

Annual General Meeting

The Annual General Meeting (AGM) for the 2017 fiscal year will be held at 4:00 p.m. on April 26, 2018, in Gothenburg, Sweden. The notification will be published in due course.

Financial statements

Annual reports, interim reports, press releases, etc. can be downloaded from Rabbalshede Kraft's website: www.rabbalshedekraft.se
Rabbalshede Kraft's subscription service can be found at <http://www.rabbalshedekraft.com/Investor-relations/Subscription-service/>

Board of Directors, Senior Executives and Auditor

Board of Directors



Bertil Villard

Mr. Villard has been a board member of Rabbalshede Kraft since 2017, and was elected Chairman of the Board in 2017.

Other assignments: Chairman of the Board of Landsort Car 1-3 AB and Strax AB, Board member of Prior & Nilsson Fund and Asset Management Ltd., Cleanenergy AB, Polaris Invest A/S, Polaris Management A/S, SamSari AB, Samsari Act Group AB and ECODC AB.

Education: Master in Laws, LL.M.

Born: 1952



Jeffrey Moulard

Mr. Moulard has been a board member of Rabbalshede Kraft since 2017.

Other assignments: Other assignments: Chairman of the Board of Ballycadden Wind Farm Ltd., Board member of Silicon Ranch Corporation and Smiling Land Foundation.

Education: Bachelor of Engineering, Master of Business Administration

Born: 1967



Annika Ahl Åkesson

Mrs. Ahl Åkesson has been a board member of Rabbalshede Kraft since 2017.

Other assignments: CFO Ernst Rosén AB, Board member of Nääs Fabriker AB and Flodén Byggnadspartners AB

Education: Master of Business Administration

Born: 1965



Jean Baptiste Oldenhove

Mr. Oldenhove has been a board member of Rabbalshede Kraft since 2014.

Other assignments: CEO of Manor Investment S.A. Partner at Treis Partners LLP, Supervisory Board of CycleEnergy Biomass Power AG, Agrinos AS, and Manor Advisory Services Limited.

Education: Master of Science in Engineering, Master of Business Administration

Born: 1976



Stine Rolstad Brenna

Ms. Rolstad Brenna has been a board member of Rabbalshede Kraft since 2017.

Other assignments: Board member in Lyse AS, Fintech Angels, Fjong Norge AS, BizBot AS, Boligbygg Oslo KF, Oslo Vognselskap AS

Education: Bachelor of Business Administration and Master of Management

Born: 1965



Matthieu Baumgartner

Mr. Baumgartner has been a board member of Rabbalshede Kraft since 2016.

Other assignments: Chairman of the Board of Manor Investment SA, Member of the Supervisory Board of Blue Elemente Pte Ltd, Manager of Pharo Foundation

Education: Master in Business

Born: 1969

* The holdings encompass personal holdings, or holdings of a wife/husband/cohabitant, sibling or relative in a direct line of ascent as well as legal entities where the person has a controlling influence.

The Board of Directors' holdings refer to information at December 31, 2017

Senior executives



Mads Miltersen

CEO
Year employed: 2017
Experience: CFO and CEO of EnergiMidt Holding Finance Manager of Midt Marketing, Head of Accounting at Ericsson Diax, Auditor at BDO
Born: 1969
Number of shares in RKAB: 5750 Class B shares

Britta Ersman

IR and Financial Manager
Year employed: 2015
Experience: Manager of Private Equity at the Second Swedish National Pension Fund
Born: 1975
Number of shares in RKAB: 9,900 Class B shares

Dick Foberg

Business Controll
Year employed: 2018
Experience: Business Controller Solar Sverige AB, Business Controller Green Carrier AB
Born: 1969
Number of shares in RKABt: -

Fredrik Samuelsson

Finance Manager
Year employed: 2012
Experience: Chief accountant at MQ Holding AB, auditor at Ernst & Young AB
Born: 1972
Number of shares in RKAB: -

Lars Jacobsson

COO
Year employed: 2014
Experience: Operating engineer, processing industry; international consultant, operation and maintenance in the gas and oil industry.
Born: 1957
Number of shares in RKAB: -

Martin Pettersen

Head of Business Development
Year employed: 2017
Experience: Mpiro Windpower, Sales Engineer at Omron Electronics
Born: 1982
Number of shares in RKAB: -

Wenche Gullaksen

Head of Sales
Year employed: 2017
Experience: Danske Commodities and Energiförsäljning Sverige.
Born: 1967
Number of shares in RKAB: -

Peter Bjelkengren

Purchasing and Construction Manager
Year employed: 2010
Experience: Purchasing consultant and Head of Purchasing, Wärtsilä Diesel Power Division, Purchaser, SAAB Automobile
Born: 1958
Number of shares in RKAB: -

* The holdings encompass personal holdings, or holdings of a wife/husband/cohabitant, sibling or relative in a direct line of ascent as well as legal entities where the person has a controlling influence.
The company management's holdings refer to information at December 31, 2017

Auditors

At the 2017 AGM, KPMG was elected as the company's auditor, whereupon the following person was appointed as the Chief Auditor:
Fredrik Waern, b. 1971. Authorized Public Accountant and member of FAR, active with Ernst & Young AB in Gothenburg



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Administration report

MULTI-YEAR REVIEW

Project portfolio

	No. of turbines					Total capacity, MW				
	Dec 31, 17	Dec 31, 16	Dec 31, 15	Dec 31, 14	Dec 31, 13	Dec 31, 17	Dec 31, 16	Dec 31, 15	Dec 31, 14	Dec 31, 13
Operation	71	71	71	71	38	190	190	190	190	89
Construction	-	22	-	-	33	-	76	-	-	101
Permit granted	45	47	133	65	49	134	140	424	194	141
Preplanning, planning and application phase.	101	101	114	195	258	324	324	335	578	774
Total in operation and in planning	217	241	318	331	378	529	763	949	962	1105
Sold projects	41,5	41.5	24	24	24	-	111	52	52	52

Production

	Full-year 2017	Full-year 2016	Full-year 2015	Full-year 2014	Full-year 2013
Production outcome, MWh	509,535	500,247	576,412	314,665	189,431
Hedged energy, %	90	70	71	71	63

Condensed income statement and cash flow statement

	Full-year 2017	Full-year 2016	Full-year 2015	Full-year 2014	Full-year 2013
Net sales, KSEK	234,163	235,628	264,204	146,161	104,694
Operating profit/loss, KSEK	3,081	44,263	-110,669	14,325	38,027
Profit/loss before tax, KSEK	-100,114	-109,334	-196,729	-32,132	210
Profit/loss for the year, KSEK	-100,114	-102,360	-171,647	-25,083	117
Cash flow from operating activities before changes in working capital, KSEK	41,970	-12,113	92,006	37,075	36,163
Cash flow from operating activities, KSEK	18,052	-38,991	21,138	103,559	-8,627

Condensed balance sheet

	Dec 31, 17	Dec 31, 16	Dec 31, 15	Dec 31, 14	Dec 31, 2013
Total assets, KSEK	2,201,881	2,355,778	2,562,718	2,647,556	1,938,658
Fixed assets, KSEK	2,055,081	2,188,026	2,183,987	2,422,682	1,611,542
Current assets, KSEK	146,800	167,752	378,731	224,874	327,116
Shareholders' equity, KSEK	1,295,784	1,074,957	1,145,146	990,369	1,117,952
Interest-bearing liabilities, KSEK (excl. shareholder loans)	605,141	709,713	1,231,722	1,385,815	751,933
Other liabilities, KSEK (incl. shareholder loans)	300,956	571,108	185,850	271,732	68,773

Key figures

	Dec 31, 17	Dec 31, 16	Dec 31, 15	Dec 31, 14	Dec 31, 13
Return on capital employed before taxes, %	2.6	2.2	neg	0.7	2.6
Debt/equity ratio, multiple	0.6	1.0	1.1	1.4	0.7
Net debt, KSEK	743,472	1,023,662	914,788	1,210,382	471,261
Equity/assets ratio, %	59	46	45	37	58
Number of shares at the end of the period (thousand)	160,109	126,844	74,825	74,825	74,825
Shareholders' equity per share, (SEK)	8.09	8.47	15.30	13.24	14.94
Earnings per share (SEK)	-0.64	-0.81	-2.29	-0.34	0.00
Average number of employees	28	25	21	21	23

See Glossary, p. 75, for definitions of key figures

RABBALSHEDA KRAFT IN 2017

The Board of Directors and the CEO of Rabbalsheda Kraft AB (publ), Corporate Registration Number 556681-4652 hereby submit the annual report and consolidated financial statements for the January 1–December 31, 2017 fiscal year.

BUSINESS ACTIVITIES

The Group comprises of the Parent Company, Rabbalsheda Kraft AB (publ.) and 18 wholly owned subsidiaries, of whom 10 are directly owned. Refer to Note 29 for further information.

The Parent Company started operations in 2005 and the Group was formed in November 2007. Rabbalsheda Kraft refers to the Group in this report.

Rabbalsheda Kraft plans and constructs land-based wind farms in Sweden for proprietary ownership, in partnership or to sell on to other operators. The company ensures effective control of all stages from preplanning, planning, application and construction to ultimately, operation and maintenance. Optimal long and short-term profitability is achieved by being in control of all of the stages from the initial analysis of suitable areas for the construction of wind farms to their actual operation. Rabbalsheda Kraft also offers operational management of wind turbines for partners. In 2017, the average number of employees was 28 (25).

TREND IN THE GROUP'S SALES AND EARNINGS

Net sales totaled KSEK 234,163 (235,628). The average electricity price per presold MWh for the January to December 2017 period was SEK 311/MWh (309). Average selling price for electricity certificates was SEK 139 per electricity certificate (154) and for guarantees of origin SEK 9 (8) per GoO during January to December 2017. EBITDA amounted to KSEK 132,618 (143,299) and EBIT to KSEK 3,081 (44,263). A loss for the year was posted of KSEK 100,114 (loss: 102,360), corresponding to a negative earnings per share of SEK 0.64 (neg: 0.81). Net financial items were negative in an amount of KSEK 103,195 (153,597) and the loss before tax was KSEK 100,114 (loss: 109,334).

During the year, the Group restructured their bank loans with Swedbank, this reduced borrowing by SEK 11 million. In conjunction with the refinancing, early redemption of interest hedging instruments occurred with a negative impact on earnings of SEK 32 million. Production from the Group's wind farms amounted to 509,535 MWh (500,247). The rate of wind farm expansion varies from year to year and, accordingly, so does the increase in production.

DEPRECIATION AND AMORTIZATION

Investments, including paid advances, totaled KSEK 8,371 during the period from January to December 2017.

The investments primarily pertained to ongoing planning. Depreciation and amortization of tangible and intangible fixed assets totaled KSEK 128,580 (99,036), of which depreciation of operational wind farms accounted for KSEK 107,726 (87,990).

The company has invested KSEK 108,226 in the joint venture company Lyrestad Holding AB through a shareholder loan that matures after the end of the project in 2042.

CASH FLOW

The Group's cash flow from operating activities before changes in working capital totaled KSEK 41,970 (neg: 12,113)

and cash flow from financing activities was negative KSEK 25,932 (neg: 80,367). Cash flow for the period amounted to negative KSEK 16,146 (neg: 182,811).

FINANCING AND LIQUIDITY

Net debt at the end of the year totaled KSEK 743,472 (1,023,662). Cash and cash equivalents amounted to KSEK 27,788 (43,933), in addition to which blocked bank funds accounted for KSEK 40,555 (59,726). The equity/assets ratio was 59 percent (46) at the closing date. Bank loans totaled KSEK 611,581 (728,492) at December 31, 2017.

The average interest rate on raised bank loans was 6.01% (5.98%). The average fixed-interest period at 31 December 2017 was 1.40 years (4.71) and the capital maturity term was 3.92 years (4.47).

During the year, the Company issued a private placement for Sweden Holdco RK AB ("Greystone"). The majority of the issue of SEK 283 million was used to pay off shareholder loans of SEK 226 million to Manor Investment S.A ("Manor") and to redeem an overdraft facility of SEK 20 million.

PARENT COMPANY

The Parent Company, Rabbalsheda Kraft AB (publ.), focuses primarily on the management, coordination and operation of the Hud wind farm and the development of the Group. The administration of electricity sales is carried out in the Parent Company. The Parent Company is responsible for issues related to the equities market, such as preparing consolidated financial statements and equity market information, and to the credit market on such matters as funding and financial risk management. Everyone on the staff is employed at the Parent Company.

Net sales totaled KSEK 22,644 (23,694) and other operating revenues KSEK 18,303 (18,550). EBIT was a loss of KSEK 21,714 (loss: 19,653) and profit after tax was a loss of KSEK 194,495 (loss: 49,520),

SHARE CAPITAL AND OWNERSHIP STRUCTURE

At the end of the fiscal year, the registered share capital comprised 160,108,636 shares (126,843,931), of which Class A shares comprised 1,000,000 (1,000,000) and Class B shares 159,108,636 (125,843,931). Class A shares entitle the holder to one vote and Class B shares entitle the holder to one-tenth of a vote. The quotient value of the shares at 31 December 2017 was SEK 5 per share.

At December 31, 2017, according to the share register maintained by Euroclear Sweden AB, the number of shareholders was 1,052. At the end of 2017, Manor controlled 45.04 percent of the company's votes; Sweden Holco RK (Greystone), 19.67 percent; Ernst Rosén Invest AB, including Reine Rosén with companies and family, 11.52 percent; Anna-Lisa Thorén with companies and family 4.97 percent; the Chalmers University of Technology Foundation, 2.96 percent; and Nordea Funds 2.77 percent. No other shareholder controls 2 percent or more of the company's votes. At the end of 2017, a new share issue was carried out of 33,264,705 Class B shares at SEK 8.50 per share, which raised funds for the company of SEK 283 million. The issue was registered on February 1, 2017.

Rabbalshede Kraft AB's shares are not listed on any stock exchange or market. In April 2014, the Board of Directors decided to list the company's Class B share for trading on Alternativa. On the Alternativa List, buyers and sellers can follow share price information and execute regular trading. Trading on the Alternativa List occurs regularly, once a month, in order to gather transactions and create share liquidity. Each trading period comprises four days. During 2017, 37,493 Class B shares were traded at an average price of SEK 4.50.

The Articles of Association do not include any preemption clauses, meaning barriers to transferring shares in the company.

Significant events during the fiscal year On January 31, 2017, Rabbalshede Kraft held an extraordinary general meeting where, among other items, a decision was taken on a private placement to Sweden Holdco RK AB ("Greystone"). The private placement amounted to SEK 283 M and was implemented on February 1, 2017. Following the investment, Greystone is the company's second largest shareholder, with Manor Group remaining the largest shareholder.

After many years as an employee and as CEO of Rabbalshede Kraft AB, the Board announced in February that, following a joint decision, Thomas Linnard had chosen to leave his position.

The environmental permit for Åndberg wind farm in Härjedalen Municipality, which comprises 57 wind turbines, came into force in the spring.

The Annual General Meeting (AGM) for the 2016 fiscal year was held on April 27, 2017, in Gothenburg, Sweden. The Meeting resolved on the re-election of Bertil Villard, Annika Ahl Åkesson, Jean Baptiste Oldenhove, Matthieu Baumgartner and Jeffery Moulard as well as the new

election of Stine Rolstad Brenna. Bertil Villard was elected as Chairman of the Board for the period until the end of the next AGM.

Mads Miltersen took over as the company's new CEO on June 1. Mads joined the company from EnergiMidt in Denmark's Jutland region, where he held positions including CFO and CEO. Prior to EnergiMidt, Mads served as Finance Manager at Ericsson DiAx and as an Auditor at BDO.

On August 31, Rabbalshede Kraft finalized refinancing of the company with Swedbank. This means that the company now has a new loan structure in place that creates a stable base for the company for the foreseeable future.

In September, the company entered into a three-year management agreement with Vänern wind farm. Under the agreement, Rabbalshede is responsible for the management, monitoring, service and maintenance of seven of the wind turbines at Vänern wind farm. The agreement is for three years, with an option to extend for an additional two years.

On October 1, the inauguration of Vindpark Lyrestad took place. Nearly 400 visitors came to meet Rabbalshede Kraft and Ardian. The Lyrestad wind farm is operated by Lyrestad Vind AB, a jointly owned company between Rabbalshede Kraft and Ardian Infrastructure, in which Rabbalshede Kraft holds 25% of the shares. The wind farm's annual production of 234 GWh is purchased by Google under a long-term electricity trading agreement. On December 22, construction and trial operation were completed and Lyrestad Vind took over legal responsibility.

EVENTS AFTER THE END OF THE FISCAL YEAR

No significant events occurred after the end of the fiscal year.

INFORMATION ABOUT RISKS AND UNCERTAINTIES

Risk management for electricity sales

Rabbalshede Kraft cooperates with Axpo Sverige AB, one of the leading operators on the Nord Pool power market. This partnership provides the company with risk-management support for the sale of electricity. The partnership aims to secure future production revenue, reach long-term profitability, reduce the risk of fluctuations in market prices negatively impacting the company's revenue, achieving favorable results from price hedges and managing the balance power cost-effectively.

Together with Axpo, Rabbalshede Kraft has prepared an electricity trading policy, which aims to identify risks and set frameworks and limits for Rabbalshede Kraft's risk-taking. The company hedges prices for a proportion of its production volume with fixed price contracts (PPAs and EPAs), which means that the volume risk and profile cost for the hedged portion are eliminated. Volume risk is

defined as the risk that production volumes do not correspond to the hedged volume. The profile risk pertains to the difference between the selling price under futures, which is fixed during the day, and the actual spot price when electricity is delivered during the day.

Political risks

The electricity market is governed by laws and regulations, which in Sweden, partly derive from EU directives. Likewise, the market for wind power is governed by laws and regulations, both in terms of the support system and the permit process for establishing new wind turbines.

The projects that are under planning and application are subject to evaluation and assessment by the municipality and/or county administrative board. Accordingly, there may be some uncertainty as to whether or not the company will receive permits for these projects.

The electricity certificate system was introduced in Sweden in 2003 to promote the expansion of renewable and carbon-free electricity. From 2012, the system is joint with Norway with an aim to increase the annual production of renewable electricity by 28.4 TWh by 2020 compared with 2012. Up to 2030, it has been proposed that a further 18 TWh/year be constructed, although this only involves Sweden since Norway is closing its system at the end of 2021.

The expansion of wind power has progressed rapidly, contributing to a wide range of electricity certificates, although electricity consumption has not kept pace with increased green electricity production. Since 2005, the spot price has varied from more than SEK 300 to just over SEK 60/MWh (that is, from SEK 0.30 to 0.06/kWh). The tendency has been declining from 2010 and the monthly average in December 2017 amounted to SEK 62. A number of price forecasts published in recent months have had a cautious view on the development. These forecasts were based on estimates that the target of 28.4 TWh will be achieved long before 2020. This is worsened by the surplus of certificates, which is leading to further price pressure. The next audit of the system, known as control station 2017, will be carried out this year. This audit pertains both to the period up to 2020 and to the period up to 2030. According to a report from the Swedish Energy Agency ahead of control station 2017, Sweden has built up a surplus of electricity over the current period. However, the report also states that nuclear power will need to be replaced. The only question is how quickly and with what. This will impact the size of the annual quotas in 2022–2030.

Electricity price

For the second year in a row, prices on the Nordic power market have risen. During 2017, the annual average price totaled SEK 301/MWh in Rabbalshede Kraft's bidding area (SE 3), which is nearly 50% higher than 2015. One of several contributing factors was rising coal prices. Sweden is affected by coal prices through electricity connections with entities such as the German electricity market, where fossil energy types remain dominant. The

expansion of networks among the countries of northern Europe allow export and import of electricity, which promotes price equalization.

In the short term, weather is the most important factor when it comes to prices. However, price elasticity is essentially zero since rapid price fluctuations have only a marginal impact on consumption.

In the medium term, with a time horizon of up to five years, economic conditions will play an important role in setting prices by boosting or reducing electricity consumption in the industry. The global economic situation also impacts the price of the fossil fuels used for electricity production, primarily coal but also natural gas. Over the past winter, the price of coal increased sharply due to strong demand primarily from China, which in turn contributed to a hike in the price of electricity. However, the long-term trend is for gas to gain increasing importance globally.

In the long term, other additional factors will determine the rate of expansion of new power production in relation to demand and the technology that will be used. The expansion of the power grid in the EU will also impact the price of electricity as the transfer capacity between countries improves. A good grid connection is crucial for the continued expansion of renewable electricity since this enables exports from regions with surplus electricity to regions with an electricity deficit.

Competitors

Over the past few years, interest in wind power has increased and competition for projects with favorable wind conditions has intensified. Through its project portfolio, Rabbalshede Kraft already holds a strong position in the Swedish wind power market. Rabbalshede Kraft welcomes co-operation and partnerships with other operators on individual projects, which can also enable the establishment of more and larger wind farms than the company's own funding allows. Wind farms with favorable wind conditions have a competitive advantage when applying for financing. The capacity in the power grid is limited, which entails that local wind power projects compete for the available space.

Exchange-rate movements

A substantial portion of the Group's purchases of wind turbines is made in EUR. Changes in the exchange rate in relation to the SEK can impact profitability when establishing new wind farms.

Electricity prices on the spot market are listed in EUR, which results in electricity prices indirectly being dependent on the exchange rate for this currency, even though the company receives electricity revenues in SEK. Rabbalshede Kraft has an established policy for hedging future payments in foreign currencies.

Variations in wind

Wind-power production varies during the year, normally entailing higher electricity production during the winter season. An average wind year, known as a normal year, is based on wind measurements over at least a ten-year

period. Deviations from a normal year can be substantial during certain periods, thus impacting revenue and earnings during a single quarter or year. When making investment decisions about wind farms, Rabbalshede Kraft takes variations in wind into consideration and, furthermore, places great importance on diligent wind measurement to optimize the location of wind turbines and, thereby, production.

Interest-rate trend

Since the loan-to-value ratio generally accounts for 60–70 percent of the investment cost for a wind farm, changes in market interest rates have a material impact on earnings. As a result of the extra amortizations in recent years and the refinancing in 2017, the company currently has a debt/equity ratio of 0.63 (1.05). Rabbalshede Kraft defines its management of interest-rate risk in its financial policy. Refer to notes 20 and 24 for further information.

Economic life and operating costs

Investment decisions are based on an estimated economic life of 13–25 years depending on the component of a wind turbine. If the actual economic life should be less than the assessed economic life, this will negatively impact the Group's profitability. Such a long investment horizon means that future operating costs may deviate from estimated costs and thus impact the earnings trend. The Group established its own operation and maintenance organization in 2010.

Dependency

The company uses various suppliers as part of planning and constructing wind farms. In the assessment of Rabbalshede Kraft, the company is not dependent on any single supplier of strategic components such as wind turbines, which means that any break in deliveries does not need to entail any long-term consequences for operations. The critical point for bringing new turbines into operation is whether they can be connected to the Swedish power grid. On this point, producers of renewable electricity, such as Rabbalshede Kraft, are extremely dependent on grid companies at a local, regional and national level. Svenska Kraftnät is responsible for the Swedish national grid and has system responsibility for the electricity supply in Sweden. The agency has been tasked by the government to strengthen the national grid with the aim of managing the build-out of wind farms that are often located in sparsely populated areas with power grids that are under-dimensioned for large-scale electricity production. The company expects the connections to be in place in time for those turbines planned to be operational over the next few years.

Employees

The achievement of sustained growth combined with healthy earnings is also dependent on the company's ability to recruit, retain and develop senior executives and other key individuals. At present, the organization is

adjusted for continued growth in line with the expansion plan. Additional key employees may be recruited in pace with the company's growth.

Financial instruments and risk management

Refer to Note 24 for further information about the Group's financial instruments and risk management.

Environmental information

Wind power is a clean and renewable energy source that has an environmental impact throughout the useful life of a turbine. Environmental impact under operation is primarily in the form of sound and shadow. Through its portfolio of wind power facilities, Rabbalshede Kraft operates a business that is licensable or notifiable under the Swedish Environmental Code. The company holds all necessary environmental permits. Where activities are notifiable, application is required under the Environmental Code for building permission to be granted.

In 2010, Rabbalshede Kraft secured ISO 9001 quality certification and ISO 14001 environmental certification.

Financing

Rabbalshede Kraft's goal is that the company's debt service coverage ratio will not fall below 1.25 and that the equity/assets ratio will be at least 40 percent. Bank loans totaled SEK 612 million (728) at December 31, 2017 and are all with Swedbank.

THE BOARD'S WORK

The Board of Directors comprises six members. During the 2017 fiscal year, the Board held 11 scheduled Board meetings. The Board of Directors has a written work plan and an instruction regulating the duties of the Board and the CEO. Accordingly, the Board's meetings and its work follow an agenda program, dedicated to securing the Board's need for information and control of business activities as well as the Group's organization.

CORPORATE GOVERNANCE REPORT

Rabbalshede Kraft aims to comply with the Swedish Corporate Governance Code (the Code).

EXPECTATIONS FOR FUTURE DEVELOPMENT

The assessment of the Board of Directors is that the company's future business activities under normal market conditions, meaning when electricity revenues are at historically average levels, will generate a cash flow that results in value growth for the shareholders. A substantial project portfolio has been built up comprising nearly 450 MW represented by some 10 wind farms in favorable wind locations across Sweden. In addition, the company has a pipeline of attractive projects in the market ready for construction; apart from the possibility of building from its own project portfolio, the company is also evaluating the possibility of acquiring permits in attractive locations from other players in the market.

Future capital requirements

If developments follow the predicted expansion plan, a natural need for fresh capital will arise in the future. Additional shareholders' equity in the company is required before a bank will grant any loans for new wind farms. This means that from time to time the need for cash and cash equivalents may be substantial. Accordingly, additional share issues may be carried out in parallel with the company continuing to sell existing and future wind farms in whole or in part. To date, Rabbalshede Kraft has secured financing for its expansion on an ongoing basis.

PROPOSAL FOR GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

Senior executives are defined as the group of individuals for which the company reports salaries and other benefits separately in accordance with Chapter 5, Section 20 of the first and third paragraphs of the Swedish Annual Accounts Act (1995:554), in other words, Board members, the CEO and all members of the company's management. The company's executive management is defined as the same group of individuals excluding Board members.

Fees for the Board of Directors

Board fees are resolved by the AGM acting on a proposal from the Nomination Committee.

Remuneration of the company's executive management

The Board proposes the following guidelines for setting remuneration and other benefits for the company's executive management. The guiding principle is to offer remuneration and other terms of employment for the company's executive management at competitive market rates in order to ensure that the company can attract and retain competent executives.

Salaries and other benefits: Remuneration of the company's executive management comprises a fixed salary and pension. The fixed salary is normally reviewed on an annual basis. In addition to fixed salary, variable salary may be paid under the condition that variable salary never exceeds 50 percent of the annual salary. Furthermore, the company's executive management is entitled to customary non-monetary benefits, such as company car and occupational health services. In addition to these benefits, company housing and other benefits may be offered in individual cases, but should only comprise a limited part of remuneration.

Pension: The company's executive management are offered defined-contribution pension agreements. Premiums correspond to the applicable premium provisions under ITP 1 at that time. Under the defined-contribution pension agreement, the pension amounts to the sum of paid-in premiums and any return on capital with no guaranteed pension level. Under the framework of the defined-contribution pension plan, there is no defined date for retirement.

Notice period and severance pay: Notice periods are limited to a maximum of one year if notice is served by

the company, and a maximum of one year if notice is served by the executive. When notice is served by the company, severance pay may be payable in an amount corresponding to a maximum of 12 months' salary less income earned from any other employer.

Incentive scheme: A resolution must be taken on share and share-price-based incentive schemes for the company's executive management by a general meeting.

Remuneration Committee: The Remuneration Committee appointed by the Board is tasked with preparing questions pertaining to remuneration policies, remuneration and other terms of employment for the company's executive management. Detailed policies for setting salaries, pensions and other benefits must comply with the established salary policy set by the Remuneration Committee for the company's executive management.

The Board is entitled to deviate from these guidelines if specific reasons to motivate this are found in individual cases. A disclosure must be made of any such deviation and its underlying reason reported at the next AGM. The above guidelines for remuneration for the Board and company management are unchanged from the 2011 fiscal year.

PROPOSED APPROPRIATION OF PROFITS

The following funds in SEK are at the disposal of the Annual General Meeting:

Share premium reserve	473,383,475
Retained earnings	162,981,059
Loss for the year	-194,495,097
Total	441,869,437

PROPOSED APPROPRIATION OF PROFITS

The Board of Directors proposes that unappropriated earnings and unrestricted reserves be appropriated as follows (SEK):

To be carried forward	-31,514,038
Share premium reserve	473,383,475
Total	441,869,437

For information regarding the earnings and financial position of the company, please refer to the following financial statements and balance sheets with accompanying notes.

CONSOLIDATED INCOME STATEMENT

KSEK	Note	Jan 1, 2017– Dec 31, 2017	Jan 1, 2016– Dec 31, 2016
Net sales	2	234,163	235,628
Other operating revenues	3	20,935	12,620
Total revenues		255,098	248,248
Personnel costs	4	-27,707	-17,929
Other external costs	3, 5	-94,773	-93,759
Other operating expenses		-957	-770
Profit from participations in Group companies	6	-	7,509
Depreciation, amortization and impairment of tangible and intangible fixed assets	7	-128,580	-99,036
Operating profit/loss		3,081	44,263
Financial income	8	4,362	2,337
Financial expenses	9	-107,557	-155,934
Loss before tax		-100,114	-109,334
Tax	10	-	6,974
Loss for the year		-100,114	-102,360
Of which attributable to non-controlling interests			
Earnings per share			
Average no. of shares before dilution, thousand		156,554	125,707
Average no. of shares after dilution, thousand		156,554	127,015
Earnings per share before dilution, SEK		-0.64	-0.81
Earnings per share after dilution, SEK		-0.64	-0.81

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KSEK	Jan 1, 2017– Dec 31, 2017	Jan 1, 2016– Dec 31, 2016
Loss for the year	-100,114	-102,360
Other comprehensive income:		
Items that can be reclassified to profit or loss when specific conditions have been met:		
Cash-flow hedges:		
Change in fair value	-1,980	-53,251
Reversals against profit or loss	21,520	32,841
Reversed to profit or loss	29,431	62,930
Transferred to cost of hedged item	-	-
Tax attributable to cash-flow hedges	-10,774	-9,354
Total	38,197	33,166
Items that will not be reclassified to profit or loss:		
Total items that will not be reclassified to profit or loss	-	-
Comprehensive income for the year	-61,917	-69,194
Of which attributable to non-controlling interests		

CONSOLIDATED BALANCE SHEET

KSEK	Note	Dec 31, 2017	Dec 31, 2016
Assets	24, 26, 27		
Intangible fixed assets	12	31,282	31,888
Tangible fixed assets	13	1,867,042	1,988,607
Deferred tax assets	10	48,516	59,290
Receivables from joint venture		108,226	108,226
Other long-term receivables	14, 30	15	15
Total fixed assets		2,055,081	2,188,026
Intangible current assets	15	9,639	4,897
Accounts receivable		2,837	4,061
Receivables from joint venture		6,602	2,273
Prepaid costs and accrued income	16	51,351	44,608
Other receivables	14, 21	8,028	8,254
Blocked bank funds		40,555	59,726
Cash and cash equivalents	32	27,788	43,933
Total current assets		146,800	167,752
Total assets		2,201,881	2,355,778
Shareholders' equity	17		
Share capital		800,543	761,063
Other capital contributions		515,948	399,527
Ongoing new share issue		-	-
Hedging reserve		-23,921	-62,118
Retained earnings including profit/loss for the year		3,206	-23,523
Shareholders' equity attributable to Parent Company's shareholders		1,295,776	1,074,949
Non-controlling interests	29	8	8
Total shareholders' equity		1,295,784	1,074,957
Liabilities	27		
Provisions – rehabilitation costs for wind turbines	19	7,365	6,981
Interest-bearing liabilities	20, 24	532,104	537,771
Derivatives	22	30,858	80,006
Other long-term liabilities	22	206,673	417,608
Total long-term liabilities		777,000	1,042,366
Accounts payable	24	12,103	15,525
Interest-bearing liabilities	20, 24	73,037	171,942
Other liabilities	21, 22	5,201	6,745
Accrued expenses and deferred income	23	38,756	44,243
Total current liabilities		129,097	238,455
Total liabilities		906,097	1,280,821
Total shareholders' equity and liabilities		2,201,881	2,355,778

See Note 27 for information about the Group's pledged assets and contingent liabilities.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS

KSEK	Note	Share capital	Other capital contributions	Ongoing new share issue	Hedging reserve	Retained earnings incl. comprehensive income for the year	Total shareholders' equity
Opening shareholders' equity, Jan. 1, 2016		748,249	399,527	304,665	-95,284	-212,019	1,145,138
Loss for the year		-	-	-	-	-102,360	-102,360
Other comprehensive income		-	-	-	33,166	-	33,166
Comprehensive income for the year		-	-	-	33,166	-102,360	-69,194
Total changes in equity excluding transactions with the company's owners		748,249	399,527	304,665	-62,118	-314,379	1,075,944
Transactions with the Group's owner							
New share issue		312,114	-	-312,114	-	-	-
Expenses attributable to the new share issue		-	-	9,551	-	-10,829	-1,278
Tax attributable to the issuance costs		-	-	-2,102	-	2,385	283
Reduction of share capital		-299,300	-	-	-	299,300	-
Closing shareholders' equity, Dec. 31, 2016		761,063	399,527	-	-62,118	-23,523	1,074,949
Opening shareholders' equity, Jan. 1, 2017		761,063	399,527	-	-62,118	-23,523	1,074,949
Loss for the year		-	-	-	-	-100,114	-100,114
Other comprehensive income		-	-	-	38,197	-	38,197
Comprehensive income for the year		-	-	-	38,197	-100,114	-61,917
Total changes in equity excluding transactions with the company's owners		761,063	399,527	-	-23,921	-123,637	1,013,032
Transactions with the Group's owner							
New share issue		166,323	116,427	-	-	-	282,750
Expenses attributable to the new share issue		-	-6	-	-	-	-6
Tax attributable to the issuance costs		-	-	-	-	-	-
Reduction of share capital		-126,844	-	-	-	126,844	-
Closing shareholders' equity, Dec. 31, 2017		800,543	515,948	-	-23,921	3,206	1,295,776

Holders of non-controlling interests hold only KSEK 8 and, accordingly, only a summary of changes in consolidated shareholders' equity attributable to Parent Company's shareholders is reported. The trend for non-controlling interests remained unchanged during the reporting period, January 1, 2016 to December 31, 2017.

Provisions consist of the fair value valuation of the derivatives that are included in the hedge accounting after tax effects, refer to Note 17.

CONSOLIDATED CASH-FLOW STATEMENT

KSEK	Note	Jan 1, 2017– Dec 31, 2017	Jan 1, 2016– Dec 31, 2016
Operating activities			
Loss before tax		-100,114	-109,334
Adjustment for non-cash items	32	142,084	97,221
Income tax paid		-	-
Cash flow from operating activities before changes in working capital		41,970	-12,113
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in intangible current assets		-4,742	2,840
Increase (-)/Decrease (+) in operating receivables		-8 510	-39,842
Increase (+)/Decrease (-) in operating liabilities		-10,454	10,124
Cash flow from changes in working capital		-23,706	-26,878
Cash flow from operating activities		18,264	-38,991
Investing activities			
Acquisition of intangible fixed assets, including advances		-207	-480
Acquisition of tangible fixed assets, including advances		-8,371	-41,275
Sale of tangible fixed assets		100	27,318
Divestment of subsidiaries, net of cash and cash equivalents	33	-	-49,016
Cash flow from investing activities		-8,478	-63,453
Financing activities			
New share issue		282,750	-
Issuance costs		-6	-1,278
Loans raised		650,037	417,608
Shareholder loans raised		15,203	417,608
Amortization of shareholder loans		-226,138	-
Amortization of loans		-766,949	-547,161
Changes in blocked funds		19,171	30,464
Cash flow from financing activities		-25,932	-80,367
Cash flow for the period		-16,146	-182,811
Cash and cash equivalents on the opening date		43,933	226,744
Cash and cash equivalents on the closing date		27,787	43,933
Blocked funds		40,555	59,726
Total cash and cash equivalents and blocked funds		68,342	103,659

PARENT COMPANY INCOME STATEMENT

KSEK	Note	Jan 1, 2017– Dec 31, 2017	Jan 1, 2016– Dec 31, 2016
Net sales	2	22,644	23,694
Other operating revenues	3	18,303	18,550
Total revenues		40,947	42,244
Personnel costs	4	-27,594	-18,075
Other external costs	5	-25,738	-26,220
Other operating expenses		-957	-
Depreciation, amortization and impairment of tangible and intangible fixed assets	7	-8,372	-17,602
Operating loss	25	-21,714	-19,653
Profit from participations in Group companies	6, 29	-159,252	-37
Interest income and similar items	8	4,394	2,354
Interest expense and similar items	9	-18,313	-21,934
Loss before tax		-194,885	-39,270
Appropriations		500	-
Loss before taxes		-194,385	-39,270
Tax	10	-110	-10,250
Loss for the year		-194,495	-49,520

PARENT COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

KSEK	Jan 1, 2017– Dec 31, 2017	Jan 1, 2016– Dec 31, 2016
Loss for the year	-194,495	-49,520
Total other comprehensive income	-	-
Comprehensive income for the year	-194,495	-49,520
Of which attributable to non-controlling interests	0	0

PARENT COMPANY BALANCE SHEET

KSEK	Note	Dec 31, 2017	Dec 31, 2016
Assets			
Fixed assets			
Intangible fixed assets	12	16,306	16,140
Tangible fixed assets	13	102,672	214,771
Financial fixed assets			
Share in Group companies	29	1,661,262	1,056,541
Share of joint venture	30	13	13
Receivables from joint venture		108,226	108,226
Other long-term receivables	14	15	15
Deferred tax assets	10	6,890	7,000
Total financial fixed assets		1,776,406	1,171,795
Total fixed assets		1,895,384	1,402,706
Current assets			
Intangible current assets	15	-	522
Accounts receivable		1,983	3,088
Receivables from Group companies		81	8,000
Other receivables	14	7,828	2,915
Prepaid costs and accrued income	16	9,220	3,547
Blocked bank funds		300	3,940
Cash and bank balances	32	4,312	6,160
Total current assets		23,724	28,172
Total assets		1,919,108	1,430,878

continued on the next page

Parent Company balance sheet, cont'd.

KSEK	Note	Dec 31, 2017	Dec 31, 2016
Shareholders' equity and liabilities			
Shareholders' equity	17, 18		
Restricted shareholders' equity			
Share capital		800,543	761,064
Unrestricted shareholders' equity			
Share premium reserve		473,383	356,961
Retained earnings		162,981	85,658
Loss for the year		-194,495	-49,520
Total shareholders' equity		1,242,412	1,154,163
Untaxed reserves	31	-	500
Liabilities			
Interest-bearing liabilities	20	210,723	217,438
Deferred tax liability	10	-	-
Total long-term liabilities		210,723	217,438
Current liabilities			
Interest-bearing liabilities	20, 24	675	33,697
Accounts payable		4,036	5,894
Other liabilities	22	461,262	1,236
Total current liabilities		465,973	58,772
Total shareholders' equity and liabilities		1,919,108	1,430,878

CHANGES IN PARENT COMPANY'S SHAREHOLDERS' EQUITY

KSEK	Restricted share- holders' equity		Unrestricted shareholders' equity			Total sharehold- ers' equity
	Share capital	Ongoing new share issue	Share premium reserve	Retained earnings	Comprehen- sive income for the year	
Opening shareholders' equity, Jan. 1, 2016	748,249	304,665	365,410	-9,378	-204,266	1,204,284
Appropriation of profits		-	-	-204,266	204,266	-
Comprehensive income for the year		-	-	-	-49,520	-49,520
Reduction of share capital	-299,300	-	-	299,300	-	-
Ongoing new share issue	312,115	-312,115	-	-	-	-
Expenses attributable to the new share issue		9,551	-10,830	-	-	-1,278
Tax attributable to the issuance costs		-2,102	2,382	-	-	281
Closing shareholders' equity, Dec. 31, 2016	761,064	-	356,962	85,657	-49,520	1,154,163
Opening shareholders' equity, Jan. 1, 2017	761,064	-	356,962	85,657	-49,520	1,154,163
Appropriation of profits	-	-	-	-49,520	49,520	-
Comprehensive income for the year	-	-	-	-	-194,495	-194,495
Reduction of share capital	-126,844	-	-	126,844	-	-
New share issue	166,323	-	116,427	-	-	282,750
Expenses attributable to the new share issue	-	-	-6	-	-	-6
Tax attributable to the issuance costs	-	-	-	-	-	-
Closing shareholders' equity, Dec. 31, 2017	800,543	-	473,383	162,981	-194,495	1,242,412

PARENT COMPANY CASH-FLOW STATEMENT

KSEK	Note	Jan 1, 2017– Dec 31, 2017	Jan 1, 2016– Dec 31, 2016
Operating activities			
Loss before tax and appropriations		-194,885	-39,270
Adjustment for non-cash items	32	168,740	10,002
Income tax paid		-	-
Cash flow from operating activities before changes in working capital		-26,145	-29,268
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in intangible current assets		522	39
Increase (-)/Decrease (+) in operating receivables		-454	-112,330
Increase (+)/Decrease (-) in operating liabilities		440,255	-577
Cash flow from changes in working capital		440,323	-111,714
Cash flow from operating activities		414,178	-140,982
Investing activities			
Acquisition of tangible fixed assets, including advances		-7,305	-38,863
Acquisition of intangible fixed assets, including advances		-207	-480
Divestment of intangible fixed assets		109,009	50,329
Shareholders' contributions paid		-763,973	-230,850
Cash flow from investing activities		-662,476	-219,864
Financing activities			
New share issue		282,750	-
Issuance costs		-6	-1,278
Loans raised		-	20,000
Change in shareholder's loan		13,923	192,750
Amortization of loans		-53,857	-48,867
Changes in blocked funds		3,640	2,715
Cash flow from financing activities		246,450	165,320
Cash flow for the year		-1,848	-195,526
Opening cash and cash equivalents		6,160	201,686
Closing cash and cash equivalents		4,312	6,160
Blocked cash funds		300	3,940
Total cash and cash equivalents and blocked funds		4,612	10,100

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Significant accounting policies

COMPLIANCE WITH STANDARDS AND LEGISLATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB). The Group has voluntarily chosen to apply the rules of the IFRS in accordance with Annual Accounts Act. In addition, the Swedish Financial Accounting Standards Council's recommendation RFR 1 Supplementary Accounting Rules for Groups is applied.

The Parent Company applies the same accounting policies as the Group except in cases listed below in the section "Parent Company accounting policies". The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors on March 27, 2018. The consolidated income statement and balance sheet, and the Parent Company's income statement and balance sheet will be presented to the Annual General Meeting on April 26, 2018 for adoption.

VALUATION BASIS APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS OF THE PARENT COMPANY AND GROUP

Assets and liabilities are recognized at historical cost, except for certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments.

FUNCTIONAL CURRENCY AND REPORTING CURRENCY

The Parent Company's functional currency is SEK, which is also the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded to the nearest thousand.

ASSUMPTIONS AND ESTIMATES IN THE FINANCIAL STATEMENTS

Preparing financial statements requires management to make assumptions, estimates and presumptions that affect the application of the accounting policies and the carrying amounts for assets, liabilities, revenue and expenses. The actual outcome may diverge from these estimates and assumptions.

Estimates and assumptions are reviewed regularly and revised when necessary. Changes in the estimates are recognized in the period they are made if this is the only period affected by the change, or in the period the changes are made and in future periods if they also affect future periods. For Rabbalshede Kraft, impairment testing of the Group's fixed assets comprises the area that requires a high degree of assumptions and where estimates are of material significance. Impairment testing of the Group's fixed assets uses revenue that is based on the average of a price curve from the forecasting agencies Pöyrys and Nena, which is converted to the balance-sheet date's EUR/SEK exchange rate. A price curve comprises infor-

mation on the electricity and certificate price trends, indicated as SEK per MWh for a given forecast period. If, for example, global economic conditions should take a considerable change for the worse following the reporting period, this could lead to an impairment requirement that is not reflected in the annual accounts. When testing ongoing projects among the Group's tangible fixed assets for impairment, the carrying amounts for the projects are compared with their respective market values. The market values are mainly based on quotations or information received from other market operators. Refer to Note 12 for further information.

Deferred tax assets are recognized to the extent that it is probable they will be used against future generated profits. The value of deferred tax assets is adjusted when it is no longer probable that they can be utilised. Refer to Note 10 for further information.

SIGNIFICANT ACCOUNTING POLICIES APPLIED

The accounting policies presented below have been applied consistently in all periods presented in the consolidated financial statements. The Group's accounting policies have also been applied consistently by the Group's companies.

Classification

Fixed assets and long-term liabilities essentially comprise amounts that are expected to be recovered or paid more than 12 months after the balance-sheet date.

Current assets and current liabilities mainly comprise amounts that are expected to be recovered or paid within 12 months of the balance-sheet date or where the liability is subject to terms that could require repayment of the debt within 12 months.

SEGMENT REPORTING

In accounting terms, an operating segment is an identifiable part of the Group that either provides goods or services, or provides goods or services within a particular economic environment that is exposed to risks and opportunities that differ from other segments. Since the Group's operations currently comprise the production of electricity in a limited geographic market, the Group as a whole is deemed to constitute an operating segment. Accordingly, no segment information is presented since it corresponds to the Group as a whole.

BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are companies over which Rabbalshede Kraft AB has a controlling influence. A controlling influence means an entitlement to a variable return from the involvement with the investee and the ability to exercise its power over the investee to affect the investor's returns. Acquisitions of subsidiaries are recognized using the pur-

chase method. An acquisition is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and takes over its liabilities and contingent liabilities. When an acquisition takes place, an acquisition analysis is performed, through which the cost is established for shares or the business, as well as the fair value of acquired identifiable assets, and assumed liabilities and contingent liabilities on the acquisition date. Amortized cost comprises the sum of the fair values on the acquisition date of assets acquired, arising or assumed liabilities, and for issued equity instruments submitted as payment in exchange for the acquired net assets. If in a business combination, the acquisition cost exceeds the fair value of acquired assets and assumed liabilities, as well as any contingent liabilities that are recognized separately, the difference is recognized as goodwill. When the difference is negative, this is recognized directly in profit or loss. The financial statements of subsidiaries are included in the consolidated financial statements as of the acquisition date until the date on which the control ceases.

Joint venture

Cooperation arrangements in the form of joint ventures are accounted as the equity method in the consolidated statements.

The shares in a joint venture are initially recognized as cost at the acquisition date and adjusted on an ongoing basis to the Group's share of the jointly controlled company's income adjusted for dividends, internal profits and depreciation of assets. The Group's share of earnings generated in the jointly controlled Company is recognized in the consolidated income statement. When the Group's holding is reduced to zero, additional losses and a liability are recognized, but only to the extent that the Group has incurred legal or constructive obligations or made payments on the joint venture company's behalf. If the joint venture company later reports profits, the Group returns to recognizing its share of those profits only when these total the same amount as the share of losses not recognized by the Group.

FOREIGN CURRENCIES

Transactions in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction date. Functional currency is the currency of the primary economic environment in which the entity operates. Monetary assets and liabilities in foreign currency are translated into the functional currency using the exchange rate prevailing on the balance sheet date. Exchange-rate differences arising on translation are recognized in profit or loss under net financial items. Exchange-rate differences on investments are capitalized in the balance sheet. Exchange-rate differences arising on business combinations are recognized in profit or loss. Exchange-rate differences from financial items are recognized under net financial items. Non-monetary assets and liabilities that are recognised at their historic cost are translated to the exchange rate at the date of the transaction.

REVENUES

Revenue primarily comprises sales of produced electricity, sales of electricity certificates and remeasurement of awarded electricity certificates. Other operating revenues primarily comprises payments for the sale of wind power projects, re-invoiced construction costs and the sale of asset management services.

Revenue from the sale of produced electricity is recognized in the period in which delivery is made. The unhedged portion of electricity produced is valued at the wind production hour (WPH) price from Nasdaq Commodities and the hedged portion is valued at the hedged price. Hedging is carried out using PPAs. Revenue from electricity sales is recognized as accrued revenue in the balance sheet until payment has been received.

Revenue regarding awarded electricity certificates and guarantees of origin (GoO) are recognized in the period in which the delivery of electricity based on certificates or GoO occurred. Electricity certificates and GoO are recognized in the balance sheet as intangible assets when they are registered in the Swedish Energy Agency's account and recognized as accrued revenue provided that they have been earned but not yet registered. Other revenue from sales of wind turbines is recognized during the period in which the purchaser acquires the wind turbines.

LEASES

Leased assets

Lease agreements are classified in the consolidated financial statements either as finance leases or operating leases. A finance lease substantially transfers the economic risks and rewards associated with ownership to the lessee; any other case is an operating lease.

Assets under a finance lease agreement are recognized as assets in the consolidated balance sheet. The obligation to pay future lease payments is recognised as either long-term or current liabilities. Leased assets are depreciated on a straight-line basis over the leasing period or useful life, whichever is shorter, while leasing payments are recognised as interest payments and debt amortisation.

Costs for operating leases are recognised in profit or loss for the year on a straight-line basis over the term of the lease. Benefits received in connection with signing an agreement are recognized in profit or loss as a reduction of the lease payment on a straight-line basis across the duration of the leasing agreement. Variable fees are expensed in the period in which they were incurred.

FINANCIAL INCOME AND EXPENSES

Financial income comprises interest income and exchange-rate gains and divestments of financial instruments. Interest income on financial instruments is recognized in accordance with the effective interest-rate method. Gains on the disposal of a financial instrument are recognised when the risks and benefits associated with owning the instrument are transferred to the buyer and the Group no longer controls the instrument.

Financial expenses primarily comprise interest expenses for loans, interest derivatives and other financial expenses. Borrowing costs are recognized in profit or loss applying the effective interest-rate method. Borrowing

costs during construction are included in the asset's cost.

Exchange-rate gains and exchange-rate losses are recognised at gross amounts. The effective interest rate is the rate used to discount estimated future cash payments or receipts during the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. The calculation includes all fees paid or received by contractual parties that are an integral part of the effective interest rate, transaction costs and all other fair value adjustments.

TAX

Income tax comprises current and deferred tax. Income tax is recognized in profit and loss, except when the underlying transaction is recognized directly against shareholders' equity or as other comprehensive income, at which time the related tax effect is recognized in shareholders' equity or other comprehensive income.

Current tax comprises tax that is to be paid or received in the current year, with the application of the tax rates that have been decided or decided in practice on the balance-sheet date. Current tax also includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated in accordance with the balancesheet method, proceeding from the temporary differences existing between the carrying amounts and tax bases of assets and liabilities. Temporary differences are not considered when they arise from the initial recognition of goodwill or from initial recognition of assets and liabilities in a transaction that is not a business acquisition and that affect neither recognized nor taxable earnings at the time of the transaction. Nor are temporary differences attributable to shares in subsidiaries or associated companies that are not expected to be reversed in the foreseeable future taken into consideration. Measurement of deferred tax is based on how the carrying amount of underlying assets or liabilities is expected to be recovered or settled.

Deferred tax is calculated using the tax rates and regulations enacted or substantially enacted at the balance-sheet date. Deferred tax assets relating to deductible temporary differences and loss carryforwards are recognized only insofar as it is probable that they can be utilized. The value of deferred tax assets is adjusted when it is no longer probable that they can be utilised.

FINANCIAL ASSETS AND LIABILITIES

Financial instruments recognized in the balance sheet include, on the assets side, cash and cash equivalents, loans and accounts receivable, as well as derivatives with a positive fair value. The liabilities side includes accounts payable and loan payables, as well as derivatives with a negative fair value. At inception, financial instruments are recognized at a cost corresponding to the instrument's fair value, including direct transaction costs for all financial instruments except those belonging to the category; financial assets measured at fair value in profit or loss and all derivatives, which are recognized at fair value less transaction costs.

Recognition in and derecognition from the balance sheet

A financial asset or financial liability is recognized in the balance sheet when the company becomes a party to the instrument's contractual terms and conditions. Accounts receivable are recognized in the balance sheet when invoices have been sent. A liability is recognised when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not been received. Accounts payable are recognized when an invoice has been received.

A financial asset is derecognized from the balance sheet when the rights inherent in the agreement are realized or expire or if the company loses control over them. The same applies to a portion of a financial asset. A financial liability is removed from the balance sheet when the obligation arising from the agreement has been met or is extinguished for other reasons. The same applies to a portion of a financial liability.

A financial asset and a financial liability are offset and recognized in a net amount in the balance sheet only when there is a legal right to offset the amounts and there is an intention to settle the items in a net amount or to simultaneously realize the asset and settle the liability.

Acquisitions and sales of financial assets are recognized at the transaction date, which is the date when the company commits to acquire or sell the asset.

Classification and measurement

A non-derivative financial instrument is initially recognized at cost, which corresponds to the instrument's fair value including direct transaction costs for all financial instruments except those belonging to the category financial assets measured at fair value in profit or loss, which are recognized at fair value excluding transaction costs. When entered for the first time, a financial instrument is classified on the basis of the purpose for which the instrument was acquired. This classification determines how the financial instrument is measured following the first reporting occasion.

At inception, derivative instruments are recognized at fair value. This means that transaction costs are charged to profit or loss for the year. The main rule is that these financial instruments are recognized on an ongoing basis in profit or loss at fair value unless hedge accounting is applied. Where derivative instruments are used for hedge accounting and, insofar as this is efficient, changes in the value of derivative instruments are recognized on the same line as the hedged item in profit or loss if it pertains to fair-value indexing. Increases and decreases in the value of derivatives are recognized in profit or loss as income and expenses, respectively, or under net financial items based on the purpose of the holding. Refer also to the heading below, "Derivative instruments and hedge accounting."

Cash and cash equivalents comprise cash and immediately available balances in banks and corresponding institutes, as well as short-term investments with a maturity, from the time of acquisition, of less than three months, and which are exposed to a minimal risk of fluctuations in value. Blocked funds are recognised under the item blocked liquid bank funds in the balance sheet.

Financial assets at fair value through profit or loss

This category consists of two subcategories: financial assets held for trading and other financial assets that the company initially chooses to put in this category (according to the Fair Value Option). Financial instruments in this category are measured continuously at fair value, and the changes in value are recognized in profit or loss during the period in which they arise. The first sub-category includes derivatives with positive fair values. The contractual changes in value are recognized as financial income. In the balance sheet, derivatives are recognized as other current receivables and other long-term receivables, depending on the duration of the agreement.

Loan receivables and accounts receivable

Loan receivables and accounts receivable are non-derivative financial assets with payments that are fixed or can be determined and that are not listed on an active market. These assets are measured at amortized cost. Amortized cost is determined based on the effective rate calculated on the acquisition date. Accounts receivable are recognized at the amounts expected to be received, that is, after deductions for doubtful receivables.

Financial liabilities at fair value through profit or loss

This category consists of two subcategories: financial liabilities held for trading and other financial liabilities that the company chooses to put in this category (according to the Fair Value Option); refer to above description under "Financial assets measured at fair value through profit or loss." The first category includes the Group's derivatives with negative fair values. Changes in fair value are recognized in profit or loss under the period in which they arise. Based on the purpose of the agreement, changes in value are recognized either in operating profit/loss or as a financial expense. In the balance sheet, derivatives are recognized as other current liabilities and other long-term liabilities, depending on the duration of the agreement.

Other financial liabilities

Loans and other financial liabilities, such as accounts payable, are included in this category. Liabilities are measured at amortised cost.

Impairment of financial assets and liabilities

On each reporting occasion, the company assesses whether there is objective evidence of impairment of a financial asset or group of assets. Objective evidence comprises observable circumstances that have occurred and that have a negative impact on the possibility of recovering the cost. Rabbalshede Kraft receives objective evidence of any impairment of financial assets through credit-assessment reports on borrowers provided by external parties. Unforthcoming interest rates or a lack of ongoing communication from the borrower may constitute an indication that such a report should be ordered.

Impairment of accounts receivable is recognized as an expense in profit or loss.

DERIVATIVES AND HEDGE ACCOUNTING

The Group's derivative instruments have been acquired to financially hedge risks associated with interest-rate exposure, and with the selling price or currency exchange rates to which the Group is subject. At inception, deriva-

tive instruments are recognized at fair value, entailing that transaction expenses are charged against profit or loss for the year. After initial recognition, derivative instruments are measured at fair value and changes in value are reported in the manner described below. Derivative instruments are recognized in the balance sheet as current receivables and liabilities, or as long-term receivables and liabilities, depending on the duration of the agreement.

To meet the requirements for hedge accounting in accordance with IAS 39, a documented connection with the hedged item is required. It is also required that the hedge effectively protects the hedged item, that hedge documentation is prepared and that the effectiveness can be measured. Gains and losses pertaining to hedges are recognized in profit or loss at the same date that the gains or losses are recognized for the hedged items. Derivative instruments are used to hedge interest-rate risk, future cash flows from the sale of electricity (where the derivative is settled in cash) and for the hedging of purchases of wind turbines in foreign currencies. Interest-rate swaps are used to hedge future interest-rate flows pertaining to loans borrowed at variable interest rates. Interest-rate swaps are measured at fair value in the balance sheet. The interest coupon portion is recognized continuously in profit or loss as interest income or interest expense. Other changes in the value of interest-rate swaps are recognized as other comprehensive income until the time when the hedged item impacts profit or loss and as long as the criteria for hedge accounting are fulfilled and the hedged is deemed to be efficient. The gain or loss attributable to any ineffective portion is recognized in profit or loss.

Cash-flow hedging is applied to derivative instruments and electricity futures that are used for the hedging of future electricity sales. Electricity agreements mainly consist of PPA and EPA contracts (refer to glossary on page 75) that are also used to hedge electricity prices and that are not settled in cash but through physical deliveries, which is why these agreements are not included under hedge accounting. A few electricity futures are settled in cash, which means that they are recognized as financial derivative instruments in accordance with IAS 39.

Cash-settled electricity futures are recognized at fair value in the balance sheet. Changes in value are recognized in other comprehensive income until the time when the hedged flow impacts recognized profit/loss, at which time the hedge instrument's accumulated changes in value (which are recognized under other comprehensive income) are transferred to profit or loss in order to match the effects of the hedged transaction. For example, if the interest rate has been hedged at 3 percent using a derivative, this means that if the market interest rate during the interest period is 2 percent, the company will need to pay a further 1 percent in interest to the derivative counterparty. This takes place long as the criteria for hedge accounting are fulfilled and the hedge is deemed to be efficient. The gain or loss attributable to the ineffective portion is recognized in profit or loss.

The currency forward contracts that are used to hedge future cash flows, pertaining to forecast purchases of wind turbines in foreign currencies, are recognized at fair value in the balance sheet. Changes in value are recog-

nized in other comprehensive income until the time when the hedged flow impacts profit or loss, at which time the hedge instrument's accumulated changes in value are transferred to tangible fixed assets. This takes place as long as the criteria for hedge accounting are fulfilled and the hedge is deemed to be efficient. The gain or loss attributable to the ineffective portion of the ongoing hedge, where hedge accounting is applied, is recognized in profit or loss.

If hedge accounting in the above case is terminated due to the forecast flows no longer being probable or because transactions will not occur, the items in comprehensive income will be transferred to profit/loss for the year.

TANGIBLE FIXED ASSETS

Owned assets

In the Group, tangible fixed assets are recognized at cost, less accumulated depreciation and any impairment. Cost includes the purchase price, a reasonable share of indirect costs and expenses directly attributable to bringing the asset to where it belongs and in the condition required for it to be used in accordance with the aim of the purchase. When calculating each asset's depreciable amount, consideration is given to the asset's potential residual value. The estimated residual value and applied useful life are continuously reviewed and recognition adjusted to the extent necessary.

In the event that tangible fixed assets comprise components that are significant in relation to the entire asset's value, these are processed separately. Each component is recognized and amortized in accordance with individual depreciation schedules. In the case of Rabbalshede Kraft, differences in the useful life of components may vary between three and 25 years.

The carrying amount of a tangible fixed asset is derecognized from the balance sheet when the asset is scrapped or divested, or when no future financial benefits are expected from the use or scrapping/divestment of the asset. Gains or losses arising from the divestment or scrapping of an asset comprise the difference between the selling price and the asset's carrying amount, less direct selling costs. Capital gains are recognised as other operating income and Capital losses are recognised as other expenses.

Leased assets

Financial leasing agreements, whereby the Group essentially assumes all of the risks and benefits associated with ownership of the leased item, are recognized in the balance sheet at the fair value of the leased property or, if the value is lower, at the present value of minimum lease payments. Lease payments are divided between financing costs and amortization of rents payable. Financially leased assets are depreciated over the expected useful life. Leasing agreements whereby the lessor essentially retains all of the risks and benefits of ownership are classified as operating leases. Leasing fees are expensed on a straight-line basis in profit or loss during the lease term. The Group has both operating and financial leasing agreements.

Additional expenses

Additional expenses are added to the cost only if it is probable that the future financial benefits associated with the asset will accrue to the company and the cost can be reliably calculated. All other additional expenses are expensed in the period they are incurred. An additional expense is added to the cost if the expense pertains to the replacement of identified components or parts thereof. The expense is also activated in cases where new components are created. Any remaining carrying amounts for replaced components, or parts of components, are retired and recognized in conjunction with the exchange. Repairs are expensed on a current account basis.

Borrowing costs

Borrowing costs directly attributable to the purchase, construction or production of assets that take a considerable amount of time to complete for their intended use or sale are included in the asset's cost. Interest expenses are capitalized during the construction phase.

Amortization policies

Depreciation is applied on a straight-line basis over the estimated useful life of assets, while ongoing planning is not amortized. The Group applies component depreciation, which means that the components' estimated useful life provides the basis for the depreciation. However, the useful lives for all components of the wind turbines, foundations and electrical installations are deemed to be the same, which is why there is no further division.

The applied useful lives of the assets are:

- Tower, foundation, roads 30 years
- Rotor blades 25 years
- Transmission case 13 years
- Generator 15 years
- Buildings and land improvements, 20–25 years
- Equipment, tools, fixtures and fittings 3–5 years

INTANGIBLE ASSETS

Leasehold agreements

Intangible assets acquired by the Group take the form of leasehold agreements that are recognized at their respective cost, less accumulated amortization and impairment losses.

Other intangible assets

Other intangible assets comprise acquired computer software and received electricity certificates and guarantees of origin (GoO). A certificate system is in place for the purpose of promoting the use of renewable electricity. Facilities affected by these systems receive certificates, free of charge, in pace with the generation of electricity that qualifies under the scheme. Received electricity certificates are registered in accounts maintained by the Swedish Energy Agency. Electricity certificates are recognized as intangible current assets in the balance sheet of the Rabbalshede Kraft Group. Whenever certificates are awarded, they are measured at the fair value on the date of receipt and on the balance-sheet date. The Group recognizes electricity certificates and their remeasurement as net sales. In connection with measurement, historical daily prices are provided by Svensk Kraftmäklings.

Amortisation/depreciation policies

Amortization is recognized on a straight-line basis in profit or loss over the estimated useful life of the intangible asset. Useful lives are reviewed at least on an annual basis. Intangible assets with determinable useful lives are amortized as from the date the asset is available for use.

The applied useful lives of the assets are:

- Leasehold agreements, 25 years
- Software, 5 years

Impairment of tangible and intangible assets

If there is an indication of an impairment requirement, the recoverable amount of the asset is calculated (see below). If it is not possible to determine essentially independent cash flows for an individual asset and its fair value less selling expenses cannot be used for impairment testing, the assets are to be grouped at the lowest level at which it is possible to identify essentially independent cash flows – this is known as a cash-generating unit (CGU). An impairment loss is recognized when the carrying amount of an asset or CGU exceeds the recoverable amount. An impairment loss is recognised as an expense in profit or loss. Impairment of assets identified for a CGU is distributed proportionally between other assets included in the unit.

The recoverable amount is the higher of the fair value minus selling costs and value in use. When calculating the value in use, future cash flows are discounted using a discount factor taking into account risk-free interest and the risk associated with the specific asset.

Reversal of impairment losses

An asset's impairment loss is reversed if there is an indication that impairment no longer exists and also that a change has occurred in the assumptions on which the estimate of recoverable value was based. A reversal is only performed to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognised, minus appropriate depreciation, if no impairment loss had been recognised.

INVENTORY

To the extent that any inventory exists, these are recognised in accordance with the lowest value principle and the first-in-first-out method (FIFO).

SHAREHOLDERS' EQUITY

Dividends are recognized as liabilities after the Annual General Meeting has approved the dividend.

EMPLOYEE BENEFITS

Defined-contribution pension plans

The company has only defined-contribution pension plans in its operations. Plans in which the company's obligation is limited to the contributions that the company undertakes to pay are classified as defined-contribution pension plans. In such cases, the amount of the employee's pension depends on the contributions that the company pays to the plan or to an insurance company and the return generated by the contribution. Accordingly, it is the employee who bears the actuarial risk (that the payment will be lower than expected) and the investment risk (that

the investment assets will be inadequate to provide the expected benefits). The company's obligation regarding contributions to defined-contribution plans are recognised as an expense in profit and loss at the rate in which they are earned by employees performing services for the company during a period.

Remuneration for termination of employment

A provision is recognized in connection with termination of employment only if the company is clearly obligated, without a realistic possibility of reversal, to a formal and detailed plan to terminate employment before the normal time. When a termination benefit is offered to encourage voluntary redundancy, a cost is recognized if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Short-term remuneration

Short-term benefits to employees are calculated without discounting and are recognized as a cost when the related services are received.

A provision is recognized for the anticipated cost of profit-share and bonus payments when the Group has a valid legal or informal duty to make such payments as a result of services received from employees and when the obligation can be reliably calculated.

PROVISIONS

The agreements and obtained permits are subject to requirements regarding the restoration of land following the expiry of leasehold terms and cessation of production by wind-power plants. This entails an obligation to dismount and remove all facilities, buildings and pipelines. The Company recognizes a provision under Long-term liabilities: Provisions, and this has been discounted to present value.

CONTINGENT LIABILITIES

A contingent liability is recognized when a possible obligation arising from past events exists whose existence will only be confirmed by one or more uncertain future events or when there is an obligation that is not recognized as a liability or provision since it is not probable that an outflow of resources will be required (see above). Refer to Note 27 for further information.

EARNINGS PER SHARE

The calculation of earnings per share is based on the Group's net profit for the year attributable to Parent Company shareholders and on the weighted average number of shares outstanding during the year. In calculating earnings per share after dilution, the earnings and average number of shares are adjusted to take into account the effects of potentially diluting ordinary shares, which derive from issued shares and options distributed to employees during the reported periods. Dilution from options impacts the number of shares and occurs only when the exercise price is lower than the market price. The larger the difference between the exercise and market price, the greater the dilution.

PARENT COMPANY ACCOUNTING POLICIES

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Statements issued by the Swedish Financial Reporting Board's emergency group are also applied. RFR 2 means that the Parent Company, in the annual accounts for legal entities, will apply all EU-approved IFRS and statements, as far as possible, within the framework of the Annual Accounts Act, the Swedish Pension Obligations Vesting Act and taking into account the connection between accounting and taxation. The recommendation specifies the exceptions and supplements that should be applied in relation to IFRS. The accounting policies for the Parent Company stated below have been consistently applied in all periods presented in the financial statements of the Parent Company.

Subsidiaries

Shares in subsidiaries are recognised in the Parent Company in accordance with the acquisition-value method. Only dividends received are recognised as revenue.

Financial instruments

The rules regarding financial instruments in IAS 39 are not applied in the Parent Company as a legal entity.

Financial fixed assets in the Parent Company are measured in accordance with the cost method, which means that they are measured at acquisition cost minus any impairment losses and financial current assets, in accordance with the lowest-value principle. Hedge accounting is not applied in the Parent Company.

Anticipated dividends

Anticipated dividends from subsidiaries are recognized in cases where the Parent Company has sole rights to decide on the size of the dividend and the Parent Company has passed a resolution on the size of the dividend prior to the Parent Company publishing its financial statements.

Tax

In the Parent Company, untaxed reserves including deferred tax liability are recognized. However, in the consolidated financial statements, untaxed reserves are divided into deferred tax liability and equity.

AMENDED ACCOUNTING POLICIES

Changes to existing standards

None of the amendments and interpretations of existing standards that are to be applied as of the fiscal year beginning on January 1, 2017 have any material impact on the financial reporting of the Group. A number of new and amended IFRS are yet to come into effect and have not been applied in advance when preparing the Group's and Parent Company's financial reports. The following sections describe the IFRS that may impact the Group's financial reporting. None of the other new standards, amended standards or IFRIC interpretations published by the IASB are expected to have any material impact on the Group's financial reporting.

IFRS 9 Financial Instruments

IFRS 9 comprises the reporting of financial assets and liabilities and replaces IAS 39 Financial instruments: Recognition and Measurement. Similarly to IAS 39, financial assets are classified under different categories, of which some are measured at amortized cost and others at fair value. IFRS 9 introduces new categories that do not exist under IAS 39. IFRS 9 also introduces a new model for the impairment of financial assets. The purpose of the new model includes the reporting of credit losses at an earlier stage than under IAS 39. IFRS 9 essentially corresponds to IAS 39 in terms of financial liabilities. However, for liabilities recognized at fair value, the portion of the change in fair value that is attributable to the company's own credit risks is recognized under other comprehensive income instead of profit or loss, provided that this does not cause inconsistencies in reporting. The amended criteria for hedge accounting may result in more financial hedging strategies meeting the requirements on hedge accounting under IFRS 9 than under IAS 39. IFRS 9 comes into effect on January 1, 2018. However, the EU has yet to adopt the standard. IFRS 9 has had no impact on Rabbalshede Kraft's consolidated financial statements for 2017.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces all of the prior published standards and interpretations pertaining to revenue through a collective model for revenue recognition. The standard is based on the principle that revenue is to be recognized when promised goods or services are transferred to the customer, i.e. when the customer has obtained control of the said goods or services. This may occur over time or at a specific point in time. IFRS 15 comes into effect on January 1, 2018. The standard for IFRS 15 has had no impact on Rabbalshede Kraft's consolidated financial statements for 2017.

IFRS 16 Leases

IFRS 16 replaces IAS 17 as of January 1, 2019. Under new standard, most leased assets are to be recognized in the balance sheet. The EU is yet to indicate an expected date for adopting the standard. No assessment has been performed on the impacts of the standard.

Changes to Swedish regulatory framework

No significant changes affecting the Parent Company or the Group.

Note 2 Net sales

KSEK	Group		Parent Company	
	2017	2016	2017	2016
Income per significant income category				
Sale of electricity	158,602	154,533	9,105	10,441
Income from electricity certificates	70,740	76,937	4,280	5,437
Income from guarantees of origin	4,821	4,158	30	63
Other income from Group companies	-	-	9,229	7,753
Total	234,163	235,628	22,644	23,694

The Group's sale of electricity in 2017 totaled 509,535 MWh (500,247). Other income from Group companies consists of planning services, operation and maintenance services, as well as administrative services.

Note 3 Other operating income

KSEK	Group		Parent Company	
	2017	2016	2017	2016
Technical and financial management	8,612	5,804	7,262	4,706
Reinvoiced costs	760	700	285	-
Gain on sales of wind farms	-	250	-	7,796
Services within project planning	10,762	5,940	10,762	5,940
Other	801	-74	-6	108
Total	20,935	12,620	18,303	18,550

Reinvoiced construction costs totaling KSEK 760 (700) are included as a cost under other external costs.

Note 4 Employees, personnel expenses and remuneration of senior executives

Average number of employees

	2017		2016	
	Percentage of women/men, %		Percentage of women/men, %	
Parent Company	28	36/64	25	36/64
Subsidiaries	-	-	-	-
Group total	28	36/64	25	36/64

Distribution of company management by gender	2017	2016
	Percentage of women/men, %	Percentage of women/men, %
Parent Company		
Board of Directors	14/86	14/86
Other senior executives	25/75	20/80
Group total		
Board of Directors	14/86	14/86

Note 4 Employees, personnel expenses and remuneration of senior executives, cont.

Other senior executives	25/75	20/80
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Salaries and other remuneration distributed between members of the Board/senior executives and other employees, as well as social security expenses.

KSEK	2017			2016		
	Board of Directors/ Senior executives (13 persons)	Other employees	Total	Board of Directors/ Senior executives (12 persons)	Other employees	Total
Parent Company						
Sweden	9,034	9,812	18,846	5,211	9,599	14,810
(of which, bonus, etc.)	-	-	-	-	-	-
Social security expenses	4,599	4,736	9,335	2,967	4,200	7,167
of which, pension costs	1,822	963	2,785	1,122	842	1,964
Group						
Sweden	9,034	9,812	18,846	5,211	9,599	14,810
(of which, bonus, etc.)	-	-	-	-	-	-
Pension costs	1,822	963	2,785	1,122	842	1,964

All of the employees are in the Parent Company, and consequently, the Parent Company and the Group's payroll expenses are the same.

Remuneration to senior executives

A fixed monthly salary is paid to senior executives. All of the pension plans in the Group are defined-contribution plans. For senior executives, with the exception of the Board of Directors, a defined-contribution pension agreement is paid into. Premiums correspond to the applicable premium provisions under ITP 1 at that time.

Remuneration and other benefits, Parent Company, 2017

KSEK	Basic salary/ Board fee	Other remuneration and benefits	Pension cost	Total
Karl-Erling Trogen, Chairman of the Board, retiring 2017	59	-	-	59
Bertil Villard, Chairman of the Board	438	-	-	438
Karin Kronstam Board member	118	-	-	118
Reine Rosén Board member	75	-	-	75
Jean Baptiste Oldenhove, Board member	62	-	-	62
Jérôme David, Board member	62	-	-	62
Mads Miltersen, CEO	1,271	38	341	1,650
Thomas Linnard, retiring CEO	3,209	-	1,078	4,287
Other senior executives (6 individuals)	3,740	175	652	3,371
Total	9,034	213	2,071	10,122

Remuneration and other benefits, Parent Company, 2016

KSEK	Basic salary/ Board fee	Other remuneration and benefits	Pension cost	Total
Karl-Erling Trogen, Chairman of the Board	350	-	-	350
Karin Kronstam Board member	83	-	-	83
Reine Rosén Board member	62	-	-	62
Anders Strålmán, Board member	52	-	-	52
Jean Baptiste Oldenhove, Board member	88	-	-	88

Note 4 Employees, personnel expenses and remuneration of senior executives (cont'd)

Jérôme David, Board Member	75	-	-	75
Matthieu Antoine Henry Baumgartner, Board Member	75	-	-	75
Thomas Linnard, Managing Director and CEO	1,095	61	654	1,810
Other senior executives (4 individuals)	3,332	173	469	3,974
Total	5,212	234	1,122	6,569

Notice period and severance pay

A mutual notice of termination of 12 months applies between the company and CEO. Upon termination from the company's side, the CEO is entitled to remuneration that may correspond to a maximum of 12 months' salary. Acting CEO has one month upon termination from the company's side.

Defined-contribution pension plans

There are only defined-contribution pension plans in the Group that are completely paid by the companies. The plans are paid into continuously, according to the rules of each plan.

KSEK	Group		Parent Company	
	2017	2016	2017	2016
Costs for defined-contribution pension plans	2,785	1,964	2,785	1,964

Specification of personnel costs

KSEK	Group		Parent Company	
	2017	2016	2017	2016
Personnel costs				
Personnel costs	29,197	22,437	29,197	22,437
Capitalised planning personnel	-1,490	-3,324	-1,490	-3,177
Capitalised personnel in management and administration	-	-1,184	-	-1,185
Total	27,707	17,929	27,707	18,075

The company capitalizes all personnel costs for planning personnel in ongoing projects. Personnel costs for management/administration (overhead fees) are capitalized at an appropriate percentage for projects that are approved or in the construction phase, and the remaining costs impact earnings.

Note 5 Other external costs

Specification of other external costs

KSEK	Group		Parent Company	
	2017	2016	2017	2016
Other external costs				
Other external costs	94,117	95,384	25,839	28,504
Reinvoiced costs	1,045	700	285	-
Capitalised other external costs	-389	-2,325	-386	-2,284
Total	94,773	93,759	25,738	26,220

The Company capitalizes all other external expenses for project-planning personnel in ongoing projects. Other external costs for management/administration (overhead fees) are capitalized at an appropriate percentage for projects in an approved or construction phase, and the remaining costs impact earnings.

Fees and cost reimbursement paid to auditors

KSEK	Group		Parent Company	
	2017	2016	2017	2016
KPMG (Ernst & Young)				
Auditing assignments	912	1,001	579	800
Tax advice	110	365	110	365
Other services	269	413	269	413
Total	1,291	1,779	958	1,578

Note 6 Profit from shares in Group companies

KSEK	Group*		Parent Company**	
	2017	2016	2017	2016
Profit on sale of shares in Group companies	-	7,509	-	-37
Total	-	7,509	-	-37

In 2016, 75 percent of the shares in Lyrestad Holding AB were sold (refer to Notes 29 and 30). The sale price totaled EUR 1, equivalent to SEK 10.

* 100 percent of the shares are seen as divested and the remaining shares are valued as fair value. The consolidated value was approximately KSEK -7,509. Sale price SEK 0, the remaining shares are valued at fair value KSEK 0.

** Book share values KSEK 50. Sale price SEK 0. Loss on disposal (75%) KSEK 37.

Note 7 Depreciation, amortization and impairment of tangible and intangible fixed assets

KSEK	Group		Parent Company	
	2017	2016	2017	2016
Intangible fixed assets:				
Leasehold agreements	723	1,040	-	-
Computer software	91	-	41	770
Tangible fixed assets:				
Wind turbines, foundations and electrical installations	111,605	87,990	6,441	7,026
Buildings and land improvements	526	530	426	430
Equipment, tools, fixtures and fittings	849	920	687	812
Project costs	26,743	15,188	6,897	15,188
Project impairment	-	5,810	-	5,810
Reversal of previous impairments/Project impairment	-11,645	-11,919	-5810	-11,919
Capitalised depreciation/amortisation	-311	-523	-311	-515
Total	128,581	99,036	8,371	17,602

Note 8 Financial income

KSEK	2017	2016
Group		
Interest income	4,362	2,337
Financial income	4,362	2,337
Parent Company		
Interest income	4,329	2,226

Interest income, Group companies	65	128
Financial income	4,394	2,354

Interest income for both the Group and the Parent Company are attributable to receivables measured at amortised cost.

Note 9 Financial expenses

KSEK	2017	2016
Group		
Interest expenses	40,773	58,832
Interest expense, shareholder loans	15,203	17,608
Other financial expenses	19,655	16,564
Early termination of interest rate swaps	31,926	62,930
Financial expense	107,557	155,934
Parent Company		
Interest expenses	1,784	3,919
Interest expense, shareholder loans	13,923	7,750
Other financial expenses	110	7,890
Early termination of interest rate swaps	2,496	2,375
Financial expense	18,313	21,934

Of the Group's interest expenses, KSEK 21,748 (25,991) pertains to interest attributable to liabilities measured at amortised cost. The corresponding amount for the Parent Company was KSEK 920 (2,052). Remaining interest expenses pertain to current interest attributable to the Group's interest derivatives.

Note 10 Tax

Recognized in profit or loss	Group		Parent Company	
KSEK	2017	2016	2017	2016
Current tax cost (-)/tax revenue(+)	-	8,318	-110	-8,906
Deferred tax regarding temporary differences	-	-1,344	-	-1,344
Total tax	-	6,974	-110	-10,250
Reconciliation of effective tax	Group		Parent Company	
KSEK	2017	2016	2017	2016
Loss before taxes	-100,114	-109,334	-194,885	-39,270
Tax according to applicable tax rate for the Parent Company, 22%	22,025	24,053	42,765	8,639
Tax effects of non-deductible expenses	-175	-76	-35,744	-22
Tax effects of non-taxable revenues	369	2	23	1
Temporary differences	-644	306	-896	170
Reversal of previously capitalized loss	1,284	-	1,278	-8,616
Other deductible expenses	644	-326	-	-293
Uncapitalized loss carryforwards	-23,503	-16,985	-8,322	-10,129
Recognised effective tax	-	6,974	-110	-10,250

Note 10 Tax (cont'd)

RECOGNIZED IN THE BALANCE SHEET

CHANGE IN DEFERRED TAX IN TEMPORARY DIFFERENCES AND LOSS CARRYFORWARDS

Deferred tax assets and liabilities are attributable to the following:

Group	Closing balance at January 1, 2017	Deferred tax assets	Deferred tax liability	Net balance	Recognized in profit/loss for the year	Recognized in Other comprehensive income	Closing balance at Dec 31, 2017	Deferred tax assets	Deferred tax liability	Net balance
KSEK										
Intangible assets	-	-	-7,148	-7,148	-224	-	-	-	-6,606	
Currency derivatives	-	-				-	-			
Interest derivatives	17,602			17,602	39	10,774	6,789			
Capitalised exchange-rate gains			-2,606	-2,606	-127	-			-2,479	
Untaxed reserves			-7,359	-7,359		-			-7,249	
Capitalised Group interest	84			84	8	-	76			
Internal profits	933		-	933	71	-	862		-	
Provisions for rehabilitation	138		-	138	27	-	111		-	
Capitalized loss carryforwards	86,368		-	56,368	-754	-	57,012		-	
Tax regarding issuance costs			-			-	-		-	
Other temporary differences	1,278		-	1,278	1,278	-			-	
Tax assets/liabilities	76,403	-17,113		59,290		10,774	64,850	-16,334		48,516

Group	Closing balance at January 1, 2016	Deferred tax assets	Deferred tax liability	Net balance	Recognized in profit/loss for the year	Recognized in Other comprehensive income	Closing balance at Dec. 31, 2016	Deferred tax assets	Deferred tax liability	Net balance
KSEK										
Intangible assets	-	-	-7,362		-214	-	-	-	-7,148	
Currency derivatives	-	-			-	-	-		-	
Interest derivatives	27,011		-		55	9,354	17,602		-	
Capitalised exchange-rate gains	-	-	-2,738		-132	-	-	-	-2,606	
Untaxed reserves	-	-	-7,359		-	-	-	-	-7,359	
Capitalised Group interest	92		-		8	-	84		-	
Internal profits	973		-		40	-	933		-	
Provisions for rehabilitation	170		-		32	-	138		-	
Capitalized loss carryforwards	47,990		-		-8,378	-	56,368		-	
Tax regarding issuance costs	-	-			283	-	-			
Other temporary differences	2,610		-		1,332	-	1,278		-	
Tax assets/liabilities	78,846	-17,459		61,387	-6,974	9,354	76,403	-17,113		59,290

Parent Company KSEK	2017			2016		
	Deferred tax assets	Deferred tax liability	Net balance	Deferred tax assets	Deferred tax liability	Net balance
Intangible assets	-	-3,551		-	-3,933	
Capitalized loss carryforwards	10,663	-		9,655	-	
Other temporary differences	-212	-		1,278	-	
Tax assets/liabilities	10,441	-3,551	6,890	10,933	-3,933	7,000

The Parent Company's total closing tax loss at December 31, 2017 was KSEK 167,421. The Group's total closing tax loss at December 31, 2017 was KSEK 526,746. Capitalized loss corresponds to the tax effect of 10-year forecast future results.

Note 11 Earnings per share

Group		
KSEK	Dec 31, 2017	Dec 31, 2016
Earnings per share were calculated as follows:		
Net profit attributable to Parent Company shareholders (KSEK)	-100,114	-102,360
Weighted average number of shares		
Total number of ordinary shares at January 1	125,706,904	74,824,930
Effect of new shares	30,847,421	50,881,974
Weighted average number of shares before dilution	156,554,325	125,706,904
Effect of unexercised options	-	1,308,414
Weighted average number of shares after dilution	156,554,325	127,015,318
Earnings per share before dilution	-0.64	-0.81
Earnings per share after dilution	-0.64	-0.81

Note 12 Intangible fixed assets

Group	Leasehold agreements/computer software		Parent Company	Leasehold agreements/computer software	
KSEK	2017	2016	KSEK	2017	2016
Accumulated costs			Accumulated costs		
Opening balance	41,613	42,400	Opening balance	19,117	19,904
Renewals	207	480	New acquisitions	207	-
Sales/scrappage	-561	-770	Sales/scrappage	-561	-290
Impairment losses for the year/reversal of impairment	497	-497	Impairment losses for the year/reversal of impairment	497	-497
Closing balance	41,756	41,613	Closing balance	19,260	19,117
Accumulated amortization and impairment losses			Accumulated amortization and impairment losses		
Opening balance	-9,725	-8,649	Opening balance	-2,977	-2,977
Amortization for the year	-813	-1,076	Amortization for the year	-41	-
Sales/scrappage	64	-	Sales/scrappage	64	-
Closing balance	-10,474	-9,725	Closing balance	2,954	-2,977
Carrying amount	31,282	31,888	Carrying amount	16,306	16,140

Note 13 Tangible fixed assets

Group KSEK	Land and buildings		Operational wind farms		Equipment, tools, fixtures and fittings		Wind farms under construction phase and ongoing production planning		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Costs										
Opening balance	24,915	24,915	2,424,422	2,424,265	17,466	22,544	108,666	126,219	2,575,469	2,597,943
Reclassification	-	-	58	157	-58	-157	-	-	-	-
New acquisitions	-	-	-	-	607	128	8,075	40,169	8,682	40,297
Sales/scrappage	-	-	-	-	-3,608	-5,049	-28 417	-57,722	-32,025	-62,771
Closing balance	24,915	24,915	2,424,480	2,424,422	14,407	17,466	88,324	108,666	2,552,126	2,575,469
Depreciation										
Opening balance	-5,227	-5,227	-544,689	-466,707	-15,268	-19,421	-11,148	-17,754	-586,862	-509,109
Depreciation for the year*	-526	-530	-111,553	-87,982	-899	-896	-	-	-112,978	-89,408
Impairment losses for the year/ reversal of impairment losses	-	-	-	-	-	-	11,148	6,606	11,148	6,606
Sales/scrappage	-	-	-	-	3,608	5,049	-	-	3,608	5,049
Closing balance	-6,283	-5,757	-666,242	-544,689	-12,599	-15,268	0	-11,148	-685,088	-586,862
Carrying amount	18,632	19,158	1,758,238	1,869,733	1 848	2,198	88,324	97,518	1,867,042	1,988,607

* Of the depreciation for the year, KSEK 311 (523) was capitalized in tangible fixed assets pertaining to wind-measurement equipment.

The operational wind farms consist of Hud, Kil, Brattön, Töftedalsfjället, Dingle-Skogen, Skaveröd/Gurseröd, Årjäng NV and Årjäng SV. Wind farms in a construction phase are reclassified as operational wind farms when wind turbines are commissioned. Advances paid for the year totalled KSEK 0 (0).

Parent Company KSEK	Land and buildings		Operational wind farms		Equipment, tools, fixtures and fittings		Wind farms under construction phase and ongoing production planning		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Costs										
Opening balance	21,116	21,116	186,127	185,972	16,869	21,948	87,187	105,655	311,299	334,691
Reclassification	-	-	-78	155	78	-155	-	-	-	-
New acquisitions	-	-	-	-	87	125	7,531	39,254	7,617	39,379
Sales/scrappage	-	-	-186,049	-	-3,608	-5,049	-8,567	-57,722	-198,224	-62,771
Closing balance	21,116	21,116	0	186,127	13,426	16,869	86,150	87,187	120,692	311,299
Depreciation										
Opening balance	-5,549	-5,119	-70,752	-63,700	-14,914	-19,177	-5,312	-11,918	-96,527	-99,914
Depreciation for the year*	-426	-430	-6,389	-7,052	-739	-786	-	-	-7,554	-8,268
Impairment losses for the year/ reversal of impairment losses	-	-	-	-	-	-	5,312	6,606	5,312	6,606
Sales/scrappage	-	-	77,141	-	3,608	5,049	-	-	80,749	5,049
Closing balance	-5,975	-5,549	0	-70,752	-12,045	-14,914	0	-5,312	-18,020	-96,527
Recognised residual value	15,140	15,566	0	115,375	1,381	1,955	86,150	81,875	102,672	214,771

* Of the depreciation for the year, KSEK 311 (515) was capitalized in tangible fixed assets.

The operational wind farms consist of Vindpark Hud, which was sold over to the wholly owned subsidiary Rabbalshede Vind 3 AB in December 2017. Wind farms in a construction phase are reclassified as operational wind farms when wind turbines are commissioned. Untaxed reserves consisting of excess depreciation on operational wind farms totalled KSEK 0 (500).

Note 14 Long-term and other receivables

Group		
KSEK	Dec 31, 2017	Dec 31, 2016
Long-term receivables classified as fixed assets:		
Other	15	15
Total	15	15
Other receivables classified as current assets:		
Receivables value-added tax	34	975
Receivables tax account	296	27
Preliminary tax	7,661	7,217
Other	37	35
Total	8,028	8,254
Parent Company		
KSEK	Dec 31, 2017	Dec 31, 2016
Long-term receivables:		
Other	15	15
Total	15	15
Other receivables (current):		
Tax receivables	266	2
Preliminary tax	923	605
Receivables from joint venture	6,602	2,273
Other	37	35
Total	7,828	2,915

Note 15 Intangible current assets

Group

KSEK	Dec 31, 2017	Dec 31, 2016
Electricity certificates	9,622	4,850
Guarantees of origin (GoO)	17	47
Total	9,639	4,897

Parent Company

KSEK	Dec 31, 2017	Dec 31, 2016
Electricity certificates	-	487
Guarantees of origin (GoO)	-	35
Total	-	522

Note 16 Prepaid costs and accrued income

KSEK	Group		Parent Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Accrued electricity sales	21,751	21,390	-	1,323
Accrued electricity certificates	6,992	10,228	-	646
Accrued guarantees of origin (GoO)	559	480	-	7
Prepaid selling expenses	1,863	1,874	11	207
Prepaid service contracts	7,236	6,637	-	308
Advance payment spare parts warehouse	3,507	2,757	-	-
Construction remuneration, project Lyrestad	9,000	-	9,000	-
Other	443	1,242	209	1,056
Total	51,351	44,608	9,220	3,547

Note 17 Shareholders' equity

Share capital in Rabbalshede Kraft totaled SEK 800,543,180 at December 31, 2017. The share capital is distributed among 160,108,636 shares, of which 1,000,000 were Class A shares and 159,108,636 Class B shares. Class A shares entitle the holder to one vote and Class B shares entitle the holder to one-tenth of a vote. The quotient value of the shares is SEK 5 per share.

During the year, the Company reduced its share capital by SEK 126,843,931, which has been restored by a private placement of KSEK 282,750 for Sweden Holdco RK AB ("Greystone"). The quotient value of the share thus dropped from SEK 6 to SEK 5 per share.

GROUP

Other capital contributions

Pertains to shareholders' equity contributed by the owners. Includes premiums that are paid in connection with share issues.

Earnings brought forward including profit for the year

Earnings brought forward including profit/loss for the year include funds earned by the Parent Company and its subsidiaries, as well as paid option premiums.

Hedging reserves

The hedging reserve includes the effective portion of the accumulated net change in the fair value of cash-flow hedging instruments (interest-rate swaps, electricity futures and currency forwards) attributable to hedging transactions that have not yet occurred.

For information on the measurement category of hedging instruments in accordance with IFRS 13, refer to Note 24.

Amounts that were removed from reserves for cash-flow hedging were recognized in the following items in profit and loss, and the balance sheet:

Group		
KSEK	2017	2016
Opening balance	-62,118	-95,284
Change in fair value	-1,980	-53,251
Reversals against profit or loss; Financial expenses	19,024	32,841
Reversed to the income statement; Financial expenses	31,927	62,930
Reversals against balance sheet; Tan- gible fixed assets	-	-
Tax	-10,774	-9,354
Closing balance	-23,921	-62,118

PARENT COMPANY

Restricted funds

Restricted funds are not reduced through dividends.

Parent Company		
number of shares	2017	2016
Opening number of shares	126,843,931	74,824,930
New share issue	33,264,705	52,019,001
Closing number of shares	160,108,636	126,843,931

UNRESTRICTED SHAREHOLDERS' EQUITY

Share premium reserve

When shares are issued to premium reserves, meaning when more than the shares' quotient value is to be paid for the shares, an amount corresponding to the amount received in excess of the shares' quotient value is to be transferred to the share premium reserve. The amount that was provided to the share premium reserve as of January 1, 2006 is included under unrestricted capital.

RETAINED EARNINGS

This consists of the previous year's unrestricted equity after any dividend payments. Combined with profit for the year and the share premium reserve, it constitutes the total unrestricted shareholders' equity, meaning the amount that is available for dividends to shareholders.

Note 18 Proposed appropriation of profits

PROPOSED APPROPRIATION OF PROFITS

The following funds in SEK are at the disposal of the Annual General Meeting:

Share premium reserve	473,383,475
Retained earnings	162,981,059
Loss for the year	-194,495,097
Total	441,869,437

PROPOSED APPROPRIATION OF PROFITS

The Board of Directors proposes that unappropriated earnings and unrestricted reserves be appropriated as follows (SEK):

To be carried forward	-31,514,038
Share premium reserve	473,383,475
Total	441,869,437

Note 19 Provisions

	Group	
	Dec 31, 2017	Dec 31, 2016
KSEK		
Opening value	6,981	6,617
Interest	384	364
Closing value	7,365	6,981

The item relates to a provision for site restoration costs (i.e. that the land where the wind turbines stand is to be restored to its original state regarding commissioned wind turbines). The provision follows the wind farm's useful life.

Note 20 Interest-bearing liabilities

	Group		Parent Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
KSEK				
Interest-bearing liabilities				
Bank loans (incl. current portion)	611,581	728,492	4,725	58,581
Fees allocated over the duration of the loan	-6,440	-18,780	-	-
Total	605,141	709,712	4,725	58,581

Collateral for bank loans are issued through what is known as collateral transfer, whereby assets are transferred, as well as mortgage deeds on properties and chattel mortgages; refer to Note 27. Handling charges in connection with borrowing are recognized in profit and loss under bank loans.

	Group		Parent Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
KSEK				
Loan agreement maturity structure				
0–1 years	73,037	96,859	675	25,780
2–5 years	537,194	336,879	2,700	30,776
6–10 years	1,350	294,753	1,350	2,025
11–15 years	-	-	-	-
Total	611,581	728,492	4,725	58,581

	Group		Parent Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
KSEK				
Interest-rate maturity				
0–1 years	486,557	50,640	4,725	13,616
2–5 years	125,024	409,365	-	44,965
6–10 years	-	268,486	-	-
11–15 years	-	-	-	-
Total	611,581	728,492	4,725	58,581

Note 21 Financial assets and liabilities

Group, 2017

KSEK	Derivative instruments where hedge accounting is applied	Accounts and loans receivable	Other receivables and liabilities	Total carrying amount	Fair value
Cash and cash equivalents and blocked funds	-	68,342	-	68,342	68,342
Accounts receivable	-	2,837	-	2,837	2,837
Other current receivables	-	-	-	-	-
Total		71,179	-	71,179	71,179
Derivatives	30,858	-	-	30,858	30,858
Other long-term liabilities	-	-	206,673	206,673	206,673
Interest-bearing liabilities	-	-	605,141	605,141	605,141
Accounts payable	-	-	12,103	12,103	12,103
Other current liabilities	-	-	-	-	-
Total	30,858	-	823,917	854,775	854,775

In the Parent Company, only the accounts receivable, accounts payable, cash and cash equivalents and interest-bearing liabilities have the same recognised and fair value amounts; refer to Parent Company balance sheet.

Group, 2016

KSEK	Derivative instruments where hedge accounting is applied	Accounts and loans receivable	Other receivables and liabilities	Total carrying amount	Fair value
Cash and cash equivalents and blocked funds	-	103,659	-	103,659	103,659
Accounts receivable	-	4,061	-	4,061	4,061
Other current receivables	-	-	-	-	-
Total	-	107,720	-	107,720	107,720
Derivatives	80,006	-	-	80,006	80,006
Other long-term liabilities	-	-	417,608	417,608	417,608
Interest-bearing liabilities	-	-	709,713	709,713	709,713
Accounts payable	-	-	15,525	15,525	15,525
Other current liabilities	-	-	-	-	-
Total	80,006	-	1,142,846	1,222,852	1,222,852

In the Parent Company, only the accounts receivable, accounts payable, cash and cash equivalents and interest-bearing liabilities have the same recognised and fair value amounts; refer to Parent Company balance sheet.

CALCULATION OF FAIR VALUE

The following is a summary of the primary methods and assumptions used to determine the fair value of the financial instruments that are recognized in the above table.

DERIVATIVES

For currency contracts, the fair value is determined proceeding from the listed rates, if such rates are available. If such rates are not available, the fair value is calculated by means of a discounting of the difference between the agreed forward rate and the forward rate that can be

attained on the balance-sheet date for the remaining contractual period. Discounting is implemented on risk-free interest rates based on government bonds. For derivative instruments used for the hedging of future electricity sales, the fair value is determined based on the prices set in external market places.

The fair value for interest-rate swaps is based on the measurement of intermediary credit institutions, and its fairness is tested through a discounting of estimated future cash flows in accordance with the contract's terms and maturities, and based on market interest-rates for similar instruments on the balance-sheet date.

Note 21 Financial assets and liabilities (cont'd)

In the event that discounted cash flows are used, future cash flows are calculated based on the best assessment of company management. The interest rate used for discounting is the market-based interest rate for similar instruments on the balance-sheet date. When other valuation techniques are used, the input data is based on the balance-sheet date.

INTEREST-BEARING LIABILITIES

is considered to reflect the fair value.

FINANCIAL INSTRUMENTS BY CATEGORY

According to IFRS 13, financial instruments must be categorized in three levels based on the input data used when making the fair-value measurement. The first category pertains to financial instruments that are quoted in an active market. The second category pertains to financial instruments that are not quoted in an active market, but where other market data can be used to obtain a measurement. The final category pertains to measurements for which there are no quoted prices or other market data. The methods for obtaining a measurement for category three primarily comprise discounted cash flows. All derivatives (electricity, interest rate and currency) belong to category 2.

Fair values for financial liabilities that are not derivative instruments are calculated based on future cash flows of capital amounts and interest discounted to current market interest rates on the balance-sheet date.

ACCOUNTS RECEIVABLE OCH ACCOUNTS PAYABLE

For accounts receivable and accounts payable with a remaining economic life of less than six months, the carrying amount

Note 22 Other liabilities

Group KSEK	Dec 31, 2017	Dec 31, 2016
Other long-term liabilities		
Interest derivatives	30,858	80,006
Shareholder loans, interest-bearing	206,673	417,608
Total long-term liabilities	237,531	497,614
Other current liabilities		
Value-added tax	5,049	5,834
Other	152	911
Total other current liabilities	5,201	6,745

Parent Company KSEK	Dec 31, 2017	Dec 31, 2016
Other current liabilities		
Value-added tax	496	324
Other	1,238	912
Total	1,734	1236

Note 23 Accrued expenses and deferred income

KSEK	Group		Parent Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Accrued holiday pay	5,086	4,037	5,086	4,037
Accrued social security contributions	554	421	554	421
Accrued interest expense	212	269	-	41
Accrued leasehold payments	10,986	11,046	1,859	3,056
Accrued service costs	900	566		-
Accrued property tax	14,328	15,976	741	476
Accrued project planning costs	-	1,878	-	-
Other	6,690	10,050	4,726	9,918
Total	38,756	44,243	12,966	17,949

Note 24 Financial risks and policies

Through its business operations, the Group is exposed to various types of financial risk. Financial risk pertains to fluctuations in the company's earnings and cash flow arising from changes in exchange rates, interest rates and defaulted credit. The Group's financial policy was formulated by its Board of Directors and constitutes a framework of guidelines and rules in the form of risk mandates and limits for finance activities for handling financial risks. The CEO is responsible for the Group's financial transactions and risks. The overall objective of the finance function is to provide cost-efficient financing and to minimize the negative impact on the consolidated income arising from market risks. Reporting is undertaken on a continuous basis to the company's Board of Directors.

MARKET RISKS

A market risk is the risk that the fair value or future cash flows of a financial instrument may vary due to fluctuations in market prices. Market risks are divided by IFRS into three categories: exchange-rate risk, interest-rate risk and other price risks. The market risks that primarily impact the Group consist of exchange-rate risk, interest-rate risk, and risks attributable to the price trends of electricity and electricity certificates.

The Group's objective is to manage and control market risks within fixed parameters, while optimizing the profits from risk taking within given frameworks. The parameters are fixed with the aim that short-term (6–12 months) market risks should only impact the Group's profit and position marginally. However, persistent changes to exchange rates, interest rates and prices on electricity, electricity certificates and guarantees of origin will have an impact on consolidated profit in the longer term.

PRICE RISKS IN ELECTRICITY SALES

Rabbalshede Kraft is net producer of electricity, which makes the price of electricity a crucial parameter in the Group's profit. A lower electricity price results in direct negative impact on the Group's sales and earnings. It is thus of great importance that electricity price risks are managed in a professional and cost-efficient manner.

With the aim of achieving stable earnings, Rabbalshede Kraft has prepared a cooperation agreement with Axpo Sweden AB, one of the leading players at Nord pool. Axpo assists with consultation concerning the markets for electricity and electricity certificates and functions as a support in Rabbalshede Kraft's risk management, and offers hedging products that provide Rabbalshede Kraft with the scope to balance risks and opportunities. The partnership aims to secure future production revenue, reach long-term profitability, reduce the risk of fluctuations in market prices negatively impacting the company's revenue, achieving favorable results from price hedges and managing the need for balance power in a cost-efficient manner. Together with Axpo, Rab-

balshede Kraft has prepared an electricity trading policy and mandate, which are aimed at identifying risks and setting frameworks and limits for Rabbalshede Kraft's risk-taking.

Price risk refers to fluctuations in the price of electricity and electricity certificates and their impact on profit. To minimize such exposure, derivative instruments are used as a hedge against future sales. The Group hedges its sale of electricity using forward contracts existing in the market, as well as PPA and EPA products. Fixed limits were set on the maximum permitted deviations in volume, between normal hedge volumes and price-hedged volumes relating to ongoing electricity sales. Similarly, there are limits on the volumes that may be stored and sold in advance concerning electricity certificates.

The Group's sale of electricity in 2017 totaled 509,535 MWh (500,247).

On the balance-sheet date, the following volume levels pertaining to the expected future production of electricity were hedged:

Hedged percentage	2017	2018	2019	2020	2021
Electricity	90	69	69	63	60

The fair value of outstanding forward contracts pertaining to future sales of electricity on the balance-sheet date amounted to net SEK 0 (0).

SENSITIVITY ANALYSIS

A fluctuation of 10 percent in the electricity price results in a change in the profit for the year of SEK 1,126 (2,992). The sensitivity analysis is based on all other factors remaining unchanged and the non-application of hedge accounting.

EXCHANGE-RATE RISKS

Exchange-rate risk arises in connection with the planning and ordering of wind turbines, which occurs preferably from European suppliers in EUR. In most cases, payment occurs on a number of predetermined dates. With the aim of restricting the currency risk, Rabbalshede Kraft will, early in the process, reduce the uncertainty by hedging the currency exposure, in full or in part, when the order is placed, to thereby safeguard profits and estimates. This risk is referred to as transaction exposure.

Exchange-rate risks are thus hedged if they are attributable to the purchase of future investments in wind turbines for which permits have been obtained. Hedge accounting is applied in the Group; refer to Note 1. The Group's transaction exposure, on the balance-sheet date, was distributed in the following currencies:

Note 24 Financial risks and policies, cont.

Group, KEUR	2017	2016
Ordered wind turbines*	-	-
Of which, hedged	-	-

*Includes investments made during the year and orders of turbines where delivery is yet to occur.

The Group classifies its currency futures that are used for the hedging of forecast purchases as cash-flow hedges. Hedge accounting is applied in the Group; refer to note 1. The net fair value of outstanding forward contracts on the balance-sheet date totaled KSEK 0 (0).

SENSITIVITY ANALYSIS

A change of +/- 5 percent in the SEK against the EUR on December 31, 2017 would entail a change in costs by KSEK 0 (0). The sensitivity analysis is based on all other factors (such as interest rates) remaining unchanged and the non-application of hedge accounting.

INTEREST-RATE RISKS

Interest-rate risk is the risk that the value of a financial instrument may vary due to fluctuations in market interest rates. Interest-rate risks may result in changes in fair value and changes in cash flows. A significant factor that impacts interest-rate risk is fixed-interest period.

The Group's interest-rate exposure is managed by the Group's financial control function, which is responsible for identifying and handling this exposure. On the balance-sheet date the Group had KSEK 611,581 (728,492) in loan payables outstanding.

Derivative instruments such as interest-rate swaps may be utilized to control the Group's interest-rate risk. According to the financial policy, the norm risk has been set at five years. The company has a mandate to allow the debt portfolio's average fixed-interest period to deviate from the norm risk by +/- 12 months. A maximum of 50 percent of the total debt portfolio including derivatives and a maximum of 50 percent of the loan maturity (tied-up capital) may be converted to interest within a 12-month period.

During the year, the company's average interest rate on bank loans was 6.01 percent (5.98). There are also shareholder loans with an average interest of 7.0 percent. For the maturity structure of interest rates, refer to Note 20.

Interest-rate swaps are utilised for switching between floating and fixed interest rates with the aim of adapting interest rates and fixed-interest periods. On December 31, 2017, the average fixed-interest period was 3.03 years (4.71) and the average capital maturity term for the debt portfolio was 3.92 years (4.47). On the balance-sheet date, the company had interest derivatives with a nominal value of KSEK 424,799 (701,413).

The net fair value of outstanding interest derivatives

on the balance-sheet date totalled KSEK negative 30,858 (neg: 79,639). These figures were recognized as long-term liabilities in the balance sheet. Hedge accounting is applied in the Group; refer to Note 1.

SENSITIVITY ANALYSIS

A change in interest rates of 100 points would entail a change of KSEK 1,420 (13) in profit or loss on the balance-sheet date. The sensitivity analysis is based on all other factors remaining unchanged and the non-application of hedge accounting.

LIQUIDITY RISKS

Liquidity risk refers to the risk the Group may have problems in meeting its obligations that are associated with financial liabilities.

The Group has a rolling 24-month liquidity planning that is updated monthly. Liquidity planning is used to manage liquidity risks and costs for financing by the Group. The objective is for the Group to be able to manage its financial obligations in upturns and downturns without significant unpredictable costs. Liquidity risks are managed by the Group's financial function. According to the financial policy, there must always be sufficient cash and cash equivalents (liquidity reserves) totaling a minimum of KSEK 50,000 within the Group. The liquidity reserve pertains to cash, overdraft facility, listed investments that can be sold within five days, as well as unutilized confirmed lines of credit. In 2017, liquidity reserves comprised bank funds in accounts. In addition, the due dates for financial liabilities were distributed over time in order to limit the liquidity risk. The Group's financial liabilities at year-end amounted to KSEK 823,917 (1,142,844). For the maturity structure, refer to Note 20.

Note 24 Financial risks and policies, cont.

Financial liabilities analysis of maturities per December 31, 2017

KSEK	Nominal value	Total	< 1 month	1–3 months	3 months–1 year	1–5 years	>5 years
Swedbank	606,856	669,818	0		89,805	580,013	-
Sparbanken Tanum	4,725	5,042	0	191	572	4,279	0
Shareholder loans	206,673	237,443	-			237,443	0
Derivatives	30,858	30,858	0		3,680	27,178	0
Financial leases	-	-	-	-	-	-	-
Accounts payable	12,103	12,103	12,103	-	-	-	-
Total	861,215	955,265	12,103	191	94,057	848,914	0

Financial liabilities analysis of maturities per December 31, 2016

KSEK	Nominal value	Total	< 1 month	1–3 months	3 months–1 year	1–5 years	>5 years
Swedbank	618,276	683,549	-	14,330	171,440	497,780	-
Sparbanken Tanum	5,400	5,792	-	194	582	5,015	-
DNB	104,815	111,908	-	-	25,131	86,777	-
Shareholder loans	417,608	502,335	-	224,700	-	277 635	-
Derivatives	80,006	80,006	-	2,740	8,220	69,045	-
Financial leases	-	-	-	-	-	-	-
Accounts payable	15,525	15,525	15,525	-	-	-	-
Total	1,241,630	1,399,115	15,525	241,964	205,373	936,252	-

CREDIT RISK

Credit risks in accounts receivable

The risk that the Group's customers will not fulfil their obligations, meaning that payment is not received from the customers, is a credit risk. The credit rating of the Group's customers is checked, whereby information on the customers' financial position is obtained from various credit information companies. On the balance-sheet date, no impairment of accounts receivable was deemed necessary. No outstanding accounts receivable are older than 30 days. Since sales principally occur at Nord Pool through established electricity suppliers, the credit risk is low in terms of sales revenue.

CAPITAL MANAGEMENT

The Group's financial objective of having a solid capital structure and financial stability and to thereby retain investors, credit grantors and the market's confidence, is a basis for the continued development of business operations. Capital is defined as total shareholders' equity, excluding hedge reserves. The objective for the debt/equity ratio is 70 percent and adaptations toward this objective constitute a part of the strategic planning.

The Board of Directors' ambition is to maintain a balance between a high return that can be enabled through higher borrowing, and the benefits and safety that a sound capital structure offers. The Group's target is to achieve a minimum return on capital employed before tax of 10 percent.

Note 25 Leasing

The Group leases no assets through financial leasing.

Assets the Group leases through operational leases comprise land where wind turbines are located, office premises, and vehicles.

Future minimum lease payments for operational leases

KSEK	Group		Parent Company	
	2017	2016	2017	2016
Operating leases				
Within one year	10,003	9,926	1,303	1,826
Between one year and five years	35,340	35,900	540	3,500
Longer than five years	133,221	141,915	0	6,848
Total	178,564	187,741	1,843	12,174

The cost in 2017 for operational leases totalled KSEK 10,358 (10,120). Operational leasing mainly comprises leases with landowners. The term correlates with the economic life of the wind turbine. Lease agreements comprise no variable fees.

Note 26 Investment obligations

Investments, including paid advances, totaled KSEK 8,578 during the January to December 2017 period.

In all material respects, the investments pertain to ongoing planning work and construction.

Note 27 Pledged assets and contingent liabilities

KSEK	Group		Parent Company	
	2017	2016	2017	2016
Pledged assets				
In the form of pledged assets for own liabilities and provisions				
Collateral transferred for ordered wind turbines and leaseholds	1,752,832	1,864,162	-	115,350
Mortgage deeds on properties	14,400	14,400	13,500	13,500
Chattel mortgages	5,000	5,000	5,000	5,000
Blocked bank funds	40,555	59,726	300	3,940
Pledged shares in Rabbalshede Vind 6 AB	1,264,902	653,752	1,211,579	653,766
Total pledged assets	3,024,366	2,597,040	1,230,379	791,556
Contingent liabilities	321,993	248,355	321,993	318,348

Pledged assets

Collateral transferred for ordered wind turbines and leaseholds mean that the company has transferred to the bank usufruct to leasehold areas for wind turbines, other rights/permits/agreements, etc. that exist or which will exist to enable the construction of wind turbines that will subsequently produce, distribute and sell electricity, and ownership rights for all buildings, plants, etc. that exist or will be constructed within the leased area. The transfer of collateral occurs solely for the bank to obtain security for the borrower's liabilities with the bank, which after the utilization of the collateral, may sell the transferred assets at a market price in order to assimilate payments from the purchase price. The transfer of collateral falls under Chapter 3 Section 37 of the Contracts Act. Although it is a matter of a formal transfer of property, it is typical for collateral transfers – unlike real asset transfers – for the transferred property to remain in the transferor's possession and that it may be utilized by the transferor during the time the collateral is availed and the credit liabilities are contractually fulfilled. The transferor also retains all its obligations to third parties such as shareholders and/or beneficial owners of property. No prices are set on the collateral transfer and there are no tax consequences or register changes as in asset transfers. When the credits are repaid, the bank is to transfer the property back to the transferor without charge.

Contingent liabilities

In 2008, Rabbalshede Kraft entered into an agreement with a supplier relating to the acquisition of a total of 29 wind turbines. Of these, the Company called off 14 wind turbines for delivery to the Dingle-Skogen wind farm in February 2012. The advance payment in EUR that had previously been made for the 29 turbines, corresponding to KSEK 39,921 (rate 9.23), was used as an installment payment for 14 turbines. While the

remaining agreements for 15 wind turbines stipulate specific delivery dates, the parties intend to sign supplementary agreements specifying new delivery dates for wind farms that are scheduled further down the line. Should the company cancel the remaining 15 wind turbines, this could cost the company EUR 6.7 M, corresponding to SEK 65.99 M at the closing-date rate.

Parent Company guarantee

Brattön Vind AB, Kil Vind AB, Dingle-Skogen Vind AB, Skaveröd Gurseröd Vind AB, Årjäng Nordväst Vind AB and Årjäng Sydvest Vind AB have electricity and certificate-hedging contracts with Axpo as the counterparty. As collateral for the fulfillment of these contracts, Rabbalshede Kraft AB issued a Parent Company guarantee of KSEK 256,000. The Parent Company guarantee entails that Rabbalshede Kraft AB steps in for the above-named companies if they are unable to pay Axpo when the hedge contract is due.

The subsidiary Skaveröd Gurseröd Vind AB has entered into a cooperation agreement with Tanum Vindkraft AB regarding the regulation of certain possible liabilities related to the accumulated noise of the two adjacent wind farms in common. Rabbalshede Kraft has issued a parent company guarantee to ensure its subsidiaries' obligations. The guarantee is not limited to any amount.

Rabbalshede Kraft's largest shareholder Manor Investment SA ("Manor") has issued a parent company guarantee for Tuiki Finland Oy (Google) due to the long-term Power Purchase Agreement that Lyrestad Vind AB has signed for the sale of electricity in the wind farm Lyrestad. Rabbalshede Kraft has undertaken to replace Manor if Manor's parent company guarantee has to be released. The guarantee is limited to EUR 25 million.

Note 28 Related parties

RELATED PARTIES AND TRANSACTIONS WITH KEY INDIVIDUALS IN SENIOR POSITIONS

For information regarding the remuneration of senior executives, refer to note 4.

Manor Investment S.A., Corp, Reg. No. B 137 678, is the Parent Company for Rabbalshede Kraft AB and holds 45.04 percent of the votes. During the year, Manor carried out consulting assignments on Rabbalshede Kraft's behalf at an amount of KSEK 1,940. In addition, Rabbalshede Kraft amortized its shareholder loan by KSEK 226,138, and paid interest of KSEK 1,280. Interest of KSEK 13,923 has been recorded on the remaining shareholder loans, of which KSEK 13,920 has been capitalized so that the closing balance on the shareholder loan at December 31, 2017 was KSEK 206,633. Retiring Chairman of the Board Karl-Erling Trogen provided consulting services totaling KSEK 62 during the year. In 2016, Rabbalshede Kraft AB sold 75 percent of its shares in its subsidiary, Lyrestad Holding AB. At that time, Rabbalshede Kraft AB loaned KSEK 108,226 to the Lyrestad Holding AB joint venture, in which they hold 25 percent of the capital. Net sales totaled KSEK 4,329 (2,226). Rabbalshede Kraft has also invoiced the Lyrestad Holding Group to the amount of KSEK 10,626 (5,595) for construction services.

Note 29 Group companies

Parent Company

KSEK	Dec 31, 2017	Dec 31, 2016
Accumulated costs		
On 1 January	1,056,541	825,741
Purchasing	-	50
Sales	-173,579	-87
Reclassification to joint venture*	-	-13
Shareholders' contributions	937 552	230,850
Impairment losses	-159,252	-
Carrying amount	1,661,262	1,056,541

* In 2016, 100 percent of the shares in Lyrestad Vind AB (formerly Rabbalshede Vind 5 AB) were sold to Lyrestad Holding AB (a wholly owned subsidiary of Rabbalshede Kraft AB acquired during the year). In May 2016, 75 percent of the shares in Lyrestad Holding AB were divested. The remaining shares, 13 thousand, have been evaluated and classified as a collaboration arrangement in the form of a joint venture. See further, Note 30.

Specification of the Parent Company's direct holdings of shares in subsidiaries

Subsidiaries	Corp. reg. no.	Domicile	Votes, %	Dec 31, 2017 Carrying amount	December 31, 2016 Carrying amount
Töftedal Vind AB	556753-8599	Rabbalshede	100	-	165,529
Rabbalshede Förvaltning 1 AB	556775-1358	Rabbalshede	100	446,562	218,424
Rabbalshede Vind 6 AB	556872-2879	Rabbalshede	100	1,211,579	653,766
Sögårdsfjället Vind AB	556794-0340	Rabbalshede	100	96	8,831
Lygnern Vind AB	556792-4039	Rabbalshede	92	171	7,592
Rabbalshede Elnät AB	556865-6069	Rabbalshede	100	2,614	2,050
Lursång Vind AB	556855-9008	Rabbalshede	100	40	100
Rabbalshede Vind 2 AB	556872-2838	Rabbalshede	100	50	50
Rabbalshede Vind 3 AB	556872-2820	Rabbalshede	100	-	50
Rabbalshede Vind 4 AB	556872-2853	Rabbalshede	100	50	50
Rabbalshede Värdepapper AB	556732-7852	Rabbalshede	100	100	100
Total				1,661,262	1,056,541

Pursuant to IFRS 12, item 12, additional information must be provided about significant companies with minority interests. About 8 percent of Lygnern Vind AB is owned by stakeholders outside the Rabbalshede Kraft Group and thereby constitute a company with minority interests. Since sales and total assets are insignificant, no further information about the company is provided.

Note 29 Group companies, cont.

Shareholdings owned by other Group companies other than the Parent Company

Company	Corp. reg. no.	Domicile	Percentage of votes, %	Dec 31, 2017 Carrying amount	Dec 31, 2016 Carrying amount
Rabbalshede Vind 3 AB	556872-2820	Rabbalshede	100	78,011	-
Töftedal Vind AB	556753-8599	Rabbalshede	100	160,005	-
Kil Vind AB,	556782-8305	Rabbalshede	100	33,016	8,666
Brattön Vind AB	556753-8870	Rabbalshede	100	112,217	67,743
Dingle-Skogen Vind AB	556840-0864	Rabbalshede	100	244,819	94,721
Skaveröd Gurseröd Vind AB	556809-3453	Rabbalshede	100	217,023	235,096
Årjäng Nordväst Vind AB	556812-2666	Rabbalshede	100	140,997	158,043
Årjäng Sydväst Vind AB	556872-2804	Rabbalshede	100	218,298	242,595

Note 30 Joint Venture

In 2016, 75 percent of the shares in Lyrestad Holding AB (the wholly owned subsidiary acquired during the year) were sold to Ardian Infrastruktur. The shareholder agreement between the parties requires the consent of all parties in all relevant activities, whereupon the remaining shares are classified as a cooperative arrangement in the form of a joint venture. Information on the holdings at December 31, 2017 is shown below.

The Joint Venture indicated below has share capital consisting solely of ordinary shares owned directly by the Group.

Nature of the holdings in joint ventures

Company Name	Property location/ Country of reg.	Ownership
Lyrestad Holding AB	Sweden	25%
Group		
KSEK	Dec 31, 2017	Dec 31, 2016
Summarized balance sheet and income statement for Lyrestad Holding Group		
Fixed assets	938,523	316,158
Current receivables	36,494	16,270
Cash and cash equivalents	16,575	125,931
Allocation to deferred tax	3,180	578
Long-term liabilities	931,663	429,858
Current liabilities	77,982	30,624
Shareholders' equity	-21,233	-2,701
The Group's share of equity	-5,308	-675
Recognized value*	0	0
Net sales	7,084	0
Other external costs	-5,966	-113
Financial expense	-17,710	-424
Tax	-1,940	-2212
Loss for the year	-18,532	-2,749

* As the Group's holding is initially valued at zero (refer to Note 6), losses and a liability are recognized only to the extent that the Group has incurred legal or constructive obligations, or has made payments on behalf of the joint venture company. No such legal or constructive obligations exist. If the joint venture company later reports profits, however, the Group returns to recognizing its share of those profits only when these total the same amount as the share of losses not recognized by the Group.

Parent Company
KSEK

Joint Venture holding	2017	2016
Opening balance	13	0
Reclassification	-	13
Closing balance	13	13

Note 31 Untaxed reserves

Parent Company	Operational wind farms	
KSEK	2017	2016
Accumulated depreciation/amortisation according to plan:		
Opening balance	500	500
Accumulated depreciation in excess of plan	-500	-
Divestment and scrappage	-	-
Closing balance	-	500

Note 32 Cash-flow statement

Cash and cash equivalents – Group			Cash and cash equivalents – Parent Company		
KSEK	Dec 31, 2017	Dec 31, 2016	KSEK	Dec 31, 2017	Dec 31, 2016
The following sub-components are included in cash and cash equivalents:			The following sub-components are included in cash and cash equivalents:		
Cash and bank balances	27,788	43,933	Cash and bank balances	4,612	10,100
Liquidity regulated interest					
KSEK	Group		Parent Company		
	2017	2016	2017	2016	
Interest received	4,362	2,337	4,394	2,354	
Interest paid	-72,699	-121,879	-4,280	-6,278	
Total	-68,337	-119,542	114	-3,924	
Adjustment for non-cash items					
KSEK	Group		Parent Company		
	2017	2016	2017	2016	
Depreciation and impairment losses	113,481	99,036	7,285	16,832	
Impairment of participations in subsidiaries	-	-	159,252	-	
Other	-	13	-	-	
Capital gain on sale of shares in Group companies	-	-7,795	-	-7,795	
Capital loss on sale of shares/projects	957	-	957	37	
Inefficient interest-rate hedging	-177	-318	-	-	
Capitalized financing expenses	12,340	5,151	159	158	
Reversal charges	384	364	-	-	
Divestment/disposal of intangible fixed assets	-	770	-	770	
Divestment/disposal of tangible fixed assets	15,099	-	1,087	-	
Total	142,084	97,221	168,740	10,002	

Note 33 Divestment of subsidiaries

In the item "Divestment of subsidiaries, net of cash and cash equivalents", revenue from sales totaled KSEK 0 (0) and outgoing cash and cash equivalents to KSEK 0 (49,016).

Note 34 Events after the balance-sheet date

No significant events occurred after the end of the fiscal year.

Note 35 Information about the Parent Company

Rabbalshede Kraft AB (publ.) is a Swedish limited liability company headquartered in Rabbalshede, Sweden. The address to the head office is Marknadsvägen 1, SE-457 55 Rabbalshede, Sweden. The consolidated financial statements for 2017 relate to the Parent Company and its subsidiaries, jointly designated the Group and the associated company, Lyrestad Holding AB.

The Board of Directors and CEO give their assurance that the consolidated financial statements have been compiled in compliance with

International Financial Reporting Standards (IFRS) adopted by the EU and provides a fair and accurate view of the financial position and earnings of the Group. The Annual Report was compiled in compliance with generally accepted accounting policies and provides a fair and accurate view of the financial position and earnings of Parent Company. The administration reports for both the Group and the Parent Company accurately review the Group's and the Parent Company's operations, financial positions and earnings and describe the significant risks and uncertainties facing the Parent Company and the companies included in the Group. The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors on March 27, 2018. The Parent Company's and Group's balance sheets and income statements will be presented to the Annual General Meeting on April 26, 2018 for adoption.

Rabbalshede, March 27, 2018

Bertil Villard
Chairman of the Board

Annika Ahl Åkesson
Board member

Stine Rolstad Brenna
Board member

Jeffrey Mouland
Board member

Jean Baptiste Oldenhove
Board member

Matthieu Baumgartner
Board member

Mads Miltersen
CEO

Our audit report was submitted on April 3, 2018.
KPMG AB

Fredrik Waern
Authorized Public Accountant

AUDITORS' REPORT

To the general meeting of the shareholders of Rabbalshede Kraft AB (publ), corporate identity number 556681-4652

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and the consolidated accounts of Rabbalshede Kraft AB (publ) for the year 2017.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the financial position of the Parent Company and the Group as at 31 December 2017 and their financial results and cash flow for the year as per the Annual Accounts Act. The management report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under these standards are described in more detail in the Auditor's section. We are independent in relation to the Parent Company and the Group, in accordance with professional ethics for accountants in Sweden, and in addition, we have fulfilled our professional ethical responsibility according to these requirements.

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

Other Information

The audit of the annual report and consolidated accounts for the year 2016 was carried out by another auditor who submitted an audit report dated 6 April 2017 with unmodified statements in the report on the annual accounts and consolidated accounts.

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 giving a true and fair view according to the Annual Accounts Act. The Board and the Managing Director are also responsible for the internal control they consider necessary for the preparation of an annual report and consolidated accounts that contain no material errors, whether due to irregularities or errors.

When preparing the annual report and the consolidated accounts, the Board and the Managing Director are responsible for assessing the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters that may affect the ability to continue the business and to use the assumption of continued operation. However, the assumption of continued operation is not applicable if the Board and the Managing Director intend to liquidate the company, to cease operations or have no realistic alternative but to do so.

Auditors responsibility

Our objectives are to obtain reasonable assurance as to whether the annual accounts and the consolidated accounts as a whole are free from material misstatement, whether due to irregularities or errors, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material mistake, if any. Errors may arise due to irregularities or errors and are considered to be material if individually or together can reasonably be expected to affect the financial decisions that users make in the annual accounts and consolidated accounts.

As part of an ISA review, we use professional judgment and have a professional skeptical attitude throughout the audit.

Also:

- we identify and assess the risks of material misstatements in the annual report and consolidated financial statements, whether due to irregularities or errors, design and perform audit measures based, inter alia, on these risks and obtaining audit evidence that are sufficient and appropriate to form the basis for our statements. The risk of not detecting a material misstatement due to irregularities is higher than a material error due to errors, as irregularities may include acting in collusion, forgery, deliberate omissions, misinformation or failure of internal controls.

- we will provide an understanding of the part of the company's internal control that is relevant to our audit to design audit control appropriate to the circumstances, but not to comment on the effectiveness of internal control.

- we evaluate the relevance of the accounting principles used and the reasonableness of the estimates of the Board of Directors and the Managing Director in the accounts and related information.

- we draw a conclusion on the appropriateness of the Board and Managing Director using the going concern assumption in preparing the financial statements. We also draw a conclusion, with the base of the acquired audit evidence, whether there is a material uncertainty related to such events or conditions that may lead to significant doubt about the Company's and the Group's ability to continue operations. If we conclude that there is a substantial element of uncertainty, we must in the auditor's report draw attention to the disclosures in the financial statements of the significant uncertainty or, if such information is insufficient, modify the report on the financial statements. Our conclusions are based on the evidence obtained until the date of the audit report. However, future events or circumstances may cause a company and a group to cease operations.

- we evaluate the overall presentation, structure and content of the annual

report and consolidated accounts, including the disclosures, and if the annual accounts and the consolidated accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

- we will obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group in order to make a statement regarding the consolidated financial statements. We are responsible for the supervision and execution of the Group Audit. We are solely responsible for our statements.

We must inform the Board of, among other things, the planned scope and focus of the audit as well as the timing of it. We also need to inform about significant observations during the audit, including any significant shortcomings in the internal control we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and the consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Rabbalshede Kraft AB (publ) for the year 2017 and the proposal for dispositions regarding the company's profit or loss.

We recommend to the General meeting of shareholders to allocate the profits according to the proposal in the Directors' Report and grant discharge to the Board members and the Managing Director for the financial year.

Basis for Opinions

We have conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility according to this is described in more detail in the Auditor's section. We are independent in relation to the Parent Company and the Group, in accordance with professional ethics for accountants in Sweden, and in addition, we have fulfilled our professional ethical responsibility according to these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

It is the board that is responsible for the proposal for dispositions regarding the company's profit or loss. In the case of a proposed dividend, this includes an assessment of whether the dividend is justified in view of the requirements that the company and the group's business, scope and risks impose on the size of the parent company and the group's equity, consolidation needs, liquidity and position in general.

The Board is responsible for the company's organization and management of the company's affairs. This includes, inter alia, continually assessing the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, financial management and the company's financial affairs are otherwise controlled in a satisfactory manner.

The Managing Director shall manage the current management in accordance with the Board's guidelines and instructions and, inter alia, take the necessary steps to ensure that the Company's accounts are complied with in accordance with law and in order to ensure the proper management of funds.

Auditors responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge of liability, is to obtain audit evidence in order to be able to assess with reasonable certainty whether any board member or Managing Directors in any material respects: in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective regarding the audit of the proposed disposal of the company's profit or loss, and therefore our statement on this, is to assess with reasonable certainty whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that may cause liability to the company or that a proposal for dispositions of the company's profit or loss is not compliant with the Companies Act.

As part of a review in accordance with good auditing practice in Sweden, we use professional judgment and have a professional attitude throughout the audit. The audit of the management and the proposed disposal of the company's profit or loss is primarily based on the audit of the accounts. What additional audit measures performed are based on our professional assessment based on risk and materiality. It means that we focus the review of such measures, areas and conditions that are essential for operations where deviations and transgressions would have special significance for the company's situation. We review and test earlier decisions, actions taken and other conditions relevant to our statement of discharge. As a basis for our statement regarding the Board's proposal for dispositions regarding the company's profit or loss, we have examined whether the proposal is in accordance with the Companies Act.

Göteborg 2018-04-03
KPMG AB

Fredrik Waern, Auktoriserad revisor

GLOSSARY

Capacity

Used as a measurement for how much electricity a power plant can produce optimally. Capacity is measured in watts (W). The size of the wind turbine and other power plants is indicated in capacity units of millions of watts, meaning megawatts (MW).

Electricity certificates

Purchasable and saleable certificates obtained through the production of renewable electricity. A certificate is obtained for every MWh of electricity produced in approved facilities.

Energy

Refers to electricity production/consumption per time unit, normally per hour. Electricity bills to households use the energy unit of kilowatt hours (kWh), a thousand watts per hour. Production uses the larger megawatt hours (MWh) energy unit, which is one thousand kilowatt hours. The terawatt-hour (TWh), equivalent to one million megawatt-hours (and consequently one billion kilowatt-hours) is used to indicate a country's electricity production and electricity consumption.

EPA (Electricity Certificates Purchase Agreement)

A fixed price contract for every kWh produced for electricity certificates.

Peak-load hours:

The total number of hours per year that a wind turbine is expected to generate electricity corresponding to its full capacity.

NCN

Wind farm power grids are Non Concession-bound Networks. In accordance with Sweden's Electricity Act, the construction of high-tension power lines requires permits and network concessions. Exceptions are made for wind farm networks.

Installed capacity

Capacity is the amount of energy converted per unit of time. Performance according to construction data. Usually measured in megawatts (MW). Most modern wind turbines raised in Sweden exceed 2 MW.

Quota curve

This curve shows the annual electricity certificate quota from 2012 to 2035.

EIA

An Environmental Impact Assessment describes the direct and indirect impact of wind power on natural and cultural environments, recreational amenities and public health.

Normal year

In wind power, a normal year is the measurement of the average wind energy at a given location. This is established based on the Swedish Meteorological and Hydrological Institute's forecasts over a longer period of time.

PPA (Power Purchase Agreement)

A fixed price contract for every kWh of electricity produced.

Profile risk

Pertains to the difference between the selling price under futures, which is fixed during the day, and the actual spot price when electricity is delivered during the day.

SODAR

Acronym for Sound Detection and Ranging, a technique for measuring wind speed and direction using sound waves.

Spot market/spot price

A market for trading through immediate deliveries, managed in the Nordic region by Nord Pool Spot.

System price

A weighted spot price at Nord Pool Spot.

Forwards market/futures price

A market where buyers and sellers agree on a fixed price for a future delivery of, for example, electricity. Managed in the Nordic region by Nasdaq OMX Commodities. Contracts are also directly signed as bilateral agreements between buyers and sellers.

Emission rights

Emission rights entitle the holder to discharge a fixed amount of carbon dioxide. Can be purchased or sold through channels such as Nasdaq OMX Commodities.

Wind farm

A grouping of wind turbines within a demarcated area.

Return on equity:

Net income for the period/average shareholders' equity

Return on capital employed:

Profit before tax plus financial expenses/average capital employed

Total assets:

The total value of all of the assets held by the company

EBIT:

Operating profit before financial items and taxes

EBIT margin:

EBIT as a percentage of net sales excluding the sale of projects

EBITDA:

Operating profit before depreciation, amortization and impairments

EBITDA margin:

EBITDA as a percentage of net sales excluding the sale of projects

Shareholders' equity per share:

Shareholders' equity divided by the number of shares

IRR

Internal rate of return – a measurement of the average annual return from an investment in company

Net debt:

Interest-bearing liabilities less cash and cash equivalents

Earnings per share:

Profit after tax divided by the number of shares

Debt/equity ratio

Interest-bearing liabilities/shareholders' equity

Equity/assets ratio:

Shareholders' equity as a percentage of total assets

Capital employed:

Total assets less non-interest-bearing liabilities

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