



## **Solør Bioenergy Group – Interim report for the second quarter and first half year of 2019**

January – June 2019

Solør Bioenergi Holding AB (publ), Corp. Reg. No. 556907-9535

Stockholm, July 16, 2019

## Solør Bioenergi Group highlights

### The second quarter 2019

- On April 9 2019, the Group signed a Business Transfer Agreement with Veolia to acquire four plants, three in Sweden and one in Norway.
- Payment of tax was made following the negative outcome from a decision made by the Administrative Court of Appeal in Stockholm regarding Solør Bioenergi Fjärrvärme AB's taxation for fiscal year 2014.
- Net sales increased by 23 percent and amounted to SEK 229 M (186).
- Gross contribution increased by 26 percent to SEK 161 M (128).
- EBITDA increased to SEK 50 M (-2).

### The first six months of 2019

- On January 8, 2019, the Group acquired 100 percent of the shares and votes in Borgstena Energi AB, rebranded to Solør Bioenergi Herrljunga AB.
- On March 29, 2019, the Group successfully completed the expansion of financing related to the Group's financing through the Senior and Junior Facilities Agreements.
- Net sales increased by 16 percent compared with last year and amounted to SEK 665 M (573).
- Gross contribution increased by 17 percent to SEK 417 M (357).
- EBITDA increased to SEK 193 M (144)

### Key figures

SEK million	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018	Last 12 months
Net sales	229	186	665	573	1,088	1,180
Other operating income	6	6	11	9	16	18
Total operating revenue	235	192	676	582	1,104	1,198
Raw materials and cost of goods sold	-74	-64	-259	-225	-424	-458
Contribution	161	128	417	357	680	740
Operating expenses	-111	-130	-224	-213	-439	-450
EBITDA	50	-2	193	144	241	290

Unless otherwise specified, all figures in this interim report are presented in SEK million (M). The subtotals and totals in some of the tables and explanations may not equal the sum of the amounts shown due to rounding.

Solør Bioenergi Group provides essential energy services primarily in Sweden. The Group produces wood-based bioenergy for the public and private sector including private households, municipalities, industrial customers and local/regional governments. As a leading bioenergy company, the Group is operating in the entire value chain from procurement, production and distribution to sale of energy in form of district heating, industrial steam, electricity and various biomass products. The head office is located in Stockholm, Sweden. Read more about Solør Bioenergi Group at [www.solorbioenergi.com](http://www.solorbioenergi.com).

## Developments in the second quarter 2019

### Group

On April 9 2019, the Group signed a Business Transfer Agreement with Veolia to acquire four plants, three in Sweden and one in Norway. The transaction comprises Power Plants with energy deliveries of 23 GWh annually. The purchase price amounted to approx. SEK 38 M. On an annual basis, the acquisition is expected to contribute with SEK 19 M to the Group's net sales and SEK 5 M to the Group's EBITDA.

The second quarter of 2019 was characterized by colder weather in comparison to the same period during the previous year. The average number of heating hours during the second quarter of 2019 was 88.0 percent of normal (69.7).

Net sales for the second quarter amounted to SEK 229 M (186), an increase by 23 percent. The improvement is due to the colder weather, sale of emission rights, higher energy prices as well as an effect from the acquisitions of Veolia and Solör Bioenergi Herrljunga AB.

Consolidated gross contribution increased by 26 percent to SEK 161 M (128).

Earnings Before Interest, Tax, Depreciations and Amortizations (EBITDA) amounted to SEK 50 M (-2). EBITDA for the second quarter was burdened with acquisition related expenses of approximately SEK 3 M (15) and additional SEK 9 M (15) for extraordinary fees from related parties. Adjusted for the above, EBITDA amounted to SEK 62 M (28).

Earnings Before Interest and Tax (EBIT) improved to SEK -8 M (-58).

### Segments

#### District heating

Total energy deliveries amounted to 231 GWh (194).

Net sales amounted to SEK 187 M (151).

Gross contribution increased to SEK 134 M (106) and gross margin improved to 69 percent (68).

EBITDA amounted to SEK 55 M (21). EBITDA for the second quarter was burdened with acquisition related expenses of approximately SEK 7 M (15) and extraordinary legal expense of approximately SEK 3 M (-). Adjusted for the above, EBITDA amounted to SEK 65 M (36).

#### Biomass

Net sales increased by 24 percent and amounted to SEK 47 M (38).

Gross contribution increased to SEK 30 M (22) and gross margin amounted to 63 percent (55).

EBITDA improved to SEK 6 M (-4).

Due to the diversified and volatile nature of the segment, contribution and EBITDA might fluctuate inbetween the quarters. However, on an annualized basis the segment's earnings have stabilized on a moderate level and show a positive trend.

### Financial net

Consolidated financial net for the second quarter amounted to SEK -74 M (-48). The accretion of upfront fees for the Senior and Junior Facilities Agreements according to the effective interest method affected net financial items with SEK -14 M (-2). Last year, financial net was impacted positively by a related party interest income of SEK 5 M. Adjusted for the above, consolidated financial net for the second quarter amounted to SEK -60 M (-51). The decrease in financial net is mainly due to

higher interest expenses following the extension of the Senior and Junior Facilities Agreement.

### Cash flow

Cash flow from operating activities amounted to SEK 17 M (7). The improvement is mainly a result of the improved earnings, which is partly offset by a payment of tax following the negative outcome from a decision made by the Administrative Court of Appeal in Stockholm regarding Solör Bioenergi Fjärrvärme AB's taxation for fiscal year 2014.

Cash flow from investing activities was SEK -81 M (-305). Cash flow from investing activities was mainly impacted by the acquisition from Veolia, investments in Jessheim and Filipstad. Previous year's cash flow from investing activities was mainly a result of the Solör Bioenergi Värme acquisition.

Cash flow from financing activities was SEK 52 M (-165). Previous year's negative cash flow from financing activities was mainly a result of repayment of acquired liabilities to credit institutions in connection to the Solör Bioenergi Värme acquisition.

## Developments in the first six months of 2019

### Group

The first six months of 2019 were characterized by warmer weather in comparison to the same period during the previous year. The weather was warmer especially during the high season in the beginning of the year. The average number of heating hours during the first six months of 2019 was 90.3 percent of normal (95.4).

Net sales increased by 16 percent compared with last year and amounted to SEK 665 M (573). The improvement is mainly due to the full effect of the Solör Bioenergi Värme

acquisition, which was acquired in April 2018, sale of emission rights, higher customer prices as well as an effect from the acquisitions of Veolia and Solör Bioenergi Herrljunga AB. The warmer weather has on the other hand had an adverse effect on net sales.

Consolidated gross contribution increased by 17 percent to SEK 417 M (357).

EBITDA improved to SEK 193 M (144). EBITDA for the first six months was burdened with acquisition related expenses of approximately SEK 3 M (15) and additional SEK 26 M (17) for extraordinary fees from related parties. Adjusted for the above, EBITDA amounted to SEK 222 M (176).

EBIT improved to SEK 81 M (42).

### Segments

#### District heating

Total energy deliveries amounted to 742 GWh (688).

Net sales increased to SEK 557 M (470).

Gross contribution increased to SEK 359 M (313) and gross margin amounted to 63 percent (65).

EBITDA improved to SEK 210 M (174). EBITDA for the first six months of 2019 was burdened with acquisition related expenses of approximately SEK 7 M (15) and extraordinary legal expense of approximately SEK 3 M (-). Adjusted for the above, EBITDA amounted to SEK 220 M (189).

#### Biomass

Net sales increased by 13 percent and amounted to SEK 125 M (111).

Gross contribution increased to SEK 61 M (46) and gross margin amounted to 47 percent (41).

EBITDA improved to SEK 14 M (-5).

Due to the diversified and volatile nature of the segment, contribution and EBITDA might fluctuate inbetween the quarters. However, on an annualized basis the segment's earnings have stabilized on a moderate level and show a positive trend.

### Financial net

On March 29, 2019, Solör Bioenergi Fjärrvärme AB and Solör Bioenergi Fjärrvärme Holding AB successfully completed the expansion of financing related to the Senior and Junior Facilities Agreements (SFA and JFA).

The expansion of the SFA means that the nominal SFA term loan has increased by SEK 652 (the previously utilized CAPEX facility of SEK 435 M and additional SEK 217 M for repayment of the utilized RCF and covering transaction expenses). The new term loan amounts to SEK 2,452 M. In addition, the CAPEX facility limit increased by a total of SEK 750 M as well as an additional acquisition facility limit of SEK 100 M for a potential acquisition of the Vansbro assets which are currently held under a finance lease. By the end of June 2019, SEK 70 M of the CAPEX facility were utilized in connection to the acquisitions made.

The expansion of the JFA means that the nominal JFA term loan has increased by SEK 200 corresponding to the previously utilized CAPEX facility. The new term loan amounts to SEK 1,470 M. In addition, the CAPEX facility limit increased by a total of SEK 250 M. By the end of June 2019, SEK 50 M of the CAPEX facility were utilized in connection to the acquisitions made.

Financial net for the first six months amounted to SEK -132 M (-106). The accretion of upfront fees for the Senior and Junior Facilities Agreements according to the effective interest method affected net financial items with SEK -22 M (-15). Last year, financial net was

impacted positively by a related party interest income of SEK 10 M. Adjusted for the above, consolidated financial net for the second quarter amounted to SEK -110 M (-101). The decrease in financial net is mainly due to higher interest expenses following the extension of the Senior and Junior Facilities Agreement.

### Cash flow

Cash flow from operating activities was SEK 108 M (147). Cash flow from operating activities was negatively affected by a payment of tax following the negative outcome from a decision made by the Administrative Court of Appeal in Stockholm regarding Solör Bioenergi Fjärrvärme AB's taxation for fiscal year 2014.

Cash flow from investing activities was SEK -133 M (-321), Cash flow from investing activities was mainly impacted by the acquisition of Solör Bioenergi Herrljunga AB and from Veolia, investments in Jessheim and Filipstad. Previous year's cash flow from investing activities was mainly a result of the Solör Bioenergi Värme acquisition.

Cash flow from financing activities was SEK 137 M (196).

### Financial position and liquidity

At the end of the period, consolidated cash and cash equivalents were SEK 176 M (149).

Consolidated interest-bearing debt amounted to SEK 4,562 M (4,107). The increase in interest-bearing debt is mainly due to the extension of the Senior and Junior Facilities Agreement.

Consolidated equity amounted to SEK -303 M (301). The decrease in equity is besides comprehensive income for the period also affected by reduction in share capital as well as dividends to shareholders.

Solör Bioenergi Holding AB has on an extraordinary general meeting on June 17 2019



decided to issue a total of 260,000 new shares to Nordic Infrastructure AG or a party appointed by Nordic Infrastructure AG. The issue of shares will be executed through a board decision in Solør Bioenergi Holding AB.

### **Related party transactions**

BE Bio Energy Group AG has invoiced the Group during the first six months 2019 with SEK 25 M (23), whereof SEK 25 M (10) are related to service fees while SEK 0 M (13) are related to fees in connection to acquisitions. Impact on profit or loss is SEK -20 M (-19), while SEK 5 M (4) is prepayment for the period July-December 2019.

Jilkén & Jilkén AG has invoiced the Group with SEK 8 M (9.5) whereof SEK 8 M (8) are related to services fees while SEK 0 M (1.5) are related to fees in connection to the extension of the investment credit (CAPEX) for financing the Solør Bioenergi Värme acquisition. Impact on profit or loss is SEK -8 M (-8), while SEK 0 M (1.5) is part of the financing expenditures related to the extension of the investment credit.

Daniel Jilkén received a compensation corresponding to SEK 6 M (0) based on a long-term incentive program linked to the company's value development and value creation in combination with Daniel Jilkén's investment in Solør Bioenergi Holding AB.

In addition to above, no other transactions have taken place between Solør Bioenergy Group and related parties that have had a material impact on the Group's position and results during the first six months of 2019.

### **Risk factors**

The Parent Company and the Group are exposed to risk factors inherent to the industry and specific to the company that could affect operational and financial performance and the ability to meet corporate objectives. The bioenergy business is reliant on weather conditions and earnings are sensitive to warmer/colder weather conditions compared to normal levels.

The 2018 Annual Report provides more information on risks and uncertainties. Those risks and uncertainties have been reviewed prior to the issuance of this interim report. There were no significant changes from the risks and uncertainties described in the 2018 Annual Report.

### **Subsequent events**

No subsequent events with material impact on the Group's results and financial position have occurred prior to the issuance of this report.

## Condensed consolidated statement of profit or loss

SEK million	Note	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018	Last 12 months
Net sales	2	229	186	665	573	1,088	1,180
Other operating income		6	6	11	9	16	18
<b>Total operating revenue</b>		<b>235</b>	<b>192</b>	<b>676</b>	<b>582</b>	<b>1,104</b>	<b>1,198</b>
Raw materials and cost of goods sold		-74	-64	-259	-225	-424	-458
Personnel expenses		-46	-40	-86	-71	-151	-166
Depreciation, amortisation and impairment	2	-58	-56	-112	-102	-213	-223
Other operating expenses		-65	-90	-138	-142	-288	-284
<b>Total operating expenses</b>		<b>-243</b>	<b>-250</b>	<b>-595</b>	<b>-540</b>	<b>-1,076</b>	<b>-1,131</b>
<b>Operating profit/loss (EBIT)</b>	2	<b>-8</b>	<b>-58</b>	<b>81</b>	<b>42</b>	<b>28</b>	<b>67</b>
Net financial items		-74	-48	-132	-106	-207	-233
<b>Profit/loss before tax</b>		<b>-82</b>	<b>-106</b>	<b>-51</b>	<b>-64</b>	<b>-179</b>	<b>-166</b>
Income tax		4	5	-2	4	-218	-224
<b>Profit/loss for the period</b>	2	<b>-78</b>	<b>-101</b>	<b>-53</b>	<b>-60</b>	<b>-397</b>	<b>-390</b>
<u>Attributable to:</u>							
Shareholders of the Parent Company		-77	-101	-56	-65	-401	-392
Non-controlling interests		-1	0	3	5	4	2
		<b>-78</b>	<b>-101</b>	<b>-53</b>	<b>-60</b>	<b>-397</b>	<b>-390</b>

## Condensed consolidated statement of comprehensive income

SEK million	Note	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018	Last 12 months
<b>Profit/loss for the period</b>		<b>-78</b>	<b>-101</b>	<b>-53</b>	<b>-60</b>	<b>-397</b>	<b>-390</b>
<b>Other comprehensive income:</b>							
<i>Items that may be reclassified to profit or loss in subsequent periods</i>							
Exchange differences on translation of foreign operations		1	15	1	16	15	0
<b>Total other comprehensive income</b>		<b>1</b>	<b>15</b>	<b>1</b>	<b>16</b>	<b>15</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>-77</b>	<b>-86</b>	<b>-52</b>	<b>-44</b>	<b>-382</b>	<b>-390</b>
<u>Attributable to:</u>							
Shareholders of the Parent Company		-76	-86	-55	-49	-386	-392
Non-controlling interests		-1	0	3	5	4	2
		<b>-77</b>	<b>-86</b>	<b>-52</b>	<b>-44</b>	<b>-382</b>	<b>-390</b>

## Condensed consolidated statement of financial position

SEK million	Note	30 Jun 2019	30 Jun 2018	31 Dec 2018
Goodwill and intangible assets		79	97	86
Property, plant and equipment		4,458	4,426	4,340
Derivatives		0	1	0
Financial assets		4	5	4
Deferred tax assets		1	0	1
<b>Total non-current assets</b>		<b>4,542</b>	<b>4,529</b>	<b>4,431</b>
Inventories		88	70	85
Operating receivables		162	127	266
Cash and cash equivalents		176	149	64
<b>Total current assets</b>		<b>426</b>	<b>346</b>	<b>415</b>
<b>Total assets</b>		<b>4,968</b>	<b>4,875</b>	<b>4,846</b>
Equity attributable to the shareholders of the Parent Company		-321	264	-188
Non-controlling interests		18	37	18
<b>Equity</b>		<b>-303</b>	<b>301</b>	<b>-170</b>
Interest bearing debt		4,506	3,994	3,951
Derivatives		7	7	3
Deferred tax liabilities		443	246	437
<b>Total non-current liabilities</b>		<b>4,956</b>	<b>4,247</b>	<b>4,391</b>
Interest bearing debt		56	113	239
Operating liabilities		259	214	386
<b>Total current liabilities</b>		<b>315</b>	<b>327</b>	<b>625</b>
<b>Total equity and liabilities</b>		<b>4,968</b>	<b>4,875</b>	<b>4,846</b>



## Condensed consolidated statement of cash flows

SEK million	Note	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2019	Last 12 months
Profit/loss before tax		-82	-106	-51	-64	-179	-166
Adjustment for non-cash items		15	78	109	141	253	221
Change in working capital		84	35	50	70	30	10
<b>Cash flow from operating activities</b>		<b>17</b>	<b>7</b>	<b>108</b>	<b>147</b>	<b>104</b>	<b>65</b>
Investments in PPE		-43	-21	-77	-37	-88	-128
Business combinations, net of acquired cash	3	-38	-284	-56	-284	-284	-56
<b>Cash flow from investing activities</b>		<b>-81</b>	<b>-305</b>	<b>-133</b>	<b>-321</b>	<b>-372</b>	<b>-184</b>
Net increase/decrease in interest bearing debt		52	-165	137	196	204	447
<b>Cash flow from financing activities</b>		<b>52</b>	<b>-165</b>	<b>137</b>	<b>196</b>	<b>204</b>	<b>145</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>-12</b>	<b>-464</b>	<b>112</b>	<b>21</b>	<b>-64</b>	<b>27</b>
Cash and cash equivalents at beginning of period		188	613	64	128	128	149
<b>Cash and cash equivalents at end of period</b>		<b>176</b>	<b>149</b>	<b>176</b>	<b>149</b>	<b>64</b>	<b>176</b>

## Condensed consolidated statement of changes in equity

SEK million	Equity attributable to the shareholders of the Parent Company	Equity attributable to non-controlling interests	Total equity
<b>At beginning of period, January 1, 2019</b>	<b>-188</b>	<b>18</b>	<b>-170</b>
Comprehensive income for the period	-55	3	-52
Dividends	-78	-3	-81
<b>At end of period, June 30, 2019</b>	<b>-321</b>	<b>18</b>	<b>-303</b>

SEK million	Equity attributable to the shareholders of the Parent Company	Equity attributable to non-controlling interests	Total equity
<b>At beginning of period, January 1, 2018</b>	<b>761</b>	<b>36</b>	<b>797</b>
Comprehensive income for the period	-49	5	-44
Reduction in share capital	-355	0	-355
Dividends	-93	-4	-97
<b>At end of period, June 30, 2018</b>	<b>264</b>	<b>37</b>	<b>301</b>

## Note 1 Accounting principles

This interim report has been prepared in accordance with IAS 34. We refer to the 2018 Annual Report for details of the Group's and the Parent Company's accounting principles and definitions of certain terms.

The standard IFRS 16 "Leases" is effective for annual periods beginning on or after January 1, 2019. Given the Group's total assets and results, IFRS 16 has on an overall perspective had a limited impact on the Group's consolidated financial statements. The effect

on total assets as of January 1, 2019, amounts to approximately SEK 47 M, while the full year effect on consolidated statement of profit or loss, based on existing lease arrangements as of January 1, 2019, is estimated at approximately SEK -3 M regarding depreciations and approximately SEK -3 M regarding interest expenses.

Besides IFRS 16 the principles applied are unchanged in relation to those applied in the 2018 Annual Report.

## Note 2 Operating segments

Segment information is presented in accordance with the internal reporting made to the chief operating decision maker which has been defined as the Group Management. Group Management monitors the operating segments results and uses this information make decisions on resource allocation. The segments measure of profit or loss is measured in the same manner as in the consolidated financial statements.

The Group has two operating segments, reflecting the organization and the business model.

### District Heating

The Energy Plants mainly produce thermal heat energy for district heating and industrial steam

for customers in the public and private sector. The Energy Plants are located in Sweden, Norway and Poland. In this operating segment, Solör Bioenergi Värme is included that was acquired during 2018, consisting of local heat business in Sweden and Norway and also the two pellets plants in Sweden and Norway supplying the local heat businesses with fuel.

### Biomass

The Group has three Environmental Terminals receiving impregnated and treated wood, as well as production of biomass for sale to own Energy Plants and external energy customers. In this operating segment are also included the Group's two pellets plants and one briquettes plant.

### Net sales per segment

SEK million	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018	Last 12 months
<b>District heating</b>						
External	184	149	552	467	881	966
Internal	3	2	5	3	7	9
	<b>187</b>	<b>151</b>	<b>557</b>	<b>470</b>	<b>888</b>	<b>975</b>
<b>Biomass</b>						
External	45	37	113	106	207	214
Internal	2	1	12	5	8	15
	<b>47</b>	<b>38</b>	<b>125</b>	<b>111</b>	<b>215</b>	<b>229</b>
<b>Other/elimination</b>	<b>-5</b>	<b>-3</b>	<b>-17</b>	<b>-8</b>	<b>-15</b>	<b>-24</b>
<b>Total net sales</b>	<b>229</b>	<b>186</b>	<b>665</b>	<b>573</b>	<b>1,088</b>	<b>1,180</b>

### Gross contribution per segment

SEK million	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018	Last 12 months
<b>District heating</b>						
Total operating revenue	195	157	567	481	905	991
Raw materials	-61	-51	-208	-168	-323	-363
<b>Gross contribution</b>	<b>134</b>	<b>106</b>	<b>359</b>	<b>313</b>	<b>582</b>	<b>628</b>
<i>Gross margin (%)</i>	<i>69%</i>	<i>68%</i>	<i>63%</i>	<i>65%</i>	<i>64%</i>	<i>63%</i>
<b>Biomass</b>						
Total operating revenue	48	40	129	113	219	235
Cost of goods sold	-18	-18	-68	-67	-116	-117
<b>Gross contribution</b>	<b>30</b>	<b>22</b>	<b>61</b>	<b>46</b>	<b>103</b>	<b>118</b>
<i>Gross margin (%)</i>	<i>63%</i>	<i>55%</i>	<i>47%</i>	<i>41%</i>	<i>47%</i>	<i>50%</i>

**EBITDA per segment**

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018	Last 12 months
SEK million						
District heating	55	21	210	174	291	327
Biomass	6	-4	14	-5	2	21
Other/elimination	-11	-19	-31	-25	-52	-58
<b>Total EBITDA</b>	<b>50</b>	<b>-2</b>	<b>193</b>	<b>144</b>	<b>241</b>	<b>290</b>

**Depreciations, amortisations and impairment per segment**

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018	Last 12 months
SEK million						
District heating	-44	-42	-84	-75	-159	-168
Biomass	-11	-10	-21	-20	-40	-41
Other/elimination	-3	-4	-7	-7	-14	-14
<b>Total</b>	<b>-58</b>	<b>-56</b>	<b>-112</b>	<b>-102</b>	<b>-213</b>	<b>-223</b>

**EBIT per segment**

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018	Last 12 months
SEK million						
District heating	11	-21	126	99	132	159
Biomass	-5	-14	-7	-25	-38	-20
Other/elimination	-14	-23	-38	-32	-66	-72
<b>Total EBIT</b>	<b>-8</b>	<b>-58</b>	<b>81</b>	<b>42</b>	<b>28</b>	<b>67</b>

**Reconciliation of segment reporting to profit/loss for the period**

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018	Last 12 months
SEK million						
EBIT	-8	-58	81	42	28	67
Net financial items	-74	58	-132	0	-207	-339
Income tax	4	1	-2	0	-218	-220
<b>Profit/loss for the period</b>	<b>-78</b>	<b>1</b>	<b>-53</b>	<b>42</b>	<b>-397</b>	<b>-492</b>

## Note 3 Business combinations

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

The table shows the final purchase price allocation:

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

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

On April 9 2019, the Group signed a Business Transfer Agreement with Veolia to acquire four plants, three in Sweden and one in Norway. The transaction comprises Power Plants with energy deliveries of 23 GWh annually. The purchase price amounted to approximately SEK 38 M and was paid cash.

The table shows the final purchase price allocation:

	Fair value of acquired net assets
<b>Assets</b>	
Property, plant and equipment	38
Inventories	0
Other short-term receivables	0
Cash and cash equivalents	0
	<b>38</b>
<b>Liabilities</b>	
Deferred tax liabilities	0
Other short-term liabilities	0
	<b>0</b>
<b>Total acquired net assets</b>	<b>38</b>
<b>Consideration transferred</b>	<b>38</b>

On an annual basis, the acquisition is expected to contribute with SEK 19 M to the Group's net sales and SEK 5 M to the Group's EBITDA.

On April 4, 2018, the Group acquired all shares in Pemco Energi (subsequently rebranded to Solör Bioenergi Värme). The acquisition comprises of 82 heating plants in Sweden and Norway as well as 2 pellets production plants. The purchase price was NOK 311 M, which at the transaction date amounted to approximately SEK 331 M.

The acquisition was financed through an extension of the investment credit facility (CAPEX) linked to the Group's SFA funding. In connection with the acquisition, acquired liabilities to credit institutions were repaid. Acquisition related expenses amounted to SEK 15 M.

The table shows the final purchase price allocation:

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

The acquisition of Solör Bioenergi Värme is expected to increase the Group's annual sales by approximately SEK 160 M and EBITDA by about SEK 40 M. The integration of the business will complement the Group's existing operations offer and further strengthen the Group's platform for growth. Moreover, the Group will utilize the cross-selling potential from this acquisition as well as synergies through collaboration in operations and production of biofuels.

## Note 4 Shareholders

	Number of shares	Ownership in percent
Nordic Infrastructure AG	15,406,079	49.58%
Highview Finance Holding Company Limited	7,798,630	25.10%
BE Bio Energy Group AG	3,107,057	10.00%
YRC Worldwide, Inc. Master Pension Plans Trust	2,293,065	7.38%
Sunrise BE I, LLC	1,537,067	4.95%
Meritor, Inc. Retirement Plan	811,465	2.61%
Jilkén & Jilkén AG	117,207	0.38%
	<b>31,070,570</b>	<b>100.00%</b>



**This report has not been subject for review by the Company's auditors.**

Questions concerning this report may be directed to:

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