



SUNPINE™

Annual report and sustainability report 2017







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A successful year

Every part of the puzzle fell into place during the 2017 financial year, and SunPine achieved the stability and production efficiency we'd worked so hard for for many years.

Our work process and production have been optimised and are now proceeding without major disruptions thanks to extensive investments and focused quality efforts. During 2017, we reached record levels both in terms of delivery volumes and financial performance. What's more, we kept it up throughout the year, and this was an important milestone.

Thus the strategy, business focus and intensive development efforts we have pursued since our May 2013 start-up were crowned with success in 2017. Because the entire plant and organisation exceeded our highest expectations, we improved on our targets by a wide margin.

Ready for new, aggressive decisions

We're already a world-leading sustainable bio-refinery with a number of green products that meet an excellent market demand. Now we're ready to move on and take new, aggressive decisions to expand our business through investments in new capacity and an operation that will continue to grow over time for SunPine.

We note that politicians in Europe and Sweden are making important decisions aimed at accelerating the shift over towards renewable fuels, and this is where we as a company can play a crucial part. More and more of us realise we must use every new technology available

if we are to achieve our climate targets and switch our vehicle fleets to fossil-free fuel.

Focusing on total climate benefit

As Svante Axelsson, the Government's National Coordinator for a fossil-free Sweden, said in Dagens Industri [a business daily] on 10 March 2017: "As to whether electricity, bio-diesel or biogas will replace fossil fuels, the answer in the short term is: we will need it all."

For this reason, it's important to make sure that all equivalent alternatives enjoy the same conditions. The focus in evaluations and comparisons must be on total climate benefit to enable decisions on which biofuels can help achieve tomorrow's environmental targets.

In his article, Axelsson notes the importance of avoiding the pitfalls present in the field of biofuels: "Firstly, the carbon emission reduction obligation risks greatly increased use of cheap biodiesel made from palm oil and its residue PFAD, which we already see signs of on the Swedish market today. From a climate perspective, these fuels are very negative because an increase in use leads to an increase in rain forest destruction. It should be possible to prevent imports of palm oil and PFAD through a general increase in the requirement for climate benefits and traceability on all biofuels."



Constantly refining our process

Given the right conditions, SunPine could deliver 14 per cent of the demand for all renewable diesel in Sweden by 2030. It would be a tremendous advance if Sweden were to achieve that position and be an international role model. I'm convinced that sustainable Swedish forestry could meet a significant share of Sweden's demand for renewable fuels.

Sustainability characterises everything we do and forms a natural part of SunPine's operations. We continually refine our industrial process and have the long-term aim of phasing out fuel oil and replacing it with renewable, fossil-free alternatives. We introduced a quality management system in 2017, and our goals for 2018 are to achieve ISO 9001 certification and begin work with certification under the ISCC sustainability standard.

Because safety issues always have the highest priority at SunPine, it's satisfying that during 2017 we once again lived up to our zero-tolerance policy regarding serious accidents. Since start-up, SunPine has never had a workplace accident leading to absence the following day. It's something we take pride in. But we must never be complacent or smug, but instead work constantly to keep safety first uppermost in the mind of every employee, every day.

SunPine – working for the greater good

During the year, we began projects to draft a Code of Conduct for our employees and a Supplier Code. The codes will address issues concerning the environment,

social responsibility, business ethics and human rights. We seek to explain clearly what we expect of colleagues and suppliers. SunPine products are by definition sustainable, as expressed by our business concept: "SunPine's process and employees seek to be world leaders in the production of renewable products based on sustainable forestry."

We're more than just another world-class bio-refinery. We're actually reformers who deliver tangible climate benefits, and in 2017 SunPine delivered them at record levels.

This makes me both happy and proud.



Magnus Edin, SunPine CEO.



World leading bio refinery

SunPine is a world leading bio refinery built around a Swedish innovation and entrepreneurial achievement. Today, SunPine is an established billion-kronor industry that contributes to the green transformation of society and thus improves the world.

SunPine has a clear business idea linked to green forestry in Sweden. "SunPine's process and employees seek to be world leaders in the production of renewable products based on sustainable forestry."

SunPine delivers tall diesel from its plant on Haraholmen in Piteå to Preem, who process it into the world's only Nordic Swan eco-labelled diesel. Every year, this green diesel eliminates the fossil CO₂ emissions from around 160,000 diesel cars. Thus by definition, SunPine delivers tangible climate benefits. The goal is to increase the production volume further and become a strong driving force behind a sustainable future, and in this way help to make the world a little better also in the immediate future.

SunPine's goals place great demands at every level and stage of the operation. The fundamental principle at work is the SunPine operation based on a raw material that is a residual product from a pulp industry, to which it then applies climate smart processes. This reinforces SunPine's world-leading position.

SunPine's plant is already largely fossil free. Its products help other industries to produce sustainable consumer products, and SunPine's own surplus product in the form of district heating helps heat neighbouring industries.

SUNPINE'S ADVANTAGES



Renewable – for every tree felled, at least two new trees are planted in Sweden.



Does not reduce global food supply – not produced from foodstuffs.



Does not destroy arable land – forest land will remain forested.



Residual product – tall oil is extracted from an industrial residual from the Kraft process in pulp mills.



Reduces CO₂ – reduces emissions by up to 90 per cent.

THE OPERATION IN FIGURES

SEK **1.2** billion in annual sales **48** Employees **>100** jobs created in the region
100 million litres of tall diesel per year **250,000** fewer tonnes of CO₂ per year



THIS IS SUNPINE





A sustainable industrial process

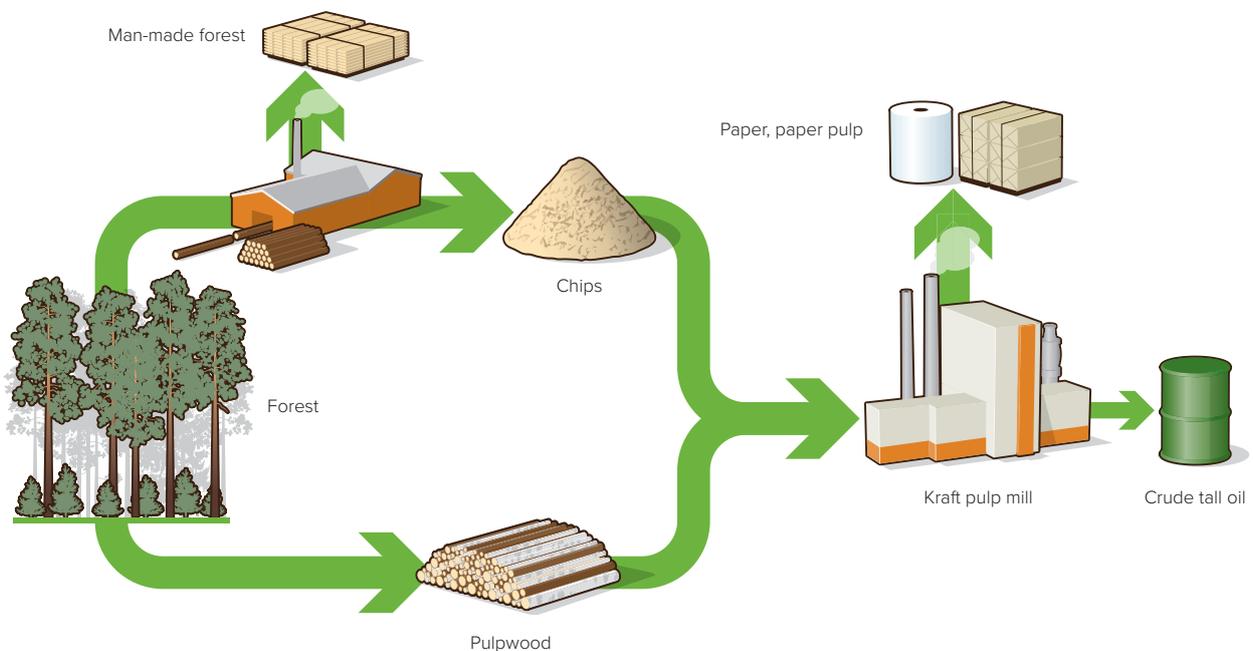
SunPine's production process is constantly refined to provide products that are sustainably optimised within the green economy.

Over the years, SunPine's plant on Haraholmen in Piteå has been developed, modified and optimised as new technology was installed aimed at increasing both the efficiency and stability of the production process. Challenges that arose along the way were tackled using new technical solutions. By developing world-leading technological innovations, SunPine has been a forerunner not only in the creation of sustainable products, but also of a sustainable, forward-looking industry.

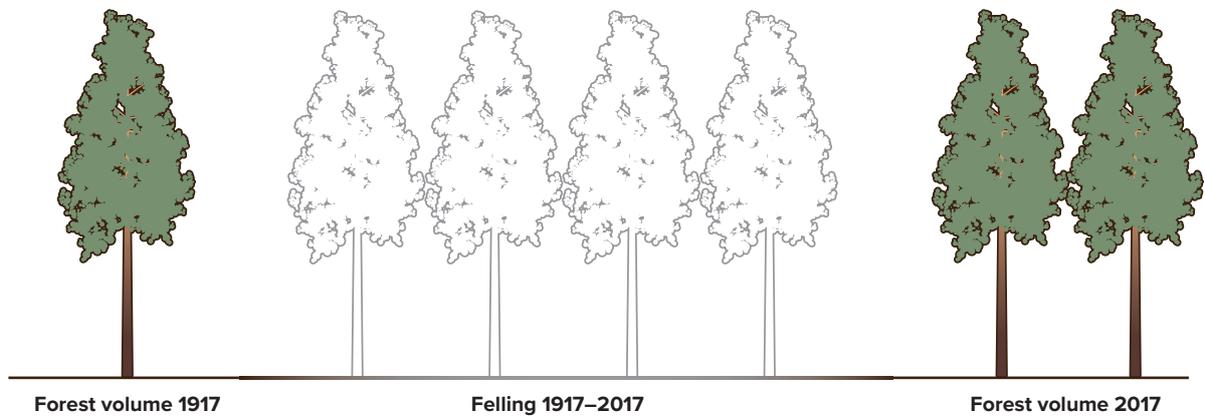
Today, the production process is already largely fossil-free, but the long-term goal of SunPine's sustainability efforts is to eliminate the use of fossil fuels entirely.

During 2017, a quality management system was introduced, and the objective for 2018 is to complete ISO 9001 certification. Work on ISCC certification has also begun.

The forest raw material is renewable, biodegradable and recyclable. Tall oil, which is the raw material used



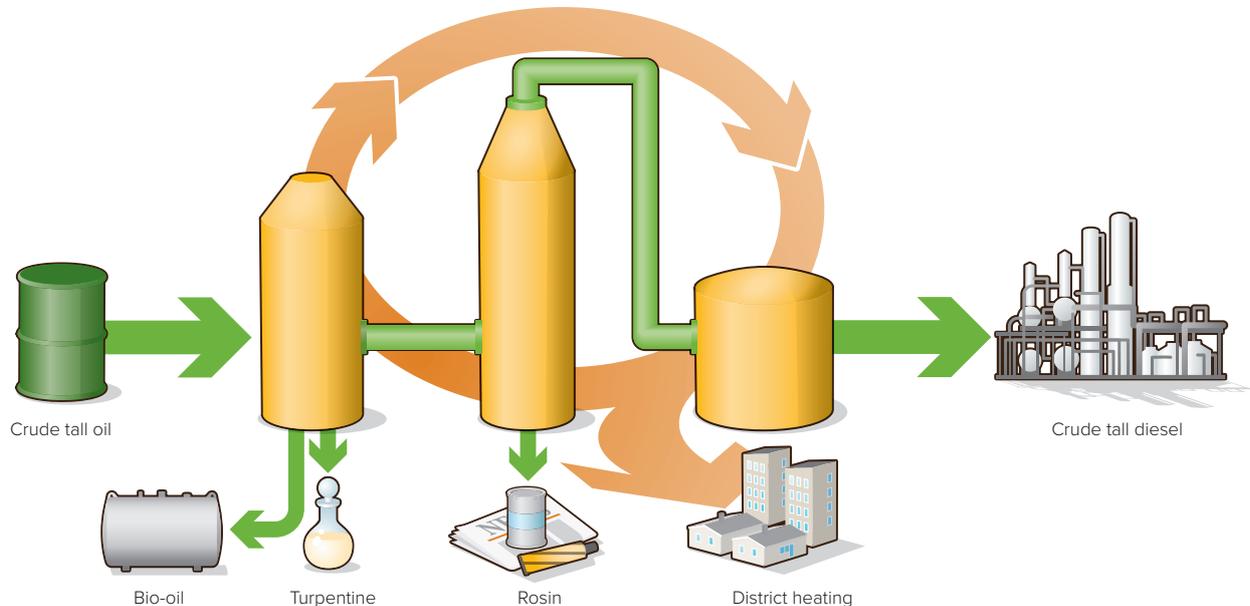
Sustainable Swedish forestry supplies timber to sawmills, which in turn supply building timber to the construction industry and wood chips to paper mills. Pulpwood also goes directly to the pulp mills, which extract the crude tall oil residual product during the production of softwood Kraft pulp, and deliver it to SunPine.



by SunPine, is for the most part of Swedish origin and is a residue from the Swedish pulp mills. Because of the requirements that apply to sustainable Swedish forestry, the raw material is traceable.

Because Swedish forestry legislation has had a replanting provision for more than 100 years, Sweden has today

around twice as much forest as 100 years ago, even though around four times the original standing volume of trees has been harvested since the early 1900s. No less than 70 per cent of Sweden's surface area consists of forest, which offers many values. At the same time, we can regard the forest as a substantial, green oil reserve.



The tall oil delivered to SunPine is heated, and at different temperatures its various components are released. SunPine uses them to produce bio-oil, turpentine, rosin, district heating and tall diesel made by Preem – the world's only Nordic Swan eco-labelled diesel.



Sustainable products

SunPine delivers innovative, sustainable products made from tall oil, a residual product from pulp mills, which in turn use the renewable forest raw material in their production. Today, SunPine products can be found on the world market in everything from Nordic Swan eco-labelled diesel to fragrant perfumes.

Tall diesel

Tall oil is a residual product from the Kraft process used in the pulp industry. It's refined in an energy efficient industrial process into SunPine's unique tall diesel and sold to Sweden's motorists via Preem as the only Nordic Swan eco-labelled diesel. In 2017, SunPine's production totalled 104 million litres of tall diesel. The positive climate impact of this production volume is equivalent to a reduction in fossil CO₂ emissions of 250,000 tonnes per year – the same amount as almost 160,000 diesel cars every year.

Rosin

SunPine also produces sustainable green rosin from tall oil. Rosin has been used by mankind through the ages for such things as sealing boats and in the manufacture of paints and plastics. SunPine rosin is used as a raw material in the production of a number of different products; for example, the company Lawter makes printing ink from rosin. Other areas of use include the manufacture of adhesives. Rosin is also used in the music industry where violinists use it to make their bows abrasive and ballet dancers use it to give their shoes better grip. Rosin production capacity is around 24,000 tonnes per year.



Bio-oil

SunPine produces bio-oil that is certified sustainable by the Swedish Energy Agency and as such is green fuel oil.

Bio-oil is a renewable alternative to fossil fuel oil for industry and has several future development possibilities, e.g. in the production of petrol or lubricating oils.

Bio-oil contains sterols, which opens opportunities for the development of cholesterol-reducing foods or medications from the oil. SunPine produces around 50,000 tonnes of bio-oil per year.

Turpentine

Turpentine is a sustainable product extracted from raw materials from forestry. The demand for crude sulphate turpentine is increasing on the international market. It is an extremely pungent chemical used within heavy industry, but also in making perfumes and should not be confused with the turpentine used in the manufacture of paint. SunPine produces around 2,000 tonnes of sulphate turpentine per year.

District heating

SunPine's operation is characterised by sustainability thinking from the raw material, which is a residual product from pulp mills, all the way to its own residual product, waste heat. SunPine's industrial plant is fundamentally energy efficient, and the manufacturing process requires both heating and cooling. The cooling process generates hot water which is used for district heating partly in SunPine's own plant and partly in other major industrial premises in the region via the district heating network. SunPine's annual district heating output totals around 1,500,000 kWh sold through Piteå Energi.





An entrepreneurial journey



Lars Stigsson.

SunPine was founded by entrepreneur Lars Stigsson, who sold the concept to Sveaskog, Preem and Södra Skogsägarna, who each put up SEK 100 million to allow construction of a full-scale plant.

The first personnel were employed in 2007, and in 2008 the environmental permit was approved. Construction of the plant began in the autumn of 2009.

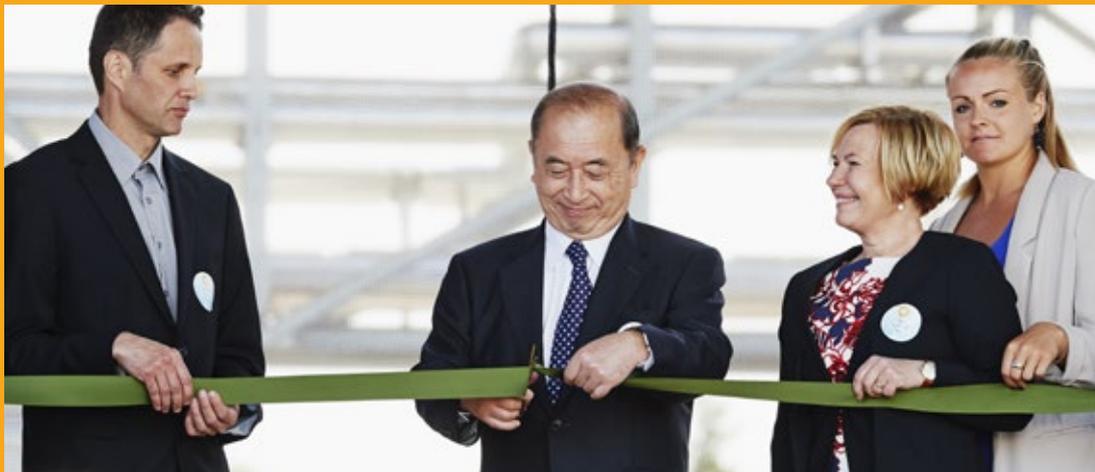
SunPine's industrial plant was inaugurated in May 2010 and the production of tall diesel began. The first deliveries to Preem were made in October that same year.

During the subsequent years up until March 2013, efforts were largely devoted to removing

bottlenecks and achieving a stable production. Planned production capacity was achieved in 2013, which was also the second year the company made a profit. In all, the initial investment amounted to around SEK 350 million.

In the spring of 2014, SunPine decided to upgrade the plant for the manufacture of a new product, rosin. Rosin is an existing product on the global market that is not dependent on political decisions. The investment was used mainly to provide SunPine with another string to its bow while also increasing profitability. The company Lawter, owned by Harima Chemicals in Japan, became a new shareholder. The new production plant came on stream in December 2015. The investment totalled around SEK 210 million.

The following year can best be described as a start-up year with recurring production stoppages and a number of supplementary actions. Toward the end of 2016, the company's internal organisation had succeeded in creating stable production with good reliability. The strategies, direction and development work invested since May 2013 were crowned with success during 2017. Our goals were achieved and the entire plant and organisation exceeded expectations.



Inauguration 2016.



SUSTAINABILITY REPORT



Focused sustainability efforts

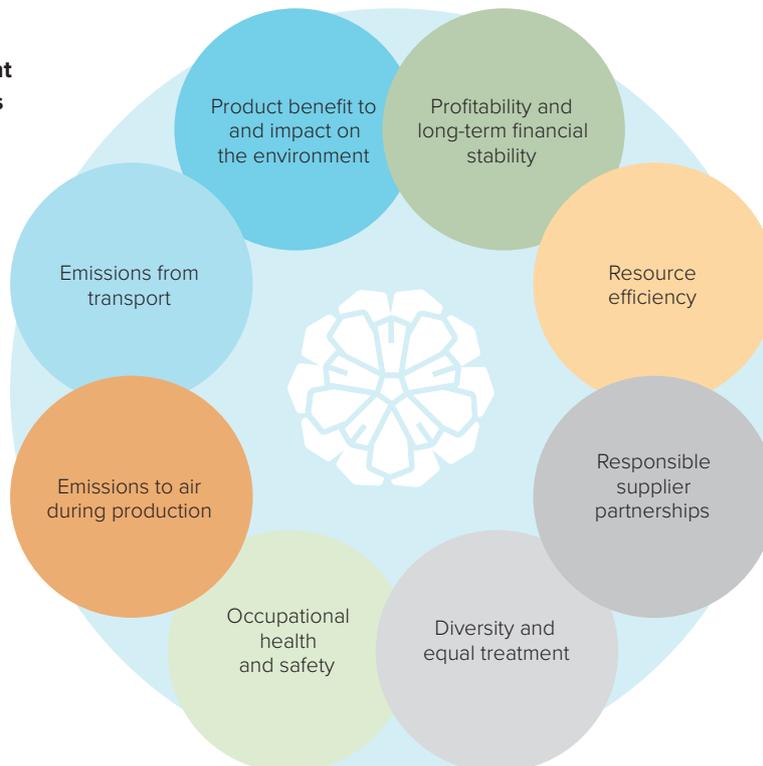
Ever since its start-up, SunPine has developed the operation with a focus on its sustainability aspects. During 2017, SunPine introduced a quality management system and began work on a materiality analysis to facilitate control, follow-up and communication on important matters.

Stakeholder dialogues and the materiality analysis

Towards the end of 2017 and the beginning of 2018, SunPine conducted stakeholder dialogues and a materiality analysis as part of the ongoing development of sustainability and as a basis for the company's sustainability report. The purpose was to identify the most important sustainability issues to concentrate on. Customers, shareholders, suppliers, the surrounding area, hauliers, industry organisations and non-profit, non-governmental organisations took part in the stakeholder dialogues.

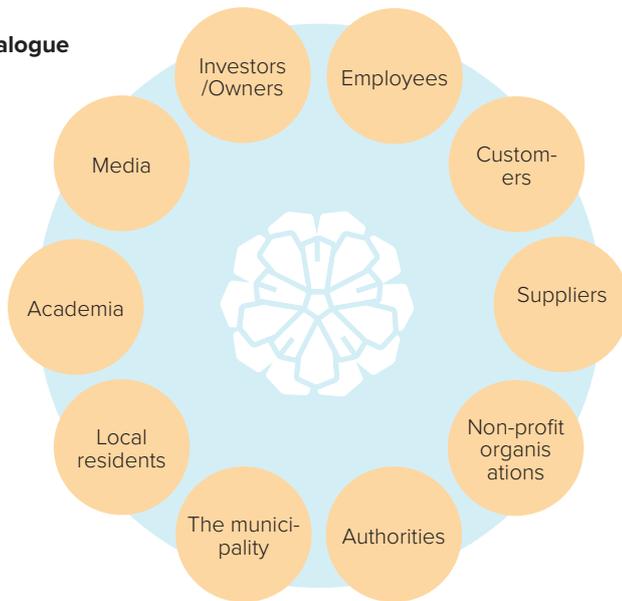
In all, 10 telephone interviews were conducted where participants got to prioritise and discuss which sustainability issues they considered to be most material for SunPine. The dialogues were supplemented through the participation of SunPine's employees and members of the management team in the same exercise. The results from the stakeholder dialogues were discussed and modulated in a workshop with key individuals in the company, and this led to a number of significant sustainability issues. They form the basis for the contents of the sustainability report.

SunPine's significant sustainability issues





Ongoing dialogue



SunPine maintains a dialogue with important stakeholder groups such as shareholders, employees, customers, suppliers, the municipality, government agencies and local residents. SunPine's ambition is always one of openness with relevant information. The development of the sustainability report is a further step in SunPine's process of increasing transparency regarding the company's business operations and its challenges.

New quality management system

The focus of SunPine's quality policy is on high-quality products, satisfied customers, ongoing operational improvements, good leadership and good supplier relations. During 2017, SunPine began development of a quality management system according to ISO 9001, with the aim of gaining certification during 2018.

The quality management system includes key ratios for all of the company's processes, and these are monitored on a monthly basis. Among the key ratios are zero tolerance for accidents in respect of people and the environment, customer satisfaction targets and goals for stable, profitable production.

Licensable operations

SunPine pursues operations licensable under the Swedish Environmental Code. The new environmental permit that came into force on 18 June 2014 includes the construction and operation of a biodiesel plant and its physical processes. The permit is valid for the annual production of up to 250,000 tonnes of chemical products in the form of tall diesel, bio-oil, rosin acids, turpentine and other similar products.



Climate benefits and climate impact

Climate benefit is at the heart of SunPine's business idea. By processing a residual product from the forestry industry, SunPine puts resources to good use in an efficient manner. SunPine's renewable diesel product replaces fossil-based diesel and thus has a positive climate impact by reducing CO₂ emissions in the transport sector.

Energy and resource efficiency

SunPine is a world leader in the production of second-generation fuels from renewable sources thanks to its use as a raw material of a residual product from the forestry industry, and a production method that is energy and resource efficient. Combining a raw material with manufactured products in a process with a relatively low energy requirement is what makes SunPine's production unique.

SunPine uses crude tall oil as its raw material. It is a residual product from the Kraft process used in the pulp industry. SunPine was the first in the world to extract renewable diesel from crude tall oil in its unique production plant in Piteå. SunPine produces tall diesel, rosin, turpentine and bio-oil from the crude tall oil.

The bio-oil by-product is a renewable fossil fuel oil replacement; it is sold, among others, back to the pulp industry. SunPine is actively engaged in increasing the use of self-produced bio-oil for its own energy requirements. Further valuable constituents may be extracted from the remaining by-products in the future. Learn more about SunPine's resource efficiency efforts on page 18.

Drastically reduced CO₂ emissions

SunPine's products help reduce emissions of Greenhouse gas (GHG) emissions significantly. The raw material comes mainly from Swedish forests where SunPine requires the crude tall oil to come from sustainable, responsibly managed forestry in compliance with the

Swedish Energy Agency's requirement for sustainability declarations. The sustainability criteria that must be met in regard to biofuels and liquid biofuels include reduced greenhouse gas emissions and special requirements for land use. There are also requirements for the physical traceability of fuel, which means that operators throughout the production chain must comply with sustainability criteria and provide information to the next operator in the production chain on how this is done. The CO₂ released from burning SunPine's renewable diesel has very little climate impact from a long-term perspective, since it is part of a cycle where CO₂ is once again sequestered in biomass.

A well-to-tank analysis of SunPine's tall diesel that also included the company's transportation was conducted during 2016–2017. The analysis assumed that 100 per cent of the fuel oil burned was the company's self-produced bio-oil. In the analysis, fossil CO₂ emissions from SunPine's process totalled 2.16 g CO₂eq/MJ; see graphic on page 17.

During 2017, SunPine produced 104 million litres of tall diesel, which in its processed form is used as a fuel by various means of transport. If fossil-based fuel (fossil diesel) had been used instead, this transportation would have released 250,000 tonnes of carbon dioxide. Since the start of production, SunPine has helped reduce CO₂ emissions from fossil fuels by more than 1.5 million tonnes.



Self-sufficient in biofuel

In order to further reduce the climate impact of its products, SunPine aims to become self-sufficient in biofuel used in its own production. Since the renovation in 2015, the company has gradually been able to increase the use of self-produced bio-oil, and the long-term goal is for it to completely replace fossil-based light oil (fuel oil). New equipment was installed in 2017 to enable reliable bio-oil heating, which met 40 per cent of energy requirements

during that year. Phasing out more of the remaining fossil-based fuel oil will require further measures, and these are planned for implementation during 2018.

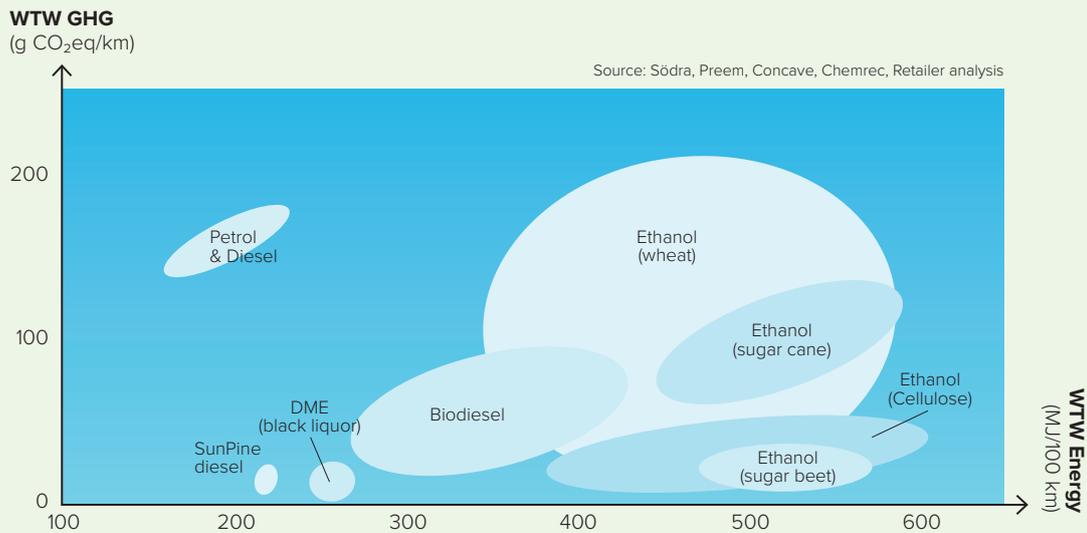
All of the company's spaces are heated with surplus heat from the production process. The remainder is sold as district heating to Piteå Energi, which also supplies electricity to SunPine from another renewable source, hydroelectric power.

Fossil carbon dioxide emissions from the production of crude tall diesel calculated for 164,000 tonnes of tall oil, based on well-to-tank analysis completed 2016*

In respect of	Fossil carbon dioxide emissions (tonnes of CO ₂ eq)	Fossil carbon dioxide emissions (g CO ₂ eq/MJ)
Raw material	0	0
+ Transport and power consumption	1,840	0.56
+ SunPine process	7,094	2.16
= Accumulated load	8,934	2.72

* With assumption of 100% use of bio-oil completed 2016

Carbon dioxide emissions and power consumption pursuant to wheel analysis completed 2010



The diagram shows that SunPine diesel is superior to other biofuels, since only a small amount of energy is required to produce the fuel. It has also been demonstrated that the fossil carbon dioxide emissions are 89% lower from SunPine diesel compared to conventional diesel and petrol.



Resource efficiency

SunPine uses a unique production process which is both energy and resource efficient.

Systematic development work on preventive maintenance was carried out during 2017 with the aim of further ensuring constant improvements in efficient energy usage.

Preventive maintenance

Preventive maintenance has been identified as one of SunPine's most important aspects for further improving resource efficiency. A production stop entails an increase in energy consumption, water consumption and more importantly an increase in waste caused by e.g. replacing materials. The use of preventive maintenance initiatives reduces the risk of unnecessary production stops, and enables highly reliable, resource-efficient production.

SunPine introduced new maintenance procedures during 2017. The procedures involve a greater use of

preventive maintenance initiatives, thus reducing the need for emergency repair operations. The new procedures have contributed greatly to increases in production process reliability and resource efficiency. There were 18 unplanned production stops during 2017. Excluding planned stops, reliability in the production of tall diesel was 98.5 per cent during 2017. During 2018, SunPine will invest in support for further systemisation in maintenance operations and the ability to monitor trends in important key ratios with even greater precision.

Energy survey

During 2017, SunPine conducted an energy survey based on a requirement in the company's environmental permit. The survey showed that energy efficiency at the end of 2017 compared to the beginning of the year increased, partly as a result of the efficiency measures implemented. The survey also identified a number of improvement points that SunPine will continue to work on during 2018. For example, work will be carried out to identify and minimise compressed air leaks, as these cause increased energy consumption.

Minimising waste and the use of residual products

Reducing the volume of residual products and waste is a priority SunPine objective. Production waste arises from e.g. investment projects and maintenance work and may include sheet metal, steel scrap, wood and hazardous waste. One residual product that SunPine seeks to reduce is the water mixture remaining after crude tall oil pre-treatment. Instead of discharging the water as waste, an external party extracts metals and other substances from the water for use in its own industrial process.





Emissions from transportation

SunPine works to reduce fossil emissions from the hauliers it engages. It can involve e.g. maximizing the proportion of return haulage and increasing volumes per truck load. In 2017, emissions from transportation to SunPine totalled 1,010 tonnes of carbon dioxide equivalents.

Efficient logistics

The raw material – crude tall oil – arrives by truck from several different suppliers around Sweden. The majority of the crude tall oil is transported from Swedish Kraft pulp mills. A certain amount of raw material is also purchased from the United States and shipped to the Port of Piteå. The finished product – tall diesel – is shipped by sea from Piteå to Preem's refinery in Gothenburg. Rosin is shipped in liquid form in heated containers by sea to Belgium. By preventing the rosin from cooling in the normal manner, the energy otherwise required to heat it up again at the point of delivery is saved.

Return haulage, greater volumes and groupage

An important focus area is maximising the proportion of return haulage so as to avoid empty trucks. For example, this could mean that trucks delivering crude tall oil to production also haul bio-oil on their return trips. During 2017, the proportion of return haulage was 50 per cent.

SunPine is working actively to increase volumes per tanker. During 2017, the company studied the possibility of shipping 75 tonnes per road tanker instead of the

previous 60 tonnes. Shipments by sea are also optimised with groupage taking place in collaboration with other operators. For example, SunPine's rosin is shipped together with paper products from Piteå paper mill.

Fuel consumed

Fuel consumed when transporting tall oil*	(Tonnes of CO ₂ eq)
+ E01	142
+ E02–5	162
+ Truck diesel	60
+ Diesel (train)	646
= Total load from transport	1,010

Fossil carbon dioxide emissions (tonnes of CO₂eq) per fuel type for transports to SunPine of 164,000 tonnes tall oil/year. *WTT analysis



Emissions from production

SunPine reports its emissions in an annual environmental report, in compliance with the environmental permit from 2014. SunPine’s emission values are way below the permissible emission levels.

SunPine’s production plant is located on Haraholmen in the Port of Piteå. The production of SunPine’s products results in emissions to atmosphere of very small amounts of carbon dioxide (CO₂), sulphur dioxide (SO₂), oxides of nitrogen (NO_x), dust and particles.

Oxides of nitrogen and sulphur gases

To minimise NO_x emissions and also to indirectly reduce the fuel used in the production plant’s boiler, the boiler was upgraded in 2017. NO_x emissions totalled 21 tonnes, substantially less than the allocated annual level of 100 tonnes.

Crude tall oil – SunPine’s raw material – contains sulphur compounds that originate in the Kraft manufacturing

process in pulp mills; the compounds are released when heated. The sulphur dioxide gas generated has a strong odour but is not a health risk in small amounts. Most particles from the boiler and 99.9 per cent of all sulphur compounds are captured from the combustion smoke when it is scrubbed before release through the plant’s chimney.

During 2017, 0.07 tonnes of sulphur compounds were released, which was far below the allocated annual level of 25 tonnes.

Odour

Even though sulphur dioxide is not a health risk in small quantities, its odour is a nuisance for residents in the surrounding area. SunPine works continuously to identify and eliminate the source of any leaks. The challenge is in tracing the smallest leaks, as even minor amounts have a strong odour. During 2017, a storage tank and a process tank were identified as sources, and these were connected to an air system to prevent the spread of odours.

During 2018, SunPine will carry out a feasibility study to see what measures must be taken to completely remove manual turpentine handling, which is where gas currently escapes.



Provisional conditions, flue gas emissions (tonnes/year)

Parameters environmental permits	2015	2016	2017	Terms and conditions
SO ₂	0.09	0.09	0.07	25
Dust	2.8	1.2	1.9	10
NO _x	13.2	6.9	9.0	100

*Sulphur dioxide is classified as harmful to health pursuant to CLP, but the impact on health depends on concentration and, in SunPine’s case, these emissions are very small.



Occupational Health and Safety

A safe work environment is crucial for the operation. SunPine's systematic occupational health and safety work aims to ensure well-being in a safe, healthy and stimulating workplace.

Preventive safety measures

The most serious risks in production concern incidents that involve fire, explosions and leaks of e.g. hot liquids or chemicals. SunPine work systematically to prevent accidents and ill health. This work comprises a general process description of the work environment and includes strict procedures, training, risk assessments, checks and inspections. All observations, incidents and accidents are registered by employees and contractors in a deviation management system. All deviations are addressed and subjected to root-cause analyses to find the underlying cause of the deviation. No serious injury leading to absence from work has occurred since the start of the operation. During 2017, eight minor accidents such as slips and cuts occurred. SunPine's contractors also form part of occupational health and safety efforts; learn more about our collaboration with contractors on page 24. SunPine's goal for 2018 is to continue ensuring that no accidents resulting in absence from work occur.



Employee dialogues

Annual health checks are carried out in order to capture any other risks related to employee well-being and the psychosocial work environment. SunPine also offers a wellness subsidy, and 50 per cent of employees took advantage of this during 2017. Furthermore, two performance reviews are conducted every year to discuss each individual employees situation and to follow up and set individual goals. During 2017, 87 per cent of employees participated in both performance reviews, and 100 per cent took part in one performance review. The goal for 2018 is for all employees to take part in two performance reviews during the year.

Skills development initiatives

SunPine's ambition is to maintain a low personnel turnover rate while also attracting new, qualified personnel in such fields as process and chemical engineering. Initiatives targeted at ongoing skills development form an important part of this. SunPine will continue such initiatives during 2018.

Observations and accidents

	2015	2016	2017
Observations	64	95	98
Near-accidents	71	122	74
Accidents not resulting in sick leave	4	5	8
Accidents resulting in sick leave	0	0	0



Diversity and equal treatment

SunPine strives to ensure equal opportunities, rights and responsibilities for every employee. Diversity, equal treatment and zero-tolerance of discrimination are essential for attracting and retaining skilled, committed employees.

Anti-discrimination procedures

SunPine has clear rules and regulations for combating discrimination, victimisation and harassment. All employees are expected to be aware of, and well acquainted with, these rules and regulations, which are accessible through SunPine's document management system.

Any violation must be communicated to an immediate superior or health and safety representative. If an employee is in need of external counselling, it is possible to approach occupational health services anonymously. No cases of discrimination, victimisation or harassment were reported during 2017.

Equal opportunities plan evolves to cover diversity

SunPine's equal opportunities plan is monitored continuously. The goal is to improve the gender balance in every department, and SunPine works proactively with various measures to achieve this. For example, each recruitment group comprises both men and women prior to recruitment and the group actively seeks candidates from the

under-represented gender. One of several important equal opportunities goals concerns raising awareness of what equality means and what a lack of equality can entail for SunPine.

During 2018, the equal opportunities plan will be extended to also cover a general diversity plan. SunPine has a clear goal to increase ethnic diversity and has therefore developed a recruitment process based on this perspective.

Focus on leadership

Because leadership roles are crucial in a relatively newly established, growing organisation, leaders and managers have an important part to play in setting an example for the development of SunPine's company culture.

Investments in leadership training and skills development provide the company's managers and leaders with better conditions for leading and developing their employees.

Gender and age distribution as at 31 December 2017

	Total number	Women	Men	< 30 years	30–50 years	50 > years
Board of Directors	5	2	3	0	2	3
Executive management	8	3	5	0	6	2
Administration (Finance, Logistics, HR)	6	5	1	0	4	2
Technology and maintenance	10	2	8	2	7	2
Production	21	6	15	5	15	2
Development	3	2	1	1	2	0
Total	53	20	33	8	36	9





Responsible supplier collaboration

SunPine works to ensure long-term relationships and joint, sustainable developments with its suppliers in order to live up to its vision of a green transformation based on products from sustainable forestry.

Traceable raw materials

SunPine's production of tall diesel is based on crude tall oil, a waste product from the Kraft process in the pulp industry. Around 75 per cent of the raw material comes from Scandinavian Kraft-process pulp mills, while the remaining 25 per cent is imported, mainly from the United States. Raw material origin is an important parameter, and in its operations SunPine complies with the Swedish Energy Agency's sustainability declarations and legislation concerning sustainability criteria for biofuels and liquid biofuels. In terms of sustainability, it is an absolute requirement that SunPine's suppliers make use of sustainability declarations to ensure the raw material's origin and its intermediate processes; learn more about the requirements on page 16. During 2018, SunPine will begin working towards certification according to ISCC, an international standard for ensuring full supply chain traceability and raw materials that do not contribute to the risk of deforestation.

Collaboration and follow-up

SunPine constantly strives to develop long-term, sustainable relationships with its suppliers. Around 90 per cent of all purchases concern raw materials and transportation, and we hold annual debriefings with these suppliers. When SunPine purchases shipping, it holds discussions with hauliers concerning efforts to reduce the environmental impact of shipments. For example, SunPine would like the proportion of biofuels to increase over time. The dialogues also focus on issues concerning improvements to driver health and safety so that the number of working hours and statutory rest periods are ensured.

In addition to raw materials and haulage suppliers, SunPine also engages contractors to carry out maintenance work at the SunPine plant in Piteå. Contractors are also subject to SunPine's regulations concerning occupational health and safety. Established health and safety procedures must be followed, and daily risk assessments are

carried out together with SunPine regarding work that must be performed. Before a contractor is permitted to perform work at SunPine's plant, a risk analysis must be carried out and signed by both parties. The purpose is to take a prior position on the risks associated with work in the plant, in order to take the measures necessary to minimise them.

SunPine also purchases industrial goods in connection with investments in the plant.

As a result of the coordination that now takes place through the purchasing department, control and follow-up of SunPine supplier collaborations has improved.

Code of Conduct with elaborated requirements

During 2017, SunPine began work on a Code of Conduct for suppliers, planned for completion and implementation during 2018. The code covers the areas environment, health and safety, social responsibility, human rights and business ethics. The Code of Conduct will be included as an appendix to all supplier agreements.

Procedures for countering undue influence

A workshop on business ethics related to purchases will be held for all SunPine employees during 2018 based, among other things, on the new Code of Conduct. In addition, work will begin on the creation of a whistle-blower function to whom employees and others may turn to regarding any observations concerning such things that involve or indicate deficiencies in good business ethics.

In recent years, all purchases have been brought under a joint purchasing department. The purchasing procedures introduced have improved clarity concerning the processes for approving suppliers and drawing up agreements, and as a result, the risk of undue influence in supplier collaborations has been reduced. SunPine also has a fully digitalised invoicing system with a two-stage invoice review and approval procedure for every invoice.



ANNUAL REPORT



DIRECTORS' REPORT

The Board of Directors of SunPine AB, 556682-9122 hereby submit the annual report for 2017.

The business in general

The company's business is to produce raw material for the second generation of renewable vehicle fuels based on forestry materials. SunPine has two main products; tall diesel used as an additive in diesel fuel and rosin, which is a raw material, e.g. for inks, dyes and glue. The company also has two by-products; bio-oil which is used as an energy raw material in the paper industry and turpentine, which is a raw material, for example, in the perfume industry. The business is carried out in Piteå.

Ownership structure

Shareholdings in the company are distributed according to the following; Lawter BVBA 10%, Kiram AB 14.7% and the remaining shares, 25.1%, are equally owned by Preem AB, Sveaskogs Förvaltnings AB and Södra Skogsägarna Ekonomisk Förening. The ownership consortium in SunPine AB represents the entire processing chain from the raw forestry materials to refining, marketing and distribution of renewable diesel fuel and rosin.



SHAREHOLDINGS IN SUNPINE AB

- Lawter BVBA, 10%
- Kiram AB, 14.7%
- Preem AB, 25.1%
- Sveaskogs Förvaltning AB, 25.1%
- Södra Skogsägarna Ek. För. 25.1%

Events during the financial year

In terms of sales and profit, the 2017 financial year was the best in the company's history. The production amounted to 97,300 tonnes (104,010 Nm³) tall diesel (RTD). The price of the raw material, crude tall oil (CTO), and the price of RTD, follow the index of oil on the world market. The price of oil fell at the start of the year, but from July onwards the price of oil has risen steadily.

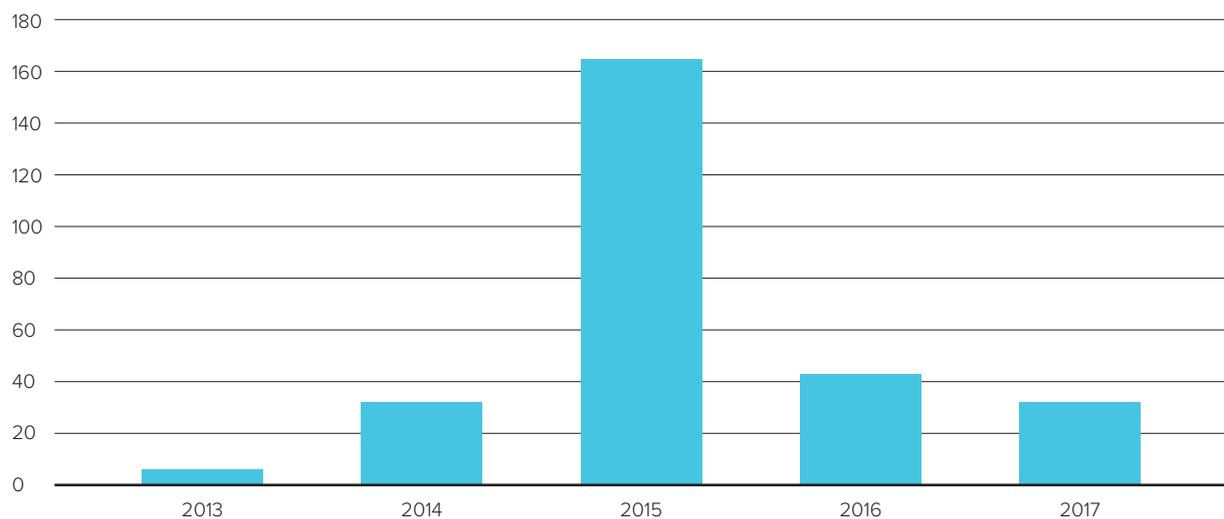
Production was stable and availability exceeded expectations. Rosin production was limited at the start of the year due to the market. Flexibility in production control meant that the RTD production could be increased to compensate for the lower rosin production.

Following a few start-up problems, the combustion of bio-oil (TOP) began in earnest and represented around 40 per cent of the total volume of fuel used in the facility's boiler.



The year's investments amounted to SEK 32 million (previous year SEK 43 million). Investment levels in the last five years are illustrated in the chart below.

Investments, SEK million



The development of the company is described in the table below.

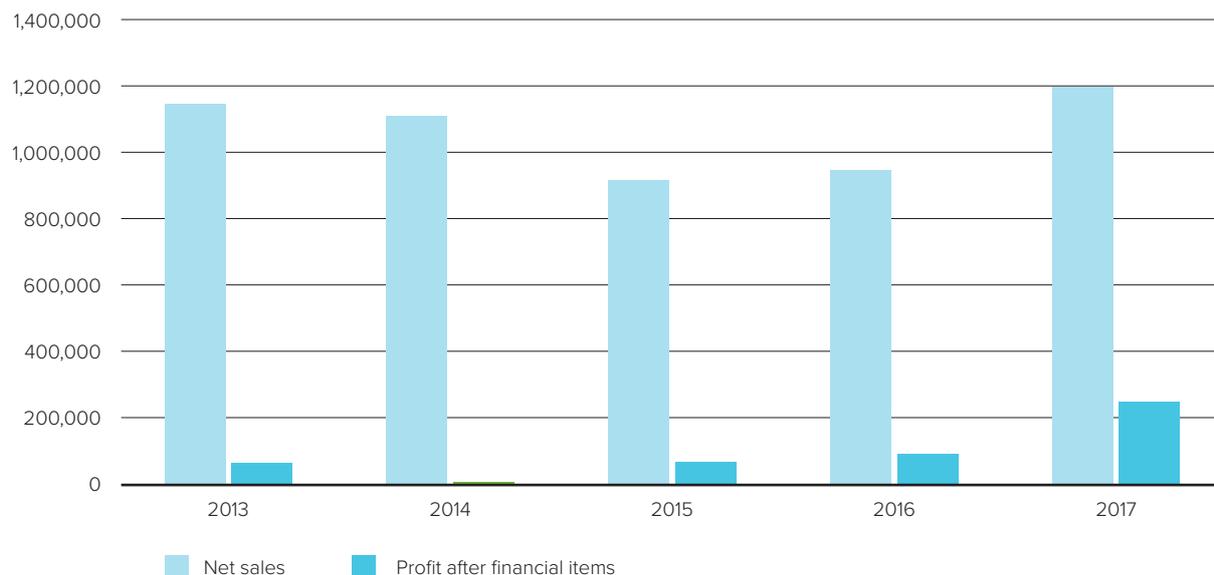
Development of the company's operations, performance and financial position

Amounts in SEK thousands	2017	2016	2015	2014	2013
Net sales	1,192,727	943,027	913,116	1,105,586	1,144,049
Operating margin %	22	10	8	1	6
Profit after financial items	255,677	91,026	68,141	7,321	66,043
Total assets	768,070	630,269	611,304	487,626	549,899
Return on capital employed %	46	21	14	3	19
Equity ratio %	71	71	61	62	38

Definitions: see Note 23



Earnings trend, SEK thousands



Expectations regarding the future development

The manufacture of rosin has reduced the company's dependence on political decisions. Rosin production is expected to continue to provide increased profitability for the company. The work to increase the capacity and to use even more of the incoming raw material is in progress and will continue in 2018.

The decision taken by the EU Parliament in January 2018 on the renewable energy directive was positive for SunPine.

Sustainability Report

SunPine is covered by the Swedish Annual Accounts Act's rules on sustainability reporting. To identify its main sustainability issues, the company has conducted a materiality analysis. The sustainability report can be found on pages 13–24 in the combined annual and sustainability report. The sections are clearly marked with the area being discussed. The company conducts activities requiring permits pursuant to the Swedish Environmental Code.



Changes in equity

Amounts in SEK thousands	RESTRICTED EQUITY			NON-RESTRICTED EQUITY		Total equity
	Share capital	Fund for development expenses	New share issue under reg.	Share premium account	Other non-restricted capital	
Equity 01/01/2017	6,636	253	0	380,809	56,684	444,382
Resolution as a result of depreciation for the year		-67			67	0
Net profit for the year					129,090	129,090
Dividend as per decision of the annual general meeting					-100,003	-100,003
Equity 31/12/2017	6,636	186	0	380,809	85,837	473,468

Proposed appropriation of the company's profit or loss

The Board of Directors proposes that the available funds be distributed as follows:

Amounts in SEK thousands	
Share premium reserve	380,809
Retained earnings	-43,252
Net profit for the year	129,090
Total	466,646
Distributed so that the shareholders are paid SEK 1,506.95 per dividend entitled share, total	100,000
To be carried forward	366,647

For the profit/loss and financial position, please refer to the following income statement and balance sheet with accompanying notes.





INCOME STATEMENT

Amounts in SEK thousands	Note	01/01/2017– 31/12/2017	01/01/2016– 31/12/2016
Net sales		1,192,727	943,027
Other operating income	3	9,861	6,060
		1,202,588	949,087
Operating expenses			
Raw materials and consumables		-718,437	-634,523
Other external costs	5.7	-120,728	-125,209
Employee benefit expenses	4	-40,579	-36,938
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	12, 13, 14, 15	-54,396	-44,797
Other operating expenses	6	-7,106	-13,773
Operating profit		261,341	93,847
Profit from financial items			
Other interest income and similar profit items	8	268	2,227
Interest expense and similar expenses	9	-5,932	-5,048
Profit after financial items		255,677	91,026
Appropriations	10	-90,000	–
Profit before tax		165,677	91,026
Tax on profit for the year	11	-36,588	-20,073
Net profit for the year		129,090	70,953



BALANCE SHEET

Amounts in SEK thousands	Note	31/12/2017	31/12/2016
ASSETS			
FIXED ASSETS			
Intangible fixed assets			
Other intangible assets	12	186	253
		186	253
Tangible assets			
Land and buildings	13	27,246	27,533
Plant and machinery	14	254,247	283,212
Equipment, tools, fixtures and fittings	15	22,770	27,957
Construction in progress and advance payments for property, plant and equipment	16	34,749	24,914
		339,012	363,616
Financial assets			
Other long-term receivables		1	1
		1	1
Total fixed assets		339,199	363,870
CURRENT ASSETS			
Inventories etc.			
Raw materials and consumables		76,829	80,878
Finished products and goods for resale		16,193	8,101
		93,022	88,979
Current receivables			
Accounts receivable – trade		159,743	126,759
Other receivables		511	1,547
Prepaid expenses and accrued income		12,251	22,206
		172,505	150,512
Cash and bank balances		163,344	26,908
Total current assets		428,871	266,399
TOTAL ASSETS		768,070	630,269



Amounts in SEK thousands	Note	31/12/2017	31/12/2016
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	17	6,636	6,636
Reserve for development expenses		186	253
		6,822	6,889
<i>Non-restricted equity</i>			
Share premium reserve		380,809	380,809
Profit or loss brought forward		-43,252	-14,269
Profit for the year		129,090	70,953
		466,647	437,493
Total equity		473,469	444,382
Untaxed reserves			
Accumulated excess depreciation		90,000	0
Current liabilities			
Liabilities to credit institutions	18	–	18,092
Accounts payable – trade		128,473	97,563
Current tax liability		36,793	14,961
Other liabilities		17,503	10,325
Accrued expenses and deferred income		21,832	44,946
		204,601	185,887
TOTAL EQUITY AND LIABILITIES		768,070	630,269
Pledged assets	19	174,624	150,000
Contingent liabilities	20	1,200	1,200



CASH FLOW STATEMENT

Amounts in SEK thousands	Note	01/01/2017– 31/12/2017	01/01/2016– 31/12/2016
Operating activities			
Profit before financial items		261,341	93,847
Adjustment for non-cash items	21	56,923	55,475
		318,264	149,322
Interest received		268	86
Interest paid		-1,523	-2,792
Income tax paid		-14,756	213
Cash flow from operating activities before working capital changes		302,253	146,829
<i>Cash flow from working capital changes</i>			
Increase(-)/Decrease(+) in inventories		-4,043	21,263
Increase(-)/Decrease(+) in receivables		-21,992	-31,059
Increase(+)/Decrease(-) in liabilities		14,974	50,616
Cash flow from operating activities		291,193	187,649
Investing activities			
Acquisition of intangible fixed assets		–	-2
Purchase of property, plant and equipment		-32,253	-43,300
Sale of equipment		–	1
Cash flow from investing activities		-32,253	-43,301
Financing activities			
New share issue		–	28,350
Exchange rate change		-4,409	-114
Increase/decrease in current liabilities /bank overdraft facilities		-18,092	-118,504
Dividend(s) paid		-100,003	-27,172
Cash flow from financing activities		-122,504	-117,440
Cash flow for the year		136,436	26,908
Cash and cash equivalents at the beginning of the year		26,908	0
Cash and cash equivalents at the end of the year		163,344	26,908



NOTES

NOTE 1 Accounting principles

Amounts in SEK thousands unless stated otherwise

Generally accepted accounting principles

The annual report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual Report and consolidated financial statements (K3).

Valuation principles etc.

Assets, provisions and liabilities have been valued based on acquisition values unless otherwise specified below.

Intangible assets

Other intangible assets that were acquired by the company are recognised at cost less accumulated amortisation and impairment losses. Expenses for internally generated goodwill and brands are recognised in the income statement as a cost when they arise.

Amortisation

Amortisation is applied straight-line over the asset's estimated useful life. Amortisation is recognised as an expense in the income statement.

Intangible assets

Acquired intangible assets

% per year

20

Property, plant and equipment

Property, plant and equipment is recognised at cost less accumulated depreciation. In addition to the purchase price, the acquisition value also includes expenses that are directly attributable to the acquisition.

Additional expenses

Additional expenses that meet the asset criteria are included in the asset's carrying amount. Expenditures for maintenance and repairs are expensed as incurred.

Depreciation

Depreciation is applied straight-line over the asset's estimated useful life as it reflects the expected consumption of the asset's future economic benefits. Depreciation is recognised as an expense in the income statement.

The following depreciation rates have been applied, taking into account the holding period for acquired and divested assets during the year.



Tangible assets	% per year
Buildings	5
Accrued expenditures on other property	25
Land improvements	5
Plant and machinery	10–20
Equipment, tools, fixtures and fittings	10–20

The buildings consist of a number of components with different useful lives. The main division is between buildings and land. No depreciation is made for the land component, the useful life of which is deemed to be indefinite. The buildings consists of several components, the useful life of which is the same.

Foreign currency

Monetary items (receivables and liabilities) in foreign currency have been translated at closing rates. Exchange rate differences in operating receivables and operating liabilities are included in the operating profit, while differences in financial receivables and liabilities are reported among financial items. Non-monetary items are reported on the date of the business transaction.

Inventories

Inventories are stated at the lower of cost and net realisable value. Due consideration has been taken for obsolescence risk. The acquisition cost is determined using weighted average prices. Acquisition cost includes in addition to the purchase, expenses incurred in bringing the inventories to their present location and condition.

In-house semi-finished and finished goods are valued at direct manufacturing costs and the indirect costs that represent more than an insignificant portion of the total cost of production. Normal capacity utilisation has been considered in this valuation process.

The net realisable value is the estimated selling price in the operating activities, less estimated costs for completion and selling expenses.

Tax

Reported income tax comprises tax to be paid or received in the current year, and adjustments for previous years' actual taxes.

Tax liabilities/receivables are valued at the amount that according to the company's assessment, shall be paid to or received from the Swedish Tax Agency. The assessment is performed according to the tax rules and tax rates that are determined or that are announced and that are likely to be adopted.

Deferred tax assets are recorded for all deductible temporary differences and unused tax loss carryforwards, to the extent that it is probable that future taxable profit will be available and against which the temporary differences or unused tax loss carryforwards may be used.

Deferred tax assets have been valued at no more than the amount likely to be recovered based on the current and future taxable profit. Estimates are reviewed each balance sheet date.



Revenue

The inflow of financial benefits which the company has received or will receive for its own accounts is reported as revenue. Revenues are measured at the fair value of the consideration received or receivable, net of discounts.

Sale of goods

For sale of goods, revenue is recognised when the following criteria are met:

- The financial benefits associated with the transaction are likely to accrue to the company,
- The revenue can be measured reliably,
- The company has transferred the significant risks and benefits associated with ownership of the products to the buyer,
- The company no longer has such an involvement in the operational management, which is normally associated with ownership and does not exercise any real control over goods sold, and
- The expenses that have been or are expected to be incurred as a result of the transaction can be calculated reliably.

Public grants

Government grants are reported at fair value when there is reasonable certainty that the grant will be received and that the company will meet all related terms and conditions.

Government grants that are relating to the expected costs are reported as deferred income. The grant is recognised as income in the period in which the costs arise which the government grant is intended to compensate. Government grants for the acquisition of property, plant and equipment reduces the asset's carrying amount.

NOTE 2 Estimates and assessments

The company's assessment is that no estimates and assessments of a material nature have been made.

NOTE 3 Other operating income

	01/01/2017– 31/12/2017	01/01/2016– 31/12/2016
Other received contributions	–	50
Exchange rate gain	7,943	6,009
Other	1,918	1
Total	9,861	6,060

**NOTE 4 Employees and employee benefit costs**

Average number of employees

	01/01/2017– 31/12/2017	01/01/2016– 31/12/2016
Men	29	29
Women	17	16
Total	46	45

Reporting of gender distribution
in management

	31/12/2017	31/12/2016
<i>Proportion of women</i>		
Board of directors	40%	40%
Other senior executives	37%	37%

Salaries and other remuneration and social
security expenses, including pension costs

	01/01/2017– 31/12/2017	01/01/2016– 31/12/2016
Board of Directors and CEO	1,542	1,304
Other employees	24,626	22,568
Total	26,167	23,872

Social security expenses (of which pension costs) ¹⁾	11,792 2,615	10,850 2,507
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1) Of the company's pension costs, SEK 365 thousand (previous year SEK 389 thousands) refers to the Board of Directors and CEO. The company's outstanding pension commitments for these amount to 0 (previous year 0).

In addition to the above payroll expenses, the company has been invoiced for Board fees in the amount of SEK 0 thousand (previous year SEK 0 thousand)

An agreement has been reached with the Chief Executive Officer concerning severance pay amounting to 12 monthly salaries. The agreement apply only if initiated by the company.

NOTE 5 Audit fees and expenses

	01/01/2017– 31/12/2017	01/01/2016– 31/12/2016
<i>Öhrlings Pricewaterhouse Cooper AB</i>		
Audit assignments	221	362
Other assignments	20	148
Total	241	510

NOTE 6 Other operating expenses

	01/01/2017– 31/12/2017	01/01/2016– 31/12/2016
Exchange rate losses on operating receivables/liabilities	4,579	4,857
Disposal of fixed assets	2,527	8,916
Total	7,106	13,773

NOTE 7 Operating leases – lessee

	01/01/2017– 31/12/2017	01/01/2016– 31/12/2016
<i>Future minimum lease payments relating to non-cancellable operating leases:</i>		
Within one year	14,309	9,955
Between one and five years	23,087	24,510
Later than five years	13,699	12,872
	51,095	47,337

Leasing fees expensed for
the financial year.The leasing fees include
rents, tank rents, containers
and cars.

	13,352	11,368
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**NOTE 8 Interest income and similar items**

	01/01/2017– 31/12/2017	01/01/2016– 31/12/2016
Interest income, other	268	86
Exchange rate differences, financial	–	2,141
Total	268	2,227

NOTE 9 Interest expenses and similar items

	01/01/2017– 31/12/2017	01/01/2016– 31/12/2016
Interest expenses, other	931	1,736
Credit expenses, other	592	1,056
Exchange loss	4,409	2,255
Total	5,932	5,047

NOTE 10 Appropriations

	01/01/2017– 31/12/2017	01/01/2016– 31/12/2016
Difference between depreciation for tax and reporting purposes: Machinery and other technical facilities	90,000	–
Total	90,000	–

NOTE 11 Tax on profit for the year

	01/01/2017– 31/12/2017	01/01/2016– 31/12/2016
Deferred tax	–	5,565
Current tax	36,588	14,508
Tax on profit for the year	36,588	20,073

Reconciliation of effective tax

	01/01/2017– 31/12/2017	%	01/01/2016– 31/12/2016
Profit before tax	165,677		91,026
Tax as per applicable tax rate	-36,449	22	-20,026
Non-deductible expenses	-84		-53
Non-taxable income	1		3
Adjustment of taxable depreciation	3		3
Utilisation of earlier uncapitalised loss carry-forwards	-		5,565
Adjustment of tax attributable to previous years	-58		-
Change in deferred tax	-		-5,565
Reported effective tax	-36,588	22	-20,073

**NOTE 12 Concessions, patents, licences,
trademarks and similar rights**

	31/12/2017	31/12/2016
<i>Accumulated costs of acquisition</i>		
- At the beginning of the year	337	262
The acquisition for the year	0	2
- Reclassifications	-	73
At the end of the year	337	337
<i>Accumulated amortisation</i>		
- At the beginning of the year	-84	-26
- Amortisation for the year	-67	-58
At the end of the year	-151	-84
Carrying amount at the end of the year	186	253

**NOTE 13 Buildings and land**

	31/12/2017	31/12/2016
<i>Accumulated costs of acquisition</i>		
- At the beginning of the year	37,068	29,422
- New acquisitions	162	357
- Divestments and disposals	-	-61
- Reclassifications	1,438	7,350
At the end of the year	38,668	37,068
<i>Accumulated depreciation</i>		
- At the beginning of the year	-9,536	-7,933
- Reversed depreciation on divestments and disposals	-	9
- Depreciation for the year	-1,887	-1,612
At the end of the year	-11,423	-9,536
Carrying amount at the end of the year	27,246	27,532
Of which land		
Accumulated costs of acquisition	200	200
Carrying amount at the end of the year	200	200

NOTE 14 Plant and machinery

	31/12/2017	31/12/2016
<i>Accumulated costs of acquisition</i>		
- At the beginning of the year	459,669	291,249
- New acquisitions	759	24,014
- Divestments and disposals	-4,905	-23,516
- Reclassifications	17,987	167,922
At the end of the year	473,511	459,669
<i>Accumulated depreciation</i>		
- At the beginning of the year	-176,457	-154,802
- Reversed depreciation on divestments and disposals	2,378	14,653
- Depreciation for the year	-45,184	-36,308
At the end of the year	-219,263	-176,457
Carrying amount at the end of the year	254,247	283,212

NOTE 15 Equipment, tools, fixtures and fittings

	31/12/2017	31/12/2016
<i>Accumulated costs of acquisition</i>		
- At the beginning of the year	66,417	65,078
- New acquisitions	1,041	1,233
- Divestments and disposals	-	-765
- Reclassifications	1,030	871
At the end of the year	68,489	66,417
<i>Accumulated depreciation</i>		
- At the beginning of the year	-38,462	-32,407
- Reversed depreciation on divestments and disposals	-	765
- Depreciation for the year	-7,258	-6,820
At the end of the year	-45,720	-38,462
Carrying amount at the end of the year	22,769	27,955



NOTE 16 Construction in progress and advance payments for property, plant and equipment

	31/12/2017	31/12/2016
At the beginning of the year	24,914	185,198
Reclassifications	-20,455	-176,218
Reclassified to expenses	-	-1,762
Investments	30,290	17,696
Carrying amount at the end of the year	34,749	24,914

NOTE 17 Equity

Share capital

The share capital consists of 66,359 A-shares and 0 B-shares (previous year 66,359 A-shares and 0 B-shares).

NOTE 18 Bank overdraft facilities

	31/12/2017	31/12/2016
Credit limit granted	200,000	200,000
Unutilised portion	-200,000	-181,908
Utilised credit amount	-	18,092

NOTE 19 Pledged assets

	01/01/2017– 31/12/2017	01/01/2016– 31/12/2016
For own provisions and liabilities		
Referring to liabilities to credit institutions	150,000	150,000
Letter of credit (EUR 2,500,000)	24,624	-
Total pledged assets	174,624	150,000

NOTE 20 Contingent liabilities

	31/12/2017	31/12/2016
Other guarantees, Länsstyrelsen	1,200	1,200
Total contingent liabilities	1,200	1,200

NOTE 21 Adjustments for non-cash items, etc.

	31/12/2017	31/12/2016
Amortisation, depreciation	54,396	44,798
Disposals	2,527	8,915
Reclassification of construction in progress to expenses	-	928
Reclassification of construction in progress to inventory	-	835
Total adjustments	56,923	55,475

NOTE 22 Proposed appropriation of profits

The following profits are at the disposal of the annual general meeting:

Share premium reserve	380,809
Retained earnings	-43,252
Profit for the year	129,090
Total	466,646

The Board proposes that profits be distributed in the total amount of

SEK 1506.95 per share	100,000
As surplus carried forward	366,647
Total	466,646

**NOTE 23 Key ratio definitions**

Operating margin:

Operating profit/loss / Net sales.

Return on capital employed:

(Operating profit/loss + financial income) / capital employed.

Financial income:

Items in net financial items attributable to assets (included in capital employed).

Capital employed:

Total assets – non-interest bearing liabilities.

Non-interest bearing liabilities:

Liabilities that are not interest-bearing. Pension liabilities are considered to be interest-bearing.

Return on equity:

Profit after financial items / Adjusted equity.

Equity ratio:

Total equity / Total assets.

SIGNATURES

Piteå 26-04-2018

Viveka Beckeman
Chairman of the Board

Lars Stigsson

Gustav Tibblin

Ingrid Bodin

Mikio Katayama

Magnus Edin
Chief Executive Officer

My audit report was submitted 15 May 2018
Öhrlings Pricewaterhouse Coopers AB

Lars Nordens
Authorised Public Accountant



Auditor's report

To the general meeting of the shareholders of SunPine AB, corporate identity number 556682-9122

Report on the annual accounts

Opinions

We have audited the annual accounts of SunPine AB for the year 2017. The annual accounts of the company are included on pages 25-43 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 SunPine AB as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. Our opinion does not include the sustainability report on pages 13-24. The statutory administration report is consistent with the other parts of the annual accounts.

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

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 SunPine AB 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

This document consists of other information than the annual report and can be found on pages 13-24. This other information comprises the sustainability report but does not include the annual accounts and our auditor's report thereon. The Board of Directors and the Managing Director are responsible for the other information.

Our opinion on the annual 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, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual 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 that they give a fair presentation in accordance with the Annual Accounts Act. 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 that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company'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 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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of SunPine AB for the year 2017 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of SunPine AB 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 type of operations, size and risks place on the size of the company'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 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 responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

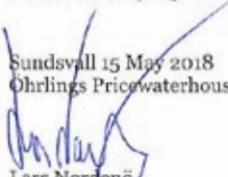
Auditor's opinion regarding statutory sustainability report

The Board of Directors and the Managing Director are responsible for the sustainability report on pages 13-24 and that they gives a fair presentation in accordance with the Annual Accounts Act.

We have conducted our audit according to FARs recommendation RevR 12 Auditors opinion on statutory sustainability reports. This means that our audit of the sustainability report has another scope and is substantially less extensive compared with an audit performed according to International Standards of Auditing and generally accepted auditing standards in Sweden. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

A sustainability report has been prepared

Sundsvall 15 May 2018
Ohrlings PricewaterhouseCoopers AB



Lars Nordenö
Authorized Public Accountant



BOARD OF DIRECTORS



Viveka Beckeman
CHAIRMAN OF THE BOARD
(SVEASKOG FÖRVALTNINGS AB)



Ingrid Bodin
DEPUTY CHAIRMAN
(PREEM AB)



Gustav Tibblin
BOARD MEMBER
(SÖDRA SKOGSÄGARNA EK. FÖR.)



Lars Stigsson
BOARD MEMBER
(KIRAM AB)



Mikio Katayama
BOARD MEMBER
(LAWTER BVBA)



Anders Jakobsson
DEPUTY
(SVEASKOG FÖRVALTNINGS AB)



Sofia Sundström
DEPUTY
(PREEM AB)



Catrin Gustavsson
DEPUTY
(SÖDRA SKOGSÄGARNA EK. FÖR.)



Peter Biesheuvel
DEPUTY
(LAWTER BVBA)



EXECUTIVE MANAGEMENT GROUP



Magnus Edin
CEO



Eva Wuopio
HSE MANAGER



Peter Drugge
TECHNICAL MANAGER



Markel Jonsson
SUPPLY CHAIN MANAGER



Jenny Sundin
HR MANAGER



Valeri Naydenov
DEVELOPMENT MANAGER



Jonas Vinblad von Walter
PRODUCTION MANAGER



Åsa Nordmark
CFO



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