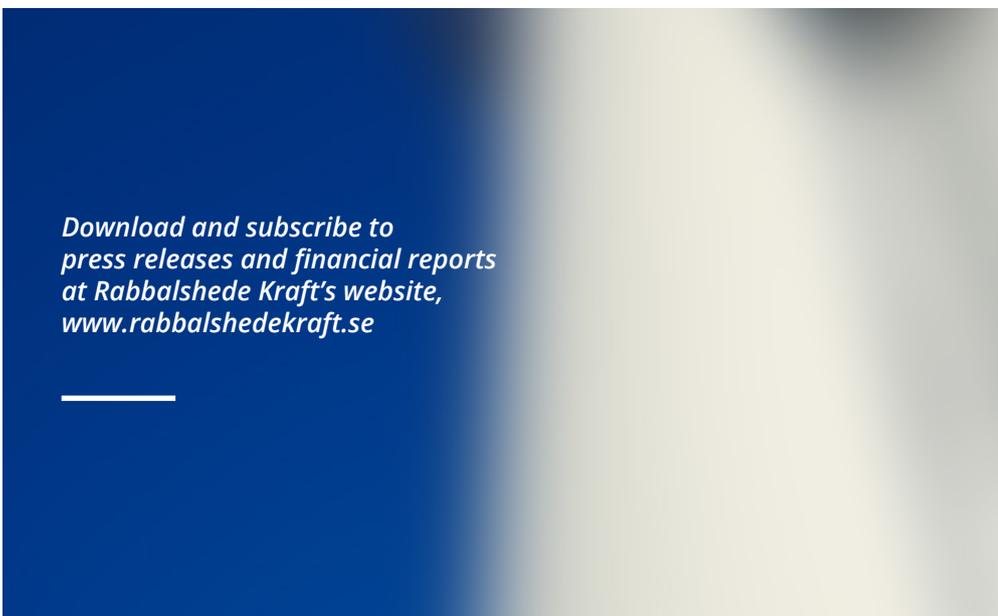




Year-end report 2018

Rabbalshede Kraft AB (publ)
year-end report for 2018



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CEO'S STATEMENT

“OUR VISION IS TO BE AT THE LEADING EDGE OF WIND TURBINE SERVICING AND ENVIRONMENTALLY FRIENDLY ELECTRICITY TRADING AGREEMENTS.”

Mads Miltersen, CEO



For over 10 years, Rabbalshede Kraft has contributed to increasing the global production of sustainable electricity. Our wind turbines provide clean, renewable electricity all year round.

2018 was a fantastic year, with a positive outcome on the bottom line. The work on strengthening the Group has proceeded according to plan, and despite the fact that our projects are of a long-term nature, in 2018

- Our management of external turbines has grown by 30 percent.
- We increased the number of own wind turbines by 10 percent, resulting in a 7 percent increase in production.
- We acquired 3 projects externally, and done well in developing our own projects.
- We sold the Åndberg wind-power project.

Our sales increased from MSEK 257 to MSEK 331. EBIT increased from MSEK 3 to MSEK 75. Earnings before tax went from a loss of MSEK 100 to a profit of MSEK 33, and earnings for the period went from a loss of MSEK 100 to a profit of MSEK 19.

We expanded our partnerships during the year, with a focus on optimizing production and financial operations of our own and our customers' wind turbines. We have also entered into partnerships with external parties in all our business areas; supporting further expansion and growth. Moving forward, we are focused on innovative technological solutions through which we can improve our operations together with our partners.

Our internal improvement efforts are also continuing; we have developed a new communication strategy and launched a refreshed website. Internal processes have also improved and are now more customer and market-oriented.

A project for changing the current finance system to a business system has been initiated. We are also developing a “management by objectives” approach in the organization and building a healthy team spirit. The office in Gothenburg has moved to a new address in the city, while the office in Rabbalshede has been renovated.

FOURTH QUARTER

In Q4, we purchased the Raftsjöhöjden wind farm, with annual production of 20 GWh.

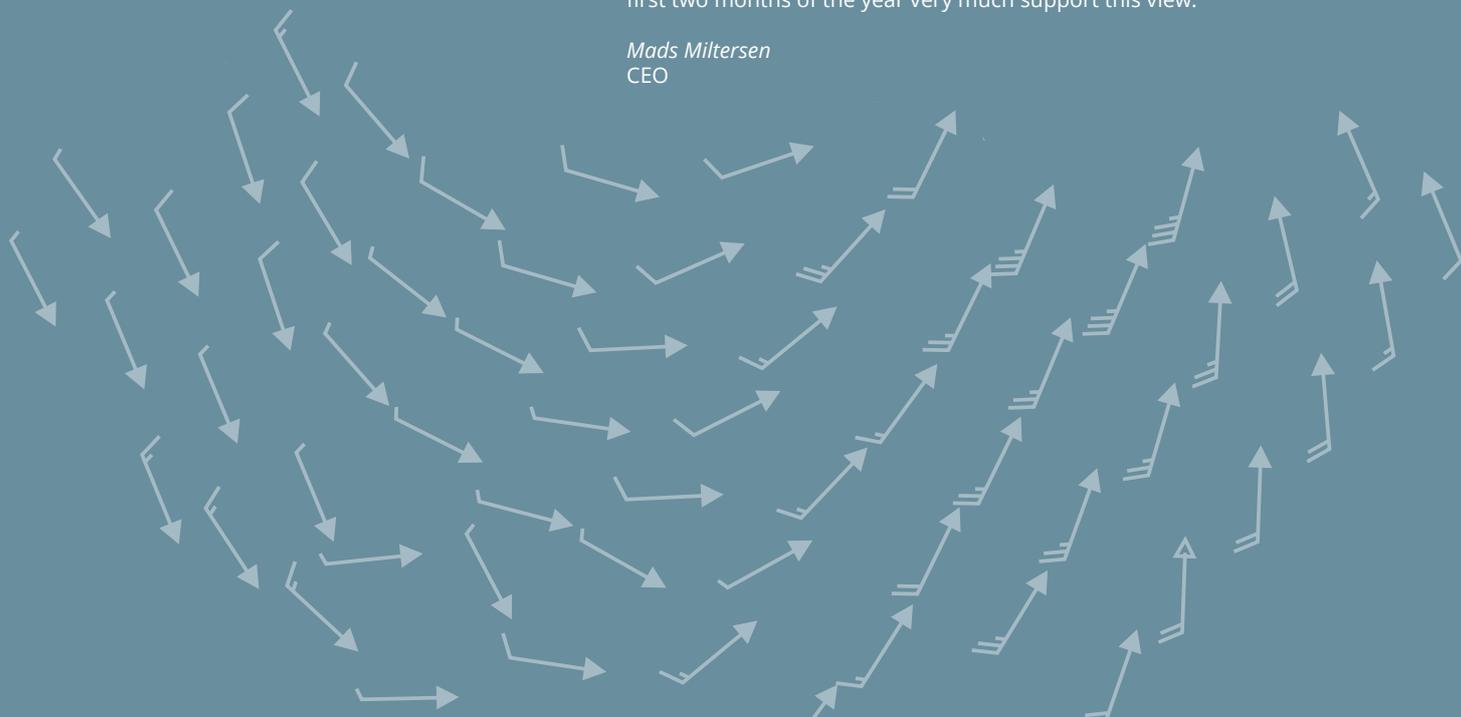
EVENTS AFTER THE BALANCE-SHEET DATE

2019 got off to a fantastic start, with a further project acquisition, an investment decision on a new wind farm and the settlement of the earn out for the sales of project Åndberg.

We are also delighted that Stine Rolstad Brenna is taking on the important role of Chair of the Board of Rabbalshede Kraft.

We have great expectations for 2019, and the performance of the business in the first two months of the year very much support this view.

Mads Miltersen
CEO



2018

SIGNIFICANT EVENTS

In 2018, Rabbalshede Kraft AB sold a wind-power project in Åndberg covering 53 wind turbine positions. In December 2018, Rabbalshede Kraft AB transferred both control over the project and the material risks and benefits, while all costs were charged to profit or loss and all commitments for the project were finalized. The income, including earnout, was reliably estimated at the same point in time. The Board of Directors and company management were thus of the opinion that the income linked to the wind-power project is secure, and that the full earnings impact can be recognized in 2018. The assessment of the Board was confirmed by events after the balance-sheet date, and the earn out, as expected, was settled on February 22, 2019.

PRODUCTION DURING THE YEAR

The production during the year totalled 465 GWh, which is lower than expected due to less wind than an average wind year. Availability of our own and our customers' wind turbines remained high, around 98 percent.

MARKET ACTIVITIES

Despite lower production than expected we have increased the revenue from the sale of electricity by capturing the market's higher electricity and certificates prices. Prices for power and certificates have in 2018 increased compared to 2017-level. We have worked with PPA and hedges for our own and our customers' production of wind power. We have also increased our efforts to secure agreements on service management.

SERVICE OPERATIONS

Our service operations, with a focus on technical, financial and commercial services, continue to grow. At the end of December, we were servicing 195 wind turbines.

Service of the Group's 12 Nordex wind turbines switched to proprietary management during the year.

We are also expanding our partnership with Atalante Energies, our sister company in France, by bringing their 41 turbines into our control system.

BUSINESS DEVELOPMENT

Business Development acquired two wind-power projects, Gårdshyttan and Lönhult, on March 27, 2018. Gårdshyttan contains an environmental permit for five wind turbines, with a tip height of 190 meters, located in Askersund Municipality, Örebro County. Lönhult contains five wind turbines with a tip height of 210 meters located in Aneby Municipality, Jönköping County. The acquisition of Lönhult is subject to the environmental permit entering force.

On March 27, 2018, the permit for the Lursäng project entered force for three turbines with a maximum tip height of 200 meters.

The environmental permit for phase 2 of the Årjäng NV wind-power project, containing eight turbines with a tip height of 240 meters, also entered force in 2018.

The company has completed construction of the Lyrestad wind farm, located in Mariestad and the Töreboda region. The project contains an installed capacity of 76 MW. The farm is co-owned with Ardian Infrastructure. Rabbalshede Kraft AB owns 25 percent and Ardian Infrastructure owns the remaining 75 percent. 100 percent of the electricity produced is sold to Google under a long-term contract.

Agreements on the acquisition of a total of three turbines in Falkenberg, Hjo and Skara were signed in May. The turbines are Vestas V90 models with 2 MW capacity, and began operation in 2011 and 2012.

The Raftsjöhöjden wind farm was acquired on November 30, 2018. The farm contains four Siemens turbines with an installed capacity of 2.3 MW per turbine.

We have restructured our electricity trading funktion to meet the market activities more proactively.

A shareholder loan of MSEK 70, together with a loan of MSEK 100 from Swedbank, was secured to facilitate wind farm investments.

We updated our ISO certificate under the new standard during the year. We are now certified under ISO 9001:2015, the standard for quality management systems, and 14001:2015, the standard for environmental management systems. Being certified is an important part of our operations, as this provides security in our processes both internally and externally.

EVENTS AFTER THE BALANCE-SHEET DATE

The Högen wind-power project, with space for four turbines with a tip height of 180 meters, was purchased on February 6, 2019.

On February 7, 2019, an extraordinary general meeting was held at which Stine Rolstad Brenna was elected new chairman of the board. Stine Rolstad Brenna has been a director of the Company since April 2017 and assumes the position from the outgoing chair Bertil Villard.

On February 22, 2019, the earn out for the Åndberg project was settled in cash.

On February 26, 2019, an investment decision on construction of the Gårdshyttan windpower project was taken. The project contains five turbines.

Mads Miltersen's term as CEO ended on 28 February 2019. Mr. Mikael Kowal assumes the role of Interim Managing Director for the period 1 March 2019 to 31 March 2019. Mr. Peter Wesslau starts the position of Group CEO on 1st April 2019.

Financial overview

Key figures

| KSEK | Q4 | Q4 | FULL-YEAR | FULL-YEAR |
|--|---------|---------|-----------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Electricity production, MWh* | 139,093 | 167,975 | 465,044 | 509,535 |
| Net sales (electrical power) | 70,697 | 77,069 | 243,411 | 234,163 |
| Operating total revenue | 139,431 | 85,290 | 331,236 | 257,274 |
| EBIT | 72,619 | -2,448 | 75,250 | 3,081 |
| Profit/loss before tax | 58,615 | -21,161 | 32,882 | -100,114 |
| Profit/loss for the period | 45,236 | -21,161 | 19,503 | -100,114 |
| Cash flow from operating activities | 43,731 | 38,213 | 80,975 | 18,264 |
| Earnings per share before dilution, SEK | 0,28 | -0,13 | 0,12 | -0,64 |
| Earnings per share after dilution, SEK | 0,28 | -0,13 | 0,12 | -0,64 |
| Average no. of shares before dilution, thousands | 160,109 | 160,109 | 160,109 | 156,554 |
| Average no. of shares after dilution, thousands | 160,109 | 160,109 | 160,109 | 156,554 |

* Excluding co-owned farms

** Debt/equity ratio is calculated as interest-bearing liabilities divided by shareholders' equity

| KSEK | 2018 | 2017 |
|----------------------|-----------|-----------|
| Debt/equity ratio ** | 0,67 | 0,63 |
| Shareholders' equity | 1,320,669 | 1,295,784 |
| Total assets | 2,309,048 | 2,201,881 |

INVESTMENTS

Investments, including paid advances, totaled MSEK 128 (8) during the January to December period. The investments pertain to ongoing planning and the acquisition of existing turbines.

FINANCING

Bank loans totaled MSEK 593 (612) at December 31, 2018. During the period, the Group's average interest rate on bank loans raised was 4.41 percent (6.01). The equity/assets ratio was 57 percent (59) at December 31, 2018.

HEDGING INSTRUMENTS

Rabbalshede Kraft applies hedge accounting of financial instruments in accordance with Chapter 12 (Financial instruments measured in accordance with Chapter 4, Paragraphs 14a–e of the Annual Accounts Act) of BFNAR 2012:1.

As a result, changes in value of various derivatives acquired to hedge cash flows are recognized against shareholders' equity. At December 31, 2018, the market value of the company's outstanding interest-rate contracts represented a liability of MSEK 24. Interest rate of the company's outstanding loans are hedged to 70 percent.

RISKS AND UNCERTAINTIES

Through its operations, Rabbalshede Kraft is exposed to risks. The company is dependent on both the general economic and political climate in its business environment. For a detailed description of risks, refer to the administration report in the Annual Report for fiscal year 2017.

GROUP

Consolidated income statement

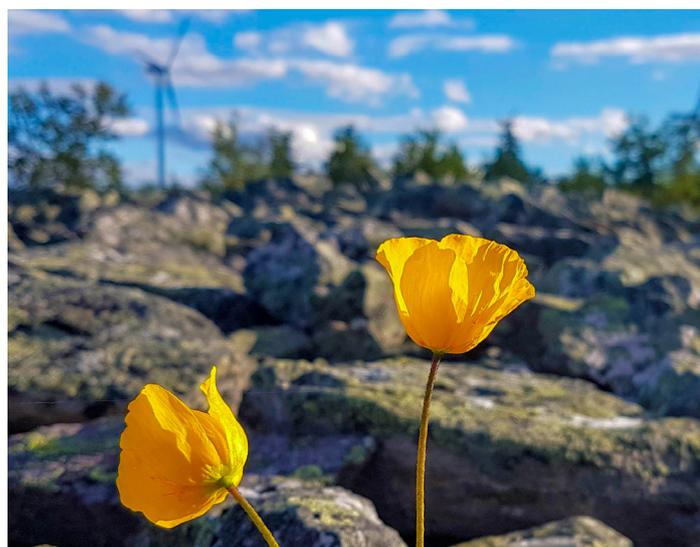
| KSEK | Note | 2018 | 2017 |
|--|------|----------------|-----------------|
| OPERATING REVENUE | | | |
| Net sales | | 243,411 | 234,163 |
| Own work capitalized | 2 | 5,337 | 2,176 |
| Other operating revenue | | 82,488 | 20,935 |
| Total operating revenue | | 331,236 | 257,274 |
| OPERATING COSTS | | | |
| Services and maintenance, wind farms | | -85,340 | -77,941 |
| Other external costs | | -25,530 | -17,218 |
| Personnel costs | | -27,342 | -29,187 |
| Depreciation, amortisation and impairment | | -114,724 | -128,890 |
| Other operating expenses | | - | -957 |
| Income from sale of subsidiary | | -3,050 | - |
| EBIT | | 75,250 | 3,081 |
| PROFIT/LOSS FROM FINANCIAL ITEMS | | | |
| Other interest income and similar items | | 4,386 | 4,362 |
| Interest expense and similar items | | -46,753 | -107,577 |
| Profit/loss after financial items | | 32,882 | -100,114 |
| Tax on profit/loss for the year (income tax, current and deferred) | | -13,379 | - |
| Profit/loss for the year | | 19,503 | -100,114 |

Consolidated balance sheet

| KSEK | Note | Dec 31, 2018 | Dec 31, 2017 |
|--|------|------------------|------------------|
| ASSETS | | | |
| Intangible fixed assets | | 18,611 | 31,282 |
| Tangible fixed assets | | 1,813,211 | 1,867,042 |
| Receivables from associated companies and joint ventures | | 108,226 | 108,226 |
| Deferred tax assets | | 32,675 | 48,516 |
| Other long-term receivables | | 24 | 15 |
| Total fixed assets | | 1,972,747 | 2,055,081 |
| Intangible current assets | | 47,708 | 9,639 |
| Inventory | | 534 | - |
| Accounts receivable | | 3,160 | 2,837 |
| Receivables from associated companies and joint ventures | | 8,605 | 6,602 |
| Other receivables | | 11,536 | 8,028 |
| Prepaid costs and accrued income | | 162,621 | 51,351 |
| Blocked bank funds | | 40,845 | 40,555 |
| Cash and cash equivalents | | 61,292 | 27,788 |
| Total current assets | | 336,301 | 146,800 |
| Total assets | | 2,309,048 | 2,201,881 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | | 800,543 | 800,543 |
| Other capital contributions | | 515,948 | 515,948 |
| Reserves | | -18,532 | -23,921 |
| Retained earnings | | 3,207 | 103,320 |
| Profit/loss for the year | | 19,503 | -100,114 |
| Non-controlling interests | | - | 8 |
| Total shareholders' equity | | 1,320,669 | 1,295,784 |
| Provisions - rehabilitation costs for wind turbines | | 11,759 | 7,365 |
| Liabilities to credit institutions | | 503,975 | 532,104 |
| Other liabilities | | 317,238 | 237,531 |
| Total long-term liabilities and provisions | | 832,972 | 777,000 |
| Liabilities to credit institutions | | 83,153 | 73,037 |
| Accounts payable | | 20,859 | 12,103 |
| Other liabilities | | 3,435 | 5,201 |
| Accrued expenses and deferred income | | 47,960 | 38,756 |
| Total current liabilities | | 155,407 | 129,097 |
| Total liabilities | | 988,379 | 906,097 |
| Total shareholders' equity and liabilities | | 2,309,048 | 2,201,881 |

Consolidated statement of changes in shareholders' equity

| Condensed shareholders' equity attributable to Parent Company's shareholders, KSEK | Dec 31, 2018 | Dec 31, 2017 |
|--|--------------|--------------|
| Total shareholders' equity on the opening date | 1,295,776 | 1,074,949 |
| Profit/loss for the year | 19,503 | -100,114 |
| Change in fair value, hedging instruments | 5,390 | 38,197 |
| New share issue | - | 282,750 |
| Expenses attributable to the new share issue | - | -6 |
| Total shareholders' equity on the closing date of the period | 1,320,669 | 1,295,776 |



Consolidated cash flow statement

| Condensed, KSEK | Note | Jan. 1, 2018– Dec. 31, 2018 | Jan. 1, 2017– Dec. 31, 2017 |
|---|------|--------------------------------|--------------------------------|
| Operating activities | | | |
| Profit/loss before tax | | 32,882 | -100,114 |
| Adjustment for non-cash items | | 61,496 | 142,084 |
| Cash flow from operating activities before changes in working capital | | 94,378 | 41,970 |
| Cash flow from changes in working capital | | | |
| Increase (-)/Decrease (+) in intangible current assets | | -38,603 | -4,742 |
| Increase (-)/Decrease (+) in operating receivables | | 5,858 | -8,510 |
| Increase (+)/Decrease (-) in operating liabilities | | 19,343 | -10,454 |
| Cash flow from changes in working capital | | -13,403 | -23,706 |
| Cash flow from operating activities | | 80,975 | 18,264 |
| Investing activities | | | |
| Acquisition of intangible fixed assets, including advances | | -4,284 | -207 |
| Acquisition of tangible fixed assets, including advances | | -124,195 | -8,371 |
| Divestment of tangible fixed assets | | - | 100 |
| Divestment of subsidiaries | | 13,135 | - |
| Acquisition of subsidiaries | | -350 | - |
| Cash flow from investing activities | | -115,694 | -8,478 |
| Financing activities | | | |
| New share issue | | - | 282,750 |
| Issuance costs | | - | -6 |
| Loans raised | | 56,682 | 650,037 |
| Shareholder loans raised | | 86,795 | 15,203 |
| Amortization of shareholder loans | | - | -226,138 |
| Amortization of loans | | -74,963 | -766,949 |
| Changes in blocked funds | | -290 | 19,171 |
| Cash flow from financing activities | | 68,224 | -25,932 |
| Cash flow for the period | | | |
| Cash and cash equivalents on the opening date | | 27,787 | 43,933 |
| Cash and cash equivalents on the closing date | | 61,292 | 27,787 |
| Blocked funds | | 40,845 | 40,555 |
| Total cash and cash equivalents and blocked funds | | 102,137 | 68,342 |

PARENT COMPANY

Parent Company income statement

| KSEK | Note | 2018 | 2017 |
|--|------|---------------|-----------------|
| Operating revenue | | | |
| Net sales | | - | 22,644 |
| Own work capitalized | 2 | 5,337 | 2,176 |
| Other operating revenue | | 80,100 | 18,303 |
| Operating costs | | | |
| Services and maintenance, wind farms | | - | -9,339 |
| Other external costs | | -24,816 | -16,785 |
| Personnel costs | | -27,342 | -29,073 |
| Depreciation, amortisation and impairment | | -1,315 | -8,683 |
| Other operating expenses | | - | -957 |
| EBIT | | 31,964 | -21,714 |
| Profit/loss from financial items | | | |
| Profit/loss from participations in Group companies | | - | -159,252 |
| Income from sale of subsidiary | | -3,050 | - |
| Other interest income and similar items | | 4,384 | 4,394 |
| Interest expenses and similar items | | -17,800 | -18,313 |
| Profit/loss after financial items | | 15,498 | -194,885 |
| Appropriations | | 3,049 | 500 |
| Tax on profit/loss for the year (income tax, current and deferred) | | -4,780 | -110 |
| Profit/loss for the year | | 13,767 | -194,495 |

Parent Company balance sheet

| Condensed, KSEK | Note | Dec 31, 2018 | Dec 31, 2017 |
|---|------|------------------|------------------|
| Intangible fixed assets | | 124 | 16,306 |
| Tangible fixed assets | | 68,349 | 102,672 |
| Financial fixed assets | | 1,336,281 | 1,769,516 |
| Inventory | | 534 | - |
| Other receivables | | 139,702 | 26,002 |
| Cash and cash equivalents | | 39,499 | 4,612 |
| Total assets | | 1,584,489 | 1,919,108 |
| Share capital | | 800,543 | 800,543 |
| Retained earnings | | 441,870 | 636,364 |
| Profit/loss for the year | | 13,767 | -194,495 |
| Long-term liabilities | | 299,950 | 210,723 |
| Current liabilities | | 28,359 | 465,973 |
| Total shareholders' equity and liabilities | | 1,584,489 | 1,919,108 |

NOTES

Note 1 Accounting policies

As of January 1, 2017, the Group applies BFAR 2012:1 Årsredovisning och koncernredovisning (K3) [Annual Reports and consolidated financial statements]. This introduction has entailed a change in accounting policies. Measurement of the items on the balance sheet has not been impacted; there has been only a minor correction concerning the allocation on the income statement and the balance sheet.

The interim report has been prepared in accordance with the Annual Accounts Act.

Note 2 Personnel costs and other external costs

The company capitalizes all expenses for project-planning personnel. Overhead costs are capitalized at an appropriate percentage for projects in the construction phase and the remaining costs impact earnings. The expenses encompass both personnel expenses and other external expenses.

FINANCIAL CALENDAR

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Annual report 2018, 4 april, 2019
Annual General Meeting for the 2018 fiscal year, April 25, 2019
Interim report January–March 2019, *May 14, 2019*
Interim report April–June 2019, *August 22, 2019*
Interim report July–September 2019, *November 21, 2019*
Year-end report for 2019, *February 27, 2020*

Further information

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info@rabbalshedekraft.se

Review

This report is unaudited.

ISSUER OF THE REPORT

RABBALSHEDA
FEBRUARY 28, 2019

Stine Rolstad Brenna
Chairman of the Board

Matthieu Baumgartner
Board member

Jeff Mouland
Board member

Frederic de Stexhe
Board member

Annika Ahl Åkesson
Board member

Mads Miltersen
CEO

