Interim report
1 January – 30 June 2020

arise

Interim report 1 January – 30 June 2020

SECOND QUARTER (1 APRIL – 30 JUNE 2020)

- Net sales for the quarter amounted to MSEK 30 (67).
- Operating profit/loss before depreciation and amortisation (EBITDA) totalled MSEK 6 (9).
- Operating profit/loss (EBIT) was MSEK -12 (-10).
- Profit/loss before tax amounted to MSEK -28 (-30).
- Profit/loss after tax totalled MSEK -27 (-29), corresponding to SEK -0.80 (-0.87) per share before and after dilution.
- Operating cash flow was MSEK 6 (98).
- Production from Own wind power operations was 75 GWh (73). The increase was due to stronger wind conditions than in the preceding year.
- Average income from Own wind power operations was SEK 175 per MWh (394), of which SEK 156 per MWh (313) from electricity and SEK 19 per MWh (81) from electricity certificates, including guarantees of origin.

FIRST HALF OF THE YEAR (1 JANUARY – 30 JUNE 2020)

- Net sales for the period amounted to MSEK 80 (148).
- Operating profit/loss before depreciation and amortisation excluding associates (adjusted EBITDA) totalled MSEK 32 (49), and including associates (EBITDA) totalled MSEK 32 (-223).
- Operating profit/loss excluding associates (adjusted EBIT) amounted to MSEK -6 (11), and including associates (EBIT) totalled MSEK -6 (-261).
- Profit/loss before tax excluding associates (adjusted EBT) amounted to MSEK -35 (-33), and including associates (EBT) totalled MSEK -35 (-324).
- Profit/loss after tax excluding associates (adjusted loss after tax) amounted to MSEK -34 (-30) and including associates totalled MSEK -34 (-317), corresponding to SEK -1.01 (-9.48) per share before dilution and SEK -1.01 (-9.40) per share after dilution.
- Operating cash flow was MSEK 16 (139).
- Production from Own wind power operations was 199 GWh (175). The increase was due to stronger wind conditions than in the preceding year.
- Average income from Own wind power operations was SEK 262 per MWh (441), of which SEK 206 per MWh (342) from electricity and SEK 56 per MWh (99) from electricity certificates, including guarantees of origin.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- Following an in-depth technical analysis performed by a third party, the expected economic lifetime for the company's own wind farms will increase from an average of 25 years to approximately 30 years. This is expected to result in about a MSEK 9 decrease in depreciation annually, starting in August 2020.

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About Arise
Arise is one of Sweden's leading wind power companies, with the business concept of developing, building and managing onshore proprietary wind farms and on behalf of investors. The company is listed on Nasdaq Stockholm.

CEO's statement

The hard work of the last few years has been to transform our company. We are now beginning to approach the end of this journey and can then focus entirely on our growth journey. We have, as you know, sold several shovel-ready wind power projects to investors and some operational farms during the last few years. This has now resulted in a strong balance sheet, which will enable a refinancing in the autumn that is expected to drastically reduce our interest expenses.

We have also made some solid progress on our projects that are handled jointly, Ranasjö and Salsjöhöjden, which now are expected to amount to appr. 240 MW after procurement is complete. The project would thus be our largest yet and there are also good prospects that it will become our most profitable to date. The sales process has begun and our ambition is still to complete the sale of the project by the end of the year.

During the April–June period, electricity prices were mostly low, due to the high reservoir fullness factor in hydropower reservoirs. Occasionally, during periods with high levels of production from all power sources simultaneously, electricity prices were at record lows of only SEK 0.01 or 0.02 per KWh. This has affected wind power significantly. In periods with normal to low reservoir fullness factors in hydropower reserves, this effect on price is much smaller, or marginal. Even if our production has been slightly better than normal across the entire quarter, our realised prices for the quarter have been very low. Despite COVID-19 and the associated declines in production, we can still see that electricity consumption is at around the same level in the country that it was in the preceding year. This can be a sign that electricity consumption is moving towards a structural increase due to the transition to electricity power that several sectors within society are now going through.

During the quarter, we recognised revenue from ongoing and concluded construction projects, but were unable to finally settle Bröcklingberget as we had hoped. There should be more profits to recognise in this project, but we have chosen to be cautious and await processes with subcontractors since the project was not formally transferred during June, although the turbines had been taken into operation.

Even if the earnings for the quarter were meagre, I would like to highlight a few things.

Electricity prices in southern Sweden have great upside potential, which we glimpsed at the end of June. The extended lifetime (as announced in conjunction with this report) for our own farms in southern Sweden and their refinancing in the autumn will finally create the potential for generating profit from our own farms. Having a lower share of price hedges going forward will be an important success factor.

We have an excellent pipeline with projects in final phases, and as you can see in this report we have several new projects underway in early phases and our total portfolio is therefore increasing from approximately 860 MW to just over 1,300 MW. This includes projects in Norway and Scotland in addition to projects in different parts of Sweden. Even if a great deal of risk remains in early phases, I would like to also point out that these projects were thoroughly screened and were chosen among numerous other projects whose potential was not judged to be good enough.

Thanks in large part to our dedicated employees and partners, our operations have so far been able to function normally during the corona crisis. After a difficult spring, we sincerely hope that the summer will not entail any setbacks for society at large.

I wish you all a lovely summer.

Halmstad, 17 July 2020
Daniel Johansson
CEO

"The hard work of the last few years has been to transform our company. We are now beginning to approach the end of this journey and can then focus entirely on our growth journey."

Net sales and results

MSEK	Q2 2020	Q2 2019	H1 2020	H1 2019
Net sales	30	67	80	148
Adjusted EBITDA	6	9	32	49
Adjusted EBIT	-12	-10	-6	11
Adjusted EBT	-28	-30	-35	-33
Loss from associates (after tax)	-	-	–	*-272*
Recognised EBITDA	6	9	32	-223
Recognised EBIT	-12	-10	-6	-261
FX item from comprehensive income attributable to hedge accounting	-	-	-	*-20*
Recognised EBT	-28	-30	-35	-324
Net effect of adj. items	-	-	-	*4*
Recognised profit/loss after tax	-27	-29	-34	-317

Adjusted earnings pertains to earnings from the company's underlying operations excluding the sale of the company's participation in its associate Sirocco and its effects on the Group's recognised earnings.

COMMENTS ON THE SECOND QUARTER

Sales in Development and management decreased compared with the year-earlier quarter due to lower civil contract operations. However, revenue recognition in development was stronger than the year-earlier quarter due to the final settlement of Enviksberget which was somewhat lower than expected, while revenue recognition for Bröcklingberget and Skaftåsen was in line with expectations. The quarter was also characterised by normal wind conditions and low market prices for electricity and certificate prices.

Net sales from Development and management decreased MSEK 21 to MSEK 17 (38) due to lower contract operations. However, profitability increased, since revenue was recognised for three projects while expenses for projects and contracts declined significantly. As a result of stronger winds than in the year-earlier quarter, production from Own wind power operations increased to 75 GWh (73). However, the average price for the company's own production fell to SEK 175 per MWh (394). This was mainly due to lower market prices compared with the year-earlier quarter, but also due to a more unfavourable price profile for wind power than normal. The combination of a lower average price and higher production reduced net sales from Own wind power operations to MSEK 13 (29). Overall, the Group's net sales fell MSEK 37 to MSEK 30 (67).

Operating expenses amounted to MSEK 25 (59), of which MSEK 3 (33) was attributable to project sales and contracts, and MSEK 23 (26) comprised comparable operating expenses. Own capitalised work amounted to MSEK 2 (1).

The higher revenue recognition in Development and management and the lower average price for production mean that EBITDA fell to MSEK 6 (9) and EBIT to MSEK -12 (-10). Gains in net financial items were driven by lower borrowing, and loss before tax thus amounted to MSEK -28 (-30) and the loss after tax to MSEK -27 (-29).

IFRS 16 resulted in a MSEK 1.2 (1.4) decrease in operating expenses and increases in depreciation and financial expenses of MSEK 1.0 (1.1) and MSEK 0.5 (0.6), respectively, during the quarter.

COMMENTS ON THE FIRST HALF OF THE YEAR

Sales in Development and management decreased due to lower contract operations. At the same time, profitability increased since expenses for project sales and contracts decreased even further and revenue was recognised from three projects during the period. Enviksberget was settled slightly under budget, while revenue recognition in Bröcklingberget and Skaftåsen were in line with their budgets.

Stronger wind conditions than normal resulted in an increase in production from Own wind power operations to 199 GWh (175). At the same time, the average price for the company's own production declined to SEK 262 per MWh (441) due to lower market prices and a more unfavourable price profile for wind power during the period driven by the high reservoir fullness factors in hydropower reserves. Net sales therefore decreased a total of MSEK 68 compared with the year-earlier period.

Operating expenses amounted to MSEK 51 (101), of which MSEK 5 (52) was attributable to project sales and contracts, and MSEK 46 (50) comprised comparable personnel costs and operating expenses. Own capitalised work amounted to MSEK 3 (2).

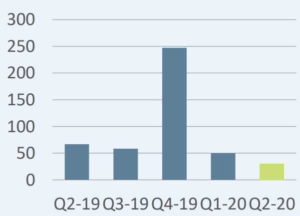
Operating profit before depreciation and amortisation, excluding associates, (adjusted EBITDA) decreased to MSEK 32 (49) and adjusted EBIT decreased to MSEK -6 (11). Adjusted EBT declined to a lesser extent as a result of strengthened net financial items and totalled MSEK -35 (-33).

The recognised loss after tax was MSEK -34 (-317), representing earnings per share of SEK -1.01 (-9.48) before dilution and SEK -1.01 (-9.40) after dilution.

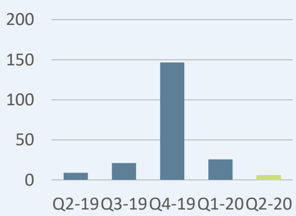
The reported earnings for the first half of 2020 are the same as the adjusted earnings for the period. An associate was divested during the first half of 2019, which had a major impact on the reported earnings during the first half of the last year.

IFRS 16 resulted in a MSEK 2.8 (2.8) decrease in operating expenses and increases in depreciation and financial expenses of MSEK 2.2 (2.1) and MSEK 1.0 (1.2), respectively, during the period.

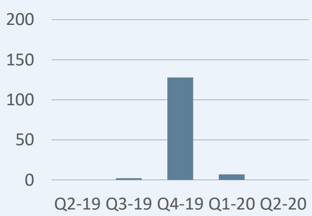
Net sales



Operating profit/loss before depr. and amortisation (EBITDA), MSEK



Operating profit/loss (EBITDA), MSEK



Cash flow and investments

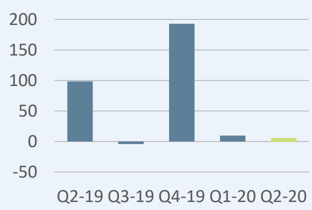
COMMENTS ON THE SECOND QUARTER

Cash flow from operating activities before changes in working capital was MSEK 3 (5). Changes in working capital amounted to MSEK 3 (93) due to the receipt of cash proceeds for the Svartnäs project in the year-earlier quarter. Total operating cash flow therefore amounted to MSEK 6 (98). Net cash flow from investing activities was MSEK -17 (-3), driven by project investments and a purchase consideration for the Lebo project. Cash flow after investments thus amounted to MSEK -12 (95). There were no amortisations during the quarter, compared with MSEK 66 in the preceding year. Interest and other refinancing costs of MSEK -14 (-15) were paid. Interest payments of MSEK 2 (0) were received on the company's holdings in its own secured bond. No net payments to or from blocked accounts took place, after which cash flow for the quarter amounted to MSEK -25 (13) (adjusted for the effects of IFRS 16).

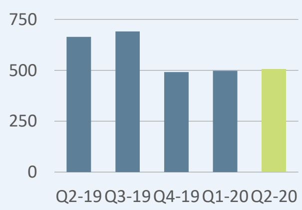
COMMENTS ON THE FIRST HALF OF THE YEAR

Cash flow from operating activities before changes in working capital was MSEK 25 (42). Changes in working capital were MSEK -9 (97), driven by the accumulation of working capital in ongoing construction projects. The year-earlier period was impacted by the receipt of a part-payment for the Bröcklingberget project and final payment for the Svartnäs project. Total operating cash flow therefore amounted to MSEK 16 (139). Net cash flow from investing activities was MSEK -20 (-8). Cash flow after investments therefore amounted to MSEK -4 (130). A nominal MSEK 150 of the company's secured bonds were repurchased during the period and amortisation therefore amounted to MSEK -150 (-146). Interest and financing costs of MSEK -28 (-32) were paid. Interest payments of MSEK 2 (0) were received on the company's holdings in its own secured bond and net payments were made to or from blocked accounts for MSEK 19 (0). Adjusted for the effects of IFRS 16, cash flow for the period amounted to MSEK -165 (145).

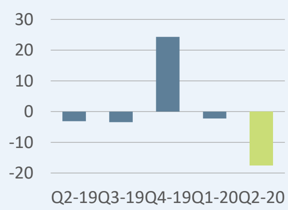
Operating cash flow, MSEK



Net debt, MSEK



Investments (-) / sales (+), MSEK



Financing and liquidity

Net debt amounted to MSEK 505 (664), of which convertibles according to IFRS comprised MSEK 216 (237) after convertibles in a nominal amount of approximately MSEK 25 were converted to shares in the first half of 2020. Cash and cash equivalents totalled MSEK 199 (205). The company still had tied-up working capital and remaining revenue recognition in ongoing construction projects at the end of the period. The remaining cash flow from ongoing construction projects is expected to amount to slightly more than MSEK 40, net, in Q3 2020, of which approximately MSEK 15 was received for the Enviksberget project after the end of the period. In addition, the Skaftåsen project is expected to contribute an additional cash flow in the beginning of 2022. The equity/assets ratio at the end of the period was 45% (35). Under the assumption that all of the company's convertible bonds would be converted and existing cash settled against interest-bearing liabilities, the equity/assets ratio would correspond to 67% (56).

Segment – Development & management

MSEK	Q2 2020	Q2 2019	H1 2020	H1 2019
Income	18	39	30	73
Cost of sold projects and contracts	-3	-33	-5	-52
Other operating expenses and capitalised work	-7	-7	-15	-14
Operating profit/loss before depreciation (EBITDA)	7	-1	10	7
Operating profit/loss (EBIT)	7	-1	10	7
Profit/loss before tax	4	-5	2	-1

COMMENTS ON THE SECOND QUARTER

Development and management income decreased to MSEK 18 (39) in the quarter due to lower civil contract operations in ongoing construction projects. However, revenue was recognised in all three construction projects, which together with lower expenses for project sales and contracts led to increased profitability. Enviksberget was completed in Q1 2020 and a slightly lower than expected settlement took place during the quarter. Final payment for the project was received after the end of the period. At the same time, Bröcklingberget will be settled in line with or somewhat better than expectations, which is why revenue recognition from the project for the quarter was satisfactory. Final payment for Bröcklingberget is expected during Q3 2020. However, additional potential settlement could take place based on the outcome of ongoing discussions with certain subcontractors in the project. Construction of Skaftåsen proceeded according to plan. It is positive that construction has not been significantly affected by the ongoing corona pandemic.

The sales process for the Ranasjö and Salsjöhöjden projects, totalling approximately 240 MW, began during the quarter and the ambition is to divest the project as a package before the end of the year.

Efforts are ongoing to complete several projects for sale and the company will also continue to evaluate opportunities to expand the development portfolio and discussions are ongoing regarding other projects in Sweden and a few other geographies. An additional purchase price was also paid for the Lebo project. The result of the above initiatives so far is that the project portfolio expanded from a total of approximately 860 MW to approximately 1,300 MW, which is presented later in the report.

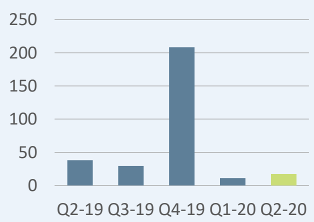
Development and management income decreased to MSEK 18 (39). The cost of sold projects and contracts decreased to MSEK -3 (-33) due to lower civil contract operations in ongoing construction projects. Other operating expenses and capitalised work were unchanged year-on-year. EBITDA therefore rose to a total of MSEK 7 (-1). Net financial items were unchanged, which means that both EBIT and profit/loss before tax increased to MSEK 7 (-1) and MSEK 4 (-5), respectively.

COMMENTS ON THE FIRST HALF OF THE YEAR

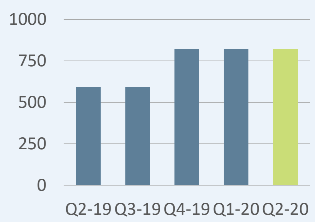
During the period, the Enviksberget project was completed and final payment took place after the end of the period. Construction of Bröcklingberget was completed during the quarter and settlement is expected for Q3 2020. Construction of the Skaftåsen project progressed as planned.

Income decreased to MSEK 30 (73) compared with year-earlier period. At the same time, the cost of sold projects and contracts fell to MSEK -5 (-52). Other operating expenses and capitalised work increased somewhat, after which both EBITDA and EBIT increased to MSEK 10 (7). Net financial items were unchanged, after which profit/loss before tax increased to MSEK 2 (-1).

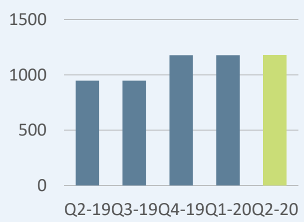
Development and management income, MSEK



Divested projects, accumulated, MW



External management assignments, accumulated, MW



PORTFOLIO

Arise's development portfolio is presented below, totalling just over 1,300 MW at the end of the period. The consolidated carrying amount was approximately MSEK 92 at the end of the period. Fully developed, the portfolio would equate to an investment level of about SEK 15 billion.

The portfolio is divided into projects in later developmental phases, which amount to a total of approximately 860 MW, and projects in early developmental phases, which amount to a total of approximately 465 MW.

In order to expand the project portfolio, Arise has screened a considerable number of potential projects. The vast majority of the projects screened did not qualify for further development, since they did not meet the stringent requirements Arise has for projects pertaining to wind conditions, permit risks, electricity grid capacity and an assessment of their financial potential. These primary factors were determined to be promising for the projects below. While individual projects may not always be realised, the overall project portfolio represents high potential value for the company, with relatively little capital tied-up and low risk.

The company is also actively working on expanding the project portfolio and has ongoing discussions in Sweden as well as in a few other geographies.

Projects – late development phase	**WTG**	**MW**	**Schedule**	**Profit potential**
Ranasjöhöjden, SE 2	25	155	2020	Good
Salsjöhöjden, SE 2	14	84	2020	Moderate
Lebo, SE 3	5	30	2021–2022	Good
Fasikan, SE 2	15	90	2021–2022	Good to Excellent
Kölvallen, SE 2	47	282	2021–2022	Excellent
Finnåberget, SE 2	25	150	2021–2022	Good to Excellent
Tormsdale, Scotland	16	67	2022–2023	Excellent
Total	**147**	**858**		

Projects – early development phas	**WTG**	**MW**	**Schedule**
SE 2	18	~110	2024-2025
SE 3	8	~50	2023-2024
SE 4	3	~20	2024-2025
Norway	20-25	~135	2024-2025
Scotland	20-30	~150	2024-2025
Total	**74**	**~465**	

Segment – Own wind power operations

MSEK	Q2 2020	Q2 2019	H1 2020	H1 2019
Income	13	29	52	78
Operating expenses	-10	-13	-21	-25
Operating profit before depreciation (EBITDA)	3	16	31	52
Operating profit/loss (EBIT)	-15	-2	-5	15
Loss before tax	-27	-19	-27	-19

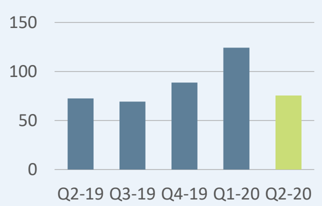
COMMENTS ON THE SECOND QUARTER

Efforts to extend the service life of the company's wind farms were made during the quarter. They resulted in an expected increase from 25 to approximately 30 years in economic lifetimes for wind farms. This, in turn, is expected to lead to about a MSEK 9 decrease in depreciation annually, starting in August 2020.

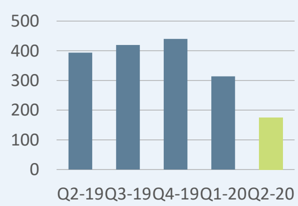
Due to a very strong hydrological situation, electricity prices during the period were low. Some days when production from all types of power sources, including wind power, was high, the system price was down to SEK 0.01–0.02 per KWh. Since the low prices coincided with high wind power production, this resulted in a less favourable price profile than normal for wind power during the period. In periods with normal to low reservoir fullness factors in hydropower reserves, this effect on price is much smaller, or marginal. Even if our production was slightly better than normal across the entire quarter, our realised prices for the quarter were low.

Overall, wind conditions during the quarter were somewhat better than normal, and production at the company's wind farms thus increased to 75 GWh (73). At the same time, average income from electricity and certificates, including guarantees of origin, declined to SEK 156 per MWh (313) and SEK 19 per MWh (81) respectively, mainly due to lower market prices but also due to a less favourable price profile for wind power than normal. Average income for electricity was 15% under the market price for electricity (SE4) during the period as a result of a combination of price hedging and the pricing profile. Average income for certificates was above the market price for certificates (SKM) during the period due to price hedging.

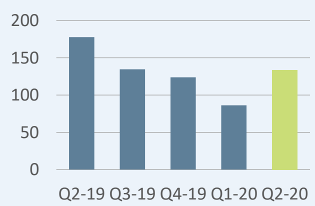
Production



Average prices, SEK per MWh



Specific operating expense, SEK per MWh



Net sales rose MSEK 1 due to higher production and declined MSEK 16 due to the lower average price compared with the year-earlier quarter. Specific operating expense decreased to SEK 134 per MWh (178) per year, primarily due to lower property taxes and availability bonuses received. In total, net sales therefore declined to MSEK 13 (29) and EBITDA to MSEK 3 (16) compared with the second quarter of 2019. Depreciation amounted to MSEK 18 (18) and EBIT decreased to MSEK -15 (-2). Net financial items improved to MSEK -12 (-16) and earnings before tax thereby amounted to MSEK -27 (-19).

COMMENTS ON THE FIRST HALF OF THE YEAR

As a result of stronger-than-normal winds during the period, production at the company's wind farms rose to 199 GWh (175). Average income for electricity and certificates, including guarantees of origin, amounted to SEK 206 per MWh (342) and SEK 56 per MWh (99) respectively. Average income for electricity was 3% above the market price for electricity (SE4) during the period as a result of a combination of price hedging and the pricing profile. Average income for certificates was above the average market price for certificates (SKM) during the period.

Net sales rose MSEK 11 due to higher production and declined MSEK 36 due to a lower average price compared with the year-earlier period. In total, net sales therefore declined to MSEK 52 (78) and EBITDA to MSEK 31 (52) compared with the year-earlier period. The specific operating expense declined to SEK 104 per MWh (144) due to higher production, lower property taxes and availability bonuses received during the period. Depreciation decreased slightly, after which EBIT amounted to MSEK -5 (15). Net financial items strengthened to MSEK -22 (-34) due to lower borrowing and the earnings effect from the repurchase of outstanding bonds. Loss before tax thus decreased to MSEK -27 (-19).

OTHER SIGNIFICANT EVENTS

The world was impacted by the corona crisis in March 2020. Arise has not been affected by the crisis to any significant extent to date, but the company is continuously monitoring developments and is prepared to take action if required. With cash funds of MSEK 199 at the end of the quarter, the company is well-prepared to meet this crisis. Most of the company's employees are continuing to work at their workplace. At the same time, we can confirm that our IT systems and the possibility of working from home have functioned well. The company's production of electricity is unchanged but electricity prices have been negatively affected to some extent by the ongoing crisis. The management business is largely performed using computers and is continuing without any changes. However, the situation requires more communication with customers. While the construction of sold wind farms is proceeding unchanged thus far, the company is continuously monitoring developments. Enviksberget was completed in the first half of March and the final payment was received in July 2020. All turbines in Bröcklingberget have been erected and settlement is expected in Q3 2020. As regards the company's development business, development activities are mostly continuing as usual. The intention is still to sell Ranasjö and Salsjöhöjden in 2020. If the situation in the market were to change such that we find it appropriate to postpone the sales process, then we will do so.

RELATED-PARTY TRANSACTIONS

No significant transactions with related parties took place during the period.

CONTINGENT LIABILITIES

There were no material changes to the Group's contingent liabilities. These contingent liabilities are described in more detail on page 74 under Note 21 in the 2019 Annual Report.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

Following an in-depth technical analysis performed by a third party, the expected economic lifetime for the company's own wind farms will increase from an average of 25 years to approximately 30 years. This is expected to have a positive effect of MSEK 9 on the company's annual earnings, starting August 2020.

OUTLOOK

Even if the corona pandemic is currently having far-reaching effects on both markets and society, our assessment is that the situation will stabilise sooner or later. Electricity prices are currently low, but this is primarily due to a large surplus in the hydroelectric balance and falling coal and gas prices, the latter of which has also been affected by the corona pandemic. Despite this there are indications that the market for development and management remains relatively strong. The company remains well-positioned and therefore we see opportunities to continue to create value with relatively little capital tied-up. The proposed new stop rule for electricity certificate scheme is also positive. This is an improvement compared with previous proposals, and enables more price dynamics in the market. There is uncertainty regarding the final structure of the stop rule. We can report that our remaining wind farms are located in favourable areas and that there is potential for value enhancement via, for example, the communicated lengthened useful life. A strong financial position also means we can reduce our interest expenses over time, in particular in connection with the planned refinancing in autumn 2020. We will thereby also optimise our income from production for the long term. Underlying earnings are expected to increase over the next few years compared with 2019, and net debt is expected to continue to decline.

RISKS AND UNCERTAINTIES

A negative impact on electricity prices due to the corona pandemic cannot be ruled out. If electricity prices fall or remain low, it will have a direct impact on the Group's EBIT and could indicate a risk for declining values in existing investments. Construction of wind farms is ongoing and delays caused by the corona pandemic may have a direct impact on the Group's EBIT. Portions of the company's future income depends on project sales. If the company should choose to delay project sales due to the corona pandemic, it will have a direct impact on the Group's EBIT. Risks and uncertainties affecting the Group are described on pages 34–35 of the 2019 Annual Report, and financial risk management is presented on pages 64–71. Apart from the above risks connected to the corona pandemic, no significant changes have taken place that affect the reported risks.

OWNERSHIP STRUCTURE

A presentation of the company's ownership structure is available on the website (www.arise.se).

Parent Company

The Parent Company's operations comprise project development (identifying wind locations, signing leasehold agreements, producing impact assessments, preparing detailed development plans and permits), divesting projects, project management of new projects, managing internal and external projects (technically and financially) and managing the Group's electricity and electricity-certificate trading activities.

The Parent Company manages the Group's production plans and electricity hedges in accordance with the adopted financial policy.

During the first half of the year, the Parent Company's total income amounted to MSEK 30 (90) and purchases of electricity and certificates, personnel costs and other external expenses, capitalised work on own account and depreciation of non-current assets totalled MSEK 44 (101), resulting in EBIT of MSEK -14 (-11). Net financial items of MSEK -72 (-349) (including impairment of shares in subsidiaries of MSEK 47 (70) and impairment of non-current receivables in associates of MSEK 0 (243)) and Group contributions of MSEK 77 (49) resulted in a net loss after tax of MSEK -9 (-310). The Parent Company's net investments amounted to MSEK -16 (-9).

ACCOUNTING POLICIES

Arise applies the International Financial Reporting Standards (IFRS), as adopted by the EU, and the interpretations of these (IFRIC). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 of the Swedish Financial Reporting Board. The accounting policies are consistent with those applied in the 2019 Annual Report.

REVIEW BY THE AUDITOR

This report has not been reviewed by the company's auditor.

FINANCIAL CALENDAR

- Third quarter (1 Jul.-30 Sept.) 6 November 2020
- Fourth quarter (1 Oct.-31 Dec.) 17 February 2021
- First quarter (1 Jan.-31 Mar.) 5 May 2021
- Second quarter (1 Apr.-30 Jun.) 20 July 2021

ASSURANCE FROM BOARD OF DIRECTORS

The Board of Directors and the CEO hereby assure that this half-yearly report provides a fair review of the company's and the Group's operations, financial position and earnings and describes the material risks and uncertainties facing the company and the companies included in the Group.

Halmstad, 17 July 2020

Arise AB (publ)

Joachim Gahm
Chairman

Maud Olofsson
Board member

Jon G Brandsar
Board member

Johan Damne
Board member

Daniel Johansson
CEO

FOR FURTHER INFORMATION, PLEASE CONTACT

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CONSOLIDATED INCOME STATEMENT

(Amounts rounded to the nearest MSEK)		2020 Q2	2019 Q2	2020 6 mon	2019 6 mon	2019 FY
Net sales	Note 1	30	67	80	148	454
Other operating income		0	0	0	1	1
Total income		**30**	**67**	**80**	**148**	**454**
Capitalised work on own account		2	1	3	2	4
Personnel costs		-10	-10	-20	-19	-49
Other external expenses	Note 2	-16	-49	-32	-82	-192
Profit/loss from associates	Note 3	-	-	-	-272	-273
Operating profit before depreciation (EBITDA)		**6**	**9**	**32**	**-223**	**-56**
Depr. and imp. of property, plant and e.pment	Note 4,5	-19	-19	-37	-38	-76
Operating profit/loss (EBIT)		**-12**	**-10**	**-6**	**-261**	**-131**
Financial income		0	0	1	0	0
Financial expenses[1)]		-15	-20	-30	-63	-101
Profit/loss before tax		**-28**	**-30**	**-35**	**-324**	**-233**
Tax on profit/loss for the period		0	1	1	7	-2
Net profit/loss for the period		**-27**	**-29**	**-34**	**-317**	**-235**
Earnings per share before dilution, SEK		-0.80	-0.87	-1.01	-9.48	-7.03
Earnings per share after dilution, SEK		-0.80	-0.87	-1.01	-9.40	-7.03

[1)] Due to bond repurchases financial expenses includes a positive effect of MSEK 2.7 and a negative effect from resolution of arrangement fees of MSEK 0.9.
Treasury shares held by the Company, amounting to 54,194 shares, have not been included in calculating earnings per share.
Earnings are 100% attributable to the Parent Company's shareholders.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts rounded to the nearest MSEK)	2020 Q2	2019 Q2	2020 6 mon	2019 6 mon	2019 FY
Net profit/loss for the period	**-27**	**-29**	**-34**	**-317**	**-235**
Other comprehensive income					
Items that may be reclassified to the income statement					
Translation differences for period	0	0	0	0	0
Cash flow hedges	-7	7	26	49	80
Net investment in foreign currency	-	-	-	-36	-36
Share of other comprehensive income in associates, net after tax	-	-	-	72	72
Income tax attributable to components of other comprehensive income	1	-2	-5	-3	-9
Other comprehensive income for the period, net after tax	**-6**	**5**	**20**	**82**	**107**
Total comprehensive income for the period	**-33**	**-24**	**-14**	**-235**	**-128**

Comprehensive income is attributable in its entirety to the Parent Company's shareholders.

CONSOLIDATED BALANCE SHEET

(Condensed, amounts rounded to the nearest MSEK)	**2020 30 June**	**2019 30 June**	**2019 31 Dec**
Property, plant and equipment [1)]	1,264	1,356	1,282
Non-current financial assets	17	38	40
Total non-current assets	**1,281**	**1,394**	**1,322**
Inventories	1	5	8
Other current assets	104	100	100
Cash and cash equivalents	199	205	365
Total current assets	**304**	**310**	**473**
TOTAL ASSETS	**1,585**	**1,703**	**1,795**
Equity	**707**	**591**	**698**
Non-current interest-bearing liabilities [2)]	263	931	932
Provisions	46	46	46
Total non-current liabilities	**308**	**977**	**977**
Current interest-bearing liabilities [2)]	501	-	3
Other current liabilities	68	135	116
Total current liabilities	**569**	**135**	**120**
TOTAL EQUITY AND LIABILITIES	**1,585**	**1,703**	**1,795**

[1)] Property, plant and equipment include lease assets of MSEK 49 (53).

[2)] Interest-bearing liabilities include lease liabilities of MSEK 50 (54).

CONSOLIDATED CASH FLOW STATEMENT

(Condensed, amounts rounded to the nearest MSEK)	2020 Q2	2019 Q2	2020 6 mon	2019 6 mon	2019 FY
Cash flow from operating activities before changes in working capital	3	5	25	42	198
Cash flow from changes in working capital	3	93	-9	97	129
Cash flow from operating activities	**6**	**98**	**16**	**139**	**327**
Investments in property, plant and equipment	-17	-3	-20	-8	-66
Sales of property, plant and equipment	-	-	-	-	79
Cash flow from investing activities	**-17**	**-3**	**-20**	**-8**	**12**
Loan repayments	-	-66	-150	-146	-146
Repayment of long-term receivables	-	-	-	193	193
Amortization of lease liabilities	-1	-1	-3	-3	-5
Interest paid and other financing costs	-14	-15	-28	-32	-59
Interest received	2	-	2	-	0
Net payment to blocked accounts	-	-	19	-	-19
New issue	-	-	-	2	2
Cash flow from financing activities	**-13**	**-82**	**-161**	**15**	**-34**
Cash flow for the period	-25	13	-165	145	305
Cash and cash equivalents at the beginning of the period	224	192	365	61	61
Translation differences in cash and cash equivalents	-1	0	-1	-1	-2
Cash and cash equivalents at the end of the period	**199**	**205**	**199**	**205**	**365**
Interest-bearing liabilities at the end of the period	713	878	713	878	883
Blocked cash at the end of the year	-9	-9	-9	-9	-27
Net debt Note 7	**505**	**664**	**505**	**664**	**491**

GROUP EQUITY

(Condensed, amounts rounded to the nearest MSEK)	2020 30 June	2019 30 June	2019 31 Dec
Opening balance	698	824	824
Profit/loss for the year	-34	-317	-235
Other comprehensive income for the period	20	82	107
New issue / warrants	24	2	2
Convertible loan	-1	-	-
Closing balance	**707**	**591**	**698**

KEY PERFORMANCE INDICATORS FOR THE GROUP

	2020 Q2	2019 Q2	2020 6 mon	2019 6 mon	2019 FY
Operational key performance indicators					
Installed capacity at the end of the period, MW	139.2	139.2	139.2	139.2	139.2
Own electricity production during the period, GWh	75.1	72.6	199.4	175.3	333.2
Number of employees at the end of the period	31	28	31	28	28
Financial key performance indicators					
Earnings per share before dilution, SEK [1]	-0.80	-0.87	-1.01	-9.48	-7.03
Earnings per share after dilution, SEK [1]	-0.80	-0.87	-1.01	-9.40	-7.03
EBITDA margin, %	20.7%	13.4%	39.6%	neg	neg
Operating margin, %	neg	neg	neg	neg	neg
Return on capital employed (EBIT), %	10.1%	neg	10.1%	neg	neg
Return on adjusted capital employed (EBITDA), %	16.1%	neg	16.1%	neg	neg
Return on equity, %	7.3%	neg	7.3%	neg	neg
Capital employed, MSEK	1,213	1,255	1,213	1,255	1,189
Average capital employed, MSEK	1,234	1,514	1,234	1,514	1,481
Equity, MSEK	707	591	707	591	698
Average equity, MSEK	649	691	649	691	761
Net debt, MSEK	505	664	505	664	491
Equity/assets ratio, %	44.6%	34.7%	44.6%	34.7%	38.9%
Interest coverage ratio, times	neg	neg	neg	neg	neg
Debt/equity ratio, times	0.7	1.1	0.7	1.1	0.7
Equity per share, SEK	21	18	21	18	21
Equity per share after dilution, SEK	21	18	21	18	21
No. of shares at the end of the period, excl. treasury shares	34,628,817	33,491,376	34,628,817	33,491,376	33,491,376
Average number of shares	34,060,097	33,432,626	34,060,097	33,432,626	33,432,626
Average number of shares after dilution	34,060,097	33,432,626	34,060,097	33,712,626	33,432,626

[1] Treasury shares held by the Company, amounting to 54,194 shares, have not been included in calculating earnings per share.

NOTE 1 – NET SALES

(Amounts rounded to the nearest MSEK)	2020 Q2	2019 Q2	2020 6 mon	2019 6 mon	2019 FY
Electricity income	12	23	41	60	111
Certificate income	1	6	11	17	34
Development and management income	17	38	28	70	308
	30	**67**	**80**	**148**	**454**

Net sales include i) income from electricity (the sale of generated electricity, and gains and losses from electricity and currency derivatives attributable to the hedged electricity production), ii) earned and sold electricity certificates and guarantees of origin, and iii) development income from projects sold and management income. The classification is based on an assessment of the nature of the income, the amount, timing and uncertainty surrounding income and cash flows. Income from electricity and income from electricity certificates are generated by the wind farms owned by the Group, which are recognised under Own wind power operations segment. Development and management income is primarily generated through the company's project portfolio and is recognised under the Development and management segment.

NOTE 2 – OTHER EXTERNAL EXPENSES

(Amounts rounded to the nearest MSEK)	2020 Q2	2019 Q2	2020 6 mon	2019 6 mon	2019 FY
Cost of sold projects and construction work	3	33	5	52	134
Other items	13	17	27	31	58
	16	**49**	**32**	**82**	**192**

NOTE 3 – SHARE OF PROFITS FROM ASSOCIATES

(Amounts rounded to the nearest MSEK)	2020 Q2	2019 Q2	2020 6 mon	2019 6 mon	2019 FY
Realization loss on sale of associated companies	-	-	-	-272	-273
	-	**-**	**-**	**-272**	**-273**

GROUP SEGMENT REPORTING

Quarter 2	Develop. and managment		Own wind power operations		Unallocated rev./exp.		Eliminations		Group	
(Amounts to the nearest MSEK)	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019
Net sales, external	17	38	13	29	-	-	-	-	30	67
Net sales, internal	1	1	-	-	-	-	-1	-1	-	-
Other operating income	0	0	0	0	0	0	-	-	0	0
Total income	**18**	**39**	**13**	**29**	**0**	**0**	**-1**	**-1**	**30**	**67**
Capitalised work on own account	2	1	-	-	-	-	-	-	2	1
Operating expenses	-12	-41	-10	-13	-4	-6	1	1	-25	-59
Share of losses from associates	-	-	-	-	-	-	-	-	-	-
Operating profit/loss before depr./imp. (EBITDA)	**7**	**-1**	**3**	**16**	**-4**	**-6**	**0**	**0**	**6**	**9**
Depreciation/ impair. Note 4	0	0	-18	-18	0	0	-	-	-19	-19
Operating profit/loss (EBIT)	**7**	**-1**	**-15**	**-2**	**-5**	**-7**	**0**	**0**	**-12**	**-10**
Net financial items	-4	-4	-12	-16	0	0	-	-	-15	-20
Profit/loss before tax (EBT)	**4**	**-5**	**-27**	**-19**	**-5**	**-7**	**0**	**0**	**-28**	**-30**
Property, plant and equipment	**73**	**92**	**1,188**	**1,260**	**2**	**4**	**-**	**-**	**1,264**	**1,356**

Funds managed by re:cap global investors and funds managed by Foresight Group LLP accounted for more than 10% of development and management income during the quarter and in the corresponding quarter in 2019 funds managed by re:cap global investors accounted for more than 10%. There were no other customers who accounted for more than 10% of this income during the period.

NOTE 4 – DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Depreciation/amortisation	0	0	-18	-18	0	0	-	-	-19	-19
Impairment and reversal of impairment	-	-	-	-	-	-	-	-	-	-
Depreciation and impairment	**0**	**0**	**-18**	**-18**	**0**	**0**	**-**	**-**	**-19**	**-19**

GROUP SEGMENT REPORTING

6 months	Develop. and managment		Own wind power operations		Unallocated rev./exp.		Eliminations		Group	
(Amounts to the nearest MSEK)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Net sales, external	28	70	52	77	-	-	-	-	80	148
Net sales, internal	2	3	-	-	-	-	-2	-3	-	-
Other operating income	0	0	0	0	0	0	-	-	0	1
Total income	**30**	**73**	**52**	**78**	**0**	**0**	**-2**	**-3**	**80**	**148**
Capitalised work on own account	3	2	-	-	-	-	-	-	3	2
Operating expenses	-23	-68	-21	-25	-10	-11	2	3	-51	-101
Share of losses from associates	-	-	-	-	-	-272	-	-	-	-272
Operating profit/loss before depr./imp. (EBITDA)	**10**	**7**	**31**	**52**	**-10**	**-283**	**0**	**0**	**32**	**-223**
Depreciation/ impair. Note 5	0	0	-36	-37	-1	-1	-	-	-37	-38
Operating profit/loss (EBIT)	**10**	**7**	**-5**	**15**	**-10**	**-284**	**0**	**0**	**-6**	**-261**
Net financial items	-8	-8	-22	-34	0	-21	-	-	-29	-63
Profit/loss before tax (EBT)	**2**	**-1**	**-27**	**-19**	**-10**	**-305**	**0**	**0**	**-35**	**-324**
Property, plant and equipment	**73**	**92**	**1,188**	**1,260**	**2**	**4**	**-**	**-**	**1,264**	**1,356**

Funds managed by re:cap global investors and funds managed by Foresight Group LLP accounted for more than 10% of development and management income during the period and in the corresponding period in 2019 funds managed by re:cap global investors accounted for more than 10%. There were no other customers who accounted for more than 10% of this income during the period.

NOTE 5 – DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Depreciation/amortisation	0	0	-36	-37	-1	-1	-	-	-37	-38
Impairment and reversal of impairment	-	-	-	-	-	-	-	-	-	-
Depreciation and impairment	**0**	**0**	**-36**	**-37**	**-1**	**-1**	**-**	**-**	**-37**	**-38**

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS

FAIR VALUE HIERARCHY

All financial instruments that are measured at fair value belong to Level 2 of the fair value hierarchy. Derivatives comprise electricity futures, currency futures and interest-rate swaps. Measuring the fair value of currency futures is based on published forward rates in an active market. The measurement of interest-rate swaps is based on forward interest rates derived from observable yield curves. The discounting does not have any material impact on the valuation of derivatives in Level 2. The recognition of financial instruments is described on pages 64-71 of the 2019 Annual Report. The table below presents the Group's financial assets and liabilities measured at fair value at the balance-sheet date.

(Amounts rounded to the nearest MSEK)	2020 30 June	2019 30 June	2019 31 Dec
Assets			
Derivatives held for hedging purposes			
- Derivative assets	13	1	2
Liabilities			
Derivatives held for hedging purposes			
- Derivative liabilities	-35	-74	-48

NOTE 7 – NET DEBT

(Amounts rounded to the nearest MSEK)	2020 30 June	2019 30 June	2019 31 Dec
Non-current liabilities	308	977	977
- of which interest-bearing non-current liabilities (excl. IFRS16 lease liabilities)	216	878	883
Current liabilities	569	135	120
- of which interest-bearing current liabilities (excl. IFRS16 lease liabilities)	498	-	-
Long and short term interest bearing debt liabilities (excl. IFRS16 lease liabilities)	713	878	883
Cash and cash equivalents at the end of the year	-199	-205	-365
Blocked cash at the end of the year	-9	-9	-27
Net debt	**505**	**664**	**491**

IFRS16 lease liabilities amounted to MSEK 50 (54) on June 30, 2020.

PARENT COMPANY INCOME STATEMENT

(Amounts rounded to the nearest MSEK)	2020 Q2	2019 Q2	2020 6 mon	2019 6 mon	2019 FY
Sales of electricity and electricity certificates	1	9	13	24	43
Development and management income	8	41	17	66	101
Other operating income	0	0	0	0	0
Total income	**9**	**50**	**30**	**90**	**145**
Capitalised work on own account	1	1	2	1	2
Purchases of electricity and electricity certificates	-1	-8	-12	-23	-42
Cost of sold projects and construction work	-3	-33	-5	-52	-75
Personnel costs	-9	-9	-18	-18	-46
Other external expenses	-5	-6	-10	-10	-20
Operating profit/loss before depreciation (EBITDA)	**-6**	**-5**	**-14**	**-11**	**-36**
Depr. and impairment of property, plant and equipment	0	0	0	0	0
Operating profit/loss (EBIT)	**-7**	**-5**	**-14**	**-11**	**-37**
Financial income[1)]	0	-9	4	2	142
Financial expenses[2)]	-62	-38	-76	-350	-386
Profit/loss after financial items	**-68**	**-52**	**-86**	**-359**	**-281**
Group contribution	77	15	77	49	49
Profit/loss before tax	**9**	**-37**	**-9**	**-311**	**-232**
Tax on profit/loss for the period	0	0	0	1	0
Net profit/loss for the period	**9**	**-37**	**-9**	**-310**	**-232**

[1)] Includes sales of shares in subsidiaries of MSEK 4 (133) during 2020.

[2)] Includes a write down of shares during the second quarter 2020 in subsidiaries of MSEK 47 (20) and a write-down of long-term receivables in associated companies of MSEK 0 (243).

PARENT COMPANY BALANCE SHEET

(Condensed, amounts rounded to the nearest MSEK)	2020 30 June	2019 30 June	2019 31 Dec
Property, plant and equipment	32	64	26
Non-current financial assets	1,118	1,151	1,170
Total non-current assets	**1,149**	**1,215**	**1,196**
Inventories	0	3	8
Other current assets	38	56	39
Cash and cash equivalents	170	168	324
Total current assets	**208**	**227**	**371**
TOTAL ASSETS	**1,358**	**1,442**	**1,567**
Restricted equity	8	8	8
Non-restricted equity	546	453	531
Total equity	**554**	**461**	**539**
Non-current interest-bearing liabilities	216	878	883
Total non-current liabilities	**216**	**878**	**883**
Current interest-bearing liabilities	498	-	-
Other current liabilities	91	104	145
Total current liabilities	**588**	**104**	**145**
TOTAL EQUITY AND LIABILITIES	**1,358**	**1,442**	**1,567**

PARENT COMPANY EQUITY

(Condensed, amounts rounded to the nearest MSEK)	2020 30 June	2019 30 June	2019 31 Dec
Opening balance	539	769	769
Other comprehensive income for the period	-9	-310	-232
New issue / warrants	24	2	2
Convertible loan	-1	-	-
Closing balance	**554**	**461**	**539**

DEFINITIONS OF KEY RATIOS

EBITDA margin
EBITDA as a percentage of total income.

Operating margin
EBIT as a percentage of total income.

Return on capital employed
Rolling 12-month EBIT as a percentage to average capital employed.

Return on adjusted capital employed
Rolling 12-month EBITDA as a percentage to average capital employed.

Return on equity
Rolling 12-month net profit as a percentage to average equity.

Equity per share
Equity divided by the average number of shares.

Equity per share after dilution
Equity adjusted for conversion of convertibles divided by the average number of shares after dilution.

Net financial items
Financial income less financial expenses.

Average equity
Rolling 12-month average equity.

Average capital employed
Rolling 12-month average capital employed.

Operating cash flow
Cash flow from operating activities after changes in working capital.

Net debt
Interest-bearing liabilities, excl. IFRS16 lease liabilities, less cash and blocked cash and cash equivalents.

Interest coverage ratio
Operating profit (EBIT) plus financial income in relation to financial expenses.

Debt/equity ratio
Net debt as a percentage of equity.

Specific operating expenses, SEK per MWh
Operating expenses for electricity production divided by electricity production during the period.

Equity/assets ratio
Equity as a percentage of total assets.

Capital employed
Equity plus net debt.

GENERAL INFORMATION ABOUT KEY FIGURES

In its reporting, Arise applies key ratios based on the company's accounting. The reason that these key ratios are applied in the reporting is that Arise believes that it makes it easier for external stakeholders to analyse the company's performance.

ROUNDING

Figures in this interim report have been rounded while calculations have been made without rounding. Hence, it can appear like certain tables and figures do not add up correctly.

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