2018 Annual Report

Peas Industries

About Peas Industries

At Peas Industries[1] we are committed to building meaningful, resilient and profitable companies that integrate people's needs with the integrity of the planet. Our ultimate goal is to create a regenerative society for all future generations.

Peas is active today within some of the most disruptive industries from a positive impact perspective: a renewable energy sector, circular waste management and sustainable food production. The group employs about 200 people and its head office is located in Stockholm, Sweden. Total sales revenue in 2018 amounted to about SEK 4,365 million.

1) The former OX2 Group has changed its name to Peas Industries. The name change was registered 2019-05-09.

Sävsjö biogas. Photo: Olle Nordell

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The CEO’s view

Photo: Christian Gustavsson

Welcome to Peas Industries

We see the need for owners with a long-term view and more sustainable goals than what is normal in the business sector. We are seeking the greatest challenges. Those which have the most positive impact on society and which therefore also have the potential to create long-term commercial success. Long-term focus is not only necessary in view of the societal challenges our companies address, but it is also positive for the corporate culture within the companies.

» Our ambition is to be the long-term and active owner of meaningful companies in a way that we do not see offered in today's market

We have taken major steps in our development over the past year. The establishment of the Peas Industries brand emphasises our ambition to be the long-term and active owner of meaningful companies in a way that we do not see offered in today's market. We are entrepreneurs ourselves and have built up and developed all the companies in our group from the start.

We believe it is important to manage and ensure social sustainability within the companies we own. We are convinced that non-hierarchical, inclusive, open and bold corporate cultures are necessary in order to be relevant in today’s society and a prerequisite for continued business innovation and development.

Our companies all make a positive difference in their respective industries, not only by being the leading players in commercialising sustainable technologies, but often also by promoting a more equitable and robust industry structure. They are democratic by its nature and promote a greater spread of ownership through their respective business models.

For a long time, we have seen that the smaller and new companies benefit from receiving support from Peas Industries with professional central functions so that the management of each company can focus on the product, sales and designing the business model. In larger companies, we seek to support the more autonomous leadership by being among the most active owners in the market. Most often with a focus on the tools required for a continued expansion.

We see great potential for all our companies even though (or precisely because) they are working with some of society’s greatest challenges. It is worth the effort and rewarding but much work is needed to achieve success. That’s why we exist.

We hope that Peas Industries and our companies can inspire you and that together, we will have the opportunity to create even more entrepreneurial, wise and long-term entrepreneurship.

Johan Ihrfelt, CEO Peas Industries

The year in figures (MSEK)

4,365

Net sales (2,339)

336

Operating profit (247)

356

Profit after financial items (257)

The figures in brackets refer to the 2017 figures.

Financial development between 2014-2018, MSEK

	2014	2015	2016	2017	2018
Net sales	1,808.5	1,624.3	1,122.6	2,338.6	4,364.7
Operating profit	56.7	72.7	122.5	247.2	335.5
Profit after financial items	60.4	72.3	122.5	257.3	356.4

The Peas Manifesto

We founded Peas Industries out of a belief that commercial companies can be a major contributor in creating a stronger planet. The social, economic and environmental challenges of today are leading to fundamental changes of society as we know it. This will affect most incumbent business models substantially. By understanding the forces at play combined with commercial thinking and entrepreneurial skills, Peas Industries aims to take a key role in this transformation.

For us, this is about building meaningful and profitable companies that integrate people's needs with the integrity of the planet. Our goal is to create positive development through commercial savviness combined with a humanistic and respectful mindset.

We are looking for challenging cases. They tend to be the ones that achieve the greatest impact on society and long-term commercial success. Peas Industries is active today within some of the most disruptive industries from a positive impact perspective: a renewable energy sector, circular waste management and sustainable food production. We want to keep developing these areas and more.

We are continuously looking for brilliant people, ideas, technologies and companies to contribute to our purpose.

We are seeking the greatest challenges. Those which have the most positive impact on society and which create long-term commercial success.

The global energy challenge

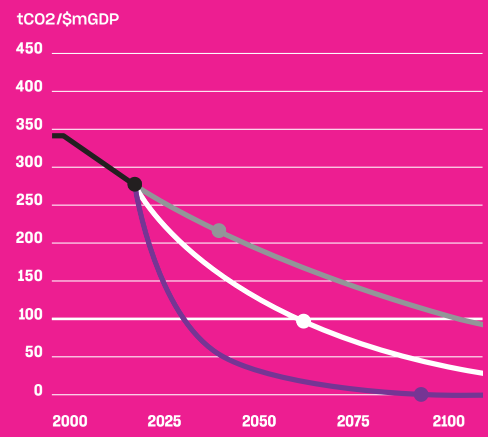
Energy is crucial in enabling our everyday life to function and our societies to develop. But with a growing population, one fifth of which still lacks access to electricity, and with our strong dependence on fossil fuels that make a fundamental contribution to climate change, the world is facing a gigantic challenge.

Energy necessary for human development

Energy is crucial for our development - both for us as individuals and for our societies. Nevertheless, one in five people still lack access to electricity.

By 2050, the world's population will be close to ten billion, the majority of whom will live in cities that are completely dependent on electricity as the main source for operating buildings, transport and urban food production. This makes energy one of the greatest challenges of our time.

How global carbon intensity must decrease over time in order for us to comply with the Paris Agreement



Source: PwC The Low Carbon Economy Index 2018

Dependent on fossil fuels

We are still far too dependent on non-renewable and fossil energy resources such as coal, oil and gas. These types of fuel account for more than 60 percent of all greenhouse gas emissions[1], which in turn create the strong climate changes we see today.

The major gap between where we are today and where we must be by 2050 continues to widen. Due to the growing global demand for energy, the world's greenhouse gas emissions increased by approximately 1.1 percent in 2017[2]. If we are to succeed in supporting a growing population, it will be crucial to disconnect economic growth and welfare from greenhouse gas emissions. The rate at which we succeed in doing this is usually described on the basis of the concept of carbon intensity (the ratio between emissions and GDP). The level that needs to be achieved to limit global warming to 2°C is 6.4 percent.[3]

In 2017, the level was only 2.6 per cent - which is less than half of what is required. With this background, we have much to do to provide affordable, reliable and renewable energy to 10 billion people by 2050.

1) IPCC 2016
2) International Energy Agency
3) PwC The Low Carbon Economy Index 2018

Scaling up renewables

Put our fossil dependency behind us

If we do not want to limit economic growth, we face a challenge that requires a huge shift from fossil fuels to renewable energy. Fortunately, we are on the right track. Over the past three years, there has been a doubling of wind power, solar cells and other renewable energy sources.

Throughout the world, we see growing markets for sustainable energy types outperforming those for fossil fuels. Hydroelectric power accounts for the largest portion of the sustainable energy sector, followed by solar and wind power and energy from biomass.

By 2050, wind and solar energy should constitute the dominant energy sources and thus meet 50 percent of the world's electricity needs. This dramatic shift to "50 by 50" will take place using efficient and affordable solar panels and wind power.[4] In recent years, both of these energy sources have greatly reduced their production costs (LCOE - Levelised Cost of Energy) thanks to falling capital costs, improved efficiency and an increased number of competing energy auctions around the world.

100 x more energy from wind

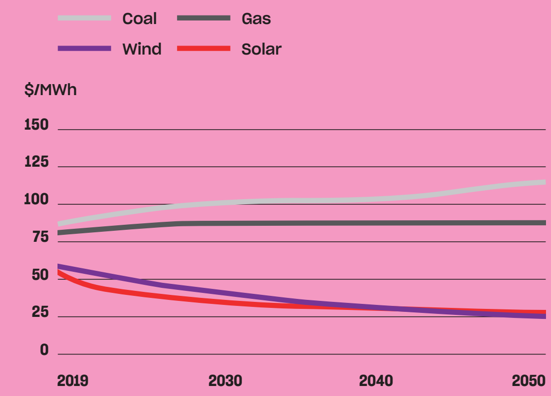
From the perspective of its carbon footprint, a wind turbine releases around 10 g CO2e/KWh. The equivalent figure for coal is around 1,000 g CO2e/KWh.[5] In other words, we can produce 100 times more energy from wind power, before we achieve the same carbon footprint as coal power.

4) BloombergNEF
5) Joshua D. Rhodes, University of Texas at Austin, Energy Institute, 2017

To the right: Ajos wind farm (42 MW) in Finland. Photo: OX2

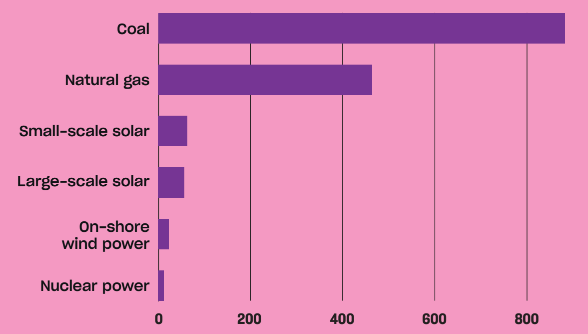
» A stronger planet will require new energy technology which aims higher than zero emissions

The cost of wind and solar power is less than that of coal and natural gas. And the gap is widening



Source: BloombergNEF

CO_2 emissions from coal power are 100 times greater than from wind power



Source: Joshua D. Rhodes, University of Texas at Austin, Energy Institute, 2017

Many positive effects

The expansion of the renewable energy sector has a large number of positive effects in addition to those that are climate-related. The social benefits mean new job opportunities as well as national and local tax revenues. The development also leads to a competitive industry thanks to falling electricity prices - and to increased electrical safety when older power plants are decommissioned and replaced by new modern ones.

In a world where renewable energy sources dominate, there is also an increased need for storage opportunities resulting in additional business opportunities. We are already seeing that major investment is being made in the development of battery and hydrogen technology.

New technology which decreases the amount of greenhouse gases

It is not very likely however that all fossil fuels will have been phased out by 2050. A stronger planet will require new energy technology which aims higher than zero emissions. We will need regenerative solutions with net negative greenhouse gas emissions. In other words, technologies which will reduce the amount of greenhouse gases in the atmosphere.

We do not believe there is a magical formula to solve this challenge. But we believe that disruptive technology, innovations, system transitions and behavioural changes will ultimately lead us to a low-carbon economy. We can also continue to benefit from the business opportunities this challenge creates.

OX2

Europe's leading developer of large-scale onshore wind power

Within large-scale onshore wind power OX2 has, in recent years, generated more than 2 GW of wind power, establishing OX2 as one of the leading operators in renewable power generation in Europe. The investment in wind power goes back about 15 years to the time when OX2 began building up expertise within the entire value chain of wind power.

Since then, OX2 has built up substantial experience and a large network of partners, along with an in-depth knowledge of financing from institutional and industrial capital. These factors, together with an ability to be offering both new technological and financial solutions, have been vital to the company's success over the years.

OX2's customers consist primarily of financial investors, but also major energy consumers. IKEA, Allianz, Google and Aquila Capital are examples of repeat customers investing in large wind power portfolios.

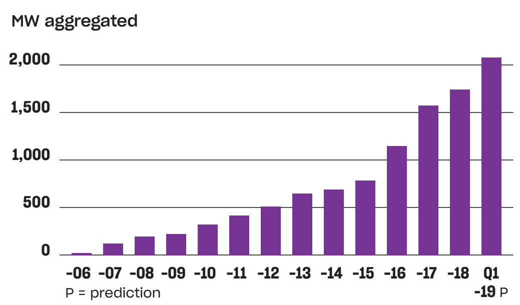
2018 – record results and high activity in the Nordic region

2018 was a successful year for wind power in Europe in general compared to 2017[6] – with a 45% increase in investments – and for OX2 in particular.

OX2 had 13 wind farms under construction in the Nordic region, equivalent to around 1 GW. Three major wind farms were completed and handed over to the purchasers on schedule. New sales continued at a high level. In particular, the largest subsidy-free wind power project in the Nordic countries to date of just over 107 MW was sold to IKEA. At the end of the period, OX2's technical and commercial management operations covered 21 wind parks with an output of approximately 2.4 TWh/year.

6) WindEurope

OX2's generation of wind power 2006-2019, cumulative nameplate capacity



To the left: Raskiftet wind farm (112 MW) in Norway was completed in 2018. Photo: Joakim Lagercrantz

"2018 was a year when we, together as an organisation, can report a good financial result. We have strengthened our project portfolio, secured the financing of new projects and completed our construction projects at a high level of quality, on time and within budget. I am really pleased that, while we are growing very quickly, we have also managed to attract and introduce new talented employees to our business"

– Paul Stormoen, CEO OX2

Photo: Christian Gustavsson

Facts about OX2

OX2 develops, builds and manages renewable power generation. OX2 has taken a leading position in large-scale onshore wind power over the past 15 years, having generated more than 2 GW of wind power in the Nordic region. OX2 has operations in Sweden, Norway, Finland, Poland, Lithuania, France and Germany. Its head office is located in Stockholm, Sweden. Peas Industries owns 100 percent of the company.

Map of OX2's market presence

The global waste challenge

A growing population and higher living standards place demands on how we produce and consume. If the planet is to be able to provide us with resources at the levels needed in the future, we must move from a linear to a circular economy, where waste is viewed as a valuable resource.

Increased consumption and dwindling natural resources

Over the past 200 years, economic development, international cooperation, technical and social innovation, improved health and prosperity have helped to increase living standards for most people on Earth. However, this economic and social development has been largely achieved through the intensive, inefficient and unsustainable use of the Earth's finite resources.

Tomorrow's markets need to be adapted to an even larger population, fewer people in poverty and an unprecedented growth in consumption. Due to rising incomes and a rapid rise in population, another three billion people are expected to join the global middle class over the next 15 years, especially in the developing countries. This demographic shift represents positive human development, but without significant changes in how we produce and consume food and other resources, it is also a threat to our environment and the planet's ability to support us in the future.

» Two billion tonnes of food waste are wasted every year

From a linear to a circular economy

One-third of all food produced in the world is wasted every year,[1)] instead of being reused. This limits our ability to feed the population and it depletes our natural resources. The transition from a "take, make and dispose" society to a more circular lifestyle has begun. There are good goals and ambitions to reduce the amount of waste and to reuse resources. But the process is too slow.

1) UN FAO

Bioeconomy - recycling which pays off

The term bioeconomy is increasingly used when talking about the circular economy and biology. The bioeconomy comprises the production of new valuable renewable biological products from various waste streams, such as food, fertiliser and bioenergy.

We will soon need two planets to support us.

Circular economy

Back to nature

The solution is to reconnect ourselves with the biosphere by imitating nature's own processes such as, for example, the nitrogen and phosphorus cycles. Nitrogen and phosphorus are essential nutrients for all plants. In the natural environment, organic phosphate and nitrogen are returned to the earth when a plant or animal dies or when an animal produces excrement. This does not happen to the same extent in industrial production, where both waste and excrement are often thrown away, incinerated or spread inefficiently on our fields.

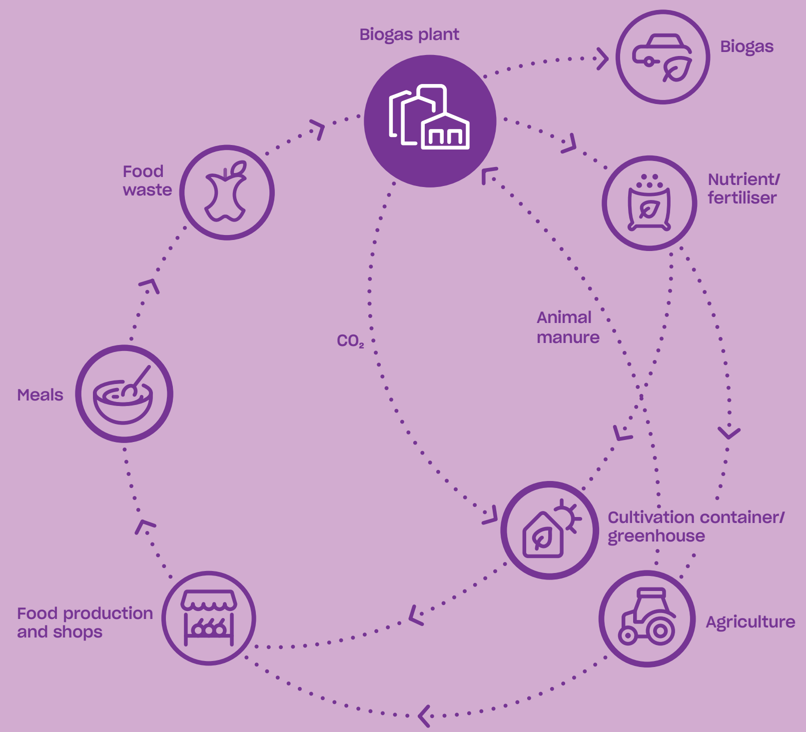
Biogas - the solution to many problems

Biogas is produced at an organic waste facility by means of an anaerobic digestion process. The clearest strength of biogas production is that it solves many problems at the same time. It is:

- a concept for the production of renewable energy
- a way to manage and recycle waste
- a tool for reducing greenhouse gases generated by agriculture and energy production
- a way to produce biofertiliser through mineralisation of the nutrients in sludge
- a means of protecting water quality for sensitive watercourses.

From waste management to organic refinery

What was previously a waste facility, we can now consider an organic refinery. It is a place where waste is viewed as a very valuable resource which we can refine into new products, such as biogas for climate-friendly transportation, district heating for heating buildings and organic fertiliser/nutrients for use on fields and crops.



Example of how an organic refinery works.

» The clearest strength of biogas production is that it solves many problems at the same time

Biogas plant in Helsingborg. Photo: Olle Nordell

Biond

80 GWh
Quantity of biogas produced in 2018

198,000 t
Quantity of biofertiliser produced in 2018

6.1 GWh
Quantity of district heating produced in 2018

A leading company within industrial biogas production in Sweden

Since 2016, Biond has offered municipalities and companies services which include the development, operation and commercial management of biogas plants. With a total annual production of around 80 GWh of biogas and 200,000 tonnes of biofertiliser, Biond is currently one of the largest biogas producers in Sweden.

Biond operates one of Sweden's largest biogas plants outside Helsingborg. The biogas is manufactured using food and offal waste from the region. It is then upgraded to automotive fuel and is used, for example, in the city buses operated by Skånetrafiken. The nutrient-rich residues from the biogas production are used to manufacture biofertiliser. The plant also produces a liquid nutrient which the Peas company Bonbio uses for circular farming of crops in containers. Biond also owns a district heating plat in the same area.

In addition, Biond is the operator and majority shareholder of Sävsjö Biogas, which produces biogas and biofertiliser, primarily from liquid manure obtained from nearby agriculture.

2018 - acquisition of Sävsjö Biogas

Biond produced a total of about 80 GWh of biogas during the year, which corresponds to approximately 9 million litres of petrol. In addition, around 198,000 tonnes of biofertiliser and approximately 6.1 GWh of green district heating were produced. In 2018, its acquisition of 90.5 percent of the shares made Biond the majority shareholder in Sävsjö Biogas.

Biogas plant in Sävsjö. Photo: Olle Nordell

Facts about Biond

Biond was founded in 2016 and is currently one of the largest producers of biogas in Sweden with an annual output of approximately 80 GWh. The company supplies municipalities and companies with the development, operation and commercial management of biogas plants. Biond operates a large biogas plant outside Helsingborg and Sävsjö Biogas, where Biond is the majority shareholder. The company also owns a district heating plant. Peas Industries owns 91 percent of the company.

Photo: Christian Gustavsson

"Biond sees great opportunities to offer and implement innovative and sustainable solutions in the biogas industry, but 2018 was a challenge for Swedish biogas with high competition from imported Danish biogas. There is uncertainty regarding the upcoming support system, but we have hope for the future as the Government is investing in a sustainable transition in the energy sector and improved waste recycling, where our business is absolutely central to achieving a circular economy and a fossil-free vehicle fleet"

- Stefan Wennerström, CEO Biond

The global food challenge

Food production today has a major impact on climate change, the over-consumption of water and the loss of biodiversity. In order to feed a rapidly growing population up to 2050, the production of nutritious food needs to increase by more than 70 percent over the same period. The global food challenge is about coping with this increase without exhausting the planet's resources and the opportunity to support us in the future.

9.7bn

world population in 2050

70%

of population living in urban environment in 2050

1.7x

planets needed to meet humanity's demand for Earth's resources in 2050

+70%

increased demand for food in 2050[1)]

More mouths to feed

Providing healthy and sustainably sourced food to a growing and increasingly urbanised world population is one of humanity's greatest challenges. By the year 2050, we will have to supply two billion more people with food, and we must do so without increasing the pressure on the planet's ecosystem. But an increasing population is not the only reason why we need more food. The spread of prosperity worldwide, especially in China and India, means that more people can afford to eat both a greater quantity and choose from a wider range of products. These synergetic factors will probably require us to double the amount of farmed crops by 2050.

Unsustainable agriculture

Agricultural land today constitutes the largest vegetation type on Earth and contributes greatly to global warming by causing more greenhouse gas emissions than all our cars, lorries, trains and planes combined. This is largely due to emissions of methane gas from livestock and rice farming, nitrogen oxide from chemically fertilised fields and carbon dioxide due to the deforestation of rainforests.

Agriculture also devours huge amounts of our valuable water resources, contributes to the loss of biodiversity and is a major polluter, as the run-off of fertiliser from fields has a negative impact on sensitive watercourses and coasts worldwide. When we destroy grasslands and forests for the benefit of agriculture, we lose important ecosystems, thereby contributing to the eradication of wild plants and animals.

» Agriculture causes more greenhouse gas emissions than all our cars, lorries, trains and planes combined

Food - a world traveller

Industrialisation and mass production require ever larger farms and production facilities that are located further and further away from the final consumers. But it is not just the production of food that is unsustainable. Today, many of us expect our local food stores to offer the most exotic foods all year round. This means that food is transported around the world to an ever increasing extent. Transport that is largely powered by fossil fuels. In fact, the transport of food from production to homes represents around 10 percent of the total greenhouse gas emissions in the food industry.

1) UN FAO

Sustainable food production

A different food chain

The solutions can be found in every part of the food chain, i.e. from primary production to food production and grocery shopping and finally also to consumers. They include everything from drastically reducing agriculture's carbon footprint and using resources much more efficiently when we need to increase production. We increasingly need to reuse water and nutrients, grow food closer to consumers and switch to a much more plant-based diet.

Increasingly aware consumers

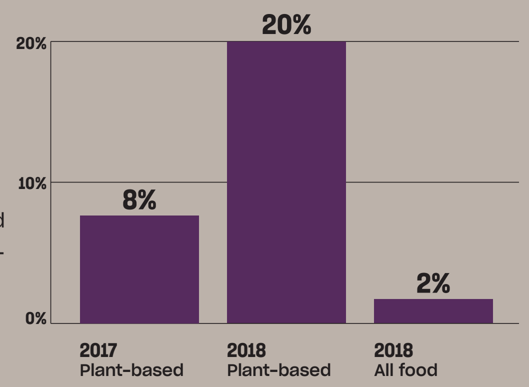
There is a lot going on in the food industry. Above all, development is driven by increasingly aware consumers who are willing to pay for sustainably produced and healthy food. Today, there is great demand for food which is fair trade, locally produced and organic. A sign of the times is the many fast food chains investing heavily in a plant-based menu that is both climate-friendly and healthier.

The new food

Demand for climate-friendly food is driving the food industry to develop new products and production methods. The popularity of a plant-based diet is therefore growing rapidly, while more and more people also want local food. Rapid urbanisation means that cultivation will increasingly need to take place in or in close proximity to urban environments.

Circular and urban farming

A prerequisite for more sustainable food production is to reuse the necessary building blocks for farming - namely energy, water, nutrients and minerals. This can be done by closing the loop of food waste. It is time for our food system to become more circular or regenerative. Just as it was in the past when local agriculture returned nutrients to the earth, binding carbon dioxide instead of discharging it. It is logical that a much larger proportion of production must take place closer to consumers, where the waste also occurs, in order to prevent long-distance transport and food waste. Studies using satellite images show that, on a global scale, urban crops could provide us with a significant proportion of the plants and vegetables we consume.



Plant-based food grows fast

Source: plantbasedfoods.org

Why circular farming?

- Precision farming
- Space efficiency
- 90% less water
- No pesticides
- Reduced transports

The Peas company Bonbio grows salad in high-tech containers. Photo: Olle Nordell

Bonbio

Turnkey supplier for circular farming

Bonbio is a turnkey supplier for circular farming. The crops - Bonbio Greens - are grown in high-tech containers, the advantage of which is that they can be placed directly adjacent to the customers' operations and close to the final consumer. Fresh, local and unsprayed crops are provided all year round, regardless of weather and seasons.

The circular farming process uses a liquid plant nutrient - Bonbio Nutrients - which is extracted from organic waste, such as food waste from restaurants, supermarkets, catering establishments and homes. Production of plant nutrients is currently taking place in one of Sweden's largest biogas plants outside Helsingborg, which is operated by Biond, a company owned by Peas.

Farming in containers is very space-efficient. A cultivation container of 30 square metres is equivalent to a conventional farming area of about 80 square metres due to the fact that the farming is vertical i.e. it takes place on different levels. The farming is also hydroponic, which means that no soil is needed as the crops receive plant nutrients via the circulating water. Water consumption is reduced by 90 percent compared with conventional farming.

Bonbio's horticulturists set all the important parameters needed for the crops to grow optimally, such as temperature, light, water, nutrients and carbon dioxide content.

Research is ongoing in the field of superfoods - foods with an extra high nutritional density. Bonbio is also investigating the possibility of producing proteins and algae.

Bonbio and IKEA are collaborating on growing salad outside two department stores in Skåne. Photo: IKEA

2018 - agreement with IKEA paves the way for continued growth

2018 was Bonbio's first year of operation when the company built up the organisation, recruited employees, developed and marketed the concept. During the autumn, an agreement was signed with IKEA for a 12-month pilot project to grow salad in containers outside two department stores in Skåne. The ambition is for more and more IKEA stores to become self-sufficient in the circular farming of lettuce and other leafy greens.

Facts about Bonbio

Bonbio was founded in 2018 and is a turnkey supplier in the field of circular farming and crop production. The company has developed a concept for circular farming where food waste and other organic waste are utilised and processed into organic nutrients, so-called Bonbio Nutrients. These nutrients are then used to grow different types of crops, so-called Bonbio Greens, in cultivation containers. Peas Industries owns 91 percent of the company.

Circular farming of salad

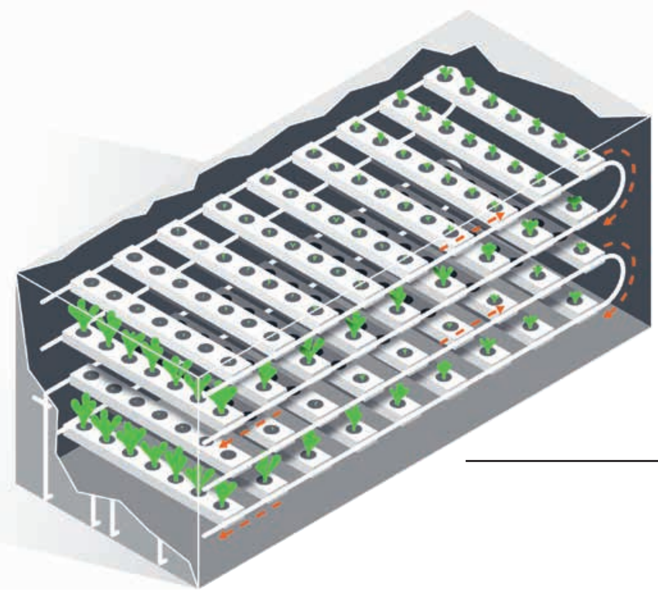


Illustration: IKEA/Bonbio

Farming takes place in a container. The salad grows on four levels. No soil is needed, instead the salad grows directly in water that is mixed with plant nutrients. It takes around five weeks from sowing to harvest.

1
Organic waste is collected.

2
Bonbio refines organic waste into plant nutrients at its biogas plant in Helsingborg. Biogas is also produced here.

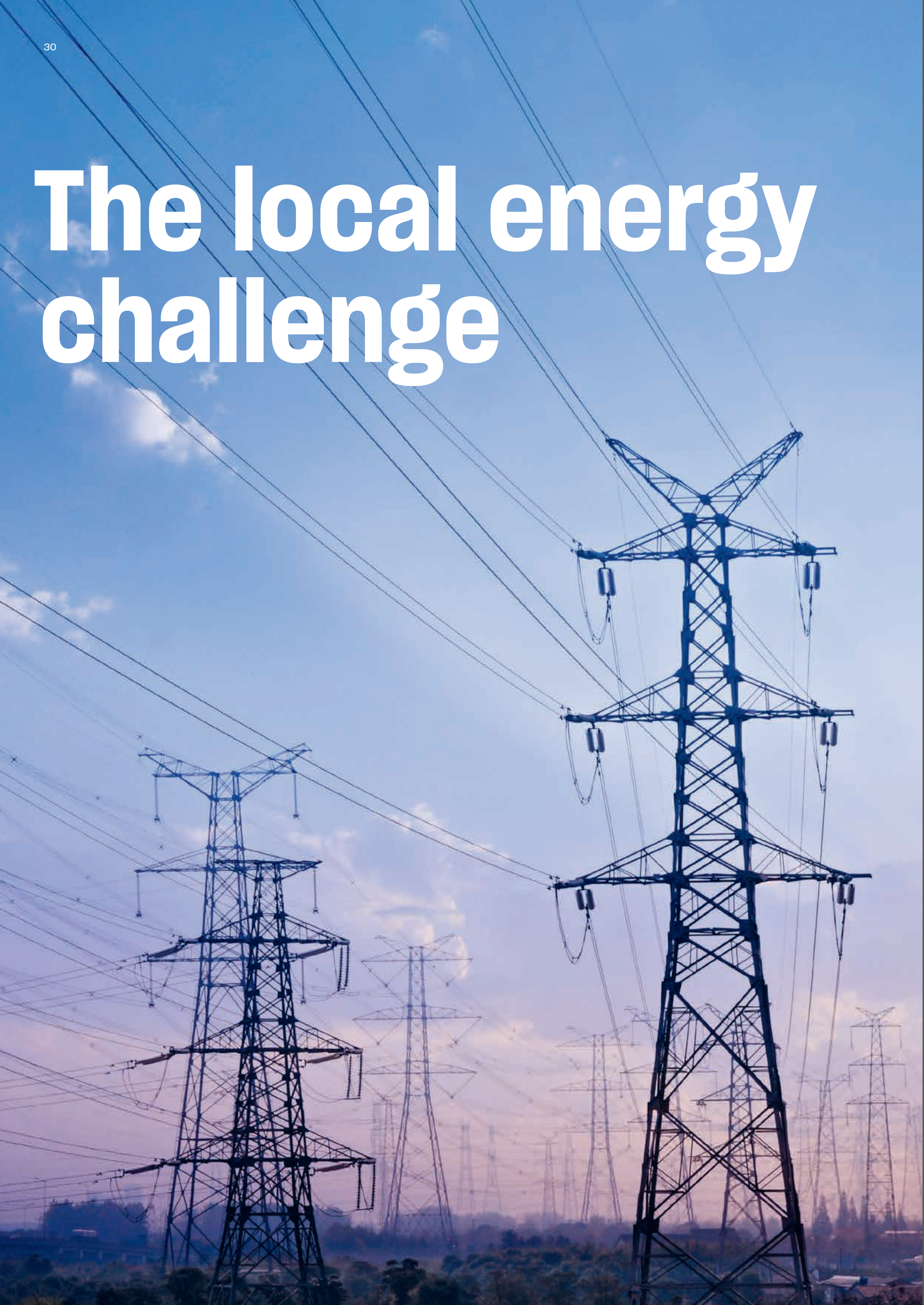
3
Biogas powers buses in Helsingborg and Malmö.

4
The nutrients provide salad with the energy to grow inside containers.

Photo: Christian Gustavsson

“Both internationally and locally, we see a great interest in producing crops more sustainably and converting to a circular economy. At the same time, however, knowledge of how circular farming works in practice is limited, giving Bonbio a great opportunity to quickly establish itself as a turnkey supplier. We also believe that our plant nutrient Bonbio Nutrients and our crops Bonbio Greens have great potential to become successful products in their own right on the market”

- Fredrik Olrog, CEO Bonbio



The local energy challenge

A radical shift is needed in the way we extract, convert and consume energy. The transition is about production, distribution and consumption being carried out in as climate-neutral and efficient manner as possible. This is an energy revolution where distributed energy solutions are of crucial importance.

An unsustainable equation

During the World Economic Forum's annual meeting in Davos in 2012, executives from the world's largest energy companies were asked: "To what extent do you expect the global energy system to change over the next ten years?" More than 90 percent predicted a significant change and almost one third predicted a radical shift. We are now seven years into that projection and can witness a substantial change. A change that affects all parts of the so-called "energy triangle": economic growth and development, a sustainable environment and secure energy.

The challenge is to build an energy architecture in society with good performance and accessibility, which at the same time takes into account economic growth, minimises negative effects on the environment and climate and contributes to national security. The countries that perform poorest based on these dimensions are mainly those which are still heavily dependent on centralised power production, dominated by fossil fuels and nuclear power.

Access to fossil energy has historically been a stable motor for economic growth, but with climate change and an urgent need to reduce carbon dioxide emissions, the equation has changed completely. In addition, the fossil fuel originating from a few countries, many of which are authoritarian regimes, makes imports problematic from both a security and an availability perspective.

Economic growth and development

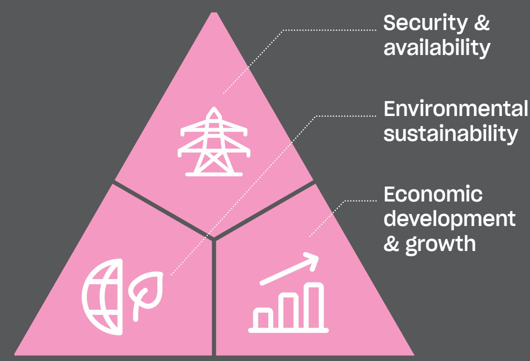
According to World Energy Outlook 2018, the demand for energy is expected to increase by another 25 percent by 2040, with the majority coming from emerging economies. Many of these economies are still heavily dependent on coal to generate energy.

Energy security and access to electricity

Geopolitical shifts that regularly plunge countries in energy crises drive price volatility in the market and approximately one billion people around the world still lack access to electricity. Power outages caused, for example, by storms and other natural disasters remind us of the vulnerability of centralised energy systems.

Environmental sustainability

Climate change, which, among other things, causes more and more extreme weather disasters, requires an urgent transition to a low carbon economy. At the end of 2018, scientists from around the world repeated the urgent need to reduce emissions and limit global warming to 1.5°C. So far, only 16 countries have submitted emission reduction targets in accordance with their nationally-set contributions in the Paris Agreement.



Energy triangle

Source: World Economic Forum. Fostering Effective Energy Transition: A Fact-Based Framework to Support Decision-Making, 2018

From centralised to distributed energy

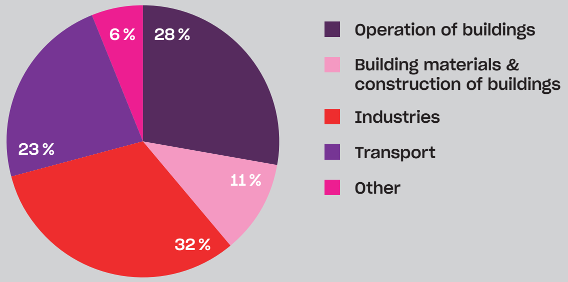
One solution to the conversion of the energy systems is to move from conventional centralised power generation to distributed renewable energy solutions. This means that the energy is generated closer to the users, or even by the users themselves. This decreases the vulnerability of the systems while accelerating the phase-out of the fossil energy.

Thanks to technological development and a radical reduction in the cost of renewable energy sources, the expansion can be made more cheaply, quickly and smartly than with any other type of energy. This development would benefit all aspects of the energy triangle.

All countries on Earth have access to renewable energy in various forms such as solar, wind and geothermal energy - and investments in new renewable infrastructure would create great economic growth, primarily through job creation to expand the new distributed energy network. There are also significant business opportunities where qualified skills and new thinking are needed.

Many speak of this as the great energy revolution that in many ways resembles the development experienced by the information society. A development where the information has become freely available and free of charge and where business opportunities exist in the infrastructure, in its accessibility and intelligence.

Global CO_2 emissions per sector



Source: Global Alliance for buildings and construction - 2018 Global Status Report

The solution is in buildings

The operation of commercial and residential buildings worldwide accounts for around 30 per cent of all global greenhouse gas emissions today.[1] Emissions come primarily from heating and electricity use, through centralised generation of fossil power.

The new technologies such as PV cells, smaller wind turbines, geothermal heat pumps, recycling ventilation and air heat exchangers open up opportunities for property owners to produce their own renewable energy.

The properties are increasingly moving away from being passive recipients of centrally produced energy to becoming their own sophisticated energy systems that produce, store and optimise energy over time. This enables the buildings to become climate-passive or even energy net positive. This is a change which is already in full swing in many countries.

There is a strong demand for integrated and sustainable energy solutions both among companies and homes - a segment that is growing by around 50-60 per cent a year, only in Sweden.

1) Global Alliance for buildings and construction - 2018 Global Status Report

Utellus solar installation.
Photo: Jens Eriksson

Enstar

Sustainable and sophisticated energy system for property owners

Since 2004, Enstar has offered property owners in Sweden cost-effective and sustainable system solutions for heating, cooling and electricity, with a focus on renewable energy. The company is working on an integrated approach to developing, refining and managing the various energy systems of different properties. Our customers include property companies, industries and housing associations. Peas Industries owns 52 percent of the company.

Student accommodation at KTH received the "Best Property Innovation and Sustainability Award 2018" award at the European conference "The Class" in Lisbon. Enstar delivered the energy solution. Photo: Åke Gunnarsson

2018 - Focus on greater and more complex projects

Enstar continues to grow and during 2018 it worked on 17 EPC projects for new energy solutions, equivalent to around 10.2 GWh in energy savings. Some ten of the energy solutions included solar cell installations which are a growing segment. During the year, Enstar was also responsible for operating and servicing more than 150 energy plants around Sweden.

Photo: Christian Gustavsson

"We have enjoyed a record year in terms of both sales and profit for the second consecutive year. But it is not the numbers that I am most proud of, but our employees who have accomplished this. Enstar is now one of the leading operators in integrated and sustainable energy solutions for the real estate sector and we are continuing to acquire market shares."

- John von Wowern, CEO Enstar

Utellus

Solar installation on BRF Fruängsporten, Stockholm. Photo: Jens Eriksson

PV cells, wind shares and green electricity for smaller electricity consumers

Utellus is an energy company which, since 2006, has provided private individuals, housing associations and smaller companies in Sweden with turnkey PV plants, shares in wind turbines and electricity labelled as "Good Environmental Choice". Utellus also manages Solivind El Ekonomisk Förening, which is Sweden's largest wind power cooperative, whose members own ten wind turbines with a combined annual production of approximately 63 GWh. Peas Industries owns 100 percent of Utellus.

2018 - Continued high rating among customers

In 2018, Utellus came out on top for customer satisfaction amongst private customers in the electricity market for the fifth time in a row. The survey is conducted annually by the Svenskt Kvalitetsindex (SKI). To date, the company has assisted more than 4,000 customers in producing their own electricity through joint ownership of wind turbines or PV cells at their properties.

"2018 was an eventful year for us at Utellus. We had a strong demand for energy solutions using PV cells and more than tripled our sales compared with 2017. We also came out on top for the fifth consecutive year in the Swedish Quality Index's annual customer satisfaction survey among Swedish electricity companies. It goes without saying that we are very proud of this achievement."

- Ellinor Sönne, customer service and sales Utellus

Photo: Charlotte Holm

Peas seeks commercial solutions to the greatest challenges of our time. We evaluate these in relation to the global sustainability goals.

Peas Industries' contribution to the global goals

	OX2	Enstar	Utellus	Biond	Bonbio
2 ZERO HUNGER				Biond transforms organic waste into valuable biofertiliser and nutrients which promote sustainable agriculture.	Bonbio provides products and solutions for circular farming where the nutrients in organic waste are utilised to grow new crops. Vertical and hydroponic farming in containers is a complement to conventional agriculture which does not require arable land and utilises 90 percent less water. Nutrient-rich and unsprayed crops can be grown with high yields regardless of climate and weather conditions.
5 GENDER EQUALITY	All Peas companies work to achieve gender equality				
7 AFFORDABLE AND CLEAN ENERGY	OX2 builds and manages large-scale plants generating renewable energy. These enable access to sustainable energy to be increased and secured.	Enstar offers and implements sustainable energy systems for properties.	Utellus supplies 100 percent renewable electricity to smaller electricity consumers and also gives private individuals and smaller companies the opportunity to produce their own electricity via shares in wind turbines and PV cells.	Biond produces renewable energy in the form of biogas and district heating from organic waste.	
8 DECENT WORK AND ECONOMIC GROWTH	All Peas companies strive to provide meaningful jobs and fair working conditions for all employees				
	In the agreements with OX2's largest subcontractors, efforts are made to offer local companies the opportunity to win a job, provided that they can compete in terms of quality and price.				
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	All Peas companies are constantly working to develop their business with the help of innovation and the latest technology				
	OX2 contributes to sustainable industrialisation and infrastructure by expanding renewable energy.	Enstar contributes to transforming the real estate industry by means of energy efficiency, increased use of renewable energy and independent of central solutions by offering sustainable distributed energy systems for properties.	Utellus contributes to the dissemination of awareness and engagement amongst a broad public by offering different opportunities to produce their own renewable electricity.	Biond is building a stable, renewable and circular system which converts waste into energy for local use.	Bonbio contributes to a more sustainable food chain through circular and space-efficient farming close to the customers' operations.

	OX2	Enstar	Utellus	Biond	Bonbio
10 REDUCED INEQUALITIES	All Peas companies promote an inclusive and equal society				
11 SUSTAINABLE CITIES AND COMMUNITIES	OX2 creates the conditions for electrification of urban transport systems by establishing more and more large-scale wind and solar power plants.	Enstar helps to make cities energy efficient and independent by offering sustainable distributed energy systems in properties.	Utellus contributes to sustainable cities by offering renewable electricity and giving private individuals and smaller companies the opportunity to produce their own electricity via shares in wind turbines and PV cells.	Biond utilises and recovers natural resources in a circular process by producing biogas, fertiliser and district heating from organic waste. These products, in turn, reduce the dependence on fossil energy in transport, for example.	Bonbio provides circular and sustainable local farming and food production, which is particularly advantageous in urban environments where there is a shortage of land.
13 CLIMATE ACTION	All Peas companies strive to inspire companies as well as individuals to live more sustainably				
	OX2 is a driving force in the transition towards a more sustainable and climate-neutral future by developing, building and managing renewable energy generation.	Enstar contributes to reduced carbon emissions by providing sustainable energy systems for properties.	Utellus gives private individuals and small businesses the opportunity to combat climate change by offering renewable electricity and/or their own renewable electricity generation.	Biond facilitates the transport sector's transition to carbon neutrality by producing renewable energy in the form of biogas.	Because Bonbio grows crops close to the customers' operations, the need for long-term climate-impacting transport is reduced.
15 LIFE ON LAND	As OX2 develops and builds large-scale plants that produce renewable energy, OX2 is contributing to the global transition from the extraction and utilisation of harmful fossil fuels.	Enstar is contributing to the transition away from the extraction and utilisation of harmful fossil fuels by providing sustainable energy systems for properties.	Utellus contributes to more sustainable ecosystems by offering renewable electricity to private individuals and smaller companies and opportunities to produce their own wind and solar electricity.	Because Biond offers the transport sector carbon-neutral fuel in the form of biogas, Biond is contributing to reducing dependence on fossil fuels that cause great damage to land and natural life.	Bonbio provides vertical and circular farming in cities independent of arable land, which prevents negative effects such as deforestation and soil degradation.

Key indicators for Peas Industries

This is a summary of the most important key indicators relating to sustainability for Peas Industries. OX2 is the only company in the Group that is obliged to report its sustainability work according to the EU directive for non-financial reporting. Its complete sustainability report can be found in OX2's annual report for 2018 at www.ox2.com.

Health and safety

Peas is committed to a safe and secure work environment for all employees and contracted suppliers, which requires systematic working environment. The key indicators in this area are:

Accident rate – registered serious and minor accidents that affect employees and suppliers.

Health index – index showing the percentage of employees' work days in relation to the number of sick days.

Gender equality

Peas strives to promote an open, equal and inclusive approach. In recruitment, the main criterion is expertise, but in the event of two candidates having equal qualifications, the policy is to employ the under-represented gender, in order to achieve a more even gender distribution. In line with this, Peas also makes efforts to achieve a gender balance among managers. The annual salary survey is done to secure equal pay. The most important key indicator in this area is:

Gender equality – percentage of women employed compared to men.

Discrimination

Peas accepts no form of violation of human rights or other forms of degrading discrimination. Peas strives to achieve a corporate culture which is totally non-discriminatory in respect of gender, sexual orientation, transgender identity or expression, ethnic origin, religion or any other belief, disability or age. Through a third-party system for "whistleblowing", all employees of the Peas companies can anonymously report infringements of various kinds and reported cases are recorded as a key indicator.

Discrimination – reported cases of discriminatory behaviour.

Healthy and balanced work culture

Peas believes that employees who feel good and are well balanced can perform optimally and for a long time. Peas closely monitors how all employees feel through regular performance reviews, assigning resources as needed. In 2018, Peas continued to offer employees mindfulness training. It is a voluntary programme in various stages that runs throughout the year with employees being given the opportunity to learn about mental presence, focus and stress management, for example. The key indicator reported is:

Mindfulness training – number of employees who have participated in mindfulness training.

Renewable energy generation

Through its companies, Peas operates the transition towards a renewable energy system, a fossil-free vehicle fleet and a circular economy. Some of the most important key indicators in this work are as follows:

Renewable energy generation – amount of wind projects sold (in MW) and amount of biogas produced.

Environmental compliance

Peas has an environmental policy which governs its work with regard to environmental responsibility. Two of the companies, OX2 and Biond, have been certified according to ISO 14001 since 2010 and 2016 respectively, which ensures systematic environmental work. The key indicators in this area are:

ISO 14001 certification – number of suppliers and total purchase value with ISO 14001 certification.

Emissions on land and at sea

All companies within Peas are working systematically to eliminate environmental risks, among other things through ISO 140001 procedures for follow-up and continuous improvement and active investments in self-monitoring. In the case of accidents that may lead to emissions, Peas has good procedures in place for handling and reporting them. The key indicator is:

Emissions on land and at sea – environmental emissions which have been reported.

Anti-corruption

Peas is actively working to prevent bribery and corruption. Peas' anti-corruption policy governs how employees in the Peas companies should act in different business contexts, for example in case of suspected irregularities. Through a third-party system for "whistleblowing", all employees of the Peas companies can anonymously report infringements of various kinds and reported cases are recorded as a key indicator.

Anti-corruption – business ethics infringements reported in 2018.

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Peas Industries AB, corporate identity number 556829-4515

Engagement and responsibility
It is the board of directors who is responsible for the statutory sustainability report for the year 2018 on pages 36–41 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion
A statutory sustainability report has been prepared.

Stockholm June 13 2019
Deloitte AB

Jonas Ståhlberg
Authorized Public Accountant

	Financial year 2016	Financial year 2017	Financial year 2018
Health index	98%	98%	97.7%
Accident rate	0 serious accidents in 2016 and 2017. There is no information available on minor accidents and incidents.		0 serious accidents 37 minor accidents 52 incidents
Gender equality	69% men 31% women	70% men 30% women	67% men 33% women
Discrimination	0 cases	1 case	1 case
Number of participants in mindfulness	10	32	66
Renewable energy generation			
Wind power sold	325 MW	426 MW	220 MW
Biogas sold	77.4 GWh	77.9 GWh	83.5 GWh
Environmental compliance (ISO certified suppliers)	69% in number 99% in purchase value	65% in number 99% in purchase value	64% in number 99% in purchase value
Emissions to land and sea	No serious environmental emissions or spills occurred during 2016, 2017 or 2018. The minor spills that occurred could be managed and sanitised in an environmentally sound manner.		
Anti-corruption	No cases of corruption or other fraudulent behaviour were reported in 2016, 2017 and 2018.		

Board of Directors and Auditors

During 2018, the Peas Industries Board of Directors consisted of six members. Deloitte AB was re-engaged as auditor.

The Board of Directors is the company's second-highest decision-making body after the shareholders' Annual General Meeting. The Board is responsible for the company's organisation and the management of the company's business, e.g. setting goals and strategy, establishing procedures and systems for following up goals, continuously assessing the company's financial situation and evaluating the operational management. During 2018, Peas Industries' Board of Directors consisted of six members, including the Chairman of the Board.

At the Annual General Meeting held on 24 April 2018, Deloitte AB was re-elected, with Jonas Ståhlberg as the company's new auditor for the period until the 2019 AGM.

Johan Ihrfelt
Chairman of the Board

Current position: CEO of Peas Industries AB.
Other appointments: Board member of several companies within Peas Industries and member of the advisory board at a number of external companies.
Education: MBA, Stockholm School of Economics and NYU, Stern School of Business in New York. He also studied law at the University of Stockholm.
Born: 1967

Thomas von Otter
Board member

Current position: Deputy CEO of Peas Industries AB.
Other appointments: Board member of several other companies within Peas Industries as well as a number of external companies.
Education: Studied economics at Stockholm University.
Born: 1966

Anna-Karin Eliasson Celsing
Board member

Other appointments: Chairman of the Board of SVT AB.
Board member of Lannebo Fonder AB, Landshypotek Bank AB, Serneke AB, Volati AB and OX2 AB.
Education: MBA, Stockholm School of Economics.
Born: 1962

Johan Wieslander
Board member

Current position: CEO of Influence AB.
Other board appointments: Inhouse AB and J&J Wieslander and in companies for operations in Deseven AB, Influence AB, Aurentor AB and Procure It Right AB.
Education: Masters in Engineering and MBA, Chalmers University of Technology and the School of Economics at Gothenburg University.
Born: 1960

Jan Örtegren
Board member

Current position: CFO Grimaldi Industri AB.
Other appointments: Board member of companies within the Grimaldi Industri Group.
Education: Stockholm School of Economics.
Born: 1961

Niklas Midby
Board member

Other appointments: Chairman of the Board of Sbanken ASA, Resscapital AB and stoEr AB and board member of Consiglio Capital AB and Peas Industries AB.
Education: MBA, Stockholm School of Economics.
Born: 1959

Directors' Report

The Board of Directors and CEO of Peas Industries AB, corporate ID no. 556829-4515, with registered office in Stockholm, hereby submit the annual report and consolidated financial statements for the financial year 01/01/2018 to 31/12/2018.

The nature of the business and its direction

The business concept of Peas Industries AB and its subsidiaries ("Peas") is to build meaningful, profitable companies that unite human needs with caring for our planet. Peas' ultimate goal is to create a sustainable society on the basis of all dimensions.

Significant events during 2018

In April 2018, the company invested in a new pre-treatment plant for biogas production in Helsingborg. The investment of approximately SEK 50 million is funded by Peas with a contribution from Klimatklivet.

In May, Yxpila wind farm, 4 wind turbines (14 MW) in Finland were handed over to the owner, Aquila.

In September 2018, a sales agreement was signed with Marguerite, a leading European investment fund for alternative investments, concerning the sale of Brännliden, 10 wind turbines (42 MW). Completion of the wind power farm is planned for late 2019/early 2020.

In October 2018, Bonbio AB concluded a partnership agreement with IKEA with regard to circular cultivation of lettuce adjacent to IKEA department stores in Malmö and Helsingborg.

In October 2018, OX2 concluded an agreement with Prime Capital, European capital administrator focusing on alternative investments, with regard to a commissioned wind farm in northern Finland, 7 wind turbines (23 MW). OX2 will be upgrading the wind farm in technical terms, and it will also be responsible for technical and commercial administration going forward.

In October 2018, OX2 concluding an agreement with IKEA Retail Finland concerning the construction of the largest subsidy-free wind power project in the Nordic region. This project relates to four wind farms, 25 wind turbines (107.4 MW) in Finland. IKEA will be acquiring the parks when they are commissioned in early 2020.

In December 2018, Lehtirova wind farm, 41 wind turbines (148 MW) and Högkölen wind farm, 18 wind turbines (65 MW) were handed over to the owner, Aquila Capital.

In December 2018, Raskiftet wind farm, 31 wind turbines (112 MW) were handed over to the client, a joint venture involving German energy company Stadtwerke München and Eidsiva Energi and Gudbrandsdal Energi of Norway.

Performance and financial position

Revenues

Revenue for 2018 totalled SEK 4,364.7 million (2,338.6). Revenue from sales of wind power projects and wind farms in 2018 amounted to SEK 4,131.9 million (2,169.2). Revenue from sales of biogas and district heating during 2018 amounted to SEK 58.0 million (51.2). The sale of electricity system solutions during the year amounted to SEK 84.4 million (67.8). The sale of electricity during the year amounted to SEK 43.3 million (50.4). Revenue generated from the technical and commercial management of wind farms totalled SEK 17.0 million (14.3).

Costs

The costs for goods and project planning during 2018 totalled SEK 3,786.1 million (1,909.7). Other external costs during 2018 amounted to SEK 57.9 million (47.0). The increase in external costs compared with the same period in the preceding year is related to the fact that operations have expanded. Personnel costs for 2018 totalled SEK 170.7 million (118.8). The increase in staff costs is explained by the fact that the workforce has increased in all Group companies compared with the corresponding period the previous year.

Profit

The operating profit for 2018 was SEK 335.5 million (247.2). The earnings trend for individual periods is affected primarily by the rate at which wind power projects are completed, transferred to the customer and the revenue recognised. The profit for 2018 amounted to SEK 275.2 million (203.3).

Financial position and liquidity

Current assets as at 31 December 2018 amounted to SEK 1,758.4 million (1,567.8). Cash and cash equivalents as at 31 December 2018 amounted to SEK 837.6 million (729.5). As at 31 December 2018, other long-term liabilities amounted to SEK 540.4 million (83.6). This is attributable to the funding of four Finnish projects that are under construction. Current liabilities as at 31 December 2018 amounted to SEK 702.8 million (1,104.3).

Cash flow

The cash flow from operating activities before changes in working capital during the year totalled SEK 295.7 million (253.9), and is attributable to accrued profits. The cash flow from operating activities after changes in working capital in 2018 amounted to SEK -181.3 million (277.3). The cash flow from investment activities during the year amounted to SEK -33.1 million (-7.7). The cash flow from financing activities during the year amounted to SEK 322.4 million (-30.5). The total cash flow for 2018 was SEK 107.9 million (239.2).

Parent company

Overall Group management and administration are part of the parent company, Peas Industries AB. Revenue during 2018 amounted to SEK 52.9 million (38.3) and relates primarily to internal invoicing of management and other services. The operating loss for 2018 was SEK -15.2 million (-4.5). The profit for 2018 amounted to SEK 135.8 million (96.0). The parent company's equity as at 31 December 2018 amounted to SEK 298.6 million (262.8). Cash and cash equivalents as at 31 December 2018 totalled SEK 59.5 million (34.4).

Employees

As at 31 December 2018, the number of employees was 141 (111), of which 33 (30) percent were women. The number of employees has increased by 27 percent (26), compared with the corresponding period the previous year. The average number of employees during 2018 was 126 (100).

Risks and uncertainty factors

The renewable energy industry is dependent on the general global economic and political situation. Access to capital and the willingness to invest may affect the company's ability to sell projects. The climate and environmental targets adopted by the EU and individual countries where the company operates also affect the potential for the growth potential of the company.

The renewable energy market is regulated by laws and regulations in respect of both support systems and the permit process for establishing turbines, for example. A more rigorous permit application process with more stringent requirements than is currently the case would lead to longer planning periods and require greater resources, with a consequent rise in costs. The company is also dependent on the price of electricity. The price of electricity is affected by fundamental factors such as water access, access to production capacity, fuel prices, prices of carbon credits and electricity consumption. The euro rate affects the company's investment calculations, since the turbine suppliers' costs are in euros. At the same time, the sale of wind farms to European purchasers most often takes place in euros, which minimises the total exposure to the euro, since turbines represent more than 70 percent of the total establishment costs for wind power projects. In each project, currency risks are handled in a way which meets the finance policy's requirements for risk minimisation, adapted to the conditions of the particular project. In addition, account is also taken of the Group's total inflows and outflows in euros in the same period. The loan-to-value ratio of an investment in a wind farm is normally around 50-70 percent and, consequently, changes in the interest market may affect the company's profitability. In most projects, however, it is the customer who is responsible for financing risk. There is a description of financial instruments and risk management in Note 4.

Research and development
Peas is working in conjunction with the authorities, suppliers and other stakeholders in the industry on a number of research and development projects to develop wind power. Among other things, OX2 AB has a wind power project that constitutes an important hub in the European cooperation New European Wind Atlas, NEWA, which provides an opportunity to validate analysis methods and calculation tools for typical conditions in Scandinavian inland areas. Peas Industries AB is also represented on the board of directors for StandUp for Wind, which is a research collaboration between Uppsala University and the Swedish Royal Institute of Technology that integrates all research related to wind power provisioning; and is represented on a reference group for ongoing research projects. Overall, Peas intends, as far as is possible, to be able to contribute to research in Sweden concerning wind power's potential for effective integration into the system and the environment taking place with great consideration for society and technology.

Outlook and trends

The global energy challenge
We do not believe there is a simple solution to this challenge. However, we believe that disruptive technology, innovation, system shifts and behavioural changes will eventually bring us to a low-carbon economy. This development may also involve further good business opportunities for OX2.

The global waste challenge
Good targets and ambitions have been defined with regard to reducing waste volumes and reusing resources. However, things are moving too slowly. 2018 presented a challenge to Swedish biogas, with high levels of competition from imported Danish biogas. There is uncertainty with regard to future support systems, but we see a bright future ahead as the government is focusing on a sustainable transition in the energy sector and improved waste recycling, the operations of the Biond companies being entirely key to achievement of a circular economy and a fossil fuel-free vehicle fleet.

The global food challenge
We are perceiving a great deal of interest both internationally and locally in producing crops more sustainably and making the transition to a circular economy. Intelligence on how circular cultivation works in practice is limited, which gives Bonbio good opportunities to establish itself quickly as a turnkey provider. We also believe that our Bonbio Nutrients plant nutrients and our Bonbio Greens crops offer major potential for success on the market.

The local energy challenge
According to the 2018 edition of the World Energy Outlook, demand for energy is expected to increase by a further 25 per cent by 2040, most of which will come from emerging economies. Technological development and a radical reduction in costs for renewable energy sources will allow cheaper, faster, smarter development than with any other energy. This development would benefit all aspects of the energy triangle. We also believe this development could involve good business opportunities for both Enstar and Utellus.

The work of the Board of Directors during the year
At the 2018 Annual General Meeting, a Board of Directors comprising Johan Ihrfelt (Chairman), Thomas von Otter, Anna-Karin Eliasson Celsing, Johan Wieslander, Niklas Midby and Jan Örtegren as ordinary members of the Board was re-elected for the period until the end of the next Annual General Meeting. During 2018, the Board of Directors of Peas Industries AB held 8 Board meetings.

Proposal for allocation of earnings (SEK)

The following earnings are at the disposal of the Annual General Meeting:

Unrestricted equity	162,682 229
Net profit for the year	135,774 900
Total	**298,457,129**
Dividend to shareholders SEK 981.31 per share	100,000 000
The Board proposes the following sum be carried forward to new account	198,457 129
Total	**269,457 129**

The dividend is calculated on basis of the number of shares issued as of 31 December 2018, i.e. 101,905 shares.

Please refer to the income statements and balance sheets, cash flow statements and additional information that follow for the rest of the parent company's and Group's results. All amounts are expressed in SEK thousand, unless otherwise specified.

Statement of the Board concerning the proposed dividend

Justification
The Group's equity has been calculated in accordance with the EU-approved IFRS standards and their interpretation (IFRIC), and in accordance with Swedish law and by the application of the Council for financial reporting, RFR 1 (Supplementary Accounting Regulations for Corporations). The parent company's equity has been calculated in accordance with Swedish law and application of the Council for financial reporting, RFR 2 (Accounting for legal entities). The Board considers that there is full coverage of the company's restricted equity after the proposed distribution of profits. The Board also finds that the proposed dividend to shareholders is justifiable in accordance with the assessment criteria laid down in the Swedish Companies Act, chapter 17, section 3, clauses 2-3. The Board wishes to emphasise the following:

The nature and scope of the operations and the associated risks
The Board is of the opinion that the company's and the Group's equity after the proposed distribution of profits will be sufficiently large in relation to the nature and scope of the operations and the associated risks. In this context, the Board takes into account, inter alia, the company's and the Group's equity ratio, historical trends, budget trends, investment plans and the state of the economy.

Key figures, results and position Peas Industries AB

	2018	2017	2016
Revenue	4,364,667	2,338,582	1,122,615
Operating profit	335,465	247,153	122,459
Profit after financial items	356,388	257,338	122,527
Operating margin	8%	11%	11%
Balance sheet total	1,926,642	1,678,343	1,568,054
Equity ratio[1]	33%	28%	19%
Return on equity[2]	50%	53%	35%
Return on capital employed[3]	44%	57%	40%
Average number of employees	126	100	86

1) Equity in relation to the balance sheet total
2) Net earnings for the year divided by average equity
3) Operating profit after financial items plus financial expenses in relation to average capital employed

Annual General Meeting
Peas Industries AB will hold its Annual General Meeting on 18 June 2019 at the company's premises at Lilla Nygatan 1 in Stockholm. The annual report will be available on the Peas website from 13 June 2019.

Consolidation needs, liquidity and financial position in general
The Board has undertaken a comprehensive assessment of the status of the company and the financial situation of the Group and their ability to meet their commitments. The proposed dividend amounts to 33 per cent of the company's equity and 16 per cent of the Group's equity. The Board is of the opinion that the earnings capacity of the Group is satisfactory. Against this background, the Board considers the company and Group are in a good position to take advantage of future business opportunities and to withstand any losses. Planned investments have been taken into account in the determination of the proposed distribution of profits. The distribution of profits will not adversely affect the company and the Group's ability to make further commercially justified investments according to the plans that have been adopted.

Liquidity
The proposed distribution of profits is not expected to affect the company's and the Group's ability to honour their payment obligations at the correct time.

Sustainability
In accordance with chapter 6, section 11 of the Swedish Annual Accounts Act, the Company has chosen to establish the statutory sustainability report as a separate report from the annual report. The Sustainability Report can be found on pages 37-41 of this printed document.

Consolidated Income Statement

Amounts in SEK thousand	Note	01/01/2018–31/12/2018	01/01/2017–31/12/2017
Operating revenue			
Net sales	5	4,364,667	2,338,582
Total revenue		**4,364,667**	**2,338,582**
Cost of goods and project planning		–3,786,118	–1,909,650
Other costs	6, 7	–57,860	–46,971
Staff costs	8	–170,713	–118,793
Value adjustments of tangible and intangible assets	13, 14, 15	–14,511	–16,015
Total operating expenses		**–4,029,202**	**–2,091,429**
Operating profit		**335,465**	**247,153**
Financial income	9	45,460	26,303
Financial expenses	10	–24,537	–16,118
Profit before tax		**356,388**	**257,338**
Tax	12	–81,140	–54,087
Net profit for the year		**275,248**	**203,251**
Net profit for the year attributable to:			
Parent company shareholders		273,659	201,768
Minority share		1,589	1,483

Consolidated report of comprehensive income

Profit for the period		**275,248**	**203,251**
Other comprehensive income:			
Items that will be allocated to the income statement			
Translation difference from translation of foreign subsidiaries		229	177
Cash flow hedges			
Changes in fair value	24	–9,100	–451
Tax attributable to cash flow hedges		1,915	99
Total comprehensive income for the year, net after tax		**268,292**	**203,076**
Comprehensive income for the year attributable to:			
Parent company shareholders		266,703	201,593
Minority share		1,589	1,483

Consolidated report on financial position

Amounts in SEK thousand	Note	31/12/2018	31/12/2017
Assets			
Fixed assets			
Other intangible fixed assets	13	144,150	97,660
Plant, equipment and tools	14	8,617	6,535
Other technical installations	15	6,053	6,148
Other financial assets		9,467	194
Total fixed assets		**168,287**	**110,537**
Current assets			
Work in progress on behalf of others	17	292,431	230,888
Accounts receivable	18	382,428	56,921
Other receivables		30,614	69,432
Prepaid expenses and accrued income	19	215,290	481,105
Cash and cash equivalents		837,592	729,460
Total current assets		**1,758,355**	**1,567,806**
Total assets		**1,926,642**	**1,678,343**

Consolidated report on financial position

Amounts in SEK thousand	Note	31/12/2018	31/12/2017
Equity and liabilities			
Share capital	20	102	102
Other contributed capital	21	72,836	72,836
Retained earnings including profit for the year		566,003	398,383
Total equity attributable to parent company shareholders		632,228	465,413
Total equity attributable to non-controlling interests		**6,713**	**5,908**
Total equity	22	**638,941**	**471,321**
Long-term liabilities			
Long-term interest-bearing liabilities	24	540,376	83,569
Derivative instruments	25	15,685	451
Deferred tax liability	12	28,846	18,722
Total long-term liabilities		**584,907**	**102,742**
Current liabilities			
Customer advances	26	201,566	485,087
Accounts payable		152,869	113,348
Tax liabilities		29,244	35,199
Other liabilities	27	150,740	379,781
Accrued expenses and deferred income	28	168,375	90,865
Total current liabilities		**702,794**	**1,104,280**
Total equity and liabilities		**1,926,642**	**1,678,343**

Consolidated report of changes in equity

Amounts in SEK thousand	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings	Total equity attributable to parent company shareholders	Total equity attributable to non-controlling interests	Total equity
Opening balance as at 1 January 2017	**102**	**72,836**	**–79**	**396**	**229,070**	**298,932**	**3,393**	**302,325**
Profit for the period					203,251	201,768	1,483	203,251
Other comprehensive income								
Translation difference from translation of foreign subsidiaries			177			177	–	177
Cash flow hedges				–352		–352	–	–352
Total other comprehensive income	**–**	**–**	**177**	**–352**	**–**	**–175**	**–**	**–175**
Total comprehensive income for the year	**–**	**–**	**177**	**–352**	**203,251**	**201,593**	**1,483**	**203,076**
Shareholder dividend	**–**	**–**	**–**		**–35,000**	**–35,000**	**–**	**–35,000**
Acquisition of minority	**–**	**–**			**920**		**920**	**920**
Closing balance as at December 31, 2017	**102**	**72,836**	**98**	**44**	**398,241**	**465,525**	**5,796**	**471,321**

Amounts in SEK thousand	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings	Total equity attributable to parent company shareholders	Total equity attributable to non-controlling interests	Total equity
Opening balance as at 1 January 2018	**102**	**72,836**	**98**	**44**	**398,241**	**465,525**	**5,796**	**471,321**
Profit for the period					275,248	273,659	1,589	275,248
Other comprehensive income								
Translation difference from translation of accounts of foreign subsidiaries			229			229		229
Cash flow hedges				–7,185		–7,185	–	–7,185
Total other comprehensive income	**–**	**–**	**229**	**–7,185**	**–**	**–6,956**	**0**	**–6,956**
Total comprehensive income for the year	**–**	**–**	**229**	**–7,185**	**275,248**	**266,703**	**1,589**	**268,292**
Shareholder dividend	**–**	**–**	**–**	**–**	**–100,672**	**–100,000**	**–672**	**–100,672**
Acquisition of minority	**–**	**–**						**0**
Closing balance as at 31 December 2018	**102**	**72,836**	**327**	**–7,141**	**572,817**	**632,228**	**6,713**	**638,941**

Consolidated cash flow report

Amounts in SEK thousand	Note	01/01/2018–31/12/2018	01/01/2017–31/12/2017
Operating activities			
Profit after financial items		356,388	257,338
Adjustments for items not included in cash flow, etc.	30	14,511	16,015
Income tax paid		-75,175	-19,413
Cash flow from operating activities before changes in working capital		**295,725**	**253,940**
Cash flow from changes in working capital			
Decrease(+)/increase(–) in work in progress		-61,531	375,753
Decrease(+)/increase(–) in accounts receivable		-325,507	-32,733
Decrease(+)/increase(–) in current receivables		304,620	-221,059
Decrease(–)/increase(+) in accounts payable		39,521	74,110
Decrease(–)/increase(+) in current liabilities		-434,158	-172,702
Cash flow from current operations		**-181,329**	**277,309**
Investment activities			
Acquisition of financial assets		-7,108	-3,064
Acquisition of intangible assets		-27,769	-1,598
Acquisition of tangible fixed assets		1,762	-3,027
Cash flow from investment activities		**-33,115**	**-7,689**
Financing activities			
Dividend paid to shareholders		-100,672	-35,000
State funding received		500	5,000
Changes in long-term reserves		423,228	-
Amortisation of leasing debt		-665	-451
Cash flow from financing activities		**322,391**	**-30,451**
Cash flow for the year		**107,947**	**239,169**
Translation difference for cash and cash equivalents		185	-325
Cash and cash equivalents at beginning of the year		**729,460**	**490,616**
Cash and cash equivalents at year end		**837,592**	**729,460**

Parent company income statement

Amounts in SEK thousand	Note	01/01/2018–31/12/2018	01/01/2017–31/12/2017
Operating revenue			
Net sales	5	52,895	38,334
Total revenue		**52,895**	**38,334**
Operating expenses			
Other external costs	6.7	-24,067	-14,597
Staff costs	8	-43,173	-27,291
Value adjustments of tangible and intangible fixed assets	13.14	-845	-961
Total operating expenses		**-68,085**	**-42,849**
Operating profit		**-15,190**	**-4,515**
Other interest income and similar income statement items	9	377	166
Interest expenses and similar income statement items	10	-5	-
Result from participations in Group companies		8,596	-87
Profit after financial items		**-6,222**	**-4,436**
Year-end appropriations	11	178,072	127,666
Profit before tax		171,849	123,230
Tax on profit for the year	12	-36,074	-27,240
Net profit for the year		**135,775**	**95,990**
COMPREHENSIVE INCOME REPORT			
Profit for the period		**135,775**	**95,990**
Other comprehensive income:			
Total comprehensive income for the year, net after tax		135,775	95,990
Comprehensive income for the year		**135,775**	**95,990**

Parent Company Balance Sheet

Amounts in SEK thousand	Note	31/12/2018	31/12/2017
Assets			
Fixed assets			
Other intangible fixed assets	13	169	183
Equipment	14	1,983	2,194
Participations in Group companies	16	121,043	117,734
Deferred tax assets	12	352	326
Internal long-term receivables		23,650	18,800
Other long-term securities		194	194
Total fixed assets		**147,391**	**139,431**
Current assets			
Current receivables			
Accounts receivable	18	30	26
Receivables from Group companies		265,666	189,404
Other receivables		36,650	4,429
Prepaid expenses and accrued income	19	3,430	3,104
Cash and cash equivalents		**59,505**	**34,353**
Total current assets		**365,281**	**231,316**
Total assets		**512,672**	**370,747**

Parent Company Balance Sheet

Amounts in SEK thousand	Note	31/12/2018	31/12/2017
Equity and liabilities			
Restricted equity			
Share capital	20	102	102
Total restricted equity		**102**	**102**
Unrestricted equity			
Profit or loss brought forward		162,682	166,693
Net profit for the year		135,775	95,990
Total unrestricted equity		298,457	262,683
Total equity	22	**298,559**	**262,785**
Untaxed reserves	**23**	**102,218**	**49,190**
Current liabilities			
Accounts payable		4,838	3,638
Tax liabilities		63,180	30,615
Other liabilities	27	1,653	948
Other liabilities to Group companies		20,944	14,548
Accrued expenses and deferred income	28	21,280	9,023
Total current liabilities		111,895	58,772
Total equity and liabilities		**512,672**	**370,747**

Parent company changes in equity

	Restricted equity	Unrestricted equity		
Amounts in SEK thousand	Share capital	Profit or loss brought forward	Net profit for the year	Total equity
Opening balance as at 1 January 2017	**102**	**133,638**	**68,055**	**201,795**
Profit for the period			95,990	95,990
Comprehensive income for the year	**-**	**-**	**95,990**	**95,990**
Distribution of profits pursuant to decision at Annual General Meeting		68,055	-68,055	0
Shareholder dividend		-35,000		-35,000
Closing balance as at 31 December 2017	**102**	**166,693**	**95,990**	**262,785**

	Restricted equity	Unrestricted equity		
Amounts in SEK thousand	Share capital	Profit or loss brought forward	Net profit for the year	Total equity
Opening balance as at 1 January 2018	**102**	**166,693**	**95,990**	**262,785**
Profit for the period			135,775	135,775
Comprehensive income for the year	**-**	**-**	**135,775**	**135,775**
Distribution of profits pursuant to decision at Annual General Meeting		95,990	-95,990	0
Shareholder dividend		-100,000		-100,000
Closing balance as at 31 December 2018	**102**	**162,683**	**135,775**	**298,560**

Parent Company Cash Flow Analysis

Amounts in SEK thousand	Note	01/01/2018–31/12/2018	01/01/2017–31/12/2017
Operating activities			
Profit after financial items		-6,222	-4,436
Adjustments for items not included in cash flow, etc.	30	843	1,048
Income tax paid		-4,288	-395
Cash flow from operating activities before changes in working capital		**-9,667**	**-3,783**
Cash flow from changes in working capital			
Decrease(+)/increase(-) in current receivables		123,021	70,579
Decrease(-)/increase(+) in current liabilities		20,577	-7,511
Cash flow from current operations		**133,931**	**59,285**
Investment activities			
Acquisition of shares in subsidiaries		-3,310	1,006
Acquisition of intangible assets		-55	-2
Acquisition of tangible fixed assets		-564	-881
Cash flow from investment activities		**-3,929**	**123**
Financing activities			
Dividend paid to shareholders		-100,000	-35,000
Loans paid		-4,850	-9,800
Cash flow from financing activities		**-104,850**	**-44,800**
Cash flow for the year		**25,152**	**14,608**
Cash and cash equivalents at beginning of the year		**34,353**	**19,744**
Cash and cash equivalents at year end		**59,505**	**34,353**

Note 1 General information

Peas Industries AB, corporate ID number 556829-4515 is a limited company that is registered in Sweden and has its registered office in Stockholm. The address of the head office is Lilla Nygatan 1. The business concept of the company and its subsidiaries ("the Group") is to build meaningful, profitable companies that unite human needs with caring for our planet. Peas' ultimate goal is to create a sustainable society on the basis of all dimensions.

Note 2 Significant accounting policies

The consolidated financial statements for Peas Industries AB have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS), as well as interpretations of the International Financial Reporting Interpretation Committee (IFRS IC) for periods beginning on or after 1 January 2018. Furthermore, the Group also applies the Swedish Council for Financial Reporting's recommendation RFR 1 Supplementary accounting rules for Groups, which specifies additions to IFRS information required under the provisions of the Swedish Annual Accounts Act.

Items have been valued in the consolidated financial statements at acquisition value, except in the case of certain financial instruments that are valued at fair value and at accrued acquisition value. The following is a description of the most important accounting policies that have been applied.

New and amended standards and interpretations that apply for 2018

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and includes rules for recognition, classification and measurement, impairment, removal and general rules for hedge accounting.

IFRS 15 Revenue

The Group is applying IFRS 15 Revenue from Contracts with Customers as of 1 January 2018. The new standard replaces IAS 18 Revenue and IAS 11 Construction Contracts with associated interpretation statements. In IFRS 15, recognition of revenue is based on when control of a product or service is transferred to the customer, which differs from the approach in IAS 18 and IAS 11, which is based on when risks and benefits are transferred. Thus the introduction of IFRS 15 involves a new approach to how revenue is recognised compared to the current situation. Revenue is recognised when the customer obtains control over the sold product or service, a policy replacing the previous policy whereby revenue was recognised when risks and benefits were transferred to the purchaser. The basic policy in IFRS 15 is for a company to recognise a revenue in the manner that best reflects the transfer of the promised product or service to the customer. This recognition takes place with the help of a five-step model:

Step 1: identify the contract with the customer
Step 2: identify the various performance commitments in the contract
Step 3: establish the transaction price
Step 4: distribute the transaction price over the performance commitments
Step 5: recognise a revenue when a performance commitment is fulfilled
This standard also involves increased disclosure requirements.

Peas has chosen to apply the forward method on the transition to IFRS 15. This means the Group will not present any additional disclosures for earlier periods for performance commitments remaining at the time of the transition. Furthermore, the transition has had no impact on equity.

Other standards, amendments and interpretations that entered into force for the financial year beginning 1 January 2018 have had no material effect on the consolidated financial statements.

New standards and interpretations that have not yet been applied by the Group

A number of new standards and interpretations will enter into force for the financial years beginning after 1 January 2018 and have not been applied in the preparation of this financial report. None of these are expected to have a material impact on the consolidated financial statements with the exception of the following:

IFRS 16 Leasing

IFRS 16 Leasing will replace IAS 17 Leases with associated interpretation statements as of 1 January 2019. The new standard requires lessees to recognise assets and liabilities attributable to all leases, with the exception of agreements shorter than twelve months and/or relating to small amounts. In 2018, Peas has performed an analysis of the effects that the new standard is expected to have on the recognition of the Group's leases. Part of this analysis has been to identify all of the Group's leases. Peas has identified the following significant leases in the analysis: Rental of premises for which leasing payments in 2018 amounted to SEK 7.4 million.

Besides the above, the Group has identified leases deemed to be non-significant for the Group. These relate to the leasing of office equipment, etc. See also Note 7.

Parent company accounting policies

The parent company Peas Industries AB prepares its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Council for Financial Reporting's recommendation RFR 2 "Accounting for legal entities". The statement from the Swedish Council for Financial Reporting is also applied. Application of RFR 2 means that the parent company must apply all EU-approved IFRS standards as far as possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and take into account the relationship between accounting and taxation. The parent company does not apply IFRS 9 Financial instruments: Accounting and valuation. The parent company applies a method that is based on the acquisition value in accordance with the Swedish Annual Accounts Act. This means that financial assets are valued at their acquisition value, less any impairment losses and financial current assets at the lower of cost or net realisable value. Financial liabilities are valued at amortised cost using the effective interest method. Principles for recognition and removal of financial instruments are equivalent to those applicable for the Group and described above.

No amendments to RFR 2 "Accounting for legal entities" have affected the parent company financial statements.

Amendments to RFR 2 that have not yet entered into force

No future changes in RFR 2 are expected to have any significant impact on the parent company financial statements.

Consolidated financial statements

The consolidated financial statements include the accounts of the parent company Peas Industries AB and the companies over which the parent company has a controlling influence (subsidiaries). Controlling influence over a company is deemed to occur when the parent company has influence over a company, is exposed to or has the right to variable returns from its holding in the company and has the opportunity to affect the return through its influence in the company. Subsidiaries are included in the consolidated accounts from the date on which the control has been transferred to the Group. They are excluded from the consolidated accounts from the date on which the controlling influence ceases. Please refer to Note 17 for the composition of the Group. If the accounting policies applied in a subsidiary differ from the consolidated accounting policies, the subsidiary's accounts are adjusted in order to follow the same principles applied by the other Group companies. Internal transactions between Group companies, as well as Group balances are eliminated in the preparation of the consolidated accounts.

Operational acquisitions

The acquisition of subsidiaries is reported in accordance with the purchase method. The fair value of the acquired assets and liabilities is determined by the date on which the dominant influence is obtained over the acquired company. The purchase price for the acquisition consists of the fair value of the transferred assets, liabilities and any shares issued by the Group. The fair value of conditional purchase prices is also included. The acquisition costs are not included in the cost of the subsidiary company but are expensed in the period in which they arise. The difference between the total of the purchase price, the value of the minority holding and the fair value of the previous holdings and the fair value of acquired identifiable assets, liabilities and contingent liabilities is reported as goodwill. In the event of a negative difference, the difference is recognised directly in the income statement. The minority shares are recognised either as a proportional share of the acquired net assets or at fair value, which is assessed on an acquisition by acquisition basis. Supplementary purchase prices are reported at estimated fair value with subsequent changes recognised in the income statement.

Phased acquisition is valued at fair value at the date on which the dominant influence is achieved. Revaluation effects on previously owned shares before the control is achieved are recognised in the income statement. Increases or decreases in ownership shares of subsidiaries that remain under control are reported as changes in equity.

Investments in associated companies

Holdings in associated companies are reported in accordance with the equity method. An associated company is a unit in which the Group has a significant, but not a controlling influence, which is usually achieved by a shareholding of between 20-50%. Application of the equity method means that investments in associated companies are reported in the statement of financial position at cost with additions for changes of the Group's share of the associated company's net assets and net of any impairment losses and dividends. The Income Statement reflects the Group's share of the associated company's profit after tax. Transactions that are reported in the associated company's comprehensive income are reported in the Group's other total comprehensive income.

If the Group's share of reported losses in the associated company exceeds the reported value of the shares in the Group the value of the shares is reduced to zero. Continued losses are not recognised unless the Group has given guarantees to cover losses arising in the associated company.

A positive difference between the acquisition value of the acquired shares and the Group's share of the fair values of identifiable assets and liabilities acquired in the associated company constitutes goodwill that is included in the reported value of the associated company. If a negative difference arises, it is reported as revenue in the period in which the acquisition took place.

Impairment of reported participations in associated companies is considered if there is any indication of a decline in value. In transactions between Group companies and associated companies, that part of the unrealised gains is eliminated that corresponds to the Group's share of the associated company. Unrealised losses are eliminated in the same way unless this is an indication of a need for impairment.

Revenues

Peas revenues mainly comprise the sale of electricity, wind power projects, operational services, biogas, energy systems as well as the sale of wind turbines.

IFRS 15 Revenue from Contracts with Customers replaced IAS 18 Revenue and IAS 11 Construction Contracts as of January 2018. IFRS 15 is based on revenue being recognised when control over a product or service is transferred to the customer. Peas revenues consist mainly of the sale of wind power plants. The new rules have not significantly influenced the way in which Peas reports revenue.

Revenue from contracts with customers

The most common contract type applied by Peas involves transfer of project rights and a concluded construction contract, but sales agreements may also occur where the customer takes over a commissioned wind power farm when it is completed. According to IFRS, revenue is to be recognised through fulfilment of Peas' performance commitment either over time or at a time.

Revenue from transfer of project rights and a concluded construction contract
Revenue from sales agreements where the customer takes over the project rights and concludes a construction contract with Peas. As these agreements mean that the customer has taken over project rights and that Peas currently carries out work that creates or enhances an asset controlled by the customer. This means that the revenue is recognised at the sale of project rights, and also the time in accordance with the policy for the percentage of completion method.

On application of the percentage of completion method, the revenue is matched to the costs on the basis of the work carried out up to the balance sheet date. Revenues and costs are attributed to the accounting period during which the work is performed.

To determine what result has been developed at a given time, information is required on the following:

- Revenue must be of such a nature that Peas can absorb it in the form of actual invoices or payments
- Costs must be attributable to the recognised revenue
- Monitoring of level of completion
- The percentage of completion method will include an uncertainty component. Unforeseen incidents may occur that could affect the final result so that it becomes either higher or lower than expected. Construction projects will be followed up on an ongoing basis and reservations for any losses will be made as soon as these are known.

Revenue from the sale of commissioned wind power farms
In cases where the customer does not have control over the asset until it is completed, the revenue will be recognised at a time that takes place on completion and handover to the customer. In accordance with the definition in IFRS 15, Peas has no alternative use of the sold asset. This agreement structure has not been all that common for Peas.

Revenue from other parts of the business
Revenue from the sale of electricity, biogas, district heating and operational services is recognised in the period in which the delivery has been made and regarding services in the period when the service was performed. Revenue concerning sales of energy systems is recognised in accordance with the percentage of completion method.

State funding
Government grants are reported in the Balance Sheet as prepaid income when there is reasonable assurance that the funding will be received and that the Group will meet the conditions attached to the funding. Contributions are capitalised systematically in the Income Statement in the same way, and over the same periods, as the costs for which the funding is intended to compensate. Government grants related to assets are reported in the Balance Sheet as prepaid income and are recognised as other operating income over the useful life of the asset.

Interest income
Interest income is recognised on a time proportion basis using the effective interest method. The effective interest rate is the rate at which the net present value of all future inward and outward payments during the interest period is equal to the carrying amount of the receivable.

Leasing contracts
A financial lease is an agreement whereby the financial risks and benefits associated with ownership of an object to all material extent are transferred from the lessor to the lessee. Other leasing contracts are classified as operational leasing agreements.

The Group as the lessee
Assets that are held under financial lease agreements are reported as fixed assets in the consolidated Balance Sheet at fair value at the inception of the lease or at the present value of the minimum lease payments, if this is lower. The corresponding liability to the lessor is recognised in the Balance Sheet as a financial lease liability. Lease payments should be apportioned between the interest rate and the amortisation of the debt. The interest rate is distributed over the term of the lease so that each accounting period is charged with an amount corresponding to a fixed interest rate on the liability for each period. The interest expense is recognised directly in the Income Statement.

An asset held under a finance lease is depreciated over the estimated useful life of the asset, as above, or over the leasing period if this is shorter. Lease payments under operating leases are expensed on a straight line basis over the lease term unless another systematic basis is more representative of the user's financial benefit over time.

Foreign currency
Transactions in foreign currencies are translated into the functional currency at the exchange rate that is in force on the day of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate in force on the balance sheet date. Exchange rate differences arising from translation are reported in the Income Statement. Non-monetary assets and liabilities that are reported at their historical acquisition values are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are recognised at fair value are converted to the functional currency at the rate in effect at the time of the fair value valuation.

Exchange rate differences are recognised in the Income Statement in the period in which they arise, with the exception of transactions forming hedges that satisfy the conditions for hedge accounting of cash flow or of net investments, when gains and losses are recognised in equity.

Financial statements for foreign operations
Items included in the financial statements of the various entities of the Group are recognised in the currency of the primary economic environment in which the unit operates primarily (functional currency). In the consolidated financial statements, all amounts are translated into Swedish kronor (SEK), which is the parent company's functional and presentation currency.

Assets and liabilities in foreign operations, including goodwill and other Group surplus and deficit values, are translated from the functional currency to the reporting currency of the Group, Swedish kronor, using the exchange rate on the balance sheet date. Income and expenses in foreign operations are translated into SEK at an average exchange rate comprising an approximation of the exchange rates in effect at the respective transaction dates. Translation differences arising from currency translation of foreign operations are reported in the comprehensive income result and accumulated in a separate component of equity, hereinafter referred to as the translation reserve. In the event of disposal of a foreign operation, the accumulated translation difference attributable to the divested foreign operation is reclassified from equity to the profit for the year as a reclassification adjustment at the time the gain or loss on the sale is reported.

Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are included in the acquisition value of the asset until the time when the asset is ready for its intended use or sale. Interest income from the temporary placement of borrowed funds for the above asset is deducted from the borrowing costs that may be included in the acquisition cost of the asset. Other borrowing costs are charged to earnings for the period to which they relate.

Remuneration to employees
Remuneration to employees in the form of wages, paid leave, sick leave, etc., as well as pensions, is reported as earnings. With regard to pensions and other post-employment benefits, these are classified as defined contribution plans or defined benefit pension plans. The Group only has defined contribution pension plans.

Defined contribution plans
For defined contribution plans, the company pays fixed contributions to a separate independent legal entity and has no obligation to pay further contributions. Costs are charged against consolidated earnings as the benefits are earned, which normally coincides with the time at which the premiums are paid.

Taxes
The tax cost is the total of current tax and deferred tax.

Current tax
Current tax is calculated on the taxable profit in the period. Taxable profit differs from the reported results in the Income Statement when it has been adjusted for non-taxable income and non-deductible expenses and for income and costs that are taxable or deductible in other periods. The Group's current tax liability is calculated according to the rates that have been adopted or substantively enacted at the balance sheet date.

Deferred tax
Deferred tax is accounted for on the difference between the carrying amount of assets and liabilities in the financial statements and the tax value used in the calculation of taxable profit. Deferred tax is reported in accordance with the Balance Sheet method. Deferred tax liabilities are recognised in principle for all taxable temporary differences and deferred tax assets are recognised in principle for all deductible temporary differences to the extent that it is probable that the amounts can be utilised for future taxable surpluses. Deferred tax liabilities and receivables are not recognised if the temporary difference is attributable to goodwill or if it occurs as a consequence of a transaction that constitutes the initial recognition of an asset or liability (which is not a business acquisition) and that, at the time of the transaction, affects neither accounting profit nor taxable profit.

The deferred tax liability is recognised for taxable temporary differences relating to investments in subsidiaries and associated companies, except in the cases where the Group is able to control the timing of the reversal of the temporary difference and it is probable that such a reversal will not occur in the foreseeable future. The deferred tax liabilities that are attributable to the deductible temporary differences in respect of such investments and interests is only recognised to the extent that it is probable that the amounts can be utilised against future taxable surpluses and it is probable that such a use will take place in the foreseeable future.

The carrying amount of deferred tax assets is tested at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available for use in whole or in part against the deferred tax asset. Deferred tax is calculated in accordance with the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at balance sheet date.

Current and deferred taxes are offset when they relate to income tax that is levied by the same authority and the Group intends to regulate the tax with a net amount.

Current and deferred tax for the period
Current and deferred tax is reported as a cost or revenue in the Income Statement, except when the tax is attributable to transactions recognised directly in equity. In such cases, tax is also recognised directly in equity.

Fixed assets
Tangible fixed assets and intangible assets with finite useful life are reported at acquisition value with deductions for accumulated depreciation and impairment. The cost includes the purchase price and costs directly attributable to bringing the asset to the location and in the condition for use in accordance with the purpose of the acquisition. Borrowing costs are included in the acquisition value when the criteria for this are met. Tangible fixed assets comprising parts with different useful lives are regarded as being separate components of tangible fixed assets.

Subsequent expenditure is added to the acquisition value only if it is probable that the future financial benefits associated with the asset will flow to the company and the cost can be calculated in a reliable way. All other subsequent expenditure should be recognised as an expense in the period in which it arises. A subsequent expenditure is added to the acquisition value if the cost relates to the replacement of identified components or parts thereof. Any residual reported values for replaced components are scrapped and expensed in the context of the replacement. Expenditure for repairs and maintenance is expensed on an ongoing basis.

Depreciation is based on the acquisition value of the assets with a deduction for estimated residual value at the end of its useful life and is reported on a straight line basis over the estimated useful life of the respective essential component. The useful life of all the components of the wind turbines, foundations and electrical installations is expected to coincide, which is why no further breakdown has taken place. Useful lives and residual values are subject to annual review.

The estimated useful lives are as follows:

Equipment	4-7 years
Intangible assets	5-10 years

Gains or losses that occur during scrapping or disposal of material fixed assets make up the intermediate difference between what has been received for the asset and its carrying value and is reported in operating profit.

Intangible assets
Intangible assets acquired in a company acquisition are identified and reported separately from goodwill when they meet the definition of an intangible asset and their fair values can be calculated in a reliable way. The acquisition value of such intangible assets consists of their fair value at the date of acquisition.

After initial recognition, intangible assets that are acquired through a company acquisition are reported at acquisition value less accumulated depreciation and any accumulated impairment in the same way as separately acquired intangible assets.

The Group's licensing rights relating to the operation and development of biogas facilities are recognised as an intangible asset. The intangible asset is initially recognised at acquisition value, which is the present value of future payments that the Group will be paying for this right. Depreciation is performed on a basis of a useful life of 10 years.

Impairment
At each balance sheet date, the Group analyses the reported values of tangible and intangible assets to determine whether there is any indication that these assets have decreased in value. If there are any indications in this respect, the recovery value of the asset is calculated in order to determine the size of any impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Group calculates the recoverable amount of the cash-generating unit to which the asset belongs. In addition, intangible assets with indefinite useful lives are impairment tested each year as well as intangible assets that are not yet available for use.

The recoverable amount is the higher of fair value minus the acquisition cost and beneficial value. When calculating the beneficial value the estimated future cash flow is discounted to current value at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or a cash generating unit) is set at a lower value than the reported value, the reported value of the asset (or the cash-generating unit) is reduced to the recovery value. An impairment is recognised directly in the Income Statement. If an impairment is then subsequently reversed, the carrying amount of the asset (the cash-generating unit) is increased to the revalued asset recovery value, but the increased carrying amount may not exceed the carrying amount that would have been set if no impairment of the asset (the cash-generating unit) had taken place in previous years. A reversal of an impairment is recognised directly in the Income Statement. Impairment of goodwill is not reversed.

Financial instruments
A financial asset or a financial liability is recognised in the Balance Sheet when the company becomes a party to the instrument's contractual terms. A financial asset is removed from the Balance Sheet when the contractual rights have been realised, mature or when the company loses control over it. A financial liability is removed from the Balance Sheet when the obligation in the contract is fulfilled or it becomes otherwise extinct.

At each balance sheet date the company assesses whether there are objective indications that a financial asset or group of financial assets, which are not valued at fair value with changes in value recognised in profit or loss, require impairment due to past events. Financial instruments are reported at accrued acquisition value or at fair value, depending on their initial assignment under IAS 39.

Fair value of financial instruments
The fair values of financial assets and financial liabilities are determined according to the following: The fair value of financial assets and liabilities with standard terms and conditions which are traded in an active market is determined in reference to the quoted market price.

The fair value of financial assets and liabilities is determined in accordance with generally accepted valuation models, for example models based on discounted cash flow analyses. Observable market data is used as far as possible in the valuation methods applied. The carrying value of financial assets and liabilities is considered to be a good approximation of their fair value, when the term is short, unless otherwise indicated in the following notes to the accounts.

Derivatives and hedge accounting
All derivatives are recognised at fair value and recognised as either assets or liabilities in the Balance Sheet, depending on whether the fair value is positive or negative at the balance sheet date. Reporting of the changes in value is dependent on whether the derivative is identified as a hedging instrument or not.

If a derivative is identified as a hedging instrument in a cash flow hedge, the effective portion of the changes in the derivative's fair value is reported in other comprehensive income and is accumulated in the hedge reserve in equity. The ineffective portion of a cash flow hedge is recognised directly in the consolidated results. Amounts attributed to equity are reversed in the consolidated results during the periods when the hedged item affects the consolidated result.

Valuation at fair value
Information must be given about the method for determination of fair value in accordance with a three-level valuation hierarchy. The levels should reflect the extent to which the fair value is based on observable market data and own assumptions. The following describes the various levels for the determination of fair value.

Level 1
Financial instruments for which fair value is determined on the basis of observable (unadjusted) quoted market prices in an active market for identical assets and liabilities. A market is considered active if the quoted prices from a stock exchange, broker, industrial group, pricing service or supervisory authority are easily and regularly accessible and these prices represent actual, regularly occurring arm's-length market transactions.

Level 2
Financial instruments for which fair value is determined on the basis of valuation models that are based on other observable data for the asset or liability other than the quoted prices included in level 1, either directly (i.e. price quotations) or indirectly (i.e. derived from quotations). Examples of observable data within level 2 are data that can be used as a basis for the price assessment, for example market interest rates and yield curves.

Level 3
Financial instruments for which fair value is determined on the basis of valuation models where substantial input is based on non-observable data.

Determining fair value

Currency forward contracts
The fair value of forward exchange contracts is determined from the current forward rates for the remaining term at the balance sheet date. All forward exchange contracts are assigned at level 2 in the fair value hierarchy above. The fair value of currency options is determined using the Black Scholes model, that is obtained on a quarterly basis. These are assigned at level 2 in the fair value hierarchy above.

Offsetting financial assets and liabilities
Financial assets and liabilities are offset and recognised as net amounts in the Balance Sheet when there is a legally enforceable right to offset and when the intention is to regulate the items with a net amount or at the same time to realise the asset and settle the liability. No offsets have been made of the financial assets and liabilities in the Group, nor is there any legal right to offset.

Cash and cash equivalents
Cash and cash equivalents include cash and bank balances and other short-term investments that can be easily converted into cash and are subject to insignificant risk of changes in value. In order to be classified as cash and cash equivalents, maturity may not exceed three months from the date of acquisition. Cash and bank balances are categorised as "Loans and receivables", which means valuation at accrued acquisition value. Because funds in banks are available on demand, the accrued acquisition value is equal to the nominal value.

Accounts receivable
Accounts receivable are categorised as "Loans and receivables", which means valuation at accrued acquisition value. The expected maturity of accounts receivables is short, which is why they are reported at nominal amounts without discounting. Deductions are made for receivables that have been deemed to be uncertain. Impairment of accounts receivable is reported as operating expenses.

Accounts payable
Accounts payable are categorised as "Other financial liabilities", which means valuation at accrued acquisition value. The expected maturity of accounts payable is short, which is why they are reported at nominal amounts without discounting.

Liabilities to credit institutions and other loan liabilities
Interest-bearing bank loans, bank overdrafts and other loans are categorised as "Other financial liabilities" and are measured at amortised cost in accordance with the effective interest rate method. Any differences between the loan amount received (net after transaction costs) and the payment or repayment of loans over the duration of the loans are reported in accordance with the consolidated accounting policy for borrowing costs (see above).

Provisions
Provisions are reported when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties associated with the obligation. When a provision is calculated by estimating the expenditure expected to be required to settle the obligation, the carrying amount must be equal to the present value of these payments. Where some or all of the expenditure required to settle a provision is expected to be paid by a third party, the payment must be reported separately as an asset on the Balance Sheet when it is virtually certain that reimbursement will be received if the company settles the obligation and the amount can be calculated in a reliable way.

Accounting policies for the parent company
This is the first financial year in which the parent company Peas Industries AB is preparing its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the

Swedish Council for Financial Reporting's recommendation RFR 2 "Accounting for legal entities". The differences between the parent company's and Group's accounting principles are described below:

Shares in subsidiaries
Shares in subsidiaries are accounted for in accordance with the acquisition value method. Acquisition-related costs to subsidiaries that are expensed in the consolidated financial statements are included as part of the acquisition value of shares in subsidiaries. The carrying amount of shares in subsidiaries is tested for impairment when there is an indication of need for impairment.

Group contributions and shareholder contributions
Shareholder contributions are recognised directly in the equity of the recipient and reported against shares and participations from the provider, in so far as impairment is not required. Group contributions between the parent company and subsidiaries are reported as year-end dispositions.

Leasing
In the parent company, all leasing agreements are reported in accordance with the regulations for operational leasing.

Note 3 Estimates and assessments in the financial statements

The consolidated financial statements are based on various estimates and assessments made by management that affect the application of the accounting policies and the carrying amounts of assets, liabilities, revenues and costs. Assessments that are made may deviate from future results.

The estimates and assumptions are reviewed on a regular basis. The effects of changes in estimates are reported in the period in which the change is made if the change affects that period only, or in the period of the change and future periods, if the change affects both the current period and future periods.

Impairment of fixed assets
Determination of whether the fixed asset should be impaired or not requires an assessment of the recoverable value. The recoverable amount is the higher of the asset's beneficial value or fair value less sales costs. The calculation of the beneficial value requires estimates of future cash flows and the discount rate. Naturally enough, such assessments always entail a certain degree of uncertainty.

Assessment of recognition of licences
The Group holds a licence for the right to operate and develop a biogas plant. The Group pays monthly fees and licence charges to the counterparty. The fees and charges are considered to constitute a single agreement for accounting purposes. The agreement has been deemed to meet the definition of an asset, which is why the Group recognises this right as an intangible asset. The intangible asset is valued at acquisition value with a deduction for depreciation and any impairment losses. The acquisition value is made up of the current value of future payments that the Group will be paying for this right. The corresponding amounts are initially recognised as a liability which then decreases in pace with the repayment of the principal.

The assessment of the degree of completion for the percentage of completion method
The Group applies the percentage of completion method in accounting for the projects that are sold as construction contracts. The percentage of completion method means that the Group must make estimates in respect of the completion of the transaction at the balance sheet date.

Reporting cash flows at the acquisition and sale of companies
The cash flow effects arising from the sale and acquisition of companies related to projects in the form of a company are recognised as changes in operating capital in the consolidated cash flow analysis. The cash flow effects arising from the sales and acquisitions of companies for which the purpose is not to package a project is recognised as changes in investment activities in the consolidated cash flow analysis, in accordance with IAS 7.

Note 4 Financial risk management and financial instruments

Financial policy
Through its operations, Peas is exposed to various financial risks in the form of market risks, which include currency and interest rate risks, credit and financial risks. The Group's overall risk management policy focuses on the unpredictability of the financial markets and strives to minimise potentially adverse effects on the Group's financial results. Risk management takes place in accordance with the financial policy applicable for Peas in its entirety and is established by the Board. The Board has established written policies for both the overall risk management and for specific areas such as currency risk, interest risk, counterparty risk and the investment of surplus liquidity. The financial policy is updated annually and as required.

Market risks

Introduction
Peas' primary business model is to build meaningful, profitable companies that unite human needs with caring for our planet. Peas' ultimate goal is to create a sustainable society on the basis of all dimensions.

Most market risks are indirect, i.e. Peas' customers may manage risks and Peas suffers indirectly via reduced demand and/or lower sales prices.

Currency risks
Sales of wind power projects are primarily in EUR, which involves a currency risk. When evaluating the currency risk, projects' total inflows and outflows in foreign currency are taken into account. Wind turbines are ordered from European suppliers in EUR, which means a natural hedge against sales in EUR. The currency risk for each project is handled in a way which meets requirements from the policy in respect of risk minimisation, adapted to the conditions of the particular project. The Group's total currency exposure is taken into account when hedging each project.

Hedging operations throughout the year have related only to EUR/SEK. Given the 2018 flows and no hedge, a change in the EUR/SEK exchange rate of SEK 0.10 would influence the result with SEK +/- 5.2 million (+/- 5.3). In the case of a change to the EUR/SEK exchange rate of SEK 0.10 at the end of the year, the impact on equity is expected to amount to approximately SEK +/- 5.9 million (+/- 8.5) given the currency hedging that has been recognised via equity.

Interest rate risk
The Group has a bank loan of SEK 27 million with a variable interest rate as of 31 October 2018. SEK 22 million of this loan is interest rate hedged via a derivative (interest rate swap for variable to fixed interest). For the unhedged part, an increase of 0.01 in the interest rate would involve an additional cost of SEK 0.0 million. Besides this, there are outstanding loans of EUR 41 million with a fixed interest rate of 2% for project financing, which thus has no sensitivity to any change in interest rates.

The Group is also affected by the interest component in the currency derivatives forward rate included in the hedges for currency risks: see also the section entitled Currency risks. A +/- 0.01 change in the forward rate on the opening of the term in question would have meant an additional cost of SEK -/+ 0.8 million (0.9), based on current forward foreign exchange contracts in 2018.

Investments
The Group's cash flow generated from operating activities and from the sale of project/operational wind turbines will be used for the development of new projects and the financing of ongoing activities. Surplus liquidity will be invested with counterparties that have high credit ratings and thus low credit risk. Given the 2018 figures, a reduction of revenue interest to 0 per cent would lead to a reduction of interest income of approx. SEK 0.2 million (0.0). Peas has not paid negative interest on funds in other bank accounts.

Price risk for electricity
The market price for electricity varies over time. The future price of electricity is the single most important parameter in customers' investment calculations. Thus, Peas' activities in both the short and the long term are affected by how the futures market for electricity develops. Peas follows the market carefully in order to understand how the market works and how it is linked to the prices of other types of energy, economic activity etc. Fluctuations in the price of electricity thereby affect the Group's potential customers.

Credit risk
Credit risk or counterparty risk refers to the risk of loss if the counterparty fails to fulfil its obligations. The commercial credit risk includes customers' ability to pay and is managed via monitoring and follow-up of customers' financial reports. Peas customers are primarily major corporations in the financial sector, which usually have regulated operations. The Group's total credit risk is distributed over a small number of customers who represent a relatively large proportion of the Group's accounts receivable. On the supplier side, Peas works only with well-established companies where the payment structure is largely based on payments after completion of work.

Liquidity and financing risk
Liquidity risk is understood to be the risk that the Group can be adversely affected by the lack of management and control of cash and cash equivalents and cash flows. Financing risk is the risk that the Group is not able to mobilise sufficient funds to meet its commitments. Peas is constantly working with cash flow forecasts and with respect to wind turbines sold to customers as operational, the company aims to match paymentplans from customers with those that the company has with the most important suppliers in the respective projects.

Note 4 Financial risk management and financial instruments, continued

Maturity distribution of the contractual payment obligations related to the Group's and parent company's financial assets and liabilities is shown in the tables below.

Group

Amounts in SEK thousand	2018				2017			
Assets	0-3 months	3-12 months	1-5 years	Total	0-3 months	3-12 months	1-5 years	Total
Accounts receivable	379,963	2,465	–	382,428	56,303	618	–	56,921
Other current receivables	30,614	–	–	30,614	69,432	–	–	69,432
Cash and cash equivalents	837,592	–	–	837,592	729,460	–	–	729,460
Total	1,248,169	2,465	–	1,250,634	855,195	618	–	855,813

Liabilities	0-3 months	3-12 months	1-5 years	Total	0-3 months	3-12 months	1-5 years	Total
Other long-term liabilities	–	–	540,376	540,376	–	–	83,569	83,569
Derivative instruments	–	15,685	–	15,685	–	451	–	451
Accounts payable	152,869	–	–	152,869	113,348	–	–	113,348
Other current liabilities	–	150,740	–	150,740	–	379,781	–	379,781
Total	152,869	166,425	540,376	859,670	113,348	380,232	83,569	577,149

Parent company

Amounts in SEK thousand	2018				2017			
Assets	0-3 months	3-12 months	1-5 years	Total	0-3 months	3-12 months	1-5 years	Total
Accounts receivable	–	30	–	30	–	26	–	26
Receivables from Group companies	–	265,666	–	265,666	–	189,404	–	189,404
Other current receivables	36,650	–	–	36,650	4,429	–	–	4,429
Cash and cash equivalents	59,505	–	–	59,505	34,353	–	–	34,353
Total	95,155	265,696	–	361,851	38,782	189,340	–	228,212

Liabilities	0-3 months	3-12 months	1-5 years	Total	0-3 months	3-12 months	1-5 years	Total
Accounts payable	4,838	–	–	4,838	3,638	–	–	3,638
Liabilities to Group companies	–	20,944	–	20,944	–	14,548	–	14,548
Other current liabilities	–	1,653	–	1,653	–	948	–	948
Total	4,838	22,597	–	27,435	3,638	15,496	–	19,134

Note 4 Financial risk management and financial instruments, continued

Credit and counterparty risk

Credit risk is the risk that the respondent cannot fulfil its contractual obligations to the Group, resulting in a financial loss. External purchasers assume part of Peas' credit risk in connection with the sale of wind turbines. The proportion which the external purchasers assume depends on whether delivery has been made or not. External purchasers may also provide security for their obligations in connection with the sale of wind turbines. Furthermore, the purchaser makes an advance payment in accordance with a payment plan. The Group and the parent company's maximum exposure to credit risk is represented by the carrying values of all financial assets and is shown in the table below.

	Group		Parent company	
Amounts in SEK thousand	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Accounts receivable	382,428	56,921	30	26
Receivables from Group companies	–	–	265,666	189,404
Other receivables	30,614	69,432	36,650	4,429
Cash and cash equivalents	837,592	729,460	59,505	34,353
Maximum exposure to credit risk	1,250,634	855,813	361,851	228,212

Categorisation of financial instruments

The carrying value of financial assets and financial liabilities, divided per evaluation category in accordance with IAS 39, is shown in the table below.

	Group		Parent company	
Amounts in SEK thousand	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Financial assets				
Loans receivable and accounts receivable [1]				
Accounts receivable	382,428	56,921	30	26
Receivables from Group companies	–	–	265,666	189,404
Other current receivables	30,614	69,432	36,650	4,429
Cash and cash equivalents	837,592	729,460	59,505	34,353
Total financial assets	1,250,634	855,813	361,851	228,212
Financial liabilities				
Derivatives identified as hedging instruments				
Derivative instruments [2]	15,685	451	–	–
Other financial liabilities [1]				
Other long-term liabilities	540,376	83,569	–	–
Liabilities to Group companies	–	–	20,944	14,548
Accounts payable	152,869	113,348	4,838	3,638
Other current liabilities	150,740	379,781	1,653	948
Total financial liabilities	859,670	577,149	27,435	19,134

1) Valued at accrued acquisition value.
2) Belongs to category 2.

Discounting has no significant effect on short-term financial instruments. Our assessment is that there are no significant changes to the credit risk, which is why the fair value and carrying value of our long-term liabilities are considered to be essentially the same. There has been no reclassification between the valuation categories above during the period.

Management of capital risks

The Group's target for the management of the capital is to secure the Group's ability to continue its activities so that the Group can continue to generate a reasonable return to the shareholders and deliver benefits to other stakeholders. The Group strategy is not to have any debt apart from financing of inventory, accounts receivable and, in some cases, wind power projects.

Note 5 Revenue

Peas' recognised revenue comes from the sale of wind farms, electricity, biogas and energy systems and the sale of administration services linked with wind turbines.

	Group		Parent company	
Revenue per category	2018	2017	2018	2017
Sale of wind farms	4,135,513	2,152,503		
Electricity sales	43,255	50,412	–	–
Energy tax paid	-1,663	-19,995	–	–
Sales of biogas and district heating	58,046	51,212	–	–
Sale of energy systems	84,424	67,835	–	–
Sales of management services	18,468	15,322	–	–
Sales of other services	637	19,251	1,331	1,049
Funding from the Swedish Energy Agency	25,987	2,042	–	–
Service and management fees	–	–	51,564	37,285
Total	4,364,667	2,338 582	52,895	38,334

	Group	
Revenue by country [1]	2018	2017
Sweden	3,252 676	904,520
Finland	191,056	987,620
Norway	920,935	446,442
Total	4,364 667	2,338 582

1) The revenue by country is based on where projects are located.

	Group	
Time of revenue recognition	2018	2017
At a certain time	150,753	982,190
Over time	4,213 914	1,356,392
Total	4,364 667	2,338,582

The following table shows the total amount of the transaction price distributed over the performance commitments that are unfulfilled (or partly unfulfilled) at the end of the reporting period.

	Group	
Contract assets	2018	2017
Ongoing work in progress on behalf of others (see also Note 17)	292,431	230,888
Accrued income (see also Note 19)	47,337	104,320
Reported value	339,852	335,118
of which		
Long-term assets	–	–
Current assets	339,852	335,118
Reported value	339,852	335,118

Note 5 Revenue, cont.

The following table shows how much of the recognised revenue for the period is attributable to advance payments received that were included in recognised contract liabilities at the start of the year. No revenue has been recognised during the year that is attributable to fulfilled performance commitments in earlier periods.

	Group	
Contract liabilities	2018	2017
Advance payments from customers (see also Note 26)	199,900	483,728
Prepaid income (see also Note 28)	21,960	2,725
Reported value	221,860	486,453
of which		
Long-term liabilities	–	–
Current liabilities	221,860	486,453
Reported value	221,860	486,453

Note 6 Information about auditor fees and reimbursement

	Group		Parent company	
(SEK thousand)	2018	2017	2018	2017
Deloitte AB				
Audit tasks	1,590	1,260	209	411
Audit work in addition to audit tasks	85	164	84	43
Tax advice	734	523	84	8
Total	2,409	1,947	377	462

The audit fee refers to the auditor's remuneration for the statutory audit. The work involves the examination of the annual report and accounts, the Board of Directors and the CEO's management and the remuneration for advice given in the context of the audit task. The audit activity in addition to the audit task is mainly concerned with quality assurance services other than the statutory audit.

Note 7 Leasing

Operational leasing

The parent company's operational leasing concerns office machinery and rent for office premises. The rent for the office premises (head office) has been reported in full in the parent company accounts but has been re-invoiced partially to subsidiaries according to the distribution key. The annual cost of operational leasing agreements amounts to SEK 6,636 thousand (5,226) for the parent company. The Group's operational leasing concerns office machinery, rent for office premises, rent and access rights agreements. The agreements include index clauses that mean that rent is subject to price adjustment according to the CPI. The annual cost of operational leasing contracts amounts to SEK 7,670 thousand (7,646) in respect of the Group. At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases, with due dates as follows:

	Group		Parent company	
(SEK thousand)	2018	2017	2018	2017
Year 1	8,418	7,717	6,895	6,714
Between 2 and 5 years	13,889	13,890	12,648	13,128
Later than 5 years	–	–	–	–
Total	22,307	21,607	19,543	19,842

Note 8 Number of employees, salaries, other remuneration and social security expenses

Average number of employees	2018 Number of employees	2018 Of whom men	2017 Number of employees	2017 Of whom men
Parent company				
Sweden	25	6	21	5
Total in parent company	**25**	**6**	**21**	**5**
Subsidiaries				
Sweden	91	71.5	73	59
Finland	6.5	5	4.5	4.0
Lithuania	1	1	1	1
France	1.5	1.5	0.5	0.5
Germany	1.5	1	0.5	0.5
Total in subsidiaries	101	80	79	65
Total in Group	**126**	**86**	**100**	**70**

	Group 31/12/2018	Group 31/12/2017	Parent company 31/12/2018	Parent company 31/12/2017
Distribution of senior executives at balance sheet date				
Women:				
Board members	1	1	1	1
other people in the management of the Company, incl. CEO	2	2	1	1
Men:				
Board members	10	5	4	4
other people in the management of the Company, incl. CEO	9	6	1	1
Total	**22**	**14**	**7**	**7**

(SEK thousand)	2018 Salaries and other remuneration	2018 Soc sec expenses (of which pension expenses)	2017 Salaries and other remuneration	2017 Soc sec expenses (of which pension expenses)
Salaries, remuneration, etc.				
Parent company	19,157	20,780	16,465	8,214
		(11,852)		(2,379)
Subsidiaries	81,126	35,127	59,570	24,877
		(9,894)		(7,190)
Total for Group	100,282	55,907	76,035	33,091

Note 8 Number of employees, salaries, other remuneration and social security expenses, cont.

Salaries and remuneration, distributed among Board members, etc. and employees	2018 Board and CEO (of which bonuses, etc.)	2018 Other employees	2017 Board and CEO (of which bonuses, etc.)	2017 Other employees
Parent company	2,506	16,651	1,916	14,550
	(0)		(0)	
Subsidiaries	14,397	66,798	12,041	47,528
	(5,521)		(5,430)	
Total in subsidiaries	14,397	66,798	12,041	47,528
Total in Group	**16,902**	**83,449**	**13,956**	**62,077**
	(5,521)		**(5,430)**	

Remuneration to senior executives

The Chairman and other Board members are paid a fee in accordance with the resolution of the Annual General Meeting. In 2018, the costs of remuneration to the Board of Directors amounted to SEK 714 thousand (591). Remuneration to the CEO and Deputy CEO for the year amounted to SEK 1,900.8 thousand (1,854.4). Remuneration to the CEO and other senior executives consists of basic salary, bonuses, other benefits and pension. Senior executives are the three individuals who, together with the CEO, form the Group's management team. Johan Wieslander, who is a member of the Board of Directors of Peas Industries AB, has a consulting assignment within Peas that is invoiced on an ongoing basis and in accordance with market conditions.

Bonus

A profit-based bonus for 2018 has been reserved for all employees amounting to a total of SEK 18,349 thousand (14,610).

Pensions

The Group only has defined contribution pension plans. Pension cost relates to the cost that will affect earnings for the year. The retirement age for the CEO is 65. Pension premiums may amount to a maximum of 35% of the pensionable salary. The pensionable salary is the basic salary. The retirement age for other senior management is 65. Pension premiums for other senior management are individually agreed and are usually a maximum of 24% of the pensionable salary. For the CEO and and Deputy CEO, however, the pension premiums amount to 26% of the pensionable salary.

Severance pay

In the event of dismissal by the company, the CEO and Deputy CEO have a period of notice of 6 months and no severance pay. For other senior management, the period of notice is 3 to 6 months. There are no agreements regarding severance pay for other senior executives.

Note 9 Financial income

	Group		Parent company	
(SEK thousand)	2018	2017	2018	2017
Interest income	377	40	–	–
Internal interest income	–	–	377	166
Unrealised value changes	–	60	–	–
Exchange rate gains	45,083	26,203	–	–
Total financial income	**45,460**	**26,303**	**377**	**166**

All interest income relates in its entirety to financial assets that are not assessed at fair value via the Income Statement.

Note 10 Financial costs

	Group		Parent company	
(SEK thousand)	2018	2017	2018	2017
External interest costs	-257	-4	–	–
Internal interest costs	–	–	-5	–
Interest costs leasing debt	–	-25	–	–
Exchange rate losses	-24,105	-16,089	–	–
Unrealised value changes	-175	–	–	
Total financial costs	**-24,537**	**-16,118**	**-5**	**–**

All interest costs relate in their entirety to financial assets that are not assessed at fair value via the Income Statement.

Note 11 Year-end appropriations

	Group		Parent company	
(SEK thousand)	2018	2017	2018	2017
Group contributions received	–	–	250,000	183,500
Group contributions provided	–	–	-18,900	-14,544
Provision to tax allocation reserve	–	–	-53,000	-41,000
Additional depreciation	–	–	-28	-290
Total year-end appropriations	**–**	**–**	**178,072**	**127,666**

Note 12 Taxes

Reported tax expense

	Group		Parent company	
(SEK thousand)	2018	2017	2018	2017
Current tax				
Tax cost for the year	-59,620	-40,862	-36,099	-27,303
Adjustments recognised in the current year in respect of earlier years' current tax	-9	-1	-21	–
Deferred tax				
Tax attributable to deficits	–	-24	–	–
Improvement works to others' property	46	63	46	63
Tax allocation fund	-21,551	-13,171	–	–
Tax allocation reserve	-6	-93	–	–
Total reported tax cost	**-81,140**	**-54,087**	**-36,074**	**-27,240**

Income tax in Sweden is calculated at 22% on the year's taxable profit. In Finland, the corresponding rate is 20%. A reconciliation between the reported results and the tax cost for the year is given below Deferred tax is calculated in accordance with the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at balance sheet date.

Reconciliation of the tax cost for the year

	Group		Parent company	
(SEK thousand)	2018	2017	2018	2017
Profit for the year before tax	356,388	257,338	171,849	123,230
Tax calculated in accordance with the Swedish tax rate	-78,405	-56,614	-37,807	-27,111
Tax effect of non-deductible expenses	-2,514	-2,148	-184	-193
The tax effect of non-taxable revenues	5	5,714	1,938	63
Tax effect of deficits	–	-234	–	–
Tax effect of Group adjustment items	44	-790	–	–
Tax effect of branches	-261	-14	–	–
Tax attributable to prev. years	-9	-1	-21	–
Total reported tax cost for the year	**-81,140**	**-54,087**	**-36,074**	**-27,240**

Group
Deferred tax assets/tax liabilities

	31/12/2018	31/12/2017
Financial instruments	1,915	99
Improvement works to others' property	352	326
Tax allocation fund	-40,606	-19,055
Tax allocation reserve	-99	-93
Temporary differences	9,591	–
Total	**-28,846**	**-18,722**

Parent company
Deferred tax assets/tax liabilities

	31/12/2018	31/12/2017
Intangible assets	352	326
Total	**352**	**326**

Note 13 Other intangible fixed assets

	Group		Parent company	
(SEK thousand)	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening acquisition values	128,670	127,072	1,136	1,134
Licence rights obtained	–	–	–	–
Purchases	57,433	1,598	55	2
Disposals for the year	-220	–	–	–
Closing acc. acquisition values	**185,883**	**128,670**	**1,191**	**1,136**
Opening depreciation	-31,010	-17,630	-953	-782
Depreciation according to plan	-10,723	-13,380	-69	-171
Closing acc. acquisition values	**-41,733**	**-31,010**	**-1022**	**-953**
Closing residual value according to plan	**144,150**	**97,660**	**169**	**183**

Estimated utilisation period for intangible fixed assets is 5 to 10 years.

Note 14 Equipment

	Group		Parent company	
(SEK thousand)	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening acquisition values	24,331	22,148	6,939	6,082
Reclassifications	–	–	–	–
Purchases	4,343	2,217	564	881
Impairment	–	-24	–	-24
Disposals for the year	-1,131	-10	–	–
Closing acc. acquisition values	**27,543**	**24,331**	**7,503**	**6,939**
Opening depreciation	-19,238	-17,066	-4,745	-3,978
Depreciation according to plan	-3,104	-2,182	-775	-767
Disposals for the year	856	10	–	–
Closing acc. depreciation	**-21,486**	**-19,238**	**-5,520**	**-4,745**
Closing residual value according to plan	**6,057**	**5,093**	**1,983**	**2,194**

Note 14 Equipment, cont.

Financial leasing agreements

The Group's financial leasing agreements relate to the leasing of 8 (7) cars.

	Group	
(SEK thousand)	31/12/2018	31/12/2017
Opening acquisition values	3,150	3,916
Purchases	2,109	639
Sales	-1,303	-1,404
Closing acc. acquisition values	**3,956**	**3,150**
Opening depreciation	-1,708	-2,016
Sales	901	761
Depreciation according to plan	-589	-453
Closing acc. depreciation	**-1,396**	**-1,708**
Closing residual value according to plan	**2,560**	**1,442**
Total equipment	8,617	6,535

Future leasing charges for finance leases with a remaining term:

	Group			
	31/12/2018		31/12/2017	
(SEK thousand)	Nominal	Current value	Nominal	Current value
Less than 1 year	486	464	460	438
Longer than 1 year but not more than 5 years	602	538	474	430
Longer than 5 years	–	–	–	–
Total	1,088	1,002	934	868

Note 15 Other technical installations

	Group	
(SEK thousand)	31/12/2018	31/12/2017
Opening acquisition values	6,148	–
Purchases	482	6,148
Closing acc. acquisition values	**6,630**	**6,148**
Opening depreciation	–	–
Depreciation according to plan	-577	–
Closing acc. depreciation	-577	–
Closing residual value according to plan	**6,053**	**6,148**

Other technical installations are attributable to Sävsjö Biogas AB. In connection with the investment, a consolidated surplus value arose that is attributable to the facility.

Note 16 Participations in Group companies

	Parent company	
(SEK thousand)	31/12/2018	31/12/2017
Opening acquisition value	117,734	118,827
Purchases	4,413	46
Sales	-1,104	-1,052
Impairment	0	-87
Closing acquisition value	121,043	117,734

The Group includes the following subsidiaries as at 31 December 2018:

Company name	Number of shares	Share of equity, %	Carrying value (SEK thousands), 2018	Carrying value (SEK thousands), 2017
OX2 AB	10,000	100%	116,080	116,080
OX2 TCM AB	1 000	100%	100	100
Utellus AB	1 000	0%	-	100
Biond Holding AB	910	91%	404	404
OX2 Distributed Solutions AB	455	91%	4,459	46
Enstar AB	104,000	0%	-	1,004
Total			**121,043**	**117,734**

Company name	Corp. ID no.	Registered office	Equity inc. profit/loss for the year	Profit
OX2 AB	556675-7497	Stockholm	264,896	163,573
OX2 TCM AB	556749-1534	Stockholm	1,416	941
Biond Holding AB	556889-1567	Stockholm	452	48
OX2 Distributed Solutions AB	559136-6223	Stockholm	6,813	1,918

All subsidiaries are consolidated in the Group. The percentage of voting rights in the subsidiaries that are directly owned by the parent company does not differ from the percentage of ordinary shares owned. Total ownership of holdings without a controlling influence amounts to SEK 6,713 (5,796) for the period.

Note 17 Work in progress on behalf of others

	Group	
(SEK thousand)	31/12/2018	31/12/2017
Yxpila	-	226,542
Ribäcken	68,474	-
Verhonkulma	44,933	-
Långmossa	41,421	2,466
Orrberget	16,785	-
Halsua	10,408	-
Kröpuln	2,160	1,880
Miscellaneous	8,297	-
Closing reported value	292,431	230,888

Ongoing work refers to the costs incurred for each project.

Note 18 Accounts receivable

	Group		Parent company	
(SEK thousand)	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Accounts receivable, gross	382,428	56,921	30	26
Provision for doubtful debts	-	-	-	-
Total accounts receivable, net of the provision for doubtful debts	**382,428**	**56,921**	**30**	**26**

Management assesses that the reported value for accounts receivable, net of the provision for doubtful debts, conforms with the fair value.

(SEK thousand)	31/12/2018		31/12/2017	
Group Age analysis of accounts receivables	Gross	Reserve doubtful accounts receivable	Gross	Reserve doubtful accounts receivable
Not due	377,439	-	23,229	-
Due 30 days	890	-	32,979	-
Due 31-60 days	1,489	-	54	-
Due 61-90 days	145	-	41	-
Due > 90 days	2,465	-	618	-
Total	**382,428**	**-**	**56,921**	**-**

(SEK thousand)	31/12/2018		31/12/2017	
Parent company Age analysis of accounts receivables	Gross	Reserve doubtful accounts receivable	Gross	Reserve doubtful accounts receivable
Not due	30	-	26	-
Due 30 days	-	-	-	-
Total	**30**	**-**	**26**	**-**

Note 19 Prepaid expenses and accrued income

	Group		Parent company	
(SEK thousand)	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Other prepaid costs	5,658	4,231	1,830	1,502
Prepaid rent	2,168	2,121	1 600	1,602
Prepaid construction costs	160,127	370,523	-	-
Accrued income electricity sold	10,962	11,693	-	-
Accrued project revenue	27,743	87,110	-	-
Other accrued revenue	8,632	5,427	-	-
Total	**215,290**	**481,105**	**3,430**	**3,104**

Note 20 Share capital development

Event	Change, share capital, SEK	Total share capital, SEK	No. of series A shares/change	No. of series B shares/change	Quotient value
The company was registered	100,000	100,000	1 000	-	100
New share issue	1,905	101,905	100,905	-	1
Conversion of series A shares to series B	-	101,905	-49,977	49,977	1
		101,905	**51,928**	**49,977**	**1.00**

Share capital: 101,905 shares at a quotient value of SEK 1 divided into 51,928 series A shares, 49,977 Series B shares and no preferential shares. One series A share entitles the holder to ten votes and series B shares entitle the holder to one vote each.

Note 21 Other contributed capital

In the context of restructuring in 2011, Peas Industries AB received a capital contribution of SEK 72,836,000.

Note 22 Translation reserve and hedging reserve

Translation reserve

The translation reserve includes exchange rate differences arising from the translation of the financial statements from the subsidiaries and branches that have prepared their financial statements in euros or Norwegian kroner.

Hedging reserve

The hedging reserve includes the effective portion of the accumulated net change in the fair value of a cash flow instrument attributable to hedging transactions that have not yet occurred.

Note 23 Untaxed reserves

	Parent company	
(SEK thousand)	31/12/2018	31/12/2017
Tax allocation reserve 2017	7,900	7,900
Tax allocation reserve 2018	41,000	41,000
Tax allocation reserve 2019	53,000	–
Excess depreciation	318	290
Total	102,218	49,190

Note 24 Long-term liabilities

	Group	
(SEK thousand)	31/12/2018	31/12/2017
Due for payment 2 to 5 years after balance sheet date:		
Financing of new pre-treatment plant	10,800	–
Financial leasing	1,895	990
Project financing *	423,228	–
Licensing liabilities	57,624	58,985
Due for payment after 5 years		
after the balance sheet date:		
Financing of new pre-treatment plant	15,930	–
Licensing liabilities	30,899	23,594
Total	**540,376**	**83,569**

* Relates to the financing of construction for the Långmossa, Ribäcken, Ponsivuori and Verhonkulma projects. The loan from IKEA Oy has a fixed interest rate of 2%. The lone runs throughout the construction period and completion of the farm is planned for Q1 of 2020.

Note 25 Derivative instruments

Currency forward contracts	Group	
(SEK thousand)	31/12/2018	31/12/2017
Change in value of currency hedging as at balance sheet date	-15,685	-979
Total	-15,685	-979

Outstanding forward exchange contracts	31/12/2018	31/12/2017
Expiration year 2018	EUR	EUR
Amount (EUR)	–	45,800
Average contract rate	–	9.694
Forward rate as at 31/12/2018	**–**	**9.850**
Expiration year 2019	EUR	EUR
Amount (EUR)	58,650	39,500
Average contract rate	9.994	9.958
Forward rate as at 31/12/2018	**10.275**	**9.850**
Expiration year 2020	EUR	EUR
Amount (EUR)	21,890	–
Average contract rate	10.339	–
Forward rate as at 31/12/2018	**10.275**	**–**

Interest rate options	Group	
(SEK thousand)	31/12/2018	31/12/2017
Change in value of interest rate options as at 31/12/2018	–	528
Total	–	528

Outstanding interest rate options	31/12/2018	2017-21-31
Expiration year 2018	EUR	EUR
Nominal amount (EUR)	**–**	**31,200**

Total derivative instruments	Group	
(SEK thousand)	31/12/2018	31/12/2017
Change in value as at 31/12/2018	-15,685	-451
Total	-15,685	-451

Peas uses currency derivatives to hedge against fluctuations in currency exchange rates. A derivative instrument gives an unrealised value change relating to exchange hedging that is part of the cash flow hedges for the Brännliden, Castles, Högkölen, Lehtirova, Orrberget, Snow White, Stigshöjden and Valhalla projects. Peas applies hedge accounting for financial instruments in accordance with IFRS 9. This means, among other things, that changes in the value of derivatives that are obtained for hedging of cash flow risks are recognised in equity. The nominal value of outstanding forward exchange contracts amounts as at end of 31 December 2018 to SEK 812.5 million (837.3). The market value of the outstanding forward exchange contracts as at 31 December 2018 amounted to SEK -15.7 million (-1.0). The information used for the valuation of derivative instruments is based on information from the banks that we consider to be in accordance with a Level 2 valuation when it is based on the discounted cash flows with the help of market data per year-end date. There were no outstanding options as at 31 December 2018. In 2018, a release of currency hedges was made where cash flow had already occurred. The net release for 2018 amounts to SEK 5.1 million.

Note 26 Advance payments from customers

(SEK thousand)	Group 31/12/2018	Group 31/12/2017
Advance payments from customers, Brännliden project	75,332	–
Advance payments from customers, Lingbo project	74,293	147,747
Advance payments from customers, Tönsen project	33,793	67,745
Advance payments from customers, SnowWhite project	10,030	–
Advance payments from customers, Stigshöjden project	6,452	24,766
Advance payments from customers, Lehtirova project	–	99,179
Advance payments from customers, Raskiftet project	–	78,824
Advance payments from customers, Högkölen project	–	33,390
Advance payments from customers, Orrberget project	–	24,843
Advance payments for Långmossa project	–	7,233
Advance payments from customers, Enstar project	1,066	1,359
Advance payments from customers, Bio project	600	–
Total	201,566	485,087

Note 27 Other current liabilities

	Group		Parent company	
(SEK thousand)	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Project financing	–	183,795	–	–
VAT	84,483	110,456	1,184	450
Purchase price, acquisition of Åmot-Lingbo	48,693	48,693	–	–
Contributions received from Swedish EPA	1,337	16,000	–	–
Current portion of the licensing liabilities	10,856	11,797	–	–
Liability in respect of the acquisition of Sävsjö Bio AB	–	4,196	–	–
Energy tax	1,637	2,198	–	–
Withholding tax	3,054	2,111	461	477
Part of the short-term debt financial leasing	665	451	–	–
Other items	15	84	8	21
Total	150,740	379,781	1,653	948

Note 28 Accrued expenses and pre-paid income

	Group		Parent company	
(SEK thousand)	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Accrued project costs	9,980	32,052	–	–
Accrued personnel costs, including social security payments	60,227	36,424	20,345	7,984
Prepaid state funding	19,037	–	–	–
Accrued costs of electricity sold	11,122	7,847	–	–
Accrued consulting costs	5,309	3,684	–	721
Accrued energy tax	–	2,639	–	–
Accrued construction costs	55,792	2,064	–	–
Operating costs accrued	–	1,108	–	–
Pre-paid income	2,923	2,725	–	–
Other items	3,985	2,322	935	318
Total	168,375	58,813	21,280	9,023

Note 29 Pledged assets and contingent liabilities

Pledged assets

	Group		Parent company	
(SEK thousand)	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Shares in subsidiaries	29,917	25	–	–
Bank deposits	59,782	71,368	–	–
Total	89,699	71,393	–	–

Restricted bank deposits are also reported as cash and cash equivalents in the Balance Sheet.

Contingent liabilities

	Group		Parent company	
(SEK thousand)	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Indemnity bond [1]	743,607	1,014,790	604,935	1,019,625
Parent company guarantee to external suppliers and buyers [2]	1,122,532	584,637	1,228,333	584,637
Total	1,866,139	1,599,427	1,833,268	1,604,262

1) Peas Industries AB and OX2 Construction AB have signed an indemnity bond in favour of Atradius Credit Insurance NV because Atradius Credit Insurance NV has issued a performance guarantee to Austri Raskiftet DA on the occasion of the EPC contract dated 5 August 2016 relating to the construction of the Raskiftet project. Under the indemnity bond, Peas Industries AB and OX2 Construction AB will compensate Atradius Credit Insurance NV in the event that Atradius Credit Insurance NV is forced to honour its guarantees. The total amount of the guarantees at Group level as at 31/12/2018 amounts to approximately SEK 29.2 million and at the parent company level to approximately SEK 29.2 million.

Peas Industries AB and OX2 Construction AB have signed an indemnity bond in favour of Atradius Credit Insurance NV because Atradius Credit Insurance NV has issued a payment guarantee to Windfarm Högkölen AB on the occasion of the CATA contract dated 22 November 2016 relating to the construction of the Högkölen project. Under the indemnity bond, Peas Industries AB and OX2 Construction AB will compensate Atradius Credit Insurance NV in the event that Atradius Credit Insurance NV is forced to honour its guarantees. The total amount of the guarantees at Group level as at 31/12/2018 amounts to approximately SEK 37.9 million and at the parent company level to approximately SEK 37.9 million.

Peas Industries AB and OX2 Construction AB have signed an indemnity bond in favour of Atradius Credit Insurance NV because Atradius Credit Insurance NV has issued a payment guarantee to Lehtirova Wind AB on the occasion of the CATA contract dated 11 August 2016 relating to the construction of the Lehtirova project. Under the indemnity bond, Peas Industries AB and OX2 Construction AB will compensate Atradius Credit Insurance NV in the event that Atradius Credit Insurance NV is forced to honour its guarantees. The total amount of the guarantees at Group level as at 31/12/2018 amounts to approximately SEK 71.5 million and at the parent company level to approximately SEK 71.5 million.

Peas Industries AB, OX2 Construction AB and OX2 Wind Finland AB have signed an indemnity bond in favour of Atradius Credit Insurance NV in connection with Atradius Credit Insurance NV having issued a payment guarantee to Ykpihlaja Wind Oy in connection with a share transfer agreement and EPC agreement in connection with the sale and construction of the Ykpihlaja wind farm, dated 23 February 2017. Under the indemnity bond, Peas Industries AB and Ox2 Construction AB and OX2 Wind Finland AB will compensate Atradius Credit Insurance NV in the event that Atradius Credit Insurance NV is forced to honour its guarantees. The total amount of the guarantees at Group level as at 31/12/2018 amounts to approximately SEK 17.1 million and at the parent company level to approximately SEK 17.1 million.

Peas Industries AB and OX2 Construction AB have signed two indemnity bonds with Atradius Credit Insurance NV in connection with Atradius Credit Insurance NV having issued two payment guarantees for Ellevio AB and on the occasion of connection of the wind turbines at Tönsen in Bollnäs municipality and the connection of the wind turbines at Åmot-Lingbo in Ockelbo municipality on 15 December 2017. Under the indemnity bond, Peas Industries AB and OX2 Construction AB will compensate Atradius Credit Insurance NV in the event that Atradius Credit Insurance NV is forced to honour its guarantees. The total amount of the guarantees at Group level as at 31 December 2018 amounts to approximately SEK 267.9 million and at the parent company level to approximately SEK 267.9 million.

Peas Industries AB, OX2 Construction AB and OX2 Wind Production AB have signed an indemnity bond for Euler Hermes SA in connection with Euler Hermes SA's provision of a completion guarantee for Albatros Projects VII S.á.r.l. in connection with a framework agreement, two share transfer agreements and two EPC agreements in connection with the sale and construction of two wind power plants at Tönsen in Bollnäs municipality and at Åmot-Lingbo in Ockelbo municipality, dated 15 December 2017. Under the indemnity bond, Peas Industries AB, OX2 Construction AB and OX2 Wind Production AB will compensate Euler Hermes SA in the event that Euler Hermes SA is forced to fulfil its guarantee. The total amount of the guarantees at Group level as at 31 December 2018 amounts to SEK 312.0 million and at the parent company level to approximately SEK 312.0 million.

Peas Industries AB and OX2 Construction AB have signed two indemnity bonds with Atradius Credit Insurance NV in connection with Atradius Credit Insurance NV having issued two payment guarantees for WPD construction Sweden AB in connection with the electrical connection of the Brännliden wind turbines on 27 July 2017. Under the indemnity bond, Peas Industries AB and OX2 Construction AB will compensate Atradius Credit Insurance NV in the event that Atradius Credit Insurance NV is forced to honour its guarantees. The total amount of the guarantees at Group level as at 31 December 2018 amounts to approximately SEK 8.0 million and at the parent company level to approximately SEK 8.0 million.

2) In addition to this, Peas Industries AB has signed a parent company guarantee as security for OX2 Construction AB's obligation to counterparties in construction contracts for ongoing construction projects and OX2 Bio Produktion for the parent company's loan commitment with Swedbank. Peas Industries AB has also signed a parent company guarantee as security for OX2 Wind Finland AB and its subsidiaries for the financing of the "Castles" project in Finland.

Note 30 Cash flow statement

Adjustments for items not included in cash flow

	Group		Parent company	
(SEK thousand)	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Depreciation/impairment	14,511	16,015	843	1,048
Total	**14,511**	**16,015**	**843**	**1,048**

Disclosure of interest paid and interest received

Group
During the year the interest paid amounted to SEK 257 thousand (29) and interest received to SEK 377 thousand (40).

Parent company
During the year the interest paid amounted to SEK 1 thousand (0) and interest received to SEK 377 thousand (166).

Note 31 Events after the end of the financial year

In February 2019, an agreement was concluded with Ardian Infrastructure concerning the sale of project rights and construction of the Åndberg 53 wind farm project (250 MW) in Sweden.

Agreements were concluded with Stadtwerke München, Eidsiva Energi and Gudbrandsdal Energi for the construction of the Kjølberget project, 13 wind turbines in Norway, in April 2019. Production of approx. 195 GWh per year is planned for this wind farm.

The parent company OX2 Group AB changed its name to Peas Industries AB in May 2019.

Note 32 Proposal for allocation of earnings (SEK)

Proposal for allocation of earnings (SEK)
The following earnings are at the disposal of the Annual General Meeting:

Unrestricted equity	162,682,229
Net profit for the year	135,774,900
Total	**298,457,129**
Dividend to shareholders SEK 981.31 per share	100,000,000
The Board proposes the following sum be carried forward to new account	198,457,129
Total	**298,457,129**

The dividend is calculated on basis of the number of shares issued as of 31 December 2018, i.e. 101,905 shares.

Note 33 Approval of financial statements

The annual report was adopted by the Board of Directors and approved for publication on 13 June 2019.

Statement
The Board of Directors and the CEO hereby certify that the annual report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 1.3 and 2.3 and gives a true and fair view of the financial position and results, and that the Directors' Report gives a fair review of the development of the Group's operations, position and results and describes significant risks and uncertainties facing the company. The Board of Directors and the CEO hereby certify that the consolidated financial statements have been prepared in accordance with the International Financial Standards (IFRS) as adopted by the EU and give a true and fair view of the Group's financial position and results, and that the Directors' Report for the Group annual report gives a fair review of the development of the Group's operations, position and results that describe significant risks and uncertainties facing the company.

Stockholm, 13 June 2019

Johan Ihrfelt
Chairman,
Chief Executive Officer

Thomas von Otter

Anna-Karin Eliasson Celsing

Jan Örtegren

Johan Wieslander

Niklas Midby

Our audit report was submitted on 13 June 2019
Deloitte AB

Jonas Ståhlberg
Authorised Public Accountant

Auditor’s report

To the general meeting of the shareholders of Peas Industries AB corporate identity number 556829-4515

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Peas Industries AB for the financial year 2018-01-01 - 2018-12-31. The annual accounts and consolidated accounts of the company are included on pages 44-83 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordan ce with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Other Information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises pages 1-43 and XX but does not include the annual accounts, consolidated accounts and our auditor’s report thereon.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company’s and the group’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor’s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Peas Industries AB for the financial year 2018-01-01 - 2018-12-31 and the proposed appropriations of the company’s profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company’s profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company’s and the group’s type of operations, size and risks place on the size of the parent company’s and the group’s equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company’s organization and the administration of the company’s affairs. This includes among other things continuous assessment of the company’s and the group’s financial situation and ensuring that the company’s organization is designed so that the accounting, management of assets and the company’s financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors’ guidelines and instructions and among other matters take measures that are necessary to fulfill the company’s accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor’s responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company’s profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company’s profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the management’s administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor’s report.

Stockholm den 13 juni 2019
Deloitte AB

Jonas Ståhlberg
Authorized Public Accountant

Peas
Industries

www.peas.com

Brandfactory Finanstryck 19 334203
Nordic Swan Ecolabel, printed matter, 1234 5678