

Year-end report

1 January – 31 December 2020



Year-end report 1 January–31 December 2020

FOURTH QUARTER (1 OCTOBER–31 DECEMBER 2020)

- Net sales for the quarter amounted to MSEK 26 (247).
- Operating profit/loss before depreciation and amortisation (EBITDA) totalled MSEK 1 (147).
- Operating profit/loss (EBIT) was MSEK -15 (128).
- Comparable profit/loss before tax amounted to MSEK -23 (108) and recognised profit/loss before tax was MSEK -41 (108).
- Comparable profit/loss after tax amounted to MSEK -24 (98) and recognised profit/loss after tax was MSEK -42 (98), corresponding to SEK -1.17 (2.93) per share before dilution and SEK -1.17 (2.29) per share after dilution.
- Operating cash flow was MSEK -1 (193).
- Production from Own wind power operations was 87 GWh (89).
- Average income from Own wind power operations was SEK 202 per MWh (440), of which SEK 199 per MWh (323) pertained to electricity and SEK 3 per MWh (117) to electricity certificates, including guarantees of origin.
- Arise successfully refinanced outstanding secured bonds with a green bank loan of MEUR 40. As such, the Group's annual financing costs will be dramatically reduced from about MSEK 60 to less than MSEK 25, including interest expenses relating to the company's outstanding convertible bonds, IFRS 16 items and accrued arrangement fees. During the fourth quarter of 2020, a one-off charge arose in connection with the refinancing totalling approximately MSEK -32, which was better than expected due to currency hedging.

FULL-YEAR (1 JANUARY–31 DECEMBER 2020)

- Net sales for the period amounted to MSEK 130 (454).
- Comparable operating profit/loss before depreciation and amortisation (EBITDA) totalled MSEK 33 (217) and recognised operating profit/loss before depreciation and amortisation (EBITDA) amounted to MSEK 33 (-56).
- Comparable operating profit/loss amounted to MSEK -37 (142) and recognised operating profit/loss (EBIT) amounted to MSEK -37 (-131).
- Comparable profit/loss before tax amounted to MSEK -90 (60) and recognised profit/loss before tax was MSEK -108 (-233).
- Comparable profit/loss after tax totalled MSEK -90 (53) and recognised profit/loss after tax amounted to MSEK -108 (-235), corresponding to SEK -3.08 (-7.03) per share before and after dilution.
- Operating cash flow was MSEK 65 (327).
- Production from Own wind power operations was 355 GWh (333). The increase was due to stronger wind conditions than in the preceding year.
- Average income from Own wind power operations was SEK 237 per MWh (436), of which SEK 204 per MWh (333) from electricity and SEK 33 per MWh (103) from electricity certificates, including guarantees of origin.

Arise AB (publ)

Box 808, SE-301 18 Halmstad, Sweden
+46 (0) 10 450 71 00
Corporate Identity Number 556274-6726
info@arise.se, www.arise.se

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

It is becoming increasingly apparent that renewable electricity production will assume a primary role in the next few decades. It is probably one of the largest transitions that humanity has faced. The underlying drivers are the climate challenge and the need to phase out fossil energy usage.

The increasing electrification of vehicles and industrial processes entails that demand for electricity will grow by approx. 15 percent in the European Union, according to the International Electricity Agency (IEA). At the same time, coal power production and old nuclear power are being phased out. Facilities for manufacturing batteries and hydrogen are to be expanded. It is therefore clear that the need for renewable electricity production is on its way to becoming enormous. It is also possible to meet the needs as a consequence of the positive technological advances in wind and solar power, hydrogen and other forms of electricity storage that are in progress. In northern Europe, we see that the potential of wind power is immense.

Arise wants to grow in this enormous market. We have conducted a thorough analysis of various markets in Europe, in cooperation with external experts and have our sights set on geographic expansion. We are currently developing wind power projects in Sweden, Norway and Scotland. Our owners must be prepared that new geographies and different technologies could apply in future.

Despite the very bright outlook painted above, the fourth quarter presented a continued challenging price environment for our sales of electricity. Average income was only SEK 0.20 per kWh, which was primarily attributable to the unusually well-filled water reservoirs, mild weather for the period and a somewhat lower level of electricity consumption than usual due to COVID-19. At the beginning of 2021, we see that the situation is on the way to shifting toward more normal market conditions. A new electricity cable between Norway and Germany was brought into operation and Ringhals 1 was taken out of operation; these are structural factors that boost the outlook for our electricity production in southern Sweden.

During 2020, we were successful in reducing our debt level. Overall, the refinancing, the extended service lives of our farms announced earlier and new service agreements, entail that our comparable costs for production will decrease by approximately MSEK 50 in 2021.

As a result of project-specific factors, we had to postpone the sale of the Ranasjö and Salsjöhöjden projects. At the beginning of the year, we submitted an application for extension of the environmental permit for Salsjöhöjden and believe that we have strong reasons to expect it to be granted.



"It is therefore clear that the need for renewable electricity production is on its way to becoming enormous. It is also possible to meet the needs as a consequence of the positive technology developments in wind and solar power, hydrogen and other forms of electricity storage that are in progress"

Our ambition is to sell the projects in 2021 instead. Accordingly, discussions with intended investors have been initiated.

The first half of 2021 will be very exciting as we are waiting for important permit decisions for the Kølvallen and Finnåberget projects. Fasikan already has a legally binding environmental permit and is waiting to receive its grid concession. After a few years of conducting various studies and surveys, we are approaching the time when we will submit the complete permit application for our Scottish project in Tormsdale.

If we summarise the projects that we expect to be ready for transaction in 2021 to 2022, which comprises Ranasjö and Salsjöhöjden, Kølvallen, Fasikan and Lebo, we can state that the combined capacity is heading towards 700 MW and that the next few years could be very positive for us.

Halmstad, 17 February 2021

Daniel Johansson

CEO

Net sales and results

MSEK	Q4 2020	Q4 2019	12m 2020	12m 2019
Recognised profit/loss				
Net sales	26	247	130	454
Operating profit/loss before depreciation (EBITDA)	1	147	33	-56
Operating profit/loss (EBIT)	-15	128	-37	-131
Profit/loss before tax (EBT)	-41	108	-108	-233
Profit/loss after tax	-42	98	-108	-235
Comparable profit/loss				
Operating profit/loss before depreciation (EBITDA)	1	147	33	217
Operating profit/loss (EBIT)	-15	128	-37	142
Profit/loss before tax (EBT)	-23	108	-90	60
Profit/loss after tax	-24	98	-90	53
Items affecting comparability				
Refinancing, (financial items)*	-32	-	-32	-
Exch. rate diff. loans in for. currency, (financial items)	14	-	14	-
Sale of associate, (EBIT)	-	-	-	-273
Sale of associate, (financial items)	-	-	-	-20
Sale of associate, (tax items)	-	-	-	4

*Including early redemption of SWAP, effect of currency hedging and dissolution of bank fees

COMMENTS ON THE FOURTH QUARTER

Net sales from Development and management decreased MSEK 200 to MSEK 10 (209) due to lower contracting activity and lower revenue recognition of projects sold, as only one project was under construction. Costs of sold projects and contracts declined MSEK 62, meaning that profitability was not affected to the same extent. The quarter was also characterised by weak wind conditions and low market prices for electricity and certificate. Production from Own wind power operations was 87 GWh (89). The average price fell to SEK 202 per MWh (440). In addition to low market prices, the capture price for wind power was unfavourable as a result of high wind power production coinciding with high hydropower production due to high levels of water reservoirs. Lower average price and production reduced net sales from Own wind power to MSEK 18 (39). The Group's net sales fell MSEK 221 to MSEK 26 (247).

Operating expenses amounted to MSEK 28 (102), of which MSEK 2 (64) related to project sales and contracts, and MSEK 26 (38) comprised personnel and other external expenses. The preceding year's expenses included expenses for bonus. Own capitalised work amounted to MSEK 2 (1).

Overall, the above means that EBITDA fell to MSEK 1 (147) and EBIT to MSEK -15 (128). Net financial items amounted to MSEK -26 (-20), including non-recurring items related to the refinancing during the quarter of MSEK -32. Since the SEK strengthened against the EUR during the quarter and the new loan is in EUR, a currency effect also arose on loans in foreign currency of MSEK 14 (0), which impacted comparability, see Note 6. Comparable net financial items amounted to MSEK -8. Since refinancing occurred in mid-October, the comparable net financial items are expected to be further strengthened during Q1 2021. Comparable EBT amounted to MSEK -23 (108) and recognised EBT amounted to MSEK -41 (108). Comparable profit/loss after tax amounted to MSEK -24 (98) and recognised profit/loss after tax was MSEK -42 (98), corresponding to SEK -1.17 (2.93) per share before dilution and SEK -1.17 (2.29) per share after dilution.

IFRS 16 resulted in a MSEK 1.5 (1.4) decrease in operating expenses and increases in depreciation and financial expenses of MSEK 1.1 (1.1) and MSEK 0.7 (0.6), respectively, during the quarter.

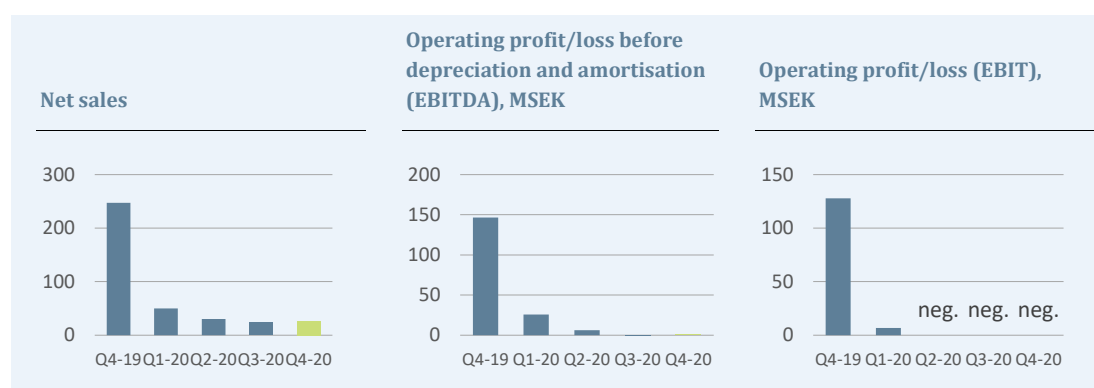
COMMENTS ON THE FULL YEAR

Net sales from Development and management decreased by MSEK 263 to MSEK 50 (313). No projects were divested during the year and fewer projects were under revenue recognition. Accordingly, costs of sold projects and contracts fell MSEK 126. Enviksberget was settled slightly under budget, Bröcklingberget in line with budget, and revenue recognition for Skaftåsen was in line with budget. Stronger wind conditions than normal resulted in an increase in production from Own wind power operations to 355 GWh (333). At the same time, the average price for the company's own production declined to SEK 237 per MWh (436). This was due to lower market prices and an unfavourable capture price for wind power during the year as periods of high wind power coincided with high hydropower production due to high levels of water reservoirs. In total, the Group's net sales declined MSEK 323 compared with the preceding year.

Operating expenses amounted to MSEK 103 (241), of which MSEK 8 (134) was attributable to project sales and contracts, and MSEK 95 (107) comprised personnel and other external expenses. Own capitalised work amounted to MSEK 6 (4). Sales of associates impacted the preceding year in an amount of MSEK -273.

Comparable operating profit/loss before and after depreciation and amortisation declined to MSEK 33 (217) and MSEK -37 (142), respectively. Comparable profit/loss before and after tax declined to MSEK -90 (60) and MSEK -90 (53), respectively. Recognised profit/loss before tax amounted to MSEK -108 (-233). The recognised loss after tax was MSEK -108 (-235), corresponding to earnings per share of SEK -3.08 (-7.03) before and after dilution.

IFRS 16 resulted in a MSEK 5.9 (5.6) decrease in operating expenses and increases in depreciation and financial expenses of MSEK 4.4 (4.3) and MSEK 2.3 (2.3), respectively, during the period.



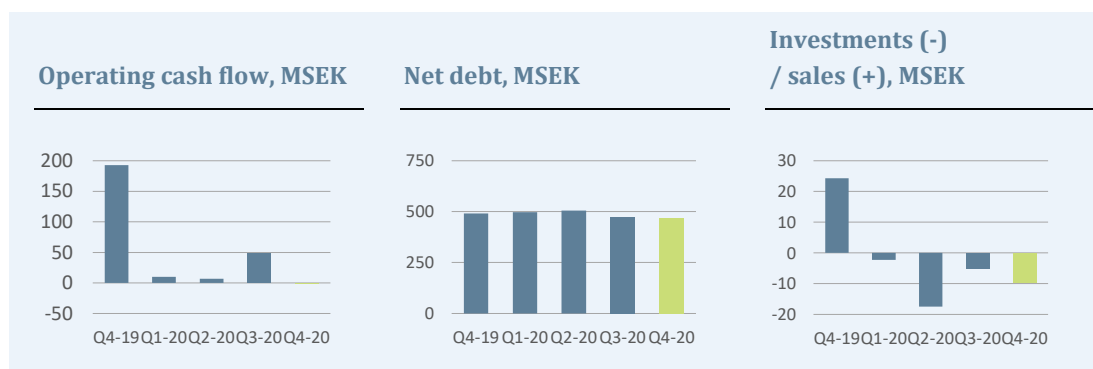
Cash flow and investments

COMMENTS ON THE FOURTH QUARTER

Cash flow from operating activities before changes in working capital was MSEK 4 (142). Changes in working capital were MSEK -4 (50). Total operating cash flow therefore amounted to MSEK -1 (193). Net cash flow from investing activities was MSEK -10 (24), driven by project investments. Cash flow after investments therefore amounted to MSEK -10 (217). During the quarter, bonds were redeemed and repayments were made, totalling MSEK 505 (0). Loans were raised in an amount corresponding to MSEK 416 (0). Interest and financing costs of MSEK -35 (-11) were paid, including redemption of swaps in conjunction with refinancing of MSEK -32 (0). Net payments to blocked accounts totalled MSEK -9 (-19), after which cash flow for the quarter amounted to MSEK -144 (187).

COMMENTS ON THE FULL YEAR

Cash flow from operating activities before changes in working capital was MSEK 27 (198). Changes in working capital were MSEK 38 (129), driven by receiving payments for sold projects and the accumulation of working capital in ongoing projects. Total operating cash flow therefore amounted to MSEK 65 (327). Net cash flow from investing activities was MSEK -34 (12), including a purchase consideration for the Lebo project. Cash flow after investment was thus MSEK 31 (340). The redemption of bonds and amortisations totalled MSEK 652 (146). Loans were raised in an amount corresponding to MSEK 416 (0). Interest and financing costs of MSEK -79 (-59) were paid. Interest payments of MSEK 4 (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 10 (-19), after which cash flow for the period amounted to MSEK -277 (305).



Financing and liquidity

Net debt amounted to MSEK 467 (491), of which convertibles according to IFRS comprised MSEK 177 (238). After the end of the period, convertibles with a nominal value of MSEK 13 were converted. Cash and cash equivalents amounted to MSEK 86 (365). Remaining cash flow from the ongoing Skaftåsen construction project is expected to contribute at the start of 2022. The equity/assets ratio at the end of the period was 50% (39). 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 66% (66).

Segment – Development and management

MSEK	Q4 2020	Q4 2019	12m 2020	12m 2019
Income	10	209	50	313
Cost of sold projects and contracts	-2	-64	-8	-134
Other operating expenses and capitalised work	-8	-8	-30	-29
Operating profit/loss before depreciation (EBITDA)	0	137	11	150
Operating profit/loss (EBIT)	0	137	11	150
Profit/loss before tax	-3	133	-5	132

COMMENTS ON THE FOURTH QUARTER

Development and management income decreased in the quarter due to lower contracting activities and revenue recognition in ongoing construction projects. Construction of the Skaftåsen project proceeded according to plan. Skaftåsen was not materially impacted by the ongoing coronavirus pandemic. The Bröcklingberget project, which is complete and settled, offers potential for further income depending on the outcome of discussions that are in progress with some subcontractors in the project.

The sales process for the Ranasjö and Salsjöhöjden projects, with approximately 240 MW combined, was suspended at the end of the quarter and was postponed to 2021 due to delays in certain project processes. The application for a permit prolongation was submitted to the authorities after the end of the quarter and the ambition is to divest the projects as a package in 2021. In addition, more projects are being prepared for sale in 2021-2022. In total, projects that are expected to be ready for construction start in the 2021-2022 period is heading towards 700 MW.

The work to expand the project portfolio proceeded and discussions are ongoing regarding other projects in Sweden and a few other regions. At present, the company has a portfolio of more than 1,300 MW, which is recognised in the "Portfolio" section.

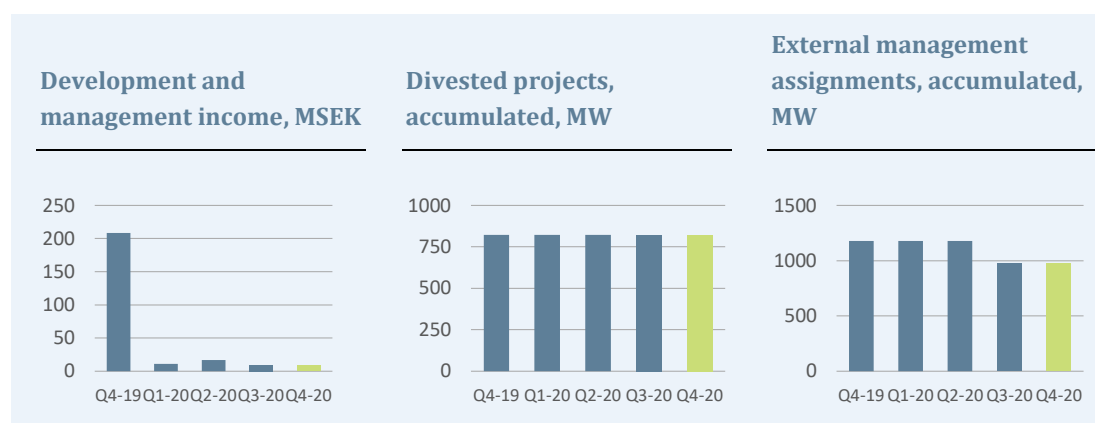
Development and management income decreased to MSEK 10 (209). At the same time, the cost of sold projects and contracts decreased MSEK 62 to MSEK -2 (-64) due to lower contract operations in ongoing construction projects. Other operating expenses and capitalised work were unchanged year-on-year. EBITDA thus declined to a total of MSEK 0 (137). Net financial items improved to MSEK -3 (-5), meaning that EBIT and profit/loss before tax declined to MSEK 0 (137) and MSEK -3 (133), respectively.



COMMENTS ON THE FULL YEAR

During the period, the Enviksberget and Bröcklingberget projects were completed and final settlements took place. Construction of the Skaftåsen project proceeded according to plan.

Income decreased to MSEK 50 (313) compared with the year-earlier period. At the same time, the cost of sold projects and contracts declined MSEK 126 to MSEK -8 (-134). Other operating expenses and capitalised work increased somewhat, after which both EBITDA and EBIT declined to MSEK 11 (150). Net financial items improved slightly and profit/loss before tax declined to MSEK -5 (132).



PORTFOLIO

Arise's development portfolio is presented below, totalling more than 1,300 MW at the end of the period. The consolidated carrying amount was approximately MSEK 107 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 854 MW, and projects in early developmental phases, which amount to a total of approximately 530 MW.

In order to expand the project portfolio, Arise has screened several 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 number of other regions.

Projects – late development phases	WTG	MW	Schedule	Profit potential
Ranasjöhöjden, SE 2	25	155	2021	Good
Salsjöhöjden, SE 2	14	87	2021	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	2022–2023	Good to Excellent
Tormsdale, Scotland	12	60	2022–2023	Excellent
Total	143	854		

Projects – early development phases	WTG	MW	Schedule
SE 2	18	~110	2024–2025
SE 3	8	~50	2023–2024
SE 4	3	~20	2024–2025
Norway	30	~200	2024–2025
Scotland	20–30	~150	2024–2025
Total	84	~530	

Segment – Own wind power operations

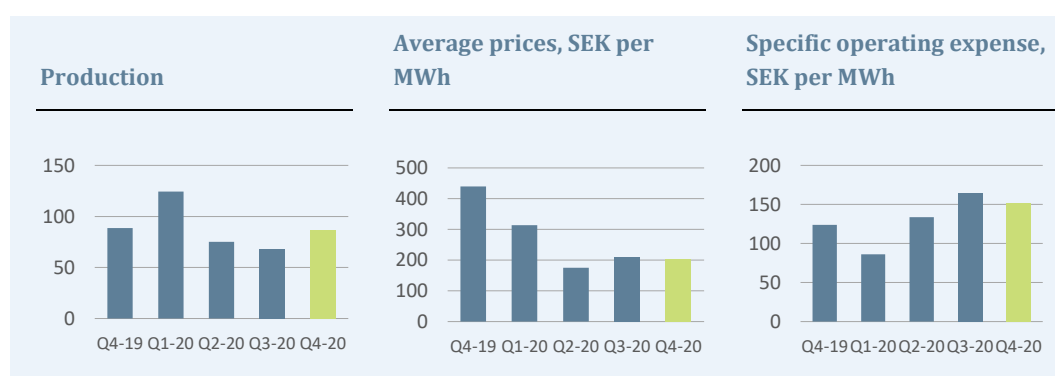
MSEK	Q4 2020	Q4 2019	12m 2020	12m 2019
Income	18	39	84	146
Operating expenses	-13	-11	-45	-46
Operating profit/loss before depreciation (EBITDA)	5	28	39	100
Operating profit/loss (EBIT)	-10	10	-28	27
Profit/loss before tax	-32	-5	-83	-37

COMMENTS ON THE FOURTH QUARTER

Due to a very strong hydrological situation, and hence high hydropower production, electricity prices were at a record-breaking low for the period. This has meant that prices have been even lower at times coinciding with periods of high wind power production. This has resulted in a less favourable capture price than normal for wind power during the period. In periods with normal to low hydro reservoir fullness factors, this effect on capture price is much smaller.

Wind conditions during the quarter were below normal, and production amounted to 87 GWh (89). Average income from electricity and certificates, incl. guarantees of origin, declined to SEK 199 per MWh (323) and SEK 3 per MWh (117) respectively, due to lower market prices, lower capture price than normal and hedging. Average income for electricity was 41% under the market price for electricity (SE4) during the period. Average income for certificates was below the market price for certificates (SKM) due to changes in value of certificates in stock.

Net sales declined MSEK 1 due to lower production, and declined MSEK 21 due to lower average prices, compared with the corresponding period in 2019 and amounted to MSEK 18 (39). The specific operating expense increased to SEK 152 per MWh (124) due to measures prior to a change of service supplier and retroactive effects of lower property tax during the corresponding year-earlier quarter. EBITDA fell to MSEK 5 (28), compared with the fourth quarter of 2019. Depreciation/amortisation declined to MSEK 15 (18) due to lifetime extension and EBIT decreased to MSEK -10 (10). Net financial items declined to MSEK -22 (-15), incl. non-recurring items related to refinancing of MSEK -32 and a currency effect on loans in foreign currency of MSEK 14. Comparable net financial items improved significantly to MSEK -4 (-15). Since refinancing occurred in mid-October, the comparable net financial items are expected to be further strengthened during Q1 2021. Loss before tax amounted to MSEK -32 (-5).





COMMENTS ON THE FULL YEAR

Efforts to extend the service life of the company's wind farms were completed during the year. They resulted in an expected increase from 25 to approximately 30 years in economic lifetimes for wind farms. This is in turn expected to lead to about a MSEK 10 decrease in depreciation annually. Furthermore, a 5-year full-service agreement was signed during the year with WP Green Service GmbH for the company's three GE wind farms, comprising 21 turbines in total. The agreement will come into effect on 1 January 2021 and means that WP Green Service GmbH takes full responsibility for all components while operating costs will decrease and a continued high availability will be guaranteed.

As a result of somewhat stronger-than-normal winds during the year, production at the company's wind farms rose to 355 GWh (333). Average income for electricity and certificates, including guarantees of origin, decreased to SEK 204 per MWh (333) and SEK 33 per MWh (103) respectively, due to lower market prices, lower capture price than normal and hedging. Average income for electricity was 24% under the market price for electricity (SE4) during the period. Average income for certificates was above the average market price for certificates (SKM) during the period due to price hedging.

Net sales rose MSEK 9 due to higher production and declined MSEK 71 due to the lower average price compared with 2019. In total, net sales therefore declined to MSEK 84 (146) and EBITDA to MSEK 39 (100) compared with the preceding year. Specific operating expense decreased to SEK 127 per MWh (137). Depreciation decreased slightly due to longer service life, after which EBIT amounted to MSEK -28 (27). Net financial items strengthened to MSEK -55 (-64) due to lower borrowing. Net financial items include non-recurring items and items affecting comparability of MSEK -32 and MSEK 14, respectively, resulting in comparable net financial items amounting to MSEK -37 (-64). Loss before tax increased to MSEK -83 (-37).

OTHER SIGNIFICANT EVENTS

The world was impacted by the corona crisis in March 2020. The direct impact of the crisis on Arise has not yet been material, but the company is continuously monitoring developments and is prepared to take action if required. Most work is being done from home and we have found that our IT system is well adapted to this. 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 digitally and is continuing without any changes. However, the situation requires more communication with customers. While the construction of Skaftåsen is proceeding unchanged thus far, the company is continuously monitoring developments. As regards the company's development business, development activities are mostly continuing as usual.

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

No significant events occurred after the end of the period.

OUTLOOK

Even if the coronavirus 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 were low for most of 2020, primarily due to weather factors and coal and gas prices, the latter of which was also affected by the coronavirus pandemic. At the beginning of 2021, electricity prices increased. We see indications that the market for development and management remains relatively strong. The company remains well-positioned and therefore we see opportunities for growth and to continue to create value with relatively little capital tied-up. We can report that our own wind farms are located in favourable price areas. A strong financial position also meant we could reduce our interest expenses significantly. 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 the 2020 level.

RISKS AND UNCERTAINTIES

Due to the ongoing coronavirus pandemic, electricity prices are negatively impacted to a certain extent. If electricity prices remain low, it will have a direct impact on the Group's EBIT and could indicate a risk for declining values in existing investments. The construction of a wind farm is ongoing and delays caused by the coronavirus 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 coronavirus 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 coronavirus 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, contracts and 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.

The Parent Company's total income amounted to MSEK 45 (145), and purchases of electricity and certificates, personnel and other external expenses, capitalised work on own account and depreciation of non-current assets totalled MSEK -73 (-181), resulting in EBIT of MSEK -28 (-37). Net financial expense amounted to MSEK -162 (-244), see Note 1, which led to a net loss after tax of MSEK -45 (-232). The Parent Company's net investments amounted to MSEK -32 (45).

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.

DIVIDENDS

The Board of Directors proposes that no dividends be paid.

ANNUAL GENERAL MEETING

The AGM will be held in Halmstad, Sweden, on 5 May 2021. The Annual Report will be available on the company's website in early April.

REVIEW BY THE AUDITOR

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

FINANCIAL CALENDAR

- | | |
|--|------------------|
| ▪ First quarter (1 January-31 March) | 5 May 2021 |
| ▪ Second quarter (1 April-30 June) | 20 July 2021 |
| ▪ Third quarter (1 July-30 September) | 10 November 2021 |
| ▪ Fourth quarter (1 October-31 December) | 17 February 2022 |

Halmstad, 17 February 2021

Arise AB (publ)

Daniel Johansson

CEO

FOR FURTHER INFORMATION, PLEASE CONTACT

Daniel Johansson, CEO

Tel. +46 (0) 702 244 133

Linus Hägg, CFO

Tel. +46 (0) 702 448 916

CONSOLIDATED INCOME STATEMENT

(Amounts rounded to the nearest MSEK)		2020 Q 4	2019 Q 4	2020 FY	2019 FY
Net sales	Note 1	26	247	130	454
Other operating income		0	0	0	1
Total income		26	248	130	454
Capitalised work on own account		2	1	6	4
Personnel costs		-10	-23	-39	-49
Other external expenses	Note 2	-17	-79	-65	-192
Profit/loss from associates	Note 3	-	-	-	-273
Operating profit before depreciation (EBITDA)		1	147	33	-56
Depreciation and imp. of property, plant and equipment	Note 4,5	-16	-19	-70	-76
Operating profit/loss (EBIT)		-15	128	-37	-131
Profit/loss from financial items	Note 6	-26	-20	-71	-101
Profit/loss before tax		-41	108	-108	-233
Tax on profit/loss for the period		-1	-10	0	-2
Net profit/loss for the period		-42	98	-108	-235
Earnings per share before dilution, SEK		-1.17	2.93	-3.08	-7.03
Earnings per share after dilution, SEK		-1.17	2.29	-3.08	-7.03

Earnings are 100% attributable to the Parent Company's shareholders. Treasury shares held by the Company, amounting to 54,194 shares, have not been included in calculating earnings per share.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts rounded to the nearest MSEK)		2020 Q 4	2019 Q 4	2020 FY	2019 FY
Net profit/loss for the period		-42	98	-108	-235
<i>Other comprehensive income</i>					
Items that may be reclassified to the income statement					
Translation differences for period		0	0	0	0
Cash flow hedges		41	33	63	80
Net investment in foreign currency		-	-	-	-36
Share of other comprehensive income in associates, net after tax		-	-	-	72
Income tax attributable to components of other comprehensive income		-9	-7	-14	-9
Other comprehensive income for the period, net after tax		32	26	49	107
Total comprehensive income for the period		-9	124	-58	-128

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

CONSOLIDATED BALANCE SHEET

	2020 31 Dec	2019 31 Dec
(Condensed, amounts rounded to the nearest MSEK)		
Property, plant and equipment ¹⁾	1,259	1,282
Non-current financial assets	17	40
Total non-current assets	1,276	1,322
Inventories	1	8
Other current assets	56	100
Cash and cash equivalents	86	365
Total current assets	142	473
TOTAL ASSETS	1,418	1,795
Equity	703	698
Non-current interest-bearing liabilities ²⁾	611	932
Provisions	46	46
Total non-current liabilities	656	977
Current interest-bearing liabilities ²⁾	22	3
Other current liabilities	38	116
Total current liabilities	59	120
TOTAL EQUITY AND LIABILITIES	1,418	1,795

¹⁾ Property, plant and equipment include lease assets of MSEK 59 (51).

²⁾ Interest-bearing liabilities include lease liabilities of MSEK 61 (52).

CONSOLIDATED CASH FLOW STATEMENT

(Condensed, amounts rounded to the nearest MSEK)	2020 Q 4	2019 Q 4	2020 FY	2019 FY
Cash flow from operating activities before changes in working capital	4	142	27	198
Cash flow from changes in working capital	-4	50	38	129
Cash flow from operating activities	-1	193	65	327
Investments in property, plant and equipment	-10	-54	-34	-66
Sales of property, plant and equipment	-	79	-	79
Cash flow from investing activities	-10	24	-34	12
Loan repayments	-505	-	-652	-146
Loan raised	416	-	416	-
Repayment of long-term receivables	-	-	-	193
Amortization of lease liabilities	0	-1	-5	-5
Interest paid and other financing costs	-35	-11	-79	-59
Interest received	0	0	4	0
Net payment to blocked accounts	-9	-19	10	-19
New issue	-	-	-	2
Cash flow from financing activities	-134	-30	-308	-34
Cash flow for the period	-144	187	-277	305
Cash and cash equivalents at the beginning of the period	231	180	365	61
Translation differences in cash and cash equivalents	-1	-2	-2	-2
Cash and cash equivalents at the end of the period	86	365	86	365
Interest-bearing liabilities at the end of the period	571	883	571	883
Blocked cash at the end of the year	-17	-27	-17	-27
Net debt	467	491	467	491

Note 8

GROUP EQUITY

(Condensed, amounts rounded to the nearest MSEK)	2020 31 Dec	2019 31 Dec
Opening balance	698	824
Profit/loss for the year	-108	-235
Other comprehensive income for the period	49	107
New issue of shares / conversion of convertibles	63	2
Closing balance	703	698

KEY PERFORMANCE INDICATORS FOR THE GROUP

	2020 Q 4	2019 Q 4	2020 FY	2019 FY
<u>Operational key performance indicators</u>				
Installed capacity at the end of the period, MW	139.2	139.2	139.2	139.2
Own electricity production during the period, GWh	87.1	88.6	354.5	333.2
Number of employees at the end of the period	31	28	31	28
<u>Financial key performance indicators</u>				
Earnings per share before dilution, SEK ¹⁾	-1.17	2.93	-3.08	-7.03
Earnings per share after dilution, SEK ¹⁾	-1.17	2.29	-3.08	-7.03
EBITDA margin, %	2.5%	59.2%	25.1%	neg
Operating margin, %	neg	51.6%	neg	neg
Return on capital employed (EBIT), %	neg	neg	neg	neg
Return on adjusted capital employed (EBITDA), %	2.8%	neg	2.8%	neg
Return on equity, %	neg	neg	neg	neg
Capital employed, MSEK	1,170	1,189	1,170	1,189
Average capital employed, MSEK	1,179	1,481	1,179	1,481
Equity, MSEK	703	698	703	698
Average equity, MSEK	700	761	700	761
Net debt, MSEK	467	491	467	491
Equity/assets ratio, %	49.6%	38.9%	49.6%	38.9%
Interest coverage ratio, times	0.0	6.5	neg	neg
Debt/equity ratio, times	0.7	0.7	0.7	0.7
Equity per share, SEK	20	21	20	21
Equity per share after dilution, SEK	20	21	20	21
No. of shares at the end of the period, excl. treasury shares	36,443,722	33,491,376	36,443,722	33,491,376
Average number of shares	35,536,270	33,491,376	34,967,549	33,432,626
Average number of shares after dilution	35,536,270	44,616,001	34,967,549	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 Q 4	2019 Q 4	2020 FY	2019 FY
Electricity income	17	29	72	111
Certificate income and guarantees of origin	0	10	12	34
Development and management income	9	208	46	308
	26	247	130	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 Q 4	2019 Q 4	2020 FY	2019 FY
Cost of sold projects and construction work	-2	-64	-8	-134
Other items	-16	-15	-56	-58
	-17	-79	-65	-192

NOTE 3 – SHARE OF LOSSES FROM ASSOCIATES

(Amounts rounded to the nearest MSEK)	2020 Q 4	2019 Q 4	2020 FY	2019 FY
Realization loss on sale of associated companies	-	-	-	-273
	-	-	-	-273

GROUP SEGMENT REPORTING

Quarter 4	Develop. and managment		Own wind power operations		Unallocated rev./exp.		Eliminations		Group	
(Amounts to the nearest MSEK)	Q 4 2020	Q 4 2019	Q 4 2020	Q 4 2019	Q 4 2020	Q 4 2019	Q 4 2020	Q 4 2019	Q 4 2020	Q 4 2019
Net sales, external	9	208	18	39	-	-	-	-	26	247
Net sales, internal	1	1	-	-	-	-	-1	-1	-	-
Other operating income	0	0	0	0	0	0	-	-	0	0
Total income	10	209	18	39	0	0	-1	-1	26	248
Capitalised work on own account	2	1	-	-	-	-	-	-	2	1
Operating expenses	-11	-73	-13	-11	-4	-19	1	1	-28	-102
Share of losses from associates	-	-	-	-	-	-	-	-	-	-
Operating profit/loss before depr./imp. (EBITDA)	0	137	5	28	-4	-19	0	0	1	147
Depreciation/ impair. Note 4	0	0	-15	-18	0	0	-	-	-16	-19
Operating profit/loss (EBIT)	0	137	-10	10	-5	-19	0	0	-15	128
Net financial items	-3	-5	-22	-15	0	0	-	-	-26	-20
Profit/loss before tax (EBT)	-3	133	-32	-5	-5	-19	0	0	-41	108
Property, plant and equipment	107	75	1,147	1,204	4	3	-	-	1,259	1,282

Funds managed by re:cap global investors, funds managed by BlackRock, funds managed by Red Rock and Capman 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 Foresight Group LLP 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	-15	-18	0	0	-	-	-16	-19
Impairment and reversal of impairment	-	-	-	-	-	-	-	-	-	-
Depreciation and impairment	0	0	-15	-18	0	0	-	-	-16	-19

GROUP SEGMENT REPORTING

12 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	46	308	84	145	-	-	-	-	130	454
Net sales, internal	4	5	-	-	-	-	-4	-5	-	-
Other operating income	0	0	0	0	0	0	-	-	0	1
Total income	50	313	84	146	0	0	-4	-5	130	454
Capitalised work on own account	6	4	-	-	-	-	-	-	6	4
Operating expenses	-44	-167	-45	-46	-18	-33	4	5	-103	-241
Share of losses from associates	-	-	-	-	-	-273	-	-	-	-273
Operating profit/loss before depr./imp. (EBITDA)	11	150	39	100	-18	-306	0	0	33	-56
Depreciation/ impair. Note 5	0	0	-68	-74	-2	-1	-	-	-70	-76
Operating profit/loss (EBIT)	11	150	-28	27	-20	-308	0	0	-37	-131
Net financial items	-16	-17	-55	-64	0	-21	-	-	-71	-101
Profit/loss before tax (EBT)	-5	132	-83	-37	-20	-328	0	0	-108	-233
Property, plant and equipment	107	75	1,147	1,204	4	3	-	-	1,259	1,282

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 and funds managed by Foresight Group LLP 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	-68	-74	-2	-1	-	-	-70	-76
Impairment and reversal of impairment	-	-	-	-	-	-	-	-	-	-
Depreciation and impairment	0	0	-68	-74	-2	-1	-	-	-70	-76

NOTE 6 – PROFIT/LOSS FROM FINANCIAL ITEMS

(Amounts to the nearest MSEK)	2020 Q 4	2019 Q 4	2020 FY	2019 FY
Interest income				
Loans and receivables	0	0	4	0
Interest expense				
Loans and receivables	-1	0	-2	-1
Bond loan and convertible	-36	-14	-76	-58
Other financial items				
IFRS 16 lease liabilities	-1	-1	-2	-2
Exchange rate difference associated companies	-	-	-	-20
Exchange rate difference EUR loan	14	-	14	-
Change in fair value of derivatives	-2	0	-2	-3
Other financial expenses	-3	-5	-9	-16
Other exchange rate differences	3	0	2	-1
	-26	-20	-71	-101

NOTE 7 – 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 31 Dec	2019 31 Dec
Assets		
Derivatives held for hedging purposes		
- Derivative assets	12	2
Liabilities		
Derivatives held for hedging purposes		
- Derivative liabilities	-1	-48

NOTE 8 – NET DEBT

(Amounts rounded to the nearest MSEK)	2020 31 Dec	2019 31 Dec
Non-current liabilities	656	977
- of which interest-bearing non-current liabilities (excl. IFRS 16 lease liabilities)	552	883
Current liabilities ¹⁾	59	120
- of which interest-bearing current liabilities (excl. IFRS 16 lease liabilities)	18	-
Long and short term interest bearing debt liabilities (excl. IFRS 16 lease liabilities)	571	883
Cash and cash equivalents at the end of the year	-86	-365
Blocked cash at the end of the year	-17	-27
Net debt	467	491

IFRS 16 lease liabilities amounted to MSEK 61 (52) on December 31, 2020.

¹⁾ Short term interest-bearing liabilities were refinanced during the fourth quarter of 2020.

PARENT COMPANY INCOME STATEMENT

(Amounts rounded to the nearest MSEK)	2020 Q 4	2019 Q 4	2020 FY	2019 FY
Sales of electricity and electricity certificates	1	11	14	43
Development and management income	7	10	31	101
Other operating income	0	0	0	0
Total income	8	21	45	145
Capitalised work on own account	1	1	4	2
Purchases of electricity and electricity certificates	-1	-10	-13	-42
Cost of sold projects and construction work	-2	-5	-8	-75
Personnel costs	-9	-22	-36	-46
Other external expenses	-5	-6	-19	-20
Operating profit/loss before depreciation (EBITDA)	-7	-21	-27	-36
Depr. and impairment of property, plant and equipment	0	0	-1	0
Operating profit/loss (EBIT)	-8	-21	-28	-37
Profit/loss from financial items Note 1	-79	122	-162	-244
Profit/loss after financial items	-87	101	-190	-281
Group contribution	70	-	146	49
Profit/loss before tax	-17	101	-43	-232
Tax on profit/loss for the period	-2	0	-1	0
Net profit/loss for the period	-19	101	-45	-232

PARENT COMPANY BALANCE SHEET

	2020 31 Dec	2019 31 Dec
(Condensed, amounts rounded to the nearest MSEK)		
Property, plant and equipment	45	26
Non-current financial assets	724	1,170
Total non-current assets	769	1,196
Inventories	0	8
Other current assets	22	39
Cash and cash equivalents	65	324
Total current assets	87	371
TOTAL ASSETS	856	1,567
Restricted equity	5	8
Non-restricted equity	552	531
Total equity	557	539
Non-current interest-bearing liabilities	177	883
Total non-current liabilities	177	883
Other current liabilities	121	145
Total current liabilities	121	145
TOTAL EQUITY AND LIABILITIES	856	1,567

PARENT COMPANY EQUITY

	2020 31 Dec	2019 31 Dec
(Condensed, amounts rounded to the nearest MSEK)		
Opening balance	539	769
Other comprehensive costs for the period	-45	-232
New issue of shares/ conversion of convertibles	63	2
Closing balance	557	539

NOTE 1 – PROFIT/LOSS FROM FINANCIAL ITEMS

(Amounts rounded to the nearest MSEK)	2020 Q 4	2019 Q 4	2020 FY	2019 FY
Interest income				
Interest income from group companies	0	0	0	0
Loans and receivables	0	0	4	0
Interest expense				
Interest expense from group companies	-1	-1	-5	-4
Loans and receivables	0	0	-1	-1
Bond loan and convertible	-36	-14	-76	-58
Other financial items				
Settlement of receivable on sales of associated companies	-	-	-	-244
Impairment of subsidiary shares	-383	-	-430	-70
Realized profit on sale of subsidiaries	2	141	9	133
Dividend on shares in subsidiaries	337	-	337	-
Other financial income and expenses	-2	-3	-4	1
Other exchange rate differences	4	0	4	-1
	-79	122	-162	-244

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. IFRS 16 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.



Arise AB, Box 808, SE-301 18 Halmstad, Sweden
Tel +46 10 450 71 00 | www.arise.se